

Professor Lawrence Mead

One of my colleagues at NYU is a Scottish woman, and she refers to herself as a real Scot and I appreciate having a real Scot running this session today.

It's great to be back in Cairns. I actually came here several years ago to go scuba diving out on the Great Barrier Reef and it's a great occasion and I bought a hat, an Australian hat right here in Cairns and I get, I have it with me and I get great compliments on it in the streets of New York. So, as far as I'm concerned, Cairns is Australia. I apologise to people from elsewhere.

Anyway, I appreciate the invitation to come. I'm really interested in the Cape York Institute and Noel Pearson's reasonings approach to your issues. It's obviously a time of great fertility in this area, where new thinking and new policies are developing, and it's a time for optimism. But I'm going to take on what I think is perhaps our most difficult issue here which is how to break down intergenerational dependency.

In discussing social problems, you typically find a lot of description of the problems, and then one finds statements of the ideal, the place where one would like to get to where the poor are in some way equipped to participate in mainstream society. But how to do it. How to get from the one to the other is the thing that often gets skipped over. So I'm going to try to do that in case of dependency. Now, let me see if I can get this thing to work.

These are books that I'm reasoning on the basis of. You're all supposed to go out and buy these immediately and make me rich. None of them is a best seller, yet. I'm also going on these recent articles if anyone is interested I have a handout setting these out so you won't have to write them down. These are the recent thinking.

What I'm going to try to do is describe the dependency problem, show what the American experience suggests about the causes and the solutions. Particularly with reference to welfare reform which is the huge watershed in American policy that I think has cast a very long shadow, not only in America but in other countries, and then try to address three key questions. How do you enforce good behaviour? How do you apply this experience and reasoning to the Aborigines? And how do you make the case for enforcing good behaviour? That really is the crunch question.

Intergenerational dependency means that people live on welfare from generation to generation. Families fail to function and they live on the dole and then they raise children who do the same thing. That's how it happens. First of all we shouldn't exaggerate how often this happens. It's not as if you're fated to live on welfare if you grew up on welfare. In fact, many people, maybe most people who grow up on welfare in America escape as adults. They don't go on welfare themselves, but it does increase the odds that you will go on welfare. Intergenerational dependency is also more common in heavily poor areas of American cities and also on the Reservations, our Native American Reservations which are the nearest thing to Indigenous communities that you have here.

What causes series dependency? Well, two things in particular, first of all unwed pregnancy, parents have children outside the marriage or they break up soon after, and then equally important, the parents do not work to support the family and therefore the children end up on welfare.

Of the two, actually not non-work is the more important. It's actually employment more than family break up that consigns families to poverty. So that's one of the reasons why our policies are focused very much on employment.

And then of course if the children repeat the pattern, then you get the multi-generational dependency. Now, what's the cause of these patterns? Most of our research has focused on the employment question which has been vastly the centre of our recent welfare initiatives. Traditionally scholars have pointed to a range of social barriers that they believe made it impossible for most poor adults to work. Particularly lack of jobs, lack of childcare, lack of skills, also the disincentives created by the welfare system where if you go to work then your earnings are deducted from your grant and you're no better off and so you have no incentive to work. Racial discrimination where because most of the long term poor are non-white, and in our case black and Hispanic are the largest groups. But again Native Americans are also well-represented.

And one of the important background facts about American policy is that research has largely disproved these theories. That is, social barriers and not in fact closely connected to whether you work at some job. It has not been shown, despite strenuous efforts that whether people work is related to the proximity of jobs or childcare, welfare incentives and disincentives turn out to have very little effect on actual behaviour. They're simply not very important. Just

before coming here I was in Singapore consulting with the government about their plans to pay work incentives and they were terribly concerned that if they were to pay wage subsidies to people that it would produce a welfare mentality. I said to them you can relax about this. This really isn't all that critical, because we don't see a lot of response to incentives by poor adults. Racial discrimination is a factor, but less important than many people think. In fact most poor adults from racial minorities have work history. They get jobs. They are hired. But they don't usually stay hired. They don't usually work consistently and that is the pattern that's much tougher to explain.

In terms of experience, welfare reform is the event more than anything that put in question this barriers view of the employment problem. In the '90s America put most of our welfare adults to work. We simply required them to work as a condition of aid. That was a process that goes back really to the late 1980s and accelerated in the early 1990s and then you had the passage of what we call the Personal Responsibility Act in 1996. This was a radical measure which work condition welfare more seriously than ever before. The full title is Personal Responsibility and Work Opportunity Reconciliation Act, and if you can say that without stumbling you get a A in my course. I heard Noel trying to pronounce it yesterday and if he can't do it, nobody can do it.

But anyway PWORA led to a huge transition whereby about two-thirds of welfare cases left the rolls within a few years and about 60% of those went to work, took jobs according to follow up surveys and we also saw a large increase in work levels for poor single mothers in the population as a whole. Reduction in child poverty and an absence of adverse effects. It wasn't possible to show that families were made homeless or otherwise disadvantaged by this process. Many people thought they would be, so the outcome was much more favourable than many people expected.

Another thing that proved the jobs are available is that immigrants flooded into the country in the 1990s in a manner that could only be true if the jobs were in fact begging and they were, and as a result we brought in labour from the outside. And if that's true then of course we know that work is also available for welfare adults.

Now I don't assert that barriers are unimportant. I think they actually are more important for employing people. It's when you're working that the limitations of opportunity that are set in part by the society actually have their greatest effect. Barriers, particularly previous

education, or lack of education has a lot to do with how good a job you can do if you work. So it's actually the workers who have the strongest claims for redress from the society. But the barriers don't have much to do with whether you work at some job and that's what's crucial for overcoming poverty.

Now turning to the second major thing that precipitates dependency, unwed pregnancy, here we know a lot less. We don't have a clear cut understanding of why it is that poor adults often break up. Families fail to form at all. Children are born with only one parent effectively. We don't understand this, it's also much more prevalent than it was 30 or 40 or 50 years ago. Back then, most poor couples like most better off couples tended to stay together after they got married. Now that's much less common.

The one thing that we are pretty sure of though, is that employment is a major factor in whether families stay together. Non-work is one of the things that triggers family break up. Especially if the father does not work regularly. Typically the mother will drive the father out of the house. The father then is not contributing to the family and he disappears and then the family goes on welfare.

So, poor women refuse to marry men who are not reliable providers. So one of the things we need to do is move towards getting the men employed. As well as the women. So, on this front then, clearly employment again is crucial. This is one of the things we need to do to strengthen families.

Because the barriers view has largely been discredited, today many experts including myself tend to associate poverty with what is known as the culture of poverty. And this has very much to do with the strong values that Noel talks about. Poverty culture really means the way poor adults view the world. The problem isn't that they lack values. It isn't that they don't know about the work ethic or they need to be taught the proper values. That really isn't true. According to most research poor adults want the same things that other people do. They want to work, they want to keep their family together, they want to get through school, they want to succeed. Rather, what's different about them is lifestyle. Usually these are people that do not live according to the values that they profess. They usually don't actually live according to what they aspire to do. Why is unclear. That really is the central mystery about poverty.

The gap between the intention and the deed is much wider than it is for most other people. And that's actually a reason why many poor adults are depressed, defeated, because they

know they are not living according to their own values and the thing they most want to do is fulfil the values that they already believe in. So the problem isn't really values, it's really lifestyle and behaviour and most of the things that we try to do in our recent policies is promote behaviour consistent with values.

Why is it that behaviour falls short? Well in the case of welfare mothers, one of the clear reasons is lack of confidence. These are often people who haven't succeeded much in life. They're not accustomed to employment. They're used to taking care of children. They have to be encouraged and not just pushed, but helped to get out into the labour force and discover that they can do something.

From then, more often the psychology has to do with resistance. A reluctance, a resistance to taking all these jobs which can seem demeaning, humiliating, and one thing we need to do is find a way to persuade poor men that the most honourable thing to do is to in fact do the job they can get rather than not to do it.

Now a second factor besides poverty culture is recent public policy, until recently was permissive. That is, we didn't enforce good behaviour. If you have people who want to do the right thing but then don't do it then it stands to reason that enforcement is a crucial reason for that, or lack of enforcement. You need to have some pressure to cause behaviour to correspond to the values. But until recently government wasn't willing to enforce the key values involved in poverty.

Public policies to enforce social values lost most of their authority in the '60s and '70s for a range of reasons including a belief that the poor had been victims of social injustice. A belief in barriers, a belief that they couldn't work, couldn't do other things that were normal. And those views had to be turned around before change was possible.

This decline in social authority was one of the reasons why a lot of social problems got worse in the '60s and '70s compared to earlier. Crime, failure in schools, substance abuse, child abuse, all these things got markedly worse in the '60s and '70s. But then in the '80s enforcement improved. On a number of fronts government began to turn around and say we in fact now have to enforce the values that we previously believed in and so we had tougher law enforcement leading to declines in crime in the '90s. We have educational reforms that have begun to enforce standards in the schools and we're starting to see some improvement

on that front, and above all in welfare reform we see this dramatic change where we have enforced work leading to a sharp increase in work levels.

So what this reveals is that the nature of the poverty problem isn't really about social and economic opportunity in America. At least not mainly. It's really about public authority. It's really about generating the will to enforce the values in which we already believe.

Now, how do you prevent long term dependency? How in general do you enforce good behaviour? Well, as I've already said, it's mostly by enforcing the values in which people already believe. There's no substitute for actually expecting people to do the right thing. There's no structure of benefits, no social reform, no way to change society that can change behaviour except to say to the poor themselves, you must behave differently. You have to do the right thing, the thing in which you already believe.

That has to be clear. It has to be directed character to policy. Good behaviour cannot be left as a choice, it has to be something that is required. That is really the main lesson about American welfare reform. This was the policy where we did that clearly for the first time and the effects were dramatic. The main reason why the rolls fell in the '90s were the clear cut work requirements stemming from public policy. Those demands to work caused many people to leave welfare even before they were told explicitly. They got a message that now there was going to be greater self-reliance demanded and they went out and got a job very quickly.

There were other factors involved. It wasn't just public policy. We had a very good economy in the '90s. We also provided a lot more benefits to support going to work than we previously had. More child care, more health care, wage subsidies, all of that was increased. I'll say it a little bit, we didn't save money on reform at all. We spent more money, but by those means we managed to get people to actually work. So welfare reform has its positive side. It's not just about setting standards. It's also by saying society is going to help you achieve those standards. We say to them essentially you need to behave well, but then we will help you achieve your goals which are the same as our goals.

We say if you live an ordinary life and fulfil the normal expectations, society will also help you do that. My phrase for this is help and hassle. We will help you and we will hassle you. And the two together are what produced the change we need.

Now, did welfare reform affect unwed pregnancy? It's main effect was to raise work levels. What about the other side of the dependency problem? Here it appears as if welfare reform had limited direct effects on the family. That is, according to our evaluations the effects on marriage, on children were small. Mostly positive, but small. It's hard to show that there was a dramatic change on the family.

However, the indirect effects of reform appear to be much larger. During the time when reform was implemented in the '90s you see plunging rates of non-marital births among key groups like black teenagers, but you also saw it drop in child welfare, that is in child abuse. You saw many signs of improving conditions for families, even though welfare reform wasn't really aimed at that. Welfare reform is aimed a work. But despite that it had these positive effects on the family.

Many experts think that the reason that it has those effects was because of the general message about self-reliance that emanated from the reform. So we got these effects in the family that were much larger than you would have expected based simply on the evaluations.

Is there a way to promote marriage or stronger families directly? We don't yet have programs that can do this. We have what are called marriage education programs where we teach couples how to work out their problems and avoid breaking up. Those programs however in the past were aimed mostly at the middle class. They are effective, they show some impacts on problems, but we don't know that they apply to the lower income Americans who are typically involved in welfare. The government is trying to develop those programs now, and there are serious evaluations in development going forward to try to come up with versions of those programs that will help low income adults who are either married or perhaps not married but hoping to maintain their relationship.

The main limitations on this approach are first of all that the programs don't indicate impacts of the order that we had in the employment area. It doesn't appear as if we really know how to do this as well as we do employment. And the other factor is political. The public is a lot more uncertain about doing anything to promote marriage than it is about employment. The American public is fiercely determined to have poor people work, and that's a major factor behind welfare reform, but they're not so determine to enforce marriage. There's a real reluctance to do that. There's real ambivalence about it. And so this train isn't going anywhere fast. This is I think something for the future.

Another thing that we are also beginning to consider is work requirements for poor men. They are just as involved as the women in producing long term dependency. These are the fathers of welfare families. Usually they're absent fathers who disappear and no longer support the family. We have to do something to get them involved as well in steadier employment.

We have a child support enforcement system but it has shown limited capacity to get the fathers to pay child support. We've done better in getting them to accept child support judgements where they accept that they are fathers, but then getting them to pay is more difficult. Many poor men are also involved in crime and yet rehabilitation programs and prison re-entry programs for the ex-offenders have not shown effects. We are just now beginning to develop programs for prison re-entry that look more promising. In fact, literally as I was preparing for this conference I heard about early results from an evaluation in New York City of a prison re-entry program that was actually quite encouraging. So it may well be possible for us to develop mandatory work programs for men. These programs would be built around the child support enforcement system and the criminal justice system. And one of the papers I had on the screen earlier is aimed at thinking through how we might do that.

Ok. What all this says to me is that enforcing good behaviour in the context that you're struggling with and also in America, is a complex process. On the one hand you need explicit policies to promote the things you want. In our case employment, your case it may be family behaviours of various kinds to limit child abuse and so on. But curiously the main effect of these policies is not through the programs themselves but rather because the programs express the general expectation about how one should live and it's that expectation expressed through the programs and also the programs themselves reflect the same expectation. It's that really the weight of public pressure in the background which produces the change. The message gets sent through the policy and in other ways that social expectations are changing and that the poor must change the way that they live.

In the case of welfare reform the work programs did in fact place quite a few recipients in jobs. However many more recipients left welfare for work before they were even told and more important still, many more poor mothers didn't go on welfare at all. They went directly to work because they heard a message about self-reliance. This is what we call divergent effects, where social problems are short circuited because the adults involved get a message about what's expected and they therefore do the right thing before they ever get involved in

the welfare system. And that means that the effects on dependency, on work are much larger than you would think just from the evaluations. The evaluations reflect a world in which nothing is changed except the program that you are testing. And that program may show quite a limited impact on dependency and work. That's what we found in experiments we ran in the '80s in the US. These impacts were worthwhile, they were enough to justify moving towards work policies in welfare and that's exactly what we did, but when we finally got serious in the '90s, the effects were much, much larger than the evaluations suggested, because not just the program but the entire context was changed and the whole nature of what society wanted was changed.

Now something like that has happened in the other areas that I alluded to. Crime dropped in the '90s because of tougher enforcement but also because politicians and the public made very clear that the kind of disorders that we had previously were no longer tolerable. We're seeing the same in the schools, where efforts to enforce standards in the schools, although they have certain problems and they are certainly not as good as they could be, they're giving a message to the teachers and the students that they now have to perform. Going through the motions is not good enough. We now have to generate actual learning. We have to show that people are getting better in their skills. So in these areas we're enforcing good behaviour but much of the effect is coming from the will to enforce itself. That mediated through various political and public opinion channels.

So I think what this says to me is that ultimately enforcement is a political problem, not an economic problem. It's not about opportunity usually in the usual sense. What we have to do rather is generate expectations about what's expected and then those cause people to change their lives.

And behind this there has to be a political consensus. There has to be agreement in the society about what's expected. Policy makers have to reject the idea that the poor are helpless, that they cannot do anything to help themselves. Especially in our context they have to reject the idea that work is impossible. We have to disbelieve those, including many experts, advocates and others who appear to mean well, we have to reject the views of those who say that the poor are victims of whom nothing can be expected. That is a humane attitude that is often sophisticated and attractive, but it leads to a dead end because there is no way in which there can be change if the entire responsibility for behaviour rests on the

society. That doesn't change anything. It's necessary for the poor themselves to do something, even if they have no responsibility for how they got into that situation.

We have to dare to expect them, the adults involved, to work and observe other civilities that are essential for citizenship. We're not saying they have to be competitively successful. They don't have to get through University, they don't have to be middle-class, but they have to observe the civilities essential to the trust of other people.

In the case of the American welfare reform a concordant was struck where liberals (for us liberals mean people on the left, it doesn't mean libertarians or individualists as it often means in this country). The left had to give up the idea that we shouldn't expect anything of people who are on welfare. They were defeated over the Personal Responsibility Act and they more or less got steam rolled by the conservatives on that issue, and at the State level, and they more or less had to come around and accept the idea that standards were going to be set at least for employment. But at the same time conservatives had to agree to spend more money than they had previously done. They had to give up the idea that they were going to downsize government through welfare reform. And that's basically what was the basis for the change in Washington and also at the State level.

Now how do we apply this to the Indigenous question here? In general the American experience I think does apply. It shows something about how you would change behaviour by changing expectations and also through programming. For you, as for us, it appears as if the main source of poverty is a defeated culture, a culture of defeat whereby those who are most poor, most disadvantaged had given up in a sense. And they're engaged in survival from day to day, but they're not engaged in bettering their lives. That's the core problem. There is the difference that the problems here appear to be very much focused on the family and the child abuse question, of the raising of children. I'm struck at how little discussion there's been on employment, which has been the core of our policies in the US. It appears as if for many Indigenous people they're not yet ready to be employed. They have to first of all address the family questions. Nonetheless, those questions raise many of the same issues that employment does for us. So there has to be a way to expect people to behave differently.

Now, once you do that, if you get to the question of work, then I think you're going to also face the barriers questions that we faced and you're going to have to resolve the issue of whether or not work is possible for people in Indigenous communities.

There is somewhat more issue here it would appear that whether work is available, whether it is possible for people to work and that's because these communities are often remote, it may be necessary for people to leave those areas in order to be employed. Other issues have to be resolved as well. But before there's any possibility of enforcing work, you have to satisfy yourself that it's possible. I personally think it probably is possible. You have to settle that and to the extent that there are doubts it may be necessary to guarantee jobs through government.

Another issue that arises with the Aborigines and also in America is the question of authority. Does government have a right to set standards for this group? In America the Native Americans have Reservations that are quasi-independent. And as a result of that a question has been raised whether our government has a power to set standards for those peoples. That may be an issue here as well.

The government here has taken some steps towards welfare reform including for the Aborigines and for other Australians. The mutual obligation system is slowly tightening. I've heard about recent changes that have made it more necessary for people living on benefit to get serious about employment. There's movement in that direction.

There's something going with community development employment projects which I've heard nothing about at this conference but it's clear that they are an attempt to promote work in remote communities. There's criticism of them. Many people feel these jobs are not real that they amount to money without actual requirements, so there are issues. But it could turn out that a program like that is essential for promoting work in remote areas where jobs are less available in the private sector.

Shared responsibility agreements, another idea that has been used in the past and try to promote change in specific communities. And the Cape York Institute proposal which Noel has developed, is in a sense a form of that, it's a way of making a deal with local communities to say we're going to change welfare conditions in these localities. We will help in various ways, but in return there will now be these clear cut expectations.

It's clear that change is going to be long term. That it's not likely any time soon. That the culture of Indigenous Australia is going to become extreme. There are obviously many differences in the way Indigenous Australians look at the world from the mainstream society. I would be patient with that. I don't see a reason or a possibility really of changing the total

world view of these people. The thing to do rather is to focus on the key civilities that allow this group to participate in the mainstream society, including the family issues and employment. If there is progress on those fronts then it will be possible for the Indigenous to participate in mainstream Australia without abandoning their identity which I think everyone here would accept.

The political issues I think are the most fundamental. At a national level, welfare reform is still controversial in Australia. The reason why the government has developed mutual obligation slowly and in its steps is because they don't have enough support to do it radically as we did in America. You need to develop a greater consensus about the desirability of enforcing work before you can move forward in a resolute manner. This is for Australia in general, not just for the Aborigines. And specifically you have to make a case in Indigenous communities that change is desirable. I heard on the news this morning that some elements of Indigenous leadership are protesting the government's proposals for the Northern Territory. So clearly there's going to be controversy here. You've got to get the local leadership on board and I see that as an important dimension of Noel's proposal as a matter of fact.

The leaders of the group concerned have to agree that passive dependency, long term dependency is destroying their communities, and that although changing it involves risk, no getting around it, there certainly are risks. Although that's true, this is now the lesser evil, that we have to move forward to restore a coherence to the society. And again when you get them on board, when there is agreement about the need to change that's when you get this change in expectations which does the real work of change, which convinces people to change the way they live.

How do you make that case? I think there are two approaches that I found helpful in explaining why it's necessary to enforce work, enforce good behaviour in general. The first is that there's a need for obligation. We tend to think in America certainly and I think also here, we think we have a free society. We tend to conceive of citizenship in terms of rights, claims, opportunities provided by government by the society. It's hard to get our arms around the fact that we also have to have obligations. There have to be capacities to function in minimal ways in order for people actually to live a free life. As Noel says to produce capability, opportunities must be linked to responsibility. You have to have some accountability where people have to behave in crucial ways.

What are these obligations? Well, the most obvious are legal obligations like paying taxes, perhaps serving in the military if you have the draft, doing things mandated by the government, but there are also social obligations which are less explicit but equally important to belonging in the society. Speaking English, getting through school, above all working for a living. These are what I call the common obligations. The things that define the competent and accepted citizenship. Without these, without discharging these capabilities it's really difficult for a person to participate in mainstream society even though they may have all the rights that they're normally entitled to.

What happened in America surrounding welfare was that America took away some of these obligations and assumed them on behalf of the poor. It said basically you can't be expected to function, we will take on these responsibilities. That was just as damaging as the denial of equal rights had been for blacks and other minorities earlier. So we can't have unequal obligations any more than unequal rights.

And what welfare reform involved above what was shifting key obligations back to the recipients saying you have to have these obligations to function, that we will not assume on your behalf. You have to work, you have to do other things to satisfy the common obligations.

Now the other idea that I find especially helpful particularly here in Australia is self-command. The idea that what capacity requires to fulfil, to get along in a free society, is the capacity to direct your forces in a direction that is constructive for your own life. Noel has used Marty Sens' reasoning about capabilities as a way of defining what it is you need to participate in a free society. Well for me the beginning of capability is self-command, this ability to marshal your forces, to avoid temptation, avoid distraction, to do the things most constructive for your life. And it's a virtue I particularly associate with Australia.

In 2004 I came over here to a conference and I got delayed getting to Los Angeles where I missed a connection and had to stay overnight in Los Angeles to get another plane. So at 2 in the morning, I wind up at a counter with other people from the previous flight, being booked onto a flight for the following day. It's a hellish situation, the staff are incompetent, they're totally overwhelmed, they don't know what to do, everyone's exhausted. It took them 45 minutes to process the first person in line, I'm the second person in line and I'm absolutely climbing the walls. And if the people in that room had been New Yorkers there would have

been a riot, an absolute riot. But they weren't New Yorkers, they were Australians. And they're upset too, but they're standing in line, they're cool, they're having a good time, they're cracking jokes, you know. They're, you know, they're making clear their displeasure, but they're staying in line. And they were prepared to stand there all night long. There wasn't going to be a riot, because these were Australians. I was real impressed. That's self-command. That is self-command.

Now the irony is that people who have this self-command are free, they're inwardly un-free. They have constraints, inhibitions that prevent them from doing irrational things but exactly because of that inner boundedness they are able to prosper in the outward society. They're inwardly restrained, but outwardly free. The question they ask every day is how can I use my freedom to approach my goals? My phrase is those who would be free must first be bound. Those who would be free must first be bound.

Conversely those who lack self-command are unable to prosper. To the outside world they look as if they're out of control. But they feel powerless because all the control that there is, is outside of them. It's out there in the environment. It does or doesn't constrain them, but they don't choose their direction. Above all they need self-command so that they can find their own way. It's only after they are bound in that sense that they can be free.

So, imposing requirements like family functioning requirements or work tests, it looks oppressive on the outside. But again we're not imposing anything that people don't already want to do. They accept the values. We're demanding rather that they observe the values in which they already believe. So it's about self-command. So, I say the solution to the Aborigines is that they must first be bound before they can be free. And then they can go forward and prosper in mainstream Australia. Thank you.