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Australia - at the crossroads or beyond?

On Sunday 15 December 2002 the ABC Radio National program Background Briefing presented an edited version of a paper given by Will Hutton to the Cheltenham Literature Festival in the United Kingdom. Will Hutton is a former economics editor of The Guardian newspaper, a former editor of The Observer, a columnist, author and Chief Executive of the WORK Foundation in the UK, and author of "The World We're In". This edited version of his paper, which serves as the catalyst for this article, is published on the ABC website: www.abc.net.au/rn/talks.bbing/stories/749188.htm

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In this paper Will Hutton looks at the differences between United States policies based on a strong economy and the European policies based on a strong society and questions which direction the United Kingdom is following. As Kirsten Garrett stated when introducing the session, "Will Hutton's speech was an argument that Britain retain its core values, and its connections with a European social framework. As the world shapes itself over the next few years and faces economic and military crisis, there is a European idea of the good society that must form the benchmark for politicians to succeed, he says. Britain must align with Europe, not America."

How does this argument relate to Australia?

Is there a question whether Australia also should retain its core values, and its connections with a European social framework? After all, as with the United States, Australia was founded by people with a European background, and there should be some basic affinity with European social aims and aspirations. Is Australia at the crossroads, as Hutton believes the position is with Britain? Or has the conservatism and economic fundamentalism of the Howard governments, and to a lesser degree the previous Labor governments, combined to determine Australia's alignment with America? Has the die already been cast?

As we consider some of the points raised by Hutton illustrating the differences between American and European policies it is easy to come to the conclusion that the die has been cast. On matters of principle, where we read United States in his paper we can almost without exception read Australia. There is in principle a strong similarity between United States and Australian social and economic policies. Australia appears to have cut its ties with Britain and with Europe in relation not only to social and economic policies but also to national and international security. Australia appears to be committed to endorsing and following United States policies and procedures.

Or is there still time to change? Is there still a strong liberal representation questioning the direction Australia is taking, and desperately looking for a political voice? Is Australia still at the crossroads, or have we passed the point of no return?

As Hutton points out, in the United States today there is still strong support for more liberal views, but this support has been overwhelmed by the power of the conservative, fundamental economic approach and the influence of money in American politics. The conservatives, in his view, "don't just hold political power, they actually dominate the country culturally, they dominate it intellectually, its become very difficult indeed in the States to say "I'm a Liberal and I'm proud of it", it's almost a tag as bad as being a communist in the era of McCarthyism." Just as

President Bush has stated to the international community that you are either with us or against us, so the conservative approach to political opponents is also you are either with us or against us. There is no room for compromise. There is the arrogance of saying we are right, and if you do not agree then you are wrong.

Is this scenario familiar to the people of Australia? Is this intellectual and cultural dominance of society as apparent in Australia as it is in the United States? Certainly, in recent times it has become apparent on an almost day by day basis. People who question the merits of mandatory sentencing or tougher policing and sentencing regulations are "soft on crime". People who express concern about the treatment of asylum seekers are "soft on national security". People who are concerned about the level of welfare assistance for the poor and the disadvantaged are labelled "the big taxers and big spenders". And so the list goes on. At the highest level this becomes a political strategy to claim that disagreement with government policy implies a lack of policy.

Hutton introduces what he considers are the three great clusters of values that unite the Europeans and which he claims American liberals also believe in.

The first is a belief in a social contract. A belief that there is such a thing as society. A belief in a social contract which will embrace some guarantee of a minimum income, underwriting the social rights of individuals, a health service providing for everybody and free at the point of use, an educational system giving every child an opportunity to maximise his or her potential, and a roof over everybody's head.

He claims that Europeans have a "passionate belief that a social contract is the precondition for living in a just order. American liberals agree. American conservatives say No. They say that that is immoral. They say that the redistribution of income from those who work really hard and thus show themselves to be moral beings and industrious beings, to those who have not worked hard because they are poor, morally undercuts the moral basis of that society."

Do Australian conservatives also say No? It appears so, and furthermore they have introduced the term "dole bludger", and more recently the term "welfare cheat", and the concept of "mutual obligation" to help maintain the high moral ground.

Hutton goes on to explain that "these are two different views of the world, and they've become very harshly into focus over the last 20 years. From America we are told that the Welfare State constructs dependency, that the Welfare State is immoral, that the best kind of education is private rather than State, that one shouldn't actually provide a universal health system, because people should be incentivised to look after themselves, that they will become more responsible beings. And that view of the world has actually become through the IMF, through the World Bank, through the pages of our business press and our broadsheets, has bit by bit by bit become part of the international consensus. And we in Europe have been told that our social contracts are actually things that are burdens. They're costly, they get in the way of our competitiveness, they generate unemployment, we should minimise them, we should follow the American way."

His response to that claim is to point out that:

"Europe is a high productivity area." "in the mid-1960's productivity measured as output for every hour that was worked across the EEC of six, as it was then, was about two-thirds of America. A generation later, and the EEC, now the EU, has overtaken America. France has higher output per hour, so does Holland, so does Belgium, so does North Italy, so does Germany.....Even Ireland's output per hour has now jumped to match that with America.....the one country where the gap remains as big as it was 35 years agofollowing the American way.....is us [Britain]"

"Life expectancy for men in every European country is greater than life expectancy for men in America." (42 million Americans don't have any health insurance whatsoever)

"Although top American universities are the best in the world, the State schools, especially in run down areas, are absolutely horrible. As a result, 40% of American 18-year-olds have no vocational or no academic qualifications. Everywhere in Europe the figure is 10% or lower."

"Social mobility in Europe is higher than America. Chances of moving up are much greater than in America. The exit rates from poverty, from the bottom 20% in America are lower than in every country in the EU."

"Meanwhile at the top, those wonderful universities.....are producing a new class of rich who are becoming self-

perpetuating." "It's best if you come from a rich family. In 1980 you were four times more likely to get a college degree if you were rich than poor. In the year 2000, ten times more likely."

Is there a pattern emerging within society in Australia that our beliefs in relation to the Welfare State, to health and education, and to a social contract, are bringing us more and more into line with America?

The second cluster of values relates to big business organisations. Hutton makes the point that in Europe "we understand that there are limits to the degree to which the wealthy and the propertied can declare independence from the society of which they are part, that they have reciprocal obligations to the society of which they are part." Likewise with organisations. It may be great to be operating successful enterprises in free markets, but it is not a licence to do whatever you want. Business organisations "have to live by the same value system, fairness and justice, organisational justice, as the wider society beyond."

Hutton then goes on by referring to the changes that have occurred in the past 30 years in the United States as the philosophy of big business has changed. The great organisations in both Europe and America had what he calls "organisational reasons to be". However, there have been changes, and he uses the example of Boeing and Airbus to illustrate these changes.

Boeing was an organisation committed to building the best planes - that was its organisational reason to be. But today the new view in Wall Street is that all that counts is maximising share value. Boeing has "ceased to be a company dedicated to engineering excellence". On the other hand all of the innovative new planes are going to be built by Airbus. Airbus today is building great planes "to serve an idea of what it means to be in the 21st century, they're not just profit maximisers". "Airbus has got a longer order book in every category of aircraft manufacturing than Boeing."

In Australia we are seeing the impact of the market on big business in the same way as in the United States. Institutional investors in particular are placing the emphasis on share value rather than on longer term organisational growth. No better example than Telstra, and the drive to maximise share value to provide a higher return to government with full privatisation. How far have we moved along the American path? Is there a danger that our large organisations like Telstra will place higher importance on market value than on industrial excellence and product development? Have the banks, for example, already moved that way with greater reliance on charges and fees rather than banking services to lift the bottom line? And to what extent have some organisations in the insurance industry, in the high technology industry, in the financial services industry, failed to live by the same value system as the wider society beyond?

The third cluster of values, which Hutton claims connects all Europeans, including Britain at this stage, is a belief in what he calls "public-ness". Public-ness is the quality of public service, of public participation, of public interdependence. He quotes one example to highlight the difference between the American and the European approach - the human genome project which mapped the Book of Life. "We in Europe wanted the information to be free to humanity. The Americans argued it should be privatised and patented and given to giant corporations so they could exploit it. Public-ness against private."

"We need public-ness in order to complete, to connect, to express our interdependence. Now that's a value which is absolutely at the core of us in Europe" However, in the States, "the conservative tradition argues that public is coercive, that any expression of the public "to say the States should do this, or the committee should do that, that's to get in the way of individualism and liberty, and that those are the values that any civilisation must hold at its heart."

Hutton goes on to say that "one of the great American philosophers of the Right, Leo Strauss, argues precisely this point.....Strauss argues that the just society is not about redistribution, or about the rule of law, it's about you, sir, and you, madam, being a moral being, and the way you demonstrate your morality is that you work hard and you worship God and you have no truck with the State, you accept no welfare cheque, and any society constructed around that model is amoral and incorrect." On the other hand, Hutton argues that "we in Europe don't take that view. These three great classes of values; the social contract, an idea of enterprise and the notions of obligations of rich to poor, idea of public-ness of the public realm, underpin what we in Europe do, and I submit that the core value that links all those three things is interdependence, either expressing it or doing it."

Finally, Hutton makes a plea that Britain come out and say what it stands for. There must be values which underpin

our behaviour in the 21st century. Britain should come out and say that "interdependence is going to underpin the way we're going to run our hospitals and schools and transport and pensions - our great organisations in the public and private sectors alike. Public-ness is something we're going to hold dear, we're not going to privatise every damn thing that moves. We're going to insist on working with other Europeans who share our values." That must be what we stand for, and "it's under threat from the new orthodoxies that have come from the very particular and eccentric philosophy of the United States."

If it can be accepted that capitalism is not a rigid philosophy with iron laws as put forward by extreme economic fundamentalists, but rather a philosophy which can be "shaped and contoured", then Hutton claims there is no reason why Europe should not retain it's kind of society in the face of the energy and power of the large corporations. It is possible to retain the profit motive, to retain market principles, and still make very distinct economic and social changes.

This leaves the question of Australia's future still unanswered. Just how far have we travelled along the road of America's "very particular and eccentric philosophy"? Is our quest for a free trade agreement with the United States taking us one step further along that course? Hutton may have been talking to Britain - can we use his thoughts, his ideas, his research, his findings to talk in a similar vein to Australia?

Or is it all too late? Where we read United States or America in his paper, can we now read Australia?

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for OASIS-Australia

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