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SOCIAL CAPITAL: ANALYSING THE EFFECT OF A POLITICAL PERSPECTIVE ON THE PERCEIVED ROLE OF GOVERNMENT IN COMMUNITY PROSPERITY

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Abstract

Social capital has enjoyed a surge in popularity in recent years, however debate continues over the concept in policy and community renewal strategies. This paper explores how different interpretations of the concept may affect the role that government is perceived to have in developing 'social capital'. Empirical research findings are used to explore the relevance of different social capital interpretations to the role of government in rural prosperity. The paper argues that the current dominant interpretation obscures the role that government can play in generating community prosperity. Additionally, this paper argues that the dominant interpretation of the concept does not acknowledge the effect that government actions may have on social networks and, therefore, social and economic outcomes. The paper comments on the implications of different social capital interpretations for policy development focused on the social and economic sustainability of rural Australia. It concludes that the political context of the use of social capital affects how it is interpreted. Further, the interpretation utilised affects government policy responses to the renewal of rural communities, a factor largely unrecognised in social capital debates.

Keywords

Social capital, resilience, prosperity, community renewal

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Introduction

Social capital, while being a widely used concept, has been so loosely employed as to have lost its meaning and ability to assist policy development and implementation (Farr, 2007; Halpern, 2005). The dominant interpretation of 'social capital'¹ in Australia has perhaps led to this justifiable criticism. This paper maintains that the focus has been on the measurement validity of 'social capital', rather than its interpretation and assessment. This obscures the underlying importance of identifying the objective and paradigms

framing its use. It is proposed here that the real cause for critique is this lack of clarity in interpretation, rather than the value of the concept itself. It is necessary to refocus the debate on the paradigms that give rise to the use of 'social capital'. Further, the paper explores, through empirical research, the relationship between different interpretations and community prosperity. In the light of this, the discussion then turns to the political paradigms that underpin these different interpretations, and the implications that these may have for policy development.

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Initially, the benefits of 'social capital' are examined to establish why we continue to pursue this contested concept. It goes on to highlight the common problematic elements with it. These, along with the disagreement over the value of the concept are, however, explained through recognising the implications of different interpretations of the concept.

The effect of different interpretations of 'social capital' on prosperity and perceptions of government action is examined using the results of empirical research undertaken between 2003 and 2005 in rural New South Wales. The objective of this research was to explore the validity of different interpretations of the concept, in the context of factors in rural prosperity. Further, it sought to explore the role of government in generating rural communities' 'social capital' to support economic and demographic 'success'. The majority of the data indicate that greater network interaction with government (local, state and federal) coincides with higher levels of the type of 'social capital' associated with economic growth.

The categorisation of social capital interpretation by political perspective - a neoliberal² or a deliberative democratic³ (or synergistic) one - is framed by the likelihood that one of these two political paradigms motivates its employment. This is a significant issue that has not received adequate treatment, considering the profile of 'social capital' in the Australian political landscape in the last eight years (Abbott, 2000; Australian Bureau of Statistics, 2000, 2002b, 2004; Costello, 2001, 2003; Department of Family and Community Services, 2000, 2005; Department of Transport and Regional Services, 2001; Government of Victoria, 2002; Howard, 1999; Latham, 2000, 2001; National Economic and Social Forum, 2003; NSW Department of Community Services, 2004; Productivity

Commission, 2003; Social and Economic Research Centre (SERC), 2002; Tanner, 2004; The Centre for Independent Studies, 2006; Tonts, 2005). It is explored here in the light of the empirical research that highlights the connection evident between community prosperity and government interaction.

Lastly, the paper provides an overview of the implications of categorising 'social capital' interpretations in the context of government culture and operation. It concludes that using a neoliberal interpretation of the concept in the policy domain remains significantly problematic, in contrast to that of a synergistic interpretation. It concludes that greater clarity, as to which interpretation of the 'social capital' is being employed, is imperative when used in policy development. This is particularly so if the objective of a policy is to assist communities to generate prosperity, while adjusting to changing circumstances.

Benefits of 'social capital'

The benefits of 'social capital'⁴ are well accepted as touching many aspects of private and civic life. It is commonly agreed to increase participation and citizens' access to information, provide a social safety net of supportive relationship networks, allowing individuals to take risks, and is also credited with expediting communications and economic exchanges due to the accepted norms of social networks. The effect of these is deemed to be a reduction in the costs of community interaction in terms of time and money, immediately and in the future (Offe & Fuchs, 2002; Pretty, 2001; Putnam, 2001). Work undertaken by Knack and Keefer (1997), Szreter (2001), the Organisation for Economic Co-operation and Development (OECD) (2001) and Fukuyama (2001) amongst others, supports these connections. It has also identified evidence that 'social capital' is related

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to measurable economic performance. In addition to 'social capital' being a resource explicitly recognised as benefiting private actions and operations, economic rationalists also see it as an efficient market operation through its provision of access to all available information through social networks. Across all political domains, the reduced expenditure and bureaucracy required in the public sphere as a consequence of greater 'social capital' is seen as a significant contributor, in fiscal terms, to the efficiency of the market. For this benefit alone, aside from those of smoother social interactions, decreased crime and greater community 'health', 'social capital' continues to feature on political, as well as social, agendas.

The policy domain has, in recent years and in regard to rural Australia, focused on identifying keys to the renewal and sustainability of communities (Lawrence, 2005; Robison & Schmid, 1996; Selman, 2001). In this regard, 'social capital' and 'community capacity' are often seen as fundamental components to achieving this. They have also often been used interchangeably in the context of community growth and development. As Cavaye (2000) has identified, however, the term 'community capacity' comprises the very separate and distinct concepts of both human and 'social' capital. He defines 'community capacity' as 'the ability, attitudes, organisation, skills and resources that communities have to improve their economic and social situation' (p.3). Such a definition clearly refers to both human ('ability, skills and resources') as well as social ('attitudes and organisation') capital. Both types of capital are created, developed and eroded by quite different mechanisms. Therefore, to conflate these two concepts in discussions of how to develop community capacity leads to a potential disregard for essential elements of the whole. It is in this context that a failure may occur to undertake a precise clarification of why and how such

elements as 'social capital' are being used and interpreted. Despite this, 'social capital' is recognised as one of the essential elements in developing the capacity of communities to be adaptive and innovative in times of physical or economic stress. This, in addition to the economic benefits credited to social capital, will cause it to continue to feature prominently on the policy and community agendas of rural Australia. Further clarification of how we are interpreting the agreed definition of the concept is, therefore, necessary. This involves both its parameters and how different interpretations of the concept might be appropriate to different applications.

The problematic nature of 'social capital'

Although it is agreed that 'social capital' is a resource that exists in the connections between people, it is what is *not* stipulated in the OEDC definition that is problematic. These omissions include the flow of benefits from social relations to the individual or the community at large and, by extension, the boundaries of the communities being focused upon, the source of trust and reciprocity, the use of vertical and horizontal ties in relation to bridging, bonding and linking relationship networks, and power. The lack of clarity over the elements of social capital arises from the interpretations of it being used for different purposes. Unfortunately, often *an* interpretation of the concept is posited as 'social capital', rather than being acknowledged as only *one* interpretation of the concept that can be employed. Dependent upon the interpretation, 'social capital' can support several and quite diverse practical, as well as political, objectives.

One feature of 'social capital' - the flow of benefits to either individuals or to the community - receives quite a different emphasis from each of the three main theorists of the concept: Bourdieu, Coleman and Putnam.

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Bourdieu talked of the benefits that employing social capital, in the form of social networks, can provide to individuals (Calhoun, LiPuma & Postone, 1993). Coleman discussed social capital from the perspective of the benefits not only to the individual, but also those it may provide in the corporate sphere (1986). In contrast, Putnam's focus was on the collective benefits to society at large that can be derived from 'social capital' (Putnam, Leonardi & Nanetti, 1993). The flow of benefits from 'social capital' that we seek to focus upon will change which interpretation of the concept is utilised. That is, are we focusing on potential individual benefits, or those collective benefits which could accrue to the larger community? The parameters we put on the scope of social networks investigated will shift, dependent upon the focus of benefits. A focus on individual benefits will entail an examination of those networks directly associated only with the individual(s) of concern. This contrasts with a collective focus, which must take a broader scope of reference, considering the direct and indirect networks affecting group relations. This is due to the effect of an action on community members who are not necessarily participant(s) in that action. A detailed examination of the conceptualisation of 'social capital' by Bourdieu and Coleman highlights the problems with scoping the networks to be evaluated in assessing 'social capital'. Although it will not be discussed in detail here, this is particularly evident in their discussions of 'habitus' (Bourdieu, 1990) and the effect of corporate life on 'social capital' (Coleman, 1988).

It has been suggested that the benefits ascribed to concepts, such as 'social capital', have changed over time in line with the prevailing political climate (Everingham, 2001). In regard to 'social capital', this relates specifically to the shift in focus from the sovereignty of the individual to maximise

personal benefit (suggested by a neoliberal perspective) to those of the community benefits which mediate individual actions (suggested by a deliberative democratic or synergistic perspective). That is, is the responsibility on individuals to maximise their personal benefit from social networks? Or, alternatively, is 'social capital' a resource of the 'commons' to be nurtured and developed by the community as a whole? The particular focus adopted will direct the interpretation of 'social capital' and how it should be operationalised.

Much of the focus on 'social capital' in recent years has been on measuring trust and reciprocity. This has been prompted by Putnam's focus on these as proxies for 'social capital' (1995). As discussed by Woolcock (1998), the component of analysis absent in Putnam's earlier work is the source of trust and reciprocity. Putnam argues that trust and reciprocity are not necessarily naturally occurring within communities or individuals. Woolcock (1998) argues that it is the nature and extent of relationships networks that give rise to trust, reciprocity and shared norms. It is, as a result, these relationships that must be investigated to identify 'social capital'. It is not, as Putnam has promoted, trust and reciprocity (the outcomes of 'social capital') that should be the focus of measurement or assessment, if we are to get at the reasons behind its generation.

As an extension of Woolcock's perspective, the concepts of horizontal as well as vertical relationship networks required to build 'social capital' have been introduced. This distinction recognises the position of relative power in relationships. Horizontal ties refer to those relationships between individuals similarly situated in the power structures of a community. By contrast, vertical ties refer to relationships between individuals at different levels in that power structure. The mix of

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horizontal and vertical networks in a community will illuminate the degree to which there is access to power structures to change or modify circumstances. Generally, there are two common perspectives of where the power to develop social capital resides, and how it initiates and develops trust and reciprocity.

The first perspective in regard to the locus of power is supported by Putnam's interpretation of 'social capital'. Putnam maintains that the power to employ networks resides with the individual (1993; 2000; 2001). Individuals can use their networks as a resource to the benefit of not only themselves, but also society overall. This is Putnam's earlier interpretation of the concept, which deems individuals to be in control of their ability to employ networks to enjoy the benefits of 'social capital' (1993; 1995). Therefore, an examination of the ability to deploy 'social capital' should be focused on the networks and actions of the individual, without reference to the broader social networks in which they operate. Putnam's interpretation of 'social capital' has been used extensively by neoliberals to justify policies of service withdrawal from the civic domain. Such policy approaches purport that government intervention inhibits civic social interactions and network development (Scanlon, 2004).

The second perspective on power employs the theories of Coleman and Bourdieu. Their interpretations maintain that 'social capital' is a collective resource, inhering in the relationships between individuals (Bourdieu & Wacquant, 1992; Coleman, 1988). In their opinion, 'social capital' can only be employed through the interaction of multiple individuals with the resources to communicate. Coleman and Bourdieu maintain that the environment, or 'habitus' in Bourdieu's terms (Calhoun et al., 1993), in which an individual operates affects the ability of individuals to access

networks and generate 'social capital'. This interpretation is inclined to be employed by democratic political proponents to support, in varying degrees, a greater role for the state in civic affairs. Such an employment of the interpretation is, however, perhaps contrary to the intention of either theorist. The objective of employing 'social capital' in this manner is based upon the objective of smoothing civic interactions and ensuring equal access to social networks, through such resources as education and employment. The significance is that this interpretation of social capital recognises that the power to maximise benefits does not lie with an individual alone. Rather, an individual's environment can impede or facilitate their access to networks which can generate social capital.

Although these issues with the concept of 'social capital' have persisted, the dominant discussion about 'social capital' remains the ability to measure it, assessing whether communities have more or less of it. Putnam's method of measuring 'social capital' uses quantitative assessment, focused on the number of bonding⁵ networks in a community. This approach has been the dominant measurement method employed, to date, in Australia. It has been achieved by 'counting' the number of civic networks that individuals participate in, within geographically defined communities, to determine the level of 'social capital' in a community (Onyx & Bullen, 1997; Stone, 2001). This has been criticised as it creates a measurement technique exclusive of external civic, government or corporate resources, which might support or develop the abilities of that community. This particular interpretation and measurement of 'social capital' has been referred to as 'society centred' social capital⁶. The effect of this interpretation is the potential to 'blame the victim', due to the power over 'social capital' being ascribed to individuals only in the civic domain (Putnam's thesis). Accordingly,

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individuals are deemed to choose whether or not they participate in developing community 'social capital' and, therefore, its development is their responsibility alone. This interpretation aligns with a neoliberal perspective of political social structures.

By contrast, Woolcock's examination of 'social capital' questions the extent of networks affecting trust and reciprocity in a community (1998). He maintains that, in addition to micro (individual bonding) relationships, meso (civic bonding and bridging) and macro (government and communities' external linking) relationships are also essential to the development of community trust and reciprocity. It is the combination of these that is necessary to form the type of 'social capital' that is both available to individuals and also facilitates development. The necessity to incorporate bridging⁷ and linking⁸, as well as bonding, networks in any assessment of 'social capital' in relation to economic advancement and change has been discussed by a number of authors, including Aldridge, Halpern and Fitzpatrick (2002), Cuthill (2003), Edwards Cheers and Graham (2003), Everingham (2001), Granovetter (1972), Gray and Lawrence (2001), Lowndes and Wilson (2001), Siggers, Carter, Boyd, Cooper and Sonn (2003), and Spies-Butcher (2002; 2003a; 2003b). Woolcock and Narayan (2000) built upon Woolcock's original thesis, synthesising previous discussions to develop an interpretation of 'social capital' which they have termed the 'synergy view'⁹ of social capital. This interpretation does, however, require measurement techniques that can effectively incorporate the meso and macro structures of the 'community' whose 'social capital' is being assessed.

Therefore, dependent upon the interpretation of 'social capital' adopted – a 'society centred' or a 'synergistic' one – a

significant difference in focus evolves. This difference involves both what is being measured and the scope of that measurement. What is notable in reviewing these problematic aspects of 'social capital' is the resolution that a clarification of the concept's interpretation can provide to many of the criticisms raised in regard to its application or measurement.

Applying different interpretations of 'social capital'

Within Australia, the majority of case study research to date has used a society centred interpretation, focusing only on the 'social capital' of civic networks in a geographically bounded community (Onyx & Bullen 1997; Onyx & Bullen, 2000; Stone, 2001). As a result, the author undertook Australian research to explore if the synergistic interpretation of 'social capital' has a different degree of association with economic prosperity than the dominant 'society centred' interpretation. The objective of the research was to use quantitative and qualitative indicators, and separate them into the categories of society centred (community civic) and synergistic (meso and macro) relationship networks. The latter networks included community interactions with State and federal government bodies or their representatives. The assessment of bonding, bridging and linking networks incorporated those within the communities, and those between community and government structures, both within and external to the communities. Interestingly, the quantitative component of the research showed no difference in association between prosperity and the interpretations of social capital. The qualitative data did, however, uncover distinct differences in the depth and value of the relationship networks, when viewed from the two perspectives.

Using mixed methods to study two communities

The empirical research used two geographically similar communities, located in New South Wales. Both communities had the same socio-demographic profiles in the 1991 ABS Population and Housing Census, but had diverged in their indicators of prosperity¹⁰ by the Census of 2001. Between 1991 and 2001, Shire A demonstrated the average growth rate for rural NSW, while Shire B, the more westerly Shire, was the fastest growing shire in the State (Australian Bureau of Statistics, 2002a). The research techniques employed included an historical review, a media analysis of key issues and how social networks were utilised to manage them, a quantitative survey of resident ratepayers to assess levels of 'social capital', based on previously tested surveys, and 42 qualitative semi-structured interviews across the two communities. The interviews were undertaken with community, Council and corporate leaders, association participants in the community, and external consultants and government representatives who dealt with both communities. The quantitative survey was based on questions developed by Onyx and Bullen (1997, 2000) and the World Bank (Grootaert, Narayan, Jones & Woolcock, 2004), and was distributed to all resident ratepayers by each Shire Council with their regular rate notice. Of 4,800 surveys distributed, a total of 805 valid surveys were returned. The survey was divided into six sections, of which the first four were aimed at assessing levels of internal and external bonding, bridging and linking relationships at the community and institutional levels. The fifth section aimed to identify bonding and bridging networks within work relationships. The last section sought demographic information to allow comparisons between the communities and with Australian Bureau of

Statistics regional averages. The data were collated on a community basis by section, so that both communities could be assessed independently and comparatively.

The following graph (Fig. 1) presents the results of the first four sections of the survey. The fifth section was not reliable due to an inadequate response and, of those who did respond, the majority were either self-employed (farmers) or retired. The graph does illustrate, however, the lack of difference in the types of social capital between the communities in their aggregated scores in each of the four categories of questions¹¹.

The respondents in both communities were not representative of the demographic mean of the community, being older and including a higher number of retirees than the general population. The survey sample in each community did, however, diverge from the general population in the same manner in each case and was, therefore, deemed comparable. The quantitative data here suggest that the level of 'social capital' in a community, regardless of how it is interpreted, has no bearing on economic or demographic prosperity.

The qualitative data suggest, however, that in fact the economically stronger of the two communities (Shire B) has higher levels of bridging and linking networks, generating greater social capital. In the qualitative data, Shire B demonstrated higher levels of *active* interaction with external resources in terms of community and family bridging and linking networks beyond the immediate region, as well as a higher level of 'bonding' with their local government. Shire B was perceived by its community to have higher levels of regional government interaction and effectiveness than Shire A was perceived to have by its community.

The interview data indicated that the difference between the two communities related largely to the Shire Councillors' approach. This was

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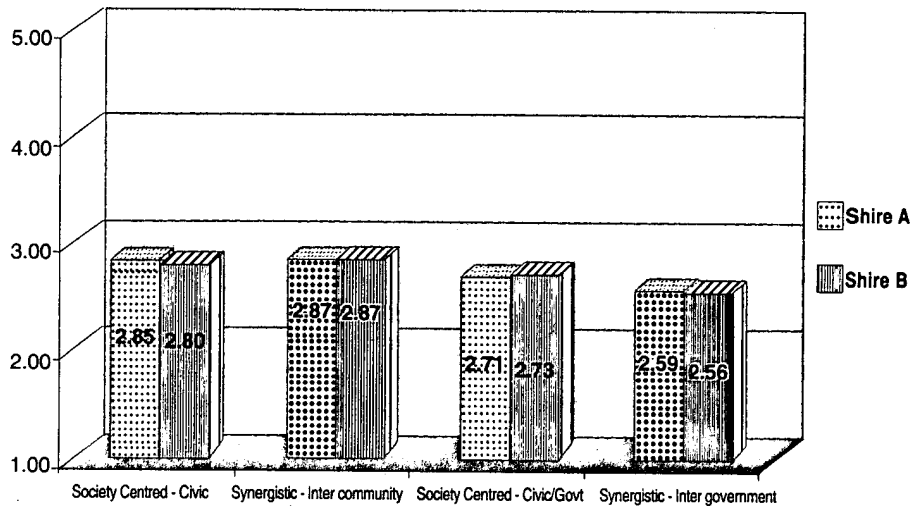


Figure 1: 'Social capital' of the two communities

Note The lighter dotted and striped bars relate to the measurement of 'society centred' social capital in the Shires A & B; the heavily dotted and striped bars relate to the measurement of 'synergistic' social capital in both communities. For full details of the survey implementation please refer to the author.

demonstrated in their appreciation of their role as community motivators and instigators, not just the managers of 'roads, rates and rubbish'. A further difference that emerged from the qualitative data related to community attitudes toward their border locations. Both Shires and their respective largest towns are located on the Murray River, with the bulk of the Shires extending to the north. Both Shires also have active tourism and economic regions immediately adjacent to them on the Victorian side of the border. Shire A, the stable Shire, is dismissive of any opportunity provided by the proximity of the successful tourism region, because it is interstate. By contrast, Shire B is actively co-operative with its Victorian counterpart, due to the possibility of reaping the benefits of 'playing off' State governments against each other to get the best 'deal' for the region. Consequently, although the quantitative data indicate no relationship between prosperity

and the different interpretations of 'social capital', the qualitative data tells a quite different story. Synergistic social capital is indicated to have a much higher association with prosperity than is society centred. This is despite society centred being the most commonly employed interpretation of social capital in Australia.

Potential limitations of assessment

The quantitative data indications may, however, reflect the nature of the instrument. Surveys are a static measurement of circumstances at a particular point in time, which lend no context or illumination as to the nature of relationship networks that generate trust and reciprocity. Consequently, although the two communities are demonstrating the same levels of the different types of social capital now, they may in fact be at different stages of reaping its benefits. For example, Shire B has already

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developed and is maintaining the levels of both types of social capital, and is already enjoying the benefits. Shire A may have only just achieved a balance of the different types of social capital, and may be yet to reap the benefits. The survey findings do strongly indicate, however, that society centred social capital is associated with feelings of well-being and resilience, which was evident in the qualitative data in both communities. Further verification of the survey instrument would also be required to confirm the findings from it, as it was an amalgamation of Onyx and Bullen's and the World Bank's instruments (Grootaert et al., 2004; Onyx & Bullen, 1997).

What the data suggests

The data from the empirical research detailed here supports the hypothesis that there is a role for government in the generation of community 'social capital' in the context of a synergistic interpretation. There is, however, no indication of a connection with government action and policy, and community 'social capital', when a 'society centred' (or Putnam's) interpretation is used. Shire B exhibits greater levels of inter-community and government, and community/local government 'social capital', in the form of active bridging and linking relationship networks (thereby breaking down or negotiating power boundaries), when assessed qualitatively. The significance of these relationship types is that, despite disparity in people's relative positions of power, these networks have the ability to generate trust and reciprocity, due to the sharing of that power. This allows a greater number of individuals in these communities to access knowledge and resources, which can change their circumstances.

The qualitative data suggests that different interpretations of the concept identify specific types of 'social capital', which are useful

dependent upon the objective. The 'society centred' interpretation identifies that 'social capital' which generates a sense of well-being and resilience. By contrast, a synergistic interpretation of social capital is useful to also identify the social resources of a community which can generate prosperity. Consequently, the paradigm in which 'social capital' is employed, and therefore interpreted, will affect both how we measure it, and whether 'social capital' can be effectively nurtured by government action. Accordingly, it will also affect the factors taken into account in the development of policies to address social and economic circumstances of communities.

Interpreting the concept of 'social capital' - politically

The concept of 'social capital' has been employed extensively to support, nurture, punish, cajole, criticise, impinge upon or redefine communities who are not classified as 'successful', usually in economic terms (Cheers & Luloff, 2001; Cox, 2002; Gray & Lawrence, 2000; Herbert-Cheshire, 2003; Holm, 2004; Lawrence, 2005; O'Toole, 2000; O'Toole & Burdess, 2004; Stewart, 1999; Winter, 2000; Worthington & Dollery, 2000). In most cases, the objective for which social capital is employed depends upon the political perspective of the discussant. Therefore, 'social capital' must be understood as an often politicised concept. This is contrary to its origins, which were concerned with understanding the effects of individual relationship networks on educational opportunities (Hanifan, 1920; Jacobs, 1961).

As discussed earlier, it has been the application of the concept in the broad areas of civic benefits, which propelled the concept into the political sphere. This came to the fore with the publication of Putnam's research in Italy (1993) and his subsequent work in

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America with the publication of 'Bowling Alone' (1995). Due to this profiling of the concept, the last fifteen years have seen a plethora of interpretations incorporating, to varying degrees, the components of bonding, bridging, linking, horizontal and vertical relationship networks. The result is that now, and as demonstrated by the empirical research detailed here, we cannot talk about 'social capital' as a generic concept. Rather, we need to identify what type of 'social capital' we are referring to, and for what purpose.

The concept of 'social capital' has been employed at times to justify the withdrawal of government services (Alston, 2002). It has also been used to focus responsibility for social and economic circumstances on individuals' actions at the local level of community (Costello, 2003). Alternatively, it has also been employed in the context of justifying broader government services (Latham, 1997, 1998, 2001; Tanner, 2004). The use of social capital in the general discussion of policy deployment by such divergent political discussants underlines its appeal to a range of perspectives. 'Social capital' can, however, be categorised into at least two broad approaches according to fundamental political belief structures, as illustrated in Figure 2. This effectively explicates the political nature of the concept into two of the most dominant political belief structures in Australia. It also underlines the importance of identifying the practical, as well as political, objective for which the interpretation of the concept is being employed.

The interpretation of 'social capital' that is used relates to its perceived ability to illuminate the benefits or weaknesses of specific social interactions. These can be ascribed to the neoliberal (or society centred) or deliberative democratic (or synergistic) perspectives as set out in Table 1.

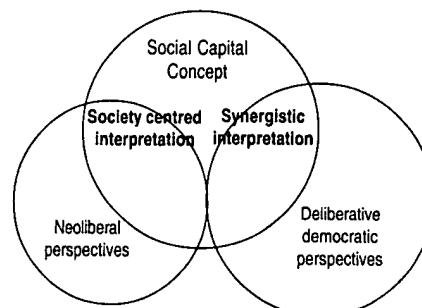


Figure 2: Perspectives of 'social capital'

It is important to note that the categorisation here has only been undertaken at a high level. It would be possible to further differentiate common categorical elements under both the neoliberal and deliberative democratic uses of the concept, such as culture or sub-categories of politics. Such a sub-categorisation of the concept would provide even greater clarity in the use of the term, and the potential benefits that are expected to be derived from it.

Implications for policy of the political reinterpretation of 'social capital'

A political interpretation of 'social capital', and the empirical evidence outlined here, indicates the necessity to redefine our use of the term. This analysis suggests that 'social capital' is often (perhaps inadvertently) used as a political concept and, therefore, must be placed in the context of the political paradigm of its use, prior to its employment in discussions of community capacity and renewal policies. In addition to this, types of social capital exist which serve the purposes of different community outcomes, which vary dependent upon political objectives.

The possibility of different types of social capital existing, which are appropriate to creating alternative outcomes, is also entwined with the recognition that power (to employ

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Table 1: Categories of 'social capital' interpretation

Neoliberal (Society centred)	Deliberative Democratic (Synergistic)
<ul style="list-style-type: none"> • Social capital is developed and employed by the individual will alone. 	<ul style="list-style-type: none"> • The ability to develop and employ social capital is dependent on the ability of a number of individuals to interact.
<ul style="list-style-type: none"> • This interpretation applies the concept to geographically bounded communities of civic networks only, employing bonding and limited bridging networks. 	<ul style="list-style-type: none"> • In addition to bonding networks, it also incorporates the internal and external bridging and linking networks of a community, and also those between a community and government structures.
<ul style="list-style-type: none"> • It focuses only on the 'bottom up' development of 'social capital', without reference to the effect of power structures. 	<ul style="list-style-type: none"> • It interprets 'social capital' as being developed through the simultaneous interaction of 'top down' and 'bottom up' social networks.
<ul style="list-style-type: none"> • 'Social capital' is regarded as an entity or 'bank account' of resources belonging exclusively to individuals in the community, and for which they themselves are wholly responsible. 	<ul style="list-style-type: none"> • 'Social capital' is regarded as a resource available to the community, giving rise to both its development and facilitating access to resources.

relationships to generate social capital) plays a role in 'social capital'. In order to effectively identify the factors that assist in building relationships, it is essential to uncover which person(s) have the human¹² and financial¹³ capital to participate in networks. In addition to human and financial capital, power also exists in the form of social status and class, which may preclude individuals from essential capacity-building activities and networks, despite their other resources. The effect is that 'power' in these forms may prevent individuals' access to social capital-generating networks, despite their best endeavours. A society centred and quantitative assessment of social capital does not recognise the effect of power to potentially prevent access to relationship networks. By contrast, the inclusion of bridging and linking networks in 'social capital' assessment, such as with a synergistic interpretation, recognises these factors. This allows them to be taken into account when assessing not only the level of social capital,

but what may be done to improve it and the benefits that it may provide a community. It is this element of power that underlines where there is a potential role for government. This is in the policies that may be focused on interventions to ameliorate the effect of power relationships, which block the development of community networks that could benefit a community's capacity.

In the context of a neoliberal (society centred) interpretation of social capital, individual empowerment is not recognised as being a dependent factor in regard to outcomes. The empowerment of individuals is, however, often subject to the influences of the social matrix in which government intervention, or the withdrawal of services, is delivered. Despite this, policy developed under a neoliberal paradigm is likely to be developed without reference to local context, or regard for any potential effects of policy on community interaction. Such an interpretation is employed in the belief that communities will be able to

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use their 'social capital' to adapt to the changing social, environmental and economic circumstances caused by policy, and that a 'one size' policy can fit all circumstances.

By contrast, a synergistic interpretation of social capital acknowledges the internal and external, government and civic influences on community relationships. This requires the assessment of 'social capital' to engage with both endogenous and exogenous factors, when considering the elements that contribute to increasing community capacity. The development of policy, which utilises a synergistic interpretation of social capital, is likely to be an iterative and flexible process. Accordingly, it also acknowledges the need for communities to be actively involved in policy development which affects them, in order to achieve community empowerment and long-term 'buy-ins' to policy initiatives (see Stoker, 2005 for example).

To employ a synergistic interpretation of 'social capital', however, requires a large shift in the responsibilities acknowledged by government departments. It entails not only a change in culture and structure of how different levels of government do business, but also a shift in the community culture. Communities are required to be more willing to engage with government departments, and open to the possibility of governments doing business differently. As pointed out by Szreter and Woolcock (2004), greater emphasis needs to be placed on the quantity and quality of relationships, and the foundation of them in mutual respect, in order for a synergistic approach to be successful. This would be embodied in, amongst other examples, a preparedness to devolve a degree of power for decision-making to communities to allow a sense of control over their futures.

The analysis here points to several implications for the use of social capital in

the policy context. 'Social capital' is a political concept, the interpretation of which is contextual to the political paradigm in which it is used. It is also imperative to clarify which interpretation is being used, prior to its employment in any discussion of community capacity and renewal policies. A clarification of which interpretation of 'social capital' is being used will elucidate the parameters of the relationships being considered and, consequently, how it will be assessed. Such clarity ensures that the social interactions being assessed are appropriate to the political and policy objectives of adopting the concept. Under a neoliberal interpretation, government is not perceived to play a role in the process of generating 'social capital', therefore policy can not logically be targeted at developing or enhancing social capital. A neoliberal (society centred) interpretation of social capital cannot, as a result, have a place in government policy.

Conclusion

By acknowledging the political nature of 'social capital', the criticisms of it as a meaningless concept are countered. This is achieved through recognising that different interpretations of the concept have different objectives and focus. The objectives and methods of investigation result in identifying different types of 'social capital'. Further, a neoliberal (society centred) interpretation of social capital is only meaningless when used in the context of developing policy to intervene in community outcomes. This is supported by one key point: a society centred interpretation does not recognise a government, or any external actor's, role in developing community networks. Further, it does not recognise that outside actions can affect the health or breadth of relationship networks. This interpretation has the effect of creating a circular and imprisoning

theory of community capacity for struggling communities: if you don't have it to start with, nothing and no one can introduce it to you, or assist you to develop it.

The objective of employing 'social capital' positively from a government perspective in relation to community growth and prosperity requires recognition of the active partnership role that government must adopt in the process. The synergistic interpretation of social capital takes this as a fundamental premise. Further, as demonstrated by the empirical research, to achieve empowerment and increased long-term capacity in communities, maximum opportunities must be created for interactive partnerships between community and government. It is this state of interaction that communities require to create and sustain their futures, working in synergy with broader government policy and global approaches. Regardless of the interpretation adopted, it has been demonstrated here that recognising the political perspectives of 'social capital' is paramount to understanding the value of social capital in the context of government policy use. To achieve an objective assessment of 'social capital', its measurement, and how it should be nurtured, it is imperative to define the political context in which the concept of 'social capital' is employed, prior to its indiscriminate use. Social capital is not a meaningless concept. We must, however, be clear about our objectives in utilising it, to ensure that the most appropriate *type* of 'social capital' is employed in seeking to understand community dynamics and the ability to prosper.

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Endnotes

- 1 Where 'social capital' is used in inverted commas, it is to denote the continued contested nature of its interpretation.
- 2 Throughout this paper, the use of neoliberal or neoliberalism refers to those political perspectives and policies which promote free enterprise and trade deregulation, privatisation, fiscal rectitude and the minimisation of government intervention in economic development (Portes, 1997).
- 3 Deliberative democracy is used here in the manner proposed by Rawls (cited in Ulr, 1998), referring to a state whereby law and policy are formed through principles of agreement, on the basis of values that all citizens can be reasonably expected to endorse.
- 4 This paper employs the OECD definition of social capital, which is also employed by the ABS and a majority of other Australian government departments. This defines social capital as the 'Networks, together with shared norms, values and understandings which facilitate cooperation within or among groups' (OECD, 2001).
- 5 Bonding networks refer to those networks of relationship which connect homogenous groups of people.
- 6 Rothstein and Stolle (2002) coined the term 'society centred' social capital to refer to an interpretation of it which examines the civic domain alone, without reference to the effect of political or economic structures on relationship networks.
- 7 Bridging networks, labelled 'weak ties' by Granovetter (1972), refer to those social relationship networks between heterogeneous groups of individuals or organisations that allow the introduction of new ideas.
- 8 Linking social capital has been referred to as those relationships between people who interact across explicit power borders, formal and institutionalised. It adds the vertical power relationship component to the definition of bridging relationship networks (Szreter & Woolcock, 2004).

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- 9 The term 'Synergy View' or synergistic social capital was proposed by Woolcock and Narayan (2000) to refer to those social networks between government and citizens, which promote actions based on complementarity and embeddedness. These are indicated by mutually supportive relations between public and private actors, which are embedded into community exchanges.
- 10 Indicators of prosperity and community growth included median age, income, population growth, education, and employment.
- 11 The questionnaires consisted of sixty five questions which were divided into six sections: 'Your community' – which focussed on society centred civic interactions; 'Inter community' – which assessed inter community civic networks; 'Your local government' - assessing society centred civic and local government interaction; 'Inter government' – which assessed perceptions of synergistic inter government relations between local and other levels of government, 'Paid Employment' and 'Yourself'.
- 12 Human capital may include education and knowledge about how to access networks.
- 13 Financial capital may include the money to participate in certain social circles, attend events, or purchase technology to access information and networks.

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