

Against the Prodigal State

Tony Abbott

If there were straightforward ways to make an immediate, dramatic improvement on poverty and unemployment, democratic governments would always take them.

The story of the rich young man who was told that perfection meant selling all he had and giving the proceeds to the poor has echoed through Western culture for 2000 years and still haunts debate over welfare policy. Anything that can be sold as 'generosity' always seems to hold the moral high ground—even when it turns out to be the kindness which kills. Well-meaning people tend to assume that virtue in individuals is also best practice for governments. Going further, others seem to think that government programmes can substitute for personal responsibilities in a kind of 'outsourcing' of moral action from the individual to a prodigal state. Under this 'social gospel', political activism becomes more important than visiting the sick or helping a neighbour in need.

On reflection, the real moral of the rich young man story is the distinction between ordinary and heroic virtue and the difference between what can be required of people under the law and what might be urged of people in a higher cause. The young man did not cease to be good because he found the commandments easier to keep than the counsels of perfection—and neither do governments cease to be just or fair when their policies temper generosity with prudence.

As commentators such as Samuel Gregg and Michael Novak have pointed out, there is a sharp distinction between private virtue and public duty. The key problem with governments giving 'their all' to the poor is that what they have is not their own. The resources of government are collected from citizens, most of whom are far from rich. Governments need to be careful about being compassionate with other people's money

lest they demonstrate not civic virtue but moral vanity. Government giving has none of the 'going without' quality of personal charity because the politicians and officials who give are not giving what's theirs.

There is a further difficulty with this tendency to convert personal virtue into a national obligation. The 'more the better' yardstick for judging donations to charity is quite inappropriate for government programmes which should be judged on the quality of their output rather than the quantity of their input. As governments have repeatedly discovered, it's much easier to spend money than to create a better society. Unconditional government benefits make as much sense as unconditional pocket money and good governments are no more in the business of just giving than good parents. It's not always easy to know where compassion ends and indulgence starts but governments, no less than individuals, should strive to make a difference rather than strike a pose.

Tackling unemployment

The Howard Government's approach to unemployment has come under sustained political attack as 'blaming the victim'. As most people instinctively know, the most significant compassion anyone can show for the unemployed is to provide work, boost encouragement

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to work and improve the employability of job seekers. Government programmes that don't involve an element of self-help patronise the unemployed and can easily end up reinforcing a sense of failure and victimhood.

There are now 800,000 more jobs than in March 1996. Unemployment has fallen from its peak of nearly 11% to about 7% despite the economic tremors abroad. Changes to workplace relations and welfare policy have reduced Australia's 'structural' rate of unemployment from over 8% to about 7%. Almost by definition, unemployment will always be too high. Still, the Howard Government has ended the pall of defeatism hovering over this area and demonstrated that policies to boost economic growth, employment and wages can work in practice as well as on paper.

Shortly after taking office, the Government started to wind down its predecessor's Working Nation programme, because it was an expensive failure. The Government replaced the old Commonwealth Employment Service with the Job Network, a range of private, community-based and charitable employment agencies which were paid for getting people into work rather than registering and processing job seekers. Under the principle of 'mutual obligation', younger unemployed people on benefits for six months or more have been required to undertake Work for the Dole (if they are not in part-time work, education, training or volunteer work for two days a week or supervised, structured job search under the Job Network).

Underpinning the Job Network is the conviction that community-based agencies are better equipped than bureaucracies to deliver 'pastoral care', avoid treating unemployed people as faces in a queue or numbers in a file, and foster the web of personal engagements which unemployed people have often lost. The Job Network is based on an appreciation that every unemployed person is different—and should receive personal treatment. Government agencies are much better at delivering an identical service to whole populations than meeting the specific needs of individual people. The constant lesson of the welfare state is that government agencies can never substitute for the complex human relationships which sustain a social fabric of individuals-in-community.

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According to the OECD, the Job Network has been at least as effective as former programmes in helping participants find work at about half the net cost to taxpayers. Participants in Work for the Dole, for instance, are 76% more likely to be off benefits three months after leaving the programme than comparable job seekers. The cost per outcome of Work for the Dole is one fifth that of the former Government's New Work Opportunities Programme. Even so, at about \$1.5 billion a year, the Howard Government is spending as much on employment services now (with unemployment under 7%) as the former Government was spending in the midst of the last recession (when unemployment peaked at nearly 11%).

In this year's Budget, the Government announced a \$324 million boost to employment services over the next four years designed to ensure earlier intervention, better articulation between programmes and more constant engagement with job seekers. People going on unemployment benefit will immediately enter one of three streams: participation support, for people with significant personal issues such as mental illness or addiction; intensive support, for people with major barriers to employment such as illiteracy, a criminal record, or chronic long-term unemployment; or jobsearch support, for most job seekers. After three months on benefit, unemployed people in the jobsearch support stream will be expected to undertake Job Search Training, an intensive three week course designed to improve job-hunting skills. After six months on benefit, unemployed people under 40 will be expected to undertake structured activity such as Work for the Dole.

The dignity of work

At any given level of overall economic demand, the actual unemployment level can be higher or lower depending on the individual characteristics of job seekers and potential employers: their willingness to accept work, ability to handle particular types of jobs, and readiness to 'take a punt'. Beneficial changes to this culture of employment and unemployment can be just as important, in the long run, as changes to the level of interest rates, tax levels and government spending. Some employers, for instance, have a tendency to lift their



horizons and to create positions for people who consistently knock on their doors long before they might be inclined to advertise for staff.

None of this detracts from the heavy responsibilities of government—but suggests that sensible governments need to work on the morale of job seekers and the myopia of employers as much as on the narrow economic indicators. My reference to ‘job snobs’ was not designed to stigmatise the unemployed but to destigmatise entry-level jobs, and to remind people that the way to have the job you want tomorrow is to take the job that’s available today.

For understandable reasons, guru-dom has tended to discount the ability of individuals and communities to make a difference. After all, it’s much easier to alter tax rates than motivational factors. The modern *zeitgeist* is almost pathologically afraid of being ‘judgmental’ about people (as opposed to ‘structures’ and ‘power relationships’) even though a strong sense of personal responsibility and opportunity has always been at the heart of Western moral thinking. One of the Job Network’s real strengths is its ability to ask some job seekers to ‘lift their game’.

‘Why insist on constant job search’, say Labor Party frontbenchers, ‘when there are at least eight unemployed people for every job’. The basic flaw in this reasoning, as Melbourne University’s Professor Peter Dawkins has established,¹ is that the pool of jobs turns over quite quickly so that unemployed people have a 50:50 chance of finding work over a six month period. The deeper flaw in the welfarist position is its invitation to despair. Taken to its conclusions, the ‘why bother’ argument leads to a passive/aggressive underclass and taxpayers oscillating between feelings of resentment and guilt. In fact, Work for the Dole is an acknowledgment of the demoralisation people feel after months of unsuccessful door-knocking and resume writing and provides a meaningful alternative to surrender. Work for the Dole is the best possible antidote to unfair labelling because it gives unemployed people a chance to demonstrate their commitment and proves to the wider community that people on benefit are prepared to pull their weight.

Another criticism is that the Government is punishing unemployed people by reducing payments (known as ‘breaching’) if they don’t turn up for job

interviews. It’s hardly unreasonable to expect people on unemployment benefit to seek work or to participate in programmes designed to help. Past non-enforcement of the activity test has helped to create the ‘sit-down money’ syndrome afflicting so many long term unemployed people and welfare dependent communities. Although this Government is more consistently applying the activity test, it has actually reduced job search requirements for people with part-time work or in areas where jobs are very hard to find. People can only be breached after two bona fide efforts to make contact. There is no evidence that Centrelink staff are overzealously breaching people. Rather, they’re trying to ensure that people do what’s necessary to help themselves.

Conclusion

Labor’s constant refrain is that the Government has not done enough to create jobs (even though it has opposed significant measures to boost employment, notably public spending cuts and workplace relations and welfare reform). There is something essentially untrustworthy about a party which cannot accept in opposition what it once knew in government: that every extra dollar spent on welfare is a dollar less spent elsewhere—or a dollar more taken from people through higher taxes or interest rates. If there were straightforward ways to make an immediate, dramatic difference to poverty and unemployment, democratic governments would always take them.

In Labor’s muddled moral universe, this Government’s spending initiatives are ‘never enough’ especially if they’re carefully targeted to help those who need it most. Conversely, the Government’s attempts to have the ‘social coalition’ play a philanthropic role are dismissed as grand-standing or defeatism. The urgent demand to ‘do more’ and to ‘change tack’ is a moral posture based on wishful thinking rather than a practical policy.

Endnotes

¹ P. Dawkins, ‘Special Topic: Labour Issues in Welfare Reform’, Mercer Melbourne Institute Quarterly Bulletin of Economic Trends (January 2000), 14-27 at p. 24.

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