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The aim of the three papers in this edition of the journal *Learning Communities* is to highlight various aspects of poverty alleviation, especially in relation to Indigenous Australians. The papers build on an Academy of the Social Sciences in Australia Workshop held at Charles Darwin University in July 2003. The contributions tackle some aspect of poverty – its nature and measurement (Saunders), and its cross-cultural relationships to elements of social capital in Indigenous contexts (Christie and Greatorex). Hunter refers to the process of poverty ‘reduction’ for Indigenous Australians, while others use the term poverty ‘alleviation’, including Saunders when he observes that:

...poverty alleviation remains a primary goal of the Australian income-tested social security system and a raft of other public programs (e.g. legal aid and housing assistance) still use poverty status as a way of determining eligibility and targeting resources.

There are record levels of poverty for Indigenous Australians and at least a static number in the poverty category for other Australians. There is an on-going use of poverty as a measure of socio-economic well-being in the national, OECD and ABS arenas. Measures of poverty are used for establishing eligibility for social security (in itself a form of structural poverty alleviation). However, these vital uses and purposes for measures of poverty are paralleled by a certain national ennui with issues of poverty clarification – at least at political levels, resulting in Saunderson’s observation, in his paper in this edition of the journal, that:

...the poverty statistics no longer have the power they once did to stir the national consciousness and provoke ameliorative action.

Therefore, Saunders suggests that for Australia:

...a robust and credible new framework for identifying and measuring poverty is needed to provide the basis on which anti-poverty strategies, policies and programs can be developed, implemented, monitored and evaluated.

Effective poverty alleviation depends on understanding better, and facilitating, the social processes whereby poverty can be addressed. These processes usually take the form of mechanisms such as policy, strategies, and interventionist programs of any kind such as those of The World Bank or the International Monetary Fund. Collectively, the three papers here provide valuable insights into this pressing issue.

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TOWARDS A CREDIBLE POVERTY FRAMEWORK: FROM INCOME POVERTY TO DEPRIVATION¹

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Abstract

There have always been differences of view on what poverty means in conceptual terms, and even greater differences on how to measure it. These differences span a broad spectrum of normative and ideological positions and raise a number of technical issues surrounding the statistical measurement of poverty. This paper explains the role of poverty research and the value of a poverty line, while acknowledging that limitations exist with the current instruments. It argues that any poverty measure must include two key ingredients of poverty – the idea that resources are inadequate to meet basic needs and the notion that needs can only be defined relative to prevailing community attitudes and standards. Survey results are used to support the view that most Australians see poverty in subsistence terms, but this does not contradict the idea of relativity, since subsistence is itself a relative concept. The principal arguments are illustrated using data from the *1998-99 Household Expenditure Survey* to estimate poverty on the basis of incomes, expenditures and a combination of a conventional income measure with additional data on hardship. The poverty rate is shown to be sensitive to which measure is chosen, both in aggregate and for specific groups in the population. However, all measures show that the group with the highest incidence of poverty is sole parent families, and that there is a strong association between joblessness and poverty, with full-time employment being required to escape poverty. The poverty rate among the aged is high when the conventional (income-based) measure is used, but far lower aged poverty rates are produced by many of the alternative poverty measures. State differences in income poverty are substantial but become much smaller when a deprivation-adjusted poverty measure is used.

Introduction

Poverty is a cause of considerable community concern, but the term is now rarely used in government circles in Australia. As a consequence, developing strategies and programs that

¹ This paper was published initially by The Social Policy Research Centre, University of New South Wales as its Discussion Paper No. 131. It is reprinted here with permission.

address the causes and consequences of poverty are not on the policy agenda. The attention of policy makers is focused on a number of issues that are correlated with poverty, including unemployment, jobless households, economic disadvantage, social exclusion and social capital - but these are not synonymous with poverty, defined as an inability to meet basic needs because of lack of resources.

There have always been differences of view on what poverty means in conceptual terms, and even greater differences on how to measure it. These differences span a broad spectrum of normative and ideological positions and raise a number of technical issues surrounding the statistical measurement of poverty. They have surfaced in Australia in the recent heated debate over the measurement of poverty and whether or not the poverty rate has increased, and by how much. The fragile consensus among researchers about how best to measure poverty has disappeared, while concerns over the quality of some of the data used to measure poverty have further undermined confidence in the poverty statistics.²

Many now see statistical estimates of poverty as mainly reflecting the judgments and ideology of those who measure it or those who exert political pressure on behalf of the poor. Not surprisingly, the poverty statistics no longer have the power they once did to stir the national consciousness and provoke ameliorative action. Australian poverty research is facing a severe credibility crisis, as its principal tools are no longer capable of providing an accurate and objective basis for monitoring trends over time, or differences within the population. Conservative critics have exploited this situation, providing ammunition to a government already sceptical of claims that economic growth has not caused a substantial reduction in 'genuine poverty'.

In order to reverse this trend, a robust and credible new framework for identifying and measuring poverty is needed to provide the basis on which anti-poverty strategies, policies and programs can be developed, implemented, monitored and evaluated. The bottom line of the 'poverty measurement debate' is that we must understand what poverty is before we can take action to reduce it. The following discussion is intended to guide the development of such an agenda, not to add yet further complexity to what has become a largely sterile debate over the poverty statistics.

Do We Need Poverty Research?

All societies share a concern to ensure that their citizens are able to attain a minimum standard of living. This is generally justified on either social justice grounds – that everyone has a moral right to a minimum level of access to society's resources – or, more instrumentally, as necessary to avoid social division and unrest by guaranteeing everyone a minimally adequate level of social protection. The moral case for alleviating poverty is particularly compelling and receives very widespread community support in rich countries like Australia. Poverty alleviation is also important among poorer developing countries, where reducing the poverty rate is an explicit goal of the development process. But there are important differences in what poverty means and how it is measured in rich and poor countries that the use of the same term should not be allowed to obscure.

There is no doubt that rich countries like Australia can afford to abolish poverty. The financial cost of doing so represents only a small fraction of our national income or gross

² See the ABS (2002a; 2002b), which report problems with the reported levels of income from welfare benefits and unincorporated businesses in the lowest decile of the income distribution.

domestic product (GDP). Estimates provided in one recent study, for example, imply that the total annual income shortfall of all Australians living below the poverty line in 2000 was around \$14.9 billion.³ Even if this figure is somewhat exaggerated because of the generosity of the poverty line on which it is based (and the fact that some low incomes may be under-reported), the poverty gap is still only a small fraction of GDP, which was around \$632 billion in 2000. Even an exaggerated estimate of the poverty gap thus represents less than 2.4 per cent of GDP, with the true figure probably falling below 2 per cent. We can thus pay to remove all Australians from poverty if we want to: the fact that we don't do so is a matter of choice, not affordability.

Although identifying and measuring poverty are key dimensions of poverty research, a number of other aspects are also important. Understanding the causes and consequences of poverty involves looking beyond the statistics to examine the processes and events that expose people to poverty, the conditions that prevent their escape and thus lead to its entrenchment, and the consequences of poverty for those forced to experience it. The adverse impact of poverty on child outcomes is an issue of great concern currently in a number of countries and it warrants increased emphasis in the Australian debate. Poverty research is required to identify and understand these effects, particularly research that can track people through time using longitudinal data.

It is also important to emphasise that while any poverty measure must have a degree of acceptance by government, the measure must reflect the best available expert knowledge. The task for government is to decide how much effort to put into reducing poverty in the light of its priorities, not to support a poverty measure because it shows its policies in the best light. Poverty research must be independent of current government priorities if it is to serve its key function of informing the basis for poverty-reducing policies and actions.

Do We Need a Poverty Line?

Although there are difficulties involved in setting a poverty line, some kind of poverty line has proved to be invaluable for national poverty researchers, for international agencies like the World Bank, and for governments in industrial and developing countries. The poverty line indicates the income level below which poverty exists, thus defining those who are in income (or primary) poverty. The (headcount) poverty rate is defined as the percentage of the population (or of sub-groups within the population) with incomes below the poverty line.

The headcount measure has been criticised because of its 'all or nothing' character. It implies that someone whose income is one dollar below the poverty line is defined as poor, whereas someone whose income is one dollar above the line is not poor. Can we ever be confident that such small income differences represent substantial differences in actual well-being? Clearly, the answer is no. But this suggests that caution must be applied when interpreting the headcount poverty statistics, and that the poverty rate should be accompanied by other measures.

One such measure is the poverty gap (referred to above), which indicates the total monetary gap between income and the poverty line for all those who are below it. The total poverty gap indicates how much income would need to be distributed to the poor in order to raise all of

³ This estimate has been derived from the poverty estimates contained in Harding, Lloyd and Greenwell, (2001: Tables 1 and 12. The average weekly poverty gap has been expressed on an annual basis and applied to the estimated numbers in poverty.

their incomes up to the poverty line, thus reducing the poverty rate to zero. This figure provides a useful benchmark for policy by setting limits on the financial task of tackling poverty. The poverty gap is also a valuable addition to the poverty rate, which indicates how many people are poor, but not how poor they are. Policies that increase the incomes of the poor will be reflected in a reduction in the poverty gap but may have little or no impact on the poverty rate.

There is a range of more sophisticated variants of the poverty gap, each of give greater weight to those whose incomes are furthest below the poverty line when deriving an overall index of the intensity of poverty. Although these measures exhibit a number of desirable statistical properties, they are rarely used in public debate over poverty, primarily because of their complexity. This highlights an important feature of any poverty measure, which is that it must be communicable, and readily understood by those in the population who will ultimately be asked to contribute to the cost of alleviating it. The poverty line, the headcount poverty rate and the poverty gap all satisfy this important characteristic and this explains their widespread use and resilience.

What is Wrong with the Current Poverty Line?

The two key features that underpin the credibility of the poverty line are: firstly, that the methods on which it is based reflect ‘best practice’ scientific research methodology and data; and second, that the judgments on which it is based are broadly in line with community opinion on the meaning and measurement of poverty. The poverty line should be regularly exposed to these two criteria of *scientific integrity* and *community credibility* if it is to be a valuable tool for monitoring trends and policy impacts. Both of these conditions require the poverty measure to reflect information derived from the actual living conditions experienced by the poor, whether this is derived from large-scale survey data, or from smaller scale in-depth studies of poor people.

If these two criteria for the validity of the poverty line are applied to the Henderson poverty line (HPL), it is clear that there is an overwhelming case for developing a new formulation. The HPL has its basis in the research originally conducted at the University of Melbourne in the mid-1960s.⁴ In its original formulation, the HPL reflected the appropriateness of the minimum (basic) wage (supplemented by family allowance benefits) as being a close approximation to an ‘official’ Australian low-income standard for a one-earner family. It also incorporates the judgment that since income poverty is a relative concept, the poverty line should be adjusted to maintain its parity with average community incomes in away that is consistent with community sentiment on the meaning of poverty.

Both of these decisions are now less justifiable than they were at the time, though for different reasons. The relevance of the basic wage to a poverty income benchmark has long disappeared, along with the ‘male breadwinner’ model of the labour market on which it was implicitly based. In fact, the poverty line is now often cited in Hearings before the Industrial Relations Commission as being a basis for setting the living wage, reversing the logic of Henderson’s earlier rationale. More generally, the fact that the labour market has changed so radically over the last forty years suggests that *any* income benchmark set before this happened is now in need of review.

⁴ Henderson, Harcourt and Harper, (1970).

These arguments might be less compelling if the method used to index the poverty line over time to average community income was sound. Then, it could be argued that the poverty line was originally set at a historically significant level and has had its relative position maintained in a way that gives contemporary relevance to that historical significance. Unfortunately, this case cannot be sustained because of the problems with how the poverty line has been adjusted over time. The current practice of adjusting the poverty line to reflect movements in household disposable income per capita (HDYC) produces an upward bias in measured poverty because the HDYC measure includes income components such as imputed rent and employer superannuation contributions that are not included in the ABS survey data that are used to estimate poverty.⁵

As a consequence, the Henderson poverty line has gradually shifted up the income distribution over time compared with other measures such as those based on median or mean income. This in turn has produced an upward bias in the measured poverty trend, opening the floodgates of criticism that has been directed at mainstream poverty research.

A Way Forward: Concepts and Measures

There is no shortage of approaches to the conceptualisation and definition of poverty. Some of the most eminent social scientists have been trying to define poverty for more than 200 years and Table 1 summarises the key features of the most influential approaches. These definitions all encompass two key features that form the core of any definition of poverty. The first is that poverty is a situation in which resources are not adequate to meet *basic needs*. This is brought out most forcibly in Adam Smith’s reference to what is ‘indispensably necessary’, or in Rowntree’s famous definition in terms of ‘the minimum necessities of merely physical efficiency’, or in Sen’s ‘basic capabilities’. The second is that any definition of poverty should embody *community perceptions* of poverty in some way – as reflected in Henderson’s reference to community attitudes, or in Townsend’s reference to activities, conditions and amenities that are widely approved, or in Mack and Lansley’s reliance on social perceptions.

Table 1: Alternative Definitions of Poverty

<p><u>Adam Smith (1776):</u></p> <p>‘By necessities, I understand not only the commodities which are indispensably necessary for the support of life but <i>whatever the custom renders it indecent for creditable people, even of the lowest order, to be without</i>. A linen shirt, for example, is strictly speaking not a necessity of life ... But in the present time ... a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful state of poverty’</p> <p><u>Seebohm Rowntree (1899):</u></p> <p>‘[A family is counted as poor if their] ... total earnings are insufficient to obtain <i>the minimum necessities of merely physical efficiency</i>’</p> <p><u>William Beveridge (1942):</u></p> <p>‘In considering the minimum income needed by persons of working age for <i>subsistence during interruption of earnings</i>, it is sufficient to take into account food, clothing, fuel, light and household sundries, and rent, though some margin must be allowed for inefficiency in spending’</p> <p><u>Ronald Henderson (1975):</u></p> <p>‘Insofar as poverty is defined by reference to a minimum acceptable standard of living, it is a relative concept. [It requires] a value judgment [that] must <i>reflect the productivity of the economy and</i></p>

⁵ Saunders (1996).

community attitudes. The task of determining a minimum standard of living is difficult given the variety of lifestyles and values in Australian society and the range of matters, such as food, shelter, clothing, health and education, that must be considered'

Peter Townsend (1979):

'Individuals' families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities *which are customary, or at least widely encouraged or approved, in the societies to which they belong*'

Joanna Mack and Stewart Lansley (1985):

'Poverty is an enforced lack of *socially perceived necessities*'

Amartya Sen (1992):

'Poverty [is] *the failure of basic capabilities to reach certain minimally acceptable levels*. The functionings relevant to this ... can vary from such elementary physical ones as being well-nourished, being adequately clothed and sheltered, avoiding preventable morbidity, etc., to more complex social achievements such as taking part in the life of the community, being able to appear in public without shame, and so on'

These two features reflect the inputs from the two main groups involved in the task of developing a poverty measure: the *experts* whose job it is to operationalise the measure, and the *community* who will have ultimate power over its use and impact. In meeting the demands of these two groups, the poverty measure must incorporate both expert information on needs and be consistent with community norms and expectations. Finally, it must reflect the experiences of the poor themselves since these provide the link between abstract notions of need and resources and the realities of living in poverty.

These features are designed to ensure that the poverty measure is credible amongst both the research community and within the community generally, and this is the key to the successful development of a poverty line will actually be used. However, these are only general principles and they do not pre-empt the need to think carefully about how best to build them into a specific operational definition of poverty.

It is important to note that it is how the concepts of need and community attitudes are expressed that provides the basis for the claim that poverty is a relative concept. The relative dimension of poverty is not inherent to the notion of how poverty is conceptualised and defined, but emerges when that notion is made operational in a specific context. This is when the notion of relativism comes to the fore, since it reflects the context that gives meaning to a notion that is otherwise divorced from reality.

There are two aspects to this relativity. First, there is an important sense in which even basic needs can only be defined relatively. How much people need, and of what, are questions that can only be answered for a specific place at a specific time, as reflected in social norms and economic conditions. Second, any notion of poverty that reflects community perceptions will also be relative, since those perceptions will embody specific social norms and attitudes.

Overall, the definition of poverty as 'an enforced lack of socially perceived necessities' captures the two critical aspects of poverty with admiral brevity. It also emphasises the fact that poverty is a situation that is forced onto people, not chosen by them. Many modern definitions of poverty take this as their reference point, refining it to suit specific social circumstances and community attitudes.

A Way Forward: Methods

Four broad approaches to setting an income poverty line have been identified in the literature. These are:

- An approach which identifies needs in terms of a basket of goods and then estimates what it would cost to buy it (*budget standards*);
- An approach which sets standards in an explicitly relative way, i.e. as a fixed percentage of median (or mean) income (*low-income income benchmarks*);
- An approach based on ‘official’ or endorsed benchmarks for low income (as reflected in income support payment levels, for example) (*official thresholds*); and
- An approach that is based on community perceptions of minimum income levels (*the subjective approach*).

All four methods are open to criticism⁶ and no single poverty standard can be expected to meet the many (often conflicting) demands placed upon it.⁷ Each approach involves identifying a set of needs that constitute what poverty means, and one approach to this key task is for it to be informed by community understanding of basic needs.

Subsistence Needs

The available research indicates that when they are asked, most people have a notion of subsistence in mind when they think about poverty, and the definition of poverty should thus reflect this. Table 2 summarises evidence produced from two recent surveys conducted by the Social Policy Research Centre (SPRC). Prior to asking the question, respondents were asked whether or not they agreed with each of a series of statements that described poverty. Most indicated that they agreed with *all* of the definitions they were shown, but they were then asked which definition *best* describes poverty, and the results this generated are summarised in the table.

The results support the claim that *the majority (around three-quarters) of Australians view poverty in subsistence terms*, and also that the percentage that takes this view is remarkably stable over time and across different sub-groups in the population. There is little support for definitions of poverty that embody an explicitly relative component. Thus, there is very little support for seeing poverty as having ‘a lot less than everyone else’, or not being able to afford either ‘what other people take for granted’, or ‘any of the good things in life’. Poverty thus means not having enough to buy basic items, rather than being unable to buy the items that the majority can afford: it reflects need, rather than envy.

It is very important to emphasise that adopting a needs-based subsistence definition of poverty does not imply that poverty should be defined in absolute terms. Although the needs themselves are absolute in the sense that they refer to universal conditions such as having access to adequate food, housing and clothing, the actual commodities that will satisfy these identified needs and their quality will be defined relative to existing customs and standards of

⁶ Callan and Nolan (1991).

⁷ Veit-Wilson (1998).

living. To paraphrase Sen, while there is a core of poverty that is absolute in relation to *capabilities*, it is relative in relation to incomes or *resources*.⁸

The standard of housing that is regarded as providing a minimum level of shelter in Australia in 2003, for example, will differ from that in Australia in 1903, or from that in India or Indonesia in 2003. It is these differences that give a relative dimension to the operational expression of subsistence – even though the poverty line itself is derived as the cost of purchasing a fixed list of subsistence items.

Table 2: Overall Descriptions of Poverty (percentages)

QUESTION: <i>Overall which of these statements BEST describes what being in poverty means to you</i>	Sample of DSS clients (1995)	Sample of adult Australians (1999)	Sample of rural and remote residents (1999)
Not having enough to buy basics like food, housing and clothing	41.9	43.8	44.8
Having to struggle to survive each and every day	26.4	32.2	30.1
Not having enough money to make ends meet	12.3	10.5	11.0
Not having enough to be able to live decently	8.6	6.5	8.2
Not having enough to buy what most others take for granted	-	2.7	4.2
Having a lot less than everyone else	1.8	-	-
Not being able to afford any of the good things in life	6.7	2.0	-
Don't know/multiple responses	2.5	2.5	2.5
Sample size	1,146	2,269	590

Source: Saunders (2002); supplemented by unpublished survey data.

Implicit in the subsistence approach to poverty is the idea that the poverty line should only be adjusted to reflect increases in the prices of the items that are included in the basket of goods that constitute subsistence. This is true as long as the specification of the subsistence items does not change. Over time, however, the nature of these items *will* change in line with economic conditions and social norms. This is why it is necessary to regularly review what actual commodities represent subsistence, and it is this that gives the subsistence approach its relative dimension.

The approach set out above provides the basis for using the idea of subsistence as a departure point from which to develop a new poverty measure. However, more information is needed in order to determine where to set the poverty line, as opposed to agreeing on what poverty actually means. The remainder of the paper explores two alternative ways of addressing this issue. The first involves supplementing information on low incomes with information on expenditures as a way of identifying who is in poverty. The second involves supplementing income data with information on deprivation and hardship in order to identify those who are poor.

⁸ Sen (1987).

Both approaches incorporate information on actual living conditions in order to give increased credibility to a poverty measure based solely on income, and each is designed to refute the claim that the poverty line is arbitrary. A common feature of both approaches is that they include some kind of direct indicator of poverty that reveals that basic needs are not being met. This is in contrast with the pure resource-based poverty indicators such as income, which are indirect in the sense that they imply that poverty is present, but do not actually confirm this through direct observation.⁹ In this sense, they represent a step towards informing the debate by drawing on aspects of the actual living conditions of the poor – although this aspect is only rudimentary at this stage, and requires further refinement.

Expenditure Poverty

The use of expenditure to indicate the standard of living has been endorsed by Peter Travers and Sue Richardson, who have argued in relation to measuring poverty, that:¹⁰

‘When measuring the resources available to an individual it is preferable to quantify expenditure rather than income. Expenditure generates the flow of services from which material well-being is derived. Income, in contrast, provides the *capacity* to purchase things ... generally income is valued not for its own sake but for the ability it provides to buy goods and services. It is thus more satisfactory to measure directly the level of goods and services bought.’ (Travers and Richardson, 1993: 24)

The conventional rationale for defining poverty in terms of income is that it is after-tax income that restricts the total level of *consumption possibilities*. In contrast, the actual standard of living is better captured by consumption than by income, since the former more directly measures the actual standard of living. However, rather than having to choose between income and expenditure (both of which have strengths and limitations), it may be preferable to combine the two into a single indicator of poverty.

There are, of course, a number of practical issues surrounding the use of reported expenditures to measure poverty. First, the data include one-off expenditures on large items such as consumer durables, giving an upward bias to actual consumption in the survey period. The treatment of items such as capital gains and superannuation contributions in the survey measures of both income and expenditure is also problematic. Because of these limitations, the difference between reported income and reported expenditure cannot be taken as a good measure of the level of savings, at either the household or group level. These qualifications need to be kept in mind when reviewing the results presented below.

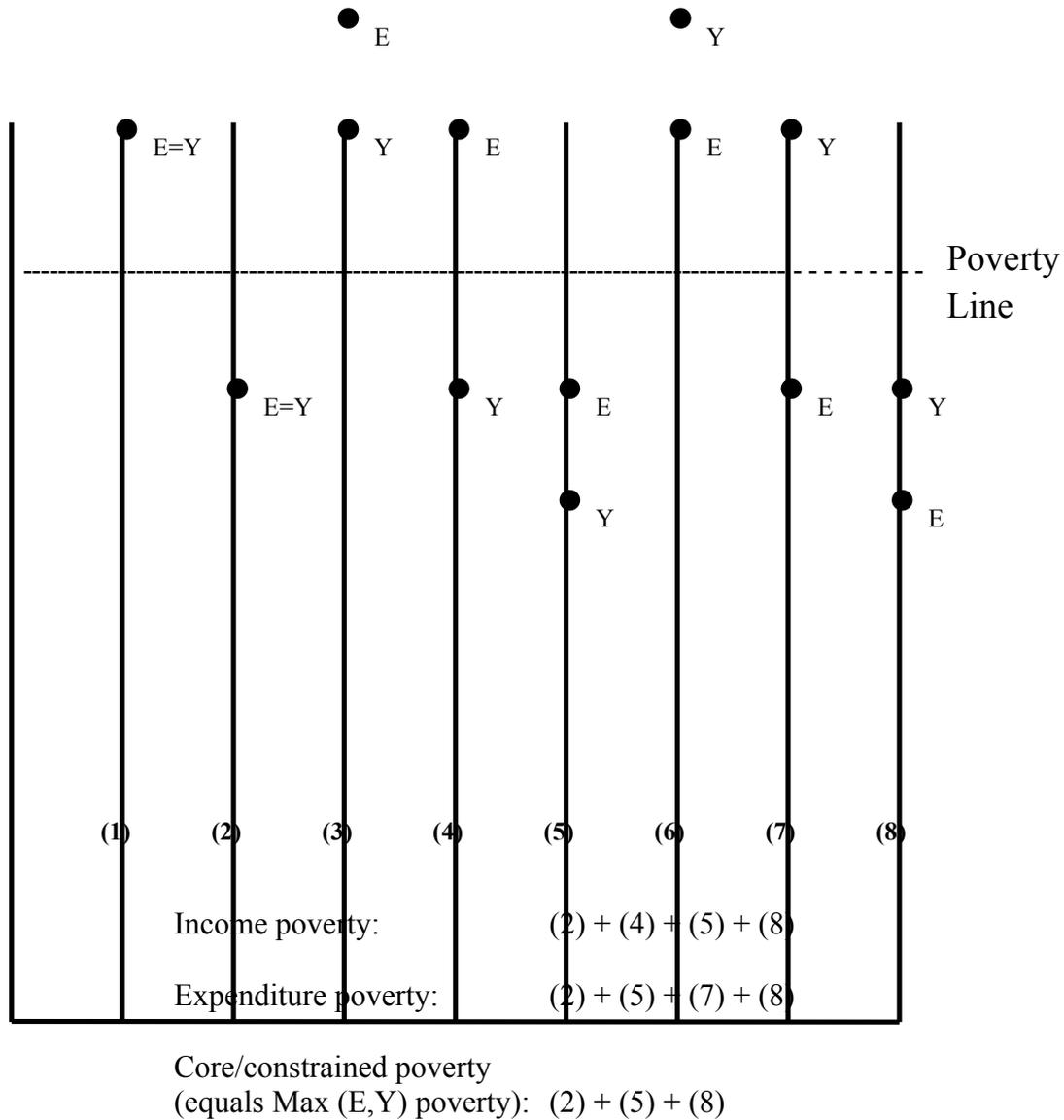
Figure 1 shows how all of the possible income and expenditure combinations compare with a (fixed) poverty line. In total, there are eight combinations of household income and expenditure relative to the poverty line.¹¹ The conventional income poverty approach defines as poor those households in any of the four situations labelled (2), (4), (5) and (8), while identifying poverty status on the basis of expenditure would include households who are in situations (2), (5), (7) and (8). Note that the former approach defines as poor those who in situation (4), even though their expenditure exceeds the poverty line, while

⁹ Ringen, (1988).

¹⁰ Travers and Richardson (1993).

¹¹ The following discussion draws heavily from Saunders (1997).

Figure 1: Income and Expenditure as Complementary Poverty Measures



the latter approach defines as poor those who are in situation (7), even though their income is above the poverty line.

This discussion suggests that situations (4) and (7) less clearly represent poverty than situations (2), (5) and (8), where both income and expenditure are below the poverty line. These latter situations correspond to situations where the *maximum* of income and

expenditure is below the poverty line, and they refer to what might be called core or constrained poverty.¹²

Table 3 presents estimates of the three alternative poverty measures derived using unit record data from the *1998-99 Household Expenditure Survey* (HES). The analysis has been restricted to single income unit households because of the problems inherent in allocating certain household expenditures in the HES to income units who share accommodation. Poverty has been estimated using a simplified and amended version of the Henderson poverty line in which the equivalence scale is set equal to the square root of household size. The income variable refers to disposable income, derived by deducting *imputed* income tax from *reported* gross income, while the expenditure variable refers to total goods and services expenditure.

Table 3: Alternative Estimates of Poverty in 1998-99 (percentages)

Income unit type	Income poverty (Y)	Expenditure poverty (E)	Core or constrained poverty (E*)
Single aged (m,65+;f,60+)	63.8	59.3	43.0
Single, non-aged	30.1	22.8	16.2
Aged couples (head,65+)	37.6	35.0	19.5
Non-aged couples	15.6	11.6	5.7
Couples with dependants	13.2	12.5	5.0
Sole parent families	55.9	43.2	33.8
All income units	23.4	20.3	11.7

Source: ABS, *Household Expenditure Survey, 1993-94*, confidentialised unit record file.

The income and expenditure approaches give similar results (note that the same income poverty line is used in all three approaches), although poverty among the aged is worse (relative to the non-aged) when the expenditure measure is used. On the face of it, this is a surprising result, since conventional economic theory suggests that the aged should be running down their accumulated savings during their retirement so that their expenditure should exceed their income. This would imply that expenditure poverty should be below income poverty for the aged, unlike other groups, who are still building up their savings, where the opposite would be expected. However, the earlier comments relating to data quality are important in this context, particularly those relating to interpretation of the difference between income and expenditure at the household level.¹³

When the more restrictive core poverty approach is used, the poverty rate drops substantially, to half of that derived using the conventional income poverty approach. On this measure,

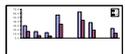
12 Note that in situation (8), not all income is spent, which suggests that the low level of expenditure reflects choice rather than constraint. This might be regarded as inconsistent with poverty, but even if all income was spent the situation would still be one of poverty because income too is below the poverty line.

13 Another issue relates to differences in the variability of expenditure over time between groups. For example, if the aged shop for groceries less frequently than other groups, more of them will report low expenditure in the survey period, causing their expenditure poverty rate to be higher. I am grateful to Bruce Bradbury for pointing this out to me.

differences in the poverty rates among the different family types are more pronounced, with the relative poverty risks of aged single people and sole parents increasing, and those of non-aged couples (with or without children) decreasing. On all three measures, the poverty rate among the single aged and sole parents families is around three times the national average, and the robustness of this finding confirms that poverty is highest among these two groups.

Figure 2 shows the impact of moving from the conventional (income) measure to the core (income and expenditure) measure for each of the family types shown in Table 3, while Figure 3 shows what happens to the estimates when the amended Henderson poverty line is replaced by a poverty line set at one-half of median income (with the same equivalence scale). In general, the median income poverty rates are a good deal lower than the Henderson estimates, although the difference varies across family type and poverty measure. However, the overall picture remains broadly unchanged and for this reason only the Henderson estimates are presented and discussed below.

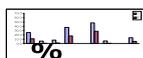
Figure 2: Income Poverty (Y) and Core/Constrained Poverty (E*) in 1998-99 (Amended Henderson Poverty Line)



%

Single	Couple	Couple with dependents	Sole parent families	Single	Couple	All
NON-AGED				AGED		ALL

Figure 3: Income Poverty (Y) and Core/Constrained Poverty (E*) in 1998-99 (Half Median Income Poverty Line)



Single	Couple	Couple with dependents	Sole parent families	Single	Couple	All
NON-AGED				AGED		ALL

Deprivation Poverty

For the first time, the latest (1998-99) HES collected data on a range of financial stress, hardship or deprivation.¹⁴ Information on the fourteen hardship indicators shown in Table 4 can be used to modify the conventional income poverty measure by defining as poor those families with incomes below the poverty line *and* who have experienced some form of hardship or deprivation. This again represents a move towards defining poverty in a way that incorporates direct evidence that needs are not being met, thus increasing the scientific validity of the measure and, in light of the results in Table 2, raising its credibility among the community.

Two alternative versions of the approach have been tried. The first defines as poor those whose income is below the poverty line who also experienced at least one of the fourteen hardship indicators shown in Table 4. The second, more restrictive approach, supplements the income poverty measure with the experience of at least one of the six core hardship indicators shown in italics in Table 4. These two new measures and the standard income poverty measure are defined in Table 5.

14 See McColl, Pietsch and Gatenby (2001) and Bray (2001).

Table 4: Indicators of Hardship and Financial Stress

Hardship Indicator	Definition
H1	Cannot afford a week's holiday away from home each year
H2	Cannot afford a night out once a fortnight
H3	Cannot afford to have friends/family over for a meal once a month
H4	Cannot afford a special meal once a week
H5	Cannot afford brand new clothes (usually buy second-hand)
H6	Cannot afford leisure or hobby activities
<i>H7</i>	<i>In the last year due to shortage of money (LYSM), could not pay gas, electricity or telephone on time</i>
<i>H8</i>	<i>LYSM, could not pay car registration or insurance on time</i>
<i>H9</i>	<i>LYSM, pawned or sold something</i>
<i>H10</i>	<i>LYSM, went without meals</i>
<i>H11</i>	<i>LYSM, unable to heat home</i>
<i>H12</i>	<i>LYSM, sought assistance from a welfare or community agency</i>
H13	LYSM, sought financial help from friends or family
H14	Could not raise \$2000 in a week if had to

Note: The core hardship indicators are shown in italics.

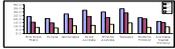
Source: ABS (2000).

Table 5: Specification of the Alternative Poverty Estimates

Version	Specification	Comment
V1	Amended Henderson poverty, base on all households, excluding those reporting a negative income from any source	Reported negative incomes may be unreliable
V2	As V1, but removing from the poverty estimates any household who do not report experiencing at least one of the 14 financial stress indicators	Supplements income poverty with a deprivation measure
V3	As V2, but removing from the poverty estimates any household who do not report experiencing at least one of the 6 core financial stress indicators	A stricter test of the supplementary deprivation approach

Results derived using the three alternative poverty measures (V1, V2 and V3) are shown in Figure 4 for the different family types defined earlier, while Figure 5 compares poverty rates by employment status and Figure 6 by State/Territory. Figure 4, which analyses the profile of poverty by family-type, is the most common way in which poverty has traditionally been analysed in Australia, the estimates having direct relevance to the adequacy of different classes of income support payment.

Figure 6: Poverty (Amended Henderson) and Deprivation by State/Territory



In overall terms, the aggregate poverty rate falls from over 25 per cent on a pure income basis (V1), to 18 per cent when the definition is restricted to the definition V2 shown in Table 5, and to less than 10 per cent when the even stricter deprivation-adjusted measure V3 is used. The latter estimate is of a similar order of magnitude to the core/ constrained poverty measure shown in Table 3. Again, the different poverty measures have a differential impact on different family types and thus affect the composition of poverty. The most striking aspect of this is the very large reduction in poverty among the aged when the income measure as supplemented by evidence of hardship or deprivation. At close to 40 per cent, the poverty rate among sole parent families is more than four times the national rate, once again confirming that this group is particularly prone to poverty, however it is measured.

Figure 5 presents a different perspective on the causes of poverty by presenting poverty rates not by family type, but by employment status. The role that joblessness plays as a cause of poverty is apparent from these results, although it is clear that it is *full-time employment* that is needed to protect against poverty, rather than employment *per se*. There is virtually no poverty among those families with at least one person in a full-time job, pointing to the importance of the full-time job market in alleviating poverty. Having someone in other than full-time employment reduces the risk of poverty, but it remains very high – at over 50 per cent on a pure income basis, and above 20 per cent even when the deprivation-adjusted measure is used.

Finally, Figure 6 compares poverty rates by State/Territory and although the differences are now smaller, they by no means disappear. On an income basis, the State poverty rate varies from 17 per cent in the ACT to over 34 per cent in Tasmania. Although the estimates for the Northern Territory are based on a small sample, the poverty rate of 22 per cent is about average, similar in magnitude to that in Victoria and New South Wales. Here we find that, compared with the income-based measures, the deprivation-adjusted poverty rates show considerably less variability across State/Territories – poverty on the more restricted (V3) measure varying between 8 per cent in Victoria and 15 per cent in Tasmania, with most State poverty rates falling between 8 and 11 per cent.

The State differences shown in Figure 6 are interesting. Unlike the family type differences in Figure 4, the state differences in Figure 6 cannot be attributed to differences in the adequacy of income support payments since these are (with some very minor exceptions) set at the

same level in all States. In part, they reflect differences in the composition of the population in each State, as well as differences in employment patterns and thus in State economic performance. The fact that the State poverty rate differences decline substantially when the deprivation-adjusted poverty measures are used suggests that there may be some substance to the view that State differences in the cost of living allows those with poverty-level incomes in some States to manage on low incomes without experiencing deprivation. This is, however, only a speculative conclusion that requires further examination.

Summary and Conclusions

Concern over the methods used to identify and measure poverty have undermined the credibility of poverty research and created a hiatus that has seen poverty fall off (or be kept off) of the policy agenda. Yet poverty alleviation remains a primary goal of the Australian income-tested social security system and a raft of other public programs (e.g. legal aid and housing assistance) still use poverty status as a way of determining eligibility and targeting resources.

Any poverty measure will always be subject to controversy and contested, but this does not mean that all measures are equally arbitrary, as some have implied. Although any poverty line will embody judgements, some judgements are better than others and the aim is to find those that best reflect the available expert knowledge, are most widely endorsed and most enduring. This is a challenging, but not impossible task.

If poverty research is to be influential, its findings must be able to be communicated to the community in a form that can be readily understood. The poverty line and the headcount poverty rate both meet this important condition and, for this reason, both serve a very valuable purpose. This paper reflects the view that the poverty line is a very important vehicle for communicating research findings and raising community awareness about the nature, causes and consequences of poverty.

There is still an urgent need for an income poverty line, despite its many conceptual limitations and practical imperfections. Most people lives depend principally on their income and everyone can understand what poverty means in terms of income by extrapolating from their own experience. However, more attention needs to be paid to the limitations of the survey-based income measures and, more importantly, the methods used to identify poverty must also incorporate direct observations on deprivation. This is a step towards building a poverty measure that reflects the conditions actually experienced by the poor, although there is much more that needs to be done in this area.

The evidence presented here is consistent with the view that the Henderson poverty line is now set at an inflated level because of the way in which it has been updated over time. This conclusion is drawn from the estimates that show that many of those whose incomes are below the poverty line are not experiencing hardship or deprivation. However, when evidence of low spending or deprivation is used to supplement low income as an indicator of poverty, its level declines but is still high enough to be a cause for concern.

In addition to these aggregate findings, several features of the poverty estimates presented here are robust across all of the alternative measures examined. All measures show that the group with the highest incidence of poverty is sole parent families, whose poverty rate varies from between twice and four times the overall (national) poverty rate. There is also a strong association between joblessness and poverty, with a clear indication that full-time employment is required to escape poverty. Labour market reforms that further undermine the

full-time job market are thus likely to exacerbate poverty. The poverty rate among the aged is high when the conventional (income-based) measure is used, but far lower aged poverty rates are produced by many of the alternative poverty measures. Finally, State differences in income poverty are substantial but become much smaller when a deprivation-adjusted poverty measure is used.

Despite its growing economic prosperity, there are still pockets of poverty in Australian society and some of these are large and enduring. No country can take comfort from its economic performance while poverty still threatens its citizens. A rich country like Australia has the resources to substantially reduce poverty, even to abolish it altogether. But there is a need for convincing evidence to support claims that poverty has immediate and enduring harmful effects before public support can be mobilised to exert the political pressure required to bring about change in our current policy priorities.

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TAMING THE SOCIAL CAPITAL HYDRA?

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Abstract

The second labour of Heracles, the epic struggle with the Hydra, is used as a metaphor for the difficulties that may be encountered in analysing and measuring social capital. In Greek mythology, the Hydra 'had a prodigious dog-like body, and eight or nine snaky heads, one of them immortal. In a sense, social capital is the intellectual equivalent of the Hydra in that it is conceptualised in many different ways. The unquestioning adoption and application of social capital rhetoric is potentially harmful, especially if it distracts policy makers from the real causes of Indigenous poverty and ongoing social exclusion. This article outlines the conceptual and empirical issues that are likely to plague attempts to measure social capital. After discussing some possible roles for social capital in describing Indigenous poverty, the article advocates a modest conceptualisation of social capital that focuses on the structure of social networks.

Introduction

Classical references may have gone out of style in scholarly work, but they can enhance the imagination of the reader by examining issues indirectly or by analogy. This article uses the second labour of Heracles, the epic struggle with the Hydra, as a metaphor for the difficulties that may be encountered in analysing and measuring social capital.

In Greek mythology, the Hydra ‘had a prodigious dog-like body, and eight or nine snaky heads, one of them immortal; but some credit it with fifty, or one hundred, or even ten thousand heads. It was so venomous that its very breath, or the smell of its tracks, could destroy life’ (Graves 1955: 107–110).¹ In a sense, the number of heads was immaterial because killing a non-immortal head would only result in two or three growing in its place. Note that the Hydra was not all bad, or at least without utility, as part of its immortal head was filled with gold!

Social capital is the intellectual equivalent of the Hydra in that it is conceptualised in many different ways. While many of the heads of social capital appear relatively harmless compared to the Hydra, the unquestioning adoption and application of social capital rhetoric is potentially harmful, especially if it distracts policy makers from the real causes of Indigenous poverty and ongoing social exclusion. This article reflects on the efficacy of the construct of social capital as a basis for social policy to reduce Indigenous poverty.

The ‘many-headed’ nature of social capital is evident in the many streams that come under the auspices of the broad concept. In the communitarian tradition it is seen as a public good that is under-invested because it is non-excludable and non-rivalrous. For Coleman (1988), it is close to a private good. While for Portes (1998; 1996) it bears a resemblance to a club good (i.e. a congestible public good). Institutional models of social capital range from a generalised notion of trust to the standard theory of property rights. Clearly, social capital is a multifaceted concept that opens the possibility of rationalising policy action at a number of levels. Woolcock (2001) documents how social capital has been re-invented many times in many different guises. It could be argued without stretching the analogy too far, that some of these new ‘heads’ have grown in the place of other older sociological theories.

This article provides a critical analysis of the theoretical underpinning of social capital, and examines the possibility of empirical measurement of the concept(s), and testing of the theory (or more correctly, a cluster of theories). To provide a focal point for the analysis, the utility of the notion of social capital will be explored in the context of Indigenous Australians, one of the most socially excluded groups in the first-world. Indigenous Australians provide an extreme test of social capital theory that allows us to examine the utility of the concept as a basis for constructive policy.

The Herculean effort required to make sense of the concept of social capital is not without its rewards since it has provided a language for several disciplines (notably sociology, economics and perhaps anthropology) to interact and engage with one another, even though some of the extant communications may have been at cross-

purposes.ⁱⁱ However, these benefits may, arguably be related to the intellectual struggle, rather than the notion itself or the supporting analytical structures.

The remainder of this article is broken into five sections. First, the unique nature of Indigenous poverty is described and a possible role for social capital is briefly introduced. Second, several unresolved definitional issues that plague the concept of social capital are discussed. This leads to the third section that outlines several theoretical criticisms. Fourth, instrumental empirical issues are raised to highlight the difficulties in operationalising the concept. On a more positive note, the final two sections discuss the utility of the concept in Indigenous contexts and highlight some constructive avenues for future research.

The nature of Indigenous poverty: the motivation of a possible role for social capital

The existing instruments for measuring poverty have become disconnected from the life events that cause poverty and deprivation among Indigenous Australians. The concept of income poverty is inadequate with many high-income Indigenous families experiencing as much socioeconomic disadvantage as low income families (Hunter 2001). Indeed, Indigenous Australians are so different from other poor (and rich) Australians, in terms of the nature and extent of destitution experienced, that there is a need for a separate model of Indigenous disadvantage (Hunter 2001). In a literal sense, many Indigenous people are socially excluded from mainstream Australia.

For analytic purposes, social exclusion can be broadly defined as ‘multiple deprivations resulting from a lack of personal, social, political or financial opportunities’. While the economist’s notion of poverty is primarily focused on contemporary distributional issues, the notion of social exclusion focuses on inadequate social participation, lack of social integration, and lack of power (Room 1995). Note that social exclusion is an intrinsically dynamic concept, and is descriptive of a condition that develops over time after prolonged social isolation and deprivation. In contrast, poverty is a static concept defined by whether an individual, family or household have sufficient income at a particular point of time.

The language of social exclusion is appealing as a description of Indigenous poverty as it gives the flavour of entrenched disadvantage being conditioned by historical, social, and cultural circumstances facing individuals. The distinguishing feature of the Indigenous poor is the depth of Indigenous poverty they experience across a range of welfare indicators. That is, poor outcomes in various spheres of life are not confined to those conventionally defined as poor in the Indigenous community (i.e., poor in terms of income). Simply increasing the financial resources available to the Indigenous ‘poor’ may not be sufficient to alleviate their particular form of poverty. Perhaps more importantly the inter-related nature of Indigenous poverty means that a direct assault on Indigenous disadvantage is unlikely to be successful—this interconnectedness has profound implications for the efficacy of the current policy of ‘practical reconciliation’ (Altman & Hunter 2003).

Any enthusiasm for social exclusion as a construct to analyse Indigenous poverty must be tempered by the fact that it remains a rather slippery concept that has proved remarkably difficult to operationalise and measure (Bradshaw 2003).

One possibility for adding (theoretical) structure to the analysis of social exclusion is to examine the network of relationships, or the lack of networks, in which social exclusion is perpetuated. A potentially important theoretical issue in this area has been the development of the concept of ‘social capital’—a concept that emphasises both the structure and quality of social relationships.

Despite the diversity of uses of the term, social capital can be defined as networks of social relations which are characterised by norms of trust and reciprocity and which lead to mutually beneficial outcomes (Bourdieu 1993; Coleman 1988). Thus, social capital can be understood as a resource for collective action, although the nature or ownership of the resource can be disputed. For individuals, this can mean access to social connections that help the processes of getting by or getting ahead. For communities, social capital reflects the ability of community members to participate, cooperate, and interact (Putnam 1995).

Social capital arising from social networks has been classified into three types: bonding; bridging; and linking (Woolcock & Narayan 2000). Bonding social capital is said to exist in dense or closed networks (e.g. among immediate family and friends). Bridging social capital involves overlapping networks that may make resources accessible across various networks. A closely related, but arguably distinct concept, is ‘linking’ social capital that involves social relationships with those in authority or positions of power, which is also useful for securing resources.

Social capital is not unambiguously positive. Portes (1998) identifies four possible negative consequences: the exclusion of outsiders; excessive claims on group members; restrictions on freedoms of individuals; and, downward levelling of norms. For example, if Indigenous social networks are largely confined to the jobless, then such reductions in expectations can become a self-fulfilling prophesy whereby people fail to see the advantages in gaining further education. This, in turn, diminishes the skill acquisition that facilitates entry into the labour market.

The utility of the notion of social capital lies in its flexibility and the consequent ability to explain negative spillovers of certain social relationships. That is, not all social networks are equally useful in progressing the interests of individuals or indeed, the group. For example, even if Indigenous job seekers have well-developed social networks within the Indigenous community; their contacts may be useless in securing work in the mainstream job markets. Indeed, social networks in Indigenous communities may reinforce existing poor levels of motivation, and ultimately individuals’ aspirations.

While the general notion of social capital shows promise in terms of its ability to explain ongoing Indigenous disadvantage, the panoply of definitions and lack of theoretical clarity threaten to undermine its potential contributions to the policy debate.

The Social Capital ‘Hydra’: Definitional difficulties

The concept of social capital is sometimes criticised as being too broad to provide a useful theoretical framework (Putzel 1997). The mechanisms through which social capital can affect a range of outcomes need to be made explicit if they are to provide a credible framework for analysis. For example, the benefits of social capital may be incidental, and not easily modelled or captured by academics or policy-makers. People may get jobs through networks of friendship, but they probably do not join networks primarily for this purpose (Arrow 2000).

Despite some agreement from the various disciplines of the main roles and functions of social capital, this has not led to a consensus about its conceptualisation (Van Deth 2003). Van Deth claims that the bewildering number of different aspects, characteristics, indicators and dimensions of social capital makes a common understanding rather unlikely. He quotes the OECD (2001: 91) who claim that ‘much of what is relevant to social capital is tacit and relational, defying easy measurement or codification’. However, without precise definition of social capital, virtually no definitive conclusions or implications for operationalisation can be deduced.

Some researchers claim that the lack of specific *a priori* definitions is an integral part of the conceptualisation of social capital. In the case of functional approaches, the exact form of social capital is irrelevant as long as it performs the functions (Van Deth 2003: 81). This rationalisation is rather disingenuous (or deluded) since it is not possible to claim something is performing a function if one could not define or identify the phenomenon. Stated another way, it is not possible to interpret data without a clearly defined theory, so it would be impossible to identify whether or not a function was being fulfilled by ‘social capital’ or something else.

One of the orthodoxies arising in the literature is that one can distinguish between the structural and cultural aspects of social capital (Bourdieu 1986; Bourdieu 1993). Connections or networks are seen as structural whereas the cultural aspects of social capital are defined in terms of the norms, manners, customs etc. related to these networks. While this distinction offers the prospect for refining the conceptualisation, it is also necessary to be clear whether social capital is the ‘property’ of individuals or is a collective good, by definition available to each citizen involved (Van Deth 2003). The public good (or public bad) aspect of social capital is likely to be particularly relevant for Indigenous Australians for whom reciprocal obligations are a prominent feature of their social relations (Hunter 2000).

The position on whether social capital is either collective or individual in nature is heavily influenced by one’s disciplinary perspective. Woolcock (2001: 12), a sociologist with the World Bank, claims that whereas human capital resides in individuals, social capital resides in relationships. Much of the interest in social capital from economists has been fuelled by a definition that includes not only the structure of networks and social relations, but more individualistic behavioural dispositions and macro-institutional measures (‘rule of law’, ‘contract enforceability’ ‘civil liberties’).

The ‘panoply of micro and macro measures of ‘social capital’—and their corresponding eclectic theoretical frameworks—has led many critics to accuse social capital of being all things to all people (and hence nothing to anyone)’ (Woolcock 2001). One strategy

to address this criticism has been to refer to macro-institutional issues under a separate banner, calling them instead ‘social capabilities’, ‘social cohesion’, ‘social infrastructure’. This has the advantage of making social capital more analytically tractable and resolve disciplinary tensions within the social capital literature.

Another approach has been to advocate a leaner conceptualisation of social capital that focuses on sources of social capital (i.e. networks), rather than on consequences such as trust, tolerance, and cooperation (see Woolcock 2001). Before providing a critical appraisal it is important to briefly outline the various streams of thought in social capital theory.

Woolcock and Narayan (2000: 229) describes several conceptualisations of social capital: The *communitarian* perspective equates social capital within such local organisations as clubs, associations, and civic groups. However, evidence from the developing world demonstrates why merely having high levels of social solidarity or informal groups does not necessarily lead to economic prosperity (2000: 230).

The *networks* view of social capital stresses the ‘importance of vertical as well as horizontal associations between people and of relations within and among such organisational entities as community groups and firms’ (Woolcock & Narayan 2000: 230). The networks view is particularly relevant in the Indigenous context as social capital conceived in this way can have negative consequences with considerable claims on member’s sense of obligation and commitment. Indeed, group loyalties can be so strong that they isolate members from information about employment opportunities, foster a climate of ridicule towards efforts to study and work hard, or siphon off hard-won assets (2000: 231). Woolcock and Narayan provide a diagram that illustrates how the relationship between social capital and poverty transitions depends on the balance of emphasise on bonding and bridging social capital (2000: 232).

The *institutional* view of social capital emphasises the role of political, legal and institutional environment in determining the vitality of community networks and civil society (Woolcock & Narayan 2000: 234–5). In the context of Australia, notions of a civility are largely defined in terms of ‘white’ society. Note that even if certain macro aspects of social capital are syphoned off under the banners of ‘social capabilities’ etc, a strategy referred to in Woolcock (2001), there is still a role for institutional factors to explain the efficacy of social networks in achieving certain goals. One issue for the institutional view is that it can lack a micro foundation to its theoretical perspective. This is not to say that macro-aspects of social capital are not valid, rather that such aspects can be difficult to reconcile with the micro perspectives.

Woolcock and Narayan (2000) advocate a *synergy* view that combines the *institutional* and *network* approaches to social capital. They dismiss the difficulties in reconciling the macro and micro aspects of these two largely competing views of social capital. They suggest that the central task for policy analysis is to show how to transform situations where a community’s social capital substitutes for weak, hostile, or indifferent formal institutions into situations in which both realms complement one another. While this is a laudable goal, it is easier said than done.

Having outlined the concepts underlying the broad streams of social capital theory, it is important to remember that the term is itself controversial. Many economists see the growing literature on social capital as an attempt to gain conviction from a bad analogy (e.g., Solow 2000: 8).ⁱⁱⁱ Arrow (2000) urges the abandonment of the metaphor of capital and the term, 'social capital'. To neo-classical economists, the term capital implies three aspects: usage over time, deliberate sacrifice of the present for future benefits, and alienability. The first aspect may hold in part in terms of building a reputation or a trust relation. But these are not like a physical investment; a little trust is almost useless.

Social capital certainly fails to meet the second part of Arrow's (2000) definition of capital. The essence of social networks is that they are built up for reasons other than their economic value to the participants. Indeed, this is what gives them their value in monitoring the group members. For example, the information from social networks about individual members or their actions are only credible to the extent that the group's trust has not been compromised by internal competition for economic resources.

Social capital certainly should not be called 'capital' if the definition demanded that it must be either alienable or portable (Arrow 2000). Even if you introduce someone into a group, it may not be possible to transfer other's trust to this third party. However, the condition of portability may be too strong given that education or 'human capital' is not transferable. The presence of irreversible investments means that even physical capital could fail this rather restrictive definition.

This article now reflects on the broad theoretical criticisms of the concept, before documenting the prospects for a valid empirical test of social capital theory.

Theoretical Concerns about 'Social' Capital

In a recent Fabian Society Pamphlet, Christopher Scanlon (2004: BB3) documents several criticisms of social capital that can be summarised as:

In short, social capital is an attempt to have relations of trust, reciprocity, tolerance and mutual obligation without having to bother too much about the deeper cultural mooring points to which those relations are tied.

While I share some of the concerns of Scanlon, he tends to overstate the case. For example, the use of the term social capital does not automatically make a person 'unwitting dupes lending legitimacy to a larger project' of neo-liberal market-driven ideology (Scanlon 2004: BB4). A more prudent and accurate way of expressing a similar sentiment is that the poorly integrated and under-theorised nature of social capital literature may lend itself to disingenuous uses of the concept.

Scanlon does however, make good use of quotes from Karl Marx to illustrate that: 'particular objects like land, machinery and money are *under certain circumstances capital, but are not capital in themselves*. It is only when they enter into particular social relations that they function as capital' (2004: BB4). In a sense, the term social capital is tautological for a Marxist.

Therefore, one weakness of social capital theory is that it is largely formulated without reference to social class. In describing the structures of power, Max Weber describes the ‘factor that creates ‘class’ is unambiguous economic interest’ (Gerth & Wright Mills 1970). It is hard to conceive of a change in the network that does not affect economic interest, and hence the failure to take explicit account of class is a significant failing of the social capital literature.

It is possible that if social capital is truly a public good (i.e. it is non-rivalrous and non-excludable), as some commentators appear to think, then class interests may not be affected by augmentations and fluctuations in social capital for a particular group. However, the vehement reaction of many propertied groups in the debate on native title illustrate that such groups feel threatened over the perceived competition for ‘their’ (sic) land—class interest still exists in Australia. For Indigenous Australians at least, the historical exclusion from ‘elites’ and mainstream ‘power structures’ need to be addressed before tinkering with social networks.

Mancur Olson (1965) suggested that elites got together to boost the prospect for political advantage. Note that Olson analysed the logic of collective action within a context of individually oriented objectives using a game theoretic framework, and hence is not necessarily compatible with collective interpretations of social capital or class analysis (e.g. Marxist).

There is nothing that necessarily precludes social capital from being located within a more comprehensive view of collective action. Indeed, it could be argued that the synergy perspective attempts to do just that. The main problem is the extent to which this form of social capital theory can be tested or measured empirically. Put another way, since empirical analysis must hold certain things constant to be operationalised, the question must be asked whether a ‘multifaceted’ and ‘lightly-defined’ social capital theory controls for enough factors to be distinguished from competing theoretical perspectives.

Discrimination is possibly a special form of social competition based on racial characteristics. Hunter (2004) illustrates that the scope for labour market discrimination against Indigenous Australians is enormous, with discrimination being more likely to occur in the process of securing and retaining employment rather than in the wage setting process. From a social capital perspective, addressing discrimination requires that non-Indigenous social and economic networks need to be more open to the Indigenous population. Arrow (1998) postulates that social segregation may give rise to labour market segregation if local social networks are used for job referrals. In such circumstances, discrimination may not have costs for the employers, and may actually reward discrimination if social networks are sufficiently ‘dense’.

However, there are many competing theories of discrimination that do not necessarily use networks or social capital to explain the phenomenon. Employers that persist in discriminating could be said to be indulging a taste for discrimination (see Arrow 1998). Statistical discrimination—where employers who believe that one group has a lower average productivity than other workers use membership of the group as ‘information’ in hiring workers—has the potential to be more persistent if labour market segregation

reinforce the belief in racial differences. If the group who is discriminated against is relatively small, these employer's beliefs are not challenged by the facts.

Even if one believes that social capital, and access to social networks have certain characteristics usually associated with public goods (or more accurately a 'club goods'), there may be indirect avenues for class interest to assert themselves. Social status is a relative phenomenon with classes being somewhat fluid, and is partially determined by current consumption.

In *The Social Limits to Growth*, Fred Hirsch (1976) argued that 'as the level of average consumption rises, an increasing portion of consumption takes on a social as well as an individual aspect'. One of the social aspects of consumption that Hirsch was concerned about was that of status-seeking, in which individuals use consumption as a means of achieving social status (i.e., the consumption of what he defined as 'positional goods'). The importance of such socially constructed goods is in explaining the observation that, as people become richer, their levels of material frustration do not appear to diminish. Since the supply of positional goods is fixed in Hirsch's analysis, policy prescription must be directed toward reduction of positional demand. For example, social resources will be wasted competing for positional goods such as homes in 'good' suburbs.

Social capital theory argues that social context can be an asset for individual and groups, but Hirsch (1976) is concerned that social context also effects the acquisition and consumption of goods and services, which he asserts has led to the modern state of 'commodity fetishism'.^{iv} Many other social scientists emphasise importance of the social and cultural context of consumption, especially Thorstein Veblen (1902: 68–101) who developed the notion of conspicuous consumption. However, the importance of Hirsch's contribution is in the elaboration of several mechanisms by which the consumption used to secure status can be socially wasteful.

Therefore social capital misses one of the major influences of social context on individual and societal welfare, that competition for positional goods reduces aggregate wellbeing. In the language of social capital, to the extent that people are competing for bridging social capital, the resources involved may be wasted as the number of people who can have social status is limited. Hirsch's formulation can be summarised as a *zero-sum game* whereby socially wasteful competition for social status occurs through consumption of positional goods. While it may be possible to increase the intensity of involvement of high status people in social networks, one must question the extent to which they have incentive to do so since successful building of bridging social capital of the socially excluded may diminish their status.^v

Solow (2000) provides a further criticism of the utility of the term social capital. Contracts are almost always incomplete and the transaction costs of exchange in the market will be lower, defensive behaviour diminished, and economic performance better if the parties can expect each other to be 'reasonable' or non-exploitative. A reputation for trustworthiness in this sense can be highly valuable. While a reputation can be built up by repeated exhibitions of trustworthy behaviour in similar circumstances, many economically important situations are too anonymous or too idiosyncratic or too rare for reputation building to be a useful strategy.

Another theoretical concern is that the rather eclectic theoretical frameworks, and wide variety of definitions of social capital used, seems to violate Ockham's razor—the scientific principle that in explaining any phenomenon, we should use no more explanatory concepts than are absolutely necessary. For example, the deliberate vagueness of some social capital theorist seems to keep options open for using several concepts (at different levels of analysis). While the move towards a leaner version of social capital may be reasonably consistent with the famous dictum, the use of multiple levels of analysis leads to substantial problems in our ability to measure the concepts underlying social capital theory.

Measurement Problems for Social Capital

The measurement of the validity of the various conceptualisations of social capital, and other potential explanations of the social data, needs to set criteria against which the theory can be assessed. Two or more theories are 'observationally equivalent' if extant (or even any conceivable) data collections cannot distinguish between the competing theories. In a sense, this is a problem for the theory being examined in that it is not sufficiently precise to make accurate predictions about the relationships one would expect to find in the data. Researchers combining limited data with different maintained assumptions can, and often do reach different logically valid conclusions (Manski 1995: 3).

A related issue is the identification problem, by which an empirical researcher seeks to characterise the conclusions that could be drawn if one could obtain an unlimited number of observations (Manski 1995). That is, certain conclusions may not be possible unless strong assumptions are invoked. Notwithstanding, Manski (1995) makes a plea to tolerate ambiguity as the credibility of social science would be higher if we strive to offer predictions under a range of plausible hypotheses that are consistent with the available evidence. Manski's plea should not be taken as a licence for loose theorising because the plausible hypothesis must be clear enough that it can be validly claimed it is consistent with the data.

Themes like social cohesion, engagement in networks, civic orientation, obligations, or norms of reciprocity have a long tradition in social sciences, long before the notion of social capital became fashionable in the 1990s (Van Deth 2003: 86). One important issue for the use of existing data sets is that they were collected and informed by existing (non-social capital) theories, and any attempt to re-interpret the data in terms of social capital may be somewhat forced. Consequently, the collection of new data informed by social capital theory is vitally important for testing the validity or otherwise of the theory.

Karl Popper (1959) claimed that all theories must be judged ultimately in terms of their falsifiable predictions, a position to which many modern economists subscribe (see Blaug 1976: 828). One implication of the Popperian notion of falsifiability is that if a hypothesis cannot be falsified (e.g. creationism, religion etc.), then it doesn't add to our quantum of knowledge. Given that social capital is often motivated in terms of its complementary relationship with human capital, it is interesting that Blaug has criticised the falsifiability of human capital theory and the so-called protective belt of that theory

(i.e. the auxiliary assumptions required to form specific testable theories). A useful avenue for future research is to engage in a robust debate on the extent of falsifiability of social capital theory. Following Popper's reasoning, qualitative data should be collected in a way to maximise the possibility that the social capital hypothesis can be disproved with case studies being chosen as extreme examples that are more likely to be consistent with other theories.

Given that social capital is a hypothesis that involves multi-level analysis (individual, family, community, and society), the main problem for empirical analysis is the intrinsic difficulty in conducting cross-level inference. The ecological fallacy (also known as the fallacy of composition) is that the relationships within a large group may be different from the theoretical and observed relationships for individuals or smaller groups. Since the ecological fallacy was first identified, most methodological discussions have focused on modifying the strict prohibition against downward cross-level inference (i.e. the inference from data collected for larger units to lower units of analysis)—however, Firebaugh (1978) shows that the fallacy is only an issue where there are causal group effects or externalities. Firebaugh notes that externalities are most likely to occur in groups where members interact and share relevant life experiences. Given that social capital theory often involves reference to externalities and public goods, it is an unavoidable issue that needs to be addressed when measuring social capital.

The obvious answer is to collect data at several levels but ensuring that the basic data are collected at an individual level. However, the ABS (2000) questions whether social capital can be measured by aggregating information collected from individuals, especially if it is a property of social interactions is collective, and therefore cannot be held by individuals. The ABS paper goes on to question whether the ABS household surveys are useful means for obtaining such information, especially if social capital is measured at the community level. For example, the sample sizes of community (e.g. small area or collection district) data in household surveys are rarely large enough to ensure that estimates are reasonably accurate? In spite of such issues, the ABS has gone on to develop data collections for social capital, most notably in the General Social Survey and the Indigenous Social Survey (ABS 2004).

Van Deth (2003) documents the pitfalls of using aggregate measures for collective phenomena. It is more difficult to develop strategies to measure social capital as a collective, rather an individual, phenomena. While it may be possible to develop collective indicators using individual level data when dealing with some aspects of social capital (e.g. the densities of networks), it is more difficult where simple aggregation is less valid. For example, do aggregate survey data about trust really measure the amount of trust available as a collective good for all citizens as implied by some social capital theorists (Van Deth 2003: 87). Either the social capital theory has to clearly specify the relationship between the individual and collective aspects, or an attempt has to be made to separately measure the collective phenomenon.

Given the potential difficulties in aggregating individual data to estimate data for social groups, the higher level data might be estimated 'directly' using responses from a representative of a community organisation. While this avoids the aggregation issue, it is difficult to pin down what the differences between the representative response and the

aggregated individual responses might mean. That is, do any differences in data collected reflect biases in the representative's response or inherent problems in the aggregation procedure used?

One of the strengths of social capital theory is it provides an explanation for local contexts. However, this also implies a contextual dependency whereby it may be hard to develop standardised identical measures. Consequently, it is necessary to assess the validity of social capital indicators in different settings (cross-cultural and longitudinal) (Van Deth 2003: 86). This is particularly relevant for Indigenous Australians for whom cultural norms are clearly different from other Australians. Even within Indigenous Australia there are large variations in cultural practices and social contexts that need to be taken into account.

Van Deth (2003: 89) also claims that the conceptual heterogeneity of social capital theory is not reflected in a diversity of empirical approaches, at least to the extent that he anticipated. He advocates the use of multi-method and multi-level strategies to capture the multifaceted nature of social capital. This line of argument is reminiscent of the empirical literature that attempts to measure social exclusion (Bradshaw 2003). Given the inconclusive nature of the social exclusion literature, this strategy may also be a risky strategy for social capital theory.

Woolcock (2001: 12) emphasises the qualitative aspects of social capital research. At a minimum, the construction of survey instruments to measure social capital should follow intensive periods in the field, ascertaining the most appropriate way to ask the necessary questions. Qualitative data also needs to be collected to ascertain the relative importance of aggregation and other problems.

Addressing Indigenous Disadvantage through Social Capital?

Before uncritically importing terms like social capital, it is necessary to analyse how useful these concepts are cross-culturally in understanding Indigenous disadvantage. For example, not having any employment in the Australian labour market may actually empower many Indigenous peoples to hunt, fish, paint and live on their traditional land or 'country'. Indeed, the extra hours of 'spare' time may facilitate more extensive participation in ceremonial activities, thus increasing what may be defined as 'social capital' (Hunter 2000).

In addition to such cross-cultural critiques, some forms of employment may actually diminish the extent of shared values and trust that may exist among Indigenous groups. Work which involves or leads to frequent relocation of the workforce, such as some types of casual or seasonal work, could uproot the worker's family and thus lessen their links to the local community. Clearly, the relationship between social capital and Indigenous unemployment is not simple.

Bourdieu (1993: 33) sees the family as the main site of accumulation and transmission of social capital. However, if family ties become too strong, they may crowd out the weaker ties of the community. Allegiance is to family and kin and trust may not extend beyond the bounds of the extended family. In some cases, there appears to be something of an inverse relationship between the bonds of trust and reciprocity inside and outside

the family; when one is very strong the other tends to be very weak. Notwithstanding such hypotheses, in the context of Indigenous Australia the notion of family and community are not clearly defined and therefore empirical studies of social capital will have difficulties in using family data to test the theory (Morphy 2002).

Portes (1998) defined four (sociological) sources of social capital. They are value introjection, bounded solidarity, reciprocity of exchanges, and enforceable trust. Each of these will be examined briefly with reference to the circumstances in which Indigenous Australians find themselves.

Value introjection is a source of social capital that comes from shared values or cultural beliefs. Berndt and Berndt (1988) identify the heterogeneous nature of Indigenous Australia but maintain that there are commonalities across social groups. One such commonality that has survived colonisation is the importance of kin in everyday life (e.g., see Schwab 1991: 35).

Bounded solidarity is another source of social capital springing from like people being in like circumstances. Finlayson (1991) describes a cycle of feast and famine in the Kuranda Indigenous community of North Queensland. In this welfare dependent community, household expenditure is linked with the welfare payment week so that resources are scarce in the days leading up to 'pay day'. During this time resources are shared more widely, thereby lessening the adverse impact of financial deprivation.

The third source of social capital mentioned by Portes is *the reciprocity of exchanges*. Berndt and Berndt (1988) describe the reciprocal nature of exchanges in traditional Indigenous society. Schwab (1995) also looks at sharing and reciprocity in Aboriginal families and says that sharing is based on demand, but constrained by a delicate balance between what it is appropriate to demand and what it is appropriate to refuse. If excessive or unreasonable demands are to be denied, then strategic behaviour must be adopted so that neither party is shamed or embarrassed.

The final source of social capital mentioned by Portes is that of *enforceable trust*. This is the mechanism that maintains the reciprocal obligations and social norms existing within an Indigenous community. The ability to share is a direct expression of Aboriginality, with enforceable trust benefiting both the recipient (in the form of access to resources) and the donor (in the form of group approval). Trust exists in these situations because the obligation to share is enforceable through the power of the community.

Portes' review also teases out the four major negative consequences of social capital. They are the exclusion of outsiders, excessive claims on group members, restrictions on the freedom of individuals, and the downward levelling of norms.

The *exclusion of outsiders* may be problematic in Indigenous communities, but for reasons different to those described by Portes. He asserts that the exclusion of outsiders is a problem because it restricts benefits to those within the group. However, in the case of Indigenous Australians the exclusion of outsiders prevents adequate service provision, especially in the areas of education and health: it restricts benefits from reaching the group.

The second possible negative effect of social capital, that of *excessive claims on group members*, is quite prevalent in Indigenous societies today. Schwab (1995) notes that despite the philosophy of reciprocity espoused by many Indigenous Australians, generosity does not flow from recognition of need, it is more often demanded. It is this notion of ‘demand sharing’, supported through obligatory relationships, that can lead to excessive claims on some group members.

Family solidarity may impose *restrictions on the freedom of individuals*. Here, norm observance, or acting within predetermined cultural parameters, may restrict personal freedoms. An example of this was given in the section on reciprocity of exchanges: when a demand for resources is denied there are financial and social consequences.

The final negative effect identified by Portes is what he calls *a downward levelling of norms*. Portes sites examples where a downward levelling of norms has been preceded by a lengthy period of restricted mobility caused by outside discrimination. Expectations about future life course become a self-fulfilling prophesy, limiting education and employment prospects. These reductions in expectations are often associated with socially unacceptable codes of conduct. This convergence of norms may serve to increase the solidarity of group members and reinforce the exclusion of outsiders. Downward levelling of norms can impact indirectly through the failure to see the value in gaining further education and in diminishing the skill acquisition that facilitates entry into the labour market.

Note that the downward levelling of norms may also result from external sources with others expecting less from Indigenous people because they are perceived to belong to a dysfunctional group. Consequently, statistical discrimination may have a role in explaining the negative effects of social capital.

Bounded solidarity and enforceable trust can lead in some circumstances to negative social outcomes and a deteriorating level of social control. The abuse of alcohol in Indigenous communities has vast implications for the intergenerational transfer of cultural norms and their impact on social control (Martin 1998). Aboriginal people themselves are aware of the problem and consequences of alcohol abuse—indeed, the concern about excessive alcohol use was raised in the Royal Commission into Aboriginal Deaths in Custody and also identified in the NATSIS. Almost three-quarters of Aboriginal and Torres Strait Islanders reported alcohol as a substance abuse problem within their household (ABS 1995: 22).

The so-called ‘dark side’ (sic) of social capital is important and needs to be understood (Putzel 1997). When interpreting social capital variables in the context of Indigenous disadvantage and prolonged unemployment, it is important to be aware how some indicators of social capital may act to reinforce the restrictions on individual opportunity and lower the aspirations of many Indigenous people.

Social capital theory is articulated at a level abstract enough to encompass the experiences of many Indigenous Australians. Ironically, it is the under-theorised nature of social capital, rather than a lack of data, which is the major impediment to empirical analysis. The social capital literature, at least as described by Portes, provides a detailed framework for understanding the social processes, but does little to further our

understanding of why such processes could be described as ‘capital’. Unless more attention is paid to modelling exactly how these social exchanges add (or subtract) economic value to individuals or groups, then the term social capital is little more than a metaphor. People undoubtedly will try to use the social structure as a resource to further their interests, but the concept of social capital lacks sufficient analytical content and does not provide an adequate model of how this might be achieved.

Sutherland (2003) motivates her call for a whole-of-government approach within an Indigenous school in the ACT in terms of both the ‘learning community’ and social capital literature.^{vi} While she convincingly demonstrates the need to cultivate and nurture Indigenous trust in educational institutions, Sutherland’s position can also be justified using other theoretical perspectives, including class-based analysis.

Notwithstanding the overall limitations of the social capital literature, social networks can obviously augment economic value for Indigenous Australians. Labour market studies point to ‘friends and relatives’ as being the most heavily utilised method of job search among Indigenous and other Australian youth (Gray & Hunter 2000; Heath 1999). If the social networks of Indigenous people are confined to unemployed and other socially excluded individuals, then this search method is unlikely to be of much assistance in finding a job. Expressing this in a more positive way, if the social capital of Indigenous youth can be developed to extend their networks into the labour force, there are likely to be significant gains in Indigenous employment.

In summary, the introduction of the term social capital may have marginally enhanced the debate about Indigenous disadvantage. However, unless there is a critical engagement with the concept, especially the ability of social capital research to empirically demonstrate the importance of the social and institutional context of Indigenous poverty, these gains will be dissipated by those who seek to justify a particular position in terms of disingenuous rhetoric.

Can the Social Capital Hydra be Tamed?

It is pertinent to remember that the Hydra in Greek mythology protected the Lernaean cave for the goddess Hera. Extending the metaphor at the beginning of this article further, the concept of social capital may also be useful in protecting the status quo in the modern era. For example, as most Indigenous people place a great deal of emphasis on kin relationships, it may be relatively easy for them to interpret social capital literature in their own cultural and linguistic terms. However, while some disadvantaged people find some resonance in the notion of social capital, they are unlikely to be talking about the same concept as prominent politicians, including Australia’s Prime Minister (John Howard), and other senior politicians (e.g. Peter Costello and Mark Latham). The lack of clarity in the conceptualisation of social capital Hydra is what makes it potentially dangerous.

This article has attempted to argue for a more modest conceptualisation of social capital that is amenable to empirical analysis, and hence can be used as a basis for useful policy advice. A clearly formulated theory of social networks is rather like the gold hidden away in the Hydra’s head—it is dangerous to procure but may be ultimately worthwhile.

By seeking a more precise definition of social capital, I am not seeking to ignore the broader social and institutional context. Indeed, I believe it is important to recognise that power structures inform the meaning and organisation of social relationships. However, the point is that social capital must have theoretical content that is both distinguishable from other theories and empirically measurable.

For Popper (1963), all scientific criticism must be piecemeal—that is, he holds that it is not possible to question every aspect of a theory at once. More precisely, while attempting to resolve a particular problem a scientist necessarily accepts all kinds of things as unproblematic. Popper develops his notion of *verisimilitude* to deal with theories which are *at best* approximations (1963: 235). This is often the case in the social sciences, and is clearly true for social capital theory. *Verisimilitude* describes the incremental movement towards theories with the greatest ‘truth-value’.

At this early stage of development of social capital, the best strategy is to formulate hypotheses that are clearly falsifiable. Unfortunately, the difficulties in operationalising tests of multi-level hypothesis means that the more powerful tests of the theory will probably be conducted at either the individual or aggregate levels, but not a combination of both. The incremental insights gained into the processes underlying social capital from carefully constructed empirical tests of the theory (and hence converge towards ‘better’ theories through the Popperian process of *verisimilitude*) should eventually allow a multi-level social capital theory to be constructed on a less ad hoc basis. This strategy is not without risk because this may lead to the rejection of ‘true’ hypothesis if there is a significant correlation between the single-level and multiple-level effects. However, if such correlations are second order issues, as I believe, then focussing on data for individuals will maximise the prospect for rejecting hypotheses without substantial truth-value.

It is difficult to think of a single prediction arising from social capital theory that is falsifiable. For example, given that bonding social capital can have positive and negative consequences, to the extent that all people have such networks, it is possible that ‘investments’ in social networks may not yield additional economic resources. An even more telling point is that the more complex the account of social capital, the more room there is for ad hoc rationalisation of outcomes that contradict any predictions of the theory. The more scope there is for institutional and multi-level influences, the easier it is to explain apparent contradictions of the theory. While falsifiability is something to aspire to, it may be unreasonable to expect a wide-ranging theory such as social capital to embrace it. However, in such circumstances it is valid to question whether social capital has more in common with a religion than a scientific endeavour.

The Productivity Commission (2003: 56) recognised that people or societies could ‘over-invest’ in social capital because the expenditure of effort to form social capital precludes the expenditure of that same effort on other matters. For example, beyond some point, additional time spent networking may eat unduly into time spent working or looking for work. Social capital is obviously not a panacea, and more of it is not necessarily better. This observation is particularly relevant in the context of Indigenous Australians for whom the composition of social networks is likely to be crucially important. For Indigenous Australians the most productive research strategy would be to

focus on the role of networks in the process of social capital formation, before developing a more grand theory of Indigenous social capital that encompasses multiple levels of analysis.

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Notes

- i. The Hydra was a monster that was reared by the goddess Hera as a menace to the Hero Heracles. Heracles forced the Hydra to emerge by pelting it with burning arrows, and then held his breath while he caught hold of it. He set alight one corner of a grove of sacred plane-tree in order to prevent the Hydra growing new heads (by searing their roots with blazing branches). Heracles then severed the immortal head with a sword, and buried it still hissing. He disembowelled the carcass and dipped his arrows in the gall so that the least wound from one of them was invariably fatal.
- ii. Hercules was the Roman equivalent of Heracles.
- iii. The appeal to authority by the use of the word 'capital' is ironic given a history of controversy of how to measure the value of physical capital (e.g., the Cambridge controversy of the 1960s, see Harcourt 1972).

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- iv. Orthodox economic analysis is concerned with the commodities people have, not with the way people get them. For example, the arguments of a neoclassical utility function are not affected by the social, cultural or historical contexts.
 - v. Another issue is the physical and emotional limitation of individual to actively engage in social networks. This is social networks analogy of 'bounded rationality'—the fact that most individuals have a limited cognitive ability, which means that they fail to live up to the ideal of *homo economicus* in neo-classical models.
 - vi. Sutherland is probably overly sanguine about the positive aspects of social capital generated within an Indigenous schools, in that she does not explicitly acknowledge the possibility that excessive bonding social capital may have negative consequences (e.g. downward levelling of norms etc) in terms of their ability to engage with the mainstream economic system. Notwithstanding, her argument is driven by the fact that bonding social capital is crucial for building a sustainable and healthy Indigenous community.

SOCIAL CAPITAL IN THE CONTEXTS OF YOLNGU LIFE

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Abstract

The notion of social capital has had wide currency in mainstream social policy debate in recent years, with commonly-used definitions emphasising three factors: norms, networks and trust. Yolngu Aboriginal people have their own perspectives on norms, networks and trust relationships. This paper uses concepts from Yolngu philosophy to explore these factors in three contexts: at the former mission settlements, at homeland centres (outstations) and among 'long-grassers' in Darwin. In Yolngu life, *mulkurr* (head) and *djalkiri* (foot) form behavioural norms; *gurrutu* (kinship) defines social networks; and *maar* (strength, power) is an indicator of trust. These components of Yolngu social capital have sometimes been strengthened and sometimes weakened by post-contact social development. At the major centralised settlements (former missions) they have been attacked and undermined; at homeland centres (outstations) they have been confirmed and remain strong; and among long-grassers in Darwin they are still held out as representing ethical behaviour. The persistence of these components of social capital at different levels in particular contexts should be seen by government policy-makers as an opportunity to engage in a social development dialogue with Yolngu, aimed at identifying the specific contexts in which Yolngu social capital can be maximised.

Introduction

Politicians from Peter Costello to Mark Latham, as well as representatives of many non-government organisations, have bought into the notion of Social Capital. Falk (2002), following Putnam, defines social capital as "the social values (norms), networks and trust that resource a group's purposeful action". The World Bank refers to social capital as "the institutions, relationships and norms that shape the quality and quantity of a society's

social interactions”¹⁵. Now that the concept seems to be gaining some traction in policy debates, it is time to assess its application to a specific example of Indigenous affairs. Or vice versa.

In his recent Blue Book, Christopher Scanlon (2004) investigates ‘ the asocial life of social capital’, pointing to ways in which the concept is (mis)used to focus on relations of trust, reciprocity, tolerance and mutual obligation ‘without having to bother too much about the deeper cultural mooring points to which those relations are tied, and without which they would be impossible.’ (p. 3)

Its enthusiastic embrace by the conservative side of politics reflects the way social capital has in recent years become ‘a particular way of thinking about and constituting community, one that reconstitutes community in a form that is seamlessly compatible with the market.’ (p. 4) Yet another step in the ‘normalization of the market as the underlying model for social life.’ (p. 4)

This conceptualization represents a considerable decay from the original formulation of Pierre Bourdieu in whose hands, Scanlon notes, ‘it is inextricably tied to an analysis of social life as characterised by social and economic conflict and tension.’¹⁶ (p. 5)

The Yolngu Aboriginal people of Northeast Arnhem Land have their own traditional perspectives on the norms, networks and trust relationships which preserve ethical relationships in the contexts in which they arise, and which resist abstraction from their ancestral roots.

The majority of Yolngu – whose numbers approximate 5000 - live in communities of between 500 and 2000 people which were originally established by Methodist missionaries between 1925 (Milingimbi) and 1975 (Ramingining). Today the missionaries have no formal role in governance of these settlements, with independent elected councils, set up under NT Government legislation, managing the communities on a day-to-day basis. Overlaying this local council process is the Commonwealth Government’s *Aboriginal Land Rights (NT) Act 1976*, or ALRA, which gives ownership and control of land to particular Yolngu groups determined under traditional law.¹⁷

Ever since the days of the establishment of the missions, small numbers of Yolngu have continued to remain living on their own, in family groups on their ‘homelands’, resisting the alleged attractions of living in the former mission settlements. Today, Homeland Centres continue to grow and are spread across Arnhem Land, their residents now

¹⁵ <http://www.worldbank.org/poverty/scapital/whatsc.htm>. Accessed 28/06/03

¹⁶ He goes on: Bourdieu’s account of social capital is a rebuff to the belief that we now live in a post-ideological era, devoid of fundamental social cleavages or alternative ways of living. For the most concensually minded liberal-pluralist North American and Anglo advocates of social capital, the chief virtue of social capital is that it seems to be beyond ideology. Talk of alternatives or discussion of structural inequalities are portrayed as distractions to the task of developing practical solutions to pressing social problems.

¹⁷ The ALRA, being Commonwealth legislation, can override any NT legislation, such as local government legislation, and so confers strong powers on traditional owners.

comprising a significant proportion of all Yolngu.¹⁸ A third group can be found in Darwin, the state capital, several hundred miles away from Yolngu land and with difficult access. While some live in hostels and suburban housing, many of them are “long grassers”, living on the beaches, in the mangroves, parks and other public spaces.

In this paper we use key concepts from Northeast Arnhem Land Yolngu philosophy to contextualise and complexify the notion of social capital in its role in policy development for Yolngu in three contexts of Yolngu life.

Yolngu Perspectives on Norms, Networks and Trust

Emboldened by the general fuzziness of the notion of social capital, we have identified a number of key concepts from Yolngu philosophy which might help to reground our policy decisions in the links of groups of people (and the complex relations among them) to their ‘deeper cultural mooring points’. How do Yolngu understand norms, networks and trust? The following notes arise from ongoing collaborative work among Yolngu and in our work at Charles Darwin University.¹⁹

Norms : mulkurr and djalkiri

Yolngu philosophers often refer to mulkurr (literally head) and djalkiri (literally foot) in their elaborations of identity. The Yirralka (or home-identity-centre) referred to above, is also commonly known as ‘djalkiri wanga’, or foot (print) place. Djalkiri is also translated by Yolngu as foundation. Footprints are highly significant in Yolngu politics and religion and represented in song and art. Feet and heads are inalienable. Human feet have human heads. The norms of behaviour articulated through the mulkurr metaphor are not confined to the human species.

Djalkiri, the prints and paths across one’s ancestral country have been in place since the ancestors hunted, cooked, performed ceremonies, procreated, died (became sacred objects) and were buried as they travelled. The ‘scent’ of the ancestors remains in the land. Yolngu use the metaphor of the djalkiri of a tree (roots) that grasp and penetrate the soil, and thus become landscape.

Most significantly, different people, identified with different ancestral connections and associated estates, have quite different mulkurr. In her paper entitled ‘ Yolngu Balandi Watangumirri’, (Yolngu owners of connections) Garnggulkpuy, one of the Yalu²⁰, researchers write about the normative function of mulkurr, the clan/land based identity.

Mulkurr is at work in everyday life when you are with people who are able to perceive and speak about (or sing or dance about) and produce a social/physical environment,

¹⁸ In reality, many Yolngu live part of the time in Homeland Centres and part of the time in the ex-mission settlements.

¹⁹ Most recently: research into cross cultural communication in the context of clinical health service delivery, the perspectives of Yolngu ‘long grassers’ in Darwin and the role of digital technology in the intergenerational transmission of traditional knowledge.

²⁰ <http://yalu.ntu.edu.au>

using words and practices which are importantly identified with the creative words and practices of their own specific small estates and ancestral connections. Yolngu devote much energy to explicating the specific separateness of the *mulkurr* of their closer kin groups.

Garnggulkpuy notes that the *mulkurr* of those of her ancestral affiliations is known as *Gayilinydjil*. *Gayilinydjil* is both perceptive and productive – it gives you a particular way of seeing as well as a particular way of acting upon the world. Through the knowledge of their own *mulkurr*, other people know how to understand you, to act towards you, and to respect you.

The crucial difference between the values at work in the social capital of non-Indigenous Australians and Yolngu living on Yolngu land is that non-Indigenous groups' norms can be generalised from context to context. *Mulkurr* on the other hand, is celebrated for its specificity as it is found in place, and in people with historical connections with place. From the Yolngu point of view, the normativity of values is found through conformity to ecological norms, for example through water as it is found in springs which are particular to the ownership and identity of specific descent groups. The Yolngu verb *balyunmirri* describes this reflexive identity building through investment in country and totems, which works in concert with the environment and implies a certain sustainability (Christie 1990). By contrast, Balanda norms are derived from more generalisable understandings of human individuality, rights and responsibilities.

'*Ngalapal mulkurr*' the 'minds of the elders' is necessary if for example a funeral or other ceremony is to be well organised. It represents the ability to plan and take into account all the various clan groups and their connections to the deceased. Even a child can be called '*ngalapal mulkurr*', if s/he is able to specify their kin, be they animal, plant, country, tribal groups or individual people. This kinship is the second foundation of Yolngu social capital.

Networks: *gurrutu*

Ever since the ancestors first moved over the land and sea, every Yolngu has been born into a vast network of kinship called *gurrutu*. While each figure of the tapestry has its own history and identity, the figures combine to produce a broader complex in which the group is always prior to the individual. Yolngu spend much time discussing and re-exploring kinship, and (re-)fitting newcomers and distant kin into the system. It is not unusual for an adult to detail hundreds of direct predecessors, detailing all their kinship connections.

The *gurrutu* paradigm (which has about 20 distinct terms) maps not only individuals into their extended families, but also whole groups of people into networks of clans, and corresponding totems, estates, languages, ancestral images etc. One may have as one's mother, for example, or one's daughter, a particular wind, star, rock, current, body of water, bird, cloud, or even ceremonial practice.

When people are living on country, secure in their rights to be where they are,²¹ the networks of *gurrutu* work to enable the equitable distribution of resources, collaborative

²¹ The residents of Homeland Centres comprise not only landowners but also significant other people related in particular ways to the landowners and there by their agreement.

economic enterprises (eg. large scale food procurement such as fish traps and landscape burning), ancestral systems of conflict resolution and goal setting, implementation and review.

The networks of kin are still at work on the former mission settlements – all adults still know how they are related through gurrutu to all other adults, and clan groups are clear (although not always agree) about how they relate to the land they live on. The ascendant Gupapuyngu clan at Milingimbi for example often makes the point that they are living there on the beach at Rulku looking after the country of the Walamangu, their mother's mother's group. They make use of beautiful and esoteric idioms and the totems of tamarind and barramundi to link their blood to those of the ancestral landowners.

Thirty years ago, almost every young adult at Milingimbi could recognise the footprint of almost every other person in the community. Twenty years ago, every young adult could still name the kin link which related them to every other person in the community. Today at the major centres of Yolngu population, young people are growing up with a sense of other Yolngu as strangers, and the networks are retracting away from land and the wider Yolngu polity: the erosion of social capital.

Trust: maarr

Maarr denotes the power which comes through the strength of identities and connectedness. The dictionary defines it as 'strength, spiritual power, faith, personality, nature, emotional state' (Zorc 1976). Many Yolngu verbs of emotion have maarr as their root – maarr-buma (hit) means to be concerned, maarr-garrpin (bind) means to worry, maarr-yuwalkthirri (become true) means to trust or believe, maarr-ngamathiri (act well) means to love, maarryu-dapmaram (to clench by means of maarr) means to treat someone properly through respect for traditional law. In the Gupapuyngu gospel, when Jesus asks his followers 'Where is your faith?', he demands 'Where is your maarr?' Donald Thompson, early friend and advocate of Yolngu, compared maarr to the Polynesian concept of mana (Thompson 1975).

In the 1940s the concept of maarr was understood to be transcendent of the psychological profile of an individual - something at work in the land, in art, music, ceremonial exchange and success at hunting. Yolngu today tend to see maarr more as residing in the individual: a sign of the strength governed from a well-realised mulkurr, properly located in land, and properly connected with gurrutu. So aspects of trust, as central to the theories of social capital, take on their meaning for Yolngu in the context of the wider quite strictly defined histories of rights and identity. When trust of this kind is at work, Yolngu make clear, the land recognises, respects and makes secure the people, just as much as the other way around.

Contexts of Yolngu Life

Homelands

Although 'homelands' existed from the early mission days, the incentives of homeland living have become more apparent since the 1970s, with the loss of the Gove Land Rights

case²², and the enactment of the ALRA during that decade. This was an era of direct action by Aboriginal people all over the Northern Territory: many workers on pastoral stations agitated, with only limited success, for Aboriginal living areas to be ‘excised’ from the cattle properties; land claims were made under the ALRA by the newly-formed Northern Territory Land Councils; and some cattle stations were purchased, to become Aboriginal land. In those years and since, Yolngu have voted with their feet in significant numbers, walking out of the centralised former mission settlements to set up small homeland settlements back on their traditional country.

When first established, Homeland Centres received almost no government services, and the provision of physical infrastructure was left to Aboriginal communities themselves. The movement was widespread, reflecting a range of goals, expectations and results (see Gerritson, 1982). Water was carried in buckets, airstrips and roads were cleared by hand, toilets were dug and solar power was gradually introduced. Homeland Centre residents today talk proudly of how they overcame these barriers through combined hard work, and built their own communities.

In 2004, many Homeland Centres are equipped with well-built houses, piped water, mains power and telephones. Government-sourced funding to Homeland Centres is now available for various infrastructure purposes but is much less than that available for the former mission settlements. For example, current policy guidelines of ATSIC and such Northern Territory Government agencies as the Power Water Corporation and the Northern Territory Department of Health are notable for the restrictions they place on providing services/funding to new Homeland Centres and to Homeland Centres which have less than a certain number of permanent residents.²³ Instead, the main policy focus of these agencies is on the centralised former missions and the larger, better-established homeland centres. To its credit, the Commonwealth Government does now provide some assistance, for example by funding some primary health care services to a number of Homeland Centres.

There is no doubt that providing services and infrastructure to Homeland Centres, particularly the smaller ones, is an expensive business on a per capita basis and so some policy restrictions must be put in place; however, the economic cost/benefit equation should also include the benefits derived from Homeland Centre living, such as improved health, environmental sustainability and so on. If this were done, and the results compared to the lesser social benefits derived from spending government money in the

²² *Milirrpum vs Nabalco Pty Ltd* (1971) 17FLR 141

²³ ATSIC asserts that it supports the development of Homeland Centres as a matter of principle, but that it should not be expected to provide funding/services to organisations such as Homelands Resource Centres which should properly be the responsibility of governments (ATSIC NT, *Submission to the Standing Committee on Economics, Finance and Public Administration Inquiry Into Local Government and Cost Shifting*, July 2002). National ATSIC policy is that Regional Councils cannot consider funding homelands unless they are sure there is security of land tenure, it will be the principle place of residence, potable water is available and ongoing support will be provided by resource centres/agencies (ATSIC, *Community Housing and Infrastructure Program Policy for 2002-2005*, Canberra). Regional Councils also have policies which add to these restrictions. It is notable that if the homelands movement had had to satisfy such conditions when it got going in the 1970s, it would never have happened.

former missions, it may well be that the opportunity costs of funding Homeland Centres are not as high as some claim.

The persistence of Homeland Centres in remote places with significantly poorer infrastructure and service delivery than is the case in the centralised settlements is a sign of the strong resolve and dedication of the Yolngu who live there. The populations live on through the drive to care for their ancestral domains; the desire of people not to be caught up in the troubling politics and social dysfunctions of life in the major Yolngu centres; the responsibility to ensure a safe environment for children and grandchildren; and the need to follow in the steps, and actively pursue the instructions of, the ancestors.

Of course, there is a sense in which most Yolngu Homeland Centres were never 'established' in the European sense. The sites were always there in what Yolngu call Yirralka. The best translation of Yirralka may indeed be 'home-land-centre' or maybe 'land-identity-centre'. The Yirralka were set in place even as the creating ancestors, the original Yolngu, moved across the land, singing, dancing, crying and talking the forms of the knowable world into place, and leaving named groups of Yolngu and plants and animals behind on identified estates.

However, the creation of stable homeland communities - in a fixed location and supplied with houses, water bores and other infrastructure - is relatively new and, particularly when viewed in the context of the ex-mission settlements, throws up important issues to do with the proper relationship between governments and Indigenous people. Life at Homeland Centres is difficult, and some are significantly more successful than others.²⁴ But where a minimum level of infrastructure is provided, and where the residents are determined to succeed, the social outcomes at Homeland Centres represent a huge improvement over those of the centralised former mission communities.

Clues to the connection between these good outcomes and the land-based knowledge inherent in life at Homeland Centres can be found in research pointing to the presence of strong traditional authority over land and law (e.g. Altman 1987) and the good availability of traditional foods (e.g. Altman and Taylor 1989) as being key factors in the viability of homeland centres.

The point of this is that the existing web of kinship and relationship obligations, which is itself based on obligations to land, and which forms the basis of Homeland Centre life (but which in the former mission settlements is often debased and distorted), has the potential to act as a mechanism by which governments can lever genuine community development.

'Missions'

While it is commonly thought by non-Indigenous people that life in the centralised former mission settlements and life in Homeland Centres, are similar, this is in fact far from the case. It is problematic to describe today's former mission settlements like Galiwin'ku as 'Aboriginal communities'. Rather, today they are simply western

²⁴ It is commonly observed that Homeland Centres have been more successful in the Top End of the Northern Territory, where food and other resources are relatively plentiful, than in Central Australia, where the desert landscape means day-to-day life is harder. A number of Homeland Centres in Central Australia have been abandoned, probably for this reason.

settlements with majority Indigenous populations, often living in a very unhappy interworld. Yolngu continue to routinely refer to them as 'mitjin' (mission).

There is a sense in which the land on which the former missions stand is not communal or public land and never can be: particular individuals (the 'landowners') have ancestral connections to this land and these are usually respected by the other residents whose ancestral lands are remote from the settlement. Under the ALRA, the rights of traditional landowners to have a major say in landuse activity even within the former mission settlements are protected, at least in theory. However, in practice their interests may not be particularly privileged by community politics in general or by decisions of the elected local council in particular.

Indeed, under the criteria of both 'efficiency' and 'democracy', it is feasible to assert that traditional landowners should not necessarily have the major say in running all the town's affairs.²⁵ For example, those who prioritise administrative efficiency would query the need for senior Yolngu to be involved in decisions relating to mundane governance matters (such as garbage collection or house maintenance). And those who prioritise democracy would point out that *all* the residents – including those not from the land-owning group - should have a say in the settlement's governance.

The 'other' Yolngu – those not from the land-owning group - may choose to become involved in local politics at some level or, more likely, may show their respect for the traditional land owners by an unwillingness to become involved in the settlement politics or issues relating to 'mission' land. In the former case, traditional authority is weakened, and in the latter case democracy becomes a less relevant concept.

The co-location of a spectrum of clan groups, each with its own language and estates, did not present an unmanageable situation in the mission days, but with the demise of the missions and the rise of government and council bureaucracies, the powerful authority of collaborating Yolngu elders has been eroded. The number of Yolngu estranged from their ancestral land is accelerating. Increasing numbers of young people are looking westward, as the grasp of community life weakens. Today, as is frequently reported, 'the youth control the elders'. These tensions have led to great distress, concentrated in the former mission settlements. Incidences of suicide, substance abuse, and widespread fear of sorcery have been documented for the former mission settlements (Maypilama et al., Reid 1982) whose major demographic feature is the proportion of people from various faraway estates, often traditionally without a lot of common trust, living in close proximity, and unhappily.

The bureaucracies which dominate Aboriginal affairs today – the Northern Territory Government, ATSIC, local councils and so on – have an inexorable tendency towards centralisation – whether it has been the amalgamation of ATSIC zones, or the attempted amalgamation of local councils into regional councils, the underlying tendency is always in the same direction: more centralisation. More and more funding is concentrated in the

²⁵ This view is reflected in current policies of the Northern Land Council (the body set up under the ALRA to represent traditional landowners' interests) which is exploring ways in which traditional owners can cede some powers to local councils, to give local councils genuine authority to act on municipal issues within town boundaries, and to avoid the need to consult traditional owners on relatively mundane matters.

centralised former mission settlements, in the mistaken belief that more funds will make these happier places to live.

The key policy point is that this centralisation, this attempt to build Aboriginal towns on a European model, where 'community development' is equated with mere service delivery and where knowledge is taken out of its land-based context to become a tradable commodity like any other good in the marketplace, flies directly in the face of the Yolngu experience of what makes a happy and functional settlement.

Social capitalists may tend to rest easy with this centralization wherein as Scanlon notes, 'ethical relations are made over into a form that is radically continuous with the exchange relations of the market, insofar as both are detached from broader frameworks of social and cultural meaning grounded and bounded by the face-to-face relations which to some extent limit and constrain such relations.' (p.6)

Consider, for example, employment and health in this context. These days on the ex-mission settlements, almost all paid work is done by 'Europeans' and by Aboriginal people who are not local. This is in marked contrast to twenty or thirty years ago where plumbing, building, electrical, gardening, fishing, sewing, baking and other 'teams' of local Yolngu carried out most of the community development and maintenance. Decades ago, Yolngu men and woman from quite different and disparate clan groups and Yirralka were working together on shared projects. In the former mission settlements today, the loss of employment to contractors (many on a fly-in basis) has resulted in widespread disaffection among young adults - notably males - including feelings of inadequacy, depletion of the skill base of the community and attitudes of 'what's the point' amongst non-Aboriginal staff.

This is in contrast to the Homeland Centres, where a much lesser proportion of the work is done by Europeans, as the community together maintains a greater degree of responsibility for the infrastructure and overall community development. The rich network of communication and collaboration in Homeland Centres, where the sharing of resources continues, is the basis of this.

There are high levels of ill health in the centralised settlements, and good evidence exists for the health benefits of living on country. Living at Homeland Centres has been shown to dramatically improve morbidity and mortality among Aboriginal people, to a greater extent than clinical interventions could bring about and in contrast to the dire health situation in the centralised settlements (McDermott et al). The homelands movement has already shown itself to be a genuine public health movement, yet it remains largely unrecognised as a health strategy by policy-makers.

Long Grassers

Yolngu have enjoyed an association with Darwin for many years - probably since soon after its establishment. Up till recently old people referred to Darwin (and other centres of European population) as Yumaynga - a Macassan name. Yolngu used to travel to Darwin in the old days, a few by boat, and others walking along the coast. There were many wide river crossings, and interactions with other non-Yolngu Aboriginal groups. Yolngu acknowledged and built economic, marriage and totemic connections with the local

Larrakia landowners, and others in surrounding areas. Larrakia place names, like Mindil Beach (Mindilbitj) have been taken into Yolngu naming systems.

Yolngu live in Darwin in a variety of contexts. Some Yolngu have lived in Darwin in public and private housing for many years. Six Aboriginal hostels accommodate about a hundred Yolngu every night - mostly people in town for a short while. There are similar numbers of Aboriginal and Torres Strait Islanders from other areas also staying in Aboriginal hostels, but Yolngu probably represent the largest cultural group. At any one time there are probably about 50 Yolngu in-patients at the Royal Darwin Hospital, and almost every one of them will have at least one relative in town looking after them.

Yolngu who come to Darwin have a variety of choices of accommodation. One of the choices made with increasing frequency is the 'long grass'. One any one night there is claimed to be up to 1,000 people sleeping under the stars in the Darwin area.²⁶ This number fluctuates with the wet and dry seasons. The number of Yolngu in this group would fluctuate between 50 and 300. Some Yolngu long grassers stay for many months, some become part of the culture of heavy drinking which pervades the long grassers' lifestyle. There is considerable community concern about long grassers, and the NT Government has recently developed a project aimed at meeting their needs while ensuring they do not become a 'nuisance' to other Darwin residents. Originally known as the Itinerants project, now called the Harmony project, this combined the expertise of a number of government departments, non-government organisations such as the Larrakia Association, Yolngu leaders (the mala elders) and organisations such as Yalu Marnngithinyaraw (a family support centre at Galiwin'ku).

As part of the Harmony project, Yolngu researchers from the Yalu Marnngithinyaraw interviewed Yolngu long grassers in their own languages and found that the majority: acknowledge and respect Larrakia ownership of the land they occupy. Some go so far as to claim, albeit rhetorically, that they have become Larrakia ('Larrkiya') themselves, because the local people trust and help them more than their kin back in the former mission settlements of Arnhem Land.

Further, they claim a strong and continuing link to their Yolngu identity and culture, and claim a more authentic Yolngu way of life than the bureaucratic "socks-up" Yolngu (and other non- Yolngu bureaucrats), whose involvement hampers the proper processes of Yolngu governance at the larger communities. The long grassers make clear their response to the complicity of some Yolngu in bureaucratic reconstructions of Yolngu social capital. Often the kin to which they refer are those privileged through Indigenous government agencies. 'The mechanisms of delegation and representation (in both the theatrical and legal senses) which fall into place ... as one of the conditions for the concentration of social capital ... also contain the seeds of an embezzlement or misappropriation' (Bourdieu 1986, p. 251). While they presented a very wide range of perspectives on life in the long grass, they were remarkably unanimous in their assertions that, despite their 'exile', they retain and reclaim the specifically Yolngu norms, networks and trust which constitute their Yolngu identity.

²⁶ *Longgrass* Newsletter, Issue 3, October 2003, p. 1

CONCLUSION

The vagueness of social capital terminology in western debate has allowed different people to use it to bolster their own ideological perspective. The fact that the Treasurer in the current Australian Government has drawn a link between participation in voluntary (unpaid) work and social capital suggests a conservative ideological role for the concept (Costello 2003). And it is probably no coincidence that the terminology of social capital has grown remarkably over the last decade or two, a time in Australia of greatly increased privatisation of services previously provided by public enterprises and institutions. There is a neat ideological connection between the Treasurer's lament for the decline of voluntary work, the emphasis on the obligation (allegedly as part of 'mutual obligation') on the unemployed to 'participate' in society by working for the dole, increased emphasis on privatisation in such areas as health, education and telecommunications, and increased use of the terminology of social capital.

We have argued that Yolngu concepts of social capital also have a political aspect. We find common ground with Bourdieu's view that social capital can be best understood in the context of struggle, of various interests asserting themselves in the complex negotiations over power and influence: a clearly political process. In the history of Yolngu since European contact, and particularly in the later decades of the 20th century, it is apparent that the clash has been between Yolngu and Balanda notions of what makes a 'good' society - of what processes represent 'good' community development. The creation of social capital takes on an ethical dimension – the assertion by proponents of different development processes that their process is the best. In this debate, who are we to listen to? We can listen to funding bodies as they privilege formal institutions such as local councils and support, through funding programs, the further growth of the already-dysfunctional centralised former mission settlements. We can listen to governments and bureaucracies such as ATSIC as they privilege accountability on paper rather than in everyday life, and turn community development from a grass roots discourse to air-conditioned meetings dominated by the 'socks-up' people. Or alternatively we can look at the successes achieved by Yolngu themselves – marginalised people acting in struggle.

In the almost-empty landscape of social achievement in Northeast Arnhem Land, one phenomenon stands out: the success of the Homeland Centre movement. This success, achieved through struggle, and measurable in health or other indicators, highlights the myopia of policy development in Northern Territory Indigenous affairs. It draws attention, for example, to the need for governments to *really* question the criteria by which they hand out money – more than just looking at financial acquittals, there is an overwhelming need to look at outcomes on the criteria of their ability to strengthen or weaken the key indicators of Yolngu social capital: of mulkurr, of djalkiri, of gurrutu, and of maarr.

Certainly Yolngu have shown, by their own action in creating and maintaining Homeland Centres with a minimum of government support, and even in asserting the importance of the proper connection to land and landowners when they camp in Darwin, that they value mulkurr, djalkiri, gurrutu and maar as key outcomes. For Yolngu, they are by far the most important criteria in identifying proper social development. Yet policy development by government and semi-government bureaucracies goes on ignoring the impact which government schemes have on these aspects of Yolngu social capital. If policy-makers

developed an economic opportunity cost equation which tallied *all* the benefits of Homeland Centre living (including, for example, long term health and environmental benefits) against the costs, it may well be that the conclusions reached by Indigenous people and those reached by mainstream economists would not be too different.

Further, if policy researchers examined Yolngu views regarding current policy, they would find parallels between what Yolngu are thinking and what is being said in mainstream debate. One particular example of this is a concern among Yolngu that by creating dependence on welfare we are weakening the 'social capital' of the group. In the early mission days when elders had authority, and were respected, this respect was self-perpetuating and reinforcing, there was positive feedback and encouragement to continue believing and trusting in one's relatives and one's place in the world. Yolngu observers of life in the former mission settlements, where almost everyone's main income is welfare payments, and where scrutiny of the uses to which welfare payments are put is non-existent, are very aware of the damage being caused to Yolngu society – to its social capital – in this process. They contrast this with the ability of community development projects in Homeland Centres to both utilise existing social capital and increase its stock in the process.

Scanlon (2004) has noted social capital's acceptance of the individual as a rational self-interested agent, and its generalisability based on 'universal' notions of individual rights and human needs. Rather, this paper suggests the assumption that social capital can be transferred from one context to another with no loss of validity is at the heart of bureaucratic notions of community development, and underlies much misguided policy. A key point is that it is precisely the grounding of Yolngu concepts of social capital – *mulkurr*, *djalkiri*, *gurrutu* and *maarr* – in particular locations and in specific contexts that gives them their strength. The reason for this is obvious when one takes a land-based perspective – relationships, people, everything has its source in, and gains integrity from, the land. The land, and its provenance, is different in different places.

Therefore, social development programs must be based on strengthening connections with the normative value of particular pieces of land, and it is those social development programs based in Homeland Centres which are most likely to achieve this. Even social development programs based among the long grassers in Darwin have a chance of achieving this, if worked through the concepts of *djalkiri*, *mulkurr*, *gurrutu* and *maarr*. But social development programs based in the centralised ex-mission settlements have little chance, instead being likely to merely cement the decay in Yolngu social capital which is increasingly apparent to both black and white.

Experience from Northeast Arnhem Land clearly demonstrates the 'ethics of co-operation' is the community development strategy most likely to hold out hope of a better future for Yolngu. The problem from a policy-maker's perspective is that this ethic is grounded in deep culture – the meanings contained in specific pieces of land – and as such cannot be adequately translated into program guidelines and outcome indicators without a fundamental shift in approach. The shift can be achieved through decentralised place-specific negotiations in which the goal of supporting the deep cultural mooring points of Yolngu social capital can be provided not on the basis of transferable individual 'rights' but on the basis of local connectedness.

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