Labor and social capital: disengaging from social justice?

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Abstract

Mark Latham's enthusiasm for building social capital as part of his "new politics" agenda signifies a probable retreat by the Labor Party from its traditional commitment to redistributive social justice policies. Latham's social policy proposals are based on a contestable assumption that disadvantaged individuals and classes have low stocks of social capital and that fostering social capital will therefore improve their socio-economic situation. Latham has embraced a normative conception of social capital as a virtuous singular entity, relatively separated from an understanding of the role social capital and other forms of capital play in producing and reproducing social stratification. Latham wishes to increase social capital to restore "trust" and "values" to communities ravaged by neo-liberal economic policies, which paradoxically Labor shows no signs of abandoning. The embrace of neo-liberal economic policies by the Hawke-Keating Labor Governments was accompanied by redistributive spending on social justice initiatives to assuage Labor's electoral base, which allowed interest groups allied to Labor to mute their criticism of the neo-liberal agenda. It is argued that unless an incoming Labor Government continues a real commitment to redistributive social justice policies it will have difficulty holding the allegiance of its traditional support base, with implications for its ability to retain power. Key theorists and documents in the social capital debate in Australia are reviewed, including an analysis of writings and public statements by Mark Latham.

Introduction

This paper was written shortly before the 2004 Federal election. It addresses the then Leader of the Opposition, Mark Latham's conception of social capital in the context of the Labor Party's traditional commitment to social justice. We review the history and usages of the term social capital as a prelude to an examination of Mark Latham's writings and public statements on this topic.

Latham's writings and statements on social capital are reviewed in the context of Labor's traditional commitment to redistributive social policies, which were pursued by previous Labor Governments even whilst implementing neo-liberal economic reforms. Redistributive social policies to provide social justice have favoured the interests of Labor's core supporters among low income earners, organised labour, migrant communities and people reliant on welfare transfers.

We will argue that Mark Latham's writings and public speeches on social capital suggest he favours a direction in social policy, which if implemented by a Labor Government, might make it difficult for Labor to retain the allegiance of its core supporters.

Social capital old and new

Whilst the popular term "social capital" has only received extensive attention in the last two decades, the ideas expressed through the concept are by no means new. Put simply, social capital is another expression of the old adage "it's not what you know it's who you know". In a sense this is what Marx meant when he devoted part three of *Capital* (Volume 2) to his conception of aggregate social capital. For Marx aggregate social capital is the whole process of socialisation of

capitalist production, it is capital itself that becomes uncovered, at a certain level of its development, as social power and involves the production and reproduction of classes:

> If we study the annual function of social capital…it must become apparent how the process of reproduction of the social capital takes place, what characteristics distinguish this process of reproduction from the process of reproduction of an individual capital, and what characteristics are common to both... It comprises also the reproduction (i.e., maintenance) of the capitalist class and the working-class, and thus the reproduction of the capitalist character of the entire process of production (Marx, Capital Vol II, Chpt 20: 1, M/E Internet Archive 2004).

For Marx capital is both the accumulation of wealth and a social relation, which leads to the formation of social classes and social power. He explains the emergence of a class of capitalists in relation to social capital as the process by which individual capitalists come to realise that they have collective social wealth with other capitalists in the form of social capital, which gives them power in relation to each other:

> capital becomes conscious of itself as a *social power* in which every capitalist participates proportionally to his share in the total social capital (Marx 1957: 191)

A similar process applies to the formation of "social labor", according to Marx. In Marx's view, by being thrown together in a common situation, workers learn to identify with each other and support each other's initiatives. In this process the working class evolves from a "class in itself" to a "class for itself" by becoming conscious of the power of collective action (Marx 1971: 20). The source of social capital of a class is bounded by the limits of their community and is referred to as "bounded solidarity" (Portes 1998: 8).

After Marx, the concept does not appear to have received extensive theoretical attention again until Pierre Bourdieu began to publish on the forms of capital in French language journals in the 1960s and 1970s. His work was not accessible to English language audiences until the publication of *Many Forms of Capital* in 1985. Expanding on Marx, Bourdieu (1985: 241) argues that social capital is situated within a tightly theorised framework of the different forms of capital, which he understands as the forces through which privilege, class and status are produced and reproduced through social structures and processes. Thus, theorizing capital is an exercise in theorising power, for capital "is what makes the games of society – not least, the economic game – something other than simple games of chance offering at every moment the possibility of a miracle." (Bourdieu 1985: 241). Bourdieu argues that, depending on the field in which it functions, and at a higher or lower cost of transformation, capital can present itself in three different forms: *cultural* capital, *social* capital and *economic* capital. Bourdieu defines social capital as

> [T]he aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership of a group – which provides each of its members with the backing of the collectively-owned capital, a 'credential' which entitles them to credit, in the various senses of the word (Bourdieu 1985: 248).

Critically, Bourdieu (1985: 241-248) suggests social capital has three elements:

1. The social relationship that enables individuals to gain access to resources possessed by their associates.
2. The amount of those resources.
3. The quality of those resources

Bourdieu's work was extended by James Coleman (1988), who applied an instrumental economic analysis to social capital. For Coleman too, social capital is situated within a framework of different types of capital. Coleman's (1988: 98) three types of capital are *physical*, *human* and *social* capital. While Coleman's forms of capital share an affinity with Bourdieu's trinity, the lines of distinction between the types are drawn in different places. Coleman's physical capital is similar to Bourdieu's economic capital in that physical capital refers to purely material forms of capital. However, while Bourdieu uses economic capital to refer solely to actual monetary capital, Coleman's physical capital also refers to physical materials which facilitate productive action. Coleman's (1988: 98) understanding of human capital refers to the skills and capabilities of individuals, such as educational qualifications or trade skills. It is related to Bourdieu's cultural capital in that these skills and attributes of individuals are included in Bourdieu's definition, although for Bourdieu, cultural capital may also refer to physical goods which reflect an individual or groups' status, as well as the cultural skills required to utilise these products. Like Bourdieu, for Coleman, social capital is an endowment of social structure, located in the spaces between and among individuals. Moreover, Coleman's understanding of social capital is instrumental, as exemplified by his statement that social capital is "defined by its function". While Coleman (1988) saw social capital in terms of its benefits to individuals or groups, Bourdieu (1985) saw social capital as an explanation of social stratification. This discrepancy, between an understanding of social capital as a normative quality which should be increased in communities, and as an analytical tool for the explanation of social stratification, is ongoing in the social capital debate.

While social capital received theoretical attention from Marx, Bourdieu and Coleman, the concept was not popularised until the release of the works of Robert Putnam (et al. 1993, 1995). In *Making Democracy Work*, Putnam et al. defines social capital as the "features of social organisation such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions." (Putnam et al. 1993: 167). In this seminal study, Putnam argues that governmental effectiveness in Italy can be tied to levels of social capital in the regions through the rubric of civic engagement. He argues that the Southern regions of Italy exhibit less civic engagement than those of the centre and the north, a result which reflects

deep seated historical differences. For Putnam (1993: 3) writing in the journal *American Prospect*, the Italian experience suggests that social capital embedded in the norms and networks of civic engagement is a precondition for economic development.

Putnam's work suggests that in order to attain economic growth, community development initiatives must consider the importance of civic groups that may seem to have little to do with either politics or economics. An important conceptual shift takes place in Putnam's writings as social capital becomes no longer a property residing in relationships between individuals but the property of groups and even nations. It is this conceptual shift that has made it possible for writers to speak of a community, region or nation's given "stock" of social capital and consequent structural effects this may have on their development. This transition, which was never explicitly theorised by Putnam, has created much confusion over the meaning of the term "social capital". More importantly however, through Putnam's work the concept of social capital has been shifted from a framework for theorizing capital and its attendant power relations to the contestable notion that social capital can be discussed as a singular entity.

Latham and social capital
It is in this manner, as a normative concept, relatively separate from a theoretical framework of the different forms of capital, and the role they play in producing and reproducing social stratification, that Federal Opposition Leader, Mark Latham has used and continues to use, the term "social capital".

It will be argued here that Mark Latham's interest in building social capital in its normative conception as part of his "new politics" agenda signals a probable retreat by the Labor Party from its traditional commitment to redistributive social justice policies, which address social stratification. Latham's enthusiasm for a normative conception of social capital was evident in his first book *Civilising Global Capital*, which contained no less than six chapters on that topic (Latham 1998: 259-314). Since then he has given many speeches and written numerous articles on social capital. It is likely that if the Labor Party wins the forthcoming federal election the rubric of social capital will feature prominently in the new government's social policy agenda.

"New politics" according to Latham (1999: 29) in one of his early writings on this topic "needs to reflect the politics of conviction, rather than manipulation". The politics of conviction is about building social trust in civil society and the system of government, which requires the devolution of social policy to the community level (Latham 1999: 30).

Social capital is held by Latham to be virtuous and different to other forms of capital because it cannot be appropriated as the exclusive property of any of its participants. This is because it belongs to everyone and requires the actions of all involved to sustain it:

> While (social capital) may be held and nurtured in common, it cannot be
> satisfactorily subjected to third party direction or authority. Nor can it be
> institutionalised in the sense of having property rights or binding social
> obligations allocated to it." (Latham 1998: 268)

Latham argues that the virtuous, non-commodifiable nature of "social capital" in
the normative singular entity that he understands it to be, demands that we
should nurture social capital lest it become depleted. Yet like Marx, Latham
believes that the virtue of social capital also lies in its power to transform social
relations, at least in relation to the way we manage our social protection system
(Latham 1998: 260).

In a recent speech to the Press Club on "quality of society issues", Latham (2004:
3) makes it clear that he has dissonance with Labor's tradition of legislating for
social policy that addresses structural disadvantage:

> One of the traps in the work and family debate is for policymakers to think that
> they can engineer certain outcomes, based on certain family types

Latham has long expressed concern with the impact on the social fabric of what
he calls "positive discrimination", that is the redistribution of resources by the
state to interest groups based on characteristics like ethnicity and gender
(Latham1999: 30). His "new politics" is about consensual decision making
around multiple points of identity and citizenship rather than addressing the
needs of special interest groups. In the "new politics", it becomes difficult to
direct resources to particular groups, however great their social need, because
this might be perceived as "positive discrimination", which will enrage other
groups and encourage "tribalism". Latham (1999: 30) illustrates the formation of
tribes in response to "positive discrimination" with the example of "angry white
males" who are enraged at social legislation which they perceive to favour
women. Because the "new politics" is about consensual decision making around
multiple points of identity, the views of traditionally privileged groups like
white males must be taken into account too.

In this sense Latham's views are indistinguishable from those of John Howard,
who has consistently argued that anger by "mainstream Australians" over
perceived claims for "special treatment" by non-mainstream groups like the
poor, Indigenous people and refugees is legitimate. Latham like John Howard
and his Treasurer Peter Costello (another advocate of social capital) appears
blind to the so called "dark side" of social capital, which as Rankin (2002: 15)
suggests, is capable of building profitable networks for individuals, but also for
maintaining existing disparities based on gender, class and other structural
barriers to social inclusion.

Like Howard, Latham consistently expresses concerns about social cohesion,
which is also a core component of his "new politics". While not wishing to

offend "angry white males", Latham nonetheless rejects the Hansonite project of a return to a White Australia or "sameness" (Latham 1999: 27). This is because the economics of the "sameness" project relied heavily on state paternalism and state intervention.

Latham (1999: 27) favours a "risk positive" culture in the Australian economy, which he argues was put in place by the economic reforms of the Hawke-Keating Labor Governments. Latham (1999: 27, 1998: 336) credits Hawke and Keating with nothing less than the reinvention of government through its reforms to the economy and to the welfare state.

The neo-liberal economic reforms to the economy implemented by the Howard Liberal-National Government and its Labor predecessors have adversely affected the living standards of Labor's core supporters as Latham concedes. As he noted in his first book the average working class family was "50 percent more likely to face an unexpected decline in its living standards", related to the pace of "economic restructuring and the rise of casual, part-time, temporary and contract employment in the new economy." (Latham 1998: 224). Nevertheless Latham wants market reforms to continue and be extended. It is only the way that governments deal with the subsequent problems that must change.

A recent paper by Pierson and Castles (2002: 688) suggests the reinvention of government by the Hawke-Keating governments was not so much a radical reform of the welfare state as the gradual and partial deregulation of Australia's existing regulatory state. Labor expanded social expenditure in some areas to meet its social justice objectives, notably in the areas of health care, child poverty and through the introduction of an active labour market policy. At the same time the Hawke-Keating governments embarked on an aggressive deregulation of the economy. The latter included floating the Australian dollar against other currencies, sweeping tariff reductions, the deregulation of the financial system, the privatization of the Commonwealth Bank and Qantas and tentative moves towards industrial relations reform.

Deregulation had the potential to seriously harm the interests of many of Labor's traditional supporters by partially dissolving the regulatory framework which was held by rationalist economists entrenched in the Departments of Finance and Treasury to prevent the "risk takers" in the community from investing in economic growth (Pusey 1992). Rewarding the "risk takers" necessarily meant redistributing resources to the top end of town and away from Labor's core supporters, the working class, women, Indigenous people and the poor.

However, higher social spending by Labor Government's in the 1980s and 1990s compensated to some extent socially disadvantaged people whose interests were threatened by deregulation. At the very least, higher spending on social justice initiatives allowed Labor to retain the support of the representatives of key

interest groups like the Australian Council of Trade Unions and peak welfare bodies who might be expected to be disaffected by deregulation.

Latham seems to wish to enhance the "risk positive culture" created by his Labor predecessors but rejects higher social spending and redistributive social policies because they present a risk to social cohesion. In his book with Peter Botsman, *The Enabling State: People Before Democracy*, Latham (2001) argues that we live in a period of relentless insecurity, which threatens the cohesion of our society. The welfare state is said by Latham to have failed to provide certainty in this time of insecurity. The new insecurity is associated with economic prosperity but some people are being left behind and excluded from the benefits of the new order, which is attributed by Latham to the provision of "passive welfare services" that encourage welfare dependancy. Passive welfare services are programs that provide social security to citizens without requiring mutuality in the form of work for the dole schemes and similar forms of obligation (Latham 2001).

Latham is often accused by his political opponents of simply lifting his ideas from Tony Blair's New Labour and the Clintonian Democrats. Without wishing to unpack politically motivated accusations of plagiarism against Latham, it is clear that Latham's ideas on social cohesion and social exclusion are in accord with the so-called "Third way" project of Bill Clinton and Tony Blair.

Clinton famously vowed to "end welfare as we know it" by aggressively winding back welfare rolls and encouraging people on welfare to take any work that was available. Thinkers like Reich (1992), Kumar (1995), Laclau and Mouffe (1985) and Bell (1973) argue the period post-1970 coincides with the arrival of a post-structural, post-industrial informational society, which makes the class divisions of the industrial era (and the need for redistributive social policies) obsolete. This position is best captured by the German sociologist Ulrich Beck (1992: 137-48) who argues that the post-industrial world can no longer be understood through the old categories of class, gender roles, family, science, the nation state and so on. Beck proposes a new mode of understanding, primarily through the concept of 'risk', which Beck discusses not only in relation to forms of ecological and environmental crisis, but as an omnipresent characteristic of what Beck considers to be our present "late-modern" society. Beck argues that a new "world risk society" has begun to emerge in the late twentieth century from a process of fragmentation and "individualisation" in which "people will be set free from the social forms of industrial society".

The work of Beck (1992), Reich (1992) and similar conceptual frameworks are associated with the so-called "Third Way" between Left and Right discussed by Giddens (1998). Giddens (1998: 66) in particular critiqued the Right's concept of an underclass but accepted the notion that people in social distress faced the moral hazard of welfare dependency.

Andersen (1999: 375) and Silver (1994: 531) suggest the "Third way" project is primarily a social integrationist discourse. This discourse currently dominates European Union debates on social exclusion, including those emanating from Britain under the stewardship of Tony Blair, and is increasingly evident in policy debates in Canada and Australia. The social integrationist perspective is informed by the concept of social solidarity that can be traced back to the work of Emile Durkheim (Andersen 1999: 377).

Durkheim's interest in social solidarity was a response to the alienating or anomic effects of the transformation of the small agrarian communities of post-industrial European countries into urban, industrialized societies. According to Durkheim, the disintegration of society into atomized units is prevented only by social solidarity arising from shared beliefs, that is, a core belief or trust in certain "truths" (Durkheim in Giddens 1971).

Young's (1999a) work on social exclusion suggests that in "Third way" and "civil society" social integrationist discourses, multiple points of identity are celebrated, consumed and valued but societal relationships, and especially inter-community relationships, are not. Social integrationists display a new intolerance of "difficult people and dangerous classes" (Young 1999b: 390). Prior to the emergence of the social integrationist discourse in public policy the focus was on what to do about recalcitrant groups (i.e. the working class, the poor and minorities), which were not seen as dangerous per se, but in need of redistributive assistance to overcome socio-economic disadvantage, or simply to be ignored by those who subscribed to a moral underclass thesis. The social integrationist debate, Young (1999b: 390) suggests, is about defining difficult individuals and dangerous classes, (e.g. young homeless people, the unemployed, militant workers, sole parents and criminals) who are to be treated as exceptional social problems which must be addressed. For social integrationists, the capitalist system itself is basically just and problem individuals and classes are exceptions to the rule rather than products of the system. Deviant individuals and dangerous classes should be reformed by instilling social responsibility into them to minimize their potential to become disaffected and perhaps destabilize an inherently virtuous system.

The concept of social capital has a utility that fits well with the social integrationist discourse. Social capital has been described as "the glue than binds society together" (Serageldin 1996: 196), and as such has great appeal to politicians concerned with social cohesion.

In the literature on this topic social networks are broadly held to increase social capability and to give citizens the ability to effectively utilize their existing resources and to develop new ones.

This concept fits neatly with Latham's (cited in Watts 1999: 27) argument that

Well-being relies upon more than the availability of material and social goods, citizens must have the capacity to effectively utilize these resources.

Latham (2000: 15) has little time for those he terms the "unreconstructed Left" among whom he includes Eva Cox. Cox's 1995 Boyer lectures are accused of using "social capital as an alibi for extending the supply side methods of the public sector", and Cox is personally accused of the sins of preferring a "command economy" to market forces and promoting "passive welfare". Cox's argument that increasing the functions and visibility of government could rebuild social capital is reserved for special scorn by Latham (Cox in Latham 2000: 15). Governments, according to Latham, cannot just legislate for social trust, or intervene directly to create social capital, anymore than governments can intervene directly to create social justice.

> Social cooperation does not simply lie inert waiting for social democratic surgery to give it new life. The composition of social capital relies fundamentally on the habits of slow forming culture (Latham 2000: 15).

Nevertheless, governments have a role to play in smoothing the path of social capital formation by influencing the environment in which economic advantages can be formed. This can be achieved through acts of institutional change to redesign and influence culture, most particularly in relation to laws and institutions governing citizen and state interactions. Curiously, in the same text in which he denounces Cox for daring to suggest an expanded role for the public sector in promoting social capital Latham (2000: 18) suggests that the depletion of social capital in modern society requires society to

> commit more of its resources for civic purposes…initiatives could include transport services for the aged, meals on wheels, assisting local sports clubs, improving municipal infrastructure and maintenance, environmental programs, assisting local schools

Latham (2000: 18) seems to suggest that government spending is virtuous when provided by local government in association with local communities but not by national governments. This is because "associative government" is about a horizontal maximizing of mutual bonds and connectedness and can replace the vertical state to citizen relationships associated with the welfare state.

To assist the excluded to utilize their resources Latham (2002: 5-6) has also promoted assets based welfare, which would include first share ownership schemes, matched savings accounts, and the creation of new entrepreneurs. The underlying assumption behind these policies is that the difficult individuals and dangerous classes Latham wants to help are lacking in social capital. Therefore facilitating social capital growth will instill responsibility into classes of people who must be lacking it. This assumption is challenged by Arthurson's (2002: 245) study of public housing estates, considered to be sites of social exclusion by

State and Local Government authorities because of the lack of "social mix" in the class composition of the estates. Her study found that some of the estates in her study housed people who could be considered socially excluded but who nonetheless lived in cohesive communities, with high stocks of social capital. Arthurson's (2002) work on social exclusion suggests that if Latham's normative conception notion of social capital as a singular entity is translated into policy, which does not address the *quality* of the social capital in a given community, it is unlikely to deliver its expected outcomes.

But social capital solutions to social problems are not only approved of by Latham because they are supposedly more effective in delivering social outcomes but also because they are inexpensive.

In his recent speech to the Press Club Latham (2004: 2) laments the "crisis of masculinity", which he claims is causing young boys without male parents in their lives to drop out of school, do drugs and suicide in disproportionate numbers. Latham proposes to deal with this issue by improving boy's social capital through the introduction of a mentoring scheme where boys growing up in fatherless families will be offered suitable male mentors. In a report in *The Australian* (19/2/2004) newspaper on Latham's Press Club speech, Labor's family and community services spokesperson Wayne Swan is quoted as saying an existing "mentor marketplace" is relatively cheap to operate costing an estimated $802,000 in the last year.

Social entrepreneurship is credited by Latham in a story published in the *Daily Telegraph* (3/9/01) with transforming Claymore "the worst suburb in Sydney" into a "normal functioning suburb". Latham (in *Daily Telegraph* 3/9/01) goes on to argue that

> In the past, governments have wasted a vast amount of money on community development programs. More often than not, the bureaucratic rules of government departments have smothered local bursts of initiative and entrepreneurial flair…Social entrepreneurs overcome this problem. They have a way of creating something out of nothing.

Creating something out of nothing is perhaps the essence of the social capital project for Mark Latham. It might also explain the attraction of social capital theory for politicians on both sides of politics. Social capital, as understood by Latham, provides a justification for retrenching the welfare state and replacing it with a less costly "enabling state".

In Latham's (2001) enabling state, governments will focus on empowering citizens by helping them to overcome barriers to utilizing their personal resources. Effectively this would mean refocusing social policy on the provision of education and retraining services, programs to address behavioural change and to reinforce mutual obligation. In the new Durkheimian welfare state envisaged by Latham, the poor are poor because they lack social and personal

resources and are disconnected from "civil society" and the community, not because they have inadequate financial resources (Clark 2003: 68-69). This view tends to downplay structural disadvantage and emphasizes personal problems such as incompetence and irresponsibility, which might be addressed by policing the morals of the poor and reconnecting them with "the community". It removes, or lessens the need for costly programs to address structural disadvantage, the traditional focus of Labor's social justice policies.

Despite claims by Latham's political opponents that he is inconsistent in his policy positions, his assertion that the welfare state must lessen the tax burden on the "risk takers" by refocusing on building personal responsibility among welfare beneficiaries has been a constant theme in Latham's speeches and published work since 1998.

The clearest example of Latham's thinking on this matter can be found in his first book *Civilising Global Capital*, published in 1998. Among other proposed changes to the welfare system, Latham (1998: 227) advocates a program of "lifelong income support". The aims of this program are not to provide lifelong social security for all members of society, but to set up a system where recipients are obliged to repay the assistance they receive for items like their education and welfare thereby lessening the cost to the state, reducing the tax burden on "risk takers" and instilling responsibility into the "dangerous classes":

> While governments need to advance income support whenever its citizens are victim to economic uncertainty, they should also consider the equity features of a repayment system … for recipients who subsequently benefit from economic change. This should be regarded as a key aspect of the development of reciprocal responsibilities in the welfare system." (Latham 1998: 227).

The equity features of the repayment scheme as conceived of by Latham (1998: 230) would include repayments through the tax system. If the debt owing is not repaid by the time a person reached retirement the remaining sum is to be deducted from their superannuation.

In broad terms, Latham (1998: 31-36, 126, 165, 223-231) argues that the cost of providing social welfare must be reduced and wage earners made to pay more for their retirement, the education of the children, their health and periods of unemployment because the state can no longer raise taxation from capital as it has in the past. The advent of transnational corporations and the new international mobility of capital means that rather than taxing nationally-based capital, governments are increasingly involved in a bidding war to attract capital investment. Therefore social welfare assistance must be reduced or made to pay for itself.

A user pays welfare system with a focus on enabling and facilitating social capital formation, financed by debt which could follow them into retirement, may not be popular with Labor's core supporters if it fails to perform as expected

by Latham. His proposed social policies are founded on an assumption that social capital deficits are at the heart of the social problems faced by difficult individuals and the difficult classes that he wishes to reform. Despite changing voting patterns Labor's supporters continue to be more likely to be from working class, migrant, Indigenous, unemployed and/or low income backgrounds, as Charnock (1997: 247-253) suggests. People from these backgrounds rely more heavily on the existing social protection scheme than other Australians because of their relatively lower socio-economic status and hence their lower ability to withstand financial shocks from economic restructuring. It is these classes of people who have more to lose if Latham's proposed radical reforms to the welfare sector fail to deliver. Indeed empirical research conducted over the decade between 1990 and 2000 at the National Centre for Social and Economic Modelling (NATSEM) by Harding et al. (2001: 4) indicates poverty and financial disadvantage in Australia grew throughout the nineties, a time when radical economic reforms of the kind Latham approves of were being implemented. If the gap between rich and poor in Australia continues to grow, it is Labor's core supporters who are most likely to be affected by this process. Moreover, the sheer number of people receiving income support that might be expected to be affected by a user pays welfare system is enormous. The Commonwealth Department of Family and Community Services had 4,503,264 income support customers at the last count in 2002 (ABS 2004: 1).

Social capital growth is reliant on a "slow forming culture" in Latham's (2000: 15) words, it does not take hold overnight. Therefore, even if Latham's social policy were to be successfully implemented and transform Australia's welfare culture in the long term, these policies cannot be expected to address the social consequences of continued economic restructuring for some time to come. Unless an incoming Latham Government continues a real commitment to redistributive policies alongside a social capital agenda it might have difficulty holding the allegiance of its traditional support base, which will continue to struggle with the social consequences of economic restructuring.

Significant electoral realignments are rare in the Australian political context and relatively stable voting patterns are the norm (McAllister 1992: 12-15, Jaensch 1989: 66). Nevertheless empirical research by Leithner (1994: 461), which examines Australian electoral results over a sixty year period from 1910 to 1969, indicates that significant and durable voting realignments do occur from time to time. Labor in particular suffered durable voter realignments away from it in the 1920s and again after 1949 (Leithner 1994: 463-466). In the current context, Labor has been out of power now at the national level for three terms.

A change in Labor's core voter allegiance might not mean an actual loss of power but a realignment of Labor's support base. Core supporters who desert to the Greens, or join the ranks of "Howard's battlers" might be replaced with former

Liberal voters or "aspirational voters" attracted to Latham's values[1]. As Leithner (1994: 466-467) suggests, a realignment does not need to produce a net change in the parties' proportions of the vote: realignment simply means some segments of the electorate change durably their normal voting habits, as in the case of the "Howard battlers" or the "Reagan Democrats".

Nevertheless even if such a realignment does not change the actual proportion of the electorate that votes for Labor, Latham's ideas on social policy, particularly if implemented in the context of new "dry" economic reforms, could create tensions with representatives of the key sectors who have supported Labor in the past, notably the trade unions and peak welfare organisations who represent those with the most to lose if Latham's policies fail to protect the interests of the working class, the poor and other socio-economically disadvantaged groups as economic restructuring proceeds.

This argument of course rests on the supposition that Latham's proposals would, if implemented, fail to meet their objectives of reducing "welfare dependency" at least in the short term. While Latham in his more recent public statements has been careful to suggest he does not want to remove existing social protections, he has nonetheless argued consistently over six years for a quite radical reform of the social protection system, of a kind which has not been implemented previously to any real extent in the Australian context.

Conclusion
The concept of social capital is not new, having received theoretical attention from the time of Marx's conception of the term as a form of social power related to the formation and reproduction of social stratification and from scholars as diverse as Bourdieu, Coleman and Putnam.

Mark Latham clearly prefers Robert Putnam's normative reconception of social capital as a virtuous, singular entity. Latham believes social capital in this sense is capable of transforming the Australian social protection system to make it more compatible with neo-liberal economic reforms, which Latham also favours. Unlike his predecessors in the Labor Governments of the 1980s and 1990s, Latham does not advocate redistributive social justice policies to alleviate the impact of neo-liberal economic reform on Labor's core supporters. Latham argues that the redistributive welfare state undermines the "risk positive culture" that so many cultural theorists hold to be the hallmark of "late-modern" society. Instead he favours an expanded "user pays" system of social protection and substituting redistribution with relatively inexpensive social capital nurturing programs which will reduce the tax burden on "risk takers" and build virtuous cycles of trust, reciprocity and prosperity.

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[1] Howard's battlers might be augmented by lower-income aspirational voters who have an occasional need for social welfare and therefore would prefer to vote for the Liberal Party, which also claims to represent their aspirations but would be less likely to replace free social protection services with user pays and obligations to the state than Latham's party.

However, Latham's social policy proposals are based on contestable assumptions that the disadvantaged individuals and dangerous classes that have been the traditional target of redistributive social justice policies have low stocks of social capital and have been robbed of personal responsibility for their future by the welfare state. Fostering social capital might not improve the socio-economic situation of the disadvantaged if these assumptions are flawed or wrong. Moreover, Latham's normative conception of social capital, ignores the role social capital and other forms of capital play in producing and reproducing social stratification and social disadvantage that have been noted by scholars from Marx to Bourdieu.

Latham has moderated his public enthusiasm for transforming social protection as the election draws near. But Latham's published writings and prior public statements make it clear that he sees a fundamental tension between neo-liberal economic reform and redistributive social policies, which he wishes to resolve. If an incoming Labor Government retreats from redistribution and implements policies based on understandings that are arguably flawed, and fail in the context of a continuing neo-liberal economic reform, the losers will be Labor's core supporters with grave electoral implications for the Labor Party.

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