

# Why our society and human services are in trouble

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## Why we are writing this analysis

Some members of Aged Care Crisis (ACC) have had considerable past experience of ideologies and the dysfunctional social systems they often produce. For the last 30 years we have closely examined the policies that were being introduced into the provision of community services in Australia and the USA. In the 1990s government was supplied with information from the USA and warned that these policies would not work in Australia either. Many warnings were ignored.

For the last 25 years we have closely watched problems developing in aged care and in some similar sectors, drawn attention to them in submissions and urged a change in policy. We remain critical of the Royal Commission into aged care. In its deliberations and eight volume report it failed to adequately address and respond to the real problems in current policy. We remain critical of the industry and its response to the Royal Commission.

When we examined the consultation paper proposing changes *“Aligning regulation across aged care, disability support and veterans’ care”* dated November 2021<sup>1</sup> we discovered that the department was still restricting and controlling the topics that could be addressed.

It was not possible to write much in 1500 words about the current deeply flawed response to the failures in aged care exposed by the recent Royal Commission, its relationship to nation-wide failures in many vulnerable sectors, the problems that have developed in society, the inappropriateness of this consultation process and the root causes of these problems as well as explaining what needs to be done.

We felt that it was time for us to set out what we have learned from our observations over the last thirty years and from the research that we have done and then indicate what we feel needs to be done. We wrote the first version of this analysis at the time.

It was not our intention to specifically address the issues in the consultation paper but rather to explain why, like previous similar efforts over the last twenty years, what the government was doing was likely to lead to further deterioration in care. A very different approach was required. We wanted to be part of a solution but this was not one.

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<sup>1</sup> Aligning regulation across the care and support sectors:  
<https://www.health.gov.au/initiatives-and-programs/aligning-regulation-across-the-care-and-support-sectors>

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# Part 1: Introduction

There are deep flaws in policy and the consequences are readily apparent in aged care, disability care and probably in the care of veterans. There have been similar problems in almost every other vulnerable sector in our society and in similar societies<sup>2</sup>. The vulnerable have been exploited and harmed. The policies of both major parties are responsible for this. No one is examining or addressing the reasons for this – why not?

Society itself has changed dramatically. Citizens are increasingly focused on their own lives and their own successes and not at what is happening around them. There has been a loss of social responsibility and only minorities are protesting.

Why has this happened?

We have seen the triumph of a self-interested market in the digital sector, where Facebook<sup>3</sup> and other social media, exploit the weaknesses of individuals, society and the political system.

The regular reporting of the exploitation of workers by large companies like Amazon<sup>4</sup> and Coles<sup>5</sup> does not lead citizens to unite and boycott them. They remain successful.

These flawed policies have not been challenged and those responsible for them remain credible and powerful. What has happened was predicted. Many warnings were ignored. How did this happen, why are these people still there and why are we still unable to talk about and then address this?

The evidence indicates that these failures are due to a profound and deep seated malaise in our political system and in our society – a social disease that we have ignored and continue to ignore at our peril. This is not a new phenomenon and similar situations have developed in the past yet we fail to recognise this and respond. Social scientists are now writing books to remind us of it.

These deep flaws were not properly addressed by the Royal Commission into Aged Care. The latest proposed government reforms are little different to those made in the past and will once again make it worse. Hard learned lessons from the past have been repeatedly ignored by enthusiastic zealots with power.

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<sup>2</sup> For some examples see 'Failed markets and culturopathy'  
<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/failed-markets-and-culturopathy>

and 'Contracting government services to the market'

<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/contracting-government-services-to-the-market>

For a case study and in depth analysis of a US company that operated in Australia see **Culturopathy: A for-profit example**

<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/for-profit-example>

<sup>3</sup> **Criticism of Facebook** [https://en.wikipedia.org/wiki/Criticism\\_of\\_Facebook](https://en.wikipedia.org/wiki/Criticism_of_Facebook)

<sup>4</sup> **Amazon workers are rising up around the world to say: enough** The Guardian 26 May 2019

<https://www.theguardian.com/commentisfree/2021/may/26/amazon-workers-are-rising-up-around-the-world-to-say-enough>

**Amazon fight with workers: 'You're a cog in the system'** BBC News 10 Feb 2021 <https://www.bbc.com/news/business-55927024>

<sup>5</sup> **Coles accused of underpaying more than 7,500 workers by \$115m** The Guardian 2 Dec 2021

<https://www.theguardian.com/business/2021/dec/02/coles-accused-of-underpaying-more-than-7500-workers-by-115m>

**Former Coles workers speak out about working conditions** ABC 7.30 report : <https://www.youtube.com/watch?v=uT5D6nY0mfc>

**Illegal migrant workers used by farms supplying Coles and Woolworths** ABC 7.30 report 15 Nov 2016

<https://www.abc.net.au/news/2016-11-15/illegal-migrant-workers-used-by-farms-supplying/8028196>

## A history of failure in aged care

The problem of recurrent failures in aged care extends back into the 1960s. Many of the reasons for failure were identified by inquiries in the 1980s but attempts to address them were soon abandoned in the face of strong pressure from vested interests<sup>6</sup>. The reasons for failure have not been properly addressed by a multitude of inquiries over the last 20 years, including the recent royal commission. During this same period almost every other vulnerable sector has failed in similar ways – why?

Those responsible for the policies that resulted in these multiple system failures are in denial and seek to minimise the huge problems in our society and ignore their consequences. They have identified the symptoms in each social system but ignore the root causes within society. Treating the symptoms in each sector can provide temporary palliation but the disease persists. In time it recurs and spreads to other sectors. This is still happening and neither the Royal Commission nor government's programs are making any attempt to change that.

Believers in the system we have, are still in power and many are still accepted as credible by portions of our society. As we will explain later it is often the victims of flawed systems who remain its strongest supporters.

We do not expect our submissions and arguments to immediately influence the decisions already made, but we need to press them to acknowledge the underlying problems and develop plans to address them so that they are repaired as soon as possible.

This is because, if the proposals, legislation made and the strategies used to engage with and manage the system go ahead, the situation will continue to deteriorate again in due course. In 10, 20 or even more years, when it finally breaks down completely, we want there to be a trail of warnings and analysis that will be useful for those who will need to understand what has been happening if they are to finally address the problems. By then the situation will be far worse than it is now.

There is no mystery here, only the willful blindness<sup>38</sup> and strategic ignorance<sup>39</sup> that characterise belief in dysfunctional systems that are based on false premises. It is history repeating itself. We seem unable to break the cycle and stop this from happening. We need to understand why this happens and keeps happening if we are to break the cycle of failures and move ahead.

What is missing is a root cause analysis.

*"... We cannot solve our problems with the same thinking we used when we created them..."*

*-- Albert Einstein*

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<sup>6</sup> Wynne JM, Saltarelli L and Winkler D. Policies Influencing Aged Care in Australia: Past, Present and Future. Chapter 2 in Healthy Ageing and Aged Care 2<sup>nd</sup> Edition edited by Bernoth M and Winkler D Oxford University Press 2022.

## Part 2: Root cause analysis

A number of issues need to be examined.

### 2A. The problem self-interest creates for social responsibility

The problems created by the conflict between self-interest and social responsibility when providing care to vulnerable citizens, have been recognised for well over 2000 years. The Hippocratic school of medicine set out to address the problem<sup>7</sup>. Since then, physicians have sworn an oath to put the interests of those they cared for before their own and to a form of collegialism among doctors that fosters cooperation and supports this. Several modern versions of this oath have been developed.

Doctors have identified with this and adopted this approach. While they competed for patients this was limited and tightly controlled. Charlatans within and outside the profession selling unproven remedies have been a problem over the centuries. Marketing and advertising was therefore tightly controlled. Trusting relationships based on integrity and trustworthiness were built with society and patients. They relied more on word of mouth for referrals.

As technology advanced and medicine came to depend more and more on drugs and technological advances in other industries where self-interest was less controlled, codes of conduct were developed. Parameters were set around the relationships that developed when products were marketed to them and when physicians engaged in research around products. Both sides respected these. They became a model for other related health and welfare sectors.

**A challenging human problem:** Medicine is a good example of how citizens of all sorts, even the most committed groups, have responded to social systems that challenge their heritage and their values. On occasions over the centuries doctors have joined with others in harming their fellow citizens. At other times they have led the resistance and tried to protect them. We will use these well documented examples to illustrate how citizens behave and explain why we are failing so badly in so many sectors today.

### 2B. The problem of ideology

**Vulnerability:** When society has identified with and supported professional values they have worked well. But doctors and other caring professions are human and are a part of society. When society fails to support their values or becomes a victim of an ideology that challenges the validity of their values problems arise. In 1860 Oliver Wendell Holmes, a renowned US doctor wrote<sup>8</sup>

*The truth is that medicine, professedly founded on observation, is as sensitive to outside influences, political, religious, philosophical, imaginative, as is the barometer to the changes of atmospheric density ..."*

Doctors are as vulnerable to the ideological beliefs of their times as other citizens. Even large sections of the profession can embrace them and then cooperate with state ideology in the neglect or exploitation of their patients. Others have stood their ground creating conflicts within the profession.

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<sup>7</sup> Hippocratic Oath [https://en.wikipedia.org/wiki/Hippocratic\\_Oath](https://en.wikipedia.org/wiki/Hippocratic_Oath)

<sup>8</sup> see **Medicine in the 1800s** <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1071043/>

## Examples where many citizens were harmed:

Communist **Russia** (accepting criticism of state belief as a psychiatric illness requiring incarceration)<sup>9</sup>

*“ - - - being outspoken in their opposition to the authorities, demonstrating for reform, and writing critical books – were defined simultaneously as criminal acts - - - , symptoms of mental illness - - - and susceptible to a ready-made diagnosis”*

in fascist **Germany** (experimenting on and euthanising the deformed and genetically inferior)<sup>10</sup>

*“Rassenhygiene (a German equivalent for eugenics) was perceived as an applied science founded on the laws of genetics, and essential for improving the health of the Volk, or race. It was thought to provide long-term preventive measures against defects in the human genetic material, complementing individual hygiene”.*

In the **USA** (unethical experimentation on other races that are seen as subhuman)<sup>11</sup>

*“- - - describes a multifaceted pattern of racist and unethical medical practice, largely unknown to most people in the United States—particularly those who have not experienced racial oppression—with devastating consequences for the well-being of millions of African-American citizens”.*

and in **South Africa** under apartheid as revealed in the Biko affair (critics seen as inferior and as terrorists not deserving of care)<sup>12</sup>.

*“How was it that the custodians of the standards of the profession could, for nearly 8 years, steadfastly refuse to accept that there was even prima facie evidence of misconduct - - - The answer is that, - -(like the doctors involved) - - , these professional bodies allowed irrelevant considerations—race, politics, state security, and so on—to cloud the issue”.*

Yet in South Africa a large section of the medical establishment strongly opposed apartheid. Some were among the first to openly flout the countries laws and abolish all vestiges of apartheid in their hospitals, directly, openly and successfully challenging government to stop them.

It is likely that many in those other examples were also critical but were deterred by their vulnerability and lack of power.

The intent is not to draw attention to the failings of doctors but to show:

- just how vulnerable we all are,
- how susceptible even those in highly motivated and committed groups are to belief systems, and
- how this can lead them to harm those they have a social responsibility to help. Whole communities can do so.

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<sup>9</sup> Political abuse of psychiatry in the Soviet Union [https://en.wikipedia.org/wiki/Political\\_abuse\\_of\\_psychiatry\\_in\\_the\\_Soviet\\_Union](https://en.wikipedia.org/wiki/Political_abuse_of_psychiatry_in_the_Soviet_Union)

<sup>10</sup> Roelcke V. Nazi medicine and research on human beings - The Lancet Vol 364, Special Issue,6-7 Dec 1<sup>st</sup> 2004 [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(04\)17619-8/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(04)17619-8/fulltext)

Haque O S et al Why did so many German doctors join the Nazi Party early? <https://pubmed.ncbi.nlm.nih.gov/23040706/>  
Medical Care, Nazism, and the Holocaust <https://perspectives.usmm.org/collection/medical-care-nazism-and-the-holocaust>

<sup>11</sup> Review of 'Medical Apartheid: The Dark History of Medical Experimentation on Black Americans From Colonial Times to the Present' <https://ps.psychiatryonline.org/doi/10.1176/ps.2007.58.10.1380>

<sup>12</sup> The Steve Biko affair The Lancet Medicine, Crime, and Punishment Vol 364 December 2004 [https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(04\)17634-4.pdf](https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(04)17634-4.pdf)

## 2C. The problem with markets

In the 18<sup>th</sup> century, Adam Smith, philosopher and influential economist wrote about markets<sup>13</sup>. He noted that the interests of providers of services were not those of their clients and that businessmen were an order of men whose proposals should never be trusted. They had “*an interest to deceive and even oppress the public*”

Markets worked when:

- customers and citizens with capacity ensured that the interests of providers were in serving them and
- society ensured that the conduct of businesses conformed to their values and did not overstep the limits they set.

It has been accepted that an effective customer, and an involved and effective civil society, are two necessary conditions for a market to work. The market needs to be directly accountable to the individuals and the societies they serve. When they are ineffective, any vulnerability in the system will be exploited. That is happening across the world today.

There are currently many markets where customers and/or workers are vulnerable and where society has been pushed aside. Most have been exploited. Aged care, disability care and the care of veterans are among the most vulnerable. Markets in vulnerable sectors need to be restructured to meet the necessary conditions if they are to work

Once again health care and doctors provide insights into what is happening in these situations today.

### **Health care – an interesting example**

Medicine is an interesting example as there are two customers here. Doctors are the intermediary customer of the companies that need their support because they bring the patients to corporate hospitals. Profits come from treating the patients who are both the doctor's and the hospital's customers. Doctors have an ethical commitment to protect and serve their own sick customers and can protect them from corporate predators. They have the knowledge and market power needed to do this.

As shown in the previous examples they can act to protect their patients when civil society fails them. When doctors lose that power, fail to use it or are persuaded by belief, patients will be harmed.

**In the USA** in the 1960s businessmen and corporate interests were attracted to health care by the new Medicare system. Multiple unethical and harmful practices were introduced<sup>14</sup>. The medical establishment cracked down and seem to have had some success in containing the problems. The costs of medicine continued to rise.

In the 1980s a belief in the infallibility of markets came to dominate political thinking. Costs of care were rising. Politicians and markets blamed doctors for this and, as was to happen in aged care in Australia in 1997, they claimed the market would soon fix this.

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<sup>13</sup> Adam Smith: The Wealth of Nations, 1776. See quotes [https://www.goodreads.com/author/quotes/14424.Adam\\_Smith](https://www.goodreads.com/author/quotes/14424.Adam_Smith)

<sup>14</sup> Personal information from a colleague returning from the USA in 1965.

In 1986, Joseph Califano, a government health executive who turned businessman, explained how doctors could be controlled<sup>15</sup>. With government assistance doctors were disempowered by forcing them to sign 'Managed Care' contracts that gave corporate interests control over their incomes and their careers. The restraining balance between altruistic community/professional values and the self-interested market was broken.

Over the next 20 years the US health care system was plagued by scandal after scandal as patients were exploited for profit<sup>16</sup>. Corporations used financial incentives (kickbacks) to get doctors to cooperate. Doctors sometimes became a part of the belief system, and cooperated in the exploitation of their patients. Others stood by helplessly. By the end of the 1990s aged care had similar problems.

**In Australia:** As regulators in the USA tried to clamp down on what was happening, the companies at risk looked for greener still unregulated pastures and Australia was one. In Australia businessmen and politicians were embracing this new ideology and listening to what Califano and industry were saying. They welcomed these companies.

As early as 1992 a researcher who had studied the US system saw what was happening. When he returned to Australia he wrote a book<sup>17</sup> warning that "*---, compassion will give way at an increasing ratio to profit. Care for the patient will give way to care for the corporation ---*". International mega corps would take control. Their "*primary concern will be measured in terms of the profits derived from its exploitation of the local population and its indigenous labour force*"

But some doctors and citizens were watching and knew what was happening. They warned their colleagues. Unlike the USA, Australian states had probity requirements that required licensed providers of care in vulnerable sectors to be of good character.

Large amounts of readily available information about fraud and exploitation by these companies was collected from the USA, Europe and Asia. Objections to the operation of these companies were lodged with state regulators on probity grounds – and sometimes with shareholders of takeover targets.

State regulators acted responsibly and investigated thoroughly. Huge efforts were made by industry and government to circumvent or overrule state regulator's decisions, sometimes successfully, but the pressures and successes eventually saw all these companies leave Australia.

Between 1991 and 2005 the following large health care multinationals, entered or planned to enter Australia during the years shown then left or abandoned their plans to do so when their conduct elsewhere was exposed.

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<sup>15</sup> Wynne JM. Joseph Califano and the Market Revolution <http://www.corpmedinfo.com/califano.html> ( a critique and quotes from Califano's 1986 book 'America's Health Care Revolution: Who lives? Who dies? Who pays?')

<sup>16</sup> Wynne JM The Health Care Marketplace in the USA [http://www.corpmedinfo.com/corporate\\_overview.html](http://www.corpmedinfo.com/corporate_overview.html)

<sup>17</sup> Ron Williams 'Remission Impossible' (1992) Extracts at <http://www.corpmedinfo.com/williams.html>



- National Medical Enterprises (NME) 1991-1995 (later renamed Tenet Healthcare)<sup>18</sup>
- Columbia/HCA 1997– abandoned attempt (now renamed HCA)<sup>19</sup>
- HealthSouth 1997 to 2006 (only one hospital then sold)<sup>20</sup>
- CVC Asia Pacific 2003 to 2005 (Citigroup’s Asian Venture Capital subsidiary)<sup>21</sup>
- the French company ‘Generale de Sante Internationale’ (GSI) 1995 –withdrew<sup>22</sup>
- Malaysian ‘Parkway Holdings’1995 – withdrew<sup>18</sup>
- Vista Healthcare 1999 to 2001 – unnoticed – sold to BUPA<sup>23</sup>

## 2D. The problem with humans and their society

As Adam Smith<sup>1313</sup> and then a century later Henry Adams<sup>24</sup> explained ‘*virtue is more to be feared than vice*’ and “*It’s always the good men who do the most harm in the world*”. This is because good people who are deeply committed to a belief that is not valid are not usually restrained by logic, facts or conscience. This makes these situations much more difficult to address. We need to dig deeper to understand this.

There are multiple well studied strategies that they and the societies they control use to deceive themselves and counter their critics. This explains why the present system is harming so many, why those responsible are in denial and why the problems are so difficult for those with knowledge and insight to address. It is useful to look at the reasons for this.

### Analysis – the human condition and society

We are very complex animals living in a very complex world. Somehow we have to make sense of that world. We are able to do that because we are social animals. We are born immature, still unformed but with genetic potential. We experience this new world through our 5 senses and have to learn what we are doing there.

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<sup>18</sup> Wynne JM (NME) **The impact of financial pressures on clinical care - lessons from corporate medicine** 1996 <http://www.corpmedinfo.com/corpmed.html> (see section 6 ‘Australia’s response to NME. For Parkway’s attempt to buy it in 1995 see sections 6.13 and 6.14. Parkway bought Tenet/NME’s Asian business in 1995 but planned to retain the same NME’s managers to run the hospitals. Shareholders were advised. It was not successful.’) For more go to [http://www.corpmedinfo.com/entry\\_to\\_Tenet.html](http://www.corpmedinfo.com/entry_to_Tenet.html)

<sup>19</sup> Wynne JM **Columbia/HCA** : [http://www.corpmedinfo.com/access\\_columbia\\_hca.html](http://www.corpmedinfo.com/access_columbia_hca.html) (see section ‘Implications of the entry of Columbia/HCA into Australia’ **For more general comment** about what was happening across the sector and in Australia use links to ‘I told you so’ and ‘Hospital Licenses’ in which Columbia HCA’s admitted to problems in an attempt to show it was changing. Both links are near the bottom of the page. It subsequently paid \$1.7 billion in settlement. The final link ‘HCA :2004 to 2007’ describes the company’s continued unsavoury conduct revealing how hollow its claims to have changed were)

<sup>20</sup> Wynne JM **HealthSouth** [http://www.corpmedinfo.com/access\\_healthsouth.html](http://www.corpmedinfo.com/access_healthsouth.html) (see section and link Healthsouth in Australia. Note that HealthSouth bought only one hospital and did not expand after its fraud scandal broke. Australian authorities refused to act but it did not expand and eventually sold in 2006.

<sup>21</sup> Wynne JM. (CVC Asia Pacific) **Mayne Health becomes Affinity Health** [http://www.corpmedinfo.com/mayne\\_affinity.html](http://www.corpmedinfo.com/mayne_affinity.html) (see sections with links ‘Goodbye Affinity Health’ and ‘Probity Problems in NSW’ at the bottom of the page. **Note:** After the near Collapse of Mayne Health when doctors walked away in 2003 the company was purchased by this Citigroup led group of Venture Capitalists and renamed Affinity Health. NSW Health did not grant licenses and mounted an 18 month probity review. It finally granted licenses with conditions in April 2005. This allowed the Venture Capitalists to sell the hospitals back to Australian companies the same month.

<sup>22</sup> Wynne JM **Generale de Sante Internationale** (GSI). <http://www.corpmedinfo.com/gsi.html> (Note: France’s largest health corporation, GSI, bid to purchase Tenet/NME’s Australian company (AME) in 1995. Inquiries revealed reports of concerning issues in its operations. These were drawn to the attention of AME’s major shareholders and the company withdrew).

<sup>23</sup> Wynne JM **Vista Healthcare** <http://www.corpmedinfo.com/vista.html> (**Vista Healthcare** was a company formed in Singapore by former senior Tenet/NME staff supported by Chase Manhattan bank. It expanded into Asian countries including China and quietly purchased one small hospital in Australia without attracting attention. It planned to buy more. It did not prosper and Vista was purchased by BUPA in 2001

<sup>24</sup> **Henry Adams** quotes [https://en.wikiquote.org/wiki/Henry\\_Adams](https://en.wikiquote.org/wiki/Henry_Adams)

**Two sides of a community:** Society teaches us a language and uses this to teach us how to understand the world, how we need to behave there and what we can do there. We also form bonds with others and imagine their lives entering into their experiences so developing empathy and caring values like altruism. We become an inseparable part of 'civil society'. As we learn from others and their reaction to us, we imagine ourselves in that world and see ourselves as we think they see us.

This 'Looking Glass Self', which develops during interaction with others, was first described in 1902<sup>25</sup>. It gives us a sense of who we are and what we want to become. We develop values and a conscience that restrains us when we think that something is unacceptable.

We also have a primitive selfish self that pursues personal advantage but it is restrained and balanced by this social self that seeks to help others and society itself. We talk about<sup>26</sup> '*the common good*' and are motivated to support it.

We continue to develop this Looking Glass Self as we move through life and interact with others. Social media is now intruding into this space and creating some problems<sup>27</sup>.

Because we as individuals are a product of our society any changes in society in response to changing conditions will have an impact on this *Looking Glass Self* and so on the sort of individuals we become. This allows us to be very adaptable but there is also a risk that, when society loses its way and goes off the rails, it will turn out the sort of people who are poorly equipped to fulfil their important role as citizens. We think that is a big problem at the moment.

**As individuals** we have no choice but to live in the world and build lives there. We require an ordered world and we draw on our direct individual experience, as well as that of our society, its language and its heritage to create the ideas and understandings we need to create that 'normative order'. We also need to be motivated in what we do. We build meaning systems and values in the same way that enable us to do that.

We introduce our unique insights into society and interact with others as we modify or rebuild the shared patterns of thought (normative order or worldview) that society needs to manage its affairs and be stable in a changing world.

**Complexity:** We live in a complex world. We develop paradigms (theories) and discourses (related patterns of ideas) to help us create order but we may need multiple different ones. They can be incomplete or contradict one another. We may be confronted by conflicting evidence.

As Wittgenstein, a philosopher who studied language<sup>28</sup> indicated "*The limits of my language means the limits of my world*". We encounter situations that we cannot manage.

We struggle with this complexity and when the world is confusing and out of control we experience disorientation and stress, a situation described as anomy<sup>29</sup> (or anomie) to contrast it with nomos meaning order. In this situation we are vulnerable to appealing grand one size fits all illusions which ignore evidence and logic but create an ordered system. These can be religious or secular.

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<sup>25</sup> Looking-glass self [https://en.wikipedia.org/wiki/Looking-glass\\_self](https://en.wikipedia.org/wiki/Looking-glass_self)

<sup>26</sup> The Common Good <https://www.britannica.com/topic/common-good>

<sup>27</sup> Perception Is Reality: The Looking-Glass Self <https://lesley.edu/article/perception-is-reality-the-looking-glass-self>

<sup>28</sup> Ludwig Wittgenstein Quotes <https://www.brainyquote.com/authors/ludwig-wittgenstein-quotes>

<sup>29</sup> Anomie Encyclopaedia Britannica <https://www.britannica.com/topic/anomie>

**Society** is made up of individuals and when its worldview is disrupted society too becomes disturbed and is fractured as the social structures and organisations within it fail. This sort of anomie is sometimes referred to as 'truth decay'<sup>53</sup>. Citizens are searching and so society itself is vulnerable to religious or secular belief systems. Citizens lose faith and trust and can express their anger and aggressively assert their own new certainties. Civil relationships break up. Social media has facilitated this.

Religions are patterns of belief in beings and powers outside this world that cannot be challenged or fail. They have often filled the gap and restored stability (a state of nomos) particularly if they preserve community values. Religions often provide a protective canopy<sup>30</sup> that enables believers to endure hardship and survive, but that can also prevent society from challenging and making needed change.

**Ideologies:** At other times illusionary one size fits all secular or religious beliefs and philosophical ideas (ideologies) are developed and then applied across all of society. Citizens are searching for order and meaning so more readily respond to charismatic believers selling attractive but ultimately illogical and harmful illusions.

Mass media and social media give these believers far greater access to community and this in part explains why ideologies were such a huge problem in the 20<sup>th</sup> century and still are.

**Example:**

*"Through technical means like the radio and loudspeaker, 80 million people were deprived of independent thought. It was thereby possible to subject them to the will of one man."*

**Source:** Albert Speer, Hitler's colleague at the Nuremberg Trial of prominent Nazis<sup>31</sup>

Many ideologies and some religious beliefs do not fit the real world and tensions soon develop. Policies and practices based on them can and often are harmful to some citizens or to society itself. But by this time, they are deeply entrenched and people have built their lives using them. These people's identity, the persons they have become, is built on them. They have no doubts. Challenging them is a challenge to who they are and threatens to create anomie.

The response to failures is often to develop and strongly support the challenged illusions with additional illusions. We soon have a hierarchy of interlinked illusions. John Ralston Saul wrote<sup>32</sup>

*Strangely enough, there are often several at a time. Overarching truths and tiny truths. Certainties at all levels.*

**Language and ideology:** Usually a different set of words (some new) and a whole new set of ideas and arguments are developed to support the ideology and limit the risks of challenge. Canadian John Ralston Saul described<sup>33</sup> this:

*"For the ideologue, language itself becomes the message because there is no doubt. In a more sensible society, language is just the tool of communication"*

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<sup>30</sup> **The Sacred Canopy:** Elements of a Sociological Theory of Religion by Berger P. L., Anchor Books, New York, 1969

<sup>31</sup> **Albert Speer** [https://en.wikiquote.org/wiki/Albert\\_Speer](https://en.wikiquote.org/wiki/Albert_Speer)

<sup>32</sup> **On Equilibrium** John Ralston Saul Penguin Books 2001 page 15

<sup>33</sup> **"The Unconscious Civilization"** John Raulston Saul -The Massey lectures Penguin books 1997

and then later:

*“The sign of a sick civilization is the growth of an obscure, closed language that seeks to prevent communication”.*

Saul described how language is used as a *“weapon of power”* aimed at *“normalization of the untrue”*.

This is well illustrated by the dogmatic, repeated and forceful insistence over the last 20 years that we had a world class aged care system. This was strongly asserted whenever citizens spoke out about failures or criticisms of the system were made. Those responsible believed and had no doubts. In reality we had<sup>34</sup> *“a sad and shocking system that diminishes Australia as a nation”*.

Wittgenstein too described the difficulty in critically examining the problems<sup>28</sup> writing *“Philosophy is a battle against the bewitchment of our intelligence by means of language”* and also *“Nothing is so difficult as not deceiving oneself”*.

## **Strategies to deceive ourselves and to defend our beliefs**

As indicated citizens and society employ a multitude of strategies to deceive themselves, ignore evidence, confront criticism, and so defend their beliefs. The manipulation of language is only one.

**Inauthenticity:** In the mid-1900s existential philosopher, Jean Paul Sartre described a common schizoid phenomenon<sup>35</sup> in which we lied to ourselves about ourselves.

In order to become a new person and play out a new role in a situation we aspired to, we lied to ourselves, made claims about ourselves and behaved in ways that were not authentic. The truth was buried.

This inauthenticity is a problem in the marketplace where employees (eg nurses in health care) can be required to behave in ways that disregard their caring values. One author describes the pressure to conform in the banking industry<sup>36</sup> and the way people *“made their best efforts to reflect the values that were dominant within their organization because success depended on it.”* This *“generated a great deal of stress for employees whose backgrounds, values, and perspectives”* were challenged.

**Selective perception**<sup>37</sup>: Even Adam Smith noticed<sup>13</sup> that *“The learned ignore the evidence of their senses to preserve the coherence of the ideas of their imagination”*.

As ideologies have grown and the problems have become ever more acute, there have been many more studies of the way we ignore the past, what we already know, as well as what is happening and causing harm right in front of us.

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<sup>34</sup> ‘Neglect’ Interim Report of Royal Commission into Aged Care Quality and Safety Oct 2019 see Conclusion page 12

<sup>35</sup> **Bad Faith by Sartre (1965)** - Philosophymagazine | riskservices <https://riskservices.com/bad-faith-by-sartre-1965/>

<sup>36</sup> How to Be More Authentic at Work Patricia Faison Hewlin Greater Good Magazine 3 August 2020 [https://greatergood.berkeley.edu/article/item/how\\_to\\_be\\_more\\_authentic\\_at\\_work](https://greatergood.berkeley.edu/article/item/how_to_be_more_authentic_at_work)

<sup>37</sup> **Selective Perception** [https://en.wikipedia.org/wiki/Selective\\_perception](https://en.wikipedia.org/wiki/Selective_perception)

Recent books about this self-deception describe 'Willful Blindness'<sup>38</sup> and 'Strategic Ignorance'<sup>39</sup>. The latter claims that this deliberate ignorance now 'rules the world'. This book is described as picking apart "*the dastardly ploy that enables society's elites to avoid responsibility for their rampant pursuit of self-interest*".

Then there are all the **other psychological strategies** we use when we are challenged including compartmentalization<sup>40</sup>, rationalization<sup>41</sup>, aggressive intimidation, shooting the messenger<sup>42</sup> and more.

In a landmark paper<sup>43</sup> Jean Lennane past president of Whistleblower's Australia described the response to whistleblowers who expose what is happening:

*"The organisation's response to the whistleblower is very powerful and follows a recognisable pattern. It is crushing in its intensity, as the organisation can use as many staff as it takes, for as long as it takes, to wear the lone whistleblower down".*

Some ex-politicians from both major parties have become aware of what has been happening. Malcolm Fraser resigned from the liberal party and two of its former leaders, John Hewson and Malcolm Turnbull are among its strongest critics. On the Labor side, Carmen Lawrence, a professor of psychology and past president of the Labor party has written<sup>44</sup>

*"... Even more uncommon is any deep exploration of what we know about human behaviour and how social structures are likely to influence it. This deficiency is nowhere more obvious than in the political class, who seem to be rendered tongue-tied – or resort to soothing, infantilising babble – whenever uncomfortable truths are broached.*

*- - - in order to judge what people are likely to do in the future, we need to know a little about where they've been, what forces are acting on them and how they see the world.*

*No analysis of policy is possible without a thoroughgoing understanding of human psychology.*

## Controlling information

Then there are all the ways we manipulate information and undermine regulation. The powerful soon take control of the collection and dissemination of information and bend it to their purpose.

**Power, knowledge, discourse and governing others:** The insights of French Philosopher Michel Foucault<sup>45</sup> allow us to understand the power of dominant illusions and why they do so much harm and are so persistent. He uses the term discourse to describe both the patterns of thinking we use and the social interaction between individuals as they engage. He showed the close relationship of power with the control of knowledge.

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<sup>38</sup> Willful Blindness: Why We Ignore the Obvious at Our Peril by Margaret Heffernan 2013 and 2019

<sup>39</sup> The Unknowners: How Strategic Ignorance Rules the World. by Lindsey McGoey 2019

<sup>40</sup> Compartmentalization (conflicting items in separate compartment) [https://en.wikipedia.org/wiki/Compartmentalization\\_\(psychology\)](https://en.wikipedia.org/wiki/Compartmentalization_(psychology))

<sup>41</sup> Rationalization [https://en.wikipedia.org/wiki/Rationalization\\_\(psychology\)](https://en.wikipedia.org/wiki/Rationalization_(psychology))

<sup>42</sup> Shooting the messenger (eg blaming the press or the whistleblower) [https://en.wikipedia.org/wiki/Shooting\\_the\\_messenger](https://en.wikipedia.org/wiki/Shooting_the_messenger)

<sup>43</sup> What happens to whistleblowers and why by Jean Lennane 1996 Past president Whistleblowers Australia [http://www.bmartin.cc/dissent/documents/Lennane\\_what2.pdf](http://www.bmartin.cc/dissent/documents/Lennane_what2.pdf)

<sup>44</sup> Carmen Lawrence 'The denial, the infantilising babble, and the fantasies that permeate politics' The Guardian 30 Jan 2016 <https://www.theguardian.com/commentisfree/2016/jan/30/the-denial-the-infantilising-babble-and-the-fantasies-that-permeate-politics>

<sup>45</sup> Explainer: the ideas of Foucault The Conversation 27 Aug 2019 <https://theconversation.com/explainer-the-ideas-of-foucault-99758>

He describes how those who have power and credibility control the interpretation and flow of knowledge. This enables them to define what is acceptable and can be claimed as credible in the discourse and what is off limits, and so, as importantly, what is unacceptable. By controlling the discourse, they are able to govern (ie control) the way other citizens think and behave, and so prevent them from thinking independently.

Nurse academics have used Foucault's insights to explain what has happened in aged care and illustrate the way the powerful have been able to change the way nurses think and behave<sup>46</sup>.

**Ritualism, tokenism and capture in regulation:** In his work on the regulation of aged care Braithwaite et al<sup>47</sup> describe the way in which regulation can become a ritual which fails to do what is intended. This ritualism, like other activities that focus on processes can become a token for what is intended and not there. This is particularly likely to occur when the regulatory process is captured<sup>48</sup> by the thinking and even by the individuals that are being regulated.

But any sort of formal organizing or oversight body and any sort of formal process, even language can become a token – something that is acclaimed and boasted about and which has an outward form but which has no substance and does not work.

**Examples:** In one large US hospital corporation, doctors were appointed to hospital quality committees whose responsibility it was to oversee care. They proudly boasted about these committees. The only problem was that most of them seldom if ever met. When the doctors wanted to investigate a problem, management prevented them from doing so. Some doctors complained but in the USA they were powerless. Those who spoke out were seen as disruptive and their privileges in the hospital withdrawn.

These token processes have been a big problem in aged care and probably many other sectors. It shields failing systems and hides their failures.

## Confronting ideology

We are not powerless. It has not always been as bad as it is now.

We do have a societal immune system that defends us against these ideological onslaughts. A functioning well structured society has the capacity to resist ideology and find its way through stressful and conflicting situations. In major catastrophes like bushfires we instinctively come together to do so and support one another through the crises.

When individuals and communities are given responsibility and a role to play they engage and build capacity and social capital<sup>49</sup>. They will reinforce and embrace their values. When society is marginalised it withers.

We are at risk of infection when society, our immune system, is weakened. This happens when we allow major crises to drive us apart.

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<sup>46</sup> See for example **BEHIND OPEN DOORS A Construct of Nursing Practice in an Australian Residential Aged Care Facility** Anita De Bellis Flinders University October 2006 <http://theses.flinders.edu.au/uploads/approved/adt-SFU20061107.122002/public/02whole.pdf> and **'Nursing Hours' or 'Nursing' Hours: a discourse analysis** Thesis Luisa Patrizia Toffoli RN MN University of Sydney April 2011 A summary is at <https://www.insideagedcare.com/aged-care-analysis/theory-and-research/nurses-under-pressure/doctoral-thesis-summary>

<sup>47</sup> **Regulating Aged Care: Ritualism and the New Pyramid** by J. Braithwaite; T. Makkai; V. Braithwaite e.Books.com: <http://bit.ly/2rnUgU8>

<sup>48</sup> **Regulatory Capture – Definition And Meaning** <https://marketbusinessnews.com/financial-glossary/regulatory-capture-definition-meaning/>

<sup>49</sup> **Social Capital** [https://en.wikipedia.org/wiki/Social\\_capital](https://en.wikipedia.org/wiki/Social_capital)

We now have the knowledge and if we choose to do so we can use that to rebuild our community and immunise ourselves against this sort of social disease. We can create a platform from which we can rise to the challenge and address the many threatening problems that face us. It will not be easy.

**Further Explanation:** In 1960 Rokeach, a psychologist described character traits in people who had open minds and in others who had closed minds<sup>50</sup>. They dealt with situations very differently. While there are many issues in the book that are disputed and difficult, the basic idea of open and closed minds is a useful one for exploring some aspects of our behaviour.

**Closed minded** people are those who cannot tolerate uncertainty. They readily adopt beliefs and use the strategies described above. They are not able to cope with conflicting ideas and situations where the world no longer makes sense to them and they struggle to find meaning. They feel stressed and are susceptible to anomie.

As a consequence, they are susceptible to illusionary ideas, adopt them more readily and then defend them using all of the strategies described. The more intelligent are more likely to develop the illusions and affirm their validity by building a following and becoming leaders. They all use their intelligence to defend and support the illusions because they have no doubts and reject alternatives.

**Open minded** people are skeptical even of accepted ideas, reflect on them and, if need be, seek out evidence and modify or challenge ideas with better ideas before accepting them. They tolerate conflicting ideas and explore them in order to find a path forward. They are tolerant of uncertainty and engage with it. They are challenged and motivated by this and are constructive in their approach.

They will evaluate and strongly resist illusionary ideas. Clearly the more of them and the greater their status and credibility in society is, the less likely is it that an illusionary belief system will take root. If it does then the evidence of failure will be recognised early and changes made.

**A continuum:** The difference is not in intelligence but in how the two groups use their intelligence. These two descriptions are best considered as two ends of a continuum and most people lie somewhere along that continuum. They move backwards and forwards along it depending on what is happening in society and their lives. Clearly the more people that move towards the open minded end of the spectrum the greater will society's immunity to ideology be.

## **Societal and personal factors**

**Building an immune system:** Clearly a stable civil society in which people relate to one another, form close supporting bonds, share experience and engage constructively together in managing their affairs and those of the nation, is going to be less stressful and encourage people to be more open minded.

When the barriers created by power and rank are put aside and many citizens are bringing their experiences and different points of view to the table we become practiced in resolving issues. This approach used in education is described as constructivist<sup>51</sup> because it encourages people to construct ideas from the knowledge they are gaining and test them out on others.

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<sup>50</sup> **The Open and Closed Mind** by Rokeach M., Basic Books, New York, 1960 (An analysis of the strategies for coping with conflicting perspectives)

<sup>51</sup> Knowledge is a process of discovery: how constructivism changed education The Conversation 13 Dec 2019  
<https://theconversation.com/knowledge-is-a-process-of-discovery-how-constructivism-changed-education-126585>

Silos where people are isolated and more likely to go off on an ill-informed tack are frowned on and more readily contained. The taboos that the powerful place on those who challenge a dominant discourse are readily challenged.

Greater education, particularly in the social sciences as well as experience in exploring issues and addressing them helps us to develop critical thinking and analytic skills. That opens our minds.

As Willingham writing about critical thinking<sup>52</sup> observes, for many *“it’s not the difficulty of thinking successfully, it’s deciding to think in the first place”* but there is also a personality component to be overcome as the *“appetite for cognitive work when others might avoid it seems to be partly a matter of personality”*. That open minded personality is something we can develop. It takes effort before it becomes rewarding but as groups engage this happens. Open mindedness is encouraged.

**Weakening our immunity:** When the beliefs that underpin society are destroyed by major crises citizens more readily lose faith and trust. We saw this after the great depression, the collapse of colonialism, defeat in war (eg Vietnam) and it can occur when a dominating ideology whose failures can no longer be hidden are exposed.

This has been described as truth decay<sup>53</sup> or more recently post-truth<sup>54</sup> because trust in our society is lost and we doubt the truth of any claims made. The argument is that this is happening now because our latest 20<sup>th</sup> century ideology is failing citizens and this can no longer be hidden.

This will push citizens towards the close-minded end of the continuum making society more vulnerable. The more stable and well-functioning society is before this happens, the less the damage that will be done and the sooner we will find our way out of the mess.

It is not only the powerful believers in a system, who are threatened, who use all the strategies described to defend and maintain it. Sometimes it is those who suffer most who need certainty and who find challenging an established ideology disturbing. They cling to what they know and support it.

## Examples:

**Example 1:** Writing about climate change psychologist Lissa Johnson<sup>55</sup> wrote:

“With psychological needs in mind, a system’s greatest victims being its greatest supporters makes sense. The more that a person feels dependent, powerless and vulnerable, at the mercy of a system over which they have no control, the more terrifying it is to think that the system is deeply flawed”.

Put simply, if you are relying on the system to survive, believing that it is good and just helps to keep your fear, insecurity, futility, alienation and meaninglessness at bay.

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<sup>52</sup> **How to Teach Critical Thinking** Daniel T. Willingham in Education Future Frontiers series NSW Dept. Education 2019  
<https://apo.org.au/sites/default/files/resource-files/2019-06/apo-nid244676.pdf>

<sup>53</sup> **Truth Decay: A Tale of Decreasing Trust in Institutions** Kavanagh J  
<https://medium.com/election-interference-in-the-digital-age/truth-decay-a-tale-of-decreasing-trust-in-institutions-1e0a04001bde>  
**Truth Decay An Initial Exploration of the Diminishing Role of Facts and Analysis in American Public Life**  
[https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR2300/RR2314/RAND\\_RR2314.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR2300/RR2314/RAND_RR2314.pdf)

<sup>54</sup> **Post-truth - Word of the Year 2016** <https://languages.oup.com/word-of-the-year/2016/>

<sup>55</sup> **Truth Hurts: The Science Behind Why People Don’t Care About The Death Of Our Planet And Democracy.** Lissa Johnson in New Matilda 19 Aug 2015  
<https://newmatilda.com/2015/08/19/truth-hurts-science-behind-why-people-dont-care-about-death-our-planet-and-democracy/>



**Example 2:**

In South Africa under apartheid many older citizens who had grown up under the system considered that their inferior status was the natural order of the world and that God had created it that way. They were disturbed by and critical of the young who were protesting and marching. The black consciousness movement understood this and took steps to deal with it.

This is likely to be a problem in health, aged care, disability, and many more sectors. It explains why the independent assessments by questionnaire and consultation quoted by industry and government can be misleading. When regulators consult with aged care residents it can also be misleading. This is why outsiders often see what is happening more clearly.

It is vulnerable citizens who are exploited and this exploitation takes place in the institutions that they depend on for care. These "*victims being its greatest supporter*" can make this more difficult to document and address. Relying on self-reporting by providers of care and surveys and interviews with those receiving care might be misleading.

**More recent research:** Before we look at the latest research we need to examine and understand the ideology that has dominated much of the world over the last 43 years. It is based on beliefs that, like the AIDS virus, mounted a deliberate and crippling attack on our society and our communities – society's immune system. The defense mechanism that balances and controls our excesses, protects us from harmful ideologies and helps us recover from them has been pushed aside and eroded.

## Part 3: The story of neoliberalism

The terms 'free-market' and 'economic rationalism' have been used to describe what has been happening. Many of those who embrace these ideas dislike the use of the word neoliberalism. But this is an ideology that goes far deeper than markets and economies. At its centre are beliefs about the nature of society and of mankind itself. The word neoliberalism is broader and more inclusive.

We need to look at its origins to understand this.

### Laissez Faire economics

The problems in unbalanced markets that Smith identified in the 18<sup>th</sup> century soon became apparent. During the 19<sup>th</sup> century industrial revolution<sup>56</sup> 'Laissez Faire' unchecked market policies<sup>57</sup> dominated. There were huge technical advances but many vulnerable workers, children and families were exploited. Inequality, poverty and starvation were huge problems. Worker's attempts to form unions were strongly resisted but they eventually succeeded<sup>58</sup>. This helped to improve conditions.

This Laissez Faire unregulated approach persisted and resulted in the great depression in the 1930s. Social structures and social cohesion collapsed in some countries. The growth of mass media at this time enabled those offering citizens dangerous belief systems to rapidly reach a whole nation. This led to the rise of fascism and then the second world war.

### Keynesian economics

The Great Depression<sup>59</sup> and World War II, created enormous hardship and suffering across the world. It also brought many people and communities together in shared projects to combat fascism and help one another. In the USA and some other countries there was a greater sense of social responsibility, a flowering of culture and an interest in alternate philosophies and more equitable ways of living. Many were even flirting with socialist belief systems.

A new 'Keynesian' economic system<sup>60</sup> that was developed during the great depression identified the problems created by uncontrolled markets. It allowed civil society and the governments it elected to take control of markets and insist they met community expectations. Laws prohibited the sort of commercial arrangements that created the conflicts of interests that led to citizens being exploited and then to the great depression.

Workplaces were kinder more friendly places to be. There was a long period of stability during which regulation and community values contained market excesses. It was gradually eroded by neoliberal free market ideas but persisted into the 1970s. It was challenged and then replaced by neoliberalism in the 1980s. The consequences were soon apparent.

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<sup>56</sup> Industrial Revolution – Wikipedia [https://en.wikipedia.org/wiki/Industrial\\_Revolution](https://en.wikipedia.org/wiki/Industrial_Revolution)

<sup>57</sup> Laissez-Faire Investopedia <https://www.investopedia.com/terms/l/laissezfaire.asp>

<sup>58</sup> Trade union | Definition, History, & Facts Britannica <https://www.britannica.com/topic/trade-union>

<sup>59</sup> Great Depression | Definition, History, Dates, Causes, Effects, & Facts, Britannica <https://www.britannica.com/event/Great-Depression>

<sup>60</sup> What Is Keynesian Economics? - Back to Basics <https://www.imf.org/external/pubs/ft/fandd/2014/09/basics.htm>

## Example: Citigroup

In 1998, after Keynesian economics were abandoned and a free market approach adopted, the laws restricting commercial conflicts of interest in the USA were repealed to allow the merger of multiple companies to form Citigroup<sup>61</sup>.

Citigroup, its competitors, and the accounting firms that checked corporate financial reports were soon leading offenders in a multitude of major Wall Street scandals. They played an active role in the huge Enron<sup>62</sup>, Worldcom<sup>63</sup>, health<sup>64</sup> and aged care scandals that followed. As one of their most successful and well rewarded Citigroup market analysts<sup>65</sup> boasted "*What used to be a conflict is now a synergy*". The large commercial opportunities that were opened up were enthusiastically embraced. Many were exploited and harmed.

## Neoliberalism<sup>66</sup>

**Murky origins:** In the 1930s and 1940s an obscure group of Austrian economists led by Ludwick von Mises and his pupil Friedrich Hayek<sup>67</sup> were profoundly disturbed by what they observed as communities fractured by the great depression enthusiastically sacrificed their own freedom and embraced the fascist ideology offered by Hitler and Mussolini enabling them to seize power.

As a result this group of economists saw citizen's movements and society (described by them as 'collectivism') as a threat to freedom. They also described it as socialism. They believed that citizen movements would inevitably lead to dictatorships and the loss of freedom. They based their theories on this. Hayek said.<sup>68</sup>

*"In theory Socialism may wish to enhance freedom, but in practice every kind of collectivism consistently carried thought must produce the characteristic features which Fascism, Nazism, and Communism have in common. Totalitarianism is nothing but consistent collectivism, the ruthless execution of the principle that 'the whole comes before the individual' and the direction of all members of society by a single will supposed to represent the 'whole'."*

It was citizen's movements that had toppled dictators and monarchs over the centuries. They had created democracies to free their citizens. Millions of citizens in these democracies had very recently united to protect their freedom, fought and been killed to crush these fascist dictators. This information that showed strong active civil societies were essential to preserve our freedom was simply ignored. The illusion was not challenged.

Neoliberalism was therefore at its heart a libertarian ideology condemning society. The rights and freedoms of the individual took precedence over the interests of the society of which he or she was a part. In this it went further than 'Laissez Faire' economics.

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<sup>61</sup> Wynne JM **The Banking Marketplace** <http://www.corpmedinfo.com/citimarket.html>

<sup>62</sup> **Structured Finance: The Enron Debacle** <http://www.corpmedinfo.com/citienron.html>

<sup>63</sup> **The WorldCom Collapse - Citigroup's Guiding Hand** <http://www.corpmedinfo.com/citiworldcom.html>

<sup>64</sup> **The Financiers and Health Care** <http://www.corpmedinfo.com/citihealth.html>  
**HEALTHSOUTH Auditors and Banks** [http://www.corpmedinfo.com/healthsouth\\_ties\\_aud\\_bnk.html](http://www.corpmedinfo.com/healthsouth_ties_aud_bnk.html)

<sup>65</sup> **Telecom's Pied Piper: Whose Side Was He On?** The New York Times November 18, 2001

<sup>66</sup> **Neoliberalism** <https://en.wikipedia.org/wiki/Neoliberalism>

<sup>67</sup> **Friedrich Hayek** [https://en.wikipedia.org/wiki/Friedrich\\_Hayek](https://en.wikipedia.org/wiki/Friedrich_Hayek)

<sup>68</sup> **Friedrich Hayek** wikiquote [https://en.wikiquote.org/wiki/Friedrich\\_Hayek](https://en.wikiquote.org/wiki/Friedrich_Hayek)

These were economists and this freedom was expressed through markets, which if not interfered with would always correct themselves. They pressed for small government and minimal regulation and were intensely suspicious of citizen movements. Existing knowledge of markets was ignored. Milton Friedman<sup>69</sup> a Chicago economist was an early convert.

**Libertarianism:** At the same time libertarian movements in the USA had grown and rallied behind belief systems like those advocated by the Russian immigrant writer and philosopher, Ayn Rand<sup>70, 71</sup>. Her philosophy called 'objectivism' disregarded everything we already knew about our humanity and our society. She promoted selfishness as a virtue and railed against 'the collective' describing collectivism<sup>72</sup> as *"the tribal premise of primordial savages"*.

She condemned selflessness and referred to altruism as a disease imposed by society. She saw relationships as transactional and based on mutual self-interest rather than intimacy and empathy. As one critic indicated, in effect<sup>71</sup> it *"isolates each of us from genuine society"*. Another critic<sup>73</sup> said that her philosophy *"requires a coldness of the soul, a narrowing of one's humanity"*.

In describing her influence on current politicians the Guardian wrote<sup>74</sup>

*"Hers is an ideology that denounces altruism, elevates individualism into a faith and gives a spurious moral licence to raw selfishness"*

While she was criticised by academics, her influence has steadily grown in the marketplace, among politicians and in society. Her books remain popular in the USA and she has developed a huge following. Wikipedia quotes one libertarian saying *"without Ayn Rand, the libertarian movement would not exist"*

The things that Rand condemned are the core civil society values that make us human and cause us to care for and assist others when they are in need.

## Think tanks

Von Mises and Hayek were joined by new convert Milton Friedman, a Chicago economist. They formed the international Mont Pelerin Society<sup>75</sup> to spread their ideas intending it to be *"a scholarly community arguing against collectivism"*.

From this nucleus, a web of cooperating think tanks were gradually established across the world. The Atlas network<sup>76</sup> established by Mont Pelerin member Sir Antony Fisher now has over 500 think tank partners promoting Hayek's ideas across the world.

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<sup>69</sup> Milton Friedman [https://en.wikipedia.org/wiki/Milton\\_Friedman](https://en.wikipedia.org/wiki/Milton_Friedman)

<sup>70</sup> Ayn Rand [https://en.wikipedia.org/wiki/Ayn\\_Rand](https://en.wikipedia.org/wiki/Ayn_Rand)

<sup>71</sup> Ayn Rand (1905—1982) Internet Encyclopedia of Philosophy <https://iep.utm.edu/rand/>

<sup>72</sup> This is what happens when you take Ayn Rand seriously PBS Newshour 16 Feb 2016  
<https://www.pbs.org/newshour/economy/column-this-is-what-happens-when-you-take-ayn-rand-seriously>

<sup>73</sup> Where Ayn Rand Went Wrong by Shikha Dalmia Forbes 4 Nov 2009  
<https://www.forbes.com/2009/11/03/where-ayn-rand-went-wrong-opinions-columnists-shikha-dalmia.html?sh=3514053936f4>

<sup>74</sup> Freedland J The new age of Ayn Rand: how she won over Trump and Silicon Valley The Guardian 11 Apr 2017  
<https://www.theguardian.com/books/2017/apr/10/new-age-ayn-rand-conquered-trump-white-house-silicon-valley>

<sup>75</sup> Mont Pelerin Society [https://en.wikipedia.org/wiki/Mont\\_Pelerin\\_Society](https://en.wikipedia.org/wiki/Mont_Pelerin_Society)

<sup>76</sup> Atlas Network [https://en.wikipedia.org/wiki/Atlas\\_Network](https://en.wikipedia.org/wiki/Atlas_Network)  
Atlas group Sourcewatch [https://www.sourcewatch.org/index.php/Atlas\\_Group](https://www.sourcewatch.org/index.php/Atlas_Group)  
Atlas Network Who we are <https://www.atlasnetwork.org/who-we-are>  
Atlas Network Partners <https://www.atlasnetwork.org/partners>

It has been described on Wikipedia as reshaping “*political power in country after country.*” It provides grants, runs training courses and holds international events.

The Ayn Rand institute<sup>77</sup> and the Atlas Society<sup>78</sup> are organisations that promote different versions of Ayn Rand’s objectivism through conferences and courses. Libertarian think tanks promoting Rand’s philosophy have become a part of the Atlas and other networks.

Lawyers are trained to protect individuals and their freedom. It should not surprise us that lawyers and even judges, who are only human, identify with these ideas and are often active in these think tanks. Many enter politics.

### **Example: The Mannkal Foundation in Western Australia**

The enthusiasm these ideas generate among businessmen and politicians, and their dedication to the ideas is readily apparent on the web site of the West Australian Mannkal Economic Education Foundation<sup>79</sup>, a proud member of the Atlas network. It was started by gold miner Ron Manners in 1987 as a part of Australia’s libertarian movement. It was formally established in 1997.

Ron Manners is a member of the Mont Pelerin Society and on the board of the overseers of the Atlas Network. Mannkal’s mission is to “*develop future free market leaders*” based on the principle that “*limited government and free markets are essential components for the future success of Australia*”.

It publishes a Libertarian Primer<sup>80</sup> which describes the work of Hayek and Ayn Rand commenting that “*the work of Rand is indispensable to any understanding of contemporary libertarian thought and directions*” and that “*Objectivists are an important part of the development of libertarian movements both in Australia and the United States*”.

Like every religious and secular belief system neoliberalism’s future lies in recruiting and indoctrinating the young. Large sums are donated to the Mannkal foundation by believers. It runs 6-month and 12-month leadership development programs as well as shorter outings<sup>81</sup>.

Since 1997, 2,000 scholarships have been awarded to West Australian students<sup>82</sup> to study this form of free market economics and also objectivism at international institutions.

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<sup>77</sup> Ayn Rand Institute [https://en.wikipedia.org/wiki/Ayn\\_Rand\\_Institute](https://en.wikipedia.org/wiki/Ayn_Rand_Institute)  
Ayn Rand Institute <https://aynrand.org/>

<sup>78</sup> Atlas Society [https://en.wikipedia.org/wiki/The\\_Atlas\\_Society](https://en.wikipedia.org/wiki/The_Atlas_Society)  
The Atlas Society provides a moral defense of freedom <https://www.atlassociety.org/post/what-the-atlas-society-stands-for>

<sup>79</sup> Mannkal: Developing future free market leaders <https://www.mannkal.org/>  
Mannkal Foundation - About us <https://www.mannkal.org/about/>  
Ron Manners AO <https://www.mannkal.org/about/team/ron-manners/>

<sup>80</sup> Libertarian Primer for future leaders of Western Australia  
[https://www.mannkal.org/downloads/LibertarianPrimer/Libertarian\\_Primer.pdf](https://www.mannkal.org/downloads/LibertarianPrimer/Libertarian_Primer.pdf)

<sup>81</sup> Mannkal Winter Leadership Program 2021  
<https://www.mannkal.org/wp-content/uploads/2021/03/Mannkal-Winter-Program-2021-Brochure.pdf>

<sup>82</sup> Mannkal Economic Education Foundation’s Scholarship Program <https://www.mannkal.org/mannkal-scholarship-program/>

Visits by students to the Ayn Rand Institute are described<sup>83</sup>. An interview with Rand<sup>84</sup> is published on the Mannkal web site.

It publishes 'Mannkal's Musing' a regular revue of issues, its conferences and other activities as well as international libertarian events. One of its leaders is John Hyde a past liberal politician. Recent federal attorney general Christian Porter presented at and has been actively involved in some of the meetings they organised. It is a large and active organization.

- Other related think tanks include:
- **The Menzies Research Centre**<sup>85</sup>,
- **The Centre for Independent Studies (CIS)**<sup>86</sup> - a member of the Atlas Network, was formed in 1976. It is a research centre focused on free markets and Hayek's ideas which they quote<sup>87</sup>.
- **Institute of Public Affairs**<sup>88</sup> (IPA) (initially including the Sydney Institute) was founded during the second world war to counter socialism. It moved from Keynesian economics to neoliberalism in the 1970s. Its members have included the Murdochs, businessmen and many leading liberals and politicians.
- **H.R. Nicholls Society**<sup>89</sup>, was a discussion group formed in 1986 in response to the increasing power of the union movement under labor. Many liberal politicians, lawyers and businessmen participated. It was fertile ground for neoliberal ideas and is now affiliated with the Mont Pelerin Society.

Prime Minister Thatcher, in describing the way socialism had created an entitlement attitude in citizens who expected government to look after them famously asked "*Who is society?*" then answered "*There is no such thing!*". Then on another occasion "*You do not blame society. Society is not anyone. You are personally responsible.*" and, "*Don't blame society – that's no one.*"

Starting in the late 1960's the growth of these free-market ideas created tension in Australian political parties, whose leaders still adhered to Keynesian ideas. These free market ideas finally replaced Keynesian economics across the world in the 1980s when Thatcher<sup>90</sup> and Reagan<sup>91</sup> made them the basis for globalisation.

A meeting of the Mont Pelerin society was held in Sydney in 2010. Recently defeated Prime Minister John Howard was a keynote speaker. He became a member of the Mont Pelerin society the same year.

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<sup>83</sup> **The City of Angels (Americas week 3)** <https://www.mannkal.org/americas-summer-2020/the-city-of-angels-americas-week-3/>

<sup>84</sup> **Playboy Interview Ayn Rand** March 1964 <http://www.mannkal.org/downloads/guests/aynrand.pdf>

<sup>85</sup> About the Menzies Research Centre <https://www.menziesrc.org/about-the-mrc>

<sup>86</sup> Centre for Independent Studies – Wikipedia [https://en.wikipedia.org/wiki/Centre\\_for\\_Independent\\_Studies](https://en.wikipedia.org/wiki/Centre_for_Independent_Studies)

<sup>87</sup> Centre for Independent Studies Annual Review 2017 <https://www.cis.org.au/app/uploads/2018/01/PreCIS-2017.pdf>

<sup>88</sup> Institute of Public Affairs [https://en.wikipedia.org/wiki/Institute\\_of\\_Public\\_Affairs](https://en.wikipedia.org/wiki/Institute_of_Public_Affairs)

<sup>89</sup> H. R. Nicholls Society [https://en.wikipedia.org/wiki/H.\\_R.\\_Nicholls\\_Society](https://en.wikipedia.org/wiki/H._R._Nicholls_Society)

<sup>90</sup> **Thatcherism** <https://en.wikipedia.org/wiki/Thatcherism>

<sup>91</sup> **Reaganomics** <https://en.wikipedia.org/wiki/Reaganomics>

## Examples of distrust in society

If you look you can find comments that reveal the persistent distrust of community. For example:

1. It is revealing that when there was strong pressure from the community for a Royal Commission into the banks so exposing them to public scrutiny, John Howard commented angrily<sup>92</sup> praising the banks and describing the process as “*rank socialism*”. This attitude came straight from the Mont Pelerin Society.
2. But even earlier Peter Shergold gave the game away. He was a long term bureaucrat and in 2014 he became the founding chair of the Aged Care Sector Committee that set up Abbott’s Red Tape reduction policy in aged care. In 2015 he became chairman of Opal Healthcare, an aged care provider. Speaking in his new corporate role at a behind closed door industry meeting in 2015 in Singapore<sup>93</sup> he indicated that “*government is concerned about a public backlash from people who believe that aged care should be a community service and not motivated by profit*”.

**Criticism is growing rapidly:** There were many warnings and now a growing number of strong criticisms. A landmark paper<sup>94</sup> in the New York Times by Milton Friedman in 1970 was considered to be a turning point for neoliberalism as it inspired businessmen. By 2013 it was being described as the world’s dumbest idea<sup>95</sup>. In 2009 Prime Minister Kevin Rudd wrote a scathing criticism of neoliberalism, whose time he claimed was over<sup>96</sup>. His party soon dumped him as leader and it was not over.

In 2019 the Brookings Institute in the USA published two books criticising neoliberalism and looking for alternatives<sup>97</sup>. There has been extensive recent criticism in the UK and Australia.

Belief systems built on the ideas of Hayek, Friedman and Rand are alleged to have generated leaders like Trump<sup>98</sup>. It may not be a coincidence that we also got charismatic but unreliable leaders like Boris Johnson in the UK and Scott Morrison in Australia at the same time. These societies were all stressed and like Trump they offered a return to greatness and stability. It is as if the electorates in all three countries responded by ignoring challenging evidence and become more extreme.

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<sup>92</sup> John Howard slams bank inquiry as 'rank socialism' Australian Financial Review 23 Nov 2017

<https://www.afr.com/news/economy/monetary-policy/john-howard-slams-bank-inquiry-as-rank-socialism-20171123-gzr395>

<sup>93</sup> IPS Closed-Door Workshop on “Aged Care Service Models: Challenges, Trade-offs and Policy Responses” Workshop Report May 2016

[https://lkyspp.nus.edu.sg/docs/default-source/ips/report\\_aged-care-service-models\\_1005161.pdf](https://lkyspp.nus.edu.sg/docs/default-source/ips/report_aged-care-service-models_1005161.pdf)

<sup>94</sup> **The Social Responsibility of Business is to Increase its Profits** Milton Friedman New York Times Magazine, September 13, 1970.

<https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>

<sup>95</sup> **The Origin Of 'The World's Dumbest Idea':** Milton Friedman by Steve Denning in Forbes 26 Jun 2013

<https://www.forbes.com/sites/stevedenning/2013/06/26/the-origin-of-the-worlds-dumbest-idea-milton-friedman/#62e18920870e>

<sup>96</sup> **The global financial crisis** Kevin Rudd The Monthly February 2009

<https://www.themonthly.com.au/issue/2009/february/1319602475/kevin-rudd/global-financial-crisis>

<sup>97</sup> Sawhill I V **Capitalism and the Future of Democracy** July 2019

[https://www.brookings.edu/wp-content/uploads/2019/07/Sawhill\\_Capitalism-and-the-Future-of-Democracy-.pdf](https://www.brookings.edu/wp-content/uploads/2019/07/Sawhill_Capitalism-and-the-Future-of-Democracy-.pdf)

**Beyond Neoliberalism: Insight from emerging markets** Brookings Institute REPORT 2019

<https://www.brookings.edu/wp-content/uploads/2019/05/beyond-neoliberalism-final-05.01.pdf>

<sup>98</sup> **How the Mont Pelerin Society 'Neoliberal Thought Collective' Is Influencing Donald Trump's Presidency** DESMOG

<https://www.desmogblog.com/2017/11/29/how-mont-pelerin-society-neoliberal-thought-collective-influencing-donald-trump-s-presidency>

Truth decay has had a large additional negative impact on society and on the community services that depend on traditional humanitarian belief systems.

## Managerialism

Business and management schools adopted these ideas. A centralised and controlling free market focused managerialism became the mode of operation of markets, government and even society. In 1995 Rees and Rodley's book<sup>105</sup> 'The Human Costs of Managerialism' described the impact it was already having on our humanity and called for change. It was ignored.

Civil Society was soon closely controlled and managed. Over the last 20 years controlled and managed community consultations have been used to justify the policies that were adopted and persuade the public that this is what they wanted. Aged care is a good example

Two books about Managerialism were reviewed by Stuart Clegg. He describes managerialism's consequences<sup>99</sup> as *"the loss of an ethical compass in the times in which we work"* and *"it has had a considerable impact globally, and much of it has been dismal, destructive, and decadent, cloaked in the swathes of managerialism"*.

Managerialism has had a major impact on education. Open Democracy<sup>100</sup> describes it as *"the mode of governance designed to realise the neoliberal project through the institutionalising of market principles in the governance of organisations."* and *"The purpose of education is increasingly limited to developing the neo-liberal citizen, the competitive economic actor and cosmopolitan worker built around a calculating, entrepreneurial and detached self"*.

In nursing managerialism has been analysed using Foucault's concepts of power/knowledge, discourse and governmentality. These show how the pressure from managerialism impacts on the way staff think and behave<sup>101</sup>.

These neoliberal patterns of ideas now enter our lives at an early age and become a self-evident social reality. The consequences for our humanity and our civil society<sup>105</sup><sup>105</sup> have been profound and the vast number of market failures are only the visible manifestations of this.

## Regulation

The centralised management and regulatory system has, not surprisingly, been a monumental failure. A 2007 investigation<sup>47</sup> (Braithwaite et al) looking at the way standards in aged care were examined, found *"indefensible ratings of compliance during our fieldwork"* and poor enforcement.

They found that regulation had been captured by industry and warned of the consequences. They described the way that the regulator prevented information from becoming public. Those findings were ignored.

That became much worse after 2014 when an industry leader was put in charge of the process. The regulator protected the government and industry instead of the residents.

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<sup>99</sup> **Managerialism: Born in the USA** Stuart Clegg and EM Lyon  
<https://opus.lib.uts.edu.au/bitstream/10453/33518/5/Managerialism%20born%20in%20the%20USA.pdf>

<sup>100</sup> **'New managerialism' in education: the organisational form of neoliberalism** by Kathleen Lynch Open Democracy.  
<https://www.opendemocracy.net/kathleen-lynch/%27new-managerialism%27-in-education-organisational-form-of-neoliberalism>

<sup>101</sup> see **Nurses under pressure** <https://www.insideagedcare.com/aged-care-analysis/theory-and-research/nurses-under-pressure>  
(A review of nursing articles and theses, many of which examine managerialism)



The full extent of this failure in regulation was only revealed when an independent South Australian state regulator examined the neglect and abuse that the federal regulator had been overlooking<sup>102</sup> at the Oakden facility for years in 2018. Senate and government inquiries followed.

An examination of the figures shows that as the proportion of more frail residents increased over the years, the trained staff needed to look after them decreased. At the same time the success rate in meeting all standards increased from 60% to an almost perfect 98%. It seems clear that instead of protecting residents, the regulators were protecting government and industry from adverse publicity – something Braithwaite had first described in his 2007 book.

## Warnings

Numerous strong warnings during the 1990s and early 2000s and a huge amount of data have been ignored. A few of the warnings are listed below.

Society		Health care		Aged Care	
USA	Australia	USA	Australia	USA	Australia
Kuttner R <sup>103</sup>	CoxE <sup>104</sup> Rees and Rodley G <sup>105</sup>	Kuttner R <sup>106</sup> Relman A <sup>107</sup>	Arnold P <sup>108</sup> Leeder S <sup>109</sup> Weedon D <sup>110</sup> Wynne J M <sup>111</sup>		Gregory R <sup>112</sup> Gibbs B <sup>113</sup> Wynne J M <sup>114</sup>

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- <sup>102</sup> **OAKDEN: A Shameful Chapter In South Australia's History.** Report by the Hon. Bruce Lander QC Independent Commissioner against corruption South Australia. <https://www.icac.sa.gov.au/publications/published-reports/oakden>
- <sup>103</sup> **The Limits of Markets** Kuttner R The American Prospect first MARCH-APRIL 1997 then Dec 2001 <http://prospect.org/article/limits-markets>
- <sup>104</sup> **A Truly Civil Society** Eva Cox Boyer Lectures 1995 <http://ldb.org/evacox.htm>
- <sup>105</sup> **The Human Costs of Managerialism : Advocating the recovery of humanity** edited by Stuart Rees and Rodley Pluto Press 1995
- <sup>106</sup> **COLUMBIA/HCA and the resurgence of the for-profit hospital business** Kuttner R New England Journal of Medicine August 1, 1996 Volume 335 Number 5 p 362 <http://www.nejm.org/doi/pdf/10.1056/NEJM199608013350524> (and many more in the NEJM since 1996)
- <sup>107</sup> **What Market Values Are Doing to Medicine** Arnold Relman The Atlantic Monthly, March 1992 (and many more)
- <sup>108</sup> **Price competition, professional cooperation and standards** Peter C Arnold in MJA Vol 165 p 272 2<sup>nd</sup> Sept 1996
- <sup>109</sup> **Mad-cow thinking - how far has it spread** by Stephen Leeder Australian Medicine 20 May 1996 page 6
- <sup>110</sup> Dr David Weedon, AMA president **welcoming The Minister for Health**, Dr Michael Wooldridge to a 1996 meeting where the minister was describing the governments new market policy for health. <http://www.corpmedinfo.com/weedon.html>
- <sup>111</sup> **THE IMPACT OF FINANCIAL PRESSURES ON CLINICAL CARE LESSONS FROM CORPORATE MEDICINE** by Wynne JM in *Access to surgery: A National Symposium on the Planning and Management of Health Care Programs under Medicare*. Townsville, May 23-24, 1996, editors Prof. P.K. Donnelly and Assoc. Prof. L. Wadhwa, published by the University of Queensland Press. pages 98-127. <http://www.corpmedinfo.com/corpmed.html>  
**Nay Corporate Medicine** Wynne JM invited opinion piece published in "Business in Practice" Journal of the Private Practitioners Group of the Australian Physiotherapy Association) March 2003 page 10 [http://www.corpmedinfo.com/nay\\_corporate.html](http://www.corpmedinfo.com/nay_corporate.html)  
**Building on Values: The Future of Health Care in Canada** Wynne JM & Armstrong W Health Issues March 2003 (relevance for Australia) <http://www.corpmedinfo.com/wynneandarmstrong.pdf>  
**Hazards in the Corporatisation of Health Care** Wynne JM New Doctor 80, Autumn 2004 <http://www.corpmedinfo.com/pp2-5.pdf>  
**Belief versus Reality in Reforming Health Care** Wynne J M Health Issues 2005, Number 83, pp. 9-13. <http://www.corpmedinfo.com/jmwynne83.pdf>  
**Australia's Experience with Health Reform Are there lessons for Canadians?** Presentation by Wynne J M to Consumers' Association of Canada (Alberta Chapter) Edmonton Alberta Oct 2004 <http://www.corpmedinfo.com/WYNNELP2710.pdf>
- <sup>112</sup> **Aged Care Reform Strategy Mid-Term Review.** Stage 2 Report. Gregory, R. (1993) Looking Glass Press (Chapters 1 & 9)
- <sup>113</sup> Gibbs, B. Senator (1997 Jun 24). **Aged Care Bill 1997.** Hansard p 5042 <http://bit.ly/2rfThau>
- <sup>114</sup> **Correspondence about Aged Care 1998/9 between Wynne JM and the department of health.** (see specifically warning in final summary of letter dated 9 March 1999 and the supply of a disk containing a vast amount of material with the letter dated 26 June 1999) [http://www.corpmedinfo.com/agedcorresp\\_1999.html](http://www.corpmedinfo.com/agedcorresp_1999.html)  
 Wynne JM **Submission to Inquiry into Private Equity 2007** <https://www.agedcarecrisis.com/images/subs/sub03.pdf>

## Consequences

The consequences in the marketplace and for our society were described in the introduction to this criticism. Links were supplied to many examples and to a case study<sup>2,3,4,5</sup>.

As explained the neoliberal ideology that threatens us now is unique in that it is behaving like the AIDS virus and actually attacking and weakening civil society - our immune system.

As we explained, this fear and distrust of society lies at its heart. It is central to the illusions on which it was based. At its very beginning it identified society and collective action as a problem that threatened its success. It was a way of escaping from this threat. But clearly politicians embracing these ideas and asking the electorate to vote for them did not talk about that – not openly anyway.

Civil Society has been carefully managed and pushed aside. It has been weakened to the point that it is now fragmenting and unstable. Because citizens and politicians are a product of that society it has changed both. Neither is responding well to the crises we now face.

This ideology will fight tooth and nail against any attempt to rebuild civil society and empower it. That is going to make the task of addressing our many problems and fixing the failed systems that have affected societies including our own far more difficult. It will be a huge challenge.

## Part 4: Recent Research and a balanced society

These developments have alarmed the social scientists who study social forces and their consequences and they are writing about it. We have already examined the relevant individual and societal behavior and referred to two recent books drawing knowledge of our behaviour together to remind us.

'Willful blindness' (2013 revised 2019) reminds us of the research we have been ignoring, research explaining the way we ignore and look past unpalatable facts and logic when they confront us<sup>38</sup>.

'Strategic ignorance' takes a historical approach to reminds us of the way we ignore existing knowledge, and manipulate it in order to create, embrace and maintain beliefs that are not soundly based<sup>39</sup>. We see the way believers seek to control information and its interpretation and aged care is a good example.

What is happened has stimulated two more broader examinations of social systems and of society's behavior. They lay less emphasis on the actual beliefs that influence us and our responses. Instead, they examine the structure of society itself and the way forces play out there. They both stress the importance of balanced systems and of a balance of power within society. Walker and Salt analyse complex social systems whereas Braithwaite studies the history of unrestrained dominance and sets it against times when a balance of power restrains dominance. It also looks specifically at market dominance and Civil Society's capacity to balance and control dominance.

### Complex Social Systems

Those studying resilience in society focus on the complexity of the social systems we have created pointing out that there are smaller social systems within larger ones (eg aged care and disability care within society itself) and that social systems interact with one another and are often linked (eg the market and vocational education systems with aged care).

A smaller system (aged care) within a larger one (society) will suffer when the larger one fails. Attempts to fix it are unlikely to work until the problems in the larger system are fixed.

These social scientists describe the multiple different pressures<sup>115</sup> exerted on a system by the different perspectives of the many participants. They liken these social systems to a ball within a bowl. The steep sides represent the different pressures surrounding the system that contain it within the bowl and prevent it from escaping and misbehaving. It can respond to changing situations and unexpected events and changes in the pressures by moving about in the bowl. The balanced pressures keep it within the bowl. This makes it resilient and adaptable.

If however the pressures become unbalanced then one side of the bowl is lowered and the ball can be pushed over the edge. It no longer functions properly and people or the environment are harmed. The authors focus on environmental damage but the ideas can be applied to other complex social systems.

We can understand that an ideology which adopts a one size fits all approach where one set of ideas dominate and others are weakened will result in an unbalanced system that pushes the ball over the edge (a tipping point) and causes it to fail.

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<sup>115</sup> Resilience Thinking: Sustaining Ecosystems and People in a Changing World by Walker B and Salt D Island Press 2006

The social scientists go on to show that when these systems go over the tipping point and fail, the vested interests responsible for the unbalanced pressures usually regroup and seize control again. They respond by centralising and rebuilding so that the system remains unbalanced. There is a period when it is resistant to any attempts to make changes. It then fails again and there is a window of opportunity when their power is weakened before they seize control again.

As a consequence these systems go through cycles of recurrent failures over long periods of time as attempts to fix them fail. Aged care is a good example. When multiple systems are failing then it is likely that an encompassing social system is at fault and needs attention first.

The scientists found that balance was only restored when a window of opportunity was seized, the social system decentralised and the structure changed so that all participants within the social system or systems were empowered and balance was restored. The balance of perspectives and so the integrity of the bowl (or a new bowl) were re-established. The systems became adaptable and resilient again.

This is an approach that rebuilds society and social capital. We should consider it when addressing failed systems like aged care. We have explained how it can be applied to aged care and the sort of reform that it shows is needed in the sector<sup>116</sup>. That is not happening at present.

## The Macro perspective – a broad view

Professor John Braithwaite, is an eminent criminologist and the founder of the international group REGNET. He and his international peers have spent many years studying human history to identify recurrent patterns of human misbehavior and criminality. They have explored them to identify patterns that enable us to understand what is happening. He has brought this large volume of research together in a detailed in-depth analysis in an extensively referenced book<sup>117</sup> *‘Macro criminology and freedom’* published in February 2022.

The book explores the complex relationships between dominance of society by groups within it, anomie (*referring to societal breakdown and fragmentation often referred to as ‘truth decay’ or ‘post-truth’ today*), the exploitation of citizens, criminal behaviour both by the powerful and the disempowered, and the association of these phenomena with warfare.

He finds that because of the way these developments influence one another, there are cascades of criminality and also cascades of virtue when society works well. Dominance is closely associated with exploitation and criminality. He writes at length about political and market dominance and criminality including when government and society are captured by the market.

Cascades of virtue are associated with a balanced society in which there is a balance of power within a well-structured civil society. Dominance is prevented by a strong civil society in which anomie has been replaced by a strong ‘normative order’.

The balance of powers ensures that dominance and excesses by any group is checked by a network of others. Braithwaite says *“Criminalised states and criminalised markets evolve when there is no networked governance of their dominations”*.

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<sup>116</sup> Attachment D: Analysis of aged care as a failed complex social system to Aged Care Crisis Submission (no 39) to Productivity Commission Review ‘Aged Care Employment’ Updated May 2022  
[https://www.pc.gov.au/data/assets/pdf\\_file/0010/339940/sub039-aged-care-employment-attachmentd.pdf](https://www.pc.gov.au/data/assets/pdf_file/0010/339940/sub039-aged-care-employment-attachmentd.pdf)

<sup>117</sup> Macrocriminology And Freedom By John Braithwaite ANU Press, Feb 2022

Cascades of criminality are eventually terminated and changed to cascades of virtue when citizens rise up and take back control of their societies, re-build a normative order and establish a balance of power. He writes about 'tipping points' when there are opportunities for society to interrupt the cascades.

This outline of Braithwaite's book above does not do justice to the depth and length of his 600 page book. He advocates for a strong government, a strong market and strong civil society organisations so that there is a balance of power.

That will certainly be necessary to reset the system and restore balance. But a balance of competing powers fighting for supremacy in our view, might, if that is all that is done, create a number of warring states each fighting for supremacy until one gets an advantage.

We feel that a more collegial and interacting civil society in which people cooperate and work together to resolve differences is required. Eva Cox addresses this in her 1995 Boyer lectures<sup>104104</sup>. Instead of advocating and fighting for one's own solutions, we set them aside and engage with others collegially exploring their lives, their experiences and their views, and then when they are ready expose them to our knowledge and established views and see how they all stack up.

In fairness Braithwaite does address this in a more complex way writing about non-financial capital. This includes human capital, social capital, CHIME, bonding capital, recovery capital, restorative capital, restorative justice, societal capital. CHIME stands for Connectedness, Hope, Identity, Meaning and Empowerment. He is going there using many eyes. These are integral to building a truly collegial civil society of which the market and political system are a part - as well as a deliberative democracy which he supports.

## Comment

**Anomie**, the collapse of an established order and its impact on citizens was first described by the founder of Sociology Emile Durkheim at the beginning of the 20<sup>th</sup> century<sup>118</sup>. He described the strong association of this with suicide. Others have described its occurrence when there are large social inequalities in society as well as its association with criminal and other bizarre behaviours.

We are going through a period when society is confronted by bizarre but charismatic leaders, increasing criminality and the formation of radical groups. Some adopt strange beliefs that lead them to assassinate innocent people as happened in Queensland recently when police were killed.

In an anomic culture the young grow up in a society without a secure normative order or a moral compass and are poorly socialized. It should not surprise us that we have a high incidence of mental illness, suicide and now crime among the young. Some are readily radicalised by terrorist groups and commit atrocities.

In March 2023, ABC Four Corners described a depressing and growing bizarre hate filled subculture facilitated by social media among the young<sup>119</sup>. It fails to consider that this sort of thing flourishes when its targets are socially compromised and so susceptible.

We seem to be ignoring potential root causes in our response to all this again. Instead, we focus on the symptoms treating each of these phenomenon as a separate problem.

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<sup>118</sup> **Anomie** Encyclopedia Britannica <https://www.britannica.com/topic/anomie>

<sup>119</sup> **The Secret World of Incels** ABC Four Corners 20 March 2023  
<https://www.memorabetv.com/episodes/four-corners-the-secret-world-of-incels-abc-tv-monday-20-march-2023/>

## Part 5: What is needed for real reform

We must create a market that meets the necessary conditions for a market to work. We must create a balanced system by ensuring that those who hold the most power are those who embrace the caring altruistic values on which caring services depend.

Human services are a community service and rely on the primacy of community and professional cooperative values. Excluding community, handing the vulnerable to the market and subjecting them to market values was doomed to fail. Effective change will only come when current policies and the flawed ideology on which it is based are abandoned.

The illusion about 'the collective' must be challenged and decisively turned into history – a bad memory whose lessons must never be forgotten. Civil society must be empowered and we need to build our democracy around that. The many current failures create a unique opportunity to do so and it should not be missed.

Human services are provided in our communities and they provide a unique opportunity to rebuild our communities and our democracy. Yet every inquiry is deliberately ignoring this problem.

These services should be community-led and controlled. The system needs to be decentralised and the community empowered by giving them a central role. They should be directly involved in planning local services, evaluating the trustworthiness (probity) of providers before contracting or licensing them to provide services to their members.

If providers fail to meet expectations, then local community bodies should be able to replace them. Submissions to many inquiries urging community empowerment and involvement have been ignored.

**A balanced social system:** Resilience thinking emphasizes the importance of decentralisation and creating a balance of power by spreading involvement and decision making across the many participants in a cooperative and constructive context. We have drawn attention to how this could be done in aged care<sup>116</sup>.

Braithwaite's extensive analysis of the way societies behave and the huge problems created by dominance, particular market dominance is compelling in its findings and its logic.

Government's role in a democracy is to build and support community and then work with them in developing policies. It has done the opposite in the face of strong advocacy for a decentralised system.

Government commissioned reviews by Coleman<sup>120</sup> and then McLeay<sup>121</sup> in the 1970s and 1980s realised that aged care was too complex to be managed centrally and that governments needed to work through states and with local communities.

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<sup>120</sup> Coleman, M. (1975). **Care of the aged**. Social welfare commission report. Parliamentary Paper Nu. 180

<sup>121</sup> McLeay L (1982 Oct) **In a home or at home**. Report from the House of Representatives Standing Committee on Expenditure Oct 1982

The 1985 Giles<sup>122</sup> and 1989 Ronalds<sup>123</sup> reviews pressed for greater community involvement in addressing complaints and in an active community visitor scheme. Vested interests resisted all of this and neoliberal beliefs gave them the legitimacy to do so.

Gerontologist Professor Hal Kendig spent the last 20 years of his life pressing for and explaining the benefits of a regional and locally managed system in aged care<sup>124</sup>.

Aged Care Crisis and its members started pressing for greater community involvements and for a more community led system in submissions to the Department of Health and ageing review into accreditation<sup>125</sup> in 2009, to the Walton Review of the Aged Care Complaints scheme<sup>126</sup> in 2009, and to the Productivity Commission review<sup>127</sup> 'Caring for older Australians' in 2010.

In the majority of subsequent submissions<sup>128</sup> to the many inquiries since then Aged Care Crisis has continued to press for community involvement and empowerment at every opportunity. They explained all of the issues discussed in this paper and pressed strongly for a central role for community in several submissions<sup>129</sup> to the 2018 to 2021 Royal Commission into Aged Care which they hoped would finally address these issues.

In other submissions data was supplied about the research being done and the groups in the USA, UK, NZ and Australia that are pressing for decentralised systems, regionalism, localism, community democracy, deliberative democracy and more in the wider community.

The Grattan Institute's report<sup>130</sup> in November 2020 supported greater community involvement.

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<sup>122</sup> Giles, P. (1985) **Private Nursing Homes in Australia: their conduct, administration and ownership Report**. Senate Select Committee on Private Hospitals and Nursing Homes. Parliamentary Paper No. 159/1985

<sup>123</sup> Ronalds, C. (1989). **Residents' rights in nursing homes and hostels** Final Report. Office for the Aged. Australian Government Pub. Service

<sup>124</sup> Kendig, H. and Duckett, S. **Australian directions in aged care: the generation of policies for generations of older people** Australian Health Policy Institute Commissioned Paper Series 2001/05 National Library of Australia Australian Government <http://bit.ly/32b6oKh>

Kendig, H. (2010) Submission to the **Productivity Commission Inquiry Caring for Older Australian** July 2010 <https://bit.ly/2QKu9oc>

<sup>125</sup> Wynne JM Submission 16 Jul 2009 to Dept. Health review of the **residential aged care accreditation process** [https://www.agedcarecrisis.com/images/subs/wynne\\_accredsubfinal\\_web.pdf](https://www.agedcarecrisis.com/images/subs/wynne_accredsubfinal_web.pdf)

<sup>126</sup> Wynne JM Submission 31 July 2009 to Walton Review of the **Aged Care Complaints Investigation Scheme** [https://www.agedcarecrisis.com/images/subs/wynne\\_cis\\_reviewfinal\\_web-Jul2009.pdf](https://www.agedcarecrisis.com/images/subs/wynne_cis_reviewfinal_web-Jul2009.pdf)

<sup>127</sup> Wynne JM Submission July 2010 to Productivity Commission Inquiry '**Caring for Older Australians**' <https://www.pc.gov.au/inquiries/completed/aged-care/submissions/sub368.pdf>

<sup>128</sup> see ACC **Publications** <https://www.agedcarecrisis.com/publications>

<sup>129</sup> see for example **Response to Royal Commission Consultation paper re Aged Care Program Redesign**. Aged Care Crisis Inc. 14 Jan 2020 <https://agedcare.royalcommission.gov.au/system/files/submission/AWF.660.00070.0001.pdf>

<sup>130</sup> Duckett, S., Stobart, A., & Swerissen, H. (Nov 2020) **Reforming aged care: a practical plan for a rights-based system**. Grattan Institute Report No. 2020-17. <https://grattan.edu.au/wp-content/uploads/2020/11/Reforming-Aged-Care-Grattan-Report.pdf>

The public guardian and the public advocate in Queensland, and the public advocate in Victoria have recently made submissions to inquiries and to the Royal Commission urging the adoption of a Community Visitor's Scheme in aged care<sup>131</sup>.

In her submission and evidence to the Royal Commission on 19 March, Clare Hargreaves from the Municipal Association of Victoria<sup>132</sup> spoke about the difficulties created by the new system for local regions which have had organisational structures in place to care for and help the vulnerable for many years. She spoke about the important role that local services played.

These issues seem to be taboo in the neoliberal discourse that the powerful use to maintain their illusions and control society.

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- <sup>131</sup> Public Advocate Queensland Submission to the Standing Committee on Health, Aged Care and Sport Inquiry into the **Quality of Care in Residential Aged Care Facilities** in Australia February 2018 <http://bit.ly/2UhY14J>  
Queensland Public Guardian. Submission 68 to the Senate Community Affairs References Committee August 2017, **Quality of care in residential aged-care facilities in Australia** Standing Committee On Health, Aged Care And Sport Hearing 26 April 2018 (Siegel-Brown N, Burgess M.) <http://bit.ly/2DRSPCT>  
SIEGEL-BROWN, Ms Natalie, Public Guardian, Office of the Public Guardian Queensland and BURGESS, Ms Mary , Public Advocate, Office of the Public Advocate Queensland **to Public Hearing Standing Committee On Health, Aged Care And Sport House Of Representatives** 26 Apr 2018 Brisbane <http://bit.ly/2rweufr>  
Office of the Public Advocate Victoria **Submission 35 to the Standing Committee on Health, Aged Care and Sport Inquiry into the Quality of Care in Residential Aged Care** Facilities in Australia February 2018 <http://bit.ly/2Po8X3J>  
PEARCE, Ms Colleen, Public Advocate, Office of the Public Advocate Victoria **to Standing Committee on Health, Aged Care and Sport** Public Hearing 6 March 2018 Melbourne <http://bit.ly/2QBP2D5>
- <sup>132</sup> Hargreaves **submission to Royal Commission** 14 Mar 2019 <https://agedcare.royalcommission.gov.au/system/files/2020-06/WIT.0071.0001.0001.pdf>  
see also Hargreaves C **Transcript of evidence** Hearing of Royal Commission into Aged Care 19 March 2019



## Part 6: What has happened instead

What has happened is that Royal Commissioners selected by government have refused to address these issues and as a consequence their recommendations will not be a permanent solution. The system remains essentially centralized and market-led. Much is made of processes for consultation but any suggestion for real community empowerment remains taboo. The public deserves better.

Government, industry and their supporters are in denial about the extent of the failure. As has happened in many similar situations they are not able to accept what has happened. The people responsible for these failures are still trusted, remain authorities and are now being appointed to controlling bodies. The same deeply flawed policies are being pursued. Two examples illustrate the problems.

### Examples

We do not doubt the dedication and the commitment of the people below, but it is what they were committed to and their inability to acknowledge their role in *“a sad and shocking system that diminishes Australia as a nation”* and accept some personal responsibility for it that we are concerned about.

#### CEO of Council of the Ageing (COTA)

**Culpability:** Ian Yates is CEO of COTA, a seniors group claiming to be the voice of seniors that has aligned itself with government policy and has worked with industry in advising government. They proudly claimed that they were largely responsible for the deeply flawed policies<sup>133</sup> introduced by Minister Butler in 2012. Yates appeared before parliamentary committees urging members to accept these LLLB reforms<sup>134</sup> claiming:

*“It is historic for COTA” - -and - “That package is something that we have been on a long journey to achieve and the journey continues. Our submission outlines some of that journey” - - and - - “COTA comes here to say in the strongest terms that the bills before the parliament should be passed this session”.*

Yates promoted these deceptively titled ‘Living Longer Living Better’ reforms to Australians in a presentation<sup>135</sup> aptly titled ‘A time bomb is ticking’. These policies pushed an already failing system over a tipping point. Many more problems developed and more failures were exposed.

Pat Sparrow, his close associate and COTA’s reform officer, was appointed as aged care adviser to the new Abbott government in 2014. She worked with Abbott, Morrison and Fifield to accelerate these reforms, so pouring petrol on the fuse.

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<sup>133</sup> Why the appointment of Mark Butler as Shadow Minister for Health and Ageing is significant, Feb 2021 <https://www.agedcarecrisis.com/opinion/articles/453-why-appt-of-mark-butler-is-significant>

<sup>134</sup> Hearing Senate Community Affairs Legislation Committee 2 May 2013 <http://bit.ly/2GI7NVX>

<sup>135</sup> **The aged care time bomb is ticking** Ian Yates National Press Club 11 April 2012 <https://flexiliving.org.au/wp-content/uploads/2021/01/Australians-deserve-to-age-well-the-time-bomb-it-ticking1.pdf>

Together Yates, Sparrow and COTA have been largely responsible for advocating for and then rubber stamping the policies that failed so badly over the next six years and precipitated the Royal Commission. They claimed to be representing the community, but the support and credibility bestowed on them by government pushed other more representative groups aside.

**Still in control:** Yates and COTA were contracted to manage many of the controlled community consultations that were used to support policy over the years. Yates has now been appointed as the interim inspector general of aged care supervising reform, and to lead the 'Council of Elders', that will be consulting citizens. He has also been appointed to the new "National Aged Care Advisory Council". He will strongly influence policy again.

Sparrow has resigned as CEO of ACSA and has replaced Yates as the CEO of COTA, the body that claims to represent community. This all looks like more of the same and not change.

### **Revelations from the industry - Graeme Prior, Mark Brandon and Pat Sparrow**

**Graeme Prior** was a very successful accountant who founded an aged care company which has grown rapidly over the last 23 years. He has strongly supported current policies and has been appointed to bodies addressing aged care issues.

**Possible willful blindness:** We are concerned about his apparent denial of the extent of the problems in the sector reported in a press interview he gave to Hellocare<sup>136</sup> a few months after the Royal Commissions damning Interim report found widespread "*Neglect*" in a "*shocking system that diminishes Australia as a nation*".

Prior spoke of his 25 year's experience in aged care and insisted that "*The commonwealth aged care program is world-class*". He suggested that it was simply 'evolving and changing'. This is what we have been hearing for 20 years and it suggested to us that he was in denial and did not accept the Royal Commissions findings.

**An international presentation:** Prior has now been appointed<sup>137</sup> CEO of the International Federation on Ageing (IFA) which describes him as a "*thought-leader of the industry*". The IFA is an influential body advising the United Nations and member governments.

On 29<sup>th</sup> October Prior presented a webinar on the Royal Commission's findings into aged care in Australia<sup>138</sup>.

In his presentation Prior gave a brief summary of the Royal Commission findings. We do not think that his presentation reflected the full extent of the Commissioner's findings of:

- a "*shocking system that diminishes Australia*", and
- their observation that this was a longstanding systemic problem starting with the Howard government cabinets decision to marketise the system, and ration care in 1997.

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<sup>136</sup> Leadership in the time of COVID-19 Hellocare 8 May 2020 <https://hellocaremail.com.au/outrunning-the-pandemic/>

<sup>137</sup> Graeme Prior International Federation on Ageing <https://ifa.ngo/team/officers/graeme-prior>

<sup>138</sup> "Royal Commission into Aged Care Quality and Safety' In Conversation with Mr Graeme Prior IFA Global Café 29 Oct 2021 at <https://www.facebook.com/intfedageing/videos/566191738019077/> (Note that some of the initial repartee with Mark Brandon was edited out of the final version on the web site) <https://www.facebook.com/IFAgeing/videos/566191738019077/>

He acknowledged many failures but asserted that the whole industry should not be tarred with the same brush. He used the dedication of staff to claim that the industry did incredible stuff. The sector he argued was vibrant and had not fallen apart by any means.

Prior praised the changes to the regulator made by Minister Wyatt when the previous regulatory bodies were amalgamated into a single one in 2019. To the outside observer these were ineffective changes, which simply made it even easier to keep any problems under wraps and away from the press.

**Possible Strategic ignorance:** Prior then went on to praise the former standards agency that he claimed Wyatt had replaced. He considered that they did a very good job from 2001 to 2019 - only admitting as an afterthought that the government may have been too soft in setting standards and the funding of the regulator might have been insufficient. He did not mention the revelations of extensive regulatory failure over a 10-year period, revealed by the Oakden scandal and the senate inquiry that followed.

During this period one of Prior's mentors, Mark Brandon, had been CEO of the Accreditation Agency assessing standards. Regulatory expert John Braithwaite and his team had investigated and then described its major deficiencies<sup>47</sup> including their *"observation of indefensible ratings of compliance during our fieldwork"* and its capture by industry. He had warned of the dangers of a situation where *"business values are capturing regulatory values"*.

During that same period the acuity of residents increased steadily and the number of trained staff needed to care for them declined steadily. During this period when it is clear the system was understaffed and failing the residents more and more often, the number of providers getting a perfect score in meeting all standards increased from 60% to a near perfect 97.8%. It was clearly responding to the rapidly increasing reports of failures in the press by protecting government and industry from publicity rather than the residents. This is what Braithwaite had also found.

Prior did not refer to Professor Eager's report commissioned by the Royal Commission. This showed very poor staffing levels across the industry, confirming just how widespread the problems were.

When asked a question about psychotropic drugs Prior addressed the problem but also suggested that this gave the media what it needed to attack industry. Without the press the misuse of drugs and the *'Neglect'* in this *'shocking system that diminishes Australia'* would not have been exposed. Perhaps he blamed the press and did not consider the industry and policy were at fault. We know of situations in the USA where this has happened.

Perhaps John Howard and those who think like him, still think that this was 'rank socialism' and not democracy at work and would prefer to continue keeping this away from the press.

When summing up, Prior referred to his many mentors including Brandon, whom he had warmly welcomed when he logged into the meeting. He indicated that the Royal Commission was a major shift in policy but then drew attention to the contributions of his mentors who had *"built a great base to work off"*.

We felt that his comments suggest that he was unable to fully accept the findings of the Royal Commission or acknowledge the deep flaws in the system.

**Denial:** What was even more worrying was when the moderator of the meeting, Jane Barratt, Secretary General of IFA, strongly asserted *“I am an Australian. I’m very proud and very proud of the aged care system in Australia”*. She went on to praise the structure and planning of the system.

No one, including the several Australian questioners, who were so positive to Prior about his presentation sought to remind the global audience that this was a system that the Royal Commission found to be a *‘shocking system that diminishes Australia’*, one with *“deep and entrenched systemic flaws”* that needed *“fundamental reform”*. It was all well organised.

**Brandon:** Brandon was awarded an Order of Australia for his services to government, when he was replaced as CEO of the accrediting body and moved to join private equity owned aged care company Estia Healthcare in 2014. He served Estia as Chief Quality Officer and then later as Chief Policy and Regulatory Officer.

Estia embraced the Abbott government’s competitive consolidation policies, listed on the share market, and focused on growth by acquiring competitors. It was one of the companies that featured in press reports claiming that providers were boosting their profitability by maximising the funding system (called rorting by the minister).

**International role:** Brandon is now a member of the panel of experts for the IFA and the International Society for Quality in Healthcare<sup>139</sup>. Both Brandon and Prior are promoted on Australian and international web pages as ‘thought leaders’ giving them status and credibility.

**Pat Sparrow:** Sparrow, now the new appointed CEO of COTA, did a similar IFA presentation<sup>140</sup> on 6 January 2023 *“Post a Royal Commission, The future of Aged Care in Australia”*.

Her flowery welcome focused on her stellar career in the aged care system including her role as director of aged care reform for COTA from 2011 to 2014, the period when COTA persuaded the Labor government to adopt the strongly market focused *Living Longer Living Better* (LLLBB) reforms. These compounded the problems in the system and there were soon more failures reported.

In 2014 she was appointed by the new Abbott government to be aged care adviser to Ministers Morrison and Fifield who were now responsible for aged care. With her as adviser this government developed the strongly pro-market ‘Aged Care Roadmap’ then the ‘Red Tape Reduction’ program and finally the policy of ‘competitive commercial consolidation’. These all ramped up the competitive pressures forcing providers to divert more funds away from care. These sent the system plunging out of control.

Turnbull blocked the rorting and tried to recover the situation when he replaced Abbott in 2016. But it was too late and we ended with a Royal Commission. Sparrow lost her post in 2016 and became CEO of ACSA, the group representing nonprofits. She played a major role with other providers in persuading the Royal Commission to leave the market structure of the aged care system intact as was advised by Commissioner Briggs so that it was renovated and not rebuilt and restructured.

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<sup>139</sup> Mark Brandon Chair Aged Care Industry Association (Australia) <https://acia.asn.au/about/our-board/mark-brandon/>

<sup>140</sup> Post a Royal Commission, The future of Aged Care in Australia. IFA Global Café in conversation with Ms. Patricia Sparrow 6 Jan 2023 <https://www.youtube.com/watch?v=SZCNvv0Afp0>

She was then active and led the process as groups of providers amalgamated together to counter the damage done and formed powerful lobby groups to influence government. Governments have welcomed them back into the fold.

At the webinar Sparrow was presented as a major contributor to a world class system. Her central role in creating and then implementing a system which the Royal Commission in its interim report described as a “*shocking system that diminishes Australia as a nation*”, and one with “*deep and entrenched systemic flaws*” was simply ignored.

Her comments about the Royal Commission were brief and superficial. She spoke very well and impressed but most of her speech was aspirational and there is little sign of much of that happening yet.

## Comment

**Strange behavior:** Examination of corporate leaders and managers in the US health and aged care systems revealed how a form of perverse Social Darwinism operates. Those who are successful in making money or who reach high office refuse to accept any responsibility for their actions when they are harmful. They remain credible in market and political circles even when their companies have failed to provide good care. They explain it away, sometimes blaming the press.

They are poached by other companies and some have gone on to become politicians and even governors of states. Like COVID, dysfunctional systems are highly infectious and that infection is spread from company to company within sectors and then to other sectors by individuals. There are even super-spreaders. They are blind to the real consequences or to the harm they have done.

Incredibly they seem to be genuine and not deliberately deceptive. We have seen this blindness to reality on multiple occasions in health and aged care in the USA even after criminal convictions<sup>141</sup>. We have already described the social science that explains this but to the ordinary citizen it seems incredulous and for many it is difficult to accept.

**Other examples:** The behaviour of politicians like the recent coalition aged care minister when interviewed by the senate, suggests considerable reluctance to accept the findings of the Royal Commission and an unwillingness to take any responsibility for the consequences of their policies. Neither the previous Prime Minister, who was responsible for aged care during the Abbott years, nor any of his ministers have honestly accepted any responsibility for the failed system and the policies that failed so badly. Labor and its leaders have not acknowledged any responsibility.

In our view, the industry body Australian Aged Care Collaboration (AACC) that Sparrow was active in forming has also been unwilling to fully accept the central role that industry has played in developing and supporting these policies<sup>142</sup>. They have failed to accept their role and their responsibility for this ‘*shocking system that diminishes Australia*’. They remain recalcitrant and potentially infectious.

We find it disturbing that individuals who have played a critical role in developing and managing a system that has failed so badly seem to be able to minimise the consequences and then be appointed as leaders of important and influential organisations and international bodies.

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<sup>141</sup> See for example 'Culturopathy: A for-profit example' at <https://bit.ly/40bBIKY>

<sup>142</sup> Aged Care Crisis **Accountability Report** <https://www.agedcarecrisis.com/images/accountability-report.pdf> (A criticism of and response to the AACC 'Its time to care about aged care' Report)

How can they be marketed to others as thought leaders. They seem to be in denial and if so remain highly infectious. This could put the rest of the world at risk of acquiring the Australian disease.

## Implementing the Royal Commission's recommendations

**Paradigm paralysis**<sup>143</sup>: It is clear that since 1997 governments have treated human services as primarily a free market rather than a humanitarian community service and they still are. They are deeply committed to this policy. In spite of all that has happened they are still unable to concede that it has failed and harmed millions of vulnerable people.

It cannot be fixed and controlled by a central regulator. Powerful commercial forces cannot be controlled by self-regulation (called 'governance'). Attempts to do so over the last 20 years have failed.

Both of the recent governments are now following the same approach and have turned to their long-term industry supporters to help them make the changes needed to preserve their belief in free markets. This is in the face of overwhelming evidence that this needs to be abandoned.

**The new National Aged Care Advisory Council formed in Nov 2021:** This new 17 person council which government claimed<sup>144</sup> would be part of the "*comprehensive response to the Royal Commission*" and would "*play a key role in guiding that implementation*" replaced the previous advisory 'Aged Care Sector Committee'. It has working sub groups dealing with workforce, quality and finance. The minister indicated that it would "*provide a voice for home care, community and private providers along with a representative of the peak group Australian Aged Care Collaboration*". Missing are the independent voices of its critics.

When the membership is examined the nature of its representation is largely unchanged. This looks very like the 2014 Aged Care Sector Committee that oversaw the system and advised government during the period of the red tape reduction program, the development of the aged care roadmap and the introduction of competitive consolidation. These policies sent the system spinning out of control.

There are many familiar industry names on the list. Its chair Andrea Coote, a former liberal politician has been a member of several government aged care committees advising on policy and regulation. She, Ian Yates and Graeme Prior were on the previous Aged Care Sector Committee that was responsible for a "*shocking system that diminishes Australia as a nation*".

Eight other members are current or previous CEOs, board members or have had other roles with providers of aged care. Four others have been members of various government advisory bodies. Three have backgrounds in digital technology, nutrition and speech pathology.

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<sup>143</sup> Paradigm paralysis <https://oxford-review.com/oxford-review-encyclopaedia-terms/paradigm-paralysis/>

<sup>144</sup> New National Aged Care Advisory Council established Media Release by minister Hunt 24 Nov 2021 <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/new-national-aged-care-advisory-council-established>

Members of the peak body the Aged Care Guild were so strongly criticised that it was dissolved and it was not on the new committee. The CEO's of the peak aged care bodies ACSA and LASA are no longer there as they and their members have joined to form the Australian Aged Care Collaboration <sup>145</sup>(AACC). It was formed specifically to influence government and advance the industry's position as the new reforms are implemented.

AACC was working closely with a new body, the Aged Care Reform Network (ACRN), comprising several members of the disbanded Aged Care Guild as well as HammondCare, led by Mike Baird. AACC and ACRN formed a joint steering committee to act for them. Baird, a previous liberal premiere of NSW, represented them both on the new National Aged Care Advisory Council. He was to be supported by other representatives whose organisations belong to the AACC or ACRN.

In 2022 industry turned once again to market advisers and KPMG was commissioned to report on options for the industry. KPMG, a group that has been criticised because of its involvement in various questionable operations around the world has been a favourite source of advice on aged care for both governments and industry. Based on their advice, LASA, ACSA and ACRN then created a new united body, the 'Aged and Community Care Providers Association' (ACCPA) to lead and unite the aged care sector <sup>146</sup>. This makes industry a far more powerful force than it has ever been before so making the system even more unbalanced.

**Staffing:** As the Combined Pensioners and Superannuants Association (CPSA) pointed out in a critical article <sup>147</sup> in December 2021, staffing is a key problem they will be addressing yet there is no union or nursing representation on the National Aged Care Advisory Council. As they indicate: *"Nothing has changed really"*.

One of the major consequences of the neoliberal policies that have dominated since 1997 has been the extent to which they have driven the skilled staff needed to provide good care out of the sector.

The imposition of managerialist values on a service that depends on caring values creates a context where they experience the discomfort of identities that are not authentic as well as cultural <sup>148</sup> and role <sup>149</sup> conflicts. This too often ends in toxic cultures. Well trained and strongly motivated staff have left. The sector has become unpopular.

This has suited a market that prefers to use low-cost itinerant carers. An additional illusion that claimed that aged care was not a disease and nursing homes not hospitals was used to justify this. After all they knew this was a world class system. They are now blaming government funding for their own failures.

**Responding with more consultations:** In 1997, governments adopted a policy of small government. They gutted the public service and appointed industry leaders that supported them to committees and senior positions.

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<sup>145</sup> Peaks unite to 'take stock' of aged care representation - Australian Ageing Agenda 12 Oct 2021  
<https://www.australianageingagenda.com.au/executive/peaks-unite-to-take-stock-of-aged-care-representation/>

Australian Aged Care Collaboration – about <https://www.careaboutagedcare.org.au/about/>

<sup>146</sup> Aged & Community Care Providers Association created to lead and unite aged care sector. LASA 3 May 2022  
<https://lasa.asn.au/news/accpa-mr>

<sup>147</sup> Providers flood new National Aged Care Advisory Council CPSA 1 Dec 2021  
<https://cpsa.org.au/article/providers-flood-new-national-aged-care-advisory-council/>

<sup>148</sup> Cultural Conflict [https://en.wikipedia.org/wiki/Cultural\\_conflict](https://en.wikipedia.org/wiki/Cultural_conflict)

<sup>149</sup> What Is Role Conflict in Sociology? <https://www.thoughtco.com/role-conflict-3026528>

The public service no longer had the skills or capacity to carry out research and give independent advice on policy. Research and policy issues were addressed by contracting these services to the market. They selected market advisers and accountants who shared their views about markets to advise on policy to community services that depended on professional knowledge and community values. These values were not compatible with market values.

It is clear that these ideas have not changed.

Michael Lye, a frustrated senior public servant giving evidence to a senate committee is reported<sup>150</sup> by the Saturday paper (27 Nov 2021) as saying that *“There is a culture here where providers of all kinds have been in control of this care sector. They expect to be running the show but they’re not going to run the show”*.

He admitted that *“the consumers’ interests have been subordinate to the interests of these providers”* and suggested that the providers *“want to be told everything and they want to control the pace of reform”*.

Lye seemed to understand what had been happening better than the Royal Commission who in its final report put almost all of the blame on government and much less on industry saying *“the role of government, - - - is at the heart of the failures and shortfalls in the aged-care system we have in Australia today”*.

But these governments had been constantly advised by providers, market advisers and fellow travelers who were ‘on side’ with policy. Perhaps Lye really thought this would now change but when we look at what is happening that was wishful thinking.

Instead of turning to the community and seeking support and help the government is still trapped by its ideology and committed to outsourcing government advice to multiple marketplace advisers, the same groups that industry works with and listens to.

That *Saturday Paper* refers to \$10 million in consultancy fees already allocated, most of it to aged care where six contracts have already been commissioned.

The obsession about an immature market under the Abbott government led to the damaging policy of competitive consolidation. Incredibly Boston Consulting Group was being paid \$1.1 million to investigate ‘provider maturity’. They still see governance as the way to control the market and Boston Consulting gets another \$450,000 to look at ‘enhanced aged-care governance’.

Deloitte received a total of \$1,739,000 for three contracts to develop a ‘wage estimation tool’ to advise on the “aged-care transformation program” and to review the ‘aged care reform plan’ again. PriceWaterhouseCoopers (PwC) received \$1.8 million to do a cost study of residential aged care’, KPMG received \$150,000 for evaluating ‘quality standards’ and Matthews Pegg Consulting are receiving another \$250,000 for reviewing the same ‘quality standards’.

These are the same consultants that industry uses. The Steering Committee acting for the Australian Aged Care Collaboration (AACC) and the Aged Care Reform Network (ACRN) contracted KPMG to help them respond to the changes<sup>145</sup>.

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<sup>150</sup> Government outsources aged care reform to management consultants Rick Morton The Saturday Paper 27 Nov 2021  
<https://www.thesaturdaypaper.com.au/news/politics/2021/11/27/government-outsources-aged-care-reform-management-consultants>



The *Saturday Paper* also reported that another \$16 million had been set aside for outsourcing to labour hire contractors to supply staff to assess providers for the Aged Care Quality and Safety Commission. These same contractors are often also sourcing casualised aged-care workers for the providers of aged care that are being assessed.

One wonders what skills these various market advisers have in aged care, quality indicators and more. Accounting firms are giving advice about clinical and care issues. This is not only a huge waste of money, but a betrayal of citizens and society. It is clear that the government's primary concern is the success of the market and not the community service provided.

It is interesting that Sean Rooney, CEO of LASA, the peak body that was part of the AACC told the *Saturday paper* that:

*“The government is going about this whole program of reform the same way they’ve done every other time, which delivered those past tragedies.”*

### **We could not have put it better!**

We need real change and that must start with a full acknowledgement of failure at the highest level and then set about restoring a balanced system by regionalising and making it community-led.

**The consultation process:** The consultation process *“Aligning regulation across aged care, disability support and veterans’ care”* was another example of paradigm paralysis. This is how the department and consultants have been doing it over the last several years. It is designed to limit and isolate criticism and manage any dissent.

- a) The process and the system remains industry-led. Industry was engaged first and the program developed with them. It was then presented to others in a positive way making multiple assertions about outcomes that are unlikely to be met. Community are an afterthought that are again being managed and directed.
- b) Unstructured submissions are restricted to 1500 words so preventing critical analysis and criticism.
- c) Submissions are not being published so hiding criticisms, restricting public debate, and preventing citizens from learning from their peers and commenting on their suggestions.

Clearly there are similarities and there needs to be some integration and cooperation between aged care, disability care and possibly the care of some veterans. But that care is provided locally in communities and not in the department of health. These systems should be community-led and that is where cooperation and alignment should be developed.

Governments and central organisations have an important role to play in integrating and supporting community structures and organisations and in collating the data that they collect.

The centrally structured and managed system proposed is not going to work. It is not a process that anyone familiar with what has actually been happening over the last 20 years would want to be involved in.

**Labor in power:** The new Labor government elected in 2022 has simply started off where the previous coalition government left off. It has not shown any significant differences in policy and is working as closely if not more closely with industry and ignoring critics.

Funding is going to be more complex and difficult to manage. There is more and more aspirational legislation and complex ineffectual regulation. There is no appetite to tackle the power imbalance in the system by creating a balanced system that has the capacity to confront inappropriate thinking and counter the perverse pressures in the system and so make the aspirations possible.

The new Teal independents have shown little willingness to become involved in aged care and so far are doing little more than rubber stamping Labor's efforts. The Australian Greens have been more receptive to criticism of current policy but it remains to be seen if they will press for the concrete changes that are needed to rebalance this system and make it work.

## Part 7: A few wisps of hope

There are some groups that have a greater understanding of what is going on.

### **The Grattan Institute:**

The Grattan institute is an independent think tank that has been very critical of government and of what has been happening in aged care. They have been advocating for rights based care and for decentralized regional management and regulation. In their November 2020 report<sup>130</sup> they also supported local community advisory committees working with regional managers and a central representative group to represent communities centrally. But they have not pursued that in subsequent efforts.

### **Business Council of Cooperatives and Mutuals (BCCM)**

The BCCM is clearly alarmed by what has been happening to human services<sup>151</sup>. These groups were the traditional organisations developed within communities to provide public services to community members. Neoliberalism saw many of them privatise or sell themselves to big corporations.

### **Example:**

By 2007 the 60-year-old Medical Benefits Fund (MBF) which had insured and provided an excellent health insurance service for 60 years had managers who decided to privatise it and then sold it to BUPA in 2007. Its members were persuaded that this was in their interests but there is no evidence to indicate that it was. If BUPA's commitment to those it serves in aged care in the UK and Australia is anything to go by then this is unlikely.

BCCM has been promoting cooperatives and mutuals as the preferred way of providing human services like disability and aged care. They already work well in other sectors. They have been running webinars promoting cooperatives owned by staff, customers and their relatives, community members or combinations of them.

They are cooperative models and BCCM has been exploring different ways of organising them. They build community, community values and social capital. They are based on relationships. Those who have adopted these models describe their experiences at these webinars positively. It is interesting that the new CEO of ACSA is interested and has attended webinars.

In our view this is an important initial step forward and should be encouraged but much more is required to make the whole system community-led.

### **Macquarie Aged Care Policy Forum (MACPF)**

This discussion group is formed and led by Professor Michael Fine and his colleagues. Fine has written extensively about caring relationships and about the impact of market and management structures on them.

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<sup>151</sup> About co-operatives and mutual BCCM <https://bccm.coop/about-co-ops-mutuals/>

They have studied the sector for many years and been critical of the current policies. They have major concerns about the Royal Commission report which they feel has not gone far enough and of the government's response<sup>152</sup>.

They also ran a webinar that focused on home care<sup>153</sup> where they were concerned about the way more market focused Consumer Directed Care and aged care packages have been less cost effective, discouraged volunteer care and reduced social capital. They compare this with the very successful block funded Commonwealth Home Support Program (CHSP) delivered under the HACC program introduced in the 1980s. Government was planning to abolish this system and incorporate it into a new more market focused system.

This is now happening and the new funding is so complex that many communities have decided not to provide aged care services and are contracting them to the market. Instead of embracing, involving and empowering community, the new system is driving them away. Many were left without care<sup>154</sup>.

The MACPF seminar clearly seeks to involve those in the sector and government so criticisms were muted. A strong assertion about Quality Indicators did not for instance result in any debate about the well documented problems, how they could be addressed and the difficulties in doing this in home care and effectively in a market-led system.

There is a long way to go if we are going to get the sort of community-led changes that are needed to change the way aged care and other care services operate - and to rebuild civil society values and social capital.

## Promoting independent politicians

Climate 200<sup>155</sup> is a group that realises that current politics is not working. Before the last election they pressed for more ordinary citizens who realise what is happening to talk to their peers and select independent candidates who talk to and so represent the views of their electorate. Its advisory council includes past independents Rob Oakeshott, Tony Windsor, Kerryn Phelps, Meg Lees (past leader of Democrats) as well as those who have run campaigns for independents.

These 'Teals' were very successful at the expense of both major parties at the 2022 election and won many seats. They have joined the small but active and significant group in parliament including Zali Steggall, Helen Haines, Rebecca Sharkie and Andrew Wilkie. But it may only be when there are enough well informed and competent independents and Greens who realise what is happening in aged care and hold an effective balance of power that we will get real change.

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<sup>152</sup> The aged care sector needs structural reform ABC 31 August 2021 <https://www.abc.net.au/radionational/programs/bigideas/the-age-care-sector-needs-structural-reform/13559702>

<sup>153</sup> System Design: Reshaping aged care in the home and community <https://www.eventbrite.com.au/e/system-design-reshaping-aged-care-in-the-home-and-community-tickets-213396644107?aff=erelexpmlt>

<sup>154</sup> Examples: Local governments are being pushed out of aged care. But at what cost? Eurekastreet 5 April 2022 <https://www.eurekastreet.com.au/article/local-governments-are-being-pushed-out-of-aged-care--but-at-what-cost>

Elderly residents abandoned by private aged care provider after council exit The Age 6 Aug 2022 <https://bit.ly/3Qw8E70>

'Nobody's checked I'm alive': More than 1000 stranded as council retreats from aged care The Age 9 Aug 2022 <https://bit.ly/3JO5lAp>

<sup>155</sup> Climate 200 home <https://www.climate200.com.au/>

Climate 200 About Us <https://www.climate200.com.au/about-us>

Kerry O'Brien (past ABC 7.30 presenter) and Cathy McGowan (retired independent MP) spoke at a meeting and webinar organised by the 'Voices of Kooyong'<sup>156</sup> and convened by Simon Holmes a Court from Climate 200 on 30 November 2021. Kooyong was the electorate fielding the independent candidate Monique Ryan who defeated the treasurer, Josh Frydenberg.

Both speakers<sup>157</sup> were deeply concerned about our political system and Kerry was particularly concerned about what was happening to civil society. Cathy spoke about the way this group of independents were elected. They actually engaged with their electorates and listened to them when formulating policy.

## Comment

To date, the Teals seem to have done little more to rebuild our Civil Society and have paid little attention to aged care and its potential to lead the way in doing that.

Both major parties represent the market, one the owners and the other the unions and the workers so they share goals. Both have neoliberal factions and have interests which are often not those of civil society and our planet. The political system has broken down and is not working.

In a well-balanced democracy it is civil society itself that dominates, decides what sort of market we will have and sets the limits for both owners and unions. Civil society is underrepresented.

The Teals and the Greens working with other minor parties probably present the best chance we have of getting real change, the sort of change that rejects ideology. Hopefully they will look critically at what is happening and debate these issues with their electorates, then do something about it. They all have a long way to go.

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<sup>156</sup> Voices of Koowong <https://www.voicesofkooyong.com/>

<sup>157</sup> Australia's eroding Democracy; Stream Voices of Toowong <https://www.voicesofkooyong.com/stream>