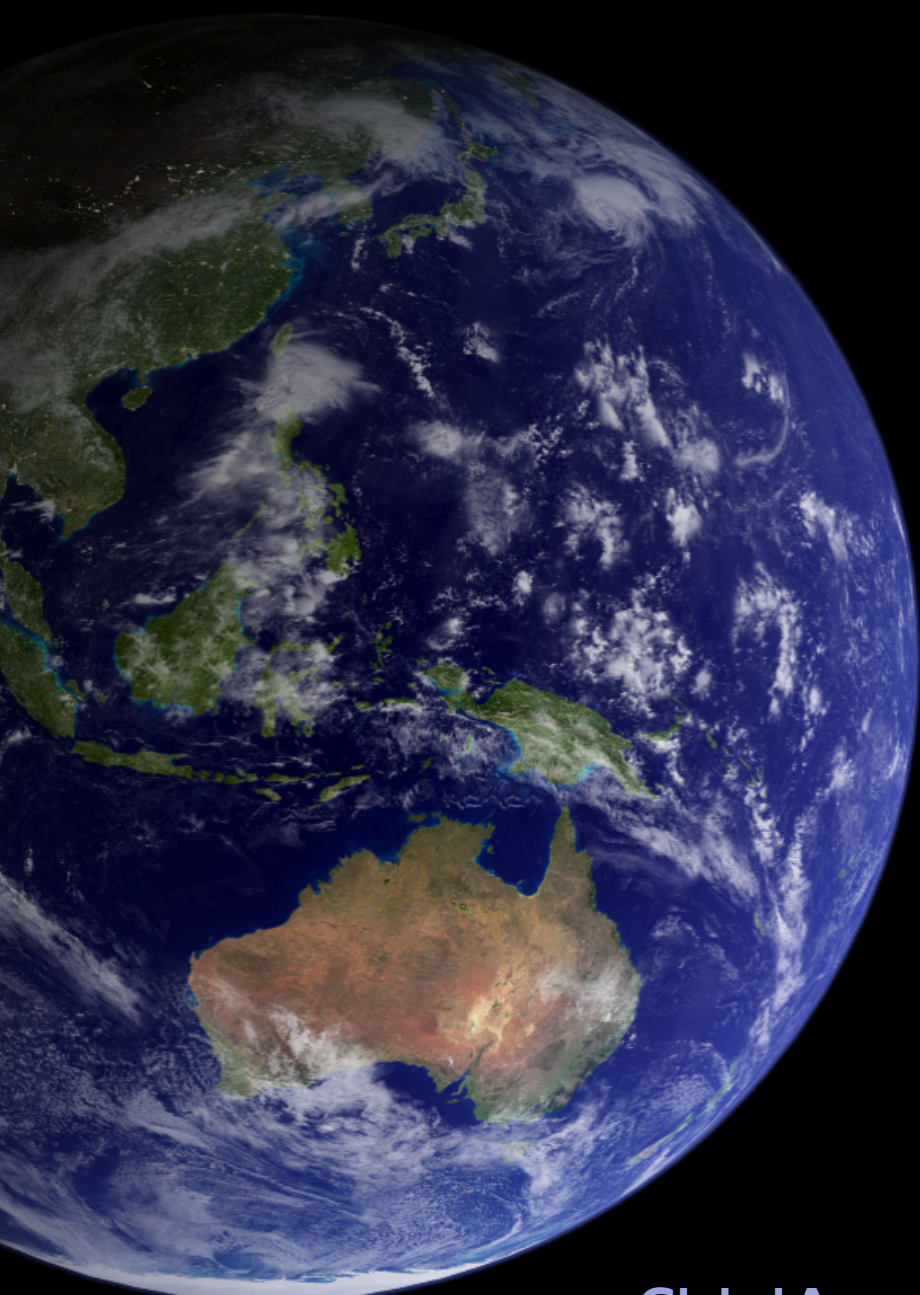**GAP & IIER-A National Resilience Project**

Trust, Social Cohesion and Resilience:

A Conversation-Starter for Australia

February 2021

Global Access Partners
Institute for Integrated Economic Research Australia

This report is part of a National Resilience Project established by the Institute for Integrated Economic Research – Australia (IIER – Australia) and Global Access Partners (GAP). It focusses on trust and social cohesion as vital foundations for resilience, how these are in danger of being eroded, and how they can be protected and enhanced.

The participants included (in alphabetical order): Paul Atkins, Mark Crosweller, Mike Jackson, Pamela Kinnear, Margaret Moreton, Stephen Mugford and Robert Styles.

TRUST, SOCIAL COHESION AND RESILIENCE: A CONVERSATION-STARTER FOR AUSTRALIA

Part A: Framework and Current Situation

Paul Atkins, Mark Crosweller, Mike Jackson, Pamela Kinnear, Margaret Moreton, Stephen Mugford and Robert Styles

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EXECUTIVE SUMMARY

SECTION 1: Introduction and Overview

i.   This report is part of a bigger project on national resilience established by The Institute for Integrated Economic Research – Australia (IIER – Australia) and Global Access Partners (GAP).

ii.   The report focusses on trust and social cohesion as vital foundations for resilience, how these are in danger of being eroded, and how they can be protected and enhanced. This is Part A and covers our argument and a brief description of some key features in the modern context. Part B will offer concrete recommendations.

iii.   A dynamic approach to resilience is essential and this involves not just 'bouncing back' but also 'growing forward'. Our definition of resilience is:

The capacity of a community or society to adapt to, recover, and grow from the threats and challenges faced, and create a better future where citizens can thrive. Furthermore, a resilient community or society will do so without harm to other communities or societies, or the sustainability of the planet.

iv.   Australia is at critical point of change, a potential 'tipping point'. Covid-19 has highlighted vulnerabilities and inequities as well as raising questions about what sustains or damages resilience. Trust has been falling, social cohesion is under threat, the basis for resilience may erode rapidly unless we act purposefully.

v.   Australia is not alone in this regard. Some trends are world-wide, linked to long term change. When we compare Australia with other countries this is instructive. Some countries are doing better, others worse.

vi.   The matters that underlie resilience, trust and social cohesion are wide ranging. We have tried to highlight core arguments without over-simplifying, and to point to key source material.

SECTION 2: Trust, Social Cohesion and Resilience in the Current Context

vii.   A PEST analysis is employed to organise the key factors in the explanation. The political, economic, social, and technological elements interact and throw up numerous challenges to cohesion and trust.

    a.   *Political factors.* During the period 1945-19, inequality in richer 'Northern' countries[1] decreased and trust in governments was high. In the decades

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[1] Conventions that provide short-hand labels for richer and poorer nations have varied over time. The idea of North/South points to the fact that most rich countries (not Australia!) are well north of the equator and most poorer countries are further south.

since, under market -oriented prerogatives, inequality has increased and trust fallen, threatening social cohesion and resilience.

b.   *Economic factors*. The many facets of globalisation have also created winners and losers. For example, middle income earners in the North have 'stood still' while the rich have accelerated away. This generates feelings of 'relative deprivation', leading to resentment and distrust.

c.   *Social factors*. The 'grand narratives', of religion, progress, continued economic growth under capitalism, emancipation under communism, have lost their force. Society has become more horizontally as well as vertically differentiated. Previously disadvantaged sectors of society – women, racial minorities, first-world communities, LGBTQIA+ groups, the disabled - have asserted their legitimate rights. Numerous other changes have tended to create a more fragmented or privatised society, with lifestyle 'niches'.

d.   *Technological factors*. Ubiquitous forms of communication have emerged. The internet, social media and multi-channel communication have replaced 'authoritative' one-to-many broadcast outlets. The cacophony of voices enhances effects like polarisation, filter bubbles and so forth.

viii.   The factors identified by the PEST analysis are all at work in Australia. In particular, there has been a long-standing history of egalitarian approaches to social and economic life and a commitment to mateship. The tax and transfer system has offered structural support for this. Now this is under question, inequality is growing and trust—in governments and to some extent across the board—is falling.

ix.   International comparisons. The US has much higher levels of inequality than Australia, much lower trust, and is deeply polarised and conflicted. Scandinavia in contrast scores well on limiting inequality and has high levels of cohesion and trust.

SECTION 1: Introduction and Overview

The Institute for Integrated Economic Research - Australia (IIER-Australia) has partnered with Global Access Partners (GAP) to develop proposals for the establishment of a National Resilience Framework for Australia.

As part of this effort, various sub-streams were established to explore different aspects of Australian social, economic, and political life as they might relate to and inform a National Resilience Framework. The goal of these sub-streams is to address specific elements of Australian society and assess their role in supporting national resilience, and to publish the results and conclusions in a way that will stimulate public discussion, and both inform and challenge political and public decision makers. This document outlines the results of the sub-group devoted to understanding social and cultural aspects of Australian life relevant to questions of our resilience.

1.1   Trust and social cohesion are vital foundations for resilience

We define cohesion as the quality of shared relationships, and trust as the perception of the reliability of the other. There is an important feedback loop: **social cohesion** promotes **trust; trust** promotes **social cohesion.** The two together underpin resilience. Social cohesion enables and derives from social activity, especially collaborative and supportive activity built on a foundation of trust. Strong, trusting social bonds that survive and thrive in the face of differences – of opinions, beliefs, life circumstances and living conditions – are crucial for a society or community to be 'resilient', especially when confronted by sudden change or catastrophic threats or events. Without trust and social cohesion, societies risk internal fragmentation, conflict, and decreased wellbeing. The ability to adapt and chart new ways forward is compromised.

Social cohesion and trust underpin collaborative action. A society in which people feel they have a stake will be one where cohesion and trust are higher. Individuals become citizens rather than subjects and, consequently, are likely to develop shared norms, values and rules. This setting increases the likelihood of collaboration, cooperation and hence resilience at three levels:

- at the community level, individuals and groups are likely to self-organise to produce resilience. This requires nothing of government itself, so long as the settings created by the government have allowed for citizens to be citizens not subjects

- at the level of civil society, businesses and numerous other groups and organisations, operating for their own varied purposes, require trust to function well and, through their own way of operating, can reinforce trust and create ties that add to broader cohesion

- at the level of the wider society, governments can build trust and offer opportunities, directly and indirectly, that assist collaboration and cooperation to emerge and which create and sustain resilience

In contrast, where individuals feel they have little stake in society and lack resources, trust declines. The conditions favourable to collaboration can wither. So far as local action is concerned, any collaboration /cooperation that does   exist   will take the form of resistance to wider goals. Political disagreements are likely to be strong and entrenched, conflict an ever-present possibility.

The positive impacts of social cohesion may not be linear or absolute. It cannot be assumed that more is better without limit. Too much social cohesion may lead to 'group-think' and be counterproductive. This is not explored because it is less relevant to what is happening in Australia today. Social cohesion can also lead to exclusion, with minorities having reduced ability to influence decisions and access resources. This may be more relevant in Australia today.

1.2   A dynamic approach to resilience is essential

It is important that resilience is not seen simply as a rebound to a previous state. For example, regarding the COVID-19 pandemic, 'normal' clearly did not prepare us well for the onset of the disease[2]. Improvement should be part of the response to such threats. We therefore define social resilience as:

> **The capacity of a community or society to adapt to, recover, and grow from the threats and challenges faced, and create a better future where citizens can thrive. Furthermore, a resilient community or society will do so without harm to other communities or societies, or the sustainability of the planet.**

The dynamic abilities described in this definition—to adapt to, recover and grow, and to create a better future—exist at a variety of scales or levels: individuals can be resilient (or not), as can groups, organisations, communities and nations.

These abilities can be activated providing there is a capacity act (money, materials, people, skills etc.) and a will to cooperate (political will, cohesion, trust, participation, etc.). Both of these are necessary, neither alone is sufficient: capacity to act without will to cooperate can lead to dysfunctional activity and the collapse of social order; will without capacity creates heroic failure. Left to their own devices, humans have a natural tendency to collaborate and support one another particularly if affected by a shared crisis (i.e., the 'will to act' is common). For this to occur and to maximise resilience, the broader society (the institutions of civil society, governments) must

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[2] The notion that the pandemic was a 'black swan' event is common but false. Numerous scientists and agencies have warned about this, putative plans were created (but not fully executed) because of the spectre of a transmissible H1N1 bird flu, etc. President George W Bush placed a multi-billion-dollar plan forward for pandemic response, but the Congress ignored it. And so on.

facilitate the 'capacity to act'. That is, (a) ensure they do not hinder this tendency and (b) create support for it. A formal argument on this point is elaborated more fully in Part B.

1.3   Australia is at a critical point of change

The present moment poses significant risks to social cohesion in Australia. The impact of the COVID-19 pandemic is extensive. It is forcing new change and accelerating other change already underway. It intersects in complex ways with the other great challenges, such as inequality and climate change. The impact of these challenges generates risks of further damage to cohesion. This is explored in Section 2.

As cohesion falls, trust is imperilled. The erosion of trust both in public institutions and between social actors (individual or collective) is bound up with many issues including, crucially, growing inequality and the maldistribution of, and access to, resources. As inequality grows trust diminishes, so the bedrock of resilience disappears. The aim must be to create and sustain positive cohesion /solidarity, and through that trust, in ways that create a foundation for a resilient nation and resilient action. This is explored in Part B.

Australia is not alone. Many societies – democratic or otherwise – are experiencing rapid and deep polarisation of values and worldviews; some are in worse shape than Australia. In particular, there are powerful negative signals coming from the United States, a country in a vicious cycle of inequality, polarisation and distrust, riven with conflict. On the other hand, and at the same moment, other countries—especially those in Scandinavia—demonstrate a virtuous cycle of trust and social cohesion based on inclusiveness and the limiting of inequality. Australia, with a history of egalitarianism and 'fair go', sits closer to the Scandinavian countries than the US at this moment. This matter is further examined in Section 2.

1.4   The issues are wide ranging

The breadth and amorphous character of our topic are challenging. The issues we address – public and interpersonal trust, citizenship, participation, and fairness – are entwined with many aspects of public life and national resilience. They are also:

- timeless
- tightly interconnected
- not amenable to obvious or readily agreed (or 'correct') answers
- viewed differently from a wide variety of perspectives and positions (social class, gender, ethnicity, sexuality, indigeneity, religion, etc).

Consequently, whilst 'facts' and 'evidence' can be persuasive, they tend to be more contestable than when used in more technically oriented topics.

SECTION 2: Trust, Social Cohesion and Resilience in the Current Context

A PEST Overview

The well-known PEST model looks at political, economic, social, and technological changes that are seen to impact a context. This frame is used to provide an overview of how things stand today (selecting key features, not encyclopaedic coverage).

2.1   Political Factors

Through 1945-1975, richer Western[3] societies experienced an increasing role for the State and its functions. While this varied by country, in general the State increased its income (based on taxation, especially direct taxes such as income tax), expanded regulations, intervened in the 'marketplace', provided social services directly or indirectly and increased the proportion of the workforce employed by government. These actions increased equality of wealth and income, increased the dominion of many of the less affluent members of society. The concept of dominion—recently used by John Braithwaite and others in criminology, etc—asks not only what choices people have in a formal sense, but also what capacity they have to execute choices once made. A poor person with an illness, for example, may be free to see a doctor, but lack the money to pay. A national health service provided by the State can change that, increasing the dominion of that poor person. On the downside, many saw State intervention as curtailing 'freedom' (as understood within a liberal philosophy) and shackling entrepreneurialism.

By the late 1970s, however, things were changing. Conservatives argued that government had become too big and was smothering innovation and entrepreneurship. Their cure was more freedom: from oppressive taxes and regulations, from stifling bureaucracy and red tape and from a grey culture of conformity. Taxation shifted away from a 'progressive' frame, markets were freed up, and state enterprises were privatised. Large corporations thrived and, as international conditions permitted, investment in overseas production and markets rose (see also under economic change below). This increased the inequality of wealth and income, decreased the dominion of many of the less affluent, increased 'freedom' and liberated entrepreneurialism to create, among other things, giant multinational corporations like Amazon, Google and Facebook.

As suggested in Section 1, increased inequality can damage social cohesion / solidarity and erode trust. Citizenship comes under strain – people see less reason to honour

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[3] As noted earlier, now more often called 'the North' in contrast to a poorer South, an ironic characterisation for the Great South Land of Australia.

their obligations when they do not seem to be getting a fair share of society's wealth. The 'social contract' is threatened.

2.2   Economic Factors

We live in a 'globalised' world. This is not easy to describe. Nonetheless, a few key features stand out. The globalisation of 'goods'--production, trade and consumption—has been massive. Concomitant changes have occurred in the flow of capital and its investment, the movement of people within and between countries, and the spread of international travel (at least until Covid-19). Communication has become faster and more ubiquitous, especially with increasingly sophisticated computer technology and the rise of the internet. There has also been a growth of international partnerships and relationships, transnational corporations, and supranational organisations such as the European Community.

Broadly, two historical periods are evident: named divergence and convergence. These are described in the table below, built from Baldwin's[4] (2016) central argument.

The Great Divergence, 1820—1980	The Great Convergence: 1980—Present
Globalisation Picks Up Speed	Globalisation changes: functions exported, etc
Inequality between North and South grows	Inequality between North and South shrinks
Inequality *within* North varies, but 1930-1980 greatly levels out, 'middle income earners' do well, e.g., 'the American Dream' delivers	Inequality *within* North grows rapidly, 'middle income earners' struggle, e.g., 'the American Dream' collapses
Locally variable but overall, in the North, 'welfare state' approaches increase equality 1930-1980	In the North a market focus thrives, the State shrinks the welfare sector, and reduces taxes on the wealthy
Locally variable but overall, in the North, 1930 -1980 commitment to ballot box democracy is strong and trust in government/institutions is high	Locally variable, but recently in the North commitment to ballot box and mainstream democracy weakens (Trump, Brexit), trust in government/institutions falls

These changes matter because they have striking consequences. In particular (as shown in more detail in the Appendix) key outcomes in the second period are:

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[4] Baldwin, R. (2016). *The Great Convergence: Information Technology and the New Globalization* Belknap Press of Harvard University Press: Cambridge, Mass.

a) Middle income earners in countries like China have had real increases in income and wealth that have narrowed (not yet closed) the gap between them and middle-income earners in 'the North' (MIENs)
b) Middle income earners in the North have stood still or gone backwards in real terms
c) The wealthy in the North have greatly increased their wealth.

The two comparisons of (a) with (b) and (b) with (c) generate resentment and relative deprivation on the part of those middle-income earners in countries like the USA, explaining in part the election of President Trump in 2016.

2.3   Social Factors

Social cohesion develops when people have shared experiences, interact, talk together, and create broadly shared worldviews. Vast numbers of social changes have occurred in recent decades. A few which seem particularly important will be mentioned in that they reduce the frequency and depth of interaction with a range of 'others' in a society and hence weaken opportunities for developing shared experiences and world views.

Postmodernists[5] have identified, and welcomed, a decline in belief in the 'grand narratives' that helped to bind previous social formations together – religion; communism; continuous wealth creation through capitalism; etc. In general, they question hitherto taken-for-granted beliefs in rationality, truth, and progress. Postmodernism denies that science has access to objective truth, rejects the notion of history as being about the progressive emancipation of humankind, and doubts our capacity to manage capitalism for the benefit of all. From this point of view, language is not transparent and certainly does not offer the possibility of universal consensus. There are many different 'language games', serving different objectives and obeying different rules. We have, therefore, to be tolerant of differences, of multiple interpretations of the world, and must learn to live with the incommensurable, since there is no meta-theory which can reconcile different positions.

Of course, many of the new narratives, leading to the increasing complexity of society, result from previously disadvantaged sections and groupings finding a voice and asserting their legitimate rights. This is the case with the women's rights movement, with racial and ethnic minority groups, especially indigenous Australians, LGBTI+ communities, the disabled etc. The continuing, chronic underrepresentation of women in senior board positions and the recent upsurge in black activism, through the 'black lives matter' movement, should remind us all how much more needs doing

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[5] E.g., Lyotard, J.F. (1984). *The Postmodern Condition: A Report on Knowledge*. Manchester University Press: Manchester

to address the grievances brought to the fore in these narratives. The resilience of society in the future can only be achieved if the aspirations of disadvantaged groups are recognised and fulfilled. This is not to say that progress isn't being made: for example, Eisler's work[6] has argued that there is a general shift from a 'domination' culture (hierarchical, patriarchal, coercive) towards 'partnering' culture.

Another important insight into the complexity of today's society can be gained by looking through the lens of Luhmann's social theory.[7] According to Luhmann, the most significant characteristic of contemporary society is 'functional differentiation'. Several highly differentiated, and powerful, function systems have emerged – the economy, politics, law, science, the mass media, etc. – all interpreting the world according to their own logics. For example, the interest of the economic system is in whether something is profitable or not profitable, politics in the government/ opposition distinction, law in legal/illegal, science in true/false, and the media in information/noninformation. Luhmann argues that these function systems have replaced class, religion, race, gender, and region as the defining feature of modern society. The separation of these function systems means that society has become 'decentered' and makes it virtually impossible to mount a co-ordinated response to 'grand societal challenges', such as climate change, because the function systems see the issues differently, operate on different timescales, and can only provide partial solutions. Mechanisms must be developed which encourage the differentiated function systems to act in harmony to address societal challenges.

Other threats to social cohesion are worthy of mention. Family size has continued to fall. Extended family ties have remained emotionally important but less functionally significant. Population aging has also contributed, with a corollary of increased isolation and loneliness.

Many people have left cities for 'the suburbs', which can easily become fragmented dormitories. Strong neighbourhoods have not vanished but are more likely to be rural/regional or old inner city.

With widespread commodification and new forms of rapid communication, there has been increased *variety* of 'lifestyles' within any given setting (town, city, etc.) but reduced *contrast* between these[8] (shopping malls in Baltimore look like malls in Bristol or Brisbane and much the same goods are sold). 'Lifestyle' tends to take over from 'class' or 'status' as a source of identification.

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[6] For example, *Nurturing Our Humanity: How Domination and Partnership Shape Our Brains, Lives, and Future*, co-authored with Douglas Fry, New York: Oxford University Press, 2019

[7] Luhmann, N. (2013). *Introduction to Systems Theory*. Polity Press: Cambridge

[8] The pattern 'increased variety, decreased contrast' was suggested by Mennell, S. (1996). *All Manners of Food: Eating and Taste in England and France from the Middle Ages to the Present.* University of Illinois Press.

These and other changes have tended to create a more diverse and fragmented or privatised society, with lifestyle 'niches'. This decreases solidarity and trust, or at least fragments it. The result is a reduced capacity for widespread cohesion/solidarity, trust and hence resilience.

2.4   Technological Factors

Much of what is relevant here has already been touched upon. Briefly—and fairly obviously—the post WWII growth of ICT and its myriad applications have transformed life, from online banking and contactless payment, through entertainment on the internet (Netflix, YouTube, etc), reconfiguring work and business, life on Facebook and Instagram, to teenagers who send SMSs to friends across the room as readily as across the continent, etc, etc. The list is almost endless.

For better or worse, the decline of central 'oracles' such as public broadcasters and established newspapers, has set meaning-making free. This may well be argued to have a strong upside. At the same time, the downside is that the cacophony of voices enhances effects like polarisation, filter bubbles and so forth. (Anyone who doubts this need only look at the troubles associated with the 2020 US Presidential election and transition.)

2.5   PEST factors in Australia

Democracy 2025 has warned that "Liberal democracies are founded upon a delicate balance between trust and distrust…The evidence… suggests that we may have reached a tipping point due to a deepening trust divide in Australia which has increased in scope and intensity since 2007".[9]

Other key Australian surveys have also identified downward trends in trust. The Australian Electoral Study (AES)[10] found that, at the end of 2019, trust in government had reached its lowest level on record, with just one-in-four Australians saying they had confidence in their political leaders and institutions, and that Australians' satisfaction with democracy is at its lowest since the constitutional crisis of the 1970s. Just 59 per cent of Australians were satisfied with how democracy is working, compared to 86 per cent in 2007, and only 12 per cent of people believe that the government is run 'for all the people'.

A recent survey by the Democracy 2025[11] project found similarly low levels of trust in political institutions, with the governments (Federal, State and local) enjoying the trust of only around one third of the population, and Ministers and MPs rated as honest by

[9] Stoker, G., Evans, M., Halupka, (2018) *Trust and Democracy in Australia: Democratic Decline and renewal, Report No. 1* Democracy 2025 Museum of Australian Democracy, Canberra, p. 11
[10] McAllister, I., Cameron, S., (2019) *Trends in Australian Political Opinion Results from the Australian Election Study 1987–2019* ANU
[11] Stoker, Evans and Halupka op cit

only 21 per cent. Further, more than 60 per cent of Australians believe that the honesty and integrity of politicians is very low. It is worth noting that these results vary considerably between different sections of the Australian population. For example,

- those with the lowest income are least satisfied with how democracy works
- women are more dissatisfied than men about the way democracy works
- older generations are both the most satisfied and the most dissatisfied with the way democracy works
- generation X is the age cohort that is most lacking in trust in Australian political institutions.

As well as declining levels of trust in political and democratic processes and institutions, this study worryingly found that levels of social trust are also in decline, with social trust – measured by whether people would help each other out in their neighbourhood – falling below 50 per cent for the first time, to 47 per cent.

The well-known Edelman Barometer that tracks trust around the world annually reports changes in trust levels ('trust inequality') between two audiences: the 'informed public' (wealthier, educated, frequent consumers of informed news and analysis) and the mass population (less wealthy, less educated, frequent consumers of less informed news). The global trend has seen this gap widen. Importantly, at the start of 2020 Australia was singled out Australia as the country with the **largest** recorded trust inequality gap (a difference of 23 percentage points), although this measure appears quite volatile (it fell again February to 14 points difference).[12] While the informed public in Australia is largely trusting, the report notes that "majority of the mass population do not trust their institutions to do what is right." If significant portions of the population are less likely to cooperate with authorities for the public good (e.g., social distancing and quarantining) this undermines trust in one another and, as suspicion and distrust increase, cohesion and trust fall, reducing the capacity for resilience.

Australia's trust inequality was the highest in the world in 2020

Informed public — 68%

+23 pts

Mass population — 45%

2012   2020   Feb 2020

This subject is now the focus of considerable research to establish just what the relationship is between public trust, compliance and governance.[13]
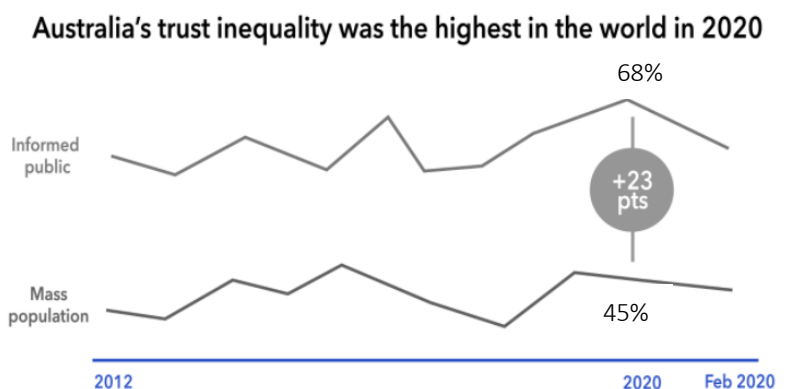
[12] Edelman Trust Barometer, February 2020.
[13] Devine, G., Gaskell, J., Jennings W., Stoker, G (August 2020) Trust and the Coronavirus Pandemic: What are the Consequences of and for Trust? An Early Review of the Literature, Political Studies Review https://doi.org/10.1177/1478929920948684

2.6   International Comparisons

Two comparisons are helpful, showing what is 'left and right of arc'.

We start with the USA because there are many obvious similarities between the USA and Australia and because American news, products and information is widespread here, so it is easy to assume that what is true there is true here. There are, however, clear differences, as we discuss below.

Globalisation has created winners and losers. The impact of this on American society today is painfully obvious—polarisation and mistrust. Many factors contribute to how this has unfolded. These include:

- America is a highly individualist—even hyper-individualist—society.[14] This alone weakens broadly based cohesion and trust and reduces trust in institutions.
- The USA was riven by a Civil War whose legacy remains powerful and divisive today. Demographically, the Black-White divide runs across the country and is complicated further by the steady increase of the Hispanic American population.
- The USA is a country heavily divided between large segments of population in cities and in rural/regional areas. (In contrast Australia despite its large size has population concentrated in metropolitan centres.)
- America shows strong suburban segregation: suburbs are much more autonomous than in Australia, raising more taxes, running police forces, schools, hospitals etc.

These factors have created longstanding tensions. Long before the negative impact of globalisation brought deindustrialisation to "Rust Belt" States, commentators were already discussing 'culture wars'.[15]

Deindustrialisation, linked to globalisation, has greatly exacerbated problems. A remarkable illustration is the end of the American Dream. The 'Dream' can be summarised as, "My parents were better off than their parents and I will in turn be better off than mine." In 2016, data showed that the Dream had been realistic for many generations but had now ended.[16] As discussed above, and in the Appendix, inequality has increased sharply in the USA, an inequality that was already greater than in other Northern countries because of much less progressive tax and transfer arrangements.[17]

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[14] Rosenbaum, A *Personal Space and American Individualism* Brown Political Review, Oct 13 2018 https://brownpoliticalreview.org/2018/10/personal-space-american-individualism/
[15] Hunter, J. 1991 Culture Wars: The Struggle to Define America, Basic Books NY
[16] https://www.nytimes.com/2016/12/08/opinion/the-american-dream-quantified-at-last.html
[17] Lammert, C., and Vormann B., (2019) When Inequalities Matter Most: The crisis of democracy as the crisis of trust *Mobilization, Representation, and Responsiveness in the American Democracy* pp 139-156

In short, the 'centre' has vanished in the USA and cohesion is so low that the prospects of direct, even armed, conflict have been raised as a potential threat.

Australia is different in several ways. First, we differ in levels of inequality. The Productivity Commission noted in 2018 that Australia has not seen the significant increases in inequality that some other countries have. It reached the broad conclusion that inequality in Australia has "risen slightly" and is "less dire than some would have it, but not exemplary"[18]. This, the Commission argued, arose because "… Australia's progressive tax system and highly targeted transfer system substantially reduce income inequality. Income tax and government transfers have typically lowered … overall income inequality …".

There are also differences in culture (we are not hyper-individualist) and in our history and geography (we are more metropolitan, and our suburbs are much less segregated). In terms of global trade, Martin Barth[19] discussing the collapse of the centre of politics, comments that, "Amongst advanced economies, only Japan and commodity-exporting countries (Australia, Norway, Canada and New Zealand) have so far avoided a sharp drop in the centre vote share. But this could quickly change if commodity prices fail to recover." This argument raises interesting questions, especially since many of our exports go to China and the role of China today, as well as Australia's relations with it, are in flux. So, the centre has not fallen out of Australian politics—but it could.

Turning briefly to Scandinavia, here the tax transfer systems are much more progressive. Lammert and Vormann[20], note that:

> The equalizing effect of taxes and transfer is lower in the United States compared to most of the advanced welfare regimes in Europe: In 2014, it stood at 18% in the United States, clearly below the OECD average of 26%. Scandinavian countries in particular have a larger equalizing effect: with Finland (41%) at the top of the list followed by Denmark (36%) and Sweden (29%). That means that those countries reduce market inequalities to a much higher degree than the United States (emphasis added).

How does this play out? A poster child in this area is Denmark which has one of the highest tax 'burdens' of any country. It reports both a very high level of happiness (one of the highest in the world) as well as high trust along with a willingness to pay

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[18]Productivity Commission (2018). *Rising Inequality? A Stocktake of the Evidence*. Australian Government: Canberra

[19] Barth, M., (2017) The Politics of Rage: What's driving the collapse of the political centre? Barclays https://www.investmentbank.barclays.com/our-insights/politics-of-rage.html

[20] Lammert and Vormann op cit., p. 147

taxes.[21] Finland has been even more successful in the happiness stakes—having been rated the world's happiest country three years running: Denmark, Switzerland, Iceland and Norway complete the top five. The Independent newspaper, reporting this, says of Finland that "The reasons for wellbeing include good social support networks, social trust, honest governments, safe environments, and healthy lives". The World Happiness Report summarises the situation as follows[22]:

> The Nordic countries are characterized by a virtuous cycle in which various key institutional and cultural indicators of good society feed into each other including well-functioning democracy, generous and effective social welfare benefits, low levels of crime and corruption, and satisfied citizens who feel free and trust each other and governmental institutions. While this chapter focuses on the Nordic countries, a quick glance at the other countries regularly found at the top of international comparisons of life satisfaction – Switzerland, the Netherlands, New Zealand, Canada, and Australia – reveals that they also have most of the same elements in place. Thus, there seems to be no secret sauce specific to Nordic happiness that is unavailable to others. There is rather *a more general recipe for creating highly satisfied citizens: Ensure that state institutions are of high quality, non-corrupt, able to deliver what they promise, and generous in taking care of citizens in various adversities* (emphasis added).

Concluding comments and where to next?

In this brief overview of key issues relating to social resilience, we have noted that Australia sits in a relatively unique but possibly precarious position. While we have many elements that have served us well to date, in our contemporary volatile and complex world, we may be starting to face circumstances and characteristics that leave our social fabric somewhat vulnerable to fragmentation. In particular, we have relatively low levels of trust and considerable disparities between those who are and are not trusting of our institutions and of each other. Moreover, some key foundations that we have relied on to build cohesion and trust – specifically, the realities and perceptions of the extent to which resources and opportunities are distributed fairly – may be at risk due to global/international forces as well as domestic political decisions over the last few decades.

In Part B, we continue our conversation in a series of essays that focus on what might be done to shore up our social resilience as we face an uncertain and complex future.

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[21] https://denmark.dk/people-and-culture/happiness#:~:text=International%20surveys%20usually%20rank%20Denmark%20among%20the%20world's%20happiest%20countries.&text=According%20to%20the%20World%20Happiness,Denmark%20does%20well%20on%20both.
[22] World Happiness Report: ch 7 Nordic Exceptionalism: What explains why the Nordic Countries are among the happiest in the world? Martela et al p. 140
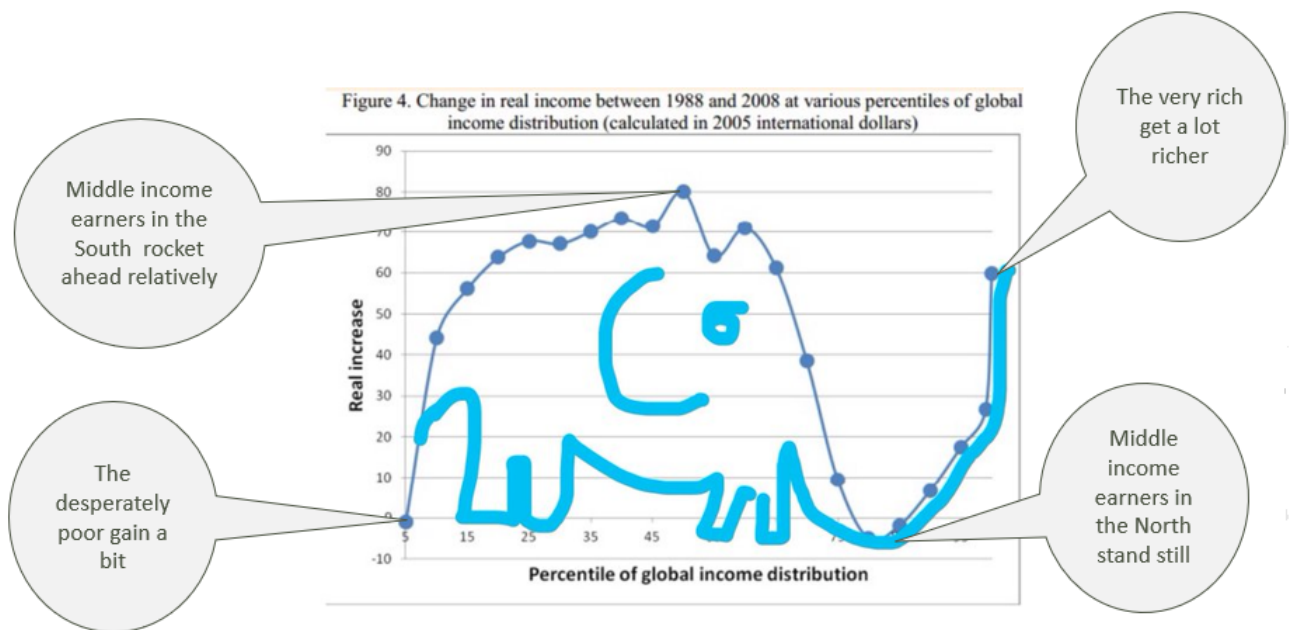
Appendix: The Elephant Chart

Milanovic[23] and colleagues have spent considerable time analysing changes in income across the world since 1988. A key finding is shown in this chart which became quite famous when someone imaginatively sketched the elephant over it and gave it the name 'elephant chart' (the four bubbles are comments added to assist interpretation.)

It shows:

- Over recent times, almost all income groups across the world have seen increases in real, disposable wealth. (How much the line goes up for any one group indicates how much better off they became over time.)

- Two groups stand out as gaining a great deal. The 'tip of the trunk' shows the very wealthy getting very much more wealthy. Just above the 'ear' we see another group. This is middle income earners in places like China. They are not yet as wealthy as middle income Australians but they have gained a lot compared to where they were in 1988.

- But one group—where the trunk touches the ground—have seen no real change between 1988 and 2008. These are people in 'middle America/UK/Australia' etc. These people have 'stood still'—or even gone backwards in real terms—while others caught up (e.g., in China) and others (the wealthy) went further ahead.

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[23] Milanovic, B. (2016). *Global Inequality: A New Approach for the Age of Globalization*. The Belknap Press of Harvard University Press: Cambridge, Mass. and London, England.

Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)

The idea of relative deprivation explains why those located where 'the trunk touches the ground' are so greatly upset when they look (as it were) to the left and to the right on this chart.

TRUST, SOCIAL COHESION & RESILIENCE:
A CONVERSATION-STARTER FOR AUSTRALIA

Part B: Thoughts and ideas for change

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Margaret Moreton and Robert Styles

February 2021

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Introduction

For resilience to be sustained, trust and cohesion need nurturing and building. A mortal enemy of trust and cohesion is marked inequality. Yet, as we have documented briefly in Part A of this report, inequality within countries like Australia has been rapidly increasing in recent decades and ways to combat it can seem out of reach. Communicating in ways that build trust and honour people's needs and anxieties also needs deliberate effort and takes time. It follows that we cannot muddle along in a cloud: to quote American General Gordon R. Sullivan, 'hope is not a method'. So, what is a method?

As we have implied in Part A, the social/political/economic/ecological challenges facing Australia (and the world in general) are complex. Complexity means that there are many interdependencies between these systems which are not amenable to simple 'mapping'. For this reason, a conventional 'plan'—top down, expert driven, laid out, followed and measured (e.g., through KPIs) is not a feasible option. Instead, we should follow the 'Eisenhower Principle': 'plans are useless, planning is everything.'

A Chinese aphorism (attributed to Deng Xiaoping) addresses the challenge complexity offers 'Cross the river by feeling the stones'. That is, use information, ideas and theories to try out new directions and create experiments that will help to chart a way forward. Following this idea, this report offers a series of thought pieces – authored by members of the sub-group—that we believe are relevant and helpful in shaping directions and experiments that would build the resilience of our social fabric. In terms of the metaphor, we offer some potential 'stepping-stones' for consideration.

We know that this set of 'stones' is not comprehensive. How could it be in the time and with the limited resources at hand? But we do argue that these contributions offer insight, have value and deliver on our idea of promoting conversations about what needs to change to support resilience in a complex world. The thought pieces are built around some common themes that have emerged from our assessment in Part A. In summary, these are that we need to shift:

1. *From* 'pure' representative democracy *to* representative democracy complemented by participative democracy.
2. *From* a highly centralised distribution of resources *to* a more localised organisation of resources (the Commons).
3. *From* governments doing thing to and for us *to* governments doing things with us.

4. *From* a reliance on exercising power and innovation top-down *to* shared initiatives and engagement, key elements of which may emerge bottom-up[1].
5. *From* 'telling' *to* asking, listening and engaging in dialogue.
6. *From* an emphasis on abstract, formal knowledge as dominant *to* a blending of this with local and experiential knowledge and wisdom.

The authors explore these themes from different standpoints, and from the perspective of their own particular expertise and interests.

Dr Margaret Moreton, a specialist in community disaster recovery, outlines what we have learned about how to support resilient communities in the face of natural disasters, and how these lessons might translate more broadly to other threats and challenges that Australian society faces now and in the future.

Dr Paul Atkins is an organisational psychologist and facilitator trainer who specialises in enhancing cooperation in the community. Using Ostrom's Nobel prize-winning work, and a series of examples, he discusses how building the commons by focusing on 8 core design principles can help build social capital and, therefore, resilience.

Dr Robert Styles, a contextual behavioural scientist, invites us to consider what exercising power-with others to mobilise resources to attend to our individual and collective needs within multi-stakeholder systems might look like.

Prof Mike Jackson, a specialist in systems thinking, and especially its application to community development (Community Operational Research), discusses how various systems methodologies can be used to promote local resilience and to link local efforts with regional and national initiatives.

Dr Pamela Kinnear and Dr Stephen Mugford – sociologists, public policy specialists and facilitators – argue for a debate about how systems of tax and transfer could be used—in ways congruent with Australia's traditions in this area—to ameliorate the degree of inequality. They also discuss the relevance of finding ways to communicate and engage with wider publics in respectful ways that build trust and cohesion.

We then conclude with a section that, in line with this report being a conversation starter, offers a set of 'suggestions' for further discussion and action.

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[1] In professional work involving change initiatives etc, one of us (SM) coined this simple idea, "Commitment to change and to making change happen is a liquid—it trickles down through an organisation. Innovation is a gas—it bubbles up through an organisation. Gas generated at the top tends to blow away…". This may be a useful orientation here as well.

Thought piece 1: Lessons from Natural Disasters: what have we learned about resilience?

Dr Margaret Moreton
Community Resilience Specialist
Principal, Leva Consulting

Much of what we know about the central role of trust and social cohesion in relation to building community resilience has been learned in the crucible of increasingly intense and frequent 'natural' disasters, many of them related to weather events— droughts, floods, and fires. Extreme weather events can cause widespread devastation to the human/social, natural, built and economic environments on which our lives and livelihoods depend. The level or extent of this devastation is a consequence of how they impact human populations, and this is influenced by where and how affected populations live.

Community disaster recovery and long-term resilience throws into sharp relief the elements that underpin or undermine trust, social cohesion and ultimately resilience. It is worth considering what we have learned in this context and how these lessons might be extended to support resilience more broadly – not simply in respect of natural disasters but also in relation to a myriad of other challenges facing us. Various significant documents that have been developed in recent years incorporate and spell out important lessons from which we can draw.

The *National Strategy for Disaster Resilience* (2011)[2] and its associated companion booklet[3] were developed in response to the 'Black Saturday' bushfires that devastated large areas of Victoria in February 2009 and resulted in 173 deaths. They provide the strategic context for subsequent disaster resilience effort by governments, businesses, the not-for-profit sector, emergency services, and communities across Australia. It can be argued that the focus at that point in time was to rebuild trust and confidence in government across communities (affected and not affected by fire), by focussing on safety and the shared responsibility of sectors, levels of government, and individuals to achieve this goal.

Profiling Australia's Vulnerability – the interconnected causes and cascading effects of systemic disaster risk (2018)[4] advances our shared understanding of the root causes of disaster and of the actions that we need to take to uphold public trust and confidence, reduce suffering, and sustain our resilience as a nation. The central tenet of this document is that risk has complex causes and contributing factors, building

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[2] National Strategy for Disaster Resilience (2011) Commonwealth of Australia
[3] National Strategy for Disaster Resilience Companion Document (2012) Commonwealth of Australia
[4] Profiling Australia's Vulnerability (2018) Commonwealth of Australia

over decades and generations. People often inherit disaster risk or live in locations of high risk (and in ways that compound these risks) because of factors outside of their control. The *National Disaster Risk Reduction Framework* (2018)[5] provides high-level guidance in relation to reducing risk and diminishing loss and suffering. In an explicit effort to build trust the framework was developed in a collaborative style with representatives from government, business, and the not-for-profit and the community sectors.

The process for reviewing the *National Principles for Disaster Recovery* (2019)[6] (the Principles) further emphasised the building of trust and mutual respect between governments and the community, by including community-based workshops to review and refine core principles. The Principles provide guidance about how to plan and implement resilience building approaches to disaster recovery – including understanding the (community) context, recognizing complexity, using community-led approaches, coordinating all activities, communicating effectively and recognizing and building (local) capacity. Communities involved in the review process advocated strongly for the use of community-led approaches to building resilience.

Each of these key foundational documents is built from a shared belief that the creation of a resilient nation (at the individual, household, local, regional or national levels) relies on strengthening social cohesion and connection. This by itself is not sufficient. We must also build (or rebuild) trust – particularly between institutions, organisations and the communities they serve. We must enable the equitable sharing of power and resources, and the attainment of sustainability without destruction to our environment or to one another.

Many communities (across regional and rural Australia at the very least) are leading the way. Such communities regularly demonstrate resilience in the face of adversity, more frequently experiencing compounding and cascading disasters over time. These communities share their resources and care for one another, in the absence of other support being provided to them. The recent 'Big Weather'[7] series on ABCTV included community members from Dungog, NSW. Sarah U'Brien (Manager of the Neighbourhood House) explained how local community members shared their spare rooms, their homes, and their resources with those affected by floods.

At a recent national conference focused on emergencies and disasters (ANZDMC 2020)[8] an audience member asked a community led panel (Western Queensland Floods 2019) when their community would be able to "return to business as usual".

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[5] National Disaster Risk Reduction Framework (2018) Commonwealth of Australia
[6] National Principles for Disaster Recovery (2019) COAG – SRRG
[7] 'Big Weather (and how to survive it)' ABC (2020) https://iview.abc.net.au/show/big-weather-and-how-to-survive-it
[8] Australia and New Zealand Disaster Management Conference (2020)

The answer was that this community has experienced drought, flood, locust plague and then drought again, all in less than 2 years. 'Simultaneous and successive emergency events' **is** now business as usual.

Experiencing a sequence of challenges such as this is not inherently negative. Communities repeatedly and somewhat stubbornly emerge from the loss and grief associated with natural disaster. Through this process they may discover and create a greater sense of their own capacity and strength, with skills and abilities they did not previously know they had, and with stronger connections within their family, across their community and with people who were previously strangers to them. This is the positive possibility that can emerge from the experience of a natural disaster.

There are many positive examples of community recovery after disaster (as a demonstration of inherent and emergent resilience). These examples may emerge as a direct result of pre-existing capacities or they may emerge in response to the crisis. In either case trust, leadership, and social cohesion and connection are essential elements of this recovery process. Community recovery and resilience depend on factors related to community leadership, community agency, the community's sense of having an attachment to 'place' and the process of community engagement by organisations and agencies that attempt to assist. Some recent illustrations of recovery and resilience include:

1. An Indigenous leader who realized, in the midst of the crisis event, that the event was providing an opportunity for his community to work alongside the rest of the community to support an inclusive recovery. He led that process, by ensuring that the young men and women of his community worked together to restore the natural environment, working with Indigenous and non-Indigenous community members alike. The Indigenous youth of this community became integral to the whole community's recovery process and its long-term resilience.
2. Community leaders and members organize fundraising and social/community events in the weeks and months after any crisis has passed, to raise funds to support those most affected.
3. Artists, photographers and musicians have found ways to represent the events of the crisis and the aftermath in public events and artistic installations (e.g., the Blacksmith's Tree[9] in Strathewen, Victoria), so that those most affected can share their experience with other locals, with neighbours and with strangers – to enhance understanding, awareness and healing.
4. The many examples of people working alongside one another during the early and longer term phases of recovery: clearing roads and properties; cutting

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[9] https://www.forgedfromfirefilm.com/

firewood; building fences; repairing homes; sharing food and other resources and equipment; forming social groups; building nesting boxes for wildlife; setting up community stores; holding community events.

5. Strangers from unaffected communities volunteer their time or their skills as tradespeople and professionals (like builders, plumbers, electricians, and even veterinarians), providing financial donations or sheer manpower to the task of cleaning up or supporting recovery activities.

6. Locals and community members from unaffected communities offering practical support and compassion: over the radio, on Facebook, by any means available e.g., truckloads of hay that arrive to support local farmers, a piano donated to a young girl whose home was lost, the 'family' recipe books created by rural and regional women from across the country, to be sent to other women to replace their own.

7. Simple acts of kindness provide comfort and hope because they demonstrate compassion and understanding. When quilting groups from across Australia make, package and send quilts to affected communities, they provide a sense of love and comfort to locals each and every night when they 'fall' into bed, sometimes overwhelmed by the day behind them and the task ahead. When a woman creates Christmas decorations of singular beauty, one for each child in a Tasmanian primary school, this provides comfort and courage to community members years later as they remember how this act brought their community together for the first Christmas after their town was razed. Communities share stories of gifts and acts of kindness, and these stories travel from town to town, providing a sense of connection and care that sustains people through the hardest of times.

8. And finally, the listening that is provided by compassionate and caring professionals and ordinary people alike (for weeks, months and years) to support community recovery and resilience.

It is worth noting that many community members call the disaster assistance and support they receive – from governments and large non-government organisations – 'the second disaster'. While low levels of trust in governments may not be surprising, trust in the not-for-profit sector has also declined in recent years leading to specific strategies and discussions aiming to build this trust again.[10] Disaster assistance is often seen (by recipients) as 'another hurdle to deal with', rather than providing the support those communities desperately need. How much better would it be if local, state and federal agencies (both government and non-government) could arrive and

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[10] https://probonoaustralia.com.au/news/2020/01/bushfire-response-do-australian-nfps-have-a-trust-problem/

provide support and services in ways that supported community led recovery, rather than providing another obstacle to overcome?

Community based research conducted in affected communities across Australia points to specific key factors that enable and strengthen community resilience. These key factors influence the likely preparation, planning and recovery trajectory for the affected community. They occur *before the crisis event*, *during the event*, and *after crisis response* is past. They all rely on established trust and social connections if they are to be developed and maintained.

The key factors that occur *before the crisis event* happens include:

1. **Pre-existing social and community capital** reflected in community elements such as grass roots leadership, social networks, interest groups, social and community clubs, sporting groups, church groups, guides and scouts, and women's and men's groups.
2. **Disaster planning and preparation** including household plans, discussions and planning at school, opportunities to participate in community-wide planning, trial or 'mock' disaster days, community 'tidy up' days, disaster mitigation or prevention focused activities, disaster preparation activities, and clear communication and information shared across the community about risks and preparation practices.
3. **A strong community identity** sometimes based on the history of the area, a tradition of sporting competitions, particular scenic locations, or the work of community members who are artists, writers, musicians, or otherwise well-known across Australia. Most importantly this often includes a strong sense of 'place' i.e., a connection to the natural environment and/or the built environment.

The key factors that occur *during the crisis event* itself i.e., during the response phase include:

1. **Respectful engagement with the community** by outsiders including emergency personnel and disaster response organisations. To be respectful, this engagement must be planned beforehand, must include people known to the community, and must both welcome and use local knowledge and skill about the local area and residents.
2. **Honest and accurate communication** between the response agencies and the community members themselves. This communication must be based on regular, honest, up to date and accurate information. It is essential that this communication also includes admitting what is 'not known', rather than seeking to appear to always have an answer. Far less energy will be wasted in

anger and frustration, after the event has passed, if everyone involved in the response is authentic and trustworthy.

The key factors that occur *after the crisis* is past include:

1. **Effective community leadership** with particular focus on grass roots and emerging leaders who 'step up', sometimes surprisingly. Community members are very clear that this is not necessarily about those who stand in front of cameras and microphones, but rather is about those trusted locals who work together and 'get things done'.
2. **Community engagement and action** led by ordinary community members who help one another by taking action (be it small or large); who organize events and activities that support community connection; who provide food, accommodation and information; who listen; and who activate social media to provide what is needed. In short, community members who see a need and work together to meet that need, are a significant part of community recovery.
3. **Partnerships** with trusted individuals, groups and communities who take the lead from the locals rather than imposing a solution that has worked in another community or location. This may include groups who deliver hay from interstate or other regions, the ABC (radio), local men's and women's groups, or environmental support groups. The key to success here is to ask about what is needed and respond to the community, rather than bringing a solution that has worked elsewhere and imposing it.

Given all of this, what do we need to understand in our quest to enhance trust and social cohesion, and therefore strengthen (individual, household, local community, regional and national) resilience?

1. Firstly, there is an inherent imbalance in relation to citizen's access to and ability to use power and resources in our society. Community members do not have equal access to information, funds, support, or resources. There is no systemic or intentional policy or practice to share power, information or resources, to build trust and social connections, or to enhance resilience.
2. Community members primarily carry the burden of disaster risk. They are also the group that is the least involved in the (policy and other) decisions that will most affect them.
3. Community engagement is usually undertaken by government and non-government agencies to tell the community the business and role of the organisation. Community engagement is rarely undertaken in order to gather information from the community about what will assist them the most. The implication is that 'experts' know the answer and communities simply need to 'be told'.

4. Those in government and in large bureaucracies speak a different language to people in communities. People in government, in academia, and in large non-government organizations use a particular jargon in their policies, procedures, handbooks, and guidelines. This is often not understood by the communities. It is particularly challenging for organisations to even consider that they are not being understood.

5. Community members do not feel heard by government and large bureaucracies. In particular, 'ordinary' community members often do not feel that they have a voice or any opportunity to lead their own future, build their own resilience, or control their own recovery if affected by natural disaster. Inviting community members to join a community recovery group is insufficient. A seat at a table is not necessarily effective participation. Participation is not leadership. Providing information about decisions already made and planned is not consultation.

What can be done to rectify this situation?

1. This imbalance of power must be rectified. Community members are demanding a greater level of engagement, greater access to information and resources, and greater control over how community disaster planning and subsequent community recovery occurs in their community.   The 'rebellion' of the communities of both Strathewen (after 'Black Saturday' – 2009) and Mallacoota (after 'Black Summer' – 2019/2020)[11] demonstrates that communities are both keen and capable of taking a greater role in leading their own disaster recovery and demonstrating their own resilience. These communities held official elections to determine which local community members would lead their recovery processes and establish more even levels of power and participation in relation to governments and others.

2. Trusting and respectful relationships must be established between organisations, agencies and communities. Each brings expertise and resources to creating or enhancing of resilience. Approaches such as Asset Based Community Development (ABCD)[12] and public participation[13] provide mechanisms to include and value community engagement and collaboration, local knowledge, listening, and the courage (for governments) *not* to lead. Changed approaches demonstrate profound shifts in thinking and in practice.

3. Governments and agencies must accept that communities know themselves better than any outsider can ever aspire to do. They know who their members are and who is well connected, where they each live, what they do on the

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[11] https://www.abc.net.au/news/2020-07-12/mallacoota-leads-own-bushfire-recovery/12424296
[12] https://resources.depaul.edu/abcd-institute/Pages/default.aspx
[13] https://www.iap2.org.au/

weekend, who likes whom and who does not, who participates and who does not, who has specific skills and abilities, and who has particular resources or equipment. They know which sources of information and advice they will trust (both internal and external to their community). All of these things are essential in crisis response and both early and long-term recovery and resilience.

Imagine the possibilities if governments and non-government agencies and organisations were able to walk alongside communities during disaster planning, response and recovery: sometimes stepping forward to lead and provide support when the community needs help, and then (at a time of the community's choosing) stepping back to allow them to lead and support one another. This shift in approach requires that governments, other agencies and organisations, and communities themselves commit to developing trust, relationship and connection. It is more difficult than it might sound and yet it is essential if we are to truly support and strengthen community resilience.

Thought piece 2: Finding Ways to Support Local Cohesion and Cooperation

Dr Paul Atkins

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So far, in Part A of this 'conversation-starter' report, we have argued that building national resilience necessarily involves building social cohesion and trust. People are far more likely to act for the common good when they identify with the group, feel a shared sense of purpose and feel as though they belong, than when they see themselves as isolated, different or an outsider. And people are much more likely to trust authorities when they know that those authorities are genuinely seeking to represent their interests.

Social cohesion involves thriving relationships at local levels, where people feel a sense of belonging, agency and trust in one another. Such a form of localised cooperation is now widely studied under the title of 'the commons'. One practical approach for understanding the core elements of what is needed to build trust and social cohesion in society is the work of Nobel prize winning, political scientist Elinor Ostrom. Ostrom studied groups around the world who manage common-pool resources such as fisheries and water supplies, as well as more formal organisations such as local police forces. Her Nobel was awarded because her work fundamentally undermined a central parable in economics, the Tragedy of the Commons. This narrative, taught as truth to first-year economics students, argues that we are all self-interested and that the only way in which we can avoid over-exploitation of shared resources is through government regulation, thereby completely eliminating the possibility of sustainable long-term cooperation driven by our fundamentally human capacities to reach agreements and share.

Ostrom found groups that had established simple, localised agreements that allowed them to cooperate effectively over hundreds and sometimes thousands of years. When she studied what the most successful cooperative groups had in common, she found wide variability in the specific forms of agreements and processes groups used to cooperate. But she was able to distil the specific forms of agreements into eight design principles. These principles have now been widely researched, validated and generalised to groups of all sorts.[14]

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[14] Atkins, Paul W.B, David Sloan Wilson and Steven C. Haynes (2019) *Prosocial: Using Evolutionary Science to Build Productive, Equitable, and Collaborative Groups*, Oakland: New Harbinger Publications

Ostrom's Nobel prize winning speech was titled 'Beyond markets and states' because she was focused on identifying a third broad system of organising beyond either top-down regulation or bottom-up markets. This middle ground between public and private has come to be known as 'the commons'. The commons includes not just the shared resource, it also includes the particular community that manages the resource, and all the agreements they create to enact that management.[15] But the resource is not just a physical resource, it could be a shared knowledge resource (such as Wikipedia, shared plans for building machinery or open scientific journals).

In this section, we build off Ostrom's work on the commons and modern extensions of her work such as the Prosocial process, currently being implemented in commons groups around the world (www.prosocial.world), as an approach to enhancing resilience in Australian society.

Commons-oriented initiatives build national resilience not only through providing richly redundant supply lines but also through increasing community engagement, education, and the social connections critical for managing and responding effectively to social, environmental and other challenges. The global COVID-19 pandemic has only intensified interest in strengthening the commons.

The commons is an umbrella term for a vast number of different forms of governance. It can include informal groups but also cooperatives, employee-owned companies, social enterprise, land trusts, municipal enterprise, community development financial institutions, community banks and so on. Each of these commons can then be combined in a larger scale network of commons to build whole approaches to the economy such as that illustrated by the "community wealth building" approach (e.g., see https://community-wealth.org/).

All of this work can seem overwhelming to those new to the field. How specifically can more social cohesion be built at local levels? Ostrom's design principles provide a road map that can both guide and evaluate initiatives to build social cohesion through the commons, and shape a society that works for everyone, not just a few. We now review Ostrom's design principles in more detail, as articulated in recent research[14] that generalises Ostrom's principles beyond common pool resource management groups to groups of all sorts.

Core Design Principle 1: Shared identity and purpose. Having a sense of belonging and identifying with the aims and values of the group is at the very heart of social cohesion. When groups share identity and purpose, they are vastly more likely to be able to cooperate effectively. Consider, for example, how public debates over

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[15] Bollier (2010) defines the commons as consisting of three components: 1) A particular community; 2) A particular resource; and 3) The rules and negotiations the community develops to collectively manage it (with special regard for equitable access, use and sustainability). Bollier's ideas are summarised here.

questions like the following have divided (or united) Australian society during the pandemic:

- To what extent are we focused on the elimination of the virus or minimisation of its spread within reasonable limits?
- To what extent do we prioritise health versus economic activity?
- Do I belong to this neighbourhood enough to take responsibility for not spreading the virus, or am I merely transitionary – not really belonging and therefore these others around me are not my people and I am less likely to care for them?

Core Design Principle 2: Equitable distribution of costs and benefits. Abundant evidence demonstrates that societies are more resilient when they are more equitable. People who are excluded from the benefits of society are less likely to identify with, and cooperate toward, community aims. Furthermore, inequity reduces access to knowledge which in turn diminishes community participation. Internationally, nations that are more equal also consistently have higher levels of social cohesion and trust.

Core Design Principle 3: Fair and Inclusive decision making. Ostrom framed this principle in terms of 'collective choice arrangements' meaning that those who were affected by decisions should have some say in the making of those decisions. At a societal level we can distinguish between representative democracy, that relies upon the idea of a mandate which ultimately disconnects people from decision making and engenders distrust in government, and participatory democracy where citizens are actively involved in decision making, thereby increasing the sense of a shared sense of purpose, as well as the willingness to compromise in the face of direct knowledge of the complexity of the issues we face. Rather than a paternalistic approach to governing the public, participatory democracy assumes people are capable of making good decisions that meet the needs of the collective if given adequate resources and knowledge. The evidence strongly supports this position with abundant evidence from both international and local participatory democracy initiatives demonstrating that groups given time to deliberate and decide upon even the most polarising of issues can come to agreement, thereby creating greater social cohesion, trust and commitment to implementation of locally relevant policies.

Core Design Principle 4: Transparency (Monitoring agreed behaviours). Trust thrives on openness and transparency. It is much more difficult to act out of self-interest when one's actions are visible to the public. Experiments that involved just placing a picture of a pair of eyes on the wall next to a coffee station resulted in more people contributing to the shared coffee kitty. People act more in the public interest when

their actions are visible. A key design principle for commons-based initiatives is transparency of behaviour.

Core Design Principle 5: Graduated sanctions for misbehaviours and appropriate supports for helpful behaviours. Ostrom's work demonstrated that all successful groups had systems of sanctions for misappropriation of resources that tended to begin with very mild sanctions (such as a simple conversation to enquire what was happening) but could then extend through disciplinary action up to and including expulsion from the group. Groups where those who misbehave are not dealt with are perceived as less safe and generate less trust. Strong systems of public accountability, like independent ICAC's, contribute to both monitoring and management of transgressions. But so also does training in forms of public dialogue that support reasoned discussion of the reasons for peoples' actions. By contrast, superficial forms of communication such as social media often result in polarised speech and thinking rather than effective responding to behaviour.

Core Design Principle 6: Fast and fair conflict resolution. Resilient groups require robust processes for conflict resolution that can escalate from an initial conversation between directly affected parties and more formal mediation processes. While our current society tends to see conflict resolution as being largely the responsibility of the courts and criminal justice systems, it is possible to create much more distributed responsibility for conflict resolution through such approaches as restorative justice and widespread skill building in non-coercive and transformative approaches to conflict resolution.

Core Design Principle 7: Authority to self-govern: A key organising principle of Ostrom's work is that resilient groups have the distributed power to organise themselves to appropriately implement the six earlier principles. That is groups must not be excessively interfered with from outside through overly intrusive policies or processes. This is known as the principle of subsidiarity. Decisions should be made at the lowest level possible within a system while still ensuring coordinated action at the level of the system. Such localised empowerment builds resilience through ensuring that local groups are able to respond quickly and appropriately to local conditions, while still maintaining coordination with larger systems.

Core Design Principle 8: Polycentric governance. To this point we have focused on the design principles of building effective groups. But how does one construct whole systems of interacting groups to create resilient networks? Ostrom's final principle is, poly-centric ("many centred") governance. This refers to building networks of governing bodies interacting to make and enact agreements within a policy area, location or action arena. Further, to be effective, these networks of groups should ideally relate to one another using principles 1-7. That is, groups also need to have

shared purpose, equity, transparency and so on in order to function effectively as networks. This can go wrong in two ways: a) other groups may not cooperate with you (e.g., they don't include your group in important decisions, behave in ways that can't be monitored, etc.), or b) your group may not cooperate well with other groups. In this fashion, the same design principles are relevant at all levels of a multi-tier hierarchy of social units.

The eight core design principles provide guidance for the design of policy and governance for enhancing resilience through greater social cohesion and trust. The specific enactment of these ideas in local regions will depend upon the needs and priorities of specific communities. In this next section, we explore one broad approach to community responding in the face of threats to resilience, and three specific examples of the commons that broadly conform to these design principles and thereby build community resilience.

Citizens' Assemblies

There are a host of models of community deliberation that are emerging under names such as citizens' assemblies, peoples' assemblies, deliberative democracy and so on. While the design of these initiatives varies in detail, they generally rely upon bringing together ordinary citizens, experts and authorities to help plan responses to community challenges. In terms of resilience, they build hope, efficacy and trust while also providing practical pathways for new and creative responses to our biggest challenges. Australia is extremely well placed to implement such approaches as we have an egalitarian culture, an extremely strong academic base for research[16] and a long history of practical efforts and civil society groups devoted to increasing participation in governance (e.g., Canberra Alliance for Participatory Democracy, Coalition of Everyone, Democracy Co, etc.). Such approaches build a stronger sense of shared identity and purpose while also ensuring inclusive decision making, thereby enhancing resilience in response to key policy challenges.

We now present three examples of the commons already in existence in Australia. Although these are all rather 'small' examples in the sense that they do not influence many people, it is best to think of them as 'seed' examples that could be relatively easily scaled and could have cumulative effects at a cultural level. They are presented here to put flesh on the bones of the design principles mentioned above. The Inner West Tool Library and Pingala examples were drawn from the "Sydney Commons Plan" produced by the Sydney Commons Laboratory.

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[16] For example, the University of Canberra's Institute for Governance and Policy Analysis has leading experts in the field such as Prof John Drysek and Prof Mark Evans

The Inner West Tool Library (IWTL)

The Inner West Tool Library (http://innerwesttoollibrary.com.au) is a volunteer run community project for sharing over 200 tools which would be prohibitively expensive to buy for home projects. Members pay a small annual fee which is used to maintain and upgrade the tools. The tool library has a number of immediate benefits. It obviously provides members with the capability to build things they would not otherwise be able to build, with all the attendant benefits of developing new skills and satisfaction in the work. The library also reduces landfill. But the tool library also has massive social benefits. For example, members interact to skill share and run workshops.   People build trust in one another which creates more sharing, building more trust and cohesion. And the management committee benefits by acquiring skills in governance as well as the social contact of working cooperatively towards a worthwhile goal.

The IWTL is building community resilience directly through creating cooperative networks of people with the skills and tools to maintain and construct equipment. But even more importantly, it is building networks of social cohesion that enable people to share ideas and resources in response to threat. For example, in similar 'buy-nothing' networks in the Canberra region, the onset of COVID resulted in networks of people offering and providing assistance such as grocery shopping or home visits to elderly people in the local region through local mutual aid networks. The provision of these services was different to the purpose of the original network, but a natural outgrowth of the trust and connection built up through activities like sharing tools.

Interestingly while it seems to make such obvious sense to build community resilience in this way, it runs directly counter to the aims and operation of the dominant economic model. The IWTL is essentially reducing GDP and associated employment in factories manufacturing tools through reducing consumption. On the other hand, when we look at a more systemic level, we see people who are more productive and skilled because of the initiative. While there are no profits, it is better for society. In this way, resilience will not be achieved through just doing more of the same.

Food Security Networks

The Inner North Urban Farm (https://www.facebook.com/innernorthurbanfarm) is the initiative of two young women in the inner northern suburbs of Canberra. People who volunteer their unused suburban land for use as community gardens benefit by receiving boxes of organic vegetables, simultaneously providing employment for a band of people involved in the growing. Crowdfunding finances the purchasing of equipment, water tanks, compost and other consumables needed to construct and maintain the gardens.   This initiative essentially creates a distributed, urban farm that directly contributes to the reduction of greenhouse gases (through growing plants but

also reducing food miles), builds skills and provides greater food security to the region, something that has become critically important in the time of COVID.

Other similar initiatives in Sydney, such as Crop Swap, scale these initiatives allowing the swapping of produce to cover shortfalls in particular regions.

But once again, the social benefits of such initiatives are in some ways even more important than the practical benefits. Aside from the social connections, such networks also always involve enhancing communication and conflict resolution skills to deal with the inevitable issues that arise "Can the price of vegetables be set such that those with fewer resources are still able to access organic produce?" "What is the relative value of different products when engaged in crop swapping?" . Such questions are answered more equitably and harmoniously when groups are educated in group facilitation and communication techniques. When production involves social contact, rather than a simple monetary transaction at a checkout, new skills of cooperation are required and built. And, once again, the initiative would not be strongly supported by current economic models based upon the tragedy of the commons, where private ownership is seen as the only solution to ensure that property is properly maintained.

Pingala

Pingala is a solar co-operative – 'a citizen-led energy movement, working for a fast and fair transition to clean energy.' Its aim is to 'build, own and operate community-owned solar farms in Australia, with the support of member-shareholders who will become part owners in the projects'.

Pingala is a cooperative that invests in clean energy supplies. There is vastly more investment available than there are community energy projects, creating an incentive for new investment in clean energy. Pingala invests in technology that is then used to provide energy for local businesses and community groups. This generates returns which are then distributed to members paying 5% to 8% to co-op members. It is over-subscribed indicating that there is a strong desire to do something about increasing solar energy production. This is a popular model internationally and Australia is currently a long way behind countries like Germany (e.g., Australia has 50 or so community solar projects while Germany has 880).

Once again, cooperatives such as Pingala, or the numerous other cooperatives incorporated in Australia, provide both economic and social benefits to participants, while also building networks of trust and social cohesion that support national resilience.

All of these initiatives are examples of the commons, and they all potentially transcend political boundaries. They appeal to the left because of their strong emphasis upon social justice and support, and they appeal to the right because they

involve individual enterprise and initiative without necessarily requiring ongoing government support, although many will require start-up funding. Because they are not profit oriented, it is hard for such efforts to attract venture capital. At the same time, these commons initiatives have diverse and complex governance, and so may struggle to attract government funding within traditional funding programs. This is a challenge to government to see beyond traditional commercial models to provide start-up funding for initiatives that have resilience benefits far beyond commercial returns.

Thought piece 3: Meeting Needs Through Polyarchic Possibilities

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We have argued that public and interpersonal trust, citizenship, participation and fairness are entwined with many aspects of public life and national resilience. We make the point that for a society or community at any level within the system to be 'resilient', it is crucial there be strong, trusting social bonds between the individuals and groups involved, and that they have the capacity to act (resources, economy, population, skills, etc) and a will to cooperate (political will, social trust, participation, etc.).

Central to building trust and social cohesion is the work of aligning our individual and collective capacity to act with shared purpose whenever necessary. This is about giving legitimacy and support within the context of individual and collective endeavours. It is about power and authority that builds in purpose to act with sovereignty and self-determination. This raises an important question; how do we understand 'power-to' get things done?

For our purposes, when working with governments, various institutions and community groups, we recognise power to be *"the capacity to mobilize resources to attend to needs"*[17]. This definition of power suggests that we don't use power or authority for its own sake, we use it to satisfy needs, either our own or those of others. We suggest this distinction is central to the work of building resilience.

Power is, first of all, a capacity or ability. It is the potential to achieve specific outcomes. In individualistic cultures, some people mistakenly see this capacity as residing in the individual. But power is always relational, a view that aligns more with collectivist cultural norms. We might think of power as having different bases or sources such as access to information, authorisation by others, expertise or even likeability. But even the last of these (usually called "referent power") is a capacity to achieve outcomes based upon a relationship.

Second, power is the capacity to meet needs. So, what are needs? A need is anything an organism requires to thrive. Within the context of building resilience, 'needs' refer to the most essential categories of what motivates us and what is necessary for life, not to the almost endless strategies of attending to those needs.

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[17] Kashtan, M 2014, Reweaving our Human Fabric: Working together to create a nonviolent future, Fearless Heart Publications, Oakland, CA, p.130

Simply, there are four basic categories of need – physical needs (e.g., food and shelter), freedom, connection, and meaning. These same four basic needs apply equally to the collective – environmental health (i.e., sustainable resources), sovereignty, partnership, and shared purpose. This is precisely where we see a link between autonomy and interdependence as two intertwining dimensions. We cannot have full autonomy if we need to escape connection to have it, and we cannot have full connection if it means giving up on freedom in order to have it. Furthermore, needs are understood to be universal aspects of experience that apply to everyone irrespective of culture or circumstance.[18] It is this latter characteristic that makes them so useful for our purposes. Focusing on needs automatically brings us towards a sense of shared identity and purpose. In this way, needs, along with purpose and values, define an important aspect of 'what matters to us'. Understanding what we need in this way will serve us well in our endeavours to build resilience.

Power also involves "mobilising resources". A resource is simply a stock of some sort that can be drawn upon to get things done and do what we want. Resources can be anything in our life-world. They can be 'outside' ourselves, such as money, tools or relationships, or 'inside' ourselves such as skills, knowledge and even more or less useful patterns of responding to stress and challenge. This distinction lines up with the physical and cultural resources at our disposal.

These distinctions provide an approach to decision-making that is based on collecting all needs relevant to a decision and engaging stakeholders in converting them to practical strategies that can work for all, now and in the future. Practically, this means inviting constellations of stakeholders sharing a common purpose to put their needs, impacts, and resources on the table so they can decide, together with others, how to best attend to those needs and minimise harmful impact, with the resources available to them as a collective. This approach, we have observed, leads to more robust decisions that are less likely to be sabotaged by those carrying them out.

To help constellations of stakeholders render an integrated response to meeting their needs at each level we have employed a taxonomy of four categories. How should the multiple players constitute themselves, organise themselves strategically, design and implement the machinery to get things done, and motivate themselves? Using this lens, those we have worked with have been able to discern aspects of what was going on in the system that, in terms of our discussion, have enabled responses that reinforce the resilience of an endeavour and the trust between those involved.

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[18] See Deci, EL & Ryan, RM 2002, 'Overview of Self-Determination Theory: An Organismic Dialectical Perspective', *Handbook of Self-Determination Research*, The University of Rochester Press, New York and Rosenberg, MB 2003, *Nonviolent Communication: A Language of Life,* PuddleDancer Press, Encinitas, CA

Constitutional arrangements have either frustrated or enhanced choice and the capacity to exercise power and authority in service of not only the collective endeavour, but also within the respective institutions. The presence or absence of strategically qualified opportunities have determined levels of investment and action taken by the players involved. The machinery of system, the cultural norms, policies, procedures, etc. has moderated various measures of equity (procedural, informational, distributive, relational) across the system. Finally, the resulting degree of reciprocity experienced by the individuals and teams involved have either had them behaving to avoid stuff they don't want or striving to have their intrinsic worth mean more within the context of the collective. This frame has enabled those we have worked with to discern opportunities that have ultimately built trust and social cohesion.

We believe that unless we consciously build our cultures and economies on direct caring for needs with an awareness of being always part of a larger whole, we are likely to continue to increase the suffering of people and the environment. **A direct and insistent focus on needs, can provide a blueprint for creating economies and lifestyles that nurtures life and builds resilience.** Having engaged with such practices, within active communities of commitment, the resulting response goes beyond individual transformation to restoring the community's capacity to find collective and collaborative ways to sustain itself.

In this way, by exercising power-with others (versus power-over), including the protective use of force – force that is used to protect life, not to punish, shame, or hurt anyone – as part of our effort to help groups of people respond to the security challenges they are facing, and consequently build resilience, it shifts the focus from 'what's in it for me' to 'what matters to us (including me)'. We observe this approach liberating, rather than simply accommodating, the potential for individuals; linking individual liberation to the systemic dimensions of the work; mobilising the power of community to anchor change as a source of support, feedback, learning, and increased resources; and, engaging the kind of change that becomes possible when the potential of the individual is applied in community settings, beyond the individual level. This shift in focus from the individual to relationship and community is reweaving community and relationship back into our lives, undoing the ravages of capitalism.

Thought piece 4: Systems Approaches for Building Resilience

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This Report has emphasised how important it is to build trust and social cohesion, throughout society, to ensure resilience in the face of the unpredictability that is a consequence of the complexity of the modern world. Resilience was defined as the capacity to grow back better, as well as adapt, following unexpected events. It was argued that this capacity must be protected, supported, and enhanced at different levels – the community, civil society and, through government action, at state and national levels. A PEST analysis revealed the multiple interacting threats currently posed to resilience. Systems thinking has developed as a transdisciplinary response to complex problem situations that cross traditional boundaries. This contribution explores some of the ways that different systems approaches can contribute to building resilience.

Russ Ackoff learned many lessons about how systems practitioners can help to build resilience from a project working with the Mantua Community Planners, a coalition of neighbourhood groups, in an area of considerable disadvantage in Philadelphia.[19] The motto of the Mantua Community Planners was 'Plan or be Planned For'. Ackoff took from this that his role was the proactive one of helping them to design a desirable future and invent the means of realizing it. This required looking to the wider environment to ensure that the necessary resources were obtained. It necessitated a participative approach to secure support from a variety of local constituents. Providing appropriate assistance demanded a reverse in the normal research relationship between the university and the clients. The black ghetto leaders had to do research on the university to see how it might be useful to them.

The success of this project helped give rise to the 'community operational research' movement in which management scientists and systems thinkers seek to work with 'non-traditional' clients to help them tackle the complex issues they encounter. A book, edited by Midgley and Ochoa-Arias[20], provides the background to the initiative and describes projects, in the UK and elsewhere, working with a housing co-operative, children living on the streets and agencies trying to assist them, and neighbourhood groups. All were victims of circumstances they could not control, for example, the housing co-operative of the closing of the local coal mine. An important finding,

[19] Ackoff, R.L. (1970). A black ghetto's research on a university. *Operations Research* 18: 761-771

[20] Midgley, G. & Ochoa-Arias, A.E. (2004, eds). *Community operational research: OR and systems thinking for community development*. New York: Kluwer/Plenum

highlighted in the book, is that both 'hard' (quantitative, modelling) and 'soft' (debate-orientated, problem-structuring) systems approaches are useful in assisting such groups and, indeed, can productively be used in parallel. In the case of the harder methods, special efforts are needed to involve participants in the model building.

A recent special issue of the European Journal of Operational Research[21] updates the thinking on 'community operational research' and provides numerous examples. One of the interventions has been summarized in Impact[22]. It concerns the spectacular bottom-up revitalisation of the Japanese town, Minami Sanriku, devastated by the 2011 earthquake and tsunami. Given the scale of destruction in the country, this town was not high on the list of government priorities. It was realised that "community leaders had to become project leaders…. the people…. would take the lead in determining their own collective future". Through local 'active leadership', objectives were formulated with an overarching goal of 'building back better' to 'fulfil the dreams of our children'. During the project, managing relations with the government and other stakeholders assumed significant importance. A participative approach was essential but had to respect the culture which was "overwhelmingly, hierarchical, authoritarian and respectful of seniority". However, nobody claimed to have all the answers and the project proved that anyone could be a difference-maker by engaging in the co-creation of relevant knowledge.

Systems thinking used to be associated with technical approaches such as systems engineering and process management. These are still important in pre-planning for resilience and rebuilding after a disaster has occurred. For example, in ensuring the requisite resources of people, money, materials and technology are in place to mount an adequate response and that efficient logistics arrangements are available to provide appropriate assistance. However, as the Minami Sanriku study shows, soft skills are often even more important than the usual technical skills associated with project management. Fortunately, systems approaches have been developed which can help support and enhance the necessary soft skills. They are well-tested. Ackoff's[23] 'idealized design', which directly emerged from the Mantua project and was implicitly influential in the Japanese case, can mobilise involvement by enabling participants to reach agreement on a desirable future and gaining agreement on how they can get there from where they are now. Checkland's[24] 'soft systems methodology' (SSM) facilitates a learning process during which different perspectives are clarified, stakeholders achieve better mutual understanding, and they are assisted

[21] Johnson, M.P. & Midgley, G. (2018, eds). Community operational research: innovations, internationalization, and agenda-setting applications. *European Journal of Operational Research* 268: 761-1192
[22] Robinson, N. (2020). Community-based OR and the co-creation of knowledge in times of crisis. *Impact*, Autumn. UK: The Operational Research Society
[23] Ackoff, R. L. (1999). *Ackoff's best*. USA: Wiley
[24] Checkland, P.B. (1981). *Systems thinking, systems practice*. Chichester: Wiley

to reach accommodations about feasible and desirable change. Strategic Assumption Surfacing and Testing[25] (SAST) can challenge groupthink by unearthing and examining the assumptions underlying a favoured strategy.

Another systems model, Beer's 'viable system model' (VSM)[26], has been specifically designed to demonstrate the features (identity, intelligence, control, co-ordination, implementation) any system must possess to be resilient in the face of unpredictable external events. These elements enable viable systems to respond to opportunities and threats, and to evolve, learn, and thrive in the face of turbulence. The model is essentially decentralising, identifying the minimum constraints necessary on the autonomy of the parts in order to maintain the whole in existence. Leadership and control are spread throughout the architecture of the system. The fact that it is also non-hierarchical, with the 'higher level' elements seen as serving the purposes of those doing the implementation, means that it has proved attractive to co-operatives, and for community development, as well as to business. Examples are its use by the large SUMA worker co-operative in the UK, to facilitate community involvement in environmental protection in Colombia, to promote self-governance in an eco-village in Ireland[27], and to assist an Amazonian indigenous community with governance issues as it responded to the encroachment of the modern world[28]. To assist with democratic decision-making as part of the VSM, and elsewhere, Beer[29] complemented the model by developing 'team syntegrity', a methodology that can promote 'fairness' by ensuring the equal and participative involvement of stakeholders in decision-making.

Another aspect of the VSM that is important here is its ability to co-ordinate resilience at different levels of society. This results from its fractal nature. The same model is used to understand and improve resilience in the system of interest, the wider systems of which it is part, and the sub-systems that constitute it. Espinosa and Walker[30] exploit this characteristic to suggest how sustainability can be promoted and integrated at the different 'recursive levels' of the world – individual, family, neighbourhood, town, eco-region, nation, continent, global. The best known VSM project[31] employed the model to promote adaptation, learning and development at the various levels of the Chilean economy under the Allende government – an

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[25] Mason, R.O. & Mitroff, I.I. (1981). *Challenging strategic planning assumptions: theory, cases and techniques*. Chichester: Wiley

[26] Beer, S. (1981). *Brain of the firm, 2e*. Chichester: Wiley

[27] Espinosa, A. & Walker, J. (2017). *A complexity approach to sustainability: theory and application, 2e*. London: World Scientific

[28] Espinosa, A. & Duque, C. (2018). Complexity management and multi-scale governance: a case study in an Amazonian indigenous association. *European Journal of Operational Research* 268: 1006-1020

[29] Beer, S. (1994). *Beyond dispute: the invention of team syntegrity*. Chichester: Wiley.

[30] Espinosa, A. & Walker, J. (2017). Op. Cit.

[31] Beer (1981) Op.Cit and Medina, E. (2014). *Cybernetic revolutionaries: technology and politics in Allende's Chile*. Cambridge: MIT Press

experiment cut short by the Pinochet coup. Using the VSM, the initiatives of community groups to promote resilience could be co-ordinated with those of relevant organizations in civil society, state, and national government. State and national government would be in a better position to understand the regional and local picture, provide appropriate support, and allocate resources effectively. It is worth noting the close correspondence[32] between the principles underpinning the VSM and Ostrom's eight design principles, discussed in Thought Piece 2 of this Report.

In the UK, once the epidemiological models of traditional science were overwhelmed by the social, cultural, and cognitive complexity of the Covid-19 pandemic, the best thing to do simply became a matter of political debate, amplified by differences of opinion among experts and media excitement. While this is in large part appropriate, systems thinkers would claim that the decision-making could have been enhanced by the same soft systems approaches we noted earlier as relevant at the community level. For example, SAST could have challenged the groupthink that seems initially to have guided expert advice to government. SSM could have clarified the assumptions underpinning possible strategies and helped work through their implications.

Another systems approach, critical systems heuristics (CSH)[33], offers a powerful means of challenging disadvantage and discrimination. It can reveal how the processes and outcomes of decision-making might privilege the interests of some stakeholders and it can provide a means of giving a voice to those disadvantaged by power relationships. It can help people think through what systems designs ought to look like from a variety of stakeholder perspectives (including those of 'representatives' championing the environment and the interests of future generations). It has been used extensively, expanding the boundaries of projects to, for example, allow older people to participate in decisions that affect them concerning the provision of housing services, and to ensure a voice for mentally disordered offenders in the design of processes aimed to divert them from custody[34]. Using CSH in pre-planning, you would be compelled to consider whether a pandemic, such as Covid-19, might fall hardest on those most disadvantaged and would seek to mitigate such an outcome. In the UK such an outcome seems to have come as something of a surprise.

Another well-known systems approach is system dynamics – so well-known indeed that, since Senge[35], system dynamics (SD) is sometimes conflated with systems

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[32] Espinosa, A. & Walker, J. (2017). Op. Cit.

[33] Ulrich, W. (1983). *Critical heuristics of social planning*. Bern: Haupt.

[34] Midgley, G. (2000). *Systemic intervention: philosophy, methodology, and practice*. New York: Kluwer/Plenum.

[35] Senge, P. (1990). *The fifth discipline: the art and practice of the learning organization*. London: Random House

thinking. System dynamics should be recognised as just one strand of systems thinking with its own strengths and weaknesses. SD seeks to identify the important causal relationships, expressed through feedback and feedforward loops, and lags, that influence system behaviour over time. It can help clarify thinking and point to the possible unintended consequences of actions. SD was used to structure the research that culminated in the well-known 'Munro Review of Child Protection'[36] in the UK. It helped reveal how 'an addiction to prescription' gradually eroded the discretion available to social workers. As a result, the system was reduced in 'variety' and lacked the capacity to deal with the unpredictability of its environment.

Finally, it must be said that there is a lot of 'shallow' systems thinking around at present. Some seem to believe that just shouting 'systems thinking' and 'complexity theory' loud enough can make problem situations disappear. In truth, systems thinking is not a panacea. 'General complexity'[37] resists universal truths. Serious systems thinkers acknowledge this and reflect on the limitations of the different strands of the transdiscipline. They recognise that they prioritise different aspects of complexity, for example, systems engineering focusses on technical complexity, the VSM on organizational and environmental complexity, soft systems approaches on cultural/political complexity, and CSH on coercive complexity. It is necessary to understand their various strengths and weaknesses, how these are related to their theoretical underpinnings, and how they impact success in practice. This is a task that 'critical systems thinking' has undertaken, for example, in a book[38] examining the ten most established systems methodologies and revealing how they relate to different conceptions of complexity. Such an analysis makes it possible to engage in informed 'critical systems practice' using the most appropriate systems approaches, often in combination, to assist decision-makers and other stakeholders think through and address the complex problem situations they face.

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[36] Munro, E. (2011). The Munro Review of Child Protection: Final Report – A Child-centred System. London: TSO

[37] Morin, E. (2006). Restricted Complexity, General Complexity. Presented at the Colloquium 'Intelligence de la complexité: épistémologie et pragmatique', Cerisy-La-Salle, France, June 26th, 2005. Translated from French by Carlos Gershenson

[38] Jackson, M.C. (2019). *Critical systems thinking and the management of complexity*. Chichester: Wiley.

Thought piece 5: What's the Future of Macro Policy?

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Principals, Kinnford Consulting

Throughout the work of our subgroup, we have been united in wanting a society that is fit for civilised humans. Our colleagues have explored ways that this can be achieved through polyarchy, participation, etc. We concur. Yet polyarchic participation is 'necessary but not sufficient' as a strategy: the levers available to the State through the application of macro-policy remain central to the task of building a resilient society.

Our discussions in this section are related to our view that Australia requires a healthy democracy to create and sustain resilience. The starting point for our discussion is positive. In the *Democracy Index* (the well-regarded evaluation of The Economist Intelligence Unit) Australia ranks in 10th in the world, close to NZ and Scandinavian countries.[39] In contrast, the USA—who we do not wish to emulate—does not make the list of democracies at all, instead appearing as a 'flawed democracy'.[40]

What does the flawed US democracy look like? Writing about Haiti in the early 1990s, Ben Fountain[41] described a situation of "… extreme wealth inequality, a caustic politics of intractable polarization, a highly politicized judiciary, a disastrously degraded environment, rampant disease, a dysfunctional health care system, an abused, beleaguered, and grossly underpaid workforce, an economy dominated by transnational corporations and monopolies, or a frustrated and sceptical, even cynical, electorate that was vulnerable to the siren song of fascist demagoguery."

Fountain argues that this description increasingly fits the USA today, suggesting that what the USA needs to overcome this is maximalist democracy "… in which a meaningful degree of economic equality is as integral to citizenship as civil and political rights" Fountain notes that this vision is congruent with Roosevelt's idea of a Second Bill of Rights enunciated in 1944 (see box).

Such language resonates with Australia's famous 'Harvester judgment' which was the basis of the uniquely Australian 'wage-earner's welfare state' that declared a living

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[39] https://www.eiu.com/public/topical_report.aspx?campaignid=democracyindex2019

[40] Matt Bevan has argued very recently that this may, in part be a function of size and scale, an issue too complex to explore here.

[41] Fountain, Ben "What has Minimialist Democracy Gotten Us?" *New York Review,* Nov 19 2020 https://www.nybooks.com/articles/2020/11/19/election-what-has-minimalist-democracy-gotten-us/

wage to be sufficient for "a human being in a civilised community" to live in "frugal comfort."[42]

These ideas form an essential element of our argument: to build and sustain a resilient society, we need to be sure that the level of real opportunity and capacity of Australians is adequate to permit the level of agency and involvement which is the foundation for and enables the participatory, community-focused, polyarchic possibilities outlined by our colleagues in the previous sections.

> *We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. "Necessitous men are not free men." People who are hungry and out of a job are the stuff of which dictatorships are made. In our day, these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basis of security and prosperity can be established for all—regardless of station, race, or creed. Among these are:*
> - *The right to a useful and remunerative job in the industries or shops or farms or mines of the nation;*
> - *The right to earn enough to provide adequate food and clothing and recreation;*
> - *The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;*
> - *The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;*
> - *The right of every family to a decent home;*
> - *The right to adequate medical care and the opportunity to achieve and enjoy good health;*
> - *The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;*
> - *The right to a good education."*
>
> Franklin D. Roosevelt, State of the Union Address, January 1944

The dilemma seems to be that the economic and regulatory conditions that would ensure an equitable society require a degree of macro-level policy that is developed, deployed and managed by the institutions of the State. The key question that arises is how this can be achieved when top-down, centrally managed strategies seem decreasingly useful for ensuring resilient social systems in highly volatile, unpredictably interconnected complex settings and when we seem to be reaching the limits of public trust in traditional policy mechanisms?

Our answer is not to abandon macro-level policy solutions delivered through large scale bureaucracy and administrative systems, in favour of more localised, participatory processes. Rather, we ask how to ensure we achieve the best of both. The job of macro-policy, we argue, is to deliver some of the key conditions essential to the 'Roosevelt model', thus creating the 'fertile soil' in which bottom up and cooperative actions can thrive.

In the first part– Part A – we compared and contrasted Australia with Scandinavia on the one hand and the USA on the other, particularly with regard to the policies in place for distributing wealth and income in equitable ways. We suggested that, if we are interested in promoting social resilience and trust, we needed to be much closer

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[42] The full statement unsurprisingly reflected the gender roles of the time, stating that the living wage should be sufficient for a 'human in a civilised community'… to … 'support a wife and three children'… in frugal comfort'

to the former than the latter. In this thought piece, we continue this line of reasoning, arguing for two key elements:

1) the essential role for macro-policy in managing levels of inequality as the core foundation for trust and social cohesion

2) changing the way of conducting policy processes to give more voice to those affected by high level processes.

These are important bedfellows. As Lammert and Vormann argue[43], inequalities matter most when they are seen as illegitimate, when they "translate into lack of political clout", and when they are coupled with a low levels of responsiveness, transparency and accountability of government.

1.1 Managing inequality: the essential role for macro-policy

Throughout both parts of this report we have argued that there is a strong relationship between social cohesion, citizenship and inequality – that is:

As inequality rises:

- The *willingness* of people to honour their 'responsibilities' as citizens falls.
- The *ability* of people to honour their 'responsibilities' as citizens falls (they have less 'dominion').
- Social capital diminishes and solidarity is attenuated.
- Coercion to create compliance rises, and *people become subjects not citizens*.

Citizenship:

- Involves accepting both rights and responsibilities and *honouring the latter*.
- When people act as citizens, they *create and sustain solidarity and trust*.

In contrast, systems where individual elements are fragile are more prone to self-reinforcing loops of collapse.

Solidarity and trust are *the bedrock of* resilience.

It follows that promoting social resilience makes no sense if we do not constrain inequality and the forces that produce it. Keeping levels of inequality within stable boundaries is essential for a resilient social fabric and robust levels of social trust, otherwise we risk tipping into disenfranchising and destabilising forms of inequality from which it might be hard to recover. This will create fault lines of mistrust and intolerance that erode our collective resilience and ability to adapt to sudden or major changes.

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[43] Lammert, Christian and Boris Vormann (2020) 'When Inequalities Matter Most: The Crisis of Democracy as a Crisis of Trust' In M. T. Oswald (ed.), *Mobilization, Representation, and Responsiveness in the American Democracy*, Palgrave, https://link.springer.com/chapter/10.1007%2F978-3-030-24792-8_7

The levers for preventing excess of inequality lie firmly in the hands of government policy through systems of taxation and provision of a range of services and benefits (health, education, transportation, communication, housing, welfare services, etc.). Via this suite of actions, governments can change patterns and ameliorate any negative impacts, collecting taxes on the one hand and providing benefits (as payments or services) on the other.

The challenge we face, however, is that none of this is straightforward or easy in highly globalised economies that, for the past 40 years or so, have favoured market freedoms and individualist political philosophies over collectivist or 'welfare state' solutions. To a large extent, these market friendly policies permit rising levels of inequality. As we noted in Part A of this report, on average, in OECD countries[44], the redistributive effects of taxes and transfer systems have declined, and inequality has been rising. This is because:

- incomes before taxes and transfers have become more unequally distributed, and
- the extent of redistribution through taxes and transfers has fallen.

As we pointed out in Part A, Australia's tax and transfer system is well known as a robust system which – notwithstanding debates about specific changes and trends – has protected us from extremes of inequality and poverty. OECD data consistently show Australia sitting in the middle-high range of expenditures on redistributive measures, with an almost uniquely high level of targeting these measures at lower-income groups.

The 2018 analysis by the Productivity Commission of the level of inequality in Australia[45] confirmed that while there was clearly a trend towards widening inequality of income and wealth, overall inequality was kept within moderate bounds mainly due to Australia's progressive tax and highly targeted transfer systems.

It is, therefore, of concern that in recent years such policies appear to have been weakening as a protection against inequality in Australia. Bray points out (notwithstanding some methodological caveats) that not only is there evidence of increasing income inequality since the early 2000s, but that:

> *the traditional tools of income distribution, progressive income tax and transfer payments **have been playing a lesser role** in counterbalancing the impact of the distribution of other sources of income. Indeed, the decomposition of the sources of inequality would suggest that the decline in*

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[44] Causa, O., J. Browne and A. Vindics (2019), "Income redistribution across OECD countries: Main findings and policy implications", OECD Economic Policy Papers, No. 23, OECD Publishing, Paris, https://doi.org/10.1787/3b63e61c-en

[45] *Rising Inequality? A Stocktake of the Evidence*, Productivity Commission, Australian Government, 2018

> *the function played by these has been **the main factor** contributing to the increase in inequality (emphasis added).*[46]

Whiteford[47] also notes the fragility of the protections offered by Australia's tax and transfer regime, citing a 2013 OECD working paper which cautions that due to Australia's highly targeted transfer system, a cut in transfer spending of 3 per cent of GDP would "increase income inequality in Australia to a larger extent than any other OECD country… *a cut back of this magnitude would very adversely impact* low-income groups." (emphasis added).

The dominant narrative of the past 40 years has been to characterise 'tax' as an impediment to individual initiative and a harmful drag on enterprise[48] – something that should be 'cut' as often as possible. Similarly, the public provision of transfers through a welfare state is characterised not as a method to level the playing field and a bulwark against disadvantage, but as a 'nanny' that featherbeds people's lives, hindering personal responsibility and destroying their work ethic.

These issues are at the heart of political disagreement over the centuries and are unlikely to be resolved here. The key contribution we wish to make is to raise these familiar and complex debates in a conversation about social resilience, and to make our claims that:

- a resilient social fabric requires a degree of equality
- governments have a major role in preventing significant, socially destructive levels of inequality
- neo-liberal public policy over the last 40 years is implicated heavily in rising rates of inequality, and that if we are not careful, we'll see more of this

However, while debates abound about the extent and significance of inequality in Australia, even the most moderate, sober and conservative accounts conclude that an excess of inequality is an undesirable outcome, and that it is the job of government – through the tax and transfer system – to manage this.

Scope for action exists. For example, Prof Robert Breunig of ANU's Tax and Transfer Policy Institute has drawn attention[49] to the need for further development in this

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[46] Bray, Rob (2014) "Changes in Inequality in Australia and the Redistributional Impacts of Taxes and Government Benefits" Chapter 18 in Podger, Andrew and Trewin, Dennis eds (2014) *Measuring and Promoting Wellbeing: How Important is Economic Growth?* ANU Press, Canberra

47 Whiteford, Peter "What Difference Does Government Make? Measuring Redistribution in a Comparative Perspective" citing OECD 2013 'The Equity Implications of Fiscal Consolidation' ibid, Chapter 19

[48] Or, as the Prime Minister, Scott Morrison has claimed, tax increases would put a 'big wet blanket on the economy', 'retard(ing) growth and holding back the economy'.

[49] https://taxpolicy.crawford.anu.edu.au/news-events/news/16544/tax-reform-must-be-part-our-post-covid-economic-cure

area, pointing to the marked inequality between generations, and seeing the COVID pandemic as a possible inflection point:

> *We already know that we are facing a mountain of new debt because of the COVID-19 pandemic. And we are hoping for a quick and robust recovery. But Australia's recovery through global trade will continue to be impeded by other countries' response to the coronavirus. And our interest rates will continue to be low. So, we need to think big when it comes to fiscal policy. Why not reform our outmoded and outdated tax system? Not only is it ill-equipped for the 21st century, but is inefficient, complex and unfair; doesn't reflect contemporary Australia; and is not going to generate sufficient revenue in the short-term. [Arguing against over-reliance on income taxes to raise the bulk of revenue he also noted that because] … incomes are taxed heavily, and savings lightly, it means young workers subsidise the old, who disproportionately own capital.*

He and his colleagues have called for a dual system of tax that:

> *… should be based on four key principles: 1. Savings should be taxed at a lower rate than labour income 2. Most types of savings should be taxed at the same rate 3. Savings income should be taxed independent of the tax rate on income from other sources 4. Taxation of savings should focus on income generated from savings and not the total stock of assets.*

We do not offer specific sets of recommendations here – nor are we sufficiently expert do so. But the point is clear. It is not enough to argue that all tax is 'bad' (or 'good'!) and that transfers are either uniformly negative or positive.

Instead, we think that Australia **needs a robust conversation about how to capitalise on the benefits that public policy can provide in limiting inequality through distributive mechanisms of taxation and transfers.**

1.3 How to 'do' policy in ways that build trust and cohesion?

Given that societies around the globe – including Australia – appear to be reaching the limits of public trust, and that citizens are increasingly feeling disenfranchised, disempowered, disengaged, frustrated with traditional ways of 'doing' government, the question of 'how' to decide on, and implement, redistributive policies that limit levels of inequality becomes significantly important. It seems no longer sufficient for policy to be developed entirely by credentialled experts operating within authoritative institutions that apply technocratic and objective rules and processes to a largely passive populace.

This is especially the case when, as we noted earlier, inequality is a particularly corrosive force in democratic societies when it translates into unequal influence on

and voice within the political process and policy making, and when governments are unresponsive, lack transparency and have weak accountability.[50] Thus, if we are interested in minimising inequality using the levers of taxation and transfers, we also need to consider doing this using processes of policy-making that are more responsive, transparent, accountable and participatory. There are two clear reasons to change the way policy is conducted:

- First, it seems less and less likely that strategies designed to control and promote a single 'narrative' to guide public policy will be successful in the current environment of high complexity – especially with respect to communication channels.

- Secondly, there is a risk that continuing the reliance on 'top-down' methods might be counterproductive. This is because when people's core beliefs, identity and world views are threatened, dismissed, minimised or counterpunched – especially by people they don't trust – the result can be a series of complex social-psychological phenomena in which people seek to reduce cognitive dissonance by strengthening, rather than questioning, their existing position.

Both conditions can lead to greater polarisation, the proliferation of 'filter bubbles' or 'echo chambers', an increasing inability and/or unwillingness to listen to different points of view and the social fragmentation that we are now witnessing in many places around the world.

Indeed, reflecting on Labor's 2016 election loss, former leader Bill Shorten noted that he took an arrogant approach in attempting to persuade the public to support to Labor's policies. This approach to 'telling' people what to think, rather than listening to and understanding people's viewpoint was a big mistake:

> *"Never assume that because you think something's right and wrong, that people automatically see it from the same viewpoint…. I've learned … in the hundreds of days since that you can be a bit arrogant even when you're fighting for what you think is fair."[51]*

There is a growing interest in forms of policy communication that focus more on listening than telling. As McNamara[52] has noted, the predominant focus on communication as the *"distribution of messages – i.e., speaking"* is a major cause of

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[50] Lammert and Vormann Op Cit

[51] Harris, R. Shorten says he was 'arrogant', failed to walk in shoes of anxious Australians, Sydney Morning Herald August 23, 2020 https://www.smh.com.au/politics/federal/shorten-says-he-was-arrogant-failed-to-walk-in-shoes-of-anxious-australians-20200821-p55o8u.html

[52] Macnamara, J. (2017) *Creating a 'Democracy for Everyone': Strategies for increasing listening and engagement by government* UTS and London School of Economics

public dissatisfaction and disengagement. Not only do organisations rarely listen, but when they do, they do so with a self-oriented, instrumental focus. McNamara's study indicated that 80 to 95 per cent of the communication resources of organisations is focussed on top-down, one-way dissemination of information and promotion. Further, when they do conduct a degree of organisational listening, this is undertaken selectively to achieve the organisation's instrumental objectives such as gaining 'intelligence' and insights' to help sell products, services, or policies.[53] To improve public trust, McNamara argues that governments need to:

> *"recognise the concept of 'government as audience' (i.e., listen more) and*
> *adopt 'always on' communication with stakeholders and citizens rather*
> *than periodic communication conducted on the government's terms."*

Clearly, however, technically complicated policy issues such as taxation, and the raft of policies that constitute 'transfers' – from the design of welfare programs and payments to health, education, transportation, etc. – all still require the application of deep expertise and high-level knowledge that is not likely to be present within the broader population. Simply 'listening' to the opinions of lay people who do not have the depth of training and knowledge necessary to conduct the detailed analysis, modelling and evaluations necessary for quality public policy design is not going to be enough.[54] But blending expertise with an attitude of respect for the experience and views of those who will be affected by public policies is essential to trust-building.[55]

Over recent years, the question of how this can be done and what policy making for a future world could look like is one that has occupied the minds of many. Movements towards 'open government', 'co-design', 'user-centred design', 'commissioning approaches' and trust-enhancing communication and dialogue have been gaining credibility and traction in the policy community. As one author has said, we have seen:

> *… the dawning of an era in which citizens have come to participate in all sorts of*
> *matters previously reserved for government bureaucrats and politicians. There is*
> *general agreement that we are living through … a "participatory revolution." ….*

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[53] Macnamara, J. (2017) *Creating a 'Democracy for Everyone': Strategies for increasing listening and engagement by government* UTS and London School of Economics, p. 120

[54] Indeed, it could easily be argued that a core problem in public policy has been the erosion of expertise within the public sector workforce, and the outsourcing of policy making to consultants and contractors who lack deep expertise in key fields – including professional expertise in the principles and operations of the public sector.

[55] A good recent example of genuine, trust-enhancing 'organisational listening' at the heart of national policy is the lengthy process conducted by the Office of the National Data Commissioner to discuss and listen to the views of a wide range of stakeholders in development of the Data Availability and Transparency legislation see in particular 'Our Philosophy' at https://www.datacommissioner.gov.au/about/engagement

> *[A]cross the political spectrum, increasing citizen voice is viewed as a necessary counterweight to elite power and bureaucratic rationality.*[56]

Since 2011, Australia has been an active member of the Open Government Partnership (OPG) – an international, multi-stakeholder collaboration comprising governments and civil society organisations around the world. Participating countries endorse a high-level Open Government Declaration, deliver and report on a country action plan developed with public consultation – usually in the form of co-creation with citizen-participants.[57] The effect of this initiative on trust-building and/or citizen engagement are, however, unclear.[58] While Open Government initiatives have been welcomed and provide a significant departure from 'top-down' ways of conducting government policy making, they have also attracted a degree of scepticism, with some questioning their utility and effectiveness, as well as their motivation. For example, Martinez et al identified what they called a 'wheel of participatory frustration' in many participatory exercises arising from "gaps between expectations of influence prior to participation and the experience of participation in [programs] as well as the outputs produced." [59] Similarly, Fraundorfer's 2017 study of three OGP member countries (Brazil, the UK and US), concluded that:

> *…even the most organized, passionate and engaged civil society coalition has no power to unlock this potential as long as it faces lukewarm ambition and half-hearted engagement from government officials…As long as the governments do not take seriously their responsibilities, the OGP process… is no more than smoke and mirrors.*[60]

However, there is cause for optimism. Not only are there useful ways to mitigate these problems, (see Appendix A), but, as Baiocchi and Ganuza[61] argue, despite concerns, participation has the capacity to shift power relations because of its presumptions of equality between participants. "In today's unequal and fragmented cities and societies", they argue, "it is a far from trivial accomplishment to establish settings for discussion premised on the equality of all participants and their common fate."

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[56] Gianpaolo Baiocchi and Ernesto Ganuza, Popular Democracy: The Paradox of Participation, Stanford University Press, 2016, p. 2

[57] The Open Government Partnership of Australia has developed two National Action Plans (2016-2108; 2018-2020) and is currently in the process of developing its third National Action Plan (2020-2022).

[58] Towards the end of 2019, the Open Government Partnership Initiative called for proposals to investigate the 'impact and effectiveness of open government', however, on the basis that no proposal met the criteria for funding, and it made the decision to not award a grant for this work. A few individual projects – mainly at the country level – are currently underway which may yet shed light on this.

[59] José Luis Fernández-Martínez, Patricia García-Espín and Manuel Jiménez-Sánchez, 'Participatory Frustration: The Unintended Cultural Effect of Local Democratic Innovations', *Administration & Society*, 2020, Vol. 52(5) 718– 748

[60] Fraundorfer, M (2017) op cit

[61] Baiocchi and Ganuza, (2016) op cit, p. 8

Similarly optimistic is the UK Centre for Public Impact's call for a "refreshed vision for government founded on a new set of beliefs, values and principles."[62] In its early thinking, it suggests that three core beliefs need to underpin a new vision. These are consistent with many of the ideas we have set out in our work – that is:

- the recognition that most of the problems we face are complex in nature, with emergent outcomes that are not predictable
- that human relationships matter most
- that progress requires experimentation and continuous learning

From their research, they identified four patterns (that form 'Shared Power Principles') that they argue are starting to emerge in government:

Subsidiarity: decision-making should be placed at the lowest appropriate level, putting decision-making power into the hands of those with the greatest knowledge of an issue and helping them exercise this power as effectively as possible.

Relationships first: embracing human complexity, developing more bespoke approaches that do not seek solutions with the "average" citizen in mind.

New forms of governance, leadership and accountability: more diverse accountability structures that give people time and space to make and discuss decisions – not simply relying on quantitative reporting to indicate 'progress'.

A culture of continuous learning: moving away from certainties and fixed solutions and towards experimentation, transparency and where failure is seen as an opportunity to learn.

Summary and conclusion

In this thought piece we have extended our analysis outlined in Part A of this report, arguing that if we are interested in promoting social resilience and trust, we need to maintain robust public policies of distributing wealth and income in equitable ways. This is because Australia's long commitment to using macro-policy as a protection against the worst excesses of inequality has, to date, played a strong role in ensuring a resilient social fabric. But this has weakened over recent decades, and we are concerned to protect against any further weakening – especially as we need to be more resilient in the face of a more volatile and unpredictable world.

Given the extent to which these issues are embedded in long-standing historical differences of political philosophy, we recognise that there are no easy answers and that finding common ground will be challenging. We argue it is time to put aside strong ideology and make room for a wide-ranging, bi-partisan and respectful public

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[62] Brown, Adrian "A Manifesto for Better Government" https://medium.com/centre-for-public-impact/a-manifesto-for-better-government-8121132f45ef

conversation between Australians, across the political and ideological spectrum, about how we might deploy the major levers of public policy to allow a "human being in a civilised community" to live in "frugal comfort", thus providing the conditions for a strong and durable national resilience. To this end we recommend that this conversation at least:

- acknowledges that tax is not necessarily 'bad / 'tax cuts' are not necessarily 'good' and that there is role for a sensible taxation regime in limiting the corrosive effects of rising inequality, and thereby building trust and resilience

- acknowledges that public spending on benefits and services plays a vital role in securing collective resilience by reducing entrenched disadvantage and unequal exposure to risk in the face of shocks and sudden change

- acknowledges that developing and implementing macro-level policy needs to be done in ways that are more open, transparent, responsive and participatory, to give voice and respect to citizens' perspectives and experiences

We do not lay out a 'fix': that is a set of specific recommendations masquerading as THE solution. Instead, we offer this analysis as a basis for a conversation to explore possible options and consider the grounds for building resilience. That would be a healthy, democratic way to proceed.

Conclusion: Suggestions for Conversations (and Action)

The work we have done in both Parts A and B of this project has sought to highlight some of the essential aspects we think will ensure a social bedrock of equality and trust so that all members can adapt and respond productively in times of change. In covering this ground over recent months, it has been very clear that we have only touched the surface, and there is a vastly bigger job to be done.

We positioned this as a 'conversation starter' because we are acutely aware that not only have we not been able to cover this vast topic, but also that this is our take on things, and that others will have different perspectives. We hope to continue conversations about (at least) **eight** aspects of our society that we believe are important to address. We believe that there is a need:

1. for a complete change in 'mind-set' in Australia in the face of the rising uncertainties faced by communities, regions and countries due to increased complexity and the crises to which it gives rise; financial, climate, droughts, fires, pandemics, terrorism, etc

2. for local self-organised efforts in preparing, responding, recovering, and 'building back better' after crises have hit – mobilisation of the 'commons'

3. to build strong strategic partnerships locally, based on networks including business and the private sector, community-based organizations, non-governmental organizations, neighbourhood associations, churches, schools, etc.

4. to encourage the development of these partnerships before crises occur – encouraging local identity, local leadership and engagement, and providing appropriate education and training now

5. to pay particular attention to ensuring disadvantaged and minority groups in localities and regions are included and can participate equally and fairly

6. to ensure local efforts are co-ordinated and embedded in state and federal initiatives but with local priorities paramount in determining what is required and the state and federal governments acting in a supportive, empowering role

7. for the federal government to act on the 'big picture' issues that only it can tackle – addressing inequality and disadvantage, setting a national resilience agenda, building a healthy democracy, rebuilding trust, 'open government' initiatives, open communication, ending 'stove-pipe' approaches

8. to establish a national forum, possibly a National Resilience Institute, to develop a holistic approach to resilience; analysing vulnerabilities across domains, learning from experiences elsewhere, documenting and diffusing good practice to stakeholders at all levels of society.

Appendix A: Cautionary Tales: highlights of three key, recent articles

Dr Stephen Mugford

In this appendix, I have brought together some key passages and ideas from three recent, scholarly articles that cover topics which seem important for our discussion because they point to traps that can arise if we apply new models in a simplistic fashion. This seems a helpful thing to do, given the plethora of sources and the time taken to sift through them.

The first one considers the frustration that can arise when local efforts fail, for one reason or another. There are important lessons here for any attempts to shift to more participatory models, lessons that may help to avoid falling into similar traps.

The second piece touches on important issues about the multiplicity of communicative channels that exist in modern societies and the opportunities and challenges that can arise as a consequence.

Finally, there is a piece that explores the challenges of introducing a new, more participatory and bottom-up mode when it remains under the management of a more traditional, top-down control body. In a nutshell, this shows that the latter commonly continue to 'do what they know' and hence, whether with malice aforethought or not, slowly stifle initiative.

All three of these three articles offer guidance and wisdom while we 'feel for the stones' into the future.

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1.   Participatory Frustration

José Luis Fernández-Martínez, Patricia García-Espín and Manuel Jiménez-Sánchez, 'Participatory Frustration: The Unintended Cultural Effect of Local Democratic Innovations', Administration & Society, 2020, Vol. 52(5) 718– 748

Participatory frustration may stem from gaps between expectations of influence prior to participation and the experience of participation in [programs] as well as the outputs produced. We argue that these imbalances may originate at four points in the course of the [programs]: (a) in the initial development of inflated expectations, (b) in institutional design and the failure of adjustment mechanisms, (c) in the assessments of results, and (d) in the process discontinuation. As sources of participatory frustration, these four points can be represented as forming a wheel of participatory frustration (pp. 721-2)

[Reflecting on their 6 case studies, one of which worked moderately well, they write that]… Our results also suggest that participatory frustration is not inevitable. Although it was a modest experience in terms of its scope, the Local Volunteers' Council (AC-Andalusia) illustrates how [these programs] can be implemented in ways that temper frustration. The involvement of participants from the very outset made them aware of the degree of influence they could expect. It also helped to establish clear aims and decision-making procedures, which favored the effective implementation of agreements and campaigns. From a practical point of view, these are the minimum requirements to avoid frustration in institutionalized PPs: self-regulation, clarity in rules and aims from the outset, adjustment mechanism for the management of expectations, and the achievement of policy outputs. We may still not know to what extent PPs are the most effective antidote against political disaffection.

However, as a recommendation for practitioners, we can say that the above conditions are to be met to avoid participatory frustration. (p. 739)

NB. The diagram here is recreated from Fig. 1 in the article because the original is low resolution.
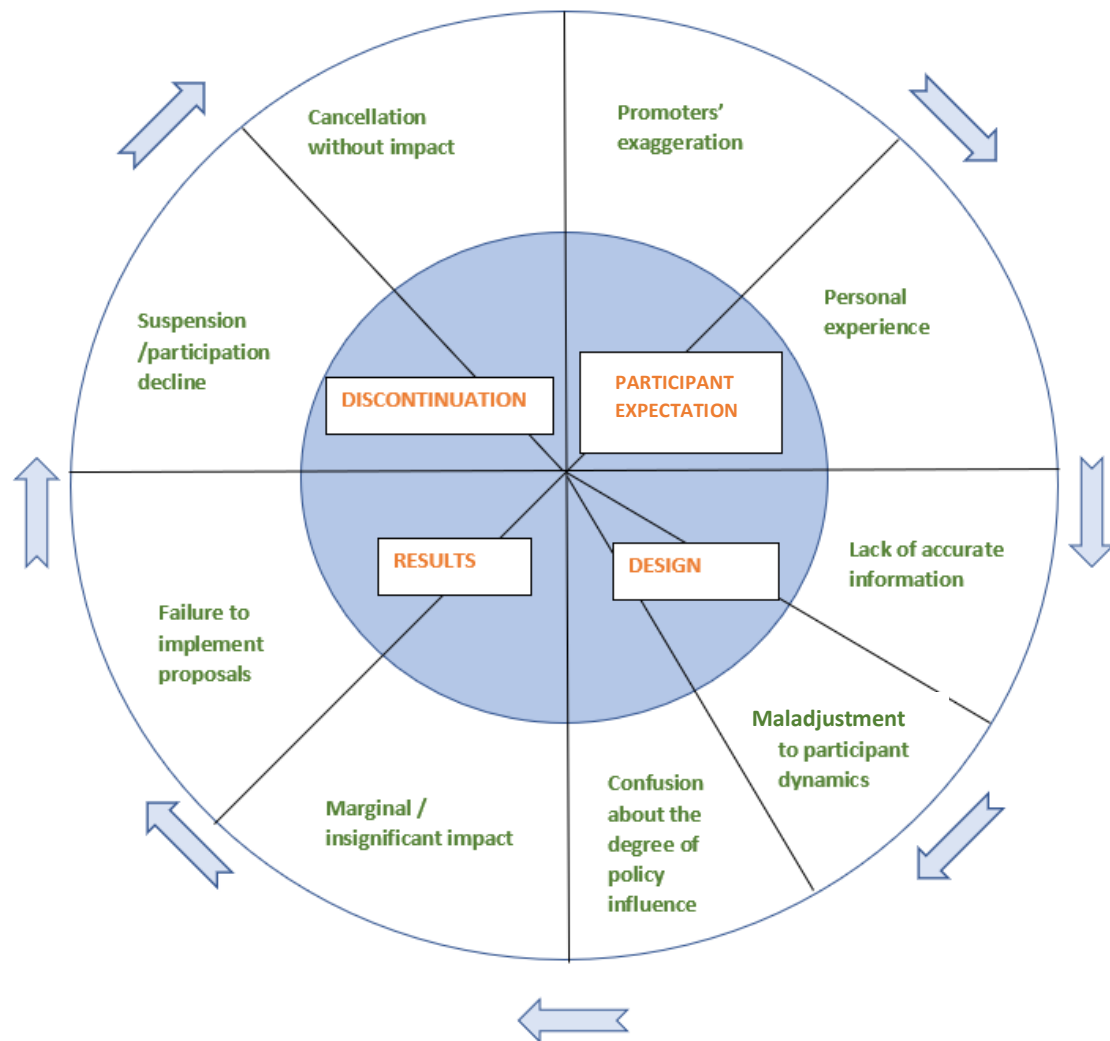
2. Communicative Plenty[63]

Ercan, S.A., Hendriks, C.M. and Drysek, J.S (2019) Public deliberation in an era of communicative plenty, *Policy & Politics*, vol 47, no 1, 19–35, https://doi.org/10.1332/030557318X15200933925405

… finding moments and spaces for slow political reflection has become increasingly more challenging in contemporary societies. Part of the challenge here is that in contemporary democracies there has been a proliferation of opportunities for citizens to voice their opinions, ideas and concerns.

In this article, we use the term 'communicative plenty' to define this relatively new era in which there has been an expansion of opportunities for communication and information, both online and face-to-face. Commentators of this communicative explosion emphasise the role of information and communication technologies (ICTs) in transforming the nature and location of contemporary political communication. For example, they draw attention to the additional spaces (such as blogs, Facebook, Twitter and other interactive sites) in and through which communication can take place.

Communicative plenty, however, is not only about increased digital communication. Today democracies also offer a growing number of spaces of face-to-face interaction created by government, community and private organisations seeking to connect and communicate with relevant constituents. Increasingly, citizens are being invited to express their opinion, deliberate and co-design policy programmes. Not all these spaces are new; but what is new is their increasing density.

In this article, we consider the democratic implications of communicative plenty. We ask: under what conditions might communicative plenty strengthen rather than undermine democracy? We respond to this question from the perspective of deliberative democracy – a normative theory of legitimate democratic decision making that emphasises the quality of political communication and not just the volume of it. In line with the most recent iterations of deliberative democracy, we conceptualise public deliberation in systemic terms as a broad communication process occurring within and across multiple, diverse spaces. (p 20).

3   Participatory Democracy: Partnering or Being Captured?

Adrian Bua and Oliver Escobar, 'Participatory-deliberative processes and public policy agendas: lessons for policy and practice, Policy Design and Practice, 2018, Vol. 1, No. 2, 126–140 https://doi.org/10.1080/25741292.2018.1469242

What we call "participatory-deliberative processes" (PDPs) seek to increase the effectiveness and quality of policy making by involving citizens in policy. PDPs have mostly been used at local levels of governance, and scholars of democracy and politics have called for greater experimentation with

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[63] See other related Australian work in, for example:

Carolyn M. Hendriks , Selen A. Ercan and Sonya Duus, 'Listening in polarised controversies: a study of listening practices in the public sphere', Policy Sciences (2019) 52:137–151
https://doi.org/10.1007/s11077-018-9343-3

Carolyn M Hendriks and Jennifer Lees-Marshment, 'Political Leaders and Public Engagement: The Hidden World of Informal Elite–Citizen Interaction', Political Studies, 2019, Vol. 67(3) 597–617
https://doi.org/10.1177/0032321718791370

Carolyn M. Hendriks, Sue Regan and Adrian Kay, 'Participatory Adaptation in Contemporary Parliamentary Committees in Australia', Parliamentary Affairs (2019) 72, 267–289
https://doi.org/10.1093/pa/gsy005

"multi-level" processes that can <u>democratize higher tiers of government and increase communication between tiers</u>. (p. 126, Emphasis added)

This paper draws lessons from a study of legislation that aimed to institutionalize such ambitions. The Sustainable Communities Act (SCA) sought to integrate the results of various locally organized citizen deliberations within central government policy processes. As well as connecting governance tiers and instigating greater interaction among local communities, local governments and politicians, and policy makers in Westminster and Whitehall (where UK central government offices are based), <u>the SCA sought to contribute to the agenda-setting processes of central government.</u> Drawing on analysis of the first 5 years of the process (2007–2012), this paper identifies learning for practitioners, in particular policy workers and entrepreneurs involved in institutional reform. (p. 126, emphasis added)

[What was found?] First, our analysis points to some important limitations, which primarily revolve around the tendency for process outputs to be subsumed by representative institutions. This echoes previous studies which have shown the clash of political cultures at the interface between existing bureaucratic and representative institutions and democratic innovations that foreground participation and deliberation. It is noteworthy here that design factors can help attenuate these problems. Research on the paradigmatic case of Participatory Budgeting (PB) in Porto Alegre (Baiocchi and Ganuza 2017) puts much of the success of the process down to broader institutional reforms <u>which made PB the only mechanism for influencing the City Budget. This limited competition from other inputs and made it harder for policy makers to deflect demands</u>.

Our second point concerns procedural legitimacy. Permissive regulations and low levels of oversight of the proposal generating process led to important deficits here which significantly undermined the legitimacy and strength of the claim that the SCA could make to influence government agendas. … <u>In particular, the quality of participation hinges on high standards along three dimensions of any PDP process, namely high level of diversity and inclusion, high deliberative standards of communication, and clear connection to relevant decision-making arenas.</u>

Third, and (building on the previous point) the SCA's "transmission mechanisms" into policy making were rather poor and the process became entangled in political and bureaucratic cycles. (pp. 135-136, emphases added)

The case of the SCA illustrates that institutional democratic innovations offer a way of opening up the black box of decision making where the public policy agenda is set. However, the case also illustrates the challenge faced by institutional entrepreneurs and civic innovators. There are a range of design and contextual factors that must be taken into account when carving up space for new forms of democratic governance. <u>Our main conclusion is that the SCA was shaped by the political dynamics of the processes that it sought to reform</u>, revealing certain tensions between the SCA and higher order institutions. This confirms <u>the fine line found in the broader literature on democratic innovation between seeking to complement representative institutions and being absorbed by them</u>. Crucially, democratic innovations must strive to accommodate the growing aspirations of engaged citizenship alongside the slow-changing culture of public administration in representative democracies. Cases like the SCA illuminate the challenge of institutionalizing participatory and deliberative democracy … (p. 136, emphases added)