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## **Noel Pearson: Working for a better life**

By Noel Pearson  
*The Australian*  
17 May 2005

WELFARE reform is justified on various grounds. One aim is to increase Australia's prosperity by alleviating the cost of welfare, widening the revenue base and facing up to labour shortages.

Second, there is the moral mutual obligation argument that welfare recipients are indebted to the taxpayers.

I don't much care for these two motivations. The argument that animates my insistence on welfare reform is that it is in the best interests of disadvantaged people. My advice to the federal Government on welfare reform is simple: we need maximum pressure on people to work and the fairest reward for working.

Australian debate is too much focused of where the poverty line goes. Disadvantage is not the same as poverty. I would like to define disadvantage as a high likelihood that dependency will become permanent and inter-generational.

There are many households where no one is working. Eight hundred thousand children are growing up in such households. For many of these families, welfare dependency becomes permanent and inter-generational.

No amount of income support will get these families out of their disadvantage. The only way out is through participation in the economy; plainly, work.

Some people of working age have medical and other valid reasons why they are not in the workforce. Able-bodied people who are not working fall into three general categories.

In the first are those who have a work ethic but have lost their jobs – or have never got a job – for reasons beyond their control.

In the second are those who choose to remain on welfare, or to move on to welfare when they come of age, because the rules make it a rational choice to do so.

A third category includes those whose outlook and behaviour have become severely affected by the experience of the widespread welfare dependency in our society.

The aim of welfare reform must be to facilitate the return to work of those in the first category. Second, welfare reform must involve creating the incentives for the people in the second category to go to work. Third, welfare reform must effect cultural and

behavioural change among the second and especially the third category.

There should be consensus on these aims of welfare reform. There is not. Why? The reason is that society is divided between those who believe that unemployment and disadvantage are principally structural problems and those who believe these problems, to a significant extent, are behavioural.

The welfare lobby and those Left of Centre have a predominantly structural view and dismiss any explanation based on personal behaviour as "blaming the victim". Their general view is that almost all able-bodied people who are not working – including single parents – fall within the first category I discussed above. They argue that non-working people do not have a behavioural issue and government is responsible for ensuring that there are jobs available. They do not think that my second and third categories involve serious issues concerning incentives and entrenched dependency.

On the other side is the anti-welfare lobby, which has a predominantly behavioural view. While it supports government compelling people to work, it believes that opportunity-creation must be left to the market.

I believe that most ordinary Australians intuitively take the middle ground in this. They understand the structural dimension of unemployment and disadvantage and that these powerful influences can often overwhelm individuals (retrenchment), families (resultant family breakdown), entire communities (collapse of traditional industries) and governments (recession). They understand that we need a safety net to assist those individuals who are overwhelmed by structural effects beyond their control.

But they also understand that there is a behavioural dimension to work and disadvantage. They understand that welfare support can turn into welfare dependency through time. They understand that dependency affects people's outlook. They understand that personal responsibility and obligation are key elements that are corroded by long-term dependency. They understand the relationship between dependency and social problems.

Those committed to welfare reform, from the Centre-Left and Right, know that in our country not everyone falls into the first category of people ready and willing to work if only there were opportunity.

Michael Raper, from the National Welfare Rights Network, argues that the egregious problems of family breakdown and substance abuse that afflict my people in Cape York Peninsula may justify implementing the policies that I advocate in my home region, but they do not justify such policies for mainstream welfare. It is up to those who care for the disadvantaged in places such as Macquarie Fields in Sydney to decide whether Raper is right or not.

I say he is wrong. It is true that in my community most of the unemployed fall within the second and third categories that I have discussed; the incentives need to change fundamentally and there must be high pressure for people to work because we now have a significant, entrenched behavioural problem.

While places such as Macquarie Fields may have significant numbers of people who fall within the first category – people who will readily work if they have the opportunity – I would think that they have many people who are unemployed because the rules make welfare a rational choice.

The truth is that it is a choice to accept disadvantage as a permanent condition, which one can look forward to passing on to one's children.

When my people were shifted out of the cattle and other rural industries in the 1960s, our resulting unemployment was a work opportunity problem. The government's response – passive welfare – was wrong. Three decades later we have an entrenched behavioural problem. The difference between my region and the most disadvantaged mainstream communities across Australia is not race; it is time.

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