The Importance of Trust

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Abstract

The major problem facing Australian people without paid employment (or sufficient paid work) is not the absence of work but the absence of a decent income support mechanism.

There are many ways of providing sufficient paid employment to all who desire it. Identifying ways to surmount the obstacles to full employment are by no means intellectually challenging. Langmore and Quiggan (1994) set out a detailed blueprint to reduce unemployment to 3%. Governments, since 1974, have failed in this important task. The last Labor Government at least presented a coherent plan to train unemployed people and reduce the level of unemployment to 5% by the end of this century (Keating 1994).

In this paper I concentrate upon ideological impediments to policies which would ensure both full employment and a decent universal income support system because there are no economic obstacles which would preclude such social advances (Saunders 1995, Rankin 1999).

There are underlying reasons successive Australian Governments have rejected both full employment and decent income support. The ongoing debate about:

- inclusion versus exclusion,
- the fiscal drain of what the Labor and Liberal Parties call "dependency",
- universalism versus targeted benefits (thread bare safety-nets for the "deserving"),
- compulsion and punishment,
- neglect versus liberation, and
- the confused dependency rhetoric and moral jeopardy arguments

is sucking this nation into a cesspool of policy busyness rather than a determination to get on with the business of sorting out both income support and the labour market. The interplay of these debates has resulted in the hegemonic economic fundamentalist preoccupation with small government leading in turn to the loss of commercial opportunities and wasted social opportunities.

I seek to follow on from the paper I gave at the 5th National Conference on Unemployment (NZUBI Web site) to further tease out the reason we fail to trust ourselves (and others) and why this leads in turn to our failure to introduce an unconditional basic income.

A regurgitation of the Latham/Pearson line

I will begin by looking at recent commentaries given by Mark Latham and Noel Pearson because they exemplify the essence of the current misdirection in employment and income support policy debates in this country. If ex-front bencher Latham was an isolated backbencher he could safely be ignored. However, in relation to welfare to work (workfare), incentives to get off welfare, mutual responsibility and dependency rhetoric, it is becoming increasingly difficult to separate his views from those of Wayne Swan (1999[a, b, c]), the

On the 26/7/99 Mark Latham and Noel Pearson spoke at the Brisbane Institute. As Ken Davidson (1999) writing in the Age a few days later pointed out Latham's rediscovery of "mutual obligation" was particularly timeless "In one way or another mutual responsibility has been part of Anglo-Saxon society since the Tudors- the Poor Laws, the susso in the 1930s, and the work test for most of the post-war period." (p.15). Reading Latham's writings on "dependency", one is reminded of Karl Polanyi's (1944) recounting of the nineteenth century analysis of the 1795 Speenhamland system.

Latham(1999[a]) concentrated much of his talk on "dependency" and the alleged cure for it provided by Tony Blair's Third Way (see also Mead 1997), he claimed:

One good thing about the Third Way is that it is absolutely obsessed with finding solutions to the problem of social exclusion. It wants to reform the welfare state, not to abolish it, but to help it survive.

Before going on to state:

The main drivers of dependency are social, they are not financial. Basic relationships of self-esteem, recognition and trust have broken down. At its core, long-term poverty is a problem in the relationship between people. This is something I think the other side of politics, the Left wing, have ignored.

He then suggested:

Even though the Left has always expressed its concern for disadvantaged people, it has neglected the importance of these social relationships. It has positioned welfare policy solely as a relationship between government and its citizens. Its only answer to poverty has been to try and change the material conditions of welfare recipients, and while this remains an important policy goal, it is not sufficient to break the cycle of welfare dependency. People will only use the material gifts of government productively if they have the self-esteem and the confidence to build social relationships.

He returned to this theme later in his talk:

Commonsense of course tells us that people can't build recognition with their fellow citizens unless they are active in society. They need to be doing things in a positive way, to find that sense of belonging, that sense of self-esteem from positive social behaviour, developing new skills, engaging in productive work, participating in civic life, creating interests and purposes in common with the rest of society. Without activity of this kind, there can be no end to the culture of welfare dependency. (italics in original)

This is why unconditional welfare is such a crime against the poor. It gives people material support without requiring from them a positive engagement in society.

Such analysis reiterates the now discredited Oscar Lewis (1966) Culture of Poverty thesis contra Valentine (1968), Keedie (1973) and Ternowsky (1980).

Latham went on to suggest:
Giving people public housing does not change their place in society. Giving people improved transfer payments does not change the way in which they are perceived by other people. Giving people improved access to services does not change the way in which they relate to the rest of the community.

Echoing Cox (1996) echoing Putnam (1993) he glorified the importance of becoming "actively" involved in civil society. This theme is currently also preoccupying Pearson (1999[a, b]). As it has Cass (1988), Pixley (1993), the Green (Committee on Employment Opportunities 1993) and White (Keating 1994) Papers.

Latham continued,
The Left, as in so many areas, has been well motivated but basically misguided. It has used the welfare state as a substitute for social relationships. It has positioned the poor as passive clients to the patronage of government. It has tried to shift material resources around society under the banner of redistribution. Yet it has overlooked the key resource, the key resource in our society, the one that is created between people - the human resource of mutual recognition, self-esteem and trust.

Here Latham is confusing the absence of compulsion with passivity, before proceeding to argue:
that welfare dependency has an even more damaging effect. It locks people into a lopsided patron/client relationship and this has been one of the unintended impacts of the welfare state. Patrons exercise their power and control without an expectation of reciprocity. Clients are denied a sense of social worth and equality, and out of this, dependency is the inevitable and unhappy result. We need to level out these relationships and to create what is known as social capital - that is a society based on mutual recognition and mutual trust.

Latham conveniently ignores:
- the currently enforced obligations which attach to receipt of single parent, disability, education and unemployment payments and Howard's new literacy requirements for the young unemployed,
- the proposition that it is the form of capitalist relations (particularly as they are played out in a globalised economic fundamentalist world) which creates the pressing shortage of meaningful paid employment,
- the possibility that it is stigmatised, targeted, mean (insufficient) income support which exacerbates "the problem" that he calls "welfare dependency" (Boston and St. John 1998, Goodin 1992),
- the idea that demanding people are actively involved in some State approved activity contributes to their "dependency" because it can encroach on their autonomy, undermine their dignity and impinges on the time they have available to undertake activity which is meaningful to them.
- the fact that universal provision of public health is welfare, as was free state education and universal Child Endowment, and that none of these programs demanded any specific reciprocal obligation.

Latham does not explain the mechanism by which young unemployed people, compelled to engage in forced labour in return for a welfare payment of substantially less than the Henderson Poverty Line, have their stigma removed and replaced by dignity. One wonders how anyone so abysmally ignorant of what the Government already requires from welfare recipients in return for inadequate social security payments would feel they had something to contribute to the reciprocity debate.
B. Campbell (1999) points out the greatest success of economic fundamentalism is that it allowed us to forget the victories of the welfare state, that those victories were the expansion of public health, education and income support. She also makes the point that these benefits flowed disproportionately to the middle class and the upper working class, and that many in the lower working class, in current Strayan jargon read "little Aussie battler", were still waiting to obtain benefits from the expanded service provision. Campbell (1999) makes the point that conservatives from Thatcher to Hanson, Latham and Howard find their message appealing to many in the lower classes because they speak to their disillusion.

Latham's (1999[a, b, c]) preoccupation with his "active society" led him to expose his real agenda. He announced that in his opinion 400,000 of the 550,000 disability pensioners should be working or making some other contribution to the society. [The comedy writers of "Back Burner" (19th August, 1999) portrayed this suggestion as black comedy.]

Latham also has a bit of a problem with the way single mothers are assisted in Australia. As Davidson (1999) put it, Latham's fascination with making teenage mothers work is revealed in his suggestion that "Australia should follow United States policy of mutual responsibility for teenage mothers, with a special package of training, child care and transport services to move them into jobs. (Teenage mothers are 3 percent of the total women with dependents on welfare."(p15)

Latham's (1999[a, b, c]) preoccupation with activity and responsibility reveals itself as an obsession:

A good society has each of its able-bodied citizens in active work, in learning, in civic life. Only by staying active can people maintain a proper sense of well-being and self-esteem. This is the basis of mutual responsibility. It accepts public responsibility for government doing the things, the training programs, the employment schemes, the opportunities in life that can help people move out of welfare dependency, but it also demands responsibility from welfare recipients - the responsibility for positive behaviour in society, the responsibility of effort and achievement, because in the end, without achievement and effort, there can be no end to this welfare cycle.

Such themes are taken up by Pearson (1999[a]) in a book length paper entitled "Our Right To Take Responsibility." He lists three important influences: a mate from Hopevale, concerned by the damage drinking is having on indigenous society, a book about drink and societal breakdown in one indigenous Canadian community and Latham's (1998) book. His paper (1999[a]) has three major themes:

- the right to take responsibility for self,
- the right to reinforce traditional reciprocity, and
- the right to a real economy.

Each of these points would be unremarkable to most progressive social scientists. However as is obvious from the beginning and reiterated in Pearson(1999 [b]), and Koch (1999), Allum (1999), the paper sets out to:

- drive a stake through the heart of the welfare system,
- to denigrate the Left for their good intentions in ensuring people have a right to welfare without a mandated responsibility to reciprocate,
- to promote what he interchangeably calls "reciprocity" or "responsibility", and
- to develop a real economy.
He praises two pre-existing periods: pre-1967 and pre-invasion when he asserts his people on Cape York, were part of a real economy. He is remarkably silent about the mission economy. He acknowledges colonialism and racism as problems but decides not to deal with them. His glorification of the real economy of pre-1967 I find remarkable. I visited Hopeville for a week in 1963 when it was run by Lutheran missionaries. At the church service I attended the Devil got star billing but j.christ@heaven hardly a mention. I spoke with many of the men who complained they were prevented from engaging in any individual or family economic enterprise on the reserve by the missionaries. Stories supported by Campbell et al (1958), Reynolds (1998), Bennett (1957). The story of the disappeared money of those who worked off missions is told by Kidd (1997).

Having said it was all right for "non able-bodied" people to be assisted without conditions being attached to that assistance Pearson saves his most intense vitriol for forms of what he terms "negative welfare". In the opening pages he asserts:

- assistance without reciprocation - is in all cases, destructive. It is destructive of individuals and communities. No able-bodied person should be provided with any assistance or help without some form of reciprocation.

Later he notes:

- The first step in leeching out the poison from welfare is to ensure that Government stops dealing poison to individuals in our society, through sending cheques in the mail. It is the direct corruption of individuals through the provision of resources via the government's welfare mode that is the source of the problem.
- Government has to kick its inherent habit of trying to improve Aboriginal society by "giving" assistance, and "giving" help and "giving" support, through the welfare system. And our people have to stop relying on government providing these "gifts".

Towards the end of the paper he writes "welfare is a con. It is a fraudulent excuse for an economy. It is flour laced with cyanide trace."

Trying to ascertain what Pearson actually means by his interchangeably used terms reciprocity, responsibilities, mutual obligation is difficult. For instance he says:

- the attack on Abstudy (for secondary and tertiary education) is so tragic. Abstudy is the one government program that has produced results- the thousands of indigenous tertiary graduates today would not exist if there was no affirmative action. It is not a welfare program - it is the best kind of reciprocity program: you get financial assistance to gain qualifications to help yourself and your people.

As someone who was associated with Abscol (the charity forerunner to Abstudy) I agree that the abolition of Abstudy was a deplorable decision. If there were any equity arguments for amalgamating Abstudy and Austudy then the extra benefits available to indigenous students should have been extended either to all students or at least to all students subject to a generous means test. It is difficult to understand how Pearson makes a distinction in terms of reciprocity between:

- Abstudy where the Government sends checks to individuals in an attempt to encourage them to stay at school, or at least reduce some of the financial pressures causing children to leave school, and
- the single parent allowance where the Government sends cheques to individuals without partners, who have the custody of children, to assist them feed and clothe their children.
Though claiming to have opposed the introduction, in the 1980s, of the Community Development Employment Program (CDEP) at Hopevale he now claims to have had a conversion on the road to Damascus. Pearson (1999[a]) wrote:

    The CDEP has had and continues to enjoy mixed success - but it is based on the reciprocity principles advocated in this paper. Some communities, particularly smaller ones, run very successful CDEP programs whereas others, particularly larger ones, run programs that are often not very distinguishable from the dole - in terms of achieving the reciprocity principle.

The larger communities are "amalgamated communities" where people from many clans and diverse language groups have been forced by government and mission policy to live in the one area. In such communities the power structures are diffuse and it is difficult to get agreement as to what should be required of CDEP participants. In smaller communities there is frequently more equal power relationships, clan homogeneity or compatibility, and obtaining agreement about what participants must do is easier. Yet, there is always the possibility of the tyranny of local expectations being enforced on a minority, as all of us who left country towns in our youth know only too well. Pearson continues:

    Suffice to say that some of the observations made in this paper about governance and the failure of communal work based on "State Farm" approaches will be relevant to reform. Also we need to break out of the white fella definitions of reciprocity and allow maximum community definition and imposition of responsibility.

But perhaps the biggest reason for the relative lack of success with CDEP is the fact that there are numerous other programs administered through the social security system - and indeed through all programs administered by the State, Commonwealth and ASTIC - which are not based on reciprocity but are located within the welfare paradigm.

The CDEP is a form of the work for the dole (compulsory labour) which, in the 1930s, was called "the Susso". It might have passed as policy then but now puts us in breach of a number of international covenants and conventions Australia has signed and ratified (The United Nations Declaration of Human Rights, the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights and several International Labour Organisation Conventions (Australian Government 1985).

An analysis

The essence of Latham's and Pearson's attack upon the alleged lack of reciprocity, imbedded within welfare, places them at the ideological centre of the current Government's mutual obligation policy. The depth of the ideological intensity of the current mutual obligation debate is revealed in the extremely circumscribed exemptions from the compulsory involvement in literacy training which the Howard Government is prepared to contemplate. The Government has a determination to enforce compliance as was revealed in the Government's Mutual Obligation Taskforce press release of the 28th January 1998 which declared:

    Young people who live more than 90 minutes commuting time from any mutual obligation activity and for whom literacy numeracy distance education is not suitable, may be exempt from mutual obligation (italics not in original).

Or as Howard put it in a recent speech:

    Economic policy liberalisation and a modern conservatism in social policy share important common values and objectives…….
Both promote opportunity, incentive and responsibility over dependence and welfarism…….
Another defining aspect of our modern conservatism in social policy lies in our strong support for the principle of mutual obligation.

Pearson is absolutely correct when he says that indigenous people and indigenous communities have not been incorporated into the market economy in this country. They have been intentionally marginalised from economic activity by hegemonic racism which inspired the invasion and has continued in its aftermath (Tomlinson 1998[b]). If indigenous communities are going to escape from fourth world conditions there will need to be a massive expansion of economic development, controlled by Aborigines and Torres Strait Islanders themselves, on indigenous land (Crough 1993). Only the foolish ever believed that the extension of welfare to indigenous communities would integrate those communities into what Pearson calls the "real" economy. Pearson in attacking welfare rather than the deliberate underdevelopment of indigenous communities is simply attacking the wrong problem (Tomlinson 1998[b]). Setting out to attack "welfare" (the last bulwark of many indigenous and non-indigenous poor people against globalised economic fundamentalist policies) for failing to include indigenous communities within the "real" economy seems bizarre. If indigenous communities want to be included in the "real" economy there are many ways in which that might be done and some indigenous communities are finding ways to enter the economic mainstream (Crough 1993). Generally the welfare system is largely peripheral to such economic developments.

Latham and Pearson are not breaking new ground in their advocacy of reciprocity. Their belief in the efficacy of imposed reciprocity as the basis for integrating people into civil society, decreasing stigma, and diminishing feelings of powerlessness whilst providing meaning to currently excluded individuals is touching but naive. They, like their comrades in the Howard Government, assume that compelling people to do something somehow teaches them to be better citizens.

If they were really seeking people's active involvement in the "real" economy they would demand at a minimum that the Government became an employer of last resort for all who wanted paid employment. They would insist that the jobs to which people were allocated were paid at a rate commensurate with others in the "real" economy, that the jobs were meaningful jobs, with socially useful outcomes capable of providing a sense of satisfaction to the employees. This might provide a good starting point on the road to building a civil society in which all might find mutual rewards in return for their contribution to the "general good".

It is clear that Latham, Pearson, Swan, Abbott, Newman and Howard conceive of employment, the active society and the system of income support from a particular ideological perspective. They see government in the late 1990s and into the next millennium as being small, hands off "steering instead of rowing", providing incentive for the self motivated, compelling the feckless, and above all they envisage welfare being residual, selective, targeted, means tested and requiring reciprocity from the recipient. When it comes to welfare they see the role of government as a public philanthropist. They are obliviously unaffected by the definition in The Wit's Dictionary (Bowles 1993) which defines a philanthropist as "someone who gives away what he should give back." (p.52).

There are many ways to construct government income support policies which do not involve governments behaving as if they are doling monies out of the parish poor box. The Australian Government is preoccupied with tax reduction. If it were not it would be possible for it to decide what level of health, education, income support, community services, etc. are required and then levy a rate of tax sufficient to afford such programs. Government could accept there is a public property right that entitles the sovereign people to claim a significant share of the national income as public income and this could provide the source of funds to institute enhanced levels of health, education and community services underpinned by a livable universal Basic Income (Tomlinson and Rankin [forthcoming]).

Even if one accepted that "people should not get something for nothing" it is important to realise that all who pay taxes contribute to the pool from which welfare payments are taken. So if there is a debt, it is a debt to society - not the Government - it is a debt to us all. Many might feel that anyone who can survive on the enforced poverty levels of unemployed payments without having to resort to criminality has more than acquitted the debt. Those of us who have worked alongside unemployed people in Unemployed Workers Unions or other progressive organisations know the many other ways unemployed people contribute to society. We understand that many wish to reciprocate and in situations where they are not compelled we support their involvement. For a government to assume the unemployed, have a debt to them seems unnecessary given they are but the agent of a sovereign people. The real price of global economics, is already being paid by those excluded from the paid labour force.

Perhaps the most objectionable feature of the Latham/Pearson line is the assumption that without compulsion those who have been intentionally excluded from Pearson's "real" economy have no desire to play their part in civil society. They provide no evidence for such an assumption. Having spent most of the last 40 years working with low income and indigenous groups I believe there are obstacles which prevent people contributing to societal progress and if Government has any role in this regard it should be confined to removing the obstacles to contribution by the excluded - the marginalised. Targeted payments such as unemployment payments often interfere with the degree of involvement that recipients can have in educational programs of their choice, they dictate where people must live, they restrict volunteer activity eg. governments have not sanctioned unemployed recipients helping to end logging in old growth forests, working in Unemployed Workers Unions, or fighting for human rights. Low levels of payments reduce the capacity for people to become involved in many societal activities. The cut back in funding in many community welfare areas means that unless social agencies are prepared to be complicit with work for the dole compulsion they often can't utilise all the volunteer labour available.
Latham, Pearson, Swan, Newman, Abbott and Howard all claim to be concerned about the breakdown in trust between those who are defined as beneficiaries of the welfare system and the rest of society. They are silent on the breakdown of trust between the real beneficiaries of governmental largesse and the working and workless classes. The real beneficiaries of Government largesse are those who will get inordinate tax breaks in the forthcoming GST round, those high income earners whose superannuation payments are subsidised by inordinately generous tax breaks, those who will have their company tax rates lowered from 36 to 30% in the next round of business tax reviews, those who bought into the subsidised share sales of publicly owned assets, those high income earners who have their private health insurance subsidised by a third, these are the people the Government incorrectly calls self-providers or self-funded. It is little wonder people surviving on low incomes lose trust in a Government which could spend $1.8 billion annually to subsidise the health insurance costs, including dental costs, of high income earners but claims not to be able to afford $400 million to subsidise the dental costs of the poorest people in Australia.

Conclusion

In this paper I have looked in detail at Noel Pearson and Mark Latham's analysis of how unemployment and income maintenance affects both indigenous and non-indigenous Australians. I argued that their analysis depends in large part on an ideological preoccupation with their lack of trust of those who are in receipt of income support payments. They rely on moral jeopardy arguments and they assume that reciprocity needs to be compelled if "dependency" is to be avoided because, for them, "dependency" is soul sapping, unaffordable, ever present when compelled reciprocity is not mandated, and that it results in marginalisation/exclusion. At the same time they contend that if welfare recipients can be forced to actively engage in civil society then they will swell the ranks of the included in our society.

Implicit in their analysis is the need for targeted benefits because of their belief that unconditional universal payment would lead to "dependency" and a never ending "cycle of poverty" from which the bulk of the recipient community would never, without the required reciprocity, escape.

I argue that there is another way to approach unemployment and income support. That way is to provide jobs to all who want them. To institute an unconditional universal Basic Income as the foundation for a liberated and including society. I argue that people are already reciprocating and the major obstacles to further involvement of people in receipt of income support payments, are impediments which any government intent on including as many citizens as possible in society has an obligation to remove.

Post script

I undertook this analysis because I believe that Latham, Pearson, Howard Swan, Newman and Abbott put mutual obligation and moral jeopardy arguments as an ideological smoke screen in the hope of deflecting criticism of their denigration and repression of the unemployed. I further believe that their criticism of the unemployed is undertaken in an attempt to discipline those in paid work and to appease the transnational conglomerates which control the global market.
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