

Macklin leads way with conditional welfare

By Noel Pearson

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Structural reforms will not work without behavioural change, writes Noel Pearson.

Jenny Macklin led the nation across the Rubicon this week, from unconditional to conditional welfare.

The most productive minister in the Rudd government has taken welfare reform from the margins of indigenous policy to the Australian mainstream.

The welfare safety net is a civilising achievement. The problem with it in Western countries is it degenerated when unconditionality became its defining principle.

Welfare reform in Australia started with Paul Keating's Working Nation in the 1990s. We took reform to the next level in four communities in Cape York Peninsula, which opted in to conditional welfare. Welfare reform in Cape York Peninsula was supported by Queensland Premier Anna Bligh when she legislated the Family Responsibilities Commission. Former Howard government minister Mal Brough legislated our reform proposals and extended a version of income management to the Northern Territory as part of that government's emergency response.

Now Macklin, Community Services and Indigenous Affairs Minister, has taken these reforms in indigenous policy to Australia at large. This shift has happened in only five years. But, as Paul Kelly pointed out ("Big news but no one's listening", *The Weekend Australian* June 19–20), it is a media non-event even though it "shatters 100 years of Labor tradition".

With the direction of welfare policy in the medium term now set, it is time to reflect on this fundamental shift in policy.

In a paper submitted to the federal government five years ago, I predicted key Australian values would shape welfare reform. The universality of the welfare net and the view that welfare was a social responsibility were values that would not be challenged.

But I argued Australians would support conditionality. The FRC reform in Cape York Peninsula is targeted towards recipients who breach certain obligations, such as to ensure their children attend school. In the Territory there will be blanket quarantining with exemptions for recipients who demonstrate responsibility for their children's school attendance and for unemployed who study for work. But the principle - management of welfare income as an incentive to behavioural change among recipients - is similar.

This principle will shape Australian welfare in the future.

Contrary to Kelly's suggestion that the Macklin reforms go against Labor tradition, Gary Johns argues "income management for those on welfare is a very Labor thing ("I'm your pal, brother, can you spare a cafe-latte?", *The Australian*, April 1).

The political Left is a coalition of traditional working-class voters and public-sector Left. The "rise of the Left among professional welfare advocates" has caused a departure from traditional Labor values, Johns argues. The new reforms constitute a "substantial schism in the broad Left" and "the Labor government has slammed the policy door in the face of a large swath of people who love the idea of blaming the system for poverty. This new era of responsibility heralds a welcome return to Labor's blue-collar origins and leaves the cafe-latte set stranded."

Johns is on the right track, but the shift is more profound. The ideas that have lost some of their influence are more entrenched in our political culture than the attitudes of a cafe-latte set.

The dominant discourse on inequality since Karl Marx has been that it is maintained by structural factors. From this premise it follows, first, that it is futile to try to remove disadvantage through policies for behavioural change; the proportions of people in different circumstances are roughly determined by the societal and economic system. Second, that it would be to blame the victim to suggest behavioural change was a solution to our big problems.

Structural thinking has been influential among people who have studied at university during the past 60 years. Millions of people have become adherents of some variety of structural explanation of societal problems.

In 2004, my welfare policies were criticised by professor Paul Smyth of the Brotherhood of St

Laurence. “Welfare dependency cannot plausibly be construed as the primary problem confronting Australians in poverty,” Smyth wrote. “The problem is caused by a lack of economic and social opportunity and it can only be solved by a new wave of investment. When thinking about social goals, welfare must always be the junior partner to economic policy.”

I would agree with Smyth that economic policy that creates jobs is the most important social policy. But I have learned in Cape York Peninsula that behaviour matters. If large groups of people are behaviourally disengaged from the real economy, many of them will be impervious to structural change that opens up opportunities that require engagement.

In its submission this year to the Senate inquiry that led to the present reforms, the BSL has modified its policies. The submission states “the income management reforms do not constitute a radical departure in policy approach established for more than a century” because “ ‘conditionality’ and the idea of behavioural change in response to social investment have been central to Australian policy since Federation”.

The BSL’s statement that behavioural change is central is an important confirmation of the paradigm shift.

A coalition of welfare and social services organisations disagrees with Macklin and the BSL. In its central policy document in response to the government’s new policies, the Australian Council of Social Service says “the best way to help the vast majority of social security recipients to budget is to increase their meagre payments and allow them to control how they spend the money”.

ACOSS and other like organisations discuss the issue of whether there is evidence that conditions of welfare effect behavioural change. This is a separate, legitimate and important question.

But ACOSS’s framing of the question shows that underneath the discussion of evidence lies an entrenched structural outlook. “This is a major shift in the way the government talks about social disadvantage, from the language of social inclusion to the language of ‘welfare dependency’,” ACOSS writes of the policy. “[Macklin] refers to *‘the entrenched cycle of passive welfare’*.”

ACOSS concludes the government has decided “for many deeply disadvantaged Australians, ‘welfare payments’ are themselves the root cause of their problems rather than high unemployment, poverty or social disintegration”.

ACOSS disagrees and treats poverty as a structural issue that is solved by increased welfare transfers and lowered unemployment.

Johns’s explanation for the shift in policy away from views such as those of ACOSS is that the government has stopped listening to a certain lobby.

But to be as dominant as the structural view of disadvantage has been, a political paradigm must have deep support in government and the bureaucracy.

It is this kind of support at the centre of power that is slipping away from the advocates of structural interpretation of disadvantage. But the rearguard action by structuralists and the guerilla war at the lower echelons of bureaucracy will be protracted.

The truth is that problems of passive welfare are both structural and behavioural. Structural factors created the conditions for dependency and passivity, but then the problems became manifest in behaviour.

Passive welfare as a behaviour must be changed even as we continue to seek structural reforms.

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