Social exclusion, social capital, and Indigenous Australians: Measuring the social costs of unemployment

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List of acronyms

ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
AGPS	Australian Government Publishing Service
ANU	The Australian National University
ATSIC	Aboriginal and Torres Strait Islander Commission
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Projects
EPAC	Economic Planning Advisory Council
NATSIS	National Aboriginal and Torres Strait Islander Survey
NILF	Not in the labour force
SEU	Social Exclusion Unit
VSJCC	Victorian Social Justice Consultative Council
VWS	Voluntary Work Survey

Summary

In a purely economic sense, unemployment in the Australian community is extremely costly. The costs of unemployment will be particularly pronounced if its social, psychological, and economic impacts are concentrated among long-term unemployed and if its effects spill over onto other family or community members. This paper analyses evidence from the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) to illustrate the point that such effects are potentially very large in Indigenous households with a substantial concentration of unemployed residents. In spite of the fact that NATSIS is now somewhat dated, it provides a range of social, cultural and economic data that are not available from other sources.

This paper uses the international literature on social exclusion and social capital to analyse and interpret NATSIS data on several social indicators, including arrest rates, police harassment and being a victim of assault; being a member of the 'stolen generation'; civic engagement; the loss of motivation; and ill-health. The unprecedented range of social indicators included in the NATSIS allows the analysis to provide an insight into the likely social costs of unemployment in the population at large, not just among the Indigenous population.

While the meaning of the term social exclusion is appears to be intuitively fairly obvious, being closely related to its literal interpretation, 'social capital' needs to be carefully defined. The recent McClure Report on the direction of welfare reform provides a rudimentary definition: 'the reciprocal relationships, shared values and trust, which help to keep societies together and enable collective action' (McClure 2000: 32). Before uncritically importing terms such as these into an analysis of the costs of Indigenous unemployment, it is necessary to discuss how useful they are in a cross-cultural context. For example, not having any employment in the Australian labour market may actually empower many traditional Indigenous peoples to hunt, fish, paint, and live on the country. Indeed, the extra hours of 'spare' time may facilitate more extensive participation in ceremonial activities, thus increasing what may be defined in the Indigenous context as 'social capital'.

Nor should employment be viewed as automatically contributing to social capital. Some forms of employment actually diminish the extent of shared values and trust referred to above. Work which involves or leads to frequent movement of the workforce, such as some types of casual or seasonal work, could uproot the worker's family and thus weaken their links to the local community. Clearly then, the relationship between social capital and unemployment is not simple, even in a mono-cultural context.

The main finding of this paper is that the Indigenous unemployed, especially the long-term unemployed, fare worse than the non-Community Development Employment Projects (non-CDEP) scheme workers on a range of social indicators. Among Indigenous people, being unemployed is often associated with:

- social exclusion in the form of the high rates of arrest and police harassment;
- low levels of social capital and civic engagement;

- high levels of drinking related offences which may be an indication of a loss of traditional social values (although Indigenous cultural activities are also prominent among the unemployed); and
- relatively high motivation, as measured by plans for future study.

Also, there is little or no relationship apparent between ill health and labour force status.

The experience of unemployment not only affects the welfare of the individual concerned, but also adversely affects that of other residents in their households. Households where at least one adult is unemployed exhibit substantial spill-overs in all categories of social exclusion from the mainstream. Spill-over effects are particularly concerning since residents will have little control over what their unemployed co-residents do to find work. However, attachment to Indigenous culture remains unimpaired: failure to get employment may not be an impediment to participation in the Indigenous community. That is, the social exclusion of the Indigenous unemployed from mainstream society does not entail a general lack of social networks.

The evidence presented in this paper on adaptive behaviour and response, especially among long-term unemployed, whereby Indigenous unemployed become resigned to their circumstances, points to the possibility that the social costs are underestimated. The sense of fatalism cultivated by prolonged unemployment may itself be a major impediment to the efficacy of any policy proposal to lessen the effect of being unemployed.

One important issue for researchers is to attempt to identify the direction of causality between exclusion from the mainstream and unemployment. The inter-generational transmission of social pathologies resulting from Indigenous unemployment is almost impossible to separate from the effects of dispossession. While the use of a stolen generation proxy may partially capture the effects of both, it is not possible to discount either when trying to capture the influence of recent spells of unemployment. For example, almost one-half of Indigenous male youths have been arrested before they even enter the labour force. Thus historical factors and the family's socioeconomic circumstances undoubtedly dominate as effects in an individual's current employment status, yet they are difficult to tease apart in a causal sense.

The feedback between exclusion from the mainstream and unemployment means that Indigenous unemployment is likely to be particularly intractable. The case for policy intervention dealing directly with social exclusion, and the low levels of social capital, revolves around the point that unless Indigenous people are included in the social and economic processes of Australian society, it becomes increasingly hard to break the vicious circle of welfare dependency and unemployment. Indigenous unemployment cannot be addressed by relying solely on the economist's usual toolkit (for example, increasing the number of suitable jobs available in the local area or sending the unemployed back to school). Innovative policies must be found to deal directly with the root causes of social exclusion, whilst accommodating differences between Indigenous and other Australians.

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Introduction

In a purely economic sense, unemployment in the Australian community is extremely costly. The social costs of unemployment are potentially even greater. Study after study has shown that they are pervasive and overwhelming. The impact of unemployment includes financial hardship and poverty (King 1998), debt, homelessness, family breakdown, social isolation, crime, erosion of wellbeing, the atrophying of work skills, and ill-health (National Health Strategy 1992; Smith 1987). Most of these effects increase with prolonged unemployment (Dixon 1992; Economic Planning Advisory Council (EPAC) 1992; Victorian Social Justice Consultative Council (VSJCC) 1992; White 1991).

The social costs of unemployment, almost by definition, affect more than the individual involved and can be passed down from generation to generation. Over 700,000 Australian children aged less than 15 years of age live in families with no parent in paid employment (Australian Bureau of Statistics (ABS) 1997).[1] Such a high level of unemployment amongst Australian families causes immediate distress and potentially causes long-term harm to children's educational, employment, and social futures.

As a group, Indigenous people experience significant disadvantage in the labour market. For example, Indigenous unemployment rates are between two-and-a-half and five times the national average depending upon whether one includes the 'Indigenous work-for-the-dole scheme'—the Community Development Employment Projects (CDEP) scheme—as being unemployment (Taylor and Hunter 1998). In 1994, about one-half of the Indigenous unemployed had been out of work for at least 12 months (47.9 and 52.4% for males and females respectively).[2] Not only are they much more likely to be unemployed than other Australian citizens, but they are less likely to participate in the labour market.[3]

While the economic costs of Indigenous unemployment have been given considerable attention, there have been few attempts to measure the social costs.[4] The costs of unemployment will be particularly pronounced if the social, psychological, and economic impacts are concentrated among long-term unemployed or such effects spill over onto other family or community members. This paper analyses evidence from the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) to illustrate that such effects are potentially very large in Indigenous households with a substantial concentration of unemployed residents. Although NATSIS is now somewhat dated, it provides a range of social, cultural, and economic data that are not available from other sources.[5] This paper uses insights developed in the international literature on social exclusion and social capital to analyse and interpret NATSIS data on several social indicators, including arrest, police harassment and being a victim of assault; being a member of the 'stolen generation'; civic engagement; the loss of motivation; and ill-health.

Several effects of unemployment and spill-overs (in economic terminology, 'externalities') are examined, including social exclusion and low levels of social capital among the unemployed. While the term social exclusion is reasonably

intuitive and closely related to its literal interpretation, the concept is not entirely straightforward. For example, a person may be socially excluded from either mainstream society or their own group. Given that an individual's access to resources and behavioural responses will vary depending on the level and type of social interaction, each type of exclusion may have both positive and negative consequences.

The term 'social capital' also needs to be carefully defined. The recent McClure Report (2000) on the direction of welfare reform provides a rudimentary definition: 'the reciprocal relationships, shared values and trust, which help to keep societies together and enable collective action'.

Before uncritically importing such terms into an analysis of the costs of Indigenous unemployment, it is therefore necessary to analyse how useful these concepts are cross-culturally. For example, not having any employment in the Australian labour market may actually empower many traditional Indigenous peoples to hunt, fish, paint, and live on the country. Indeed, the extra hours of 'spare' time may facilitate more extensive participation in ceremonial activities, thus increasing what may be loosely defined, in the Indigenous context, as 'social capital'.

Nor should employment be viewed as contributing automatically to social capital. Some forms of employment actually diminish the extent of shared values and trust referred to above. Work which involves or leads to frequent movement of the workforce, such as some types of casual or seasonal work, could uproot the worker's family and thus weaken their links to the local community. Clearly then, the relationship between social capital and unemployment is not simple, even in a mono-cultural context.

Social exclusion from the mainstream and low levels of social capital may either be a cause or a consequence of ongoing Indigenous unemployment. The next section is a tentative attempt to develop a theoretical construct for understanding the complex relationships between the three, but it should be stated at the outset that it is overly ambitious to believe that cause and effect can be identified by simple cross-tabulations. Despite widespread preconceptions about the pernicious effects of unemployment, the high levels of social dislocation even among relatively well off Indigenous households suggest that unemployment cannot be the sole cause of the problems of the Indigenous unemployed and their families (Hunter 1999).

Whatever the actual direction of causality, the empirical section that then follows merely provides evidence of the correlations between unemployment, social exclusion, and capital in order to further the debate on the social costs of unemployment. The concluding section revisits the issue of causality in the context of possible policy options for addressing the problems identified.

Social exclusion

In broad terms, social exclusion can be defined as 'multiple deprivations resulting from a lack of personal, social, political or financial opportunities' (see the Social

Exclusion Unit's web site at http://www.cabinet-office.gov.uk/seu/index.htm). While the economist's notion of poverty is primarily focused on synchronic 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, unlike poverty, is an intrinsically dynamic concept, descriptive of a condition that develops over time after prolonged social isolation and deprivation.[6]

Somebody who becomes unemployed necessarily loses some income and may become poor, depending upon their level of entitlements to income support.[7] At the same time, there is a set of related problems that the unemployed tend to experience more often than do employed people or other members of the community. For example, the unemployed are more likely to have fewer relationships within the family, within the neighbourhood, and outside the neighbourhood. It is important to note that while many of the unemployed may become socially excluded, especially those who have been out of work for a long time, unemployment is not a defining feature of social exclusion.

The term 'socially excluded' was coined in the late 1970s in France, in the form *l'exclusés*, 'the excluded'.[8] About the same time, American politicians began to talk about the 'underclass', following the economic shocks induced by large price increases for petroleum-based products. European policy-makers tend to not use this term partly because they believe it carries misleading connotations of moral failure: there is no real evidence that the poor have any worse moral failings than the rest of the population. The American terminology is also misleading because it implies a static and enduring group, an entirely separate class. Social exclusion is more a matter of degrees and does not assume, as class analysis does, that problems are inter-generational in nature.

In the USA, much of the debate about the underclass has led to more coercive policies, including the withdrawal of benefits, harsher policing practices, and attempts at the social engineering of family structures. In contrast, European policy-makers argue they reshape the ways in which the state deals with social exclusion by offering people a series of opportunities to make their lives better. However, European states also have some requirements on many welfare recipients, including the obligation to take up training and to look for a job.

One criticism of the social exclusion literature is its content is so fuzzy that it lets politicians off the hook. The definition given above is so broad and vague that it can include factors as diverse as poor social networks, lack of civic engagement, children deprived of school, truancy, crime rates, prostitution, and ill-health. The trouble is that social distress is so multi-faceted, so vague, so general a phenomenon, that it is very difficult to devise a measure of social exclusion in and of itself. For example, the Blair government in the United Kingdom enthusiastically endorses the use of term social exclusion but steadfastly refuses to set a target either for reducing poverty or even for lessening inequality. That is, the social exclusion debate is largely rhetorical rather than being a basis for a substantial policy platform.

Another problem with the existing discussion of social exclusion is the failure to identify the extent to which exclusion from mainstream society may be an assertion of positive value of particular (encapsulated) cultures. That is, exclusion may reinforce a sense of personal value within encapsulated cultures. This issue may be particularly pronounced within Indigenous culture which is, in some ways, constructed according to its difference from the mainstream colonising culture.

Notwithstanding such problems, social exclusion may be a useful tool to conceptualise the effects of Indigenous unemployment.[9] The following section briefly introduces an allied concept, social capital, as it relates to Indigenous Australians and their high ongoing levels of unemployment.

Social capital and unemployment

The term 'social capital' has gained notoriety because it has been applied in a diverse range of situations and interpreted from a range of ideological positions. For example, while several prominent members of the Australian Labor Party's parliamentary wing use the term, it has also become a centrepiece of the recent report on welfare reform commissioned by the Minister for Family and Community Services (McClure 2000; Norton 1997; Tanner 1999). The diversity of usage does not imply a consensus of opinion; rather it indicates a lack of precision about what social capital is and how it can be mobilised through public policy. Notwithstanding the under-theorised nature of social capital, the literature or the concept may provide a useful starting point for analysing the less tangible costs of Indigenous unemployment.

Social capital refers to those stocks of social trust, norms, and networks that people can draw upon to solve common problems. Networks of civic engagement, such as neighbourhood associations, sports clubs, and cooperatives, are essential forms of social capital. The more extensive these networks are, the more likely that members of a community will cooperate for mutual benefit.

There are several reasons why social capital, thus defined, is probably productive. It can, in a direct way, make existing physical capital more productive and augment the amount of finance or information available to individuals. For example, two farmers exchanging tools can get more work done with less physical capital; rotating credit associations can generate pools of financial capital for increased entrepreneurial activity; and job searches can be more efficient if information is embedded in social networks. Social capital can also be said to accumulate when it is used, and be depleted when not, thus creating the possibility of both virtuous and vicious circles that manifest themselves in highly civic and 'uncivic' communities.

The precise definition of social capital depends on the analyst's disciplinary perspective. While Putnam works from a tradition of political philosophy, Bordieu and Coleman work within the classical sociology tradition (see Table 1). The following discussion of the recent history of social capital literature is drawn largely from Winter (2000b).[10]

Table 1. Definition, purpose, and analysis of social capital

	Definition	Purpose	Analytical scale
Bordieu	Resources that provide access to group goods	To secure economic capital	Individuals in class competition
Coleman	Aspects of social structure that actors can use as resources to achieve their interests	To secure resources of all kinds	Individuals in family and community settings
Putnam	Trust, norms and networks that facilitate cooperation for mutual benefit	To secure effective democracy and economy	Regions in national settings

Source: Winter (2000b), Table 2.1.

For Bordieu (1986), social capital is made up of social obligations and connections that are convertible, in certain conditions, to economic capital and may be institutionalised in the form of nobility. Social capital, as a network of connections, is not static or neutral, but something that must be built and maintained. It is 'the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly useable in the short term.' Social capital is therefore the means of getting access, through social connections, to the economic and cultural resources that are highly valued in capitalist societies. Bordieu's particular application of social capital relates to understanding how individuals draw upon social capital to improve their standing in such a society. With this instrumental focus, Bordieu allows for social capital to be accumulated by individuals: the exercising of social connections can lead to an accrual of social capital by an individual, which may be symbolically represented by an honorary title or by 'good reputation'. Importantly social capital can only be drawn on through social relationships.

Coleman (1988) works within a different theoretical tradition and uses different terms to define social capital. He does so by reference to its function: 'The function identified by the concept of "social capital" is the value of these aspects of social structures to actors as resources that they can use to achieve their interests' (1988: 106). Unlike Bordieu, who allows for social capital to be accumulated by individuals, Coleman argues that it is a property of the social interaction. In spite of this, Coleman's application of the concept of social capital is very similar to that of Bordieu in that both see social capital as an instrumental means of increasing an individual's capacity.

While Putnam (1993) uses a definition of social capital that is based on Coleman's, he interprets the concept of social capital at a different social and geographical scale. Whereas Coleman examines the accumulation of social capital by individuals, Putnam is concerned with explaining economic and political

developments at regional and national levels. According to Putnam, networks of civic engagement are essential forms of social capital.[11]

Putnam qualifies the role of social capital by stating that networks must cross 'social cleavages' to foster cooperation, otherwise it may contribute to 'segregated networks' and possible social strife. This illustrates the clear relationship between social capital and social exclusion—an important point in the context of Indigenous Australia. While the socially excluded may be relatively deprived in terms of social interaction, it is the isolation of people from those social networks that have access to economic resources and jobs which prevents them from actively participating in the mainstream economy. That is, the main problem stemming from low levels of social capital is not necessarily the lack of any network, but rather the lack of a 'useful' network.

The concept of social capital is sometimes criticised as being too broad and unfocused to provide a useful theoretical framework.[12] Putzel (1997) argues that it has become the latest panacea in discussions about development, becoming 'all things to all people' in a fashion not dissimilar to the fate that befell 'human development' and 'sustainable development' in recent years.[13]

The mechanisms of social capital need to be explicitly spelled out if it is to provide a credible framework for analysis. People may get jobs through networks of friendship, but they probably do not join networks for this purpose. There is considerable consensus that much of the reward for social interactions is intrinsic—the interaction is the reward in itself—or at least the motives for the interaction are not economic (Arrow 2000). This is not to deny that networks and other social links may also form for economic reasons. One line of reasoning is that the social networks guard against market failure that is caused by asymmetric information; they are supplementary activities that exploit activities, such as monitoring devices, not otherwise available. For example, the existence of extensive social networks can facilitate the provision of small amounts of (micro) credit to individuals whose risk of default is closely monitored by others in the network. McDonnell's (1999) exploration of the possibility of Grameen-style micro-credit banks in Indigenous Australian communities can be rationalised in these terms.[14] While traditional banks and other financial institutions may have difficulties in identifying the credit risk of people with low incomes, such people will have enhanced access to finance at Grameen-style banks.

Many economists, including the author of this paper, see the growing literature on social capital as an attempt to gain conviction from a bad analogy (for example, Solow 2000: 8).[15] Arrow (2000) urges the abandonment of the metaphor of capital and of the term 'social capital'. The use of 'capital' carries three implications: 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 relationship. But these are not like physical investments; a little trust is not of much use.

Social capital certainly fails to meet the second part of Arrow's 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 other 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.[16]

Social capital certainly should not be called 'capital' if the definition demands that it must be either alienable or portable: trust cannot be transferred from a group member to somebody they introduce to the group. However, Arrow's condition of portability may be too strong: education or 'human capital' is not transferable. The presence of irreversible investments means that even physical capital could fail this overly restrictive definition.

Another prominent economist, Solow (2000), provides a further criticism of the utility of the term social capital. Legal 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.

Despite its potentially misleading name, the concept captured by the term social capital conveys a sense that social processes and networks actively add economic value, even if they are difficult to measure. Furstenberg (1998) makes the point that social capital is a sociological construct not an economic or psychological one in that social capital is not reducible to the individual, as it only operates at a shared, collective level. Sociological interpretations of social capital may provide a useful starting point for understanding and analysing the effects of Indigenous unemployment.

In addition to highlighting and elaborating the positive aspects of social capital, the sociological literature documents the negative consequences of social capital, sometimes referred to as its 'dark side'. Portes (1998) identifies four major negative consequences of social capital: the exclusion of outsiders; excessive claims on group members; restrictions on the freedom of individuals; and downward levelling of norms. For example, in the Indigenous context, a downward levelling of norms and expectations about employment prospects may result from a lengthy period of discrimination and restricted labour market mobility. If Indigenous social networks are largely confined to the jobless, then such reductions in expectations can become a self-fulfilling prophecy 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. This downward levelling of norms is often associated with socially unacceptable codes of conduct (Portes 1998). See Appendix A for a more complete discussion of the social processes behind social capital in Indigenous communities.

The operational definition of social capital used in this paper is closest to Coleman (1988), for the pragmatic reason that the NATSIS data provides information at a similar level to that used in his analysis. That is, NATSIS

contains data on individuals as well as on their families, households and communities.

As indicated above, social exclusion and social capital are by no means mutually exclusive. Indeed many social capital indicators are also used in multi-dimensional measures of social exclusion. However, the greater utility of the notion of social capital lies in its flexibility and the consequent means that it gives to explain the negative spill-overs of certain social relationships. Not all social networks are equally useful in promoting 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 individuals' existing motivations (or lack of them) and ultimately their aspirations, in the process described by Portes (1998) as the 'downward levelling of norms'.

Data and method

NATSIS data

The NATSIS data provide a unique opportunity to tease out these issues. NATSIS provides an unprecedented range of information on Indigenous people across social, cultural, and economic domains. The following analysis is conducted using information on both individual Indigenous respondents and relevant household characteristics.[17] Of the 1816 non-Indigenous NATSIS respondents excluded from the individual analysis there were 13 people who failed to answer the question on whether or not they were Indigenous. The following descriptive statistics are population-weighted, being based on a nationally representative sample of 8833 Indigenous respondents to NATSIS.

When calculating the household variable indicating the relative concentration of unemployment, non-Indigenous respondents were included as affecting the welfare of the Indigenous residents. Also, given such data was only relevant for adults, these variables were calculated for residents who were aged 15 years and over. Typically, NATSIS household data do not report the characteristics of 'special dwellings'. However, since the special dwelling category includes all residents of boarding schools, hostels, convents, old people's homes, and prisons, it would be misleading to exclude such candidates from a measure of the social costs of unemployment.

Proxies for social exclusion and social capital in the NATSIS data

There are many proxies for social exclusion and social capital in the NATSIS data. The effect of unemployment on social exclusion can be captured by the following: whether a respondent had been arrested in the previous five years; the reason for their last arrest and whether it was related to drunkenness; whether they had been hassled by the police in the last five years or been a victim of crime (physically attacked or verbally threatened), or taken away from natural family; whether they had voted in recent Federal, State or ATSIC elections; whether they

do voluntary work, have gone to any Indigenous festivals and carnivals, or want to do further study or training; and whether they have had any health problem for more than six months.

The empirical analysis merely presents relevant social indicators and does not attempt to distinguish indicators of social exclusion from those measuring social capital. The lack of differentiation between indicators is driven by the under-theorised nature of both concepts. For example, the motivation to maintain one's skill base, and long-term health problems could be either an effect of social exclusion or a reflection of the dark side of social capital, or an indication of atrophying of social capital. Note that no attempt is made to capture the multi-dimensional nature of social exclusion because this would increase the complexity of the empirical section exponentially, without adding much to the analysis.[18] Most of the indicators of social exclusion and social capital are self-explanatory. However, before analysing the data it necessary to elaborate on the interpretation of two variables: voluntary work and whether the respondents attended Indigenous festivals and carnivals.

Civic engagement is a classic measure of social capital and the variable for voluntary work is an attempt to capture the extent of civic networks.[19] In the NATSIS, voluntary work is defined as unpaid 'community work' primarily conducted within formal organisational contexts and having a wider community benefit. However, the standard definitional approach to voluntary work was broadened to include hunting and gathering activities (Smith and Roach 1996). While subsistence activities are unpaid work (albeit providing products that may be substitutable for market-based goods), it is debateable whether they can validly be called voluntary work in an organisational setting. While 'community work' is not defined, NATSIS establishes a definitional boundary whereby certain kinds of unpaid work, like housework and family-based child care, are excluded. The fact that these kinds of work are excluded, while caring for the sick and elderly and subsistence are included, makes the NATSIS definition idiosyncratic and lacking in coherence. By comparison, the ABS's Voluntary Work Survey (VWS) employed a more standard operational definition of voluntary work; namely, a volunteer 'is someone who willingly gave unpaid help, in the form of time, service or skills, through an organisation or group'. The emphasis was on formal organisational work contexts and 'purely ad hoc, informal and temporary gatherings of people' were excluded. Under this definition, subsistence activities would be excluded. Also, the VWS included a greater range of organisational types of voluntary work than did the NATSIS, a weakness of the latter data set (ABS 1996: 31–2).

Notwithstanding these reservations, the NATSIS definition provides some information on civic engagement: less than one-third of the Indigenous adult population is engaged in unpaid voluntary work. Where they were participating this was, for the most part, in some form of community-based work, although a significant proportion were engaged in hunting, fishing, and gathering bush food.

The other potentially problematic measure of social capital was whether a respondent had gone to any Indigenous festivals and carnivals. Peterson

considers how cultural maintenance and cultural activity can be measured using NATSIS data. He first discusses the concept of culture:

> [It] is a classically ambiguous term for which Kroeber and Kluckhohn (1963) listed 164 different definitions, but there are two somewhat opposed usages that have common currency. On the one hand, the term can be used in the objectified sense reflected in the notion of high culture with its overtones of the aesthetic, the recreational or leisure-time pursuit such as playing or listening to music, painting and dancing. This construction tends to fetishise particular kinds of activity and objects and to ignore a more encompassing understanding, which sees either the activity or the object as an integral part of social life. On the other hand, there is the anthropological usage, which understands culture as the beliefs, values and practices that go to make up a distinctive way of life (1996: 149).

Peterson goes on to argue that the interest in culture in NATSIS is primarily to do with cultural maintenance, a declared aim of the Aboriginal and Torres Strait Islander Commission's (ATSIC's) policy, and that attending gatherings is seen as an index of this or indeed as the cultural activity. From a social capital perspective, we are interested in the attendance at Indigenous cultural activities only as a proxy for the extent of the individual's networks in the Indigenous community.

Peterson's findings from the NATSIS are largely what might be expected. They reflect the urban–rural continuum, with what the survey defines as cultural practices strongest in rural areas. The obstacles to attending gatherings highlight the significance of transport, as half the people who could not attend cultural activities gave lack of transport, rather than money, as the problem.

The regional dimension of Indigenous culture and, indeed, of many other dimensions of Indigenous society provides sufficient reason in itself for separate analysis by the extent and nature of settlement. Another reason for reporting separate results for urban and other areas is the potential distortions introduced by the CDEP scheme. For example, the unique status of CDEP scheme 'workers' somewhere between work and welfare, is reason enough to separately identify participants from both unemployment and mainstream employment (see Sanders 1997).[20] However, the concentration of CDEP scheme employment in rural and remote areas and the fact that it appears to increase the labour force participation rates in many such areas, means that it is also necessary to distinguish CDEP scheme workers in rural and remote areas. [21] Given the substantial gender differences across many social, cultural and economic factors, separate results for males and females are reported where possible.

Empirical analysis

As indicated earlier, unemployment may lead to social exclusion by reducing an individual's freedom; lowering social capital; undermining human relations and

family life; inducing psychological harm, reducing an individual's motivation; and increasing their health problems. Alternatively, Indigenous unemployment may have a liberating effect, especially for those with access to their traditional lifestyles and land. The NATSIS data on social indicators are presented in two linked tables in order to break the information into digestible chunks. For example, Tables 2a and 2b examine indicators of social exclusion and social capital by labour force status, including a separate category for CDEP. The social indicators are separately measured for males and females in both urban and non-urban households.

Unemployment is strongly associated with high rates of arrest irrespective of sex and region of residence. For example, unemployed females in urban areas are more than four times more likely to have been arrested in the last five years than analogous females in mainstream (non-CDEP scheme) employment. Also, females outside the labour force (Not In the Labour Force, henceforth NILF) are, in both regional categories, less likely to have been arrested than the unemployed. The unemployed were always more likely to have been arrested than workers in mainstream employment.

While the association between arrest and unemployment for males is not as strong as that for females when measured in proportional terms, it is much larger in absolute terms. For example, unemployed males in urban households are about two-and-a-half times as likely to have been arrested than urban males in mainstream employment but are 30.7 percentage points more likely to have been arrested. In contrast, unemployed females in urban households are 16.7 percentage points more likely to have been arrested than urban females in non-CDEP scheme employment.

The results for CDEP scheme workers are somewhat mixed. While the level of arrest tends to be lower than for unemployed, females in non-urban areas are actually 7.3 percentage points more likely to have been arrested than analogous unemployed females. However, CDEP scheme workers are uniformly more likely to have been arrested than other workers in urban and other areas.

The inclusion of the variable that captures whether the most recent arrest was for drunkenness facilitates the interpretation of the data on arrest. Overall, the pattern of drinking-related arrest is similar to that for the arrest rates. It is probably not surprising that over half of the Indigenous people reporting having been arrested appear to have been arrested at least once for drunkenness. What is notable is how stable this proportion is, irrespective of labour force status. For example, non-CDEP workers were just as likely to have been arrested on a drinking-related charge as the unemployed, once they had been arrested. Excessive drinking is an issue in all strata of Indigenous society.

Table 2a. Social indicators by labour force status, sex, and region

	NILF	Unemployed	CDEP	Employed (Non-CDEP)
				Arrested in the last 5 years
Females in urban households	9.8	21.7	3.6	5.0
Males in urban households	25.9	51.1	36.4	20.4
Females in non-urban households	6.8	8.6	15.9	3.7
Males in non-urban households	23.4	41.1	37.4	20.1
				Arrested for drunkenness
Females in urban households	5.4	8.2	2.2	2.7
Males in urban households	13.2	27.6	18.0	12.7
Females in non-urban households	4.9	6.2	11.0	1.2
Males in non-urban households	15.1	24.8	28.3	16.8
				Whether hassled by the police in the last 5 years
Females in urban households	4.8	10.9	4.1	4.3
Males in urban households	16.0	23.5	21.3	8.7
Females in non-urban households	2.6	5.4	4.8	3.1
Males in non-urban households	11.0	11.8	8.0	7.7
				Victim of crime (physically attacked or verbally threatened)
Females in urban households	10.4	15.7	13.9	15.0
Males in urban households	12.2	19.3	10.5	14.8
Females in non-urban households	9.8	14.4	11.3	15.1
Males in non-urban households	7.1	12.1	12.1	12.3
				Whether taken away from natural family
Females in urban households	9.5	10.0	11.3	7.0
Males in urban households	8.7	6.7	7.6	7.3
Females in non-urban households	5.7	9.4	10.3	4.1
Males in non-urban households	7.2	11.4	6.1	11.3
				Number of respondents
Females in urban households	1590	593	90	638
Males in urban households	621	737	171	768
Females in non-urban households	1102	187	332	260
Males in non-urban households	555	297	551	341

Source: Unpublished cross-tabulations from NATSIS.

The importance of social exclusion is emphasised when we examine variables that are largely dependent upon the behaviour of others: the incidence of police harassment and whether a person was physically attacked or verbally threatened. The unemployed are more likely to have been hassled by the police in the last five years than either category of workers or those outside the labour force. For example, the unemployed in urban households are more than twice as likely to have been hassled than urban persons in mainstream employment. Not only does the pattern of police harassment closely follow that of arrest, but unemployed females are more likely to be hassled by police than female CDEP workers, even where the scheme participants are more likely to be arrested (for example, females in rural or remote households).

The unemployed are also more likely to have been physically attacked or verbally threatened than other residents in urban areas. The differential is less systematic in non-urban areas with the unemployed being just as likely (or marginally more likely) to have been a victim of such crimes as those in mainstream employment.

The final variable in Table 2a was the one used by the Howard government to deny that the stolen generation was in fact a generation because 'only' 10 per cent of Indigenous people were taken away from their families. No further comment is offered here about this assertion, but it is important to understand why people were taken away. Members of the older generations were probably taken away as part of the concerted policy of assimilation. The later generations of children were, more than likely, taken away because a welfare agency assessed the children were at risk, largely due to factors associated with poverty and unemployment. Therefore, while the variable captures long-run factors associated with cultural dispossession and inter-generational transmission of disadvantage, it does not measure the direct effect of a contemporaneous spell of unemployment.

Indeed, the ambiguity in the interpretation of this variable is the reason why it has been included in the analysis. Much of the social exclusion of the unemployed documented above, and the social capital deficits identified in the following tables, can be attributed to the history of Indigenous dispossession and long-run factors including the transmission of disadvantage across generations. If we think of these issues in the context of causality, then unemployment may be caused by social exclusion borne of the historical fact of dispossession and induced disadvantage. That is, by using this information to proxy the impact of dispossession it may be possible to partially distinguish such issues from the effect of recent spell(s) of unemployment.

On average, the unemployed are more likely to have been taken away from their natural family than the employed. However, the difference is not as large as one might expect.[22] For example, in urban areas, the incidence of being taken among unemployed males is even lower than that among males outside the labour force. Given that the stolen generation phenomenon is prominent even among well-off employed Indigenous Australians, one should not over-emphasise the role of reverse causation from social exclusion to unemployment, although it remains an important qualification to the overall analysis.[23]

Table 2b documents the variation of other relevant social indicators. Voting patterns provide a primary indication of social exclusion, especially where electoral enrolments and voting are compulsory. The first four rows indicate whether a person voted in one or more of the recent Federal, State or ATSIC elections. The first line shows that unemployed urban females were about 20 percentage points less likely to have voted than workers in either the CDEP scheme or in mainstream employment. Unemployed females in such areas are even 4.5 percentage points less likely to vote than females outside the labour force (the NILF category). This pattern of voting is generally replicated for males in urban areas and both males and females in rural and remote areas. To the extent that voting in a recent election is an indicator of civic engagement, and hence social capital, the Indigenous unemployed appear not to be involved in the networks (both Indigenous and non-Indigenous) which may augment individual access to important economic resources (such as information about job opportunities).

The classic social capital variable, à la Putnam, is the level of civic engagement, captured here by whether a person does voluntary work. The unemployed are consistently less likely to do voluntary work than the employed, irrespective of whether they were engaged by the CDEP scheme. In non-urban areas, this measure of social capital appears to be inversely related to attachment to the labour force, with people outside the labour force being even less likely to do voluntary work than the unemployed.

So far the analysis has pointed, more or less unambiguously, towards the existence of substantial social costs from unemployment. The last three variables in Table 2b provide rather mixed messages.

As noted previously, Peterson (1996) examined cultural issues using NATSIS and concluded that attendance at Indigenous festivals and carnivals is a reasonable index of cultural maintenance or, indeed, of the level of cultural activity itself. If we focus on that attendance as a index of cultural activity, the unemployed tend to have lower levels of cultural activity than participants in the workforce (with the exception of males employed outside the CDEP scheme in non-urban areas). While urban residents in the NILF category attend fewer festivals than the urban unemployed, this pattern appears to be reversed for residents of other areas.

The extent of cultural participation among Indigenous unemployed probably does indicate that they have adequate access to Indigenous networks. However, as was pointed out in the discussion about the dark side of social capital, not all networks yield positive outcomes for their members. For example, membership of groups or networks of similarly disadvantaged individuals can lower aspirations through a process of 'downward levelling of norms' (see Appendix A and Portes 1998).

Table 2b. Social indicators by labour force status, sex, and region (continued)

	NILF	Unemployed	CDEP	Employed (Non-CDEP)
				Voted in a recent election
Females in urban households	77.7	73.2	94.3	89.4
Males in urban households	74.9	62.1	67.8	82.4
Females in non-urban households	81.7	72.2	86.3	91.4
Males in non-urban households	80.0	66.7	84.6	82.3
				Whether does voluntary work
Females in urban households	22.2	20.5	39.0	33.8
Males in urban households	26.4	21.1	21.8	28.7
Females in non-urban households	27.7	32.2	31.2	43.8
Males in non-urban households	28.6	31.4	40.3	35.2
				Whether have gone to any Indigenous festivals and carnivals
Females in urban households	33.5	45.1	44.2	48.5
Males in urban households	39.8	39.8	56.9	40.0
Females in non-urban households	44.0	47.0	63.4	43.6
Males in non-urban households	50.2	45.3	58.6	39.6
				Whether wants to do further study or training
Females in urban households	42.1	71.4	37.4	58.3
Males in urban households	34.9	56.7	33.9	51.7
Females in non-urban households	26.3	52.5	33.3	52.7
Males in non-urban households	18.4	44.5	37.7	40.9
				Has a long term health problem
Females in urban households	48.2	39.9	45.3	39.6
Males in urban households	52.9	35.6	27.7	36.3
Females in non-urban households	39.7	29.6	29.3	38.8
Males in non-urban households	36.4	23.8	19.3	28.2

Source: Unpublished cross-tabulations from NATSIS.

The somewhat mixed evidence from the variable measuring attachment to Indigenous culture becomes even more complicated when data on motivation and health are examined. The Indigenous unemployed tended to be more motivated, if their plans for future study are taken as a measure, than almost all of the other categories. However, plans for future study may not be a good indication of motivation because many unemployed were assigned to training programs under the *Working Nation* initiative which was in full flight in 1994, just before NATSIS was implemented. Another factor mitigating the link between plans and motivation is that many people make plans, but never take any action to fulfil those plans. Notwithstanding such problems, the extent of plans for future study among the Indigenous unemployed provides some evidence that the current spell of unemployment does not seriously affect motivation.

The plans for future study among the CDEP scheme-employed are particularly noteworthy. A little over one-third of participants plan to engage studies in the future—compared to as many as 71.4 per cent among unemployed females in urban areas. That is, in terms of their plans to participate in a largely non-Indigenous education system, CDEP scheme workers are much less likely to participate than any other groups of Indigenous people. The only exception to this generalisation is that the NILF in non-urban areas are actually less likely to be motivated for future study. Notwithstanding, it appears that CDEP scheme workers are less likely to want to participate in the non-Indigenous economic system than other people in the Indigenous workforce. This may have important implications for the likely impact of social capital on CDEP scheme workers: this will be developed in the concluding section.

Similarly, long-term health problems are less apparent among Indigenous unemployed, at least according to NATSIS data. Indeed, the unemployed males and females in non-urban households are between 9.2 and 4.4 percentage points less likely to have a long-term health condition than workers in mainstream employment. However, in urban households, there is no significant difference between the health outcomes of unemployed and non-CDEP workers. This is consistent with the existing studies, which show that Indigenous labour force status appears to be largely unrelated to health outcomes (Hunter and Gray 1999). The only group that consistently has poorer health than the unemployed is the NILF category, many of whom may not be participating in the labour force because of a health condition.

These results are consistent with the literature on the health effects of unemployment (Feather and Davenport 1981; Warr, Banks and Ullah 1985; Warr and Jackson 1987). The international literature appears to indicate that marginalised groups may respond realistically to their disadvantaged labour market position and experience lower levels of anxiety, financial strain, and concern over being unemployed than do the employed.[24]

In summary, the unemployed fared worse than the non-CDEP employed on a range of social indicators. CDEP scheme workers sometimes fared better and sometimes worse than the unemployed on the same indicators, but generally fared worse the non-CDEP employed. The NILF category were in between the non-

CDEP employed and the unemployed. This is probably because the NILF are a very diverse group comprising, amongst others, discouraged job seekers (that is, those who want a job but have given up looking for one—for further details, see Hunter 1999), students, persons with family responsibilities, and retired persons.

The effect of concentration of unemployment in particular households

The next three tables attempt to identify the effect of the concentration of Indigenous unemployment in particular households. About one-half of Indigenous unemployment is in households where more than one adult is unemployed. If the effects of unemployment flow over to other members of the households, then social exclusion will be particularly pronounced in such households. Table 3 describes the characteristics of households with varying concentrations of unemployment. Tables 4a and 4b repeat the above analysis of social indicators, but also attempt to measure the extent to which the social costs of unemployment spill over onto other household members.

The first two columns in the following tables show the level of social exclusion when a household contains at least one unemployed person. The first column indicates what happens in households with a concentration of unemployed adults. If unemployment externalities or spill-overs are large then we would expect to see particularly bad outcomes in the left-hand columns (at least, relative to those households where someone is working). The third column indicates households where there is no unemployed resident, but at least one adult is working. The last column refers to those households with no-one in the workforce whether unemployed or employed. Given that such households with no one in the workforce may contain discouraged workers, it is not really possible to make predictions about our expectations for the level of social exclusion displayed in the final column relative to the other columns.

Note that because of the small number of households in some categories, the urban category covers both capital cities and other urban areas, while the non-urban category covers both rural and remote areas. Households with unemployed residents are less likely to be located in remote areas than in non-urban areas. One of the reasons for this is that CDEP scheme is more likely to operate in such areas and tends to be classified as employment. That is, where CDEP scheme work is provided, all unemployed in a household will tend to be classified as employed.[25]

Table 3 also shows that households with unemployed residents tend to be larger than other households, irrespective of where they are located. While the difference in household size is partly a result of the larger number of dependents in such households, the majority of the differential is explained by there being more adults in a residence. This can be partially explained by the first column's conditions on there being at least two adults in the household (that is, more than one unemployed person in the household).

Table 3. Household characteristics by concentration of unemployment in Indigenous households

			No unemployed in household	
	More than one unemployed person in household	Only one unemployed person in household	At least one person working	No adults in labour force
Urban areas				
Total number of persons	5.3	4.0	3.7	3.0
Number of dependents	1.9	1.7	1.5	1.5
Per cent of adults employed	9.7	23.2	61.6	0.0
Per cent of adults unemployed	64.9	43.1	0.0	0.0
Medical service available (%)	79.0	80.5	81.4	81.0
Person in household gone without food in last 4 weeks (%)	6.9	3.3	2.5	5.8
Capital city (%)	16.4	21.9	25.0	27.0
Number of households	281	688	1119	411
Non-urban areas (rural and remote)				
Total number of persons	6.5	5.0	4.6	3.6
Number of dependents	2.3	1.9	1.8	1.5
Per cent of adults employed	11.9	28.7	60.9	0.0
Per cent of adults unemployed	54.6	32.4	0.0	0.0
Medical service available (%)	22.8	17.3	24.7	31.2
Person in household gone without food in last 4 weeks (%)	10.4	10.8	7.7	9.3
Remote (%)	43.9	35.8	54.7	48.6
Number of households	82	201	590	173

Source: Unpublished cross-tabulations from NATSIS.

The labour force composition of households in Table 3 is consistent with our expectations, with larger numbers of employed being in households where at least one person is working. It is reassuring that there are more employed living in households where only one person is unemployed compared to those where more than one person is unemployed, despite the fact that such households are larger. Note that the unemployed must be concentrated in such households, by definition.

The availability of medical services is reported to indicate the level of infrastructure available to the various types of households in the different areas. In general, there is very little difference in the infrastructure available to households with unemployed residents.

The widespread incidence of households where at least one person has gone without food at some time in last 4 weeks indicates that living in a household where someone is working is not a guarantee against the effects of poverty. In non-urban areas, 7.7 per cent of households with workers experienced some extreme deprivation, as measured by this variable, compared to just over 10 per cent of households where at least one person was unemployed.

The analysis of social indicators by concentration of unemployment in households is presented in two tables to make it more reader friendly (Tables 4a and 4b). Table 4a shows that the expectations about spill-overs outlined above are borne out. Members of unemployed households are less likely to have voted and are more likely to have been arrested (especially for drunkenness), to have experienced police harassment, or to have been a victim of crime than residents in households with at least one working adult. Almost half (49.2%) of males in urban households where more than one adult is unemployed were arrested. This is not effectively different from the average number reported for Indigenous unemployed in such areas (51.1%). That is, given that the household composition data in Table 3 seems to preclude the possibility that all the adult males in such households are unemployed, the other males in such households are similarly likely to have been arrested. A spill-over effect is therefore evident. An equivalent observation is possible for males in non-urban households and for females (though the effect is not large for urban females).

Another pointer to the existence of spill-overs is that households with more unemployed residents are generally more likely to experience social exclusion, as measured by arrest rates, than households with only one unemployed present (49.2% as opposed to 36.7%). Thus, the differential in probability of arrest for males in urban households was 12.5 percentage points—a relative differential of about one-third. While this may be (partially) explained by a change in the household composition towards unemployment, the effect is, nevertheless, very large. The proportion of females arrested for drunkenness in non-urban households with several unemployed adults was almost twice that for females in other households with unemployed residents in similar areas.

One notable result arises from the data on whether an individual was taken from their natural family. The pattern is not consistent with that observed for other social indicators. In non-urban areas, females in households with unemployed are actually less likely to have been taken, than in those where at least one adult is employed. Overall, there is no consistent correlation between the concentration of unemployment and whether an individual was taken from their natural family. If this variable is interpreted as indicating the impact of dispossession and inter-generational factors, then the results, especially those in non-urban areas, provide evidence of the extent to which unemployment causes and enhances social exclusion rather than vice versa.

Table 4a. Social indicators by concentration of unemployment, sex, and region

	More than one unemployed person in household	Only one unemployed person in household	No unemployed in household: At least one person working	No unemployed in household: No adults in labour force
				Arrested in the last 5 years
Females in urban households	17.5	16.3	4.4	9.8
Males in urban households	49.2	36.7	17.2	35.9
Females in non-urban households	14.1	8.2	5.8	7.4
Males in non-urban households	39.0	36.1	27.0	18.3
				Arrested for drunkenness
Females in urban households	9.0	6.7	2.0	4.4
Males in urban households	22.0	21.4	10.3	16.2
Females in non-urban households	10.4	5.3	3.6	6.2
Males in non-urban households	23.4	24.7	20.1	15.2
				Whether hassled by the police in the last 5 years
Females in urban households	9.0	6.2	3.9	5.3
Males in urban households	22.9	18.7	10.2	19.0
Females in non-urban households	7.6	3.7	2.1	3.8
Males in non-urban households	8.2	12.6	7.0	11.9
				Victim of crime (physically attacked or verbally threatened)
Females in urban households	15.3	15.4	10.5	14.2
Males in urban households	16.9	14.8	12.5	11.6
Females in non-urban households	9.6	13.5	9.4	16.6
Males in non-urban households	11.2	14.6	11.5	6.5
				Whether taken away from natural family
Females in urban households	10.3	10.8	7.6	11.9
Males in urban households	8.3	7.4	8.0	14.4
Females in non-urban households	4.8	6.7	7.9	4.0
Males in non-urban households	8.5	10.0	8.2	7.4
				Number of respondents
Females in urban households	498	838	1287	415
Males in urban households	467	761	1171	179
Females in non-urban h ouseholds	172	307	836	225
Males in non-urban households	189	323	867	146

Source: Unpublished cross-tabulations from NATSIS.

Table 4b. Social indicators by concentration of unemployment, sex, and region (continued)

	More than one unemployed person in household	Only one unemployed person in household	No unemployed in household: At least one person working	No unemployed in household: No adults in labour force
				Voted in a recent election
Females in urban households	73.6	78.8	87.5	71.1
Males in urban households	63.0	70.5	82.0	74.5
Females in non-urban households	75.5	80.6	88.2	71.7
Males in non-urban households	66.1	73.0	87.6	69.1
				Whether does voluntary work
Females in urban households	19.0	23.4	30.1	18.2
Males in urban households	21.1	23.5	27.7	19.6
Females in non-urban households	28.5	29.0	32.8	27.6
Males in non-urban households	29.5	32.2	32.5	33.7
				Whether have gone to any Indigenous festivals and carnivals
Females in urban households	46.5	37.4	38.5	32.5
Males in urban households	41.2	38.7	42.2	30.3
Females in non-urban households	44.1	48.1	43.8	41.1
Males in non-urban households	43.0	47.5	46.8	48.7
				Whether wants to do further study or training
Females in urban households	54.1	59.6	52.1	41.9
Males in urban households	44.4	56.7	46.2	26.0
Females in non-urban households	34.2	42.5	37.8	17.4
Males in non-urban households	28.4	51.0	32.7	16.4
				Has a long term health problem
Females in urban households	41.3	44.5	43.2	50.2
Males in urban households	39.3	36.5	39.0	61.0
Females in non-urban households	33.3	41.1	33.8	41.0
Males in non-urban households	17.9	31.4	23.1	48.3

Source: Unpublished cross-tabulations from NATSIS.

Table 4b provides more evidence that concentrations of unemployment in households enhance the extent of social exclusion. Households with unemployed residents are less likely to have adults who voted or engaged in voluntary work than those with at least one person working. In addition, households with several unemployed adults are less likely to have social capital than households with only one unemployed person resident. Indeed, residents in households with more than

one unemployed resident have an even lower rate of social capital formation, as measured by the participation in voluntary work, than the average unemployed person in Table 2b.

Cultural activity within the Indigenous community does not appear to be related to the concentration of unemployment in particular households. That is, the residents of households with at least one unemployed adult are just as likely, or even more likely, to attend Indigenous festivals and carnivals than those in other households. To the extent that the attendance at such occasions is an indication of one's social networks, the residents of such households could be considered well connected and hence 'rich' in social capital. On one interpretation, this is consistent the negative aspects of social capital, especially what Portes called the 'downward-levelling of norms'. However, the reality in Indigenous communities is that ceremonial participation is easier for unemployed and other people with time to accommodate a heavy schedule of festivals and carnivals.

Notwithstanding these apparently counter-intuitive observations, there is some evidence that motivational and long-term health problems are issues in households where there are unemployed residents, especially where there are several unemployed adults present. In contrast to the results presented in Table 2b, the motivation to engage in further study is rather depressed in such households when compared to households with only one unemployed resident. For example, males in non-urban households with several unemployed adults were 22.6 percentage points less likely to want to do further study than males in other households with unemployed present. Such males were even less likely to be motivated than males in households where at least one adult was working. While households with a concentration of unemployed tend to be unhealthier than those where only one person is unemployed, this pattern did not hold for males in urban areas (although the difference was not large).

To summarise, the social costs of unemployment appear to spill over onto other members of a household and are exacerbated by living with several unemployed persons. Even for those variables for which individual unemployed are not particularly disadvantaged, such as motivation for further study and long-term health problems, social costs are exacerbated by living in households with several unemployed adults.

The effect of long-term unemployment

As noted earlier, the costs of unemployment become worse for those who have been unemployed for prolonged periods. For the purposes of this paper, a person had been unemployed for 12 or more months is defined as being in long-term unemployment. Table 5 presents the variables reported in Tables 2a and 2b (and Tables 4a and 4b) in one table. Given the small numbers of long-term unemployed in certain areas, it was not possible to disaggregate this table by sex although separate descriptive statistics are reported for urban and non-urban areas.

Table 5. Social indicators by unemployment duration

	Urban areas		Non-urban areas	
	Short-term unemployed	Long-term unemployed	Short-term unemployed	Long-term unemployed
Arrested in the last 5 years	36.6	42.0	27.4	42.2
Arrested for drunkenness	21.4	25.1	17.7	25.4
Whether hassled by the police in the last 5 years	20.2	17.1	10.2	10.9
Victim of crime (physically attacked or verbally threatened)	18.3	18.1	15.6	13.9
Whether taken away from natural family	6.9	8.0	12.7	12.4
Voted in a recent election	70.9	62.7	75.9	59.0
Whether does voluntary work	23.9	21.4	30.2	41.7
Whether have gone to any Indigenous festivals and carnivals	50.4	35.7	54.8	40.6
Whether wants to do further study or training	63.8	60.1	57.2	46.8
Has a long term health problem	34.7	36.6	26.7	30.7
Number of respondents	519	426	189	136

Source: Unpublished cross-tabulations from NATSIS.

Among the urban unemployed, the long-term unemployed are more likely to have been arrested, are more likely to have been taken from natural family, are less likely to have voted in a recent election, have lower participation rates in voluntary work, are less likely to have gone to any Indigenous festivals and carnivals, are less likely to be motivated (in terms of future study plans), and are more likely to have a long-term health problem. For example, long-term unemployed in such areas were 14.7 percentage points less likely to go to any Indigenous festivals and carnivals than other unemployed. However, the hypothesis of social exclusion among long-term unemployed males is contradicted, or rather not supported, by the fact that long-term unemployed in urban areas were less likely to experience police harassment than other unemployed and that there were no significant differences between unemployed in whether they physically attacked or verbally threatened.

For the unemployed in non-urban areas, the evidence for the social costs of unemployment being exacerbated by duration of unemployment is strong, but not necessarily conclusive. For example, the long-term unemployed in non-urban areas were significantly more likely to have been arrested, less likely to have voted, were much less likely to have attended Indigenous festivals and carnivals, and less likely to be motivated for further study than other unemployed. While the other social indicators did not support the hypothesis, differences in these

indicators were generally rather small. The only exception was that long-term unemployed in non-urban areas were 11.5 percentage points more likely to have participated in voluntary work than other out-of-work residents. Given that hunting, fishing and gathering was classified as voluntary work in the NATSIS, this may partially reflect the greater opportunity for such activities in remote Australia. That is, since long-term unemployment tends to be concentrated in areas with depressed labour markets, the correlation between voluntary work and duration of unemployment is merely an artefact of the idiosyncratic nature of the NATSIS definition of voluntary work.

Notwithstanding the apparently weak relationship between unemployment duration and health, the result is worthy of further discussion. Length of time out of work is frequently found to be unrelated to affective wellbeing and employment commitment, but job-search attitudes remain significantly less positive among people who have been unemployed for prolonged periods (Warr, Banks and Ullah 1985). The explanation sometimes provided for this observation is that health improves after a person accepts their circumstances, in particular that the possibility of getting a job is small. In the context of the social capital literature, this could be interpreted as a positive consequence of the ‘downward levelling of norms’. One consequence of these subtle psychological phenomena is that it is not possible to identify easily the social costs of unemployment arising from unemployment duration. Notwithstanding any positive side effects, these fatalistic attitudes and other adaptive behaviours are themselves an elusive cost and an impediment to enhancing job search intensity and, ultimately, Indigenous employment outcomes. If it were possible to control for this ‘downward levelling of norms’ (or psychological adaptation), the health impact of being unemployed for more than 12 months would be larger.

Concluding remarks

The main result of the analysis presented in this paper is that the unemployed, especially the long-term unemployed, fare worse than the non-CDEP employed on a range of social indicators. Among Indigenous people, being unemployed is often associated with:

- social exclusion in the form of high rates of arrest and police harassment;
- low levels of social capital and civic engagement;
- high levels of drinking related offences that may be an indication of a loss of traditional social values (although Indigenous cultural activities are prominent among the unemployed); and
- relatively high motivation, as measured by plans for future study.

There is little or no relationship apparent between ill-health and labour force status.

The experience of unemployment not only affects the welfare of the individuals concerned, but also adversely affects that of other residents in their households. Households where at least one adult is unemployed exhibit substantial spill-overs

in all categories of social exclusion from the mainstream. However, the attachment to Indigenous culture remains unimpaired. The failure to get employment may not be an impediment to participation in the Indigenous community. That is, the social exclusion of the Indigenous unemployed from the mainstream does not entail a general lack of social networks.

The evidence presented in this paper on adaptive behaviour and response, especially among long-term unemployed, whereby Indigenous unemployed become resigned to their circumstances, points to the possibility that the social costs are underestimated. The sense of fatalism cultivated by prolonged unemployment may itself be a major impediment to the efficacy of any policy proposal to lessen the effect of being unemployed.

The analysis provides evidence to support the contention that Indigenous people must be engaged in the debate about their future involvement in the economy. As a recent paper by Dudgeon et al. points out:

> Social capital is an important notion which helps open up a vision of Australian society in which Indigenous people actively participate. Yet any vision of what an 'ideal' society might look like in the future is usually constructed by theorists with little or no dialogue and negotiation with Indigenous Australians ... The reality is a social and political vision which can inadvertently perpetuate the marginalisation of Indigenous Australians unless they assimilate on white terms. (Dudgeon, 1998: 5).

Before this paper is uncharitably characterised as inadvertently advocating some form of assimilation, it is worth pointing out that Indigenous people are actually less likely than other Australians to indicate they have no interest in working (Hunter and Gray 1999). Given the lack of employment opportunities in Indigenous businesses, Indigenous people have revealed themselves to be willing to participate in the non-Indigenous economy. The outstanding question is: what is preventing Indigenous people from realising their aspirations?

Direction(s) of causality

Identifying the direction of causality is problematic. The inter-generational transmission of social pathologies arising from Indigenous unemployment is almost impossible to separate from the effects of dispossession. While the use of a stolen generation proxy may partially capture the effect of both, it is not possible to discount either when trying to capture the influence of recent spells of unemployment. For example, almost one-half of Indigenous male youths have been arrested before they even enter the labour force. Thus, historical factors and the family's socioeconomic circumstances undoubtedly dominate as effects in an individual's current unemployment status, yet they are difficult to tease apart in a causal sense.

Notwithstanding the considerable evidence pointing to significant 'spill-overs' from Indigenous unemployment, the results reported here may be partially explained by Australia's history of appropriation of Indigenous peoples' lands and property, and the suppression of their traditional lifestyles. The long-term nature of their disadvantage and endemic social dislocation, even among relatively well-off Indigenous families, point to the importance of such historical factors (Hunter

1999). An emphasis on the role of social alienation in maintaining the relative disadvantage of Indigenous people may seem to lead a vague and abstract analysis. But the fact that social factors, such as arrest and household composition, have been statistically demonstrated to be important determinants of economic status means that the broad social environment cannot be ignored (Borland and Hunter 2000; Hunter and Schwab 1998).

Restating the case for policy intervention

The analysis presented in this paper was motivated in terms of the less tangible costs of Indigenous unemployment. The Indigenous unemployed are certainly more likely to be socially excluded and this exclusion spills over onto other household residents. These spill-over effects are a particular matter for concern since residents will have little control over what their unemployed co-residents do to find work. That is, whether or not one believes unemployment is caused by individual choice, or by the low local demand for workers, or by some combination of the two, there is a strong argument for government intervention and a redoubling of effort to address Indigenous unemployment.

The feedback between social exclusion and unemployment means that Indigenous unemployment is likely to be particularly intractable (see Borland and Hunter 2000 for a concrete examples of how arrest reduces Indigenous employment prospects). The case for policy intervention which deals directly with social exclusion, and with low levels of social capital, revolves around the point that unless Indigenous people are included in the social and economic processes of Australian society, it becomes increasingly hard to break the vicious circle of welfare dependency and unemployment. Indigenous unemployment cannot be addressed by relying solely on the economist's usual toolkit (for example, increasing the number of suitable jobs available in the local area or sending the unemployed back to school). Innovative policies must be found to deal directly with the root causes of social exclusion.

A policy for the socially excluded

Social exclusion is a shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown. In the past, governments have had policies that tried to deal with each of these problems individually, and consequently there has been little success in tackling the complicated links between them, or preventing them from arising in the first place.

Indigenous Australians experience a double disadvantage. They are disproportionately concentrated in deprived areas, and experience all the problems that affect others who live there (Hunter 1996). They also suffer from the consequences of racial discrimination, services that fail to reach them or meet their needs, and language and cultural barriers to accessing information and services (see Hunter and Hawke 2000a, 2000b).

The United Kingdom's Social Exclusion Unit (SEU) report, *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*, summarises some ideas for further action from policy makers (SEU 2000). Five broad types of action were suggested:

- tackling racial discrimination;
- making sure that mainstream public services better meet the needs of minority ethnic communities, for example by ethnically monitoring their outcomes and involving minority ethnic users in their design and delivery;
- putting programs in place specifically targeted at people from minority ethnic groups;
- tackling racist crime and harassment; and
- improving the information available about these communities.

Given the high levels of social exclusion, police harassment, and victimisation by crime identified among NATSIS respondents, these policy recommendations are likely to apply equally to Indigenous Australians.

A practical means of breaking the vicious circle of social exclusion and unemployment is to reduce the Indigenous arrest rate. One way of accomplishing this is to reduce the rate of arrest for alcohol-related offences, such as offensive behaviour and offensive language. Another way of accomplishing it is to increase the rate at which young Indigenous people, detained for minor offences, are diverted to Youth Justice Conferences rather than arrested and brought to court. A third way of reducing the arrest rate is to increase funding and facilities for the care and treatment of intoxicated persons. This would reduce the need for police to rely on arrest as a means of dealing with ongoing public order problems.

The SEU (2000) also argues that over the last 20 years, what was originally conceptualised as just an economic problem is now seen as multi-dimensional; it is as much about crime, or about the rise of a drugs economy, or about family breakdown, or about much lower aspirations for education or for life in general.[26] The social exclusion agenda focuses on how to tackle all of these different factors in tandem, and questions the belief that one or two policy levers like the benefit system, or like traditional economic measures, will actually make a difference.

As argued earlier, the social exclusion framework is of itself probably too vague to provide the tools for a decisive analysis. However, it does successfully identify how the social costs of unemployment may feed back into a passive 'inward-looking' mentality, which acts as an ongoing impediment to improving Indigenous employment outcomes. If the effects of unemployment are conceptualised in terms of the low level of social capital, then one can ask the question: what are the options for building social capital?

Public policy options for building social capital?

Putnam's (1996) recommendation that government policies be vetted for their indirect effects on social capital will, if it is taken up, help ensure that social exclusion does not increase. Winter (2000a) provides an example of a hypothetical policy change that is particularly relevant for Indigenous Australians. Would

abolishing ABSTUDY add so much distrust and damage to Aboriginal communities that this would outweigh the perceived benefits of placating non-Indigenous rural interest groups? Would it make more sense to increase grants to isolated non-Indigenous students, creating the possibility of some commonalties between isolated students regardless of race?

However, the approach of vetting policy changes is too negative and will not be of much use to severely disadvantaged groups such as the Indigenous unemployed. Policy needs to be more positive and inclusive, and take into account the processes of developing social capital. Winter (2000a) poses several questions to assess the effect of policies on the social fabric and the common good:

- does the policy increase people's skills to engage in social activities with people they do not know;
- does the policy target some groups at the expense of others, or create feelings of scape-goating or exclusion;
- do the proposed forms of service delivery allow the building of informal relationships and trust with all stakeholders;
- does the project help extend networks, confidence and optimism among participants;
- do participants increase their capacity to deal with conflict and diversity;
- does the program evaluation include the social as well as financial and individual aspects of outputs and outcomes;
- does the auspice itself affect the way people see the programs; for example, do they feel it is their right or an act of charity for which they should be grateful;
- what messages does the program offer to people about their own values and roles; and
- what impact does the program have on attitudes to formal institutions of governance?

While it is not possible to address the implications of all these questions, several points need to be made in the context of policy directed at Indigenous people. Policies which seek to augment the social capital of a socially excluded group must recognise the need to establish networks that extend into mainstream society. Inwardly focused policies are unlikely to improve employment outcomes, especially given that the unemployed appear to participate fully in Indigenous cultural activities. However, endorsing policies aimed at fostering networks into non-Indigenous community may be characterised, at best, as working against Indigenous self-determination and, at worst, as being a new form of assimilation. Notwithstanding, it is difficult to imagine how Pearson's (2000) call for increased Indigenous involvement with the 'real economy' could be achieved without extensive networks into mainstream Australian society. Another, more positive, way to make this point is to emphasise the obvious linkage between Indigenous participation in such networks and reconciliation.

Winter’s emphasis on the attitudes to formal institutions of governance points to the underlying importance of reconciliation for Indigenous Australians. The paradigm presented by mainstream institutions (and the nation’s leaders) plays an important part in whether Indigenous people feel the desire to participate fully in Australian society.

A further question needs to be asked in the context of Indigenous policy: what is the appropriate definition of economic development? If development is viewed from an Indigenous perspective, then extending networks into non-Indigenous community may act against cultural maintenance. Given that all taxpayers finance welfare payments, the non-Indigenous community may expect a commitment to actively engage in the Australian economy, as evidenced by the recent rhetoric about ‘mutual obligation’.

Indigenous people pioneered the first practical expression of mutual obligation in Australia with the Indigenous work-for-the-dole scheme, the CDEP scheme. Ulrich Beck argues for ‘citizenship work’, not unlike the CDEP schemes, which covers a broad range of voluntary and community work, from working with homeless people or refugees, to environmental projects.[27] Beck argues that recognising work like this as a valuable contribution to society, and as an expression of people’s citizenship, can include them in ways that low-wage and low-status paid work cannot. Of course, in disadvantaged areas where there is no work available, there may be no alternative to such citizenship work. While CDEP scheme work might extend some Indigenous people’s sense of citizenship at the margin, discrimination and a lack of reconciliation are major impediments to Indigenous participation in mainstream society. Focusing solely on Indigenous attitudes and social networks leads to obviously inadequate and one-sided policy-making. Given that Indigenous people want to work as much as other Australians, policy should not focus solely on either job search or other labour supply decisions of the Indigenous unemployed.

However, the fact that CDEP scheme workers are less likely to want to participate in future in non-Indigenous education may indicate a certain level of insularity from mainstream Australian economy. Such insularity is likely to circumscribe the ability of policy to develop and foster social capital that eventually translates into lasting employment outcomes and economic independence. Social capital research needs to actively distinguish between social ‘investments’ which yield purely social returns and those that can alleviate material disadvantage vis-à-vis the rest of the Australian population. Stated in a slightly different way, social capital ‘investments’ in the Indigenous domain are likely to yield different results than those aimed at developing linkages with the mainstream economy. This is not to say that investments in the Indigenous domain are not important, merely that researchers and policy-makers should differentiate between the two types of ‘investments’.

Given the reservations expressed about the definition of social capital, future research should also concentrate on the precise mechanisms by which Indigenous Australians are prevented from participating in Australian society. Overextending the metaphor of capital into social processes gives the impression that such processes are easy to control. Nothing could be further from the truth.

Notes

1. Joblessness is much higher amongst the wives of unemployed men than amongst the wives of working men (Miller 1997). Daly and Hunter (1999) show a similar concentration of both unemployment and employment in particular Indigenous households.
2. Unpublished cross-tabulations from the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) unit record file.
3. This is also true for Indigenous people in other developed countries (see Hunter and Gray 1998).
4. Taylor and Hunter (1998) estimate the fiscal costs to government and many studies point to the connection between poverty and unemployment (see Altman and Hunter 1998). The large number of Indigenous Australians who would like to have a job but feel that it is hopeless searching for one (the so-called 'hidden' unemployed or discouraged workers), is prima facie evidence of the effect of ongoing labour market disadvantage (Hunter and Gray 1999).
5. Even the large data set for the Australian population as a whole lacks consistent data across these domains. The main problem is that the incidences of arrest and crime tend to be rather rare in the general population and, therefore, it is quite difficult to construct valid statistics. As a result, the general social surveys leave out crime statistics, which are dealt with in specific, purpose-built, surveys.
6. In economic terms, poverty is a static concept defined by whether an individual, family, or household has sufficient income at a particular point of time.
7. If their expected wage is so low that their income support entitlements are actually higher (see Daly and Hunter 1999), then they might be relatively less poor when unemployed.
8. For a more complete history of the term social exclusion, see the Australian Broadcasting Commission's (ABC's) transcripts for a *Background Briefing* program broadcast on 7 February 1999 on Radio National (transcripts available from the ABC web site).
9. The multifaceted nature of Indigenous disadvantage is well documented. For example, Hunter (1999) shows that many Indigenous people experience disadvantage on a wide range of indicators and of a higher order of magnitude than that endured by other poor Australians.
10. The full intellectual lineage of social capital can be traced back to Adam Smith's Theory of Moral Sentiments.
11. Putnam's empirical application of the concept of social capital has been criticised for being reductionist, as it places undue weight on participation in voluntary associations and assumes that reciprocity and trust will flow from this participation (see Harriss and De Renzio 1997; Putzel 1997). These same authors criticise Putnam for prescribing a linear cause between civic engagement in voluntary associations and improved democratic institutions, rather than allowing for a dynamic relationship between the two.

    Another problem for Putnam's empirical studies is that he tends to confuse the regional and individual levels of analysis and hence his results are prone to the ecological fallacy.

12. There are other streams of social capital literature not explored in this paper. For example, Fukuyama (1995) argues that there are high trust and low trust societies and cultures. High trust societies tend to develop greater social capital, and consequently enjoy greater economic growth, particularly in the transition to a post-industrial economy. Likewise, high trust groups and cultures accumulate greater social capital. Fukuyama sees social capital as the glue that holds the otherwise centrifugal structures of the market together. From Fukuyama's perspective social capital is necessary for the effective functioning of the market rather than for its effect on particular groups such as unemployed or Indigenous Australians.
13. Another disturbing trend within the literature on social capital is that which tends to idealise the family and civic organisations as the most productive site of social capital and therefore as pillars of civic virtue and democracy. Putnam cites the example of 'barn raisings' on the American frontier as exemplary of the social capital that underpins democracy, but others might associate it with a survival mechanism of a community participating in the genocidal warfare conducted against the Indigenous inhabitants of the North American continent (Putzel 1997).
14. See McDonnell (1999) for a comprehensive discussion of the micro-credit issues as they pertain to Indigenous peoples.
15. The naked appeal to authority through 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).
16. Labour or supplier turnover in response to prices may destroy the willingness to offer trust or, more generally, to invest in the future of the relation. This leads to an important long-standing question: does the market (or for that matter a large, efficient, bureaucratic state) destroy social links that have positive implications for efficiency?
17. The household is defined broadly by the Australian Bureau of Statistics (ABS) as '... a group of people who reside and eat together (in a single dwelling) ... as a single unit in the sense that they have common housekeeping arrangements, i.e. they have some common provision for food and other essentials of living' (ABS 1990: 58). In other words, the household definition is concerned with ascertaining the effective domestic units within a dwelling. Indigenous households are those where the primary reference person or the second person (usually the spouse or partner of the reference person) on the census form is Indigenous.
18. A cluster analysis of analogous variables was also attempted, but this yielded few insights that were not available using the simple cross-tabulations presented in this paper.
19. A danger of Putnam's approach is that the concept of social capital loses its specificity as a resource for action and becomes redefined, in the 'measurement rush' as the action itself. Putnam's focus may crowd out analysis of other important actors and narrows the processes by which social capital can be produced. Levi (1996) is not convinced by Putnam's argument that intermediate associations are sufficient to produce generalised trust across a society (also see Foley and Edwards 1998).
20. Whether one treats CDEP scheme employment as work or welfare is determined by one's perspective (Sanders 1997). In terms of employment need, the CDEP scheme fulfils both aspects of the defining features of need: it provides a psychological link to society and provides some discretionary financial income, in addition to the social

security entitlement (although the amount involved may be quite small (Altman and Gray 2000; Office of Evaluation and Audit 1997).

21. For example, the Cooktown Region in the 1996 Census has the highest Indigenous male labour force participation rate of any ATSIC region, presumably because of the relatively large numbers of CDEP scheme participants in the area. The Cooktown rates can be contrasted to those in Cairns which, despite a larger and more buoyant labour market, had substantially lower Indigenous labour force participation rates.
22. The differences are, in reality, driven by complex relationships between social and economic factors. There may be two forces acting in opposite directions. In this paper, the effect of being taken from one's natural family is seen as driving social problems (such as arrest) that may increase future unemployment. An alternative hypothesis is that being taken increases educational opportunities and networks with connections to the work force and thereby reduces unemployment. Empirical evidence from Borland and Hunter (2000) and Hunter and Schwab (1998) appears to refute this alternative hypothesis.
23. This observation was also made in Hunter (1999).
24. In the USA, Warr, Banks and Ullah (1985) found that unemployed Black respondents exhibited significantly lower levels of distress and depression than did Whites. However, no differences were recorded between Black and White respondents in anxiety, financial strain, or concern over being unemployed. Commitment to the labor market was significantly greater among White males than Black males, perhaps because the latter responded realistically to their disadvantaged labor-market position. However, ethnic differences in commitment were generally absent in females.
25. Some possible exceptions to this assertion are noted in Altman and Gray (2000).
26. Such rhetoric strikes a chord with Noel Pearson's analysis of the role of welfare in generating a passive state of mind among Indigenous recipients. Pearson argues that his people have been 'poisoned' since about 1970 by their access to cash welfare benefits and to welfare programs in kind. He seeks to change the way that such services are delivered so that they are no longer destructive. His purpose is not to get Cape York people 'off welfare', rather 'to engage successfully with the real market economy' (Pearson 2000: 89). Pearson's analysis, and to a lesser extent the social exclusion literature, begs the question of the sustainability of the 'real economy' in the local region and ignores the problem of where the jobs are to come from.
27. Quoted in the Australian Broadcasting Commission's Background Briefing on 7 February 1999. In Beck's scheme people doing citizenship work would get a citizenship payment financed by the state.

Appendix A: Indigenous Australians and the concept of social capital

This appendix is a primer for a discussion about the utility of the term 'social capital' in analysis of Indigenous disadvantage. Informed discussion can only proceed on the basis of an understanding of the processes and sociology that underpin the concept.

The sociology of social capital

Portes provides an overview of the history of the concept of social capital from a sociological perspective and attributes its popularity to two factors: it focuses on the positive consequences of sociability while putting aside the less attractive features of social organisation (Portes 1998: 2). Portes provides a variety of definitions of social capital, from various authors, citing their advantages and disadvantages, and arrives at a general definition of social capital, stating that:

> the general consensus is growing in the literature that social capital stands for the ability of actors to secure benefits by virtue of membership in social networks or other social structures ...Whereas economic capital is in peoples' bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationships. To possess social capital, a person must be related to others, and it is those others, not himself, who are the actual source of his or her advantage (Portes 1998: 6–7).

Bordieu (1993: 33) sees the family as the main site of accumulation and transmission of social capital. Fukuyama (1999: 17) asserts that 'families are obviously important sources of social capital everywhere'. 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 does not extend beyond the bounds of the 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.

Much of the literature has focused on the positive outcomes associated with high levels of social capital and sought to explain social problems as an outcome of diminishing social capital stock (Putnam 1995, 1996). The distinction between the mechanics of social capital and the content of ideas transmitted indicates that social capital may have negative effects on some parties. These are known as the 'dark side of social capital' (see Ostrom 1997; Putzel 1997).

The notion of 'dark side' is integral to the original formulation of social capital by Bordieu and Coleman (1998). They focused upon how social capital enabled individuals to gain a competitive advantage, either in economic or human capital terms. Arguably a gain for some through the use of social capital is a loss, or potential loss, for others. Putnam's (1993) work on Italian regions has provided the oft-cited example of the Mafia drawing heavily on particular forms of social capital to produce positive outcomes for those in the 'family', but potentially 'dark' outcomes for those on the outside.

Portes (1998) believes that due to the growth in popularity of the term, and the broad range of settings to which it is now applied, social capital is at risk of losing any distinct meaning. At the risk of further diminishing the utility of the term, the next section examines whether the notion of social capital can add to our understanding of Indigenous disadvantage, especially the effects of ongoing unemployment. Contemporary Indigenous social exchanges should be examined with the context of the historical legacy of government policy.

Indigenous Australians and social capital

The family played a central role in Indigenous societies in the pre-colonial era:

> The extended family or kinship system traditionally managed virtually all areas of social, cultural and economic life. It regulated the distribution of food and property, the use of and the rights and responsibilities to land, relationships between people (including marriage and the responsibility of children), the education of children and the transmission of knowledge at all stages of life, the transmission of culture and language, all aspects of law including criminal and family law, and relations with other kinship groups (Dodson 1994: 34).

Colonisation disrupted almost all aspects of Aboriginal life, redefining basic needs and the way Indigenous people went about meeting these needs. The nature and volume of social exchanges changed considerably and resulted in a shift away from self-reliance (autonomy) to dependency. The state or the market displaced many social functions that had previously been performed within the Aboriginal community. State interventions in Indigenous family life may have also removed the cultural foundations on which social capital grew. For example, the dislocation of Indigenous people from their traditional lands and the forced removal of children from their families had a profound effect on the social exchanges carried out within the Aboriginal family (Commonwealth of Australia 1997).

It is important to note that the social capital of Indigenous Australians is defined by their relationship with the rest of society. Winter argues that:

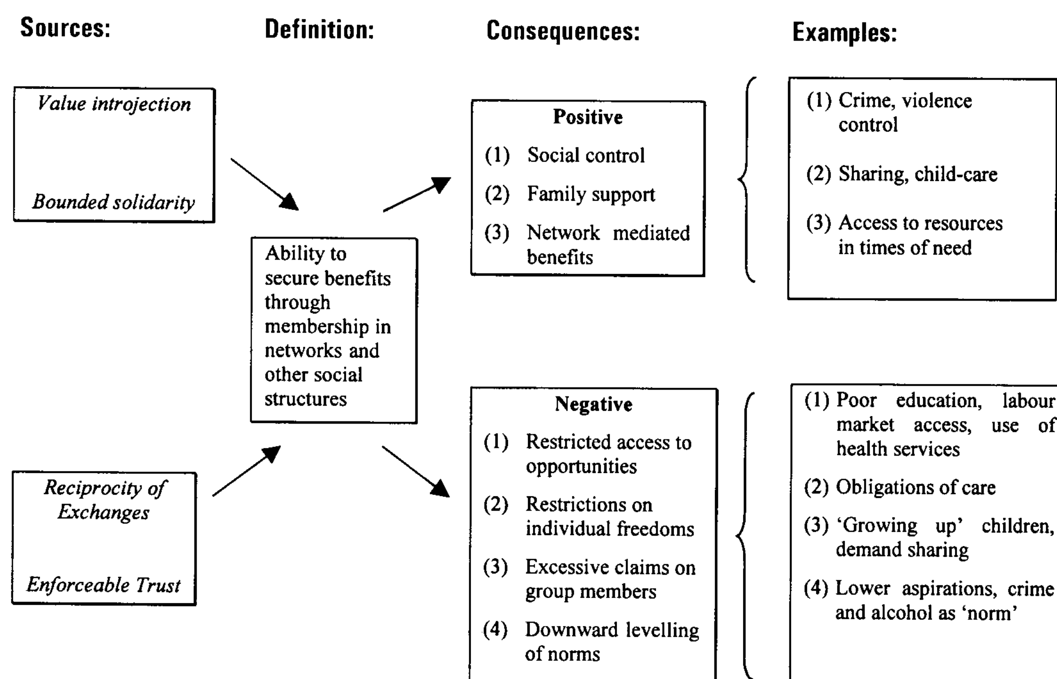
> if sameness has been forced upon one group by colonisation or other forms of oppression, then neither group (Indigenous or non-Indigenous) has much capacity to trust the other. The colonisers fear resistance and anger; the colonised fear domination and destruction of their cultures and ways of life (2000a: 46).

The oral cultures of Indigenous communities tell too many stories of betrayal and bad faith for the present generations to do anything but distrust governments, churches, other groupings and organisations and many, many individuals.

Several recent initiatives attempt, more or less consciously, to develop Indigenous people's social capital. As an example, Winter (2000a: 149) cites the Body Shop's involvement with the Balkanu Corporation (the commercial arm of the Cape York Land Council) designed at enabling Indigenous people to learn business skills, as well as enabling non-Indigenous business people to attend to gain a greater understanding of Aboriginal culture. However, such initiatives tend to unquestioningly import the notion of social capital without asking whether the theory needs to be modified to be relevant to Indigenous Australians.

Portes (1998) defined four sources of social capital (see Figure A1). 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.

Figure A1. A sociological perspective on the dynamics of social capital



Source: Adapted from Portes (1998: 8).

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 commonalties across social groups. One such commonality that has survived colonisation is the importance of kin in everyday life. Schwab (1991) in his work on the Nunga people in South Australia shows that Aboriginality is constructed in the form of an ideology he calls the Blackfella way. Note that what Schwab calls symbolic capital could also be called social capital:

> The Blackfella way is an ideological system which provides an avenue for Aboriginal actors in Adelaide to accumulate capital in a symbolic form, for example, by living up to the obligations of generosity and sharing implied in that system. Later, that symbolic capital can be transformed into economic capital 'at call' since the corollary to the obligation of generosity is the right to expect reciprocal generosity in times of need (1991: 35)

Bounded solidarity is another source of social capital springing from like people being in like circumstances. Certainly this source of social capital would have

existed before colonisation but it would have gained importance in the post-colonial period. 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 frequently 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) adequately describe the reciprocal nature of exchanges in traditional Indigenous society:

> The Aborigines usually know quite well what individual ownership means. There are objects that are personally owned, and are rarely if ever lent or shared: a woman's digging stick, for instance, a man's favourite spear, and various sacred objects. But the Aborigines set much less store than we do in material possessions; and there is in every community an arrangement of obligations which every growing child has to learn. In this network of duties and debts, rights and credits, all adults have commitments of one kind or another. Mostly, not invariably, these are based on kin relationships. All gifts and services are viewed as reciprocal. This is basic to their economy—and not only to theirs, although they are more direct and explicit about it. Everything must be repaid, in kind or in equivalent, within a certain period (1988: 121–22).

Schwab (1995) 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.

Fig. A1 also documents both the positive and negative consequences of social capital. The first effect of social capital is its impact on social control. Sources of this type of social capital are often found in bounded solidarity or enforceable trust. Here, the community acts as an informal disciplinary mechanism that maintains social control through the threat of community action.

The second positive effect of social capital is that it is a source of family support. As outlined earlier, sharing is still a common feature in Indigenous communities. Indeed, it is a medium by which an individual's Aboriginality can be expressed. Sharing is recognised as a direct means of family support by cushioning the impact of financial constraints through the distribution of collective resources (monetary and non-monetary).

The final positive effect of social capital is that it secures network-mediated benefits beyond the immediate family. The social capital described in the body of this paper is limited in this regard: it does not appear to provide increased access to education, employment, or financial resources that can be used in a productive manner. In other words, the network does not extend significantly into mainstream society.

Portes' review also teases out the notion of the 'dark side' of social capital by identifying 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 of Haitian-American youth in Miami and Mexican-American youth in Southern California, where a downward levelling of norms has been preceded by a lengthy period of restricted mobility caused by outside discrimination. Within these two groups in the United States, expectations about future life course become a self-fulfilling prophecy, limiting education and employment prospects. These reductions in expectations are often associated with socially unacceptable codes of conduct.

A similar situation currently exists for Indigenous Australians. It serves to increase the solidarity of group members and reinforce the exclusion of outsiders. Downward levelling of norms can impact indirectly though the failure to see the value in gaining further education and in diminishing the skill acquisition that facilitates entry into the labour market.

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 inter-generational 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 (ABS 1995: 22).

The so-called 'dark side' of social capital matters and needs to be understood. 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 analysis of the social costs of unemployment. 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 analytical content and does not provide an adequate model of how this might be achieved.

Notwithstanding the overall limitations of the literature, there are several examples of mechanisms by which social networks could, potentially, augment economic value for Indigenous Australians. McDonnell (1999) describes the potential for micro-credit institutions in Indigenous communities to correct any market failure in banking services in remote areas. Another possible example is that empirical studies point to 'friends and relatives' as being the most heavily utilised method of job search among Australian youth (Heath 1999). If the social networks of Indigenous youth are confined to unemployed and other socially excluded individuals, then this 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, then there are likely to be significant gains in Indigenous employment.

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