A common purpose: ethical, practical and transformative directions for public and housing policy in Australia [1]

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Introduction

It is an honour to deliver the 2003 Barnett Oration. As I read about Oswald Barnett's life and work, I was interested to learn that Oswald Barnett established a Study Group to promote housing reform, and its membership included G.K. Tucker. Tucker founded the Brotherhood of St Laurence, and I was privileged to work for that organisation for many years. Barnett, Tucker, and the Brotherhood all shared a commitment to significant social reform informed by social research, but also based on an ethical view of how society should operate for the benefit of all, especially those experiencing poverty and disadvantage. This type of commitment is noticeably lacking in many of the current debates about the direction of housing policy and of public policy more broadly. I will explore the lack of commitment to social reform in this Oration. In doing so, I mainly concentrate on the broader policy context, whilst also identifying some of the particular implications for housing.

There are some pertinent observations in the last three Barnett Orations, upon which I draw and extend. These are:

- serious and chronic housing problems,
- narrow and inadequate policy responses to these, and other, social problems,
- the lack of a clear sense of direction to inform a broader and more robust response, and
- the absence of an articulated ethical reason for a more concerted response.

In the last two Orations Peter Newman (2002) and Terry Burke (2001) highlighted problems with the limited policy responses to the serious problems confronting housing in Australia. These problems include the serious extent of housing disadvantage experienced by Indigenous people, those on the long waiting lists for public housing and those paying high and unaffordable rents in the private rental market. There are also unacceptable numbers of homeless people. Yet as Terry Burke reminded us, this housing disadvantage remains hidden. Most people who are satisfactorily housed are unaware of the extent and experience of the housing disadvantage of others. This hidden and unacknowledged nature of housing disadvantage mirrors the hidden nature of poverty and unemployment in Australians' consciousness more broadly (Johnson 2000, Peel 2003). In contrast, the problem of declining affordability of home ownership is publicly acknowledged. It presents a political threat to the Howard Government and is the focus of a Productivity Commission Inquiry. Even so, my prediction is that the Inquiry is unlikely to lead to significant policy change in terms of housing affordability for home ownership. The limited and narrow approach to housing policy is likely to continue.

This limited approach is very different to that taken by Osward Barnett and others. They understood housing disadvantage in a broad context and therefore demanding more complex structural responses. However, now Australia *'has narrowed the housing focus to safety net assistance and homelessness strategies'* rather than '*policies that address the structural problems underlying both homelessness and housing problems more broadly'* (Burke 2001:18). As Burke suggests, we have a policy vacuum. This vacuum applies to social and public policy generally, as well as to housing policy. It derives from the absence of a shared purpose for our welfare state, and in turn for social policy, public policy and housing policy. Terry Burke concluded that ..'*Housing is now crying out for leadership from a politician or policy influential, who like Oswald Barnett, can raise its profile and **create a sense of direction**'* (p8, emphasis mine). Behind the policy vacuum is the absence of a strong moral or ethical imperative to

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undertake social reform for the broader social good, as identified by Davidson (2000) in his Barnett Oration.

There is a pressing need for do something about the policy vacuum and to develop clear directions, as the three interactive forces of globalisation, economic change, and individualisation, are significantly (and often adversely), affecting the lives and prospects of individuals, families and communities. Government policy responses, dominated by neo-liberalism, are not helping people deal with these changes, and in some ways, are making things worse. The interactive forces are changing the nature of the labour market and the nature of family life (Giddens 2000, 2001; Esping-Andersen 2001, Saunders 2002)[2] with unequal impacts. The labour market position of low-skilled people has declined world-wide and the male breadwinner model has been undermined by male unemployment and increased female labour market participation. Recent research by Sue Richardson (Horin 2003) reveals a marked decline in the full-time employment of males in Australia. At least 20% of prime-age males – aged 25-54 were not in full-time work in 2003, and 35% of men aged 35-44 were not married and did not have a full-time job. These changes are related to a decline in Australia and elsewhere in the standard pattern of full-time, full-year employment for males that was characteristic of the post World-War 2 era and was critical in providing earnings security for males and for most families.

The changes in the labour market and in family structure have meant increased housing stress and uncertainty, especially for low-income families. Affordability problems are intensified by the fact that, '*Housing prices and rents have risen faster than the incomes of low-income households, especially in the last two years in Melbourne and Sydney*' (Berry 2002). The idea of the home is very important in our concept of security, (Woods 1999) but in Australia housing is now more insecure for many.

(INDENT) Under the 'old' social settlement, housing policy was premised on near universal home ownership and on a philosophy that good quality affordable housing benefited the society as a whole. In contrast, the 'new' social world is a 'risk society' where the stable markers of the past have given way to uncertainty and unpredictability and housing has become yet another 'risk' shouldered by individuals and families (Wulff 2001).

The salient housing changes have included:
- an increasing disconnection of home ownership from other life course events,
- a decline in home purchase for couples (under 35 years) with children,
- significant affordability problems, especially in Melbourne and Sydney, with house prices rising and one quarter of a million households paying more than 30% of income in rent,
- a move away from government support for low-income families' housing through public housing towards support of the private rental market (which is no longer transitional but a permanent tenure characterised by insecurity and lack of affordability), and
- an increase in homelessness affecting families with children (Wulff 2001, Burke 2001, Berry 2002).

Reflecting broader inequalities, these housing impacts are unequal. At the same time as the number of people experiencing housing stress increases, so also do the number of people investing in second properties, or in higher value homes. Terrry Burke (2001:14) points to the unequal spatial distribution in capital gains from housing and also that, '*The parallel growth of homelessness and of monster residential homes of 30 squares that have not real function apart from status takes us in many respects back to the inequalities of the nineteenth century*'.

Government policies are not tackling the inequalities in income, work and housing generated by broader changes. In many ways, especially at national level, the policy approach exacerbates inequality, for example through labour market deregulation and the lack of attention to job

[2] For a fuller discussion of these forces and their impacts see Green & McClelland 2003 and McClelland & Green 2003.

growth and to the supply of low-cost housing, and through proposed changes to Medicare and higher education. Or policies are too timid and limited to have any substantial effect, as illustrated by the limited resources provided for labour market and community building programs. Brennan and Castles comment,

(INDENT) Something significant has been happening in Australian institutional life over the last two decades or so – a kind of institutional repositioning, a move to a more competitive institutional order, increasingly like that of the United States and increasingly unlike that Australian egalitarianism of the past (2002:1)

The key contention of this Oration is we can and must retain our egalitarian tradition, but it will need to be adapted to a changed economic and social environment. The current policy response is a market-based, laissez-faire response (Yeatman 2002) that is completely inadequate. It is a response that is inequitable, unsustainable and far too narrowly conceived. We need to develop clear directions for our policies and we need to reclaim the ethical base for decisive government action against inequality, and articulate a common purpose for such action. The directions we develop must also be responsive to the very different social and economic arrangements that we now confront. They need to be both practical (capable of being achieved) and transformative (willing to assist in the creation of a different kind of society).

This Oration is in two parts. In the first part, I explore some of the sources of the inadequate policy response and its implications. The second part of the Oration canvasses some ideas for generating a common purpose, and identifies issues and principles for new directions for public and housing policy.

Public policy without purpose: sources and implications

Contemporary governments are often unwilling to explore, let alone commit themselves, to clear medium and long-term policy directions and objectives. Visions for the future are mostly economic in nature, but even here the priority given to containing uncertainty and risk outweighs any sense of the common good or common purpose. Consequently, through narrow economic policies and a focus on risk avoidance, governments have shifted the burden of uncertainty on to vulnerable people. Policy time frames have shortened and the control function of government has intensified (Cupitt 1999). Ideas of citizenship, social justice and need, have been replaced by risk and security, as the imperatives for government action. Policy approaches have seen risk transferred downwards away from those with power, towards those who are more vulnerable; and away from governments toward individuals and communities. Governments have become less concerned with the prevention of the risks faced by citizens, for example through full-employment policies or policies to provide public housing, and more focussed on ameliorative policies to assist people respond to risk, such as income tested payments and rental supplements (Mitchell 2000).

These are policies that have allowed inequality to continue and in some areas to increase, and policies that have been far too cautious, tentative and short-term focussed. These are policies based on the view that we need to wait for the future to unfold, rather than acting to create a future that will benefit all Australians. We need to understand the sources of these limited policy approaches if we are to reclaim a sense of direction and purpose, and if we are to deal with the inequalities that are being created by the changes and by the policy responses. Some of these sources include:

- The dominance of a narrow version of economic thought on public policy;
- The limitations of Australian pragmatism in responding to profound change; and
- The absence of an ethical imperative for action.

<u>Economic dominance</u>
One reason for the narrow and limited approach to public policy is the separation between economic and social policy in public policy decision-making, alongside the dominance of economic policy considerations. Housing policy is particularly affected by the dominance of

economic policy over social considerations. It is an area of public policy that has significant economic and social impacts. The dominance of economic policy over social policy is problematic for several reasons.

The first reason is that if public policy is dominated by economic policy, it is likely to give excessive priority to maximising economic growth, and to maximising aggregate material well-being, *as an end in itself*. Economic policy is fundamentally concerned with improvements to material well being. But material well being is not the same as individual and societal well being (Saunders 2002). Sen, the Nobel prize-winning economist reminds us that,

(INDENT) *it is simply not adequate to take as our basic objective the maximization of income or wealth, which is, as Aristotle noted, "merely useful and for the sake of something else". For the same reason economic growth cannot sensibly be treated as an end in itself* (Sen 1999:14).

Maximinising economic growth is a *means* rather than the *end* of welfare. Economic growth and material well-being does not include aspects of life that we regard as important to our well-being. *Beyond a certain point*, increases in income and economic growth do not necessarily improve important aspects of our lives, such as the quality of our personal relationships, the time we have for leisure and the quality of our social and physical environment (Saunders 2002). This is relevant when considering policies that encourage the development of larger and more expensive housing in Australia. To what extent does such housing really improve the level of personal and societal well-being?

Second, the *distribution* of well being and of economic growth is often explicitly rejected as fundamental to economic analysis. Yet, the way growth is obtained, used and distributed is critical to personal and societal well-being (Sen 1999) and should be a strong consideration of public policy decision-making. In Australia, economic growth has not been equally shared. Substantial and sustained growth over the past twelve years has been accompanied by continuing high levels of poverty and an increase in inequality (McClelland 2002) including housing inequality, as mentioned previously. And so, there are large numbers of people with such *low levels of material well being* that their overall well being and quality of life *is* significantly compromised.

Third, neo-liberal economics, which now dominates economic policy, is a particularly narrow and dangerous form of economic thought. It is largely indifferent to social considerations and advocates the kinds of means to achieve economic development – increased competitiveness and increased reliance on the market – that are more likely to see social goals and aspirations as having to take second place. The dominance of neo-liberalism has reduced government's willingness to manage economic globalisation and has contributed to policies (such as labour-market deregulation privatisation and spending cuts) that have worsened the impact of uncertainty on vulnerable people. Housing policy has been a casualty of neo-liberalism, aided by the dominance of the Departments of Treasury in various governments around Australia (Burke 2001). There has been very little interest over the past decade on the part of governments to improve the supply of affordable and secure housing through any substantial additions to public housing stock. Similarly there is little interest in action to change the unequal market allocation in housing that results from distortions, such as opportunities to negatively gear or to invest in high value home improvements that are free from the capital gains tax, or from any taxation of imputed rent.

There was a very different approach to economic management adopted for national reconstruction post-war. Then the approach to national development was to combine economic and social aspirations and to achieve them simultaneously through a range of institutions and approaches. But the kind of ethical and social consensus needed to integrate economic and social aspirations is lost a society dominated by aspirations for market-based consumption (Bauman 1998) and by a very narrow understanding of economic ends and means.

Fourth, the dominance of neo-liberal economic thinking on public policy decision-making has marginalised social policy. The dominance of neo-liberal economics is not conducive to integrated economic planning, let alone planning and decision making that integrates social and economic perspectives. As a result social policy and equity considerations are confined to the margins. Social policy is left to pick up the pieces – reduced to the role of compensating for the damage inflicted on people and on communities by economic policies. Most usually the economic decisions and actions are fragmented and piecemeal – the commercialisation and privatisation of our utilities, the changes to industrial relations legislation, the introduction of more user charges into our education and health systems, the dismantling of trade barriers, changes to taxation and so on. In each case the justification is that it is much better to make the change to enhance efficiency and to deal with equity in a more cost-effective way through the welfare system – for example, through income-tested rental supplement to deal with the problems of housing affordability.

However, the final point is that social policy has also been colonised by economic thinking. Not only must social policy increasingly pick up the pieces and ameliorate the damage created by economic policies that rely excessively on the market, it must also operate more according to market principles and business rules. So we have services delivered through tight contracts, with output based funding often determined competitively. The victims of the market must be exposed again to its rules as part of any assistance to be delivered. The problems associated with this are well known and documented. Particular dangers include a focus on the short-term, and an ignoring of the importance of the careful building and sustaining of close supportive social relationships, and of community relationships. In a previous Barnett Oration, Davison (2000) also pointed to the danger of welfare agencies losing an ethical basis for social reform, as a result of their experience with constractualism.

<u>Australian pragmatism</u>
Australian pragmatism is another, less obvious reason for the absence of a strong sense of direction. Jill Roe (1976) argues that historically, Australia has had a pragmatic approach to social policy -–doing what seems to work and to be reasonable – rather than policy development based on any strong ideological stance. For example while our recent welfare reform exercise has been driven to some extent by an ideological concern about welfare dependency, it has also tended to avoid the very punitive approach taken by the United States.

This pragmatic approach is also illustrated in our rather unique welfare state, which as the *Worker's Welfare State*, has differed from the "liberal market model" of the United States but also from the more collectivist and social democratic models of Europe and Scandinavia. We have tended to chart our own way, based on what seemed to work for us, rather than follow a model based on a clear ideological direction. In some respects, including a strong historical role for the voluntary sector in the delivery of welfare, Australia has already charted a *Third Way*. However, in contrast to the British Third Way, and also in contrast to the higher spending and taxing European and Scandinavian social democratic countries, Australia has traditionally sought to achieve its welfare objectives through the regulation of wages and employment conditions (Castles 2002), and high levels of home ownership. It has avoided any strong commitment to taxation and expenditure by government. Our low tax status is often celebrated.

But the conditions for the positive welfare outcomes achieved through the Worker's Welfare State (which did not cover a large number of women or Indigenous Australians) have broken down as a result of the interactive impacts of the following:

- The end of full-employment, especially full-year, full-time employment alongside the growth in non-standard employment.
- Increasing rates of marital separation and divorce.
- Declining home ownership and increased housing insecurity.
- Increased long-term reliance on income support.
- The dismantling of protection and deregulation of industrial relations, with increased earnings inequality and pressures on low wage growth.

- Increasing complexity of need in areas such as health and community care, education, family support and population aging, transport and environmental protection.

Australia is not unique in facing difficulties such as the end of full-employment, changes in family structures and formation, and the increased complexity of need. But it is different in terms of its traditional reliance on industrial protection for the survival of the Worker's Welfare State, and its resistance to higher levels of taxation and public spending to secure egalitarian outcomes. As a result, Australia lacks the background of political support to raise the revenue it now requires to deal with the demise of the Worker's Welfare State, partly because this has not been a priority of labor movements in the past in Australia.

During the 1980s and early 1990s, the Hawke and Keating Governments maintained this pragmatic approach to welfare and contained the increase in poverty and inequality through targeted expenditure paid for by spending cuts in areas of low priority, tighter targeting of welfare support and assets sales. Support for public housing was one of the lower priority areas and there was a real decline in spending on public housing over the period. However these kinds of actions are unsustainable as a means of ongoing financing if the policy concern is to contain inequality. And therefore, Brennan and Castles pessimistically conclude that there is a '*low probability of the redistributive role of wage regulation being taken up by other policy instruments that demand substantial public revenue'* (2002:23). It is questionable whether the political support for increased taxation can be achieved without a strong and clear articulation and acceptance of a common purpose of welfare, and of a common interest in government action.

<u>No ethical imperative for equality</u>
The acceptance of higher taxation also requires that our judgement about what is morally correct and obligated is seen to involve mutuality, all citizens, and not just those dependent on welfare (Culpitt 1999). The problem is that, as Deacon (2002) suggests, we have neglected the ethical and moral case for reciprocity, for collective action that is concerned to achieve well being for all and to deal with inequality. This is important because,

(INDENT) *How a society organises and manages the welfare of its citizens tells about its social and economic priorities, its hierarchies, its inequalities, its cultural practices, and its response to change….Above all ..welfare is about the moral choices we face. These moral choices arise in public policy, as they do in social practices and in personal relationships. What are our responsibilities one for another?* (Williams, 2000, cited in Deacon 2002:9).

Deacon's point is that over the past three decades, since the work of Titmuss, advocates of action against inequality have neglected to articulate the ethical case for a collective responsibility for welfare and, in particular, for dealing with inequality through government action that redistributes resources. In doing so, the ethical case for welfare has been taken up by a morality that places greatest priority for acting against dependency rather than dealing with inequality. Deacon identifies five perspectives on welfare that are not mutually exclusive, but which have a different understanding and articulation of the role and purpose of welfare and a different ethical perspective. The first places priority on acting against inequality, the remaining four are more concerned with welfare dependency. These are:

- *Welfare as an expression of altruism* as articulated by Titmuss, drawing on the ethical understandings advanced by Tawney. This presents the ethical case for a more equal and socially cohesive society. Redistribution enables the expression of altruism and also the development of human and social potential.
- *Welfare as a channel for the pursuit of self-interest* based on the utilitarian notions of the rational person acting to secure their own welfare. This understanding is compatible with much neo-liberal economics and has a system of incentives to enable this expression of rational self-interest. Charles Murray is the well-known advocate of this view of welfare.
- *Welfare as the exercise of authority* based on the view that people are not always capable of acting in their own self interest. The New Paternalism advocated by Laurence Mead is the

contemporary articulation of this view, which was very influential in welfare reform in the United States and the a lesser extent in the United Kingdom and Australia.

- *Wefare as a transition to work.* This view really arises from the previous two perspectives, although it can also be compatible with the Communitarian perspective identified next.
- *Welfare as a mechanism for moral regeneration* based on the view that a key task of welfare is to develop our sense of community responsibility and membership. Communitarianism, as advocated by Etzioni, is an expression of this view. According to Deacon (2002:70 &71), '*Communitarianism seeks a "new moral order" in which members of society share common values and there is a "moral infrastructure" based around "the family, the school, the community and the wider community or communities"*. Reciprocity is a strong value of communitarianism, but communitarianism also supports the conditionality of welfare payments. The case for conditionality of welfare rests on the moral case for compelling community responsibility.

Deacon claims that the last four perspectives are having the most influence on public policy in the United Kingdom and in the United States (and one could add, in Australia). And until the ethical case for greater equality is articulated, such perspectives will continue to be more influential.

The dominance of economic thinking on public policy has also contributed to a neglect of the development of an ethical concern about inequality. Economics as a discipline provides us with knowledge about how to allocate our scarce resource. However, despite its beginnings, more recently that knowledge has neglected the ethical questions around resource allocation, and seen the problem in narrow technical terms. Amartya Sen has been a strong critique of this neglect. He tells us that economics had its origin in philosophy and in engineering (1987). Modern economic theory has mainly concentrated on the latter, which is about logistical issues and the solving of resource allocation questions as technical problems.

The ethics-related roots go back to the work of Aristotle and deal with two central issues. This first is the ethical problem of human motivation, which is related to the 'central ethical question of ''How should one live?" (Sen 1987:3). The second is the judgement of social achievement, which needs to go beyond an arbitrary judgement about satisfying efficiency and an aggregation of personal well being, but take 'a broader view of "the good"' for a given society. However while a number of earlier influential economists (including Adam Smith) had a background in philosophy and considered the ethical questions as central to economics, the focus on ethics has,

(INDENT) '*rather substantially weakened as modern economics has evolved. The methodology of so-called "positive economics" has not only shunned normative analysis in economics, it has also had the effect of ignoring a variety of complex ethical issues which affect human behaviour and which, from the point of view of the economists studying such behaviour, are primarily matters of fact rather than normative judgement'* (Sen 1987:7).

In contrast, social policy is more explicitly concerned with normative questions about goals, purpose and values, social relationship and how welfare should be distributed. However, it is arguable that social policy has also become more technical, asking more how things *can be done*, than what *should be done*, perhaps as it is has become more influenced by economics (as discussed previously).

Towards a new sense of direction

In his Barnett Oration, Terry Burke (2001) said that we should find *new* solutions for a different world, and we should not continue to rely on the *old* solutions. We need a different configuration of our welfare state (Saunders 2002, Esping-Andersen 2001). But, without a strong sense of what we want to achieve and what we should do - a sense of direction and purpose - the debates about the reconfigured welfare state are presently concentrating more on the *means* rather than the *ends* of welfare and policy. These are debates about 'joined-up government', partnerships and networks and the promotion of social capital – important debates but in the end inadequate, unless they are informed by a sense of what we want to achieve from these different ways of doing things.

In developing a new purpose and direction, we need to respond to a different environment, and also respond to some strong and relevant criticisms of past approaches to social policy and to welfare states. This means that:

- First, we need to reclaim the ethical base for decisive government action against inequality. This ethical case for action is based on respect and fellowship.
- Second we need practical policy directions that combine a commitment to equality and freedom in a social context. Such directions should enable a better balance of action to promote individual agency and empowerment, with action to deal with the structural determinants of welfare. They should support active citizenship and recognise the importance of social relationships.
- Third, the policy directions must respond to diversity. Responding to diversity in a way that genuinely promotes inclusion will require radically transformed institutional arrangements.

<u>The ethical case for greater equality: respect and fellowship</u>
Not all countries have responded to the big economic and social changes of globalisation and economic restructuring with increased inequality. Countries make choices about the extent of inequality they will tolerate, based at least partly, on dominant ideologies and moral values. The significant development of welfare states in the English-speaking countries particularly, following the Second World War, was informed by the ethical perspective of Tawney and, drawing on Tawney, of the work of Richard Titmuss. However, the discussion in the previous section identified the fact that very different ethical views are now informing the English-speaking welfare states. This is a problem and an ethical case for acting against inequality needs to be reclaimed and restated.

While the views of Tawney and Titmuss are not exactly the same, essentially they shared the view that significant inequalities denied human worth, did not allow good behaviour to flourish, and undermined society, which needed to develop a common culture (Deacon 2002). This ethical perspective, is evident in the following quotation from Tawney.

(INDENT) 'It is these simpler and more elementary considerations that have been in the minds of those who have thought that ***a society was most likely to enjoy happiness and good will, and to turn both its human and material resources to the best account, if it cultivated as far possible and equalitarian temper, and sought by its institutions to increase equality****……"Equality"….may either purport to state a fact, or convey the expression of an ethical judgement. On the one hand it may assert that men are, on the whole very similar in their natural endowments of character and intelligence. On the other hand, it may assert that,* ***while they differ profoundly as individuals in capacity and character, they are entitled as human beings to consideration and respect, and that the well-being of a society is likely to be increased if it so plans its organisation that, whether their powers are great or small, all its members may be equally enabled to make the best of such powers as they possess'*** (Tawney 1931 cited in Tawney 1964: 46&47 – emphasis mine).

Tawney, a Christian Socialist, was writing about 1930s England with its class divisions. However there are a number of aspects about Tawney's ethical concern with promoting equality that are still relevant, and which can form an ethical basis for action against inequality in Australia today. The basic ethical belief is that all humans are entitled to equality of respect by virtue of their common relationship to their creator (Deacon 2002). Many who do not share Tawney's Christian beliefs, could still agree with Tawney that we are all entitled to respect, with this entitlement deriving from our common humanity. For example, Higgins and Ramia's understanding of social citizenship, derives from the ethical view that '*all individuals are subjects or moral agents'*. They are all '*equally entitled to think, plan and act around their own chosen* *values and purposes*'. The value of individuals derives '*from the inherent dignity of conscious human life. This view emphasises moral understandings that govern relations between subjects of equal dignity*….' (2000:136).

This view of people as subjects, or moral agents, is central to the ethics of equality for as Ryan comments, '*respect is denied when we treat people as objects, not as subjects'* (2003: 32). A key concept behind Tawney's ethical imperative around equality, therefore, is the importance of respect. Respect is an idea that is gaining currency in writing about poverty and inequality, perhaps because our welfare arrangements have become so paternalistic that we are in great danger of humiliating people rather than treating them with respect. The toleration of significant inequalities also indicates a lack of respect (Ryan 2003). Sennet (2003) writes about the difficulty of retaining respect when substantial inequalities exist, and particularly when the focus of welfare is on reducing dependency. For Titmuss, non-judgemental welfare practices were ethically important (Titmuss 1964).

Tawney saw two key principles flowing from the moral view that we are all entitled to equality of respect (Deacon 2002). The first is that all people are therefore entitled to the resources that they need to develop their potential. It is therefore unethical if the distribution of resources means that some are without sufficient resources to develop their potential, while other have excessive resources. Tawney would have regarded the current inequalities in housing today as morally unacceptable, with some people allocating excessive resources into unneeded housing wealth and others unable to obtain secure affordable housing.

The second principle is the principle of fellowship. Deacon sees Tawney's idea of fellowship as '…representing the kinds of social relationships that follow from an acceptance than all are of equal value; that all merit the same respect and consideration' (2002:16). This stresses the development of a common culture. Fellowship is violated if inequality erodes our sense of what we have in common. Tawney and Titmuss argued that societies were more likely to develop economically and socially, if they had a common culture. Titmuss (1964) also advocated universality of service provision as a way of promoting social integration. In contemporary language, we are concerned if inequality erodes social cohesion or social capital. There is a renewed interest in social capital and social cohesion, based on research and analysis that points to the importance of trust, of community connections, and of effective and inclusive institutional arrangements, for social and economic development (Healy & Cote 2001). As Hewitt comments,

The free marketeers forgot something that Adam Smith himself never forgot: that markets depend on non-market institutions, on trust, on relationships between people and within communities, on norms and good behaviour, on social capital. *Destroy that and not only do you destroy efficiency, but you also destroy the conditions for a good life* (Hewitt 1996:xi)

I will return to a more detailed discussion of the importance of promoting relationships later. The salient point for here is that a strong ethical reason for a concern about inequality of material welfare in affluent countries is the impact that inequality has on the *quality of social relationships* and, in turn, the impact this has on the expression of respect*.* This is very important to understand in wealthier countries, where poverty and inequality is not necessarily accompanied by threats to physical survival or even extreme physical deprivation. The ethical case for concern can be unclear. A reminder that inequality undermines social relationships and undermines respect, helps us articulate a contemporary ethical argument for acting against inequality. It is why a concern about growing inequality cannot be dismissed as the politics of envy.

<u>Policy directions that combine a commitment to equality and freedom in a social context</u>
Having identified the ethical case for acting against inequality, in order to go further with clear policy directions, we also need to clarify the kind of inequality about which we would be concerned. Tawney's first principle would have us understand that inequality that compromises the development of well being and individual potential, is unacceptable inequality.

But what do we mean by *well being and individual potential*? There are several points here that we can take from the work of Amartya Sen (Nussbaum & Sen 1993, Sen 1993, Sen 1987 and Sen 1999). First, a person's well being needs to be seen in a social context, and is more that the maximisation of their own position, as we are also concerned about the achievements of others. Second, examining a person's well being at a given point of time is a limited way of assessing if they are enhancing their potential. People can adapt to less than ideal situations. Their circumstances can diminish their capacity to achieve their potential and can limit their preferences. And so Sen sees the purpose of welfare as the achievement of *agency freedom*. He sees agency freedom as the substantive opportunities that people have to pursue their own goals. These goals can include an improvement of the well being of others and also need to be understood in a social context. Sen comments, '*Greater freedom enhances the ability of people to help themselves and* ***also to influence the world****, and these matters are central to the process of development'* (Sen 1999:18, emphasis mine).

This idea of agency freedom also gives us some understanding of how we can combine a commitment to equality with a commitment to freedom, as respect for a person also requires that we value their freedom. However we are looking at a 'rich conception of freedom' (Korgaard 1993) that *is resource dependent* and therefore close to the idea of positive freedom – the freedom to be able to achieve rather than the negative freedom notion of non-interference (Pettit 2000).

What may be the critical freedoms or areas of individual potential (coined also by Sen as capabilities) with which we should be concerned? Sen (1999) identifies a number that contribute to the development of *agency freedom*, and are also aspects of agency freedom, and in this sense are both ends and means. These freedoms are not meant to be exhaustive and are:

- Political freedoms – related to civil rights in their broadest sense
- Economic facilities – the opportunities to use economic resources to improve material well being. To achieve this freedom requires access to economic resources such as income and capital as well as the freedom to engage in the market.
- Social opportunities – for health care and education as key examples, to enable better lives and assist political and economic participation.
- Transparency guarantees – 'the freedom to deal with one another under guarantees of disclosure and lucidity' (Sen 1999:39). This raises the importance of trust in institutional arrangements, of open government, of the fairness of our institutional rules. This is very important in the new risk society. It also reinforces the importance of active citizenship.
- Protective security – the importance of an effective safety net.

Adequate housing is a precondition for a number of these freedoms including economic, social and protective.

Higgins and Ramia (2000) identify three criteria for social citizenship in Australia. These criteria are very compatible with Sen's idea of freedom. They are:

- Individual autonomy, the achievement of which is also resource dependent and which contains notions of positive freedom.
- Equality and justice, which involves a '*pattern of distribution of physical, cultural and social resources that equips each individual with the widest possible range of options and that minimise relative deprivation*' (p141).
- Democratic forms of association meaning a commitment to participatory democracy.

Social arrangements and institutions are critical to the achievements of such freedoms, and to the meeting of these criteria. This issue is covered later in the Oration.

The significance of identifying the purpose of welfare as agency freedom, is that it enables us to have a direction for public policy and for social policy that is concerned with individual autonomy and also with equity and justice. Most importantly, it sees them as mutually reinforcing rather than inherently opposed. It helps us achieve a balanced approach to dealing with the structural determinants of welfare and with the development of personal agency. This is because a person's critical freedoms are resource dependent and socially grounded, and also because they are intimately connected with the well being and freedoms of others.

One of the significant divisions in social policy and in political ideology is the different in priority given to understanding social problems either as structurally or socially determined or as arising from an individual's behaviour. We are now seeing a very strong backlash against the structural/rights approach that tended to dominate social policy from the 1970s onwards. Much of the critique is an ideological attack on the structural understanding of social problems. However, Deacon (2002) makes the useful point that when the focus of social policy became restricted to only dealing with the structural determinants of material inequality, it neglected to deal with the importance of human agency in making meaningful choices. Policy directions need to acknowledge the importance of human agency and autonomy. But in accepting this, we should still see structural solutions as central. Many current policy approaches (such as welfare reform) do not do this and we have gone much too far the other way. This is victim blaming and it takes our gaze away from the needed solutions such as more jobs or an increased supply of affordable housing.

Valuing individual autonomy and wanting a better balance between the individual and the structural leads us to an *active* rather than *passive* understanding of citizenship. Public policy has been legitimately criticised for understanding citizens as passive consumers of welfare, rather than as a reflective agents (Hudson & Kane 2000). But active citizenship is not necessarily achieved through the 'active society ' approach of the recent welfare reform initiatives. These reforms aim to get the person on welfare 'active', but do not allow the person power and autonomy in decisions about their future, or about the future of others. A key feature of active citizenship is therefore the ability to participate in decisions affecting one's own future. The other critical feature is the ability to also make a contribution to community life more broadly and to actively participate in community decisions.

The ethical imperative for respect, and the principle that citizens should be able to develop to their full potential, also means that we need to reassert the importance of relationships to the business of government and to public policy. Research evidence clearly identifies that close and supportive relationships are fundamental to the health and welfare of adults and for the development of children. Research is also pointing to the importance of social cohesion for social and economic development (McClelland & Green 2003). Yet public policies have not valued relationships. This is relevant for housing policy as housing impacts on relationships. Housing security is important for children's development, the stability of family life, its connection into the community and for development of social capital (McClelland 2000).

Social exclusion and social cohesion are connected to the inclusiveness, equity and responsiveness of our institutional arrangements such as the education and training systems, the labour market and our health and social support arrangements. Government action has been to reduce the inclusiveness of these institutions. The industrial relations environment is now much more fragmented with the encouragement of individual and enterprise bargaining. Action in the health and education areas has been to encourage an opting out of public provision by those with the means to do so, alongside worrying trends towards greater inequality of opportunity, particularly in education participation and attainment (McClelland & Green 2003).

A different approach is needed. While governments cannot legislate for good relationships, policy directions can provide the conditions under which good relationships are more likely to flourish. This requires at least three critical changes. First greater attention to improving the material well being and economic security of families (including their housing security), second, providing services that strengthen family relationships, and third ensuring institutional opportunities for connection and inclusion between social groups.

Recognising and responding to diversity with radically transformed institutional arrangements

Charting new policy directions to ensure institutional opportunities for connection and inclusion must be cognisant of diversity – the diversity of groups, of needs and of the different paths that people may take to achieve their full potential. The old Male Breadwinner's Welfare State was based around the common experiences and needs of white males in Australia. Many groups were excluded from the full rights of social citizenship. They were women, Indigenous people, people from different ethnic backgrounds, people with disabilities, and people with different sexual orientations. The old welfare state is now also less relevant for many males, as their working lives become increasingly diverse. The challenge for public policy is therefore to accommodate difference and diversity while also promoting social cohesion. How we achieve this needs much more discussion and debate. However, without universal services and policies that are also respectful of difference, we are likely to see diversity accommodated through greater private provision and this will undermine our common citizenship.

Respect for difference also leads us to the understanding that an equitable approach does not necessarily mean equal treatment. If we really take on the ethical imperative of respect for each human being, and are committed to Sen's capability view of welfare, then we need to provide greater resources to those who need more in order to achieve a given level of capability or agency freedom. Tawney considered that if we really wanted individuality to flourish, we would eliminate barriers to the exercise of individual autonomy based on the inequalities experienced by different groups. He stressed that ' *equality of provision is not identity of provision. It is to be achieved, not by treating different needs in the same way, but by devoting equal care to ensuring that they are met in the different ways most appropriate to them*…' (1931 in 1964:49&50).

To achieve a respect for difference and still strive for a common culture that fosters common citizenship, we will need to eliminate a number of barriers for full participation by different groups in spheres such as work, education, in political and cultural life, and in access to services. For housing policy, we may need to think of diverse routes into home ownership (or to housing security more broadly) as an important way of accommodating difference. Or we may need to rethink our limited approach to social and public housing and also question if there are too many dangers in relying on income subsidies for private rental accommodation as an 'easy' way to accommodate diversity of housing need.

Critically, the elimination of barriers for full economic, social and civic participation by different groups, requires a preparedness to radically transform our institutional arrangements, just as we have prepared to radically transform our economic arrangements in the interest of economic sustainability and international competitiveness. If we want to chart a new direction for public policy that is not marginal, but combines a genuine commitment to equality, personal agency and inclusiveness than we must change the way key institutions work. This applies especially to the labour market and to our income support system, as most people obtain their income security through these institutional arrangements.

Changes should aim to make paid work more equitable and accessible for a broader range of groups, including women and people with a disability. Full-time work is still organised around the needs of able-bodied men with no caring responsibilities. Part time and casual work is still a more marginal form of employment for the rest. A radically different understanding of what we mean by full time work and how that work is organised, is needed to promote the full economic participation of women. This needs to be in the context of a more radical understanding of and commitment to, full employment.

Related to a different understanding of full employment, changes to the labour market and to the tax/transfer system must further break down the dichotomy between work and welfare to enable people to undertake a range of activities in different combinations throughout their lives. This includes combinations of work and study, work and leisure (as we move into retirement more gradually and flexibly) and work and caring. To ensure that we genuinely do value social relationships, caring activities should have much greater recognition, and we should be encouraging both men and women to engage in caring activities without sacrificing their capacity to undertake paid work. While Australia's income support system has some important strengths in its acknowledgement of caring activities, such support still tends to be limited, to marginalise carers and to regard it as a female only responsibility. We commenced an important debate about work and family earlier this year that, in line with a number of debates about critical issues, has now stalled and narrowed.

One useful idea for radically transforming the labour market and the tax/transfer system, is Gunther Schmid's(1998) proposal for Transitional Labour Markets (TLMs). The Social Settlement Project, conducted by the Centre for Public Policy in conjunction with the Brotherhood of St Laurence and the Committee for Economic Development of Australia, is currently investigating this idea. The TLM proposal can be understood as a contemporary version of full employment in the context of diversity. It proposes that we should think of full employment over the life course, rather than at one point in time. We could, for example, have full employment meaning that all would be expected to work for an average of 30 hours per week over a lifetime. At different times during a person's life they would have different combinations of paid work and other activities, and they would also receive income from a combination of paid work and income support. The proposal could allow people to undertake different combinations of work and welfare according to their personal circumstances and in that sense is more inclusive than current arrangements. A TLM is also meant to assist people make transitions from one set of combinations (for example, combinations of work and caring, or work and study) to another, without being disadvantaged in the labour market, and it that sense promote equity. The proposal could transform our understanding of income support from a residual system, to a more universal system from which will all benefit throughout our working life.

Changes such as TLMs will be affected by how we understand and finance housing security, as well as about our housing aspirations – the type of housing we need and want. People's capacity to obtain housing finance is intimately connected to the extent and security of their labour market participation. For example, we suspect that the more insecure labour market participation of a large numbers of young people may be affecting their prospects of housing security, as they are unable to get to afford home ownership. And at the same time, others are working excessive hours to finance an aspiration for larger and more expensive housing. It is unlikely that they will be prepared to work in different ways unless these aspirations are reconsidered. But the way the housing market itself operates will also have to change substantially. The housing market is becoming increasingly inequitable, and home ownership is now much more inaccessible, even for those with secure full-time work.

Whether the transformed institutional arrangement include TLMs, or whatever the form of a different housing market, Australia's approach to taxing and spending, must change. The demise of the Worker's Welfare State means that Australia cannot remain a low tax and spending country, and still provide welfare for its citizens in an inclusive and equitable way. We will need a substantial increase in tax revenue and to consider different forms of revenue raising. Possibilities include a greater use of hypothecated taxes, carbon taxes (or some form of environmental taxation) as well as the taxation of excessive wealth accumulation that does not have a national economic or social benefit (for example through some form of inheritance taxation). Such ideas are not politically easy, but neither are they impossible, especially if they are clearly part of policy directions that have a strong common purpose and are of widespread community benefit.

Conclusion

Australia's welfare state, based on full employment of a male breadwinner, included high levels of home ownership with public housing as a backup for low-income people. The end of this welfare state, and the rethinking of direction that is required to develop new arrangements, must consider different ways for providing housing security in an inclusive and equitable way. We are not achieving this at the moment. The central argument of this Oration has been that we will not achieve it until we articulate an ethical case for government action to achieve greater equality. This provides a common purpose for charting a clearer directions for a public policy approach that is committed to action to provide the resources for all to achieve their full potential, so they can participate as active, reflexive citizens in the achievement of their own well being, and in the achievement of the welfare of others. It is a relationship-base policy approach that is inclusive of diversity, but also respectful of our common humanity. We are a long way from it but it is the kind of direction we need to inspire, engage and unite.

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