Chapter VIII

IDEOLOGICAL SUPPORT FOR AND OPPOSITION TO INCOME GUARANTEES

Given that a detailed blueprint for introducing a guaranteed minimum income was provided by the Poverty Inquiry over a decade ago and as yet no such scheme has ever been seriously attempted, it is necessary to decide whether it is possible to implement such a scheme whilst retaining the capitalist mode of production. My examination of this issue in this chapter indicates that it would be possible to introduce an Australian guaranteed income scheme without disrupting the existing system of production. The form such a scheme would take would be dependent upon the ideological make-up of the government of the day. For this reason I once more examine the various ideological positions discussed in this thesis, now in relation to income guarantees.

This provides the background necessary to assess Labor and Liberal Party platforms and performance in relation to income guarantees. I conclude that there is considerable compatibility between central tenets of social democratic and liberal ideologies and support at least within some sections of the Labor Party for a guaranteed minimum income.

EXISTING AUSTRALIAN INCOME GUARANTEES: FACTORS IN THEIR SUPPORT

As discussed in Chapter II, several Australian Social Security provisions may be defined as partial income guarantees. For example, Family Allowance is paid as a demogrant in respect of children. The Age Pension can be seen as a categorical payment or viewed as a form of income guarantee paid to all women over the age of 60 years and men over the age of 65 years who satisfy residency requirements and whose assets and income are less than specified limits. Somewhat similar remarks could be made in relation to lone parents who have at least one child under 16 years in their custody. Blind pensions are paid a guaranteed income as a social dividend without an asset or means test. The Family Allowance Supplement is the most generalised Australian income guarantee: it is available to all families in which there are children under 16 years of age.

The Poverty Inquiry headed by Professor Henderson suggested the introduction of a two-tiered system of income guarantees for all Australians. It recommended the higher rate going to those who, under existing categorical arrangements, would qualify for a pension or benefit; and a lower rate for those who did not. Had the Henderson approach been adopted, it would have resulted in a huge reduction in the number of categorical forms of income maintenance then available and would have guaranteed all Australians that their income would not have fallen below the lesser amount. A similar effect would have been achieved had the Whitlam Government opted to adopt the Priorities Review Staff's scheme. Instead in 1983 the Fraser Government introduced the Family Income Supplement in Australia. These payments were made available to families of low-paid workers and others who received no other form of Commonwealth benefit, provided that their children were under 16 years of age. For the group covered they constitute an additional means tested Family Allowance.

Part of the attractiveness of the Family Income Supplement lay in the fact that it could be tacked on to the existing welfare arrangements without disturbing the essential aspects of the welfare income maintenance system and the scheme was not particularly expensive. Certainly it was nowhere near as expensive as increasing the rate of non-means tested Child Endowment across the board. One of the features of the Family Income Supplement which appealed to both the
outgoing Fraser Government and the incoming Hawke Government was that by closely equating the Family Income Supplement income test with that applying to Unemployment and Sickness Benefit income tests, the Family Income Supplement removed much of the financial incentive to stay on other Social Security benefits. In this regard the Australian Family Income Supplement could be viewed as embodying a work incentive component.

Another aspect of the Family Income Supplement is that it is a payment made to families (predominantly to mothers) in respect of children. We saw in Chapters IV and V the importance of family in social policy - clearly payments made in the name of supporting family life and/or in the interest of children are highly approved of by the public in Australia.

Either Henderson's or the Priorities Review Staff's proposals would have provided a form of guaranteed income support. They would, because of the close connection maintained between the tax and welfare arms of government, have made benefit delivery a much more automatic process. They would also have substantially reduced the number of income maintenance programs and so confronted the logic of the categorical approach to income maintenance. At the same time they would have solved the problem of take-up which has plagued the Family Income Supplement schemes. But in so doing both Henderson's and the Priorities Review Staff's proposals would have removed discretion about personal characteristics of beneficiaries. That is, they would have tied the main income support programs to need measured solely by financial status. The issue of who was worthy to receive a payment would have substantially disappeared from the major income support program.

The question which will now be addressed is why this family income scheme, a more limited form of coverage, was acceptable to government when governments were unable to come to terms with the introduction of general income guarantees? My basic argument is that in Australia the political elites are constrained by ideologies which reinforce an essentially conservative view of the appropriate system of financial assistance. I shall show that this has blinded them to the rationality of income guarantee and has prevented them from moving to adopt policies which would, if accepted, have benefited the poor and been compatible with the central propositions of social democratic and liberal political beliefs. But first I must establish that general income guarantees can be implemented within a capitalist system.

CAPITALISM AND INCOME GUARANTEES (1)

Western welfare assistance has usually been provided to individuals in a way which isolates them from all other recipients in similar circumstances. Because income guarantee programs are available to all, some observers have seen them as a form of welfare approximating a socialist system. This being the case, the general nature of the guarantee could, itself, constitute an ideological obstacle to its introduction.

Whilst the Australian system of income maintenance is overwhelmingly provided through categorical benefits, child endowment was, from 1950 until 1987, paid to all children living permanently in Australia. Within the wider social welfare system, other examples of generally available services exist - education and Medicare being the two most notable. However, even those programs which are provided in a general format are utilised in a very individualised manner*.

There is a clear compatibility between individualised reward structures in a capitalist mode of production and the individualised delivery of welfare services. An attempt to make income maintenance programs generally available could constitute a challenge to capitalism. It would run counter to much of the history of the Australian welfare system: and could be politically unfeasible.
But income guarantees discussed in this thesis have all been conceived of in terms of individual delivery even though their ultimate aim was to enhance collective welfare.

* Tulloch (2) is one of a number of writers who have pointed out that generally available services may, in capitalist societies, perpetuate inequalities rather than enhance equality. The urbanised middle class makes much more use of Medicare, educational services and government subsidised housing programs than do poor people - Aborigines living in remote areas are virtually ignored by such programs.

In this sense general income guarantees support rather than challenge the capitalist mode of production, particularly in so far as they do not intervene in a direct way with the relations of production. This is, in fact, the major focus of many socialist and communist criticisms of such income guarantees: they fail to move people towards socialism and collectivism because they affect only the relations of distribution, leaving intact the capitalist relations of production (3).

Those who wish to claim that general income guarantees are incompatible with capitalism would need to establish that there are central features inherent in such schemes which are of a substantially different order to previous income maintenance programs. They would need to demonstrate that income guarantees would disrupt the forces of production and the social relations of production to such an extent that internal contradictions and/or external pressures would change the capitalist mode of production into some other form.

Mary McIntosh is representative of those writers who hold the view that general income guarantees are incompatible with the capitalist mode of production as we now know it. She makes the point that,

"demands for a 'guaranteed minimum income' have no connection with social policy in capitalist society ... It is a demand that the need to sell one's labour power in order to survive be abolished. So it is nothing less than a demand that socialism be introduced: but a demand ostensibly made of the capitalist state and a demand that socialism should enter through the back door, the relations of distribution; rather than the front door, the relations of production. It is thus, as its proponents are well aware, an unrealistic demand under capitalism, since it negates the wage relation which lies at the heart of capitalism."(4)

On the other hand, Patricia Tulloch contends that, far from challenging capitalism, guaranteed minimum income "is perhaps the logical liberal solution to poverty in that it is designed to reduce insecurity without substantially changing inequality."(5) She does pick up one point made by Mary McIntosh when she suggests that

"it was fear that the work incentive and the principle of less eligibility would be undermined which was primarily responsible for the failure this most incremental reform to get off the ground."(6)

The necessity to enforce work incentives was seen by Mary McIntosh as lying "at the heart of capitalism." I have discussed this issue in some detail. The proposition has been put consistently that income guarantees, such as those proposed by Professor Henderson, embody a work incentive component. The very structure of such proposals would be unlikely to interfere substantially with productivity because they involve such low level income guarantees and have withdrawal rates on earned income designed to encourage paid labour. Jill Roe, for instance, whilst not ignoring the hurdles to be overcome, views the establishment of a guaranteed minimum as the next step in the development of income maintenance policy(7). The majority view from the left seems to be aligned with that of Roe and Tulloch.
In April 1976, several leading Marxist welfare workers and teachers attended the Inside Welfare Conference in Melbourne. Although the title of the conference was "Marxism and Poverty", a principle focus in most of the papers was the meaning of Henderson's work in relation to guaranteed minimum income. Winton Higgins, Rob Watts, Bob Boughton and others all held the view that far from being a challenge to capitalism, a guaranteed minimum income as proposed by Professor Henderson would be a continuation of the existing welfare system in a different form. Watts considered "Any distribution can only occur within classes, and this function, the Australian 'Welfare State' seems to have performed with distinction."(8)

Higgins put the point a little more charitably when he said

"It would be too crude, to dismiss the report as purely conservative. For instance, the replacement of many discretionary categories of relief by the guaranteed minimum income concept would, if implemented in the form recommended by the Commission, undercut many of the punitive and stigmatising practices of welfare agencies."(9)

In Australia income guarantees would appear implementable primarily because they leave intact the maldistribution of wealth and privilege (a process which, as Watts appreciated, is the hallmark of the Australian welfare system). That is, a guaranteed minimum income, such as the one suggested by Henderson, would continue to legitimate the existing systems of production and distribution in much the same way as the present welfare system does.

I join with the bulk of Marxists and socialists who have written about guaranteed income policy, in not seeing a massive disjunction between the existing system of income maintenance and the idea of at least basic subsistence paid in the form of income guarantees. Such views are shared by rightist writers of the calibre of Milton Friedman and the Australian economist Wolfgang Kasper, who see no necessary conflict between income guarantees, in the negative tax form, and capitalism.(10)

The ideology of less eligibility in welfare programs predated capitalism and has been a central feature of most capitalist welfare services, but this does not prove that capitalism needs to rely upon the ideology of less eligibility. The archetypal form of laissez faire capitalism may well have needed to enforce residualist practices in the charity system, however this form of capitalism no longer exists.

Australia, with its mixed economy and extensive array of government run welfare programs, is not totally reliant upon stigma, categorisation, individual estimates of need and other residual mechanisms in its delivery of the social wage.

I therefore hold that income guarantees, set at or about the poverty line, could be introduced in Australia without substantially changing the nature of Australian capitalism. But account has to be taken of the fact that even if income guarantees were sustainable within the Australian system this does not mean they will be introduced. Before they would be implemented it would be necessary to show that there was a basic compatibility between such guarantees and the ideological beliefs of mainstream political organisations(11).

The relationship between ideologies and income guarantees

As a first step the various ideological positions described in detail in Chapter V will be re-examined to determine the approach holders of particular ideological viewpoints would take when assessing the benefits and dangers inherent in income guarantees. Following on from the analysis of ideologies and income guarantees, there will be an examination of the Australian Labor and Liberal Parties' platforms and performance in relation to guaranteed minimum income.
At first glance it might appear that there is an acceptable level of agreement across a wide spectrum of ideological positions for the idea of introducing some form of income guarantee. Milton Friedman on the far right; the American liberal, Daniel Moynihan; the British liberal, Lady Rhys-Williams; social democrats like Kenneth Galbraith and James Tobin; socialists and Marxists, have all argued in favour of income guarantees(12). But there are conservative liberals like Cohen, as well as conservatives and social democrats, who have opposed their introduction(13).

**Liberal, social democrat, socialist, Marxist and conservative perspectives on income guarantees**

Liberals conceive of freedom in terms of freedom from restraint. Clearly any income guarantee program is going to be less restrictive of personal freedom than will be any welfare program dependent upon welfare officers' discretion. Income guarantees are also compatible with the socialist view of freedom in that such guarantees do not interfere with an individual's desire to have freedom to accomplish.

Social democrats would have no argument with the capacity of income guarantees to provide equality of opportunity for all in equivalent financial need. The equality of assistance provided to those with incomes below the cut-off point would find little opposition from socialists, social democrats and liberals. Liberals would see in the provision the opportunity for the more skilled to develop greater returns for effort in the areas above the cut-off point. Marxists, relying on the dictum that "to treat unequals equally is as unfair as to treat equals unequally", might find themselves in common cause with some socialists, social democrats, liberals and even conservatives who consider that there could be special cases which, because of individual difficulties such as lack of budgeting skills or physical handicaps, require extra help in order that they might be assisted "according to their needs." The concern about special cases could be dealt with by maintaining supplementary programs to cater for such individual differences. Friedman wanted to dismantle supplementary programs, yet even he allowed that private charities would continue to exist after "his" negative tax was in place.

Marxist and socialist commitment to fraternity finds expression in the generality of the payment, particularly if the social demogrant approach is adopted. An income guarantee removes the many artificial divisions which any categorical welfare system erects, allowing all low income earners to accept their common humanity and raising the possibility of further struggle towards a guaranteed adequate income and, ultimately, equality.

A guaranteed minimum income seems tailor-made to fit the ideological requirements of the social democratic position with its commitment to equality of opportunity, government intervention and the peaceful transition to socialism. A guaranteed minimum income would make more equal only those whose income was below the cut-off point; it would not of itself place any obstacle in the way of further socialist development.

The liberal commitment to constitutionalism may be advanced through the introduction of a guaranteed income. This would be particularly so if it were paid in the social demogrant mould. Then, as noted in Chapter VII, the feelings of participation in the society would increase; there would be a lowering of social disruption and a greater respect for the law.

The split in the liberal ranks on the issue of guaranteed income arises out of the differing ideological positions which liberals themselves take on the ideological pillars of liberalism*. Some liberals might even argue that a guaranteed income allows no freedom of choice as to the source which recipients approach to get assistance. This argument needs to be put in context. At the present time applicants for benefits or Pensions have only one prime source of income - the Department of Social Security. Depending on other sources of government and voluntary
assistance which were left in place following the introduction of income guarantees, low income people might find their freedom to choose was not significantly different from the present arrangement. The objection to lack of choice would, in any case, most likely be raised by the more extreme libertarian liberals and stems from their abhorrence of government intervention in any form because they see it distorting the free flow of market forces. Associated with this libertarian liberal position is the more widely held belief that the treatment of all people equally, irrespective of their personal characteristics, is a denial of individual differences - a reification and standardisation of all welfare clients.

Individualism is a central pillar of liberal ideology and it is one which on first look appears to be compromised by income guarantees. The equal treatment of all whose income is at a

* See Appendix B.

particular level could be interpreted as ensuring the depersonalisation of applicants for assistance. It is true that the income guarantee treats everyone with equivalent income in a similar manner but that is all it does. It makes decisions solely in terms of a person's income and says nothing about that person other than the person's income entitlement.

Welfare categorical payments by their very nature make a comment about the person as a whole on the basis of the eligibility test's view of some personal characteristics. Having subjected an applicant for a welfare benefit, such as the Invalid Pension, to the eligibility test, the state can then only pay the standard rate of pension in line with the applicant's assets and income. In this sense, income guarantees no more detract from individual recognition than do existing welfare processes, and they are less invasive of privacy. The alternative to an income guarantee is to persevere with a system which allows clerks, welfare officers and social workers to make eligibility determinations on the basis of either a limited specified number of personal characteristics, a process which reifies the client; or to make determination on the basis of widespread, undeclared eligibility requirements. This is a process which stigmatises clients. Because it is impossible to codify, it results in uneven treatment being meted out to many in similar circumstances.

The liberal commitment to progress and property causes some liberals to argue the possibility of progress being impaired by the introduction of income guarantees. They claim income guarantees discourage thrift and self help, which they argue is the basis on which property is accumulated. Were an asset test to be applied to the income guarantee then this, too, would find liberals (of this view) opposing it because they would argue that it is a tax on thrift. There are also those liberals who argue that income guarantees interfere with the free play of market forces in two ways: firstly, they assist the poor without ensuring that some of them are not undeserving;* and secondly, the cost of the taxes which go to pay for this guarantee takes money away from industry where it could be "productive". But the most celebrated supporter of the free play of market forces in contemporary economics, Milton Friedman, argues that a negative tax would enhance the free play of market forces by removing restrictions on the way clients of income maintenance programs spend their money and through the savings which would accrue if the major servicing programs funded through government expenditure were eliminated.

But it is the importance which liberals attach to the idea of self-help which has been a major stumbling block for some who would otherwise find merit in the idea of income guarantees.

Because the idea of income guarantees places no requirement upon beneficiaries to contribute to their own support and the support of their children, some liberals and conservatives fear that the low-paid are going to work less. They believe the present system encourages work effort. In earlier chapters both these views have been extensively criticised.

There are other liberals** who hold that there is nothing inherent in an income guarantee which should result in these
Conservatives hold similar views

The diversity of views within the liberal camp derives from the differing emphasis each gives to the central tenets of liberalism. However, liberals develop their identity as a result of their common commitment to these central liberal values. They point to the fact that almost all income guarantees involve incentives to earn and that income guarantees place no obstacle in the way of a beneficiary maximising his or her potential educationally, financially and socially as is the case with many welfare programs. They argue that individualism and self-help would be promoted by the introduction of an income guarantee because it frees people to celebrate their own creativity; because it does not interfere in people's life choices; and because it clearly has a regular taxation applying to income rather than the series of poverty traps which pass for safeguards in the safety net system. Because an income guarantee removes restrictions and regulations on recipients liberals such as Milton Friedman, recognised that it results in a deregulation of the mode of distribution.

Conservatives have a number of problems with guaranteed minimum income programs, not the least being their demand that they should maintain their existing share of the country's wealth and the idea that welfare is rightly handled by charity organisations rather than by government intervention. Recognising that the bulk of the income maintenance is currently dispersed by the state, they argue that this is not desirable and would wish to return to a charity based system. Those conservatives who are prepared to accept that the state should disperse the major income maintenance monies still cannot accept a guaranteed minimum income because they acknowledge that an income guarantee would remove the power exercised by welfare personnel to control clients.

There is a genuine belief in conservative circles that the existing welfare provisions support and promote traditional values. They believe that such traditional values as the sanctity of the family, the importance of work and sexual restraint would not be supported by any income guarantee. They have a touching belief that the present welfare system specifically promotes traditional family formation and stability, reinforces the work ethic and makes a contribution to established morality.

There are some people working in welfare agencies (state and voluntary) who do attempt to influence clients along the lines desired by conservatives but there are others who promote differing ideological views of the family, work, and morality. It is at best a very uncertain reinforcement of conservative values.

The family and income guarantees

One of the arguments put by feminists and humanists is that traditional family formations have the capacity to inflict injury and/or hardship on the less powerful family members, to restrain the personal options of such members, and to result in other inequalities. These arguments, even if they were widely acknowledged and supported by substantial research, would be unlikely to alter conservatives' minds about the desirability of traditional family structures. The reason for this is that conservatives do not accept a humanist concept of freedom, particularly as it applies to dependent family members. Their view of freedom is constrained within a traditional model of appropriate family structures.

An important component embodied in the conservative ideology of the family is the presumption that support is provided in an equitable way within families by the breadwinner(nominally male) to all other family members. In Australia, this presumption was enshrined at the federal level in the Harvester judgement of 1907.
Part and parcel of the ideology of the family is the suggestion that family stability (and happiness) is enhanced by the process of the breadwinner providing the money and the other family members, particularly the spouse, providing in return care for the children, housecleaning, washing, cooking and so on. At another level there is the expectation that as a result of this exchange between family members and through the process of "love" and/or "respect", stability is assured. Conservatives regard an income guarantee as an interference with "natural" established practices. They believe it would result in the breakdown of the feelings of interdependence amongst family members and this, in turn, would lessen family stability.

However, this conservative argument fails to take into account the fact that there are in existence welfare income maintenance payments which are only paid upon the break-up of a marriage (Widows Pension and Supporting Parents Benefit in Australia and AFDC in many parts of the United States). The refusal to assist families whilst there is an able-bodied man in the house leads to the subsequent dissolution of many such families(14).

Many men who experience difficulty fulfilling the role of breadwinner feel inadequate, angry and frustrated. They, at times, turn these feelings of inadequacy inwards on other family members and this leads to the classic domestic violence scene. Such men, if their failure to provide continues for any period, often leave the family knowing that the state will provide for their families more adequately than they have been able to(15). Many men in such situations might welcome the income guarantee in that it would remove from them the responsibility they had not been able to shoulder. There would not be the constant reinforcement of their failure. They would not "need" to leave their family so as to allow the other family members to get support from the state. In this way family formations could be stabilised by the presence of an income guarantee.

It would be possible to introduce an income guarantee, payable directly to each individual rather than making payments available to families. Were this done it would transfer the presumption of support and its concomitant dependency from the head of the household to the state. Such an alteration would ensure to a considerable extent that those family formations which stayed together did so for reasons other than simple financial dependency.

Before an income guarantee, paid to individuals as the basic unit, could be introduced in Australia feminists and humanists would need to publicise the work of Edwards and others (16) which show the problems which existing welfare programs create for family stability. Given the intense reliance on the family which has been an integral part of Australian society (white and Aboriginal, migrant and non-migrant, young and old Australians) and which has been reflected in the social welfare legislation throughout this century, there is a need to show that the present Social Security legislation does not necessarily help families stay together. There is a need to accept Bowler's advice and show that the result of existing social legislation is incompatible with prevailing ideological views about the family(17).

The choice of the family as the unit of payment would leave intact all the power relationships which now exist in Australian families. In order to maximise freedom of choice, the unit of payment should be the individual. This option has been criticised on a number of grounds: firstly, it would increase the cost of the scheme if the income guarantee were to be set at or near poverty line levels; secondly, it advantages those who live in families compared with those who live alone because there are economies of scale derived from living in families.

This latter criticism runs counter to two of the main ideological features of the Australian welfare state: support of the family and encouragement of thrift. Governments have chosen to justify paying a lesser rate to couples than to individuals on the basis that they are attempting to assist the most needy.

The complex administrative difficulties and extraordinary discretionary problems which the management of a living alone allowance component would cause, led the Asprey Taxation Commission to decide that it should not be part of the tax mechanisms(18).
To attempt to implement it within a income guarantee system would lead to many similar administrative nightmares to those encountered by the Department of Social Security as it tries to administer the "bona fide domestic basis" aspects of its benefit and pension systems(19).

An income guarantee paid to individuals would ensure the married were not disadvantaged compared with the unmarried - it would encourage, by providing a financial incentive, family formation and stability - but would not of itself enforce a conservative view of appropriate morality. It would allow family members who felt continued cohabitation was intolerable to leave and set up on their own or in co-operation with others. Thus the selection of the individual as the unit increases freedom, diversity and individualism, all of which are central liberal values*.

Young people and income guarantees

Until 1985 there were in Australia 37 different welfare/ educational programs run by the Commonwealth, primarily dealing with the young(20). The Hawke Government moved to amalgamate many of these(21). In the industrial arena the young worker has traditionally been paid a lower rate. The Unemployment Benefit but not the Invalid Pension reflected this segmentation. It is therefore likely that any income guarantee will not be equally available to all but will pay young persons a lower rate. The basic argument is that to pay the young an income guarantee of an amount similar to that paid to adults would increase work disincentives in a particular population which has not yet acquired the work orientation of more mature workers. This argument would no doubt be coupled with other arguments "in support of the family" - that the young should remain in their nuclear family situation; or that they are, in fact, supported to some extent by their parents and so require a lesser amount. The associated claim is that for the government to pay the young at a rate equivalent to that of older workers would encourage them to leave home.

Such arguments take little account of young people's reality. Many do not live in the family home. This is because the parents or the young person or both feel the young person is better on his or her own; or because the young person has left the home town in search of work or further education. Many young people also leave because their family home has been disrupted through domestic breakdown. Of those who do live at home many of the currently unemployed come from homes where one parent is involuntarily unemployed, and up to 75 per cent come from homes where both parents are unemployed(22). The argument that making it economically possible for a young person to leave home encourages them to leave what is otherwise a satisfactory home is a mystification. It ignores the fact that young people know that they are unlikely to find cheaper accommodation than the family home; thus economic rationality would demand they continued to reside in the family home.

Arguments put by the Youth Affairs Council of Australia(23) suggest that young people, if they are to live independently of their parents, should receive the same income guarantee from the state as any other group because they have much the same expenses as any other age group in Australia. Young people's inexperience at budgeting, their entertainment needs, clothing requirements, lack of assets, etc., could be used to argue that they have greater calls on their income than the aged. It is these very questions which would need to be addressed if one was going to argue for a continuation of categorical arrangements or a guaranteed adequate income.

Rural people and income guarantees
In Chapters II and V the problems which rural people experience in getting anything like a similar level of service from the income maintenance system as do urban citizens, were detailed. The complex nature of eligibility requirements, the distance from paying offices, the greater illiteracy and lack of sophistication of rural people in dealing with welfare bureaucracies, were noted. An income guarantee because of its connection with the taxation system, its equal treatment of all and its simplicity, would be a considerable help in supplying identical levels of income maintenance benefits to city and country people.

**Aborigines and income guarantees**

The legislation dealing with Social Security was amended in the 1970s to remove discrimination against Aborigines, yet the failure to adequately service the remote areas where many Aborigines live has meant they continue to receive an inferior service. The existing Social Security system amounts on the whole to another cultural invasion of the Aboriginal community because the eligibility requirements are designed to promote and support middle class white values(24). An income guarantee would not be as invasive of Aboriginal life.

During the last 10 years there has been a dramatic turnaround of public opinion against Aborigines. This change in opinion has been spearheaded by pastoralists, poor whites in rural areas and more recently, and far more destructively, by multimillion dollar racist television campaigns paid for by the mining lobby. In the period of the Whitlam Government, it was possible to implement special programs designed to assist Aborigines, but this is no longer the case. An income guarantee has the advantage that it does not make special provision for anyone on the grounds of race, and yet would free Aborigines from white designed and administered eligibility tests.

**Summary**

The foregoing examination of the relationship between various ideological positions and income guarantees has drawn attention to the diversity of views not only between different ideological positions but within particular ideologies. Certain ideological or political incompatibilities were found to exist between parts of conservative, liberal, social democratic and Marxist perspectives on the one hand, and income guarantees on the other. Only in relation to conservative thought was the disjunction judged to be of central importance. That is, no obstacles were identified which would, by their very nature, present to other than conservative ideologues a compelling reason to reject the concept of a generalised income guarantee to all citizens. Of particular relevance to the following discussion is the fact that the concept of generalised income guarantees is compatible with central tenets of both liberal and social democratic ideologies.

**DIFFERENCES BETWEEN LABOR AND LIBERAL NATIONAL PARTIES' APPROACHES TOWARDS INCOME GUARANTEES**

The differences which exist between the Labor and Liberal Parties are only part of the complexity of this issue. John Hyde, once the leader of the Liberal Parliamentary "dry faction", acknowledged at a recent welfare conference,(25) that there is a greater diversity of opinion on many welfare issues within each of the two major parties than there is between the Labor and Liberal Parties.

In 1983 the Liberal Party's Federal Social Security Platform declared that
"As an integral element of social welfare policy, a social security system should contribute towards the overall objectives of enhancing the dignity of the individual and the family: and the development of a more compassionate, just and stable society."

The party set down a number of principles to accomplish those ends including

"The necessity of ensuring the social security system is tied to the nation's ability to pay. The funds available for welfare should wherever possible be used to assist those in greatest need."

The Party wanted to encourage self-help and continue with categorised assistance to particular groups whose needs they recognised.

The Australian Labor Party's equivalent Federal Platform, endorsed by the 1982 National Conference, began with the statement

"The aim of Labor's social security policy is the prevention and elimination of poverty and social disadvantage through a system of benefits and services based primarily on need."

With regard to income maintenance, the platform went on to say "Labor's eventual aim is the establishment of a universal minimum income scheme to provide an adequate standard of living." But the platform's immediate agenda persevered with a categorised income maintenance program.

Neither of these two parties' welfare policies have significantly changed direction since 1982-83(26). Given that the national conference of the Labor Party is supposed to be the supreme policy-making instrument of the party, even if the parliamentary wing does not feel bound by the letter and intention of the resolutions of the national conference, it is reasonable to assume that those resolutions are the expression of the ideology of the party as a whole.

The Liberal parliamentary party has more flexibility than the Labor Party in interpretation of party platforms when in office; yet it would seem reasonable to see the party platform as the most authoritative statement of the party as a whole. With this in mind, I will now proceed to look at these platforms to see to what extent they mesh with the differing ideological positions found in liberal and social democratic traditions as they relate to income guarantees.

The reliance of the Liberals on needs based welfare, the concern to identify the most needy, their interest in a just welfare system and social stability is in line with traditional liberal views the statement about stability is also reminiscent of the conservatives. The reliance on the family and the individual sit astride the liberal-conservative divide: earlier chapters have demonstrated that efforts to enforce traditional views of the family lie uneasily alongside attempts to enhance the dignity of the individual in some circumstances.

The Labor Party's desire to eliminate poverty and social disadvantage on their way to introducing a guaranteed minimum income, is in keeping with social democratic traditions and procedures in Britain and Australia. However the decision to persevere with a categorised approach to need demonstrates their unwillingness to do away with the principle of less eligibility which stands in the way of efforts to move the Australian welfare system from a charity based one to a system based entirely on rights.

Conservatives, liberals, social democrats and Marxists all rely on need determinations as the central point in their efforts to justify the style of welfare services which each considers suitable. The procedures each would use to determine need would be considerably different, yet when it has come to implementation of programs to satisfy need, Liberal and Labor Parties in the last 20 years have adopted quite similar programs(27). This is not to suggest that no significant differences are apparent between Labor and Liberal administrations. Labor has implemented a much more rights oriented approach to social security than have the Liberals.

Given that need is claimed to be the basis for determining appropriate levels of income and services by conservatives, liberals, social democrats and Marxists and has been referred to by several commentators as the justifying ideology of the welfare state, it is hardly surprising to find...
need enshrined as the declared rationale upon which Labor and Liberal Parties plan to improve their welfare services. But, as mentioned in Chapter V need also serves a mystifying function in welfare delivery; at best it always results in a contested view of the suitability or otherwise of the levels and types of welfare programs provided(28).

The corollary of need, its absence or negation, has often been associated with unworthiness: but just as need becomes a contested value so does unworthiness. Even though both Labor and Liberal Parties proclaim their desire to assist those most in need, the inherently contested nature of needs assessment results in considerable variation in the approaches taken to assist welfare clients by each party. Decisions are taken to assist those considered, on social grounds, to be needy; and those considered, again on social grounds, to be unworthy or less in need are refused assistance. Such decisions, whilst not ignoring economic features, are not made solely on the basis of economic need. The expression of party platforms in terms of need serves a mystifying function. It amounts to a non-explanation in the sense that particular policies (which are meant to address economic difficulties) rely not on economic need alone but on social need which is not specified with any degree of precision.

The reliance upon assessment of need predisposes both Labor and Liberal administrations to assist only the worthy(29). This forces both parties to rely heavily upon hegemonic values in determining who will and who will not be assisted. This explains why the present income maintenance system promotes benefit structures which enforce established views about women, families, Aborigines, young people and Aged Pensioners, and why procedures have not been established to effectively pay rural people welfare benefits. The refusal to adopt economic need as the sole measure of eligibility ensures that both parties remain dependent upon widely accepted ideological viewpoints. This forces them to adopt an essentially conservative approach towards income maintenance. To do otherwise would involve them in attempting to convince voters that people previously considered unworthy should now be a paid benefit. The recent debate about "working for the dole" demonstrates the ease with which a conservative backlash can be aroused against welfare recipients in Australia(30).

There was a period in recent Australian history when the Labor Party attempted to fulfil its policy commitment concerning income guarantees. Had it been able to achieve this aim it would have been able to move the income maintenance system from one constrained by widely held ideological viewpoints to one which delivered benefits to poor people in line with their economic needs.

In the early months of the Whitlam Government Bill Hayden, then Minister for Social Security, issued a press statement heralding the introduction of a guaranteed income, national superannuation, national compensation and a national health scheme(31). The press statement began

"The New Labor Government hopes to completely scrap the present confusing system of pension and Social Security benefits and replace it with a more simply administered and easily understood system of guaranteed income."(32)

The statement went on to say

"Presently pensions and benefits from the Commonwealth and State government authorities are complicated and confused by their conflicting means testing for benefits, by anomalies, and by a perplexing range of benefits which have developed in a spasmodic way."(33) Hayden was to return to this issue a number of times during the brief period of the Whitlam Government(34).

The dismissal of the Whitlam Government ushered in a period of conservative reaction during which time most of the initiatives in social policy which had been suggested during Labor's
term of office were discarded. The major exception was the extension of Supporting Mothers Benefit to include lone fathers. This development could be interpreted as part of a continuing process of increasing cover for all poor people, or more realistically as a continuance of the Liberal desire to extend the safety net.

Following the introduction of the Supporting Parents Benefit, Senator Margaret Guilfoyle, in her capacity as Minister for Social Security, wrote:

"guaranteed minimum income schemes have significant inherent difficulties which require extensive examination before any such scheme can be introduced. Among the most fundamental are:-

¥ the necessity to raise effective rates of tax to meet the additional costs involved. (This would be contrary to the intention of the recently introduced standard rate tax system, which, among other things, was designed to reduce effective tax rates and thus promote work incentives);

¥ the general question as to whether tax-payers would be willing to finance people who choose not to work."(35)

In 1981 Senator Chaney, in his capacity as the then Minister for Social Security, wrote:

"that while there are many attractions of a full GMI scheme, there are also some significant problems. The payment of a flat rate allowance to every individual regardless of need is not likely to be a very efficient way of alleviating poverty and could prove very expensive. It is doubtful whether taxpayers would accept the increased rates of tax which would be required to finance such a scheme ..... At this stage, therefore, I do not believe that we have found a practicable alternative to the current categorical system which directs assistance to those most in need while retaining incentives for self help."(36)

Senator Grimes, the first Minister for Social Security in the Hawke Government had, whilst in opposition, declared support for the idea of guaranteed minimum income(37). His replacement, Brian Howe, declared upon taking over the portfolio his support for the introduction of a guaranteed minimum income(38). Yet nothing has been done by the Hawke Government to implement an income guarantee. Perhaps the starkest example of how far the Australian Labor Party has come from Hayden's 1973 statement on guaranteed minimum income or the 1982 platform is provided by a paper written by Gerry Hand on "behalf of the National Left... as a contribution to the debate at the 1986 ALP Conference". The paper entitled "A National Social Justice Strategy for Australia" makes no mention of income guarantees in any form.

The ideologies of the various parties are likely to be a major determinant of the style of income guarantee which they introduce: for instance, the Liberal Party is far more likely to opt for a negative tax form and the Labor Party's left wing would be more inclined to choose a social demogrant along similar lines to that suggested by Professor Henderson. The right wing of the Labor Party would, if it decided to move towards an income guarantee, be more likely to opt for a negative tax form.

It was suggested that general income guarantees are tailor-made for social-democrats but provide some difficulties for liberals. There was a recognition in Chapter V that both the Australian Labor Party and the Liberal-National Parties have come to be considerably influenced by Monetarist economic policies in their decision making in relation to other parts of the economy. I hold that income guarantees are ideally suited to such a form of economic analysis in that they constitute a deregulation of the relations of distribution.

This review of Labor and Liberal Parties social welfare platforms and actions taken by both parties in relation to income guarantees revealed no sign in either party that there is any significant
action contemplated towards introducing such guarantees. The Labor Party has a commitment in principle to a guaranteed minimum income but no evidence was produced which would indicate that income guarantees are likely to become established as a part of the Australian welfare system in the foreseeable future. The Liberal Party appears even less likely to implement an income guarantee program were it to be returned to office.

Further discussion of these issues will take place in the next and concluding Chapter. In that Chapter the central issues which have emerged will be summarised before considering the ideological and political obstacles to the implementation of an income guarantee in Australia.

FOOTNOTES TO CHAPTER VIII

(1) My analysis avoids addressing the issue as to whether capitalism itself is essentially sexist, racist, ageist and reliant for its very existence upon these ideologies and upon discrimination against people living in rural areas. This question lies outside the scope of this thesis. My exploration of these factors simply points to their existence as modifiers of the social welfare system and attempts to ascertain whether income guarantees of a universal nature could be implemented (and if so, in what forms) given the presence of these constraints on universalism.

(2) Tulloch, P. Poor Policies, op cit., p.16

(3) At the same time there is a sense in which individually supplied welfare services, once they become generally available, provide a collective protection to everyone. They may not supply goods and services in line with each individual's needs, but they approximate this in the sense that they supply income equally to all with equivalent income. In addition, as the tax system becomes more easily enforceable through the establishment of a connection between positive and negative tax systems and through the simplification of tax gathering systems, there is a greater approximation of the principle from each according to his or her ability to pay.

(4) McIntosh, M. "Feminism and social policy", Critical Social Policy, Vol 1, No 1, Summer 1981.

(5) Tulloch, P. Poor Policies, op cit., p.20

(6) loc cit.

(7) Roe, J. Social Policy in Australia, op cit. p.324


(9) Higgins, W. "The state and Professor Henderson", Marxism and Poverty, op cit., p.9. See also Wiseman, J. "Power handout at the family centre", Arena, No.51 The Tasmanian Unemployed Workers Union raised an associated question; if the demand for a guaranteed minimum income can be absorbed by the capitalist system then should it be linked to other struggles for a more radical change - to move Australia towards a socialist society based on production geared to need. The union saw the possibility of a guaranteed income arising out of a campaign of parliamentary pressure but recognised that the income guarantee thus obtained would leave in place the maldistribution of wealth and income in this country.(No author listed, Towards a Strategy for the Unemployed Movement, Unemployed Workers Union, Hobart, circa 1979, pp.6-7)
(12) See Chapter VII
(13) See Chapter VII
(14) Comments made by Martin Rein in response to a question on this point at the 1978 Australian Council of Social Service Conference, Sydney. See also Tobin, J. "Raising the incomes of the poor", in Kermit, G. Agenda for the Nation. Brookings, Washington, 1968, p.100. During 20 years experience in Australian social work I have encountered numerous examples of the break-up of families due to men's incapacity to find any other way of obtaining incomes for wives and children.
(15) In 20 years of work with the Department of Social Security and poor people's organisations, I have interviewed many men who gave this as a, or the major, reason they had left their families.
(16) There is an initial discussion of these points in Chapter IV and a further one in Chapter VI
(17) Bowler, K. op cit., pp.169-170
(18) Asprey, K. op cit., p.138
(19) Edwards, M. "The income unit in the social security system: explanation and evaluation". Paper given at the Australian and New Zealand Association for the Advancement of Science, Perth, May 1983, pp.43-44
(21) Discussions with Mr Brian Howe, Minister for Social Security.
(26) These years were selected as they represent the end of the Fraser Government and the beginning of the Hawke Government.
(27) The British Tax Credit proposal predicted that its introduction would eliminate the need for 10,000-15,000 public servants. Any Australian income guarantee program would be more likely to result in a few retrenchments but it would involve substantial redeployment. It is therefore unlikely that such an introduction would encounter significant opposition from the bureaucrats. New prospects would open for some and others would be likely to be left at their substantive positions. It would be likely to decrease the growth of the public service once the programs were in place, however those unemployed wanting to enter the public service are not and are not likely to become an influential force in Australian politics.
However, both Labor and Liberal administrations when in office have extended or rationalised existing income maintenance programs rather than move towards a complete restructuring of social welfare and tax structures. Contemporaneously with such an approach each administration has made efforts to address newly-recognised needs through new programs which invariably result in little cost compared with major restructuring). One reason for this is that the adoption of ad hoc solutions to emerging needs is that incrementalism disguises the ideological nature of the changes thus limiting a fuller analysis which might necessitate or facilitate more general changes.
Professor Henderson commenting on such processes suggests that part of the reason lies in politicians' desire to "play Santa Claus" which meshes with bureaucrats' desire to have freedom of action and the fact that their promotional prospects are often enhanced if they come up with ideas for new schemes which do not cost very much. (Interview with Professor Henderson, 2.4.84)

Alongside any desire by bureaucrats to have freedom to initiate is a tendency by bureaucracies to want a regularisation of decision making - a routinisation of operations. The introduction of universal income guarantees would in the short term (five years) at least provide extraordinary opportunities for up and coming public servants to demonstrate their individual skills in policy development and would more than compensate them for any limitations on their "freedom" to be innovative. Once in place it would be largely a routine operation. For this reason I do not see the public servants creating any major obstacle to the introduction of universal income guarantees.

(28) Expressed needs are relatively easily incorporated into party manifestos if they are put forcefully enough or if they affect large numbers of people. Transforming the party's policy into enacted government legislation is a far more difficult process. Need, in this sense, has an enigmatic quality - it is more easily observed from the opposition benches than it is from the government side of the House. Part of the reason for this is that there is no absolute measure of need. Attempts by Henderson and others to establish poverty lines are efforts to objectify that which is undefinable in anything other than a general sense. Such attempts result in a rough approximation of what an expert determines the mythical average person requires to live at some arbitrarily designated level.


(30) Blanchard, A. "Is Labor doing a Fraser and blaming the victim?" Roneo paper distributed by the Federal Member for Moore, 1 August 1986.

(31) Hayden, W. Press Statement (WGH/29) 5.3.73.

(32) ibid.

(33) ibid.

(34) Hayden, W. "Social objectives and the principles of a guaranteed minimum income", op cit.

(35) Guilfoyle, M. private communication 22.3.78

(36) Chaney, F. private communication, 18.1.81


(38) Howe, B. press statement 13.12.84