

Poverty of ideas in welfare crackdown

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Spend money creating jobs, not supervising those doing it tough, write John Falzon and Sally Cowling.

For nearly 15 years, welfare reform in Australia has been driven by breathless enthusiasm for America's "new paternalism" and its "close supervision of the poor". It presumes people "doing it tough" are living examples of moral failure. The truth is close supervision is a costly business. Extending income management to most income-support recipients in the Northern Territory will cost \$350 million.

It is a stunning waste of resources when the only rigorous study of the Northern Territory intervention showed "no beneficial effect" on the sale of tobacco, soft drinks, fruit and vegetables.

But this wasted expenditure buys a pearl of great political price: the moral high ground. It allows leaders to duck the truth that a country as prosperous as ours has no excuse for relatively high rates of poverty and homelessness. In this time of prosperity, 2.1 million Australians, including 1 in 7 children, are living in poverty. This demands fresh thinking on how to reduce poverty and tackle its causes.

Welfare paternalism is not new. The new policy kids on the block are income quarantining and the threat of payment suspension to correct complex problems such as truancy and child neglect.

What is the case for a scheme in which parents may have their welfare payments suspended if their child is skipping school when similar schemes in the US had no impact on school attendance, but led to higher levels of child maltreatment?

When there is no evidence the long-term unemployed spend their meagre Newstart allowance recklessly, why seek to manage their income?

This measure would cost around \$500 million. When there are four unemployed people for every job vacancy, why not invest in job creation instead? Why, when there is no evidence that it works, does bipartisan enthusiasm for conditional welfare grow?

Noel Pearson recently argued for more dramatic extensions of welfare conditionality by tying income management to a range of state government programs working with people experiencing addiction or homelessness. Pearson is dismissive of the capacity for programs to correct entrenched problems and calls for "incentive packages" to ignite self-interest as the fundamental engine of change. While we agree with Pearson that greater investment in early intervention is desperately needed, it is mad to ignore the intensive support programs funded by governments and community organisations that we know make a difference. The challenge is to make sure they are available to those in need.

Pearson says he has been inspired by the "capabilities approach" of Amartya Sen, the Nobel prize-winning economist. Sen argues the state should support its citizens to develop

capabilities such as good health and literacy so each person can lead a life they value. Like Pearson, we believe there is an urgent need to help those who are struggling to develop their capabilities. But we believe Sen's framework demands a more sophisticated and compassionate approach to policy. Pearson's prescriptions for those he deems "irresponsible" are inconsistent with Sen's vision.

Sen is circumspect about the power of unfettered self-interest to drive personal and social change. He stresses the need for governments to invest in education, health and social supports to tackle inequalities of capabilities. But Sen also demands that we think about how we work with those in need.

Does our intervention empower people so they can lead a life they value? At no point in Sen's work does he suggest that paternalistic welfare policies provide an incentive to change harmful behaviour.

In Anti-Poverty Week, it is vital that, faithful to the tried and true rather than the tired and ideological, we abandon approaches that hinge on the "close supervision of the poor". It is time to invest our energies and resources in policies that respect, listen to and empower those who have been pushed to the edges of the Lucky Country.

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