IF MUTUAL OBLIGATION IS THE ANSWER, WHAT IS THE QUESTION?

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Introduction

Over the next decade, *mutual obligation* will undoubtedly come to be viewed as the Howard Government’s major legacy to Australian social policy. In the early years of the Howard administration, mutual obligation was cast as the Australian version of Blair’s ‘third way’ and the Clinton administration’s ‘new deal’. However, unlike the welfare reforms of the UK and US, the underlying policy approach that mutual obligation represents remains ill-defined and surrounded by implementation controversies. At different points, various government ministers have invoked the language and ideas of a range of social philosophy positions from Marshall’s social citizenship through to Mead’s new paternalism — and many others in between — in order to justify or explain the government’s mutual obligation policy.

The difficulties generated by the mutual obligation policy prompted the Howard government to commission a Welfare Reform Reference Group in late 1999 to address several aspects of its policy. There is much to commend in the resulting report of the reference group — now referred to as the McClure Report — and according to national media its basic premises received broad community support at the time of publication. Such widespread support was unsurprising given that the report adopted an approach which insisted on matching responsibilities and duties with social rights and benefits, within a ‘framework of reciprocity’, which aims to ‘help individuals and communities develop their capacities for [social] participation’ (McClure, 2000: 32–34).

For us, the issue is not to question citizens’ reciprocal obligations, or to challenge the interdependence of various social actors but rather to ask how such obligations

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are likely to be distributed in policy implementation. Our quarrel is not with the normative assumptions adopted in the McClure Report but rather with the vagueness of those assumptions. Such imprecision has the obvious benefit of attracting wide consensus concerning ‘shared values’ but it has the undesirable effect of leaving open both the range of possible justifications for such policy and the precise processes of policy implementation. Mutual obligation, as policy, thus runs the risk of offering a vague solution to even more vaguely posed questions which range from concerns about a perceived growth in welfare dependency through to concerns about meeting social obligations to care for vulnerable citizens. For example, one style of policy implementation of mutual obligation may be justified through interpretations derived from Lawrence Mead’s distinction between the deserving and the undeserving poor, such interpretations often involving a moralistic and punitive aspect (Mead, 1997). At the same time, mutual obligation may allow interpretations which stress the reciprocal call upon all members and groups of a community to pool the costs of the risks to which we all are vulnerable and to protect those most exposed to these risks. What is unambiguously, and correctly, represented in the report is the widespread concern and anxiety over issues of responsibility, security and risk.¹

The manner in which the mutual obligation component of Australia’s ‘new deal’ is conceived and implemented is likely to have profound effects on the future shape of Australia’s social security system as a whole and, for this among other reasons, it is worthy of close and critical scrutiny. In what follows we attempt first, to bring some clarity to what is at stake in the redesign of the Australian welfare system; second, to give prominence to the problem of contemporary risk as the pertinent question that lies behind the need for welfare reform; third, to offer a critical contrast between Lawrence Mead’s approach to welfare reform and an approach more compatible with Marshallian social values; and finally, we suggest practical ways of understanding mutual obligation that do not sacrifice the moral defensibility of welfare reform initiatives to purely pragmatic factors.

The Context of Welfare Reform

Unlike many European nations, the postwar Australian welfare state was consciously constructed as a residual welfare state with means-tested, tax financed payments predominantly supporting two key life course stages — through child

¹ Michael Pusey’s research findings from the ‘Middle Australia Project’ (MAP) indicate that the experience of increasing economic restraint and uncertainty has had two marked effects. First, it shortens time horizons ‘because the future becomes harder to read’ and rather than ‘looking forward in the confident expectation that the future will redeem the present, [people] instead begin to look upon the future as an attack on the present And so this creates the second effect: a climate of danger and risk.’
benefits and old age pensions. As a number of writers have observed (e.g.: Castles, 1985; Smyth, 1994), a coalition of interests in both the pre- and post-war period defeated a number of attempts to introduce European style social insurance for key risks such as sickness, unemployment and old age. This apparent ‘success’ in resisting a contributory insurance approach to social security can be traced to a number of features of Australian post-war policies: first, macroeconomic policies which involved ‘protection all round’ and ‘prosperity all round’, via a closed economy (Castles, 1985). Related to this were wages and employment policies that were designed to ensure full year, full-time employment for male breadwinners, set in the context of a strong centralised wage fixing system that guaranteed high minimum wages (Mitchell, 1999; Keating and Mitchell, 2000). These policies also relied on a large unpaid workforce of women who remained at home to provide care for children, the elderly, the disabled and those not otherwise able to participate in the labour market (Mitchell, 1998). Finally, in the relatively strong economic environment of the post-war years, the social risks the Australian welfare state was required to underwrite for individuals over their lifecourse were comparatively minor, until they reached retirement age (Mitchell, 1998).

However, by the 1980s, continued resistance to a major shift in our approach to managing social security became increasingly untenable as industry protection, wages and employment policies were either dismantled or undermined by social changes — especially those affecting women (Mitchell, 2001). This dissolution of the previously integrated approach to wages, tax and transfer policies exacerbated the pressures placed on social policy. The income transfer system, in particular, struggled to keep pace with the demands being generated at each stage of the retreat from the social wage deals struck by the former Labor government under the Accord processes in the mid-1980s. In the absence of substantive political reconsideration of structural shifts to other forms of social security provision, and an apparent unwillingness in the electorate to meet expanded social security funding through the taxation system, policy makers had few tools at their disposal to ‘patch-up’ the ailing transfer system. Targeting social security payments was the core strategy, and constant resort to this instrument resulted in the inevitable appearance of the long predicted disincentive effects of means testing (Mitchell, 2001).

By the end of the 1980s, recognition of the need for structural change to re-set the direction of the welfare system and the way it was to be funded, commenced with the introduction of the Superannuation Guarantee Charge (SGC). An important aspect of this policy change lies in the apparent acceptance of a shift of responsibility from the state to individuals — and their employers — for income support in old age. A second shift away from the residual approach to welfare was the sustained push by the Howard government to revitalise private health insurance in order to reduce
public assistance provided under Medicare. In this case, the policy approach was not the broad-based compulsory legislation that underpinned the SGC, but a fairly rigorous series of carrot-and-stick taxation measures aimed at increasing individual private insurance. The cost to the public purse has been substantial, averaging some $1.5 billion per annum over the period 1997–2000, and it is less clear that this shift of cost-bearing to the individual will be as successful as the SGC (Mitchell, 2001). Leaving aside the budgetary motivations underpinning these shifts, both these policies imply new attitudes to responsibility for risk-bearing over the lifecourse, not previously seen in Australian social policy.

While the McClure Report and associated documents indicate a very thorough consideration of the impacts of globalisation and the identification of key characteristics of the problems associated with the “new labour market”2, these issues were overshadowed by the Report’s advocacy of mutual obligation as the key to resolving these problems. It is interesting to note that, even though there is apparently a widespread acceptance of the Superannuation Guarantee policy, the Welfare Reform Reference Group did not consider it as an alternative model to address other forms of social security. Another notable gap in the McClure Report is the absence of the explicit policy discussions that preceded the UK and US reforms concerning the roles and responsibilities of different actors in the social policy arena. Implicitly however, the McClure Report has created the space for the Federal government to take up this role by recommending a lengthy transition period during which political processes and public discussion can be mobilised to work out an Australian version of a ‘new deal’ or ‘third way’. It is to this re-negotiation that we wish to contribute.

Getting the Question Right: Risk Management

On our account, the right question — the urgent question that requires a thoughtful and detailed response — is similar to the question that implicitly underpinned the post-war settlement: how do we manage social risk? Gosta Esping-Anderson (1999) accounts for the post-war rise of welfare states in terms of the inability of the individual to protect him/herself against social risks: such risk may be managed only collectively by the coordination of families, markets and state-managed welfare. This historical collectivization, or “de-individualization” of risk, as he puts it, acknowledges the uneven distribution of risk across three distinct axes:

2 These are the unequal distribution of paid employment between households (that is, the growing divide between two income and no income households), long-term unemployment and reliance on income support for lengthy periods, and the geographical concentration of disadvantage in regional Australia
class risks, where poverty, homelessness, illness and unemployment are unevenly distributed; life-course risks, where the young and old, for example, are particularly vulnerable; and intergenerational risks, where inherited disadvantage puts some individuals at greater risk (Esping-Andersen, 1999: 40). Of course, the question of risk management is now being asked in a new context of the global economy, changing family formations, an ageing population, and so on. However, it remains the case that protection against risk in contemporary society is outside the power of any individual and most individuals tend to look to authorities, such as governments, for reassurance and protection.

What has shifted since the postwar settlement is the ability, the willingness, or perhaps the confidence of government to provide such protection. If Anthony Giddens is right then 'absolutely no one completely understands' contemporary technology and its likely future forms and effects on us (Giddens, 1998: 25). Risk has come to be seen, literally, as incalculable. Ulrich Beck and others argue that the nature of contemporary risk is such that allocating responsibility has become structurally difficult, if not impossible. He describes risk society as 'a phase of development of modern society in which the social, political, ecological and individual risks created by the momentum of innovation increasingly elude the control and protective institutions of industrial society' (Beck, 1999: 72). To whom or what could we allocate blame for job losses through technological change? Who is responsible for death and illness through pollutants and toxins? Multinationals, scientists and politicians all respond 'nobody' and risk politics, suggests Beck, 'resembles the "nobody's rule" that Hannah Arendt tells us is the most tyrannical of all forms of power, because under such circumstances nobody can be held responsible. In the case of risk conflicts, bureaucracies are suddenly unmasked and the alarmed public becomes aware of what they really are: forms of organised irresponsibility' (Beck, 1998: 15).

Beck's work on the risk society points to a range of new risks arising from increasingly global and complex societies — risks which the current welfare state is manifestly unable to deal with, and is constantly being stretched to accommodate (Beck, 1992). Beck's observations are applicable to the Australian context. A simple stocktake of social security entitlement categories over the past thirty years provides one measure of the increasing diversity of life-course risks that the state is now expected to cover. New risks, for example, those associated with increasing breaks in employment continuity; dealing with the uncertainties arising from casual employment; the possibility of becoming a sole parent or a primary care provider during prime earning years; and the possibility that wage-earners may have to re-train or re-skill more than twice in their lifetime; have yet to be addressed in any substantive fashion (Mitchell, 2001: 242)
A further reason for a discussion of risk to be given prominence in discussion of an Australian ‘new deal’ arises from Mishra’s observation that ‘it is not the economic facts about globalisation but their political implications’ that may have prevented explicit policy debates about the social costs of entering the global economy (Mishra, 1999: 6). As noted earlier, the McClure Report fails to deal with government responsibilities flowing from the decisions taken to enter the global economy. Similarly, other government decisions which have led to many of these new risks appearing (for example, failure to invest in education); and the unintended consequences of previous welfare state activity (for example, passive income support of working age people) also require fuller public consideration. Taking a full account of the nature of different risks represents a much fairer starting position for negotiating the question of who should bear responsibility for each risk, as compared with prevalent understandings of mutual obligation, where responsibility is primarily attributed to the individual.

Introducing discussions of risk into policy debates in a manner that allows for the practical realities of shaping and delivering social policy is a challenging task, but one which has engaged the international social policy community over the past few years. The social risk management framework shown in Table 1 represents one of the most prominent approaches (Mitchell, 2001:243). This approach starts from the key assumption that the primary role of government is in the management of social risk. The emphasis on management indicates that, unlike the post-war years, the state does not automatically assume the role of bearer of collective risk or provider of all welfare services, goods and benefits. As the manager of social risk the task of government, according to this model, is viewed as one of negotiating which risks individuals and the market will bear and which risks should be borne collectively (that is, through the state).

The columns in Table 1 illustrate a typical division of risk between different risk management sectors or social policy actors. Informal social protection — is undertaken by individuals or families; while formal social protection, may be provided either through the market or by government. The allocation of different risks between individuals, markets and the state is largely a political matter and it is explicit discussion of these allocative decisions — and related rationales — that we argue is currently missing from Australian social policy debate.
Table 1: Social risk management framework

<table>
<thead>
<tr>
<th>Sector Strategy</th>
<th>Informal-Families</th>
<th>Formal-Public</th>
<th>Formal Market</th>
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<tr>
<td>Risk reduction</td>
<td>Diversified</td>
<td>Labour market</td>
<td>Internal re-training</td>
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<td></td>
<td>skills/education</td>
<td>&amp; wages policies</td>
<td>Post-retrenchment</td>
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<td></td>
<td>(life long learning)</td>
<td>Education &amp; training</td>
<td>services</td>
</tr>
<tr>
<td>Risk mitigation</td>
<td>Multiple Jobs</td>
<td>Safety net pensions</td>
<td>Investment in multiple financial assets</td>
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<tr>
<td></td>
<td>Home ownership</td>
<td>Mandated insurance for certain risks</td>
<td>Superrannuation</td>
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<td></td>
<td>Medicare</td>
<td>Disability/accident/</td>
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<tr>
<td>Risk coping</td>
<td>Selling of assets</td>
<td>Income transfers</td>
<td>private health</td>
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<td></td>
<td>Charitable assistance</td>
<td>Community services</td>
<td>insurance</td>
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<td></td>
<td>Extended family</td>
<td>Public works</td>
<td>Borrowing from</td>
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A second element of social risk management concerns different risk management strategies and these are reflected in the rows shown in Table 1. Essentially, risk management can be directed towards reducing risks (prevention), mitigating the worst effects of a risk event once it occurs (especially predictable risks, such as old age and sickness), or implementing ad hoc coping strategies for unpredictable risks or in cases where prevention or mitigation has failed. In most OECD welfare states in the postwar period, governments developed policy regimes that included all three strategies, but varied in their emphasis on reduction, mitigation and coping. As discussed above, Australia initially placed strong emphasis on risk reduction through centralised wage-fixing and, to a lesser extent, active labour market policies: the wage-earner’s welfare state approach described by Castles (1985). This strategy was combined with a risk coping strategy of income-tested social security payments for those unable to participate in the labour market. Risk mitigation through social insurance, for example, was not actively pursued until the introduction of the SGC.
The major changes in Australia's social risk management strategies over the past decade can be characterised as shifting away from publicly financed risk reduction policies towards privately funded risk mitigation (insurance) supported by social security benefits of 'last resort'. From this perspective, the lack of explicit public discussion and negotiation of these shifts in risk strategies/responsibilities is exacerbated by the approach of the McClure Report to mutual obligation and its emphasis on risk coping strategies, especially the shift to the individual responsibility and the punitive breaching powers exercised by private providers in the Job Network.

It is within these changed circumstances that the meaning and impact of mutual obligation must be assessed. Given the context, it is perhaps not surprising that governments are tempted to "re-individualise" risk and responsibility, that is, to redefine the terms of the implicit 'social contract' between citizen and government. Certainly, this is one way of reading the mutual obligation component of the McClure report. Credence may be given to this view by considering the prevalent tendency to dismiss Marshallian notions of social rights as non-viable in the present. Critical discussion of the continuing viability and merit of Marshall's views will be offered shortly. For now, we turn to consider briefly a dominant approach to rolling back state welfare that attempts to re-individualise risk and responsibility: Lawrence Mead's version of mutual obligation.

**Mutual Obligation: Mead versus Marshall**

*Mead's 'new paternalism'*

The McClure Report's ambiguous characterisation of mutual obligation leaves it open to at least two, incompatible, interpretations. On the one hand, many of its recommendations regarding building up the capacities of individuals and communities are laudable in terms of improving capacities to withstand social and economic risks. On the other hand, public discussions of mutual obligation have often stressed its paternalistic and punitive implications. These two different tendencies within the McClure Report can not be resolved by reference to the report itself. Rather, they require rigorous public debate and the crucial importance of this debate lies in the corner-stone role that mutual obligation is destined to play in setting the tone for future welfare reform in Australia.

Lawrence Mead's (1997) work has been particularly important in recent welfare reform in the United States and is becoming increasingly influential in the UK, Europe and Australia. Mead advocates what he calls a 'new paternalism' approach to welfare where receipt of benefit is conditional on meeting specified requirements,
including behavioural and lifestyle requirements. Mead insists that certain social norms and values (he mentions, for example, the work ethic) should be both obligatory and enforceable. On Mead’s own account, what makes his version of paternalism new is first, its concern to attempt to impart a certain moral character and conduct to welfare recipients, conduct which purportedly will assist them in improving their life chances; second, new paternalism is not ‘custodial’ and so does not segregate targeted individuals. Rather, ‘current paternalism more often involves supervision within society’. It seeks to direct the lives of people who continue to interact with other citizens as fellow workers or students. Where the older policies segregated the deviant, the current policies seek integration’ (Mead, 1997:9). Paternalist welfare programs seek to ‘reorganize [the] lives’ of the needy by integrating them into mainstream society and ‘seeks order [for society] rather than justice’ [for individuals] (Mead, 1997:11). Through emphasising ‘the obligations of clients rather than their rights or needs’ paternalist welfare policies provide the poor with structure without completely withdrawing the needed support (Mead, 1997:21–22). This combination of aid and structure — what Mead terms ‘help and hassle’ — allows authorities to use the conditionality of benefit to enforce particular social values through direct governance in the lives of individuals.

We do not pretend to offer a comprehensive account of Mead’s approach to welfare reform. What is relevant to the concerns of this paper, however, is the worry that Mead’s paternalistic approach, which almost exclusively targets the individual as the site of responsibility, might serve as a lens through which mutual obligation in the McClure report is read. The vagueness of the normative assumptions of the McClure report, mentioned previously, give cause for concern when such vagueness may be filled in by the very concrete assumptions made by ‘new paternalism’. Such assumptions are arguably foreign to Australian welfare policy as well as to Australian conceptions of the rights and duties of citizenship. What we would wish to challenge is the appropriateness of importing US-style social value judgements such as the following, made by James Q Wilson, a sometime collaborator of Mead’s:

... paternalism needs to be revived and strengthened where it is already accepted (the schooling of children) and enlarged and extended for people — the homeless, criminals, drug addicts, deadbeat dads, unmarried teenage mothers, and single mothers claiming welfare benefits — who have by their behaviour indicated that they do not display the minimal level of self-control expected of decent citizens. (Wilson, 1997:340–1)

It remains to be shown how, or if, the strong emphasis on disciplining or ‘supervising’ individuals — the signature of new paternalism — will improve current welfare.
dilemmas in Australia. Paul Henman, for example, rejects the apparent growth in welfare dependency arguing that such a perception is due to: changes in the social security system which artificially inflate numbers on benefits; the ageing of the population; and the consequences of technological change and deindustrialisation. He comments: 'What is important about these structural changes is that they clearly show that increases in income support levels result from structural factors which are independent of individuals' behaviour, and accordingly, policy which tries to change the behaviour of individuals is doomed to failure' (Henman, 1999).

In the next section we offer an alternative to Mead’s paternalist stance — an alternative which does not accept the alleged incompatibility between Marshallian style social rights and contractually-based social welfare.

**Marshall revisited**

T H Marshall’s well-known account of citizenship involves three components: political rights, civil rights and social rights. By social rights, he means ‘the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society. The institutions most closely connected with [social rights] are the educational system and the social services.’

Some contemporary political theorists and social policy analysts have cast doubt on the continuing viability and/or coherence of the Marshallian notion of a social right. The contractual and conditional nature of a broad range of contemporary social welfare, some argue, is inconsistent with the notion of “a right”. Furthermore, it is argued that Marshall’s view is marred by a failure to attend adequately to the social obligations borne by all citizens and so he creates citizens as ‘passive recipients’ of state support. These criticisms will be treated in turn.

First, as Stuart White has shown, the conditionality of contemporary welfare contractualism does not, in itself, contradict the notion of a social right. White distinguishes between:

(i) ‘a right to be given some resource X, unconditionally’, and
(ii) ‘an unconditional right of reasonable access to a given resource X’.

Welfare contractualism, White argues, is ‘by no means necessarily incompatible with a social right’ conceived in this second way (White, 2000:510).

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Second, and contrary to the claims of some, Marshall's account of citizenship does involve the explicit matching of rights with political, civil and social duties and obligations. For example, Marshall notes the social 'duty to improve and civilize oneself', the duty that one's 'acts should be inspired by a lively sense of responsibility towards the welfare of the community', 'the duty to pay taxes and insurance contributions', and, finally, 'the duty to work'. Although Marshall's vision of citizenship acknowledges duties and obligations, such obligations are conceived within a genuine framework of reciprocity. For Marshall this framework is at least partly composed of the social values of freedom, mutual respect and dignity. Indeed, we see Marshall as laying the foundations for the harmony value approach to mutual obligation developed in the final section of this essay. We will see that such an approach does not deny obligation any more than Marshall does. Marshall is certainly not about top-down imposition of responsibility. What Marshall lays the foundations for is active responsibility — responsibility as a virtue that is taken from below rather than something one is held to from above. Active responsibility in the Marshallian vision is an emergent property of a just social order. 

Convincing arguments to show the untenability, in the present, of Marshall's account of citizenship are lacking. Moreover, there are good reasons to revisit Marshall's account and to reaffirm many of its normative commitments, particularly the commitment to 'equality of status' which for Marshall involves the governmental obligation to endeavour to achieve 'a general reduction of risk and insecurity' for citizens. Marshall's work on citizenship and its valuation of the freedom and autonomy of individuals may be invoked as a counter-balance to Mead's fixation with social order. By recognising the obligations which governments owe to citizens — the other side of 'mutuality' — Marshall's account may serve to redress the balance between social justice issues and economic imperatives. In the context of public and policy discussion around the McClure Report this would mean being open to the consideration of alternative, non-paternalistic, interpretations of mutual obligation. If paternalism turns out to be the way in which mutual obligation is being operationalised in Australia then there are good reasons to urgently reassess this policy. It is cause for national shame if mutual obligation is implemented in a way that makes a mockery of 'mutuality' by displacing the costs of social risk onto those individuals who are least able to bear it.

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4 Ibid, p.20
5 Ibid, p.50
6 Ibid, p.55, emphasis added
7 Ibid, p.40–41
Re-thinking Mutual Obligation

What kind of mutuality or reciprocity is possible between government and citizens, and what kinds of assurance that contractual agreements will be honoured are available to each? At this point a distinction should be made between what is achievable, what can be attempted, and what should be done. The most fundamental of these questions is the normative question that needs to be debated at length in terms of both principles and options for implementation. The question of what is achievable is one that needs to follow from a more thorough discussion of available models. The question of more immediate concern is what can be attempted in welfare reform with what consequences for the recipient, the community and the society at large. The purpose of this section of the paper is to extend our understanding of the options a little further by working through the implications of mutual obligation Mead-style and mutual obligation Marshall-style, from the perspective of the recipient, the community, and ultimately the government.

Mutual obligation following Mead differs strikingly from mutual obligation in the Marshallian sense in two respects that directly play into popular conceptions of risk management. Mutual obligation Mead-style is characterized by control and rule-boundedness, top-down responsibilisation, in a world where people are not acting in the interests of the collective. Mutual obligation Marshall-style is characterized by bottom-up responsibility and participation in a world where people are motivated to contribute to the common good. Marshall assumes a world with social cohesion, Mead a world without. At first glance, from a risk manager's perspective, it would seem that the option offered by Mead is superior to that of Marshall because it directly addresses risk at a time when social systems as we have known them are breaking down (Putnam, 2000). What we hope to demonstrate in this section is that directly addressing risk through a process that relies for its effectiveness on domination may offer short term solutions, while creating long term problems.

If we consider the process of implementation of mutual obligation, Mead-style or Marshall-style, we must first recognize the need to embed the concept in the value systems that will give it meaning in the Australian context. To consider either option without recognizing the social foundations from which reform has to be built is to deny the basic role of social institutions — to regulate the ways in which individuals think and act and relate to their communities (Goodin, 1996).

The empirical patterning of the values that underpin the relationships that exist between Australian citizens and their government group into two basic value
systems, one oriented to the provision of security, the other oriented to the provision of harmony (Braithwaite, 1994). The advantage of using this framework for analytic purposes lies in our having considerable data, collected over a 20 year period, on how Australians make sense of policy reform in terms of the values that they share with others in the community, and most importantly with their government. Furthermore, security and harmony values, which mainly take the form of shared social goals and states of being, have been linked to different kinds of norms that define the conditions to be met for the maintenance and growth of trust in our institutional structures (Braithwaite, 1998). An assumption of this section of the paper is that however mutual obligation is conceived, it will be implemented in a way that makes it meaningful within one major value system or the other, and which draws on one set of trust norms or the other to establish its legitimacy.

Let us begin to develop this story of mutual obligation in action through first defining what is meant by the security value system and the harmony value system and the trust norms associated with each (Braithwaite, 1998). The security value system brings together guiding principles that ensure that one is well positioned to protect one’s interests and further them within the existing social order. Security values guide us in deciding how we divide up limited resources, what kinds of competition between groups and individuals is legitimate, and how we define winners and losers. The principles apply at a personal or societal level. At the societal level, values such as the rule of law, national economic development, and national greatness are socially sanctioned goals for ensuring the safety of one’s group and individuals within it. At a personal level, security values include having authority, social recognition, economic prosperity, authority, and being competitive.

In contrast, the harmony value system brings together societal and personal values that aim to further peaceful coexistence through a social order that shares resources, communicates mutual respect, and cooperates to allow individuals to develop their potential to the full. Harmony values orient us toward establishing connections to others, transcending our individual grievances and dissatisfactions, and finding peace within ourselves and with our world. Harmony values for society include a good life for others, rule by the people, international cooperation, a world at peace, human dignity, greater economic equality, and preserving the natural environment. Harmony values for the individual include self insight, inner harmony, the pursuit of knowledge, self-respect, and wisdom, as well as being tolerant, generous, forgiving, helpful, and loving.

Associated with the harmony and security value systems are expectations of how government should relate to citizens if that government is to be considered trustworthy. Citizens’ judgements about whether or not their government is...
trustworthiness are not unimportant to the objective of risk management on a broader scale. Citizens who regard their government as trustworthy are also more likely to accept its authority as legitimate and to comply with its laws (Tyler, 1997). Thus, trustworthiness, at least perceived trustworthiness, is linked with political stability.

From the perspective of the security value system, trust norms involve government performance and outcomes. A government is considered trustworthy if it does not take risks, if it is predictable, efficient, consistent in decision-making and accountable for its actions. These trust norms have been called exchange trust norms because they correspond closely to the exchange justice norms identified by Clark and her colleagues as characterizing interpersonal relationships (Clark, Mills & Powell, 1986). Exchange norms do not involve feeling a special responsibility for the well-being of another. Benefits are given to repay debts created by benefits previously received, or in anticipation of receiving payment in the future. Behaviours that reflect exchange norms include prompt repayment for social benefits, giving and receiving comparable benefits, requesting payment for benefits, and keeping track of individual inputs into joint ventures.

From the perspective of the harmony value system, trust norms involve government leadership and process. A government is considered trustworthy if it shares the goals of the people, keeps the people informed, consults widely in the community, treats citizens with respect, understands the position of its citizens and cares about the well-being of ordinary Australians. These trust norms have been called communal trust norms. They parallel the second set of rules identified by Clark and her colleagues as framing understandings of justice in social relationships (Clark, Mills & Powell, 1986). Communal norms define relationships in which there exist mutual feelings of responsibility for the other’s well-being. Benefits are given in response to the other’s needs or simply to please the other with no expectation of repayment. Behaviours that reflect special obligations for others include giving help, feeling good about helping and bad about not helping, keeping track of others’ needs and allocating resources on this basis, being sensitive to others’ emotions and sharing needs.

Clark’s work (1986) on interpersonal justice norms demonstrated that although individuals varied in their comfort with each set of norms, the social context defined which rules were operating at any one time. Furthermore, research which has examined the ways in which individuals evaluate their institutions suggests that framing of this kind takes place at the societal level as well (Braithwaite, 1998). Trust in charities, for instance, is shaped by the extent to which they comply with communal trust norms. Trust in the Reserve Bank, by way of contrast, is shaped primarily by the extent to which the Bank abides by exchange trust norms.
On the basis of this work one might postulate that mutual obligation could be operationalized within a security value framework with exchange trust norms operating or within a harmony value framework with communal trust norms operating. The security oriented framework might take on the complexion of Mead; the harmony oriented framework the complexion of Marshall. On the basis of research in other policy areas, what might we infer as being the problems and successes of a security frame for mutual obligation and of a harmony frame?

When policy reforms are introduced, the public quickly divides into proponents and opponents. As part of this process, supplementary beliefs are brought on board to defend positions and persuade audiences. The supplementary beliefs that have in the past been linked with a security oriented frame include the following: (a) Individuals bring their problems upon themselves; (b) individuals must bear the negative consequences of their actions; (c) rewards and punishments must be manipulated to make people do the right thing; and (d) individuals have to prove themselves before they can be trusted to do the right thing (Braithwaite, 2000).

How might security values, trust norms and supplementary beliefs play out in the day-to-day operation of mutual obligation? First, let us take an optimistic view. Providing government can perform at the highest level in specifying expectations and delivering punishments and rewards in a timely and appropriate fashion, recipients and their family and friends might know exactly what is expected of them in return for government support. Recipients gain certainty. On the other side, providing recipients contribute to the common good, acquire new and valuable skills, and regain financial independence, government can claim value for the investment they have made in their citizens. The exchange is complete.

How then might this exchange come undone? First, at a time of rapid social and technological change where so many pressures on any system are the result of changes in unrelated systems, it is not credible that any government or government agency can meet its obligations under the exchange model. As the foundations of the welfare state shift in the ways articulated in the opening sections of this paper, new cracks are always opening and huge welfare bureaucracies are recurrently too slow to manoeuvre to place new safety nets under those who fall through the cracks. Knowledge of individual clients will always be incomplete and capacity to deliver is always going to be partial at best. Under an exchange model, this means that citizens who fall between the cracks will not be motivated to meet their side of the bargain. Even when the government is able to move quickly enough to adjust, the deal is: the state will meet its obligation to you if you honour your obligation to it, except where the state is too slow-moving to get to its obligation; then it will administer a punishment to nudge you into meeting your obligation if you are unlucky, or a
side-payment if you are lucky. Penalties and rewards to make up for the shortfall in client performance, this quick fix, is a clear breach of exchange norms.

As recipients face disappointment at the reward structure not being there (e.g. no jobs after re-training) or anger at penalties for performance that is beyond their control (e.g. loss of benefits through poor performance), perceptions of unfairness take hold. In addition to complaints about distributive unfairness, recipients have every reason to resent the procedural unfairness involved. Governments with all their resources and power can renege on their side of the bargain while individuals with few resources at their disposal cannot afford to put a foot wrong.

Perceptions of unfairness undermine cooperation at a number of levels. For purposes of illustrating the dangers of taking a security oriented path to mutual obligation, let us briefly consider two social processes that often accompany a breakdown in cooperative relationships. The first is stigmatization, the second is game playing. Stigmatization occurs when individuals feel that others are labelling them in a derogatory way and that the label is applied regardless of their actions (Braithwaite, 1989). Stigmatization is a strategy that is particularly suited to use within a security oriented frame (Braithwaite, 2000). From this perspective, breakdown in cooperation is interpreted as a signal that one side or the other needs to regain control rather than a signal to mend relationships. Stigmatization then becomes the tool for shifting responsibility for the breakdown elsewhere and placing the blame in the hands of another (Ahmed et al., 2001). Stigmatization can be observed when various social welfare groups are singled out for attention because it is commonly believed that they are abusing the welfare system. Stigmatization gives rise to divisions among citizens and between the stigmatized group and government.

What then are the prospects for mutual obligation within a harmony framework? Such an approach would be far more community-focused with staff having the capacity to be responsive to the needs of the recipient. Mutual obligation would be implemented through prioritizing the building of relationships between government, community and the recipient and this would be the primary means for obtaining the desired outcomes of recipient independence and community integration. Whereas the security model envisages integration and relationship building as an outcome of individual improvement, the harmony oriented model sees relationship building and community integration as the means to individual improvement. The advantage of a harmony oriented approach to mutual obligation is that it offers respect and dignity to recipients, and provides them with a supportive environment in which to learn new skills and regain independence. Research findings suggest that it is only in a supportive and caring environment that individuals can overcome their sense of shame in the face of failure and move on to develop the skills necessary to succeed
in the future. Regimes that insist on certain standards of performance and punish individuals for not reaching such standards are unlikely to produce individuals who have a sense of mastery or confidence in their capacity to function independently. Such regimes more commonly produce high dependency, fear of failure and a poor capacity to manage shame, manifested most notably in aggression toward self or others.

At the heart of mutual obligation from a harmony perspective is the notion that individuals will meet their obligations when they are part of a cohesive social group. Herein lies the model’s weakness. Not only are the outcomes in the form of obligations poorly specified, but their achievement is not dependent on the individual, but on the social cohesion built by the government around the individual. In other words, government still bears responsibility and shoulders the risks. These core responsibilities are to honour the citizenship rights to educational, social and political development framed by Marshall. The individual remains safely enmeshed in a protective net provided by government. Critics might justifiably be troubled by two further aspects of this model of mutual obligation. First, building social cohesion around welfare recipients is not an objective that translates easily into policy. Second, building relationships at the user end demands flexibility and giving staff working at the coal face control over decisions. Delegating responsibility at the grass roots level, it can be argued, is incompatible with current systems of accountability and increases rather than decreases risk.

In summary, mutual obligation implemented through a security framework or a harmony framework offers possibilities for containing some risks while exacerbating others. Within a security framework, financial capital is safeguarded, while social capital is placed at risk. Within a harmony framework, social capital is safeguarded, while financial capital is placed at risk. With regard to human capital, the risks are dependent on the social context. Where stigmatization and social upheaval are rife, human capital is sacrificed either through its underdevelopment or its application to purposes that do not serve the common good. Where communities are cohesive and respectful of each others, human capital should grow regardless of whether the overarching mutual obligation system is security or harmony oriented.

Making a harmony model of mutual obligation our first preference nurtures bottom-up active responsibility. Responsibility is not something that a state can bring into being through contriving a reward and punishment regime: top-down control cannot foster bottom-up responsibility. By honouring Marshall’s citizenship rights, particularly to participation and education, government creates a societal climate of trust and cohesion where people want to take responsibility for their lives and honour obligations they reasonably expect themselves to owe to others. This is
not to deny that top-down responsibility of a kind is not needed for drug-dealers or media magnates who may draw handsome corporate welfare cheques while paying no tax. Yet even with actors who most brutally flout mutual responsibility, we are learning through restorative justice and the institutional spaces it provides that many individuals can learn to take active responsibility for wrongs (Braithwaite, 2001). This is a more effective way of managing risk than punitive enforcement of passive responsibility. Even with the greatest evils, the security value approach is best positioned as a last resort for managing the most unmanageable risks.

References


