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Welfare Reform in Australia and the United States: Tracing the Emergence and Critiques of the New Paternalism and Mutual Obligation

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ABSTRACT

Over the past thirty years, there has been a gradual shift toward the adoption of ‘new right’ ideologies in post-industrial advanced capitalist welfare state policies. Although the concept of the welfare state emerged out of capitalism’s structural inability to provide for the lower classes, this notion has been re-conceptualised to now include discourse about recipients’ obligations to the state. This paper traces the emergence and critiques of this concept of mutual obligation by focusing on the lead-up and response to the 1997 *Social Security Amendment (Work-for-the-Dole) Act* in Australia and the 1996 *Personal Responsibility and Work Opportunity Reconciliation Act* in the U.S.

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Introduction

Over the past thirty years, there has been a gradual movement toward the adoption of ‘new right’ ideologies in post-industrial advanced capitalist welfare state policies. Although the concept of the welfare state initially emerged as a recognition of capitalism’s structural inability to provide for the lower classes of society, this notion has been vastly re-defined and re-conceptualised to now include language focusing on recipients’ social obligation to prove themselves worthy beneficiaries (Eardley 1997, p. 4, Moss 2001, p. 1).

The over-arching explanation behind the emergence of neo-liberalism and related conservative discourses in the debate has been the ‘crisis’ in the welfare state believed to have emerged in the 1970s. As the post-war boom came to a close and unemployment rose, many post-industrial advanced capitalist countries saw their welfare spending increase (Mead 1997, p. 109). In the United States and Australia (among other countries), this shift sparked a debate about welfare dependence — the notion that welfare, although ideally meant to prevent poverty, actually discouraged work (Fenna 1998, p. 293). Neo-liberalism, in turn, aimed to counter this trend by promising opportunity and success to all those willing to work hard and play by the rules: the deserving poor. It advocated for greater marketisation, privatisation, and contracting out of social services.

For neo-liberals, the welfare state is a threat to freedom, is ineffective and inefficient and is economically, politically and socially damaging. It distorts family responsibility, destabilises the family and creates dependency (Williams 2000, p. 249).

Although the face of neo-liberalism’s critique of the welfare state has changed over the years, its central tenet — espousing market investment over social spending — remains politically popular and has contributed to the development of the contractually-based ‘workfare’ ideologies informing social policy in these two countries today: the new paternalism and mutual obligation.

Both Australia and the United States are considered liberal welfare states, characterised by their market-conforming, residual social policies,¹ and both countries have recently implemented key pieces of welfare reform legislation informed by ‘workfare’ ideologies. As a way of tracing the emergence and critiques of the new paternalism and mutual obligation in the U.S. and Australia, this paper focuses on the lead-up and response to the 1996 *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) in the U.S. and the 1997 *Social Security*

¹ Residual policy creates welfare programs designed to help the poor, while expecting members of the middle class to work hard and self-provide (Esping-Andersen 2000, p. 162).

Amendment (Work-for-the-Dole) Act in Australia. Although the Australian legislation is directed at young unemployed people and is arguably more concentrated in its effect, whereas the U.S. legislation is directed predominantly at single mothers, there are enough similarities to merit a comparative analysis. Sections II and III lay the groundwork for this exploration by offering some background about the welfare state in each country. Section IV introduces the concepts of mutual obligation and the new paternalism, and Section V goes on to outline some of the major critiques.

Mapping the Australian Welfare State

Australia is often uniquely characterised as a ‘wage earners’ welfare state’, the phrase coined by Frank Castles to describe how welfare provision in Australia functions as a government reward offered in return for citizens’ participation in the paid labour force (Thomson 2000, p. 19). The idea is that a regulated wage serves as a socio-economic guarantee, and thereby prevents citizens from seeking charitable supports in order to maintain income security (Macintyre 1999, p. 110). Another exceptional aspect to Australia’s welfare state development is the influence of its distinct colonial history. As Macintyre notes:

Because of the specific circumstances of colonial Australia as a rapidly developing settler society without the pre-existing social and economic infrastructure that could be found in Europe, it meant that the state was called upon to play a much more interventionist role as a promoter and direct agent of economic development (Macintyre 1999, p. 109).

Some of the major building blocks of the Australian welfare state were laid shortly after Federation, when the Harvester Judgment (1907)² and the *Invalid and Old-Age Pension Act* (1908) were established (Beilharz 1992, p. 73). The latter provided means-tested assistance to poor, employed men and women, and was ‘thus a direct grant to poorer members of the working class’ (Fenna 1998, p. 285). After suffering extensive economic depression, widespread unemployment, and little to no government intervention between the first and second world wars,³ Australia’s welfare policy vastly expanded between 1941 and 1945 under the Curtin and Chifley governments. Among the programs introduced were unemployment and sickness benefits, maternity allowance, funeral benefits, and a health benefits scheme (Beilharz 1992, p. 82). Another key feature from this period was the 1945 *Full Employment in Australia*

² The Harvester Judgment is seen as paving the way for an ongoing system of a ‘fair wage’ guarantee for labourers (Stilwell 2000, p. 27).

³ ‘The entire (inter-war) period was one of economic difficulty and social distress in Australia, with unemployment rates being high even before the Great Depression struck ... throughout this period, the conservative (government) toyed with the idea of social insurance’ (Fenna 1998, p. 286).

White Paper, which Stilwell has argued mirrors the tenets of the ‘wage earner’s welfare state’ in that it centred the welfare state around the goal of full employment and signified a commitment to Keynesian policies (Stilwell 2000, p. 29).

In a shift away from the social expansion of the Curtin government, despite a continued commitment to a Keynesian welfare state, Prime Minister Robert Menzies and his successors brought with them decreased welfare spending combined with a trend toward market-conforming policies that favored wage-earning middle class families rather than the neediest members of society (Fenna 1998, p. 289). Undoubtedly, the greatest expansion of the Australian welfare state was that enjoyed under the government of Prime Minister Gough Whitlam from 1972 to 1975 (Beilharz 1992, p. 90, McMahon 2000, p. 12). Although criticised for his extensive social spending during a time of decreased economic production, the Whitlam years provided considerable gains for the welfare of Australian citizens — including the abolition of means-testing for old-age pensions and university fees, the creation of Medibank, the supporting mother’s benefit, and increased funding for child care services (Fenna 1998, p. 290).

Beginning in the 1970s, the Australian welfare state, similar again to its Western counterparts, experienced a ‘crisis’ as costs of welfare provision (namely health care) began to skyrocket, and responsibility began to shift from the government to the individual (Macintyre 1999, p. 104). In 1975, under Prime Minister Malcolm Fraser, healthcare funding was reduced and a general rollback of Whitlam’s programs set in motion (Stilwell 2000, p. 30). Although the Hawke government subsequently gave a much-needed boost to the welfare system in its re-introduction of Medicare,⁴ it simultaneously curtailed the notion of universal health cover by enhancing the role of private health schemes — now a cornerstone of the Howard government (Fenna 1998, p. 292). The Hawke government also introduced the means-tested Family Allowance Supplement (FAS) as a replacement to the more universal Family Income Supplement (Cass 1996, p. 16, Fenna 1998, p. 293). Other programs implemented by the Hawke government included JET (Jobs, Employment & Training) which funded work preparation for sole parents, and CSS (Child Support Scheme), requiring paternal maintenance payments — both of which were in line with the ‘wage earner’s welfare state’ (Fenna 1998, p. 292). Perhaps most significantly, the Keating government introduced *Working Nation: The White Paper on Employment and Growth* in 1994, to address the concerns of Australia’s long-term unemployed by highlighting economic growth as ‘the best way of generating new and worthwhile jobs’ (Eardley 1997, p. 8, Stilwell 2000, p. 31). But despite a rhetorical appreciation for the ‘unfair’ nature of being unemployed, *Working Nation* did not reinforce earlier commitments

⁴ Whitlam was the first to formalise the Medicare system prior to Hawke’s expanded commitment (Mendelsohn 2000, p. 208).

to full employment⁵ (Thomson 2000, p. 86). Although it recognised significant labour market shifts and some structural causes of the proliferation of the working poor, Stilwell argues the language of Working Nation still seemed to start the ball rolling down the path of blaming the unemployed for their fate:

There was an emerging tendency to redefine the concern with the unemployed in terms of the characteristics of these particularly disadvantaged people — their loss of skills, tendency to degenerate into unemployment, and so forth (Stilwell 2000, p. 32).

Under the current leadership of Prime Minister John Howard, the ‘wage earner’s welfare state’ appears to be continually threatened by facets of neo-liberalism and paternalism. Full employment policies have been abandoned, the labour market has grown increasingly insecure, the trend toward privatisation has expanded throughout state and national government, and the welfare state has experienced considerable cutbacks (Eardley 1997, p. 1, Stilwell 2000, p. 36).⁶ Increasing pressures of globalisation have further led to a greater role for economic rationalism in welfare economics.

Championing economic growth as the best means to counter unemployment and retreating from what little progress Working Nation made⁷ with its labour market re-entry programs,⁸ the Howard government in 1997 passed the Work-for-the-Dole Act, fortifying a main principle of new paternalism: the concept of mutual obligation (Stilwell 2000, p. 31, Williams 2000, p. 251). Work-for-the-Dole mandated that unemployed young people prove themselves deserving. In that sense, it expanded the classic liberal model — providing for the poor and expecting the middle class to self-provide — to one that now expected both groups to utilise the labour market (Moss 2001, p. 4). Work-for-the-Dole was acclaimed by the federal government as a program meant to discourage ‘dole bludgers’ and promote a work ethic among young Australians by offering them pathways to employment (Stilwell 2000, p. 35). However, critics argue that it does not offer training, a flaw that considerably weakens its ability to provide legitimate conduits (Bessant 2000, p. 24, Macintyre

⁵ Some scholars conjecture that this may have been due to the currency deregulation and the opening of Australia’s doors to international competition in 1984 (Mishra 1999, p. 5, Stilwell 2000, p. 33).

⁶ As in the U.S., the degree to which social services and public works have been privatised, and certain political trends enacted, varies state by state in Australia.

⁷ It has been argued that Working Nation offered genuine mutual obligation, in that the government both gave to, and expected something from, the unemployed; whereas Work-for-the-Dole only expects, but does not provide (Macintyre 1999, p. 107).

⁸ In its focus on the long-term unemployed, Working Nation committed to this group ‘case management training, work experience, and a training wage’ (Stilwell 2000, p. 32).

1999, p. 107). Work-for-the-Dole requires that all early school leavers and unemployed young people⁹ receiving Newstart Allowance must work 12–15 hours per week for a six-month period (ACOSS 1999, p. 2). Although initially constructed to include young people only, government intentions are to develop similar social contracts with other unemployed populations. Work-for-the-Dole affects a relatively small population in Australia, yet it makes some far-reaching assumptions about the causes of unemployment. As Stilwell argues, ‘the Work for the Dole scheme imposes obligations on young unemployed people which presuppose that it is their personal characteristics, rather than general labour market imbalances, that are the source of the continuing unemployment problem’ (Stilwell 2000, p. 24).

Mapping the American Welfare State

The concept of a welfare state has been around in the United States since the days of colonisation. Early American states created legislation modeled on British ‘poor laws’ mandating that ‘every town shall relieve and support all poor and indigent persons, lawfully settled therein, whenever they shall stand in need thereof’ (Berkowitz 1991, p. 1). A moral awareness of the need to provide for the disadvantaged was, and remains, anchored firmly in the theoretical framework of American government. However, it was never as fundamental to national identity as the founding fathers’ claims for individualism and independence from a regulatory British empire. As a result, although some architecture of welfare provision has always existed in the U.S., these policies have never wielded the same strength as, and have often conformed to, market freedom — the doctrine of Western capitalism that prizes ideals of economic rationalism over those of social democracy (Noble 1997, p. 36).

The *Social Security Act* of 1935 (SSA), the centrepiece of President Franklin D. Roosevelt’s New Deal¹⁰ legislation, is often considered the cornerstone of the modern American welfare state. It introduced social insurance in the form of ‘Social Security’, a mandatory contributory scheme for employees; Aid to Dependent Children (ADC),¹¹ a federal assistance scheme for the children of single parents which replaced mothers’ pensions;¹² Old-Age Assistance (OAA), a relief program for

⁹ For the purposes of the program, young people are defined as between the ages of 18 and 24.

¹⁰ Other New Deal initiatives included emergency relief programs such as the *Federal Emergency Relief Act* (FERA), an emergency jobs creation program, and the Works Progress Administration (WPA), a public works project (Jansson 1997, p. 180).

¹¹ ADC was re-named to Aid to Families with Dependent Children (AFDC) in 1962, to reflect a shift to caring for the entire family, rather than just dependent children (Kingfisher 1996, p. 19).

¹² Mothers’ pensions were state-administered benefits which ‘provided small amounts of cash to women bereft of male breadwinners to enable them to stay at home with their children’ (Kingfisher 1996, p. 18).

people 65 years of age and older; and General Assistance,¹³ a series of state-administered cash assistance programs (Berkowitz 1991, p. 15, Jansson 1997, p. 175). Passed in the wake of the 1929 stock market crash, the SSA responded to clamorings by both business and labour for the federal government to do something distinctly *un-American*: intervene where the market had failed and introduce a social protection scheme (Eitzen & Zinn 2000, p. 53, Jansson 1997, p. 194).

This sort of social policy intervention did not, however, establish a long-term shift. As America slowly began to pull itself out of the Depression and unemployment gradually fell, so too did the strength of big business increase. Although the government tried to introduce the full employment-focused Employment Act of 1945,¹⁴ corporate lobbying stood in its way. In place of the Act, the U.S. instead moved to establish the distinctly more residual Council of Economic Advisers (CEA), a team of economists charged with advising government on ways to increase employment by maximising market capacity (Jansson 1997, p. 200, Noble 1997, p. 72).

Having been excluded from the SSA, healthcare became, during the 1940s and 50s, the role of private health insurance providers in the U.S. (Richan 1988, p. 44). Although this system left huge numbers of unemployed, poor, and aged Americans without coverage, no government alternative existed. It was not until 1965, after much advocating from the left and eventual concessions from the American Medical Association (AMA)¹⁵ and private insurers, that President Johnson established Medicare, a federal hospital reimbursement program for the elderly; and Medicaid, its counterpart for the poor (Jansson 1997, p. 216, Richan 1988, p. 44).

Between 1935 and 1965, the numbers of African Americans migrating to northern cities increased, due in large part to the proliferation of wartime jobs in industrial centres (Mead 1997, p. 9, Richan 1988, p. 145). Because blacks faced discrimination, fewer job opportunities, and economic disadvantage, the result was that many became dependent on AFDC (Jansson 1997, p. 204). Although poverty was decreasing nationwide, urban black poverty was on the rise, and welfare grew to be regarded by the public as ‘an enabling force’ for African Americans (Berkowitz 1991, p. 3). At the same time, the numbers of working poor were growing amidst a climate

¹³ Under General Assistance (GA), the federal government funded states to provide cash assistance, along with Food Stamps, to their unemployed residents without imposing means-testing or requiring job training (Jansson 1997, p. 178).

¹⁴ The Employment Act of 1945, similar to the Australian White Paper on Full Employment, promised all American citizens the right to productive satisfying labour.

¹⁵ The AMA has historically been an incredibly powerful lobbying group, advocating for the primacy of doctors’ decision-making with regard to medical costs. Once Medicare was passed, the AMA insisted doctors be able to charge Medicare patients more than would be reimbursed by government, forcing patients to still pay some out-of-pocket fees (Jansson 1997, p. 217).

of weak and increasingly undermined organised labour (Noble 1997, p. 120). In 1969, to counter this trend, President Nixon and welfare policy adviser Daniel Patrick Moynihan unveiled their Family Assistance Plan, a scheme devised to replace AFDC with federal assistance for working families, since welfare, they argued, discouraged work (Berkowitz 1991, p. 123). Although the legislation never passed, it introduced the concept of *welfare dependence* into the debate — a rhetoric that implied social assistance was temporary financial aid not to be relied upon as income (Lerman 1999, p. 13, Jansson 1997, p. 244, Kingfisher 1996, p. 29).

It is here that we find the emergence of neo-liberal criticism of the welfare state — at a time when the Western post-war boom had slowed and unemployment, as a result, rebounded. Under the Reagan administration, a decline in social spending and a reinvigorated focus on the middle class¹⁶ paralleled the tenets of Thatcherism in the U.K., in that welfare programs that suited deserving citizens were seen as beneficial, while the needs of poor, black single mothers — for instance — were often demonised (MacGregor 1999, p. 92). Both Reagan and Thatcher advocated strict residualism; and although both lauded the ability of trickle-down economics to take care of poverty, many scholars argue this ideology only served to considerably widen the gap between rich and poor. With Reagan's 1988 *Family Support Act*,¹⁷ an attempt to reform welfare by legislating a social contract requiring recipients to work in return for assistance, many see Reagan as the American president who started 'changing welfare into workfare' (Mead 2000, p. 116).

It was not until 1996, under the leadership of Democratic President Clinton that Nixon's initial vision of destroying welfare dependency was truly carried out. The PRWORA Act unraveled AFDC¹⁸ and replaced it with Temporary Assistance for Needy Families (TANF), a deregulated welfare program in which the federal government gave capped block grants to states who were then charged with determining eligibility for, and providing, assistance (Bernstein & Greenberg 2001, p. 11). Reasserting the ethos of market-conforming¹⁹ policy in the form of new paternalism, it was Clinton who succeeded in pushing an economic rationalist line on

¹⁶ Middle-class social spending (housing, education, healthcare) was forwarded as legitimate by Reagan and Thatcher, while federal spending to fight poverty was not (Mead 1997, p. 7).

¹⁷ With the passage of the Family Support Act, states became increasingly responsible for determining AFDC eligibility and had more leeway to be restrictive with provision, a trend that was built upon in PRWORA (Lerman 1999, p. 2).

¹⁸ At the time PRWORA was passed, 14.3 million Americans were AFDC recipients (DeParle 1994, p. 1).

¹⁹ The justification behind TANF's restricted federal assistance to former AFDC recipients is the emphasis on personal responsibility and push toward employment. TANF advocates asserted the labour force could absorb former welfare recipients. (Bernstein & Greenberg 2001, p. 10).

welfare, shoring up market capacity, and legislatively attacking the politically unpopular welfare dependence of poor Americans (Eitzen & Zinn 2000, p. 55).

PRWORA was preceded by the passage of legislation bolstering federal provision of earned income tax credits (EITC)²⁰ and guaranteeing them to working welfare recipients, thereby laying the groundwork for the imminent shift to work-oriented welfare policies (Lerman 1999, p. 2). It also imposed a five-year lifetime limit on welfare recipients, required unmarried teenage parents on welfare to live with an adult and attend school to receive assistance, and aborted the provision of federal benefits to immigrants (Eitzen & Zinn 2000, p. 55). Critics charge that the legislation overestimates the ability of the labour market to absorb welfare-leavers, offers no safety net to those who cannot find employment, disregards the fact that former welfare recipients will become members of the working poor, removes federal accountability for welfare by shifting provision duties to the states, and sends a value-laden mutual obligation message to recipients (Bernstein & Greenberg 2001, p. 11, Eitzen & Zinn 2000, p. 67).

New Directions: The New Paternalism and Mutual Obligation

Lawrence Mead defines the new paternalism as the ‘close supervision of the poor’ (Mead 1997, p. 1). MacGregor notes that new paternalism is a middle ground between the welfare state and neo-liberalism. ‘It accepts the orthodoxies of neo-liberalism but hopes to patch society together again with a mix of exhortation and intervention into the lives of the poor and the deviant’ (MacGregor 1999, p. 93). The growth in the number of unwed mothers in the U.S. seems to have prompted an inflated focus on ‘personal responsibility’ rhetoric and the new paternalism in the socio-political arena (Kingfisher 1996, p. 23, Sidel 2000, p. 73). As a counter to ‘welfare dependence’, new paternalism advocates for controlling patterns of behaviour, rather than merely helping those in need (Mead 1997, p. 7, Yeatman 2000, p. 160). New paternalists support ‘workfare’ programs, supervisory service providers, greater emphasis on program administration and efficiency, privatisation, and the enforcement of social values (Mead 1997, p. 25).

The notion of mutual obligation is arguably an outgrowth of new paternalism rhetoric in that ‘the obligation to make an active contribution to society is set against what is portrayed as passive welfare dependency’ (Yeatman 2000, p. 156). Drawing

²⁰ EITC (also known as ‘non-welfare income supplements’) were shored up to entice welfare recipients to transition into employment and out of welfare. Unlike AFDC payments, tax credits increase as former recipients’ earnings increase (Lerman 1999, p. 3).

from the McClure report,²¹ the Howard government defines mutual obligation as ‘about building a resilient and supportive society that depends on a web of supportive relationships between individuals, families, communities, business and government’ (Department of Family and Community Services 2000, p. 8). Proponents of mutual obligation argue that it is a condition of ‘active citizenship’ and that the unemployed are not simply entitled to government assistance (Moss 2000, p. 1). Critics, on the other hand, as I explore in the next section, maintain that hybrid forms of new right ideology — mixing neo-liberal market dependence with new paternalist ideas of mutual obligation — are both unjust and unrealistic along social justice and citizenship lines.

Critiques from the Left in Australia and the United States

Although PRWORA and Work-for-the-Dole target noticeably different populations, they have drawn quite analogous criticism. In many ways, the theoretical underpinnings of most criticisms grow out of either citizenship or social justice arguments. A citizenship critique of the concept of mutual obligation rejects the value judgment inherent in PRWORA and Work-for-the-Dole that sees welfare recipients as passive, and therefore less worthy, citizens. Social justice advocates, in turn, argue more along structural lines — pointing to current labour market conditions in defence of the position that governments cannot enforce mandatory workfare participation in a climate of globalisation, shrinking employment opportunities for low-skill workers, vast wage differentiation, and the proliferation of the working poor (Bernstein & Greenberg 2001, p. 10). Although there are particular circumstances in both the U.S. and Australia that draw the attention of certain issue-specific voices on the left, overall, both social justice and citizenship-oriented critics agree on the following major drawbacks of mutual obligation:

- Unemployment and the proliferation of low-wage employment are not the fault of individuals’ failed personal responsibility. They are largely the result of globalisation and other structural shifts in employment patterns.
- Mandatory welfare programs can be construed as abusing human rights, in their gross stigmatisation of program participants.

²¹ The *Final Report of the Reference Group on Welfare Reform* (a.k.a. the McClure report) was commissioned by the Coalition government to ‘advise on options for changing income support and associated services that would help prevent and reduce poverty among working age people’ and was delivered to the government in August 2000 (Department of Family and Community Services 2000, p. 3).

- The lack of job creation, skills training, and adequate employment benefits (healthcare, childcare, and competitive wages) in PRWORA and Work-for-the-Dole is woeful.
- When mutual obligation programs and other welfare services are contracted from the federal to state government, and from public to private providers, accountability is lost.

Overwhelmingly, critics of PRWORA and Work-for-the-Dole oppose the notion of mutual obligation as an effective policy directive given the current global labour market. Some, in fact, argue that globalisation is more than market evolution, but is rather the next wave of neo-liberalism — its roots firmly anchored in Western capitalism (Mishra 1999, p. 7, Williams 2000, p. 250). In the Australian case, critics like Judith Bessant note factors such as the unequal distribution of employment, de-industrialisation, globalisation, and the over-demand and under-supply of full-time jobs as seemingly insurmountable obstacles to achieving true mutual obligation.

Given the fact that current demands for waged work outweigh the supply of jobs available, and given the failure of successive governments to demonstrate a commitment to job creation, continued claims that ‘the unemployed’ have moral obligations to work even though there is insufficient work available are themselves unethical (Bessant 2000, p. 24).

The Australian Council of Social Service (ACOSS) advocates for the support of programs that offer training and support to those young people ‘at risk of becoming permanently marginalised from the labour market’, recognising the inability of the changing market to otherwise absorb the unemployed and offer them a fair quality of life (ACOSS 1999, p. 7). Citizen advocate and former Green Party presidential candidate Ralph Nader (2000) and other PRWORA critics in the U.S. cite similar problems. They argue that vast wage inequality between the highest and lowest earners in the U.S.,²² the growing incidence of ‘corporate flight’ to foreign labour markets, waning unionisation, and the decline of full-time work all contribute to an increasingly insecure marketplace and call into question both the appropriateness and efficacy of ‘workfare’ policies (Blank 2000, p. 110). American critics further charge that the absence of reliable health care options²³ and Congressional failure to institute

²² ‘From 1979–1998, the inflation-adjusted incomes of families in the poorest fifth of the population did not improve at all, while incomes for the whole population increased by twenty percent ... The net financial wealth of the top one percent of households now equals the combined wealth of the bottom 95 percent of American households’ (Nader 2000, p. 1).

²³ ‘Few low-wage jobs provide health insurance benefits ... Health insurance among low-income families remains a problem ... This problem has become more acute over time as health costs have climbed far faster than the rate of inflation’ (Blank 2000, p. 118).

a living wage amendment²⁴ simply mean that former welfare recipients, although working, are not in fact able to attain individual sustainability — the lauded goal of *workfare* directives. Instead, they charge, recipients simply join the ranks of the working poor. Bernstein and Greenberg argue that ending AFDC was meant to reduce the number of people on welfare, but that no subsequent replacement has put forth as its goal the abolition of *poverty*.

Throughout the 1996 debates ... there was much talk about the need to promote work and reduce welfare, but little discussion of the need to reduce poverty and promote the well being of low-income families (Bernstein & Greenberg 2001, p. 11).

Although the Australian experience differs in this regard, due to its ‘institutional history of labour relations’ (Yeatman 2000, p. 28), it is notable that the prevailing government rhetoric pushing mutual obligation in both countries enjoys widespread public support. Indeed, whether the public demonisation of unemployment is simply a reflection of the very ideology that has been pushed at the citizenry for so long,²⁵ or whether it is indicative of deeper moral convictions, is unknown. Where Bessant notes that mutual obligation ‘appeals to sentiments of virtue that strike at the consciences of many Australians who like to identify their moral life in terms of fairness, honesty, and equity’ (Bessant 2000, p. 22), Mead similarly argues that ‘the [American] popular response to the problems of the inner city is neither to expand nor deny assistance by itself. People do not want poor families or the homeless simply subsidized, nor do they want them thrown onto the street’ (Mead 1997, p. 13).²⁶ So while the principle of mutual obligation is, in many ways, gaining increasing support — even among some of its would-be fiercest critics²⁷ — what remains at issue is the ability of such a policy to produce what it promises.

²⁴ A consortium of social justice organisations, left-leaning political parties and organised labour have long been pushing for a living wage amendment that would ‘tie the minimum wage to inflation so that minimum-wage workers get automatic cost-of-living increases’ (Nader 2000, p. 1).

²⁵ Arguably, key elements of mutual obligation highlight precisely those individual characteristics so valued in American (independence, private property) and Australian (honest work for an honest wage) societies.

²⁶ Additionally, there is much anecdotal evidence to indicate that pro-employment mutual obligation welfare policy resonates with the majority of Americans.

²⁷ Macintyre argues that ACOSS seems to support the notion of mutual obligation, although it rejects the involuntary nature of the Work-for-the-Dole program (Macintyre 1999). Indeed, ACOSS literature does recognise the value of ‘the principal of balanced obligation between the Government and unemployed people’ (ACOSS 1999, p. 1).

The second key point raised by critics of mutual obligation is that policies mandating community service have traditionally been elements only of the criminal justice system, and so by extending them to young unemployed members of society, not only does that convey the message that these are citizens incapable of making their own decisions, it also fundamentally violates their human rights (Sidel 2000, p. 79). Bessant refers to this phenomenon as civil conscription, noting:

The mandatory aspects of community service also carry a heavy punitive significance given that mandatory community service has traditionally been associated with the criminal justice system ... are we to understand that the Federal government is proposing we should treat and punish unemployed people as criminals? (Bessant 2000, p. 30).

ACOSS further posits that work opportunities for the unemployed must be voluntary, lest they undermine the very benefit they set out to provide (ACOSS 1999, p. 7).

In the U.S., Mead, too, notes the harshest critics of the new paternalism cite the mandatory participation aspect as the most unjust, and yet he counters those claims not only with evidence suggesting that voluntary programs did not achieve their goals, but he also further validates Bessant's point by recognising that welfare policy has, in fact, become more punitive:

[After 1980] the politics of welfare became less right oriented. Before 1980 most federal officials viewed the welfare poor as disadvantaged and anti-poverty policy as a means of easing their burdens. In the Reagan era, in contrast, the deservingness of recipients came under more question and welfare came to seem permissive (Mead 1997, p. 46).

Current political acceptance of this trend, and its reinforcement in policy directives like PRWORA, is something many welfare rights advocates deplore. Critics further argue that the rhetoric's increased focus on personal responsibility stigmatises the individual unemployed person as 'at fault', while detracting from government accountability and more importantly, the underlying structural causes of the problem.

The central problem American society must deal with is not the character of poor women and the structure of the welfare system; the central problem is poverty and the multiplicity of ways it is embedded in the structure of American society (Sidel 2000, p. 83).

The third major critique of the legislation built on the new paternalism and mutual obligation is these directives' deplorable lack of job creation, skills training, and adequate employment benefits and, as a result, ultimate failure as long-term unemployment programs (Bernstein & Greenberg 2001, p. 15). For, without providing these basic elements — such as childcare, healthcare, transportation,

education, and skills training — governments not only fail to uphold their end of mutual obligation, they all but ensure that former welfare recipients are no better off than they were before.

[In PRWORA] there is no provision for jobs and if one finds work there is no assistance for transportation ... there is no childcare subsidy or provision of high level day care for the children of working parents. Moreover, this law contains no provisions requiring the states to provide educational or job-training programs for those displaced from welfare ... the 1996 legislation assumes that jobs are uniformly available (Eitzen & Zinn 2000).

PRWORA critics cite the long-term ineffectiveness of TANF by noting that in addition to earning incredibly low wages, participants are also subject to loss of Food Stamps and Medicaid once they are off welfare — thereby increasing their instability of employment while cutting back on the very supports designed to encourage working families. (Bernstein & Greenberg 2001, p. 13). Although PRWORA is largely directed at single-mother families, few states actually provide adequate childcare benefits. As a result, ‘a large proportion of disadvantaged child-care users pay for that care out-of-pocket’ (Meyers et al. 2001, p. 30). ACOSS notes that the most resounding failure of Work-for-the-Dole is that it offers ‘no training component in the program, meaning that many participants will not be acquiring transportable and accredited skills’ (ACOSS 1999, p. 7). Moss invokes Rawls’ ‘principle of fairness’ in critiquing this flaw of the government’s conception of mutual obligation, noting that because Work-for-the-Dole requires obligation from — but does not adequately provide for — the unemployed, the principle is not upheld (Moss 2001, p. 11).

Lastly, critiques of both programs highlight a concern for accountability. PRWORA critics cite the growing lack of enforceable accountability as federal governments shift responsibility to the states and Work-for-the-Dole critics note the same concern with regard to welfare services (historically the role of public institutions) being contracted out to private providers. Although PRWORA directed states to enforce time limits on assistance and provide the required workfare programs, the law was more focused on encouraging a reduction in welfare caseloads and did not mandate how states actually spend their block grant funding (Eitzen & Zinn 2000, p. 67). As a result, some advocates believe TANF should be amended so that ‘states describe how they plan to use block grant funds, report on how they actually used them, and make a commitment that funds will not be diverted to refinance other parts of the state budget’ (Bernstein & Greenberg 2001, p. 11). Stilwell similarly critiques the shift toward private provision of job placement services in Australia under the Howard government:

The former Commonwealth Employment Service was replaced by an essentially privatised process of job placements ... [this change] stems from a common neo-liberal ideology, emphasising incentivisation and the economic discipline of the marketplace rather than a state-centred model of regulation, redistribution, and welfare provision (Stilwell 2000, p. 36).

Conclusion

Most scholars concur that the ‘crisis’ of the welfare state in Western post-industrial advanced capitalist nations resulted largely from major structural and economic shifts including the end of the post-war boom, the increase of women in the workplace, the deregulation of financial markets, changing patterns of employment, and moves toward globalisation (Mishra 1999, p. 20). And yet, in tracing the emergence of welfare reform in the U.S. and Australia, it is interesting — as well as distressing — to note that policies attempting to address this ‘crisis’ have instead focused on the responsibility, or individual failings, of the recipients themselves.

As outlined above, welfare rights advocates and scholars on the left denounce the assumptions inherent in a politics of new paternalism and mutual obligation. Although the new paternalism has been portrayed as a rhetorical compromise between the ideals of a Keynesian welfare state and the politics of neo-liberalism, this appears untrue. As we have seen, proponents of new paternalism and mutual obligation centre poverty debates around personal choices, not structural causes, and in so doing echo the mantra of Thatcherite neo-liberalism: ‘there is no society, there are only individuals.’ In that sense, these new welfare ideologies are not departures from neo-liberalism, but rather the layers of its new face.

Sadly, though, opponents of new paternalism and mutual obligation offer little when it comes to alternate models of welfare provision (although most will concede that the old system created certain disincentives to work that needed revision). Unless advocates for socially just models of welfare provision that ensure citizenship rights can somehow sway the globalising neo-liberal trend off course, it appears the market-oriented ideology behind PRWORA and Work-for-the-Dole will only be replicated in future policy.

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