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Social capital and public policy in Australia,

Ian Winter (ed.), Melbourne: Australian Institute of Family Studies, 2000.
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Participation Support for a More Equitable Society,

The Interim Report of the Reference Group on Welfare Reform, March 2000.
www.facs.gov.au

"Economic reform", Prime Minister Howard told the Liberal Party National Convention in April, "is about achieving social goals." In a second speech on the same occasion he explained, "if economic reform doesn't deliver benefits for people, then it's not worth embracing." The Convention was then described by the Prime Minister, in a third address, as having its "focus very heavily on social policy". Further, Mr Howard twice rejected the "rather naïve notion that if you had an unrestrained market approach to everything, that through some kind of miracle of trickle down economics every problem would be solved".

The days of the big dry are apparently over. Social policy is on the government's agenda. But can fruitful social policy be achieved without a change of social heart? The move to welfare reform provides a case in point.

On 29th September 1999, Senator Jocelyn Newman, Minister for Family and Community Services, delivered a major [speech](#) on the future of welfare policy in Australia. Modernising the welfare system, she declared, was now a "first order issue" for the Howard government. A month later, precisely, Senator Newman announced the membership of a high level Reference Group commissioned to draft the Green Paper on welfare reform.

The group of seven was broadly based ideologically, if Sydney-centric, but it was bound by terms of reference which included "adopting the reform principles established by the Government" and giving "particular consideration" to "the broader application of Mutual Obligation". The group was also constrained by the requirement to circulate an interim report early in the New Year and to submit their final draft by 30 June 2000. The tight time-lines were necessary, it has been said, so as to allow the Department room to prepare its bids for the 2001-2002 budget.

With great dispatch, after considering over 360 submissions, the Reference Group released its interim report, *Participation Support for a More Equitable Society*, on 28 March 2000. The report proposes not just modifications to the welfare system, but genuine reform, a 5 to 20 year plan aimed at rebuilding networks in society so that participation in the economy and society is available to all. In a nutshell, welfare as income support is to be replaced by welfare as participation support.

While applauding the direction taken in the interim report, the welfare sector is sceptical about the lack of detail and suspicious of how the vision splendid might be implemented. The Australian Council of Social Service's response, "Renewing Welfare", expresses many of the sector's concerns. ACOSS argues first and foremost that adequate financial support remains essential for participation in society and economy.

The welfare sector is also concerned that the principle of mutual obligation will be applied more coercively towards welfare recipients than it will be to businesses and governments when they fail their social obligations to maintain services, training and employment in areas of need. Many other concerns are detailed, and the sector cannot help but point to the gap between the current realities of welfare practice and the ideal models proposed in the interim report's case studies. Furthermore, the interim report does little to specify levels of investment and service delivery.

Policy often has to be made on the run, details may have to come later, and this government may not get another chance at welfare reform. The pressure to complete such a major project by 30 June is nonetheless unfortunate. The government has to find room for attention to at least some of the detail. It also needs to be clear about the drivers to reform. Are they economic or social?

The two key drivers to reform had been identified in a departmental briefing paper as "welfare dependency" and increased spending on welfare. As the formidable appendices to the interim report show, spending on welfare in Australia has quadrupled in the past thirty years. Statistics can be selective, however, for spending on welfare over that period has, according to ACOSS President Michael Raper, increased merely from 6.0% to 6.5% of GDP. What is uncontested is that the gap between the "job rich" and the "job poor" continues to widen, poverty continues to become more entrenched, and social exclusion increasingly appears endemic.

The concern about "welfare dependency" is double-edged. True, there are increasing numbers of Australians who are spending longer periods of their life in receipt of welfare support, but "welfare dependency" can be a value-laden term implying that recipients have become dependent on welfare, as if welfare were an addiction. Recent research indicates that there is no such thing as transgenerational welfare dependency, and it is significant that the interim report talks about "growing reliance" rather than "welfare dependency". In fact, as noted in Appendix 3 of the report, "most social security recipients are not economically and socially inactive". The report thus recognises that problems may lie more in the system than in the people who use the system.

What remains relatively unscrutinised is the interim report's assumption that social participation can be achieved by changing the welfare system alone without encouraging broader strengthening of the social fabric. The introductory pages are peppered with talk about "social participation". The term "social capital" is also employed, though dubiously expanded to include "networks of mutual support and *obligation*": obligation cannot create social participation. Social inclusion or exclusion arises from energies more deeply embedded in our culture. Social policy reform must therefore also attend to the forces which strengthen or corrode society.

Since Eva Cox popularised the term "social capital" in Australia in her 1995 Boyer Lectures, many efforts have been made to unlayer the realities attached to the term. In February 1999 the Australian Institute of Family Studies hosted a social capital conference in Canberra, and the many contributors were asked to develop their presentations in the light of the conference and subsequent discussions. The resulting book, *Social capital and public policy in Australia*, aims not just to gather ideas about social capital, but also to make some connections with the shaping of public policy.

Serendipitously, it appeared in print just a week or so before the interim report on welfare reform was released.

Ian Winter, editor of the AIFS collection, notes that the idea of social capital has become "part of the battle to find a new social contract between governments and citizens to replace the embattled welfare state". The book offers substantial evidence that the term "social capital" has real anchorage. There is an inner tissue or ecology of society. The marriage of socialism and capitalism in a single term may seem somewhat too convenient, if not an oxymoron, but the identification of social capital highlights the need for governments to take into account the effects of their policies on the fabric of community. This is particularly the case when the focus is on the economy rather than on society.

Social capital can, of course, help the economy. Robert Putnam, prime mover of social capital thinking, has demonstrated that networks of trust and the acceptance of reciprocal responsibilities contribute much to mutual benefit and economic progress. Eva Cox thus described social capital as "the factor which allows collective action in the public sphere and for the common good".

But what lies beneath this description. Can social capital be measured? Does it belong to individuals or to society? Is it a pattern of superficial behaviours, or does some sort of social virtue underlie its manifestations? Is its vitality so essential that governments should think of citizens primarily as makers of society rather than as makers of economy?

While some theorists consider social capital in utilitarian terms – "we trust and respect one another because it will be for the benefit of both of us" – the majority hold that social capital is meta-empirical. Jenny Onyx and Paul Bullen argue that social capital is "an emergent measure of an emergent concept", and more than utilitarian. In their search for an underlying "common theme" they explore the "empirical" rather than "theoretical" coherence of social capital through a set of detailed questionnaires which compare levels of trust, tolerance, and social interaction. Social capital, they conclude, is "more than the sum of its parts", and more about people than government policy. More colourfully, Mark Latham describes social capital as an "inner spring...beyond the bounds of rationality".

Government pressure, it is concluded, cannot create social capital. The real issue is that government policy can harm existing social capital. Giving too much latitude to market forces, for example, will be to the detriment of community. Removing resources from a community that already suffers social exclusion will increase rather than decrease the breakdown of communities. Valuing people only for their productivity will not encourage social capital. Nor can social capital be expected to grow among the socially disadvantaged. Onyx and Bullen's research indicates that "material conditions are a necessary but not sufficient condition for the generation of social capital" and that "Where groups and communities are traumatised or operating under duress, they will cease to develop generalised social capital."

If there is to be welfare reform, it is imperative that adequate income be provided for welfare recipients and that the application of the principle of mutual obligation be reassessed. On this latter point the authors of the interim report come to much the same conclusion: a "broad interpretation" of the concept of mutual obligation, must include "all parties in society".

But there remains a deeper issue, and it has to do with communal spirit and values. Social capital is not a material commodity. While their research is entirely empirical, Onyx and Bullen admit that they are dealing with something that is essentially not measurable: social capital "is an attribute of networks of people" and "it is nonsense to try to reduce the value of connectedness in the life of the community to a number!"

Eva Cox and Peter Caldwell observe that social capital is not value free but normative: if we think we know what makes for good society then we have implicit ideas of the good. Thus, "social capital theory and practice are closely linked to the arena of ethics". They point to neo-liberalism's neglect of morality and the opposition between social capital and "the type of abstract individualism that has informed most of our culture in the modern epoch". Latham likewise sees investment in values education as a key to the generation of future social capital. So also researchers Philip Hughes, John Bellamy and Alan Black find that education is "the strongest factor relating to trust" and stress the importance of moral thinking and values training.

But what values? Individual values or community values? Mr Howard reminded the recent Liberal Party Convention that his party is the trustee of both the liberal and the conservative traditions in politics: one stands for "the values and virtues of individual liberty" and the other for "the bedrock institutions of our community". The balancing act is admirable but difficult. Where the individual reigns supreme, society is likely to suffer. For some, like Margaret Thatcher, "There is no such thing as society, only individuals."

Thatcher's mentor, directly or indirectly, was surely John Stuart Mill. "The object of this Essay is to assert one very simple principle," wrote Mill in *On Liberty*, "as entitled to govern absolutely the dealings of society with the individual...". His conclusion, though not without nuance: "the individual is sovereign". The British libertarian tradition and its values have influenced much neo-liberal policy, peculiarly in the United Kingdom and its former colonies. Economic rationalism has flourished, after all, particularly in Britain, America, New Zealand, Canada and Australia. Only in these countries have policy issues been primarily economic and secondarily social. Scandinavian and Catholic European nations have developed models of welfare that rest much more on a collective social and moral sense (see Gøsta Esping-Anderson, *The Three Worlds of Welfare Capitalism*). Does Australian social policy need to reconsider its roots?

The myth of Australian egalitarianism and mateship remains a myth. The pragmatism of looking after number one has overtaken the irrationality of looking after others. Geert Hofstede's *Cultures and Organisation* thus reports that Australia now ranks second only to the United States as a nation of individualists. Social policy reform needs to attend to reversing this trend.

Local community groups and not-for-profit service providers can make a major contribution. MacKillop Family Services has made "Building Community" a primary focus for all its work with families at the edge of society. Resources are thin, however, and most services are underfunded. The dilemma for organisations like MacKillop is to decide how much of their resources should be devoted to meeting immediate individual need, and how much should go towards strengthening the wider community and social fabric, ultimately working towards the elimination of poverty and disadvantage.

Economic pressures and social changes have led to the transformation if not dismantling of Australia's health, education and welfare. The bulk of the electorate may be financially better off, but there are many in our society who are much worse off. Equally seriously, the social fabric has suffered. Mr Howard observed at the recent Liberal Party Convention that government has "a limited but strategic role in our community". This role includes not just creating new structures in early intervention, education, and social participation support, as recommended in the interim report. It also demands offering leadership in the values that build up community. The cool reasonableness that marks the government's defence of its policies on reconciliation and refugees will not suffice. There is such a thing as "society", and the intangibles of the interconnectedness of the human community must be acknowledged and strengthened if reform of social policy is to bear lasting fruit.

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