Neoliberalism and the return of the guardian state: Micromanaging Indigenous peoples in a new chapter of colonial governance

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Introduction

Income management is a controversial and highly politicised policy initiative. Originally introduced as part of the 2007 Northern Territory Intervention, income management was applied only to Indigenous welfare recipients in prescribed areas. In 2010 the government developed new income management, which they claimed was non-discriminatory (Commonwealth of Australia 2009: 12787). New income management has several compulsory categories and can also be entered into voluntarily (for fuller discussion of problems with these specific types of income management see Bielefeld 2012: 539–56). However, Indigenous peoples continue to be heavily over-

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1 Social Security and Other Legislation Amendment (Welfare Payment Reform) Act 2007 (Cwlth).
represented amongst those subject to income management (Senate Estimates 2014: 1), which gives rise to concerns about ongoing racial discrimination.

This chapter maintains that there is a nexus between colonialism, neoliberalism, and new paternalism in the income management context. Colonialism maintains that civilisation will only be attained when the norms of the coloniser displace the cultural norms of the colonised—the justifying discourse is that of a ‘civilizing mission’ (Said 1994: 131). Neoliberalism has varying manifestations; here it refers to the discursive narratives and policies adopted by the Australian Government that promote ‘market-oriented “governance”’ of Indigenous peoples (Altman 2012: xvi; Peck 2012: xiii, 20). Neoliberalism operates across relational, ideological and institutional spheres (Cahill 2014: ix). New paternalism claims that the poor suffer from deficiencies of reason and/or character, and require intense supervision because they are less inclined to adhere to mainstream behavioural norms. It therefore imposes ‘mutual obligations’ to emphasise the responsibilities of welfare recipients (Mead 1997: 4, 33–4).

At an ideological level, these governing frameworks share certain similarities in the disparaging characteristics they attribute to Indigenous welfare recipients. At an institutional level, they play a significant role in how the guardian state is experienced by Indigenous welfare recipients. Neoliberalism and new paternalism both claim to be post-racial policies. However, neoliberalism and new paternalism are useful tools for the colonial state because they reinforce the same hierarchical patterns of oppression and domination that have plagued Indigenous peoples since the commencement of colonisation.

Ongoing colonialism

Australia’s colonial project remains unfinished. As Aileen Moreton-Robinson (2009b: 11) explains, colonialism ‘continues to operate discursively and materially within cultural formations, institutions and public culture’. This is apparent in the development of contemporary forms of income management. The presence of the Indigenous poor serves as an unsettling reminder of the fact that despite repeated efforts by authorities, numerous Indigenous people have not been successfully disciplined into adopting the norms of
colonial society. The response of the state has been to utilise a familiar discourse of financial irresponsibility and ineptitude on the part of Indigenous peoples, drawing upon many generations of colonial ‘stock stories’ (Anthony 2013: 90, 139). This is part of an inherently racialised dynamic. As a strongly interventionist style of governance, contemporary income management ascribes ‘defective willpower’ to the Indigenous welfare recipients ‘it seeks to reform’ (Nicoll 2012: 172–3) and benevolent intentions to the state.

The narrative of benevolent intentions serves the state well in reproducing relations of domination and subordination. This narrative underpinned the ‘protection’ legislation of Australia’s earlier assimilation era, and was a key aspect of the Northern Territory Intervention. Through the Intervention, Indigenous welfare recipients living in prescribed communities were attributed with the characteristics of addiction. In introducing the income management scheme in 2007 it was said that ‘[w]elfare is not for alcohol, drugs, pornography or gambling’ (Commonwealth of Australia 2007: 2). The suggestion made in the Parliamentary Debates was that cash given to Indigenous welfare recipients in prescribed areas was squandered on these items. Minister Mal Brough referred to ‘Indigenous communities where normal community standards and parenting behaviours have broken down’ and where ‘ready access to drugs and alcohol has created appalling conditions for community members, particularly children’ (Commonwealth of Australia 2007: 2).

Written into the Parliamentary record, this narrative has become part of the racialised knowledge constructed about Indigenous welfare recipients. It is a narrative which resonates with negative stereotypes of Indigenous peoples throughout Australia’s colonial history (Bielefeld 2012: 528–35; Anthony 2013: 139, 141; Bielefeld 2014: 16). Consequently, income-managed Indigenous welfare recipients can still be presumed to suffer from deficiencies of character because ‘racial group reputations can guide assumptions about target characteristics at either the collective or individual level’ (Soss et al. 2011: 78). It is therefore unsurprising that income management disproportionately applies to Indigenous welfare recipients, especially forms of compulsory income management (Senate Estimates 2014: 1). Yet there is ongoing colonialism in the claim that so many Indigenous welfare recipients do not know how to manage money and require state-imposed restrictions to facilitate responsible spending patterns.
Neoliberalism and new paternalism

Neoliberalism promotes policies that continue to reproduce structural inequality for Indigenous peoples (Morris 2013: 6), whilst simultaneously being presented as ‘ubiquitous, inevitable, [and] natural’ (Peck 2012: xi). Neoliberalism lauds self-reliance as the only rational and moral way of life (Martin 2011: 209). Those relying upon welfare payments are therefore deemed defective by reason of their financial dependence. Unemployment is harshly represented as individual failure (Morris 2013: 6). The solution proposed by neoliberal governance is to restructure the delivery of welfare to push those who are dependent on state support in the direction of individual self-reliance (Neale 2013: 180). Yet as far as Indigenous welfare recipients are concerned, this decontextualised adverse judgement ignores the legacy of colonisation (Moreton-Robinson 2009a: 70). The ‘historical, structural and institutional forms of violence’ (Morris 2013: 9) which have contributed to Indigenous disadvantage are notably absent in neoliberal representations of poverty. However, it appears that ‘the tight knots of entrenched economic power’ (Peck 2012: 259) put in place by colonialism will not be easily untangled. Neoliberal ideology is a key aspect of this embedded power dynamic. As Paul Farmer (2004: 313) makes clear, ‘[n]eoliberalism is the ideology promoted by the victors [and] … is indebted to and helps to replicate inequalities of power’. In this sense, neoliberalism imposes ‘economic violence’ (Peck 2012: 110) which works in tandem with the violence inherent in the colonial project (Watson 2009: 48; Fanon 2008: 7, 10).

Early colonists represented Indigenous peoples as ‘lazy, irresponsible and incompetent’ for not adapting to European work habits (Moreton-Robinson 2007: 91); and under neoliberal discourse the same negative stereotype still holds. Neoliberalism aims to convert Indigenous welfare recipients into ‘economically productive … Indigenous citizens’ (Howard-Wagner & Kelly 2011: 115). However, this requires neoliberalism to be combined with new paternalism. Jamie Peck (2012: 7) explains that ‘[n]eoliberalism … has only ever existed in “impure” form, indeed can only exist in messy hybrids. Its utopian vision of a free society and free economy is ultimately unrealizable’. It is for this reason that neoliberalism must graft itself parasitically to other forms of governance (Peck 2012: 30), such as new paternalism. This amounts to neoliberal hybridity. The integration of neoliberalism
with new paternalism facilitates the intervention required to transform the behaviour of those who exhibit reluctance to abide by the rules of the market, such as the Indigenous poor.

Although neoliberalism endorses the ideal of a minimal state (Wacquant 2009: 248; Morris 2013: 46–7), at least in terms of regulating the market, it is also committed to the ideal of self-reliant individuals functioning as part of capitalism. Indigenous welfare recipients who do not conform to this neoliberal ideal have been portrayed as deviants who fail to take responsibility for their behaviour (Moreton-Robinson 2009a: 70). Thus the stigmatising and intrusive tools of new paternalism are now being employed to remake these deviant subjects into good neoliberal citizens. New paternalism requires an amply resourced guardian state in order to bring this moralistic crusade to fruition. This is ‘a violation of neoliberal principles of small government and reduced public expenditures’ (Wacquant 2009: 262). However, the government’s dream remains of a more minimalist state in the future, one in which all the idealised neoliberal citizens go to work each day, eventually reducing welfare expenditure. Consequently, the state directs resources towards bending ‘so-called problem populations and territories to the common norm’ (Wacquant 2009: 1). Unsurprisingly therefore, the vast majority of locations selected thus far for income management are Aboriginal communities (Department of Social Services 2014: 117).

There is an ideological imperative at stake in this ambitious political project. The use of neoliberalism and new paternalism ‘allows state elites to reaffirm the ideological primacy of meritocratic individualism’ (Wacquant 2009: 108–9). This is essential to maintain the myth that Australia is an egalitarian society, the land of the fair go, where anyone can succeed so long as they put in a sufficient effort. It is difficult to sustain the myth when the Indigenous poor are present to remind Australia of the ‘long shadow’ cast by the ‘legacy of colonialism’, a shadow which indicates that ‘racism has not disappeared’ (Morris 2013: 1, 4). Efforts are therefore increased to bring about what Jon Altman (2013: 92) refers to as ‘neoliberal assimilation’. Income management is a key part of this process. It replicates the ‘concept of tutelage’ (Said 1994: 209) for welfare recipients, who are presumed by the government to be experiencing poverty due to a lack of financial discipline rather than systematically entrenched inequality.
Dominant colonial narratives about ‘undisciplined’, ‘passive and dependent’ Indigenous peoples (Morris 2013: 172; Ergas 2014) are consistent with the denigrating picture of welfare recipients painted by new paternalism. Like neoliberalism, new paternalism ignores structural factors contributing to poverty. Instead, new paternalists such as Lawrence Mead (in Standing 2014: 100) urge welfare recipients ‘to “blame themselves”’ for their poverty, which is ideologically convenient for governments. New paternalists claim to implement their coercive supervisory policies for the good of those subject to them, which is familiar rhetoric to Indigenous peoples. New paternalism therefore provides colonial governments with a convenient cover, a new label for their old racially discriminatory dynamics. It allows them to claim that they are simply seeking to correct the behavioural deficiencies of welfare recipients—despite the fact that those who are deemed deficient and dysfunctional are disproportionately Indigenous (Bray et al. 2012: 192; Senate Estimates 2014: 1).

The heavy influence of new paternalism is seen in discourse which has portrayed Indigenous welfare recipients as drug-addled irresponsible parents, and Indigenous communities as places where abnormal behaviours flourish due to Indigenous cultural deficiencies (Commonwealth of Australia 2007: 2; Ergas 2014). This makes Indigenous welfare recipients a prime catchment pool for income management as a form of disciplinary regulation. Under this framework the poverty of Indigenous welfare recipients has been attributed to a crack in their cultural values that needs to be plugged with paternalistic policy in order to promote neoliberal hegemony.

Nevertheless, the rhetoric of neoliberalism and new paternalism allows the Australian Government to persist in maintaining that they are being helpful when they impose infantilising and degrading measures upon Indigenous peoples—even when there is scant evidence of beneficial outcomes as a result of such intervention and considerable evidence of harmful effects (Altman & Russell 2012: 11; Altman 2013: 138, 150–1). On harm, the government-commissioned report undertaken by Bray and others quoted an Indigenous woman from Darwin who stated that:

One thing I find is your depression and other added stresses from it (income management). It is making it harder and [people are] stressed when not … able to get to funerals [which is] causing depression from not having closure (Bray et al. 2012: 94).
They quote another Indigenous woman from Darwin: ‘It’s really embarrassing people … They got to remember not everyone is dysfunctional.’ (Bray et al. 2012: 95) The stress from income management has also led to ‘medical problems’ in the form of ‘heart palpitations’ (Equality Rights Alliance 2011: 19).

Whilst the government has been castigating Indigenous welfare recipients for financial irresponsibility, they have simultaneously committed vast resources to micromanaging finances via income management. This is despite a lack of evidence as to its efficacy. Is this not financial irresponsibility on a grand scale? There is a paradox present in this scenario. In government-commissioned, independent, university-based research, Bray et al. (2012: 267) found that ‘there is little indication that income management is itself effective in changing parenting behaviour, reducing addiction or improving capacity to manage finances’. Evidence that income management is largely ineffective has been brought to the government’s attention on numerous occasions (see Equality Rights Alliance 2011: 40; Bray et al. 2012: 267; Department of Families, Housing, Community Services and Indigenous Affairs 2012: 207). Yet the government does not appear to be interested in any evidence opposed to its ideological position. This is reaffirmed in two recent government reports dealing with welfare reform which suggest that forms of income management be further expanded. The first, the McClure report, erroneously claimed that:

> Overall … the evidence to date suggests income management has assisted individuals and families to stabilise their financial circumstances, helped them meet priority needs, particularly the needs of children, and can protect vulnerable people from financial harassment and exploitation (Department of Social Services 2014: 84).

This wording echoes the government’s stated purpose for introducing income management contained in the Parliamentary Debates and the Explanatory Memorandum accompanying the income management legislation (see Commonwealth of Australia 2007: 2, 4, 6; 2009: 12786; 2011, 13540; Explanatory Memorandum 2011: 2). However, repeating the government’s rhetorical assertions does not amount to evidence.

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3 The Australian National Audit Office estimates that income management for each welfare recipient living in remote areas costs approximately ‘$6600 to $7900 per annum’ (Australian National Audit Office 2013: 17).
The second report is the *Forrest review*, overseen by mining magnate Andrew Forrest, which ironically claims that the time for paternalism is over (Forrest 2014: 3). Ongoing income management rebadged as a ‘Healthy Welfare Card’ is the substance of Recommendation 5, which would affect approximately 2.5 million welfare recipients (Forrest 2014: 28, 102, 107). This would lead to a cashless system for the vast majority of welfare recipients, all in the name of supporting the ‘vulnerable’ (Forrest 2014: 103). In this model the cause of socioeconomic vulnerability experienced by welfare recipients repeats the rhetoric of new paternalism—welfare recipients are (mis)represented as impoverished because they engage in irresponsible spending patterns. That new paternalism coincides neatly with the neoliberal project is clearly seen in the *Forrest review*. Those in receipt of welfare payments are portrayed as costly citizens who ‘generate no tax and incur substantial costs to the nation’ and who must be transformed into productive workers (Forrest 2014: 37, 68).

Indigenous peoples are over-represented in the welfare system, which means they would continue to be disproportionately affected by the ‘Healthy Welfare Card’ (Forrest 2014: 27), just as they are currently over-represented under the income management system. Like the *McClure report*, the *Forrest review* fails to engage with numerous pertinent reports which have pointed to limited evidence of benefits from income management and some significant shortcomings of the scheme (see Australian Indigenous Doctors’ Association & Centre for Health Equity Training, Research and Evaluation 2010: 23–5; Australian Law Reform Commission 2011: 260, 267–8, 271, 279; Equality Rights Alliance 2011: 40; Bray et al. 2012: 94–5; Commonwealth Ombudsman 2012: 6, 9–10, 12–6, 30; Commonwealth Ombudsman 2013: 43–6; Parliamentary Joint Committee on Human Rights 2013: 61–2). This testifies to the power of ideology over evidence and a return of the guardian state as the oppressive frameworks of neoliberalism, new paternalism and colonialism converge. As Peck (2012: 30) states, in reality neoliberalism ‘must always cohabit with others’.
Conclusion

Income management represents a new chapter of colonial governance in its intensive, stigmatising, paternalistic control over the lives of Australia’s First Peoples, which is once again proclaimed to be for their own good. Yet as a technology of governance, income management cannot eradicate the poverty encountered by Indigenous welfare recipients, because micromanaging the paltry sums they receive will never redress the structural disadvantage Indigenous people experience. Nor can income management effectively address generations of impoverishing government policies. However, it will ensure that the colonial status quo remains, and if the goals of neoliberalism and new paternalism are attained, this may well lead to the completion of the colonial project.

Postscript

Since September 2014 there have been four more reports released on income management which are worth mentioning due to their resonance with the issues discussed in this chapter. However, the first three reports do not deal with income management in the Northern Territory, where 90.2 per cent of those who are income managed are Indigenous (Bray et al. 2014: 54).

The first report was government-commissioned, independent, university-based research and concerns the voluntary income management scheme operating in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands. Communities in the APY Lands had requested voluntary income management as a means of addressing a range of concerns, including financial harassment or ‘humbugging’ (Katz & Bates 2014: 1). Their consent to the measure is a crucial distinction between this form of income management and the compulsory income management to which most Indigenous welfare recipients are subject in the Northern Territory. Although the data in this report is presented as tentative, with further research required, it noted that ‘people on income management appear to be more likely to run out of money than those not on income management’ (Katz & Bates 2014: 22).
The second and third recently released income management reports were undertaken by Deloitte Access Economics for the Department of Social Services and concern place-based income management operating in Playford in South Australia, Greater Shepparton in Victoria, Bankstown in New South Wales, and Rockhampton and Logan in Queensland (Deloitte Access Economics 2014a, 2014b). The problem of income managed welfare recipients being more likely to ‘run out of money’ than their non-income managed counterparts was also mentioned in the Deloitte May report (Deloitte Access Economics 2014a: 68). Over two thirds of surveyed participants subject to compulsory income management as vulnerable welfare payment recipients considered that income management ‘was not an appropriate measure for them given their current circumstances’ (Deloitte Access Economics 2014a: 4). Social stigma arising from income management and use of the BasicsCard was a problem for some welfare recipients, especially for those who were Indigenous (Deloitte Access Economics 2014a: 4, 8, 95–6, 101, 135, 137, 151; 2014b: 120).

Although there is much useful information contained in these government-commissioned income management reports, they do have their limitations (Deloitte Access Economics 2014a: 39). For example, the aim of the Deloitte Access Economics evaluations was to determine whether place-based income management was implemented effectively (2014a: 16; 2014b: 8), not whether the ideological assumptions underpinning the expansion of income management were sound.

The fourth recently released report was government-commissioned, independent, university-based research on the operation of income management in the Northern Territory. Released in December 2014, some of the main findings were that:

- The evaluation could not find any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people’s behaviours.
- There was no evidence of changes in spending patterns, including food and alcohol sales, other than a slight possible improvement in the incidence of running out of money for food by those on Voluntary Income Management, but no change for those on compulsory income management …
• There was no evidence of any overall improvement in financial well-being, including reductions in financial harassment or improved financial management skills …

• More general measures of wellbeing at the community level show no evidence of improvement, including for children …

• The evaluation found that, rather than building capacity and independence, for many the program has acted to make people more dependent on welfare (Bray et al. 2014: xxi–xxii).

Significantly, Bray et al. (2014: xxi) also noted that ‘[a] substantial group of people subject to income management felt that income management is unfair, embarrassing and discriminatory’. This is hardly surprising given the ideology underpinning income management critiqued in this chapter, and that Indigenous peoples are still grossly over-represented in income management categories. In December 2013, 18,300 people in the Northern Territory were income managed, with ‘16,514 Indigenous and 1,786 non-Indigenous people subject to the measures’ (Bray et al. 2014: 54). Only 20.1 per cent of these were voluntary income management.

The response to this December 2014 report by then Minister for Social Services, Kevin Andrews, was to claim that income management had not worked in the Northern Territory because ‘income management at 50% is too low to achieve the positive social outcomes that income management can bring’ (Kevin Andrews, quoted in Davidson 2014). Instead, Andrews asserted that a higher percentage of income subject to income management would lead to better outcomes—a view with no evidence to substantiate it. Given the ideological commitment both major political parties have demonstrated, income management seems likely to continue for the foreseeable future.

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**References**


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