



Renewing the Social Fabric

Mutual Obligation and Work for the Dole

Tony Abbott

Nearly everything the Coalition Government does is challenged on the suspicion that it is trying to reduce spending in order to give tax cuts to the rich. This is a travesty of its objectives and motives for which it is partly to blame.

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Parties of the political right have generally been much better at arguing how their policies make economic sense than demonstrating that they are also morally justifiable. We have been good managers but poor at explaining ourselves. We have generally forgotten that you have to win hearts before you can change minds.

It's not surprising that our policies sometimes feel wrong even when they sound right because we rarely articulate the ethical principles they uphold. Even worse, we have sometimes acted as though managerial outcomes were ends in themselves and that ethical principles were superfluous to what we thought of as the 'business of government'.

Big ideas don't succeed just because they appeal to people's self-interest but because they speak to 'the better angels of our nature'. The challenge is not to demonstrate that something might make people better off but that it will help to shape better people and build a better world.

Welfare reform—Howard Government-style—is not about saving money or 'blaming victims'. It is about those sturdy values of responsibility, self-reliance and neighbourliness which are a big part of the Australian tradition. We are trying to move beyond the petty politics of 'what's in it for me' and appeal to people (even those who might never vote for us) on the basis of what they know in their hearts to be true.

Welfare reform is about building a society where everyone is a contributor. It's about focussing, for a change, on the other half of the old Marxian aphorism namely 'from each according to his ability'. It's about treating every Australian as a member of the extended family rather than a beggar at the door. It's about renewing a social fabric that has grown ragged about the edges: the threads of kinships and common interest that bind us to our fellow

human beings and the sense of something greater than ourselves to which we all belong.

Alexis De Tocqueville once said that America was great because America was good and that if America ever ceased to be good it would also cease to be great. This is a pithy articulation of the sense in which a democratic state must be more than merely functional if it is to earn the allegiance of its citizens.

The loyalty of citizens cannot be 'commanded'. It must be won. And the best way to secure the assent of the governed is to appeal to their sense of civic virtue. When David Hume said that reason never moved anyone he meant that deep instinct, ideals and dreams had far more influence over people's decisions than mere self-interested calculation.

The dignity of labour

The concept of the 'fair go' has always been close to the heart of Australians' sense of what makes us different and special. A 'fair go' is not just what 'I deserve from you' but also 'what you deserve from me.' It's Australian shorthand for a society where everyone helps one another—unlike the stereotypes of America where everyone helps himself or Britain where people help those who went to the same school. We know from experience what Australians can do when we have to, but our tendency is to take it easy if we can get away with it.

'What do you do?'—after 'how do you do?'—is almost the first question Australians ask each other. It stems from

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deep intuitions about the dignity of labour and is a kind of declaration of our traditional belief that Jack is as good as his master (at least in many important respects).

The fear that great numbers of working age people can't really answer that question nags at us and is a significant part of the self-doubt and feeling of illegitimacy to which contemporary Australia is sometimes prone. The self-image of most Australians under 65 is bound up with the experience of work. Work reinforces the traditional 'breadwinner' and the 'liberated mum'.

By contrast, people without work often feel the need to apologise for themselves. Australians instinctively dislike the notion of a rentier class and feel almost as uncomfortable with the idle poor as the idle rich.

This is why successive Australian governments have proclaimed 'jobs, jobs, jobs' as their key objective. But something has gone tragically wrong because it's only now, after two decades of trying, that unemployment seems finally to be coming down for good.

For almost a generation, sound economic management has not been enough to reduce unemployment to levels we could readily live with. Successive governments have tried to preserve a generous welfare safety net for the unemployed and, at the same time, tried to boost the total number of jobs in the economy, generally by restraining wages. Both the left and the right have struggled to come to terms with the realities of the new economy and the way an undemanding welfare system can sap the work ethic of decent Australians.

Bert Kelly was well aware of this, observing in a 1972 Modest Member column that 'there is something splendid about the conception of the welfare state. It would work well too, if only we were better people'. Last year, Noel Pearson directed a powerful message to all Australians when he declared that 'sit down money' was the 'poison' killing indigenous communities.

Earlier this year, the American welfare reformer Professor Lawrence Mead told a Job Network conference that 'whether (social security) recipients go to work is determined mainly by what goes on inside the welfare system and not by economic or social conditions'. He added: 'In the US we find that the labour market is no longer the main constraint on moving people into work. Rather, it's the need to organise people's own lives so that they are ready and able to work. That means that you

have to give job seekers more help than you used to and you also have to be more directive. You have to be what I call paternalistic. . .'

In the absence of rigorous work tests, welfare benefits pitched close to the level of minimum wages eventually create a glass floor below which unemployment cannot fall. Why do some people not work? Because they don't have to. Why might a generous safety net designed to help people on the dole coupled with wage restraint designed to boost jobs turn out to make unemployment worse? Because for many people working has become more trouble than its worth. Wage restraint might indeed produce a glut of jobs, as economists claim, but not willing workers to fill them in the absence of either a strong work ethic or a welfare system geared to keeping people active.

The interaction of welfare and wages helps to explain the paradox of continued high unemployment at a time when businesses can't find entry level staff. For instance, the GROW Employment Council reports that 50% of Sydney businesses have trouble finding staff (for jobs which require no higher skills than a driver's licence or the ability to work in a team) even though Sydney's unemployment is still over 4%. Employers and taxpayers are entitled to wonder what's really happening when 65,000 registered job seekers in Sydney coexist with 'positions vacant' signs in many shops and the Immigration Minister is being asked to relax visa requirements because of a shortage of unskilled workers.

Tackling unemployment

The role of the welfare system in creating and sustaining unemployment has been one of the great unmentionables of Australian public policy debate. No-one wants to be accused of attacking the unemployed. Yet this inexcusable silence has trapped far too many people in a welfare system which can never meet their expectations for a decent life.

The difference between the Howard Government and all its predecessors is its simultaneous recognition, first, that jobs can't be artificially created and, second, that unemployed people need something useful to do in the absence of paid work. Like its predecessors, the Howard Government has maintained the welfare safety net and has tried to create buoyant economic conditions (generally with much more success). Unlike its predecessors, it has created a halfway house between life

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on welfare and paid employment—Work for the Dole—which is helping to end the defeatist assumption that high unemployment is here to stay.

Tackling unemployment today is not just a matter of creating more jobs or training up skilled workers. It requires powerful incentives for long-term job seekers to take the jobs that are there as well as new types of work for people who can't readily find paid employment. Mutual Obligation and Work for the Dole are key factors in cutting unemployment because they make a dramatic difference to the incentive to work. If the alternative to working for a wage is working for the dole, people who can find employment will do so and those who can't will have the dignity of doing something for their community.

On this score, it's the Government's critics who have a moral case to answer because they're really saying that certain kinds of work are hardly worth doing. Ironically, they have embraced the 'market zealot's' perspective that work is only worth what you get paid for it. Perhaps it was guilty conscience which prompted Kim Beazley (who was Employment Minister when unemployment hit 11.2%) to describe Work for the Dole as a 'disgracefully shoddy piece of public policy' and Martin Ferguson (who was ACTU president at the time) to describe it as 'evil'.

Serious social commentators have never mistaken unconditional welfare for compassion or the soft option for 'social justice'.

In one of the most important documents of the Second Vatican Council, the Catholic Church declared that 'care must be taken to prevent the citizenry falling into a kind of passivity *vis a vis* society or of irresponsibility in their duty or of a refusal to do their fair share.'

De Tocqueville earlier had something like this in mind when he warned of the risk of a 'soft despotism' which 'does not destroy anything but prevents much being born. It is not at all tyrannical but it hinders, restrains, enervates, stifles and stultifies so much that in the end each nation is no more than a flock of timid and industrious animals with government as their shepherd.'

Reforming welfare

To its critics, Mutual Obligation and Work for the Dole have overtones of feudal compulsion. But why should unemployed people be the only group of whom nothing much is expected? Broadly speaking, Mutual Obligation

holds that individuals have responsibilities to the community as well as the other way round. It encompasses the notion of give and take, which is part of every dealing worthy of the term relationship. It's an aspect of the complementarity that should exist between citizens in a free country. It's the service that we all owe to one another if society is to flourish. Parents find the idea of mutual obligation easy to grasp because they know what it's like to make demands of people they love for their own good.

Just looking for work can be extremely dispiriting, especially after dozens of knockbacks. In these circumstances, structured activity may be the only way to ensure that activity tested welfare recipients really are active. The Government's objective is to ensure that people cannot obtain unemployment benefits and disappear into the system to become long-term welfare statistics or even to emerge years later as part of the problem of intergenerational joblessness. Job seekers should have a few months to find work in their own way. After that, the Government's intention is to work constantly with Newstart recipients, preferably to put them into work but in any event to give them something useful to do.

Mutual Obligation is an improvement on all previous activity testing because it requires more than 'going through the motions' and is much harder to fake than just looking for work. However, as Mead remarked, 'I don't think you fully realise the bureaucratic struggle that it takes' to 'demand and enforce engagement in programmes by a much higher proportion of

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recipients.'

Indeed, the Government's policy objectives are still far from fully reflected in administrative practice let alone in the wider culture of job seekers. As yet, there are only imprecise pathways between the various Job Network programmes and between Job Network and Work for the Dole. Lead times between passing the Mutual Obligation time line, Centrelink call-in and referral to an activity—plus 'escape routes' such as dubious medical certificates and benefit-switching mean that the enforcement of Mutual Obligation is still a task half-done.

For instance, around Lismore in northern NSW, more than 900 people on unemployment benefits are subject to Mutual Obligation but less than 200 are currently performing a Mutual Obligation activity (such as Work



for the Dole, volunteer work, formal education or training, or part-time paid work). This is partly due to long lags and partly due to the fact that job seekers are only subject to Mutual Obligation for six months in every 12.

Job Network members report that referral to structured programmes often results in job seekers changing their status. In one group of 36 Newstart recipients recently referred to Job Search Training (which is a full-time three week course on job hunting), only four actually commenced the programme. Eleven said they were about to start full-time work, four were full-time students, four were on sickness benefits, two could not be contacted and 11 had their benefits reduced for failure to turn up. The rapidly changing circumstances of many unemployed people mean that regular referral to structured activity is the only way to ensure that the 'system' can identify those who really need help.

In May and June, a Community Work Coordinator in outer-metropolitan Sydney invited 195 Newstart recipients to Work for the Dole seminars. Forty eight attended, 62 had a good reason to re-schedule and Centrelink penalised 85 'no shows'. For 21 of these, this was the third 'breach' in two years. Although 54 'breached' beneficiaries agreed to attend a subsequent seminar, only five had actually attended by the middle of last month. In the three months to July 7, more than 15,000 Newstart recipients in Sydney were invited to Centrelink Olympic employment seminars. More than 3000 were penalised for unreasonably failing to attend.

Welfare advocates claim that higher breaching rates are a case of belting the victim but the real cruelty has been allowing people on unemployment benefits to imagine that they could stay there indefinitely with few questions asked. We are right to be troubled about the level of unemployment but it's no less a question against our national character if people won't take the work they could do or participate in programmes designed to help.

It would be unreasonable to claim that Centrelink never makes mistakes. That is why there is a four stage appeal mechanism starting with the original decisionmaker and extending to an authorised review officer. The Social Security Appeals Tribunal and the Administrative Appeals Tribunal exists to ensure that recipients are given the benefit of every reasonable doubt. After two years' experience of Mutual Obligation—and hardening public opinion against 'free rides'—the breaching figures discussed earlier suggest

that Mead's warning is justified and that an entrenched entitlement mentality could take years to shift.

Even within existing employment service contracts and budgets, falling unemployment gives the Government a chance to work more intensively with those who remain jobless. Younger unemployed people could be more quickly referred to Job Search Training, followed by structured work experience, Intensive Assistance or the Community Support Programme for anyone still without a job. Older unemployed people could be offered Intensive Assistance sooner. Mutual Obligation could begin sooner and last longer.

Work for the Dole

Despite the extent of unfinished business, the Government's reforms to employment services and insistence on structured activity are starting to make an impact. Faced with an offer of work, many unemployed people have the invidious choice of finding an excuse to say 'no', accepting but not telling Centrelink, or playing by the rules and being little better off—thanks to effective marginal tax rates ranging up to 90% on people moving from welfare to work. Hence the problem of dishonesty about 'unofficial odd jobs'.

By contrast, unemployed people subject to Mutual Obligation have an incentive to declare part-time earnings (to meet their obligations that way rather than do volunteer work or Work for the Dole). In this respect at least, the system now reinforces virtue rather than its opposite. Not surprisingly, unemployed people subject to Mutual Obligation are twice as likely as other Newstart recipients to declare part-time earnings.

An evaluation report released last week formally noted the 'encouragement effect' of Work for the Dole on job seekers, a third of whom found work quickly once referred to the programme. In addition, the report showed that participants in Work for the Dole were 76% more likely than a comparable group of unemployed people who did not participate to find work or commence study.

Along with the Howard Government's other employment services, Work for the Dole is organised and delivered by local groups rather than the central bureaucracy. The Government provides a total budget and programme guidelines. Projects are hosted by not-for-profit or community-based organisations. Local Community

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Work for the Dole (as well as the wider Job Network) is an organisational application of Edmund Burke's 'little platoons' principle, or what the Catholic Church has called 'subsidiarity'. In his encyclical *Centesimus Annus*, Pope John Paul II said that 'by intervening directly and depriving society of its responsibility, (the welfare state) leads to a loss of human energies and an inordinate increase in public agencies . . . accompanied by an enormous increase in spending'. These agencies, he said, are often 'dominated more by bureaucratic ways of thinking than by concern for serving clients'. The Pope added that needy people were often 'best understood and satisfied by people who are closest to them and who act as neighbours to those in need'.

Work for the Dole is organised in the local community, by the local community, for the local community. It does not set up institutions over people but is designed to create connections between them. Its objective is to strengthen individuals-in-community rather than extend the reach of central government. It's an attempt to restore 'human scale' to employment programmes which might otherwise involve armies of public servants spending sums of money which sound like telephone numbers. Like the principal of a good school, the person in charge of each project should know each participant personally. Apart from handling payments, Centrelink's main role with Work for the Dole is enforcing sanctions when unemployed people don't take part.

Few observers have yet grasped the extent to which employment services have been devolved from central government. Earlier this year, Mead expressed some concern about 'divided responsibilities' between Centrelink, on the one hand, and Job Network members and Community Work Coordinators on the other. For job seekers, Centrelink has become a gatekeeper and a policeman. Centrelink refers people to programmes and imposes sanctions if they fail to participate. For Newstart recipients who are more than just briefly between jobs, the key relationship is with a Job Network member or Community Work Coordinator rather than Centrelink. Australia's 'hybrid model' with a public agency as informant-in-chief for services operating in the community is working well now that job seekers have learnt to distinguish who pays their benefits and who helps them find work.

Over the next few months, the Government will be re-analysing and re-assessing a range of welfare structures and social security measures in response to the McClure Report. The Government is investing the time, money and 'hands-

on' interest at the top which it will take to build a 'participation society'. The questions to be considered include: which type of structure is most likely to produce real engagement with people in need, and how can we motivate people to act in their own long-term best interests? This Government is quite capable of being firm to be fair but will never willingly abandon people to the cruelties of cheque book welfare.

Behind the unemployment statistics are some 600,000 human stories and each one is different. We should never again make the mistake of thinking that systems are more important than people or pretending that you can help people by treating them like victims.