

The 'gammon economy' of Cape York: Lessons for nation building in Pacific island countries

Robert Phillipot, Advisor, Cape York Institute

Introduction

The economic, social and health indicators for the indigenous communities north of Cairns on the Cape York Peninsula of Australia are well documented. Life expectancy for Aboriginal people is only about 60 years and going backwards. Prison rates for indigenous people are far higher than comparable rates for white Australians. In health, the rates for kidney and liver failures and heart disease are far higher than for the average Australian. Real unemployment rates are far more than 50 per cent in most communities. The statistics are overwhelmingly bad and undeniably worsening. Population growth rates for these communities are well above those of mainstream Australia.

Despite the appalling statistics the Cape York indigenous communities have been remarkably enduring, but their long-term sustainability is problematic. Developing a sustainable economy on Cape York faces many challenges arising from a number of factors, not the least being remoteness and a population characterised by poor health, poor housing, poor vocational skills, and poor education. Currently very limited economic activity exists around the mining, pastoral and service industries. Cape York faces a fundamental development problem, and the answer will have to be all encompassing. However, many communities around the world have achieved economic sustainability and social cohesion despite surviving in what are sometimes marginal economic and remote circumstances. This paper argues that poor governance and a welfare system designed for a developed economy has resulted in the current crisis facing indigenous communities in Cape York.

Current state of the Cape

The traditional economy on Cape York was characterised by the need to subsist and 'if you did not hunt and gather you starved' (Pearson 1999:32). Economic life for every indigenous community on the Cape now, however, is almost entirely dependent on transfer payments, primarily in the form of welfare. The work of a number of sociologists discusses the notion of a 'culture of defeat' resulting from long-term dependence on welfare payments in particular (Mead 2000:44). This might be said of transfer payments in general. Therefore, this paper has at its focus what Noel Pearson calls a 'gammon economy', and he explains that:

... common to the real economy of traditional society and the real economy of the market is the demand for economic and social reciprocity. This reciprocity is expressed through work, initiative, struggle, enterprise, contribution, effort. The key problem with welfare is that it inherently does not demand reciprocity (Pearson 1999:32).

Pearson in particular is concerned about the fact that the way in which welfare is delivered means that the state will be reluctant to transfer responsibility to the community for the resources provided. The process is one where, most importantly, it creates 'a mentality that accepts that the capable state should serve programmes to incapable, irresponsible and powerless people on the ground' (Pearson 1999:8). The 'gammon economy' is therefore a false economy.

It has also been argued that at least some of the problem has arisen not only as the result of the 'passive welfare' policies of the past 30 years but 'in the complex conjunction between such policies and core pre-existing Aboriginal values and practices' (Martin 2001:7). Martin, an anthropologist with considerable experience in these communities, argues that particular Aboriginal values and practices, especially those relating to social relations, have impacted upon the nature of the historical interaction between Aboriginal and non-Aboriginal societies. However, at the same time, these values have also been changed by the advent of the 'welfare-based cash economy'. He says:

access to resources is no longer mediated through a system of personalised relationships within the Aboriginal realm, but is predicated upon a person's rights as a citizen of the wider state, as defined by their particular status or category. Aboriginal people are thus increasingly able to assert their independence from others within their significant social networks — men from responsibilities towards their domestic units, wives from their spouses and children, younger men from older people — through the means which cash offers (Martin 2001:8).

The introduction of welfare payments for the first time enabled the individual in these communities to independently choose how they should spend their money, and this disrupted the traditional patterns of mutual obligation and sharing (Martin 1995). This in turn eroded the traditional social networks.

There seems to be evidence that this 'poisonous' mixture of traditional culture and passive welfare has contributed to the present dysfunctional communities. In addition, the populations of many communities comprise disparate Aboriginal groups

which have originally been brought together during mission times. These settlement situations directly confronted such widely reported Aboriginal values as the strong emphasis on immediate kin group loyalties, and now encourages a preference for direct confrontation and often violence, to redress perceived wrongs. Furthermore, indigenous organisations such as community councils have lacked the requisite legitimacy, and Aboriginal authority structures have become further contested (Martin 1995).

Early Australian government legislation applicable to the indigenous community included a system of government controlled reserves onto which Aboriginal people would be gathered. As a result, large numbers of Aboriginal people were transferred to reserves or missions which often bore no relationship to their traditional country and were often in a different region. It was also common for Aboriginal people to be forcibly removed a number of times from reserve to reserve. This policy continued in isolated instances until even the 1980s. The policy ignored the special significance of land in the Aboriginal worldview as a 'spiritual landscape' on which Aboriginal people have written their history and culture. Legislation did not recognise the social and religious relationships with land, which underpinned Aboriginal societies and their continued viability (DNRM 2004). More recently, this was to have the effect of sometimes bitterly dividing communities by creating conflicts between the traditional owners and those who may have been born in the community but whose family had had been brought from another area.

Institutions, social capital and governance

Governance can broadly be defined as:

'the processes, structures and institutions (formal and informal) through which a group, community or society makes decisions, distributes and exercises authority and power, determines strategic goals, organises corporate, group and individual behaviour, develops rules and assigns responsibility' (World Bank 1997:6).

Governance enables the representation of the welfare, rights and interests of constituents, the creation and enforcement of policies and laws, the administration and delivery of programmes and services, the management of natural, social and cultural resources, and negotiation with governments and other groups. Here we define governance to mean how an indigenous community is run, and the rules that apply in its day-to-day operation, by reference to the processes, traditions and cultural precepts which underpin the exercise of authority, methods of decision-making and established mechanisms through which individuals and families have their say. The importance of ensuring the right institutions, incentives and governance in

the development process has considerable empirical support.

In recent years political scientists have begun referring to society's confidence in its institutions as the stock of 'social capital'. This aspect of social capital was given prominence as a result of Putnam's research on regional government in Italy (Putnam 1993). The World Bank assesses social capital by 'the informal rules, norms and long-term relationships which can explain differences in the nature and intensity of popular collective activity in different communities or nations' (World Bank 1997:114). Social capital is therefore determined by two sets of issues; on the one hand the norms, values and traditions which promote cooperation and on the other hand the networks, relationships and organisations that bring people together to try and solve common problems.

In this paper the broadest view of social capital is adopted, which includes the social and political environment that shapes social structure and enables norms to develop. Social capital is now sometimes regarded as important as human capital and natural resources; and, 'despite limitations of proxy indicators for social capital, the patterns of results which emerge point to the importance of cross-cutting ties across social groups for engendering co-operation, trust and social and economic well being and better government performance' (Narayan 1999:23).

Applying the concept of social capital to the regional and national level has raised new issues. In particular, it raised the question of whether social capital necessarily has to result in outcomes that are mutually beneficial to all in the region or the nation, that is, must social capital result in common good outcomes? Recent research tries to address this by distinguishing between 'bonding' and 'bridging' social capital (Woolcock and Narayan 2000:227). Bonding social capital refers to relations among relatively homogenous groups (such as an ethnic, religious or socio-economic group), and it strengthens the social ties within the particular group. Bridging social capital, on the other hand, refers to relations between heterogeneous groups, and it strengthens ties across such groups. Examples of bridging social capital include the civil rights movement and ecumenical religious organisations.

A number of studies highlight the importance of bridging social capital in societies characterised by considerable ethnic diversity. This is because trust, limited within an ethnic group, may promote norms of social interaction that are inward looking and less oriented to trust and cooperation at a broader community level (Knack 1999). Bates has studied how ethnic fragmentation in Africa affects political institutions, the potential for political violence, economic outcomes, and resistance to political reform. He found that:

'ethnicity is double edged. On the one hand, ethnic groups promote the forces of modernisation; phrased more fashionably,

they constitute a form of social capital ... On the other hand, ethnic groups organise politically; occasionally they engage in acts of violence, destroying wealth and discouraging the formation of capital. Ethnic groups can thus both generate benefits and inflict costs on societies' (Bates 1999:8).

Varshney looked at the impact of ethnic bonding, social capital and communal violence in India. He argued that more distinction needed to be made between social capital formation within ethnic groups (that is, 'bonding' social capital) and the cross-cutting forms of civic engagement that takes place between groups ('bridging' social capital), and that only the latter is an agent of ethnic peace. According to Varshney (2001), the different effects of the two forms of social capital can explain why some Indian cities have been able to maintain Hindu-Muslim peace, whereas other cities suffer endemic violence. Finally, a number of studies indicate that a particularly strong focus on group interests can encourage 'rent seeking' behaviour by the group to the disadvantage of the wider community. This may become particularly problematic in a predominantly 'rent' economy. How significant, then, is this distinction between bonding and bridging social capital for the indigenous communities on Cape York?

Indigenous institutions, social capital and governance

The indigenous communities on Cape York are essentially 'post-colonial creations' which comprise Aboriginal families drawn from traditional groupings across Cape York as well as families whose ancestors were forcibly removed from distant places. The concept of community in these circumstances is particularly problematic, as the Department of Aboriginal and Torres Strait Islander Policy concluded in its 2003 green paper on indigenous community governance:

'the creation of these permanent settlements represented a significant challenge to the social, economic and political patterns of people who had lived in dispersed or even nomadic circumstances prior to colonisation' (DATSIP 2003:19).

While most communities began as missions run by church authorities, the State began assuming total control over community members' lives at the end of the 19th century. In the 1970s and 1980s, following pressure to reform these arrangements, the Queensland Government established Aboriginal Councils under the Local Government (Aboriginal Lands) Act of 1978, and the Community Services (Aborigines) Act of 1984. Further attempts to revise local government structures began in 1990, and several reviews concluded that in indigenous communities these bodies lacked legitimacy, because of inappropriate governance and decision-making structures which failed to take into account indigenous customs and tradition (for example the need to represent a larger number of

clan or language groups than existing structures permitted), and the concentration of resources in a few hands.

The community councils did not fit with traditional social structures, nor did they reflect the traditional owners of the land on which the community was located. This caused divisions and conflict within communities. The large number of functions which councils perform in relation to 'almost every aspect of the functioning of their communities' exacerbated these deficiencies (DATSIP 2003:20). The councils operate supermarkets, taverns, child minding centres and numerous other kinds of 'income generating' enterprises. As a result, the economic and political structure encourages 'rent seeking' by family and clans as they seek control of the resources controlled by the local councils.

Lessons can also be drawn from past governance reform experience worldwide. In the past, an over-emphasis on governance thinking on getting 'structures' right at a point in time has led to an under-emphasis on good governance processes. Instead, there is a need to tackle the problems raised by the highly localised and dispersed governance in the indigenous communities, and 'different organisations doing different things can represent different interests that can and should be recognised in the local polity and asking whether institutional structures allow adequately for that representation. That is a bigger task than just establishing a single, well designed organisation' (Sanders 2004:25).

International research, and in particular the Harvard Project, have identified the critical importance of indigenous communities making their own decisions about the use of resources backed up by capable institutions which are culturally appropriate. The Harvard Project recommends a 'nation-building' approach to development, in which 'economic development on Indian reservations is first and foremost a political problem. At the heart of it lie sovereignty and the governing institutions through which sovereignty can be effectively exercised' (Cornell and Kalt 1998:32).

Since it first began in 1987, the Harvard Project has been unable to find a single example of sustained indigenous development that did not involve the recognition and effective exercise of tribal sovereignty (Cornell and Kalt 1998). Closer to home, research in Arnhem Land has shown that 'it is clear that the communities which enjoy the most intact traditions and are utilising and applying local knowledge and technology most effectively, are the ones which enjoy greatest stability and are least disturbed by the malaise of substance abuse and passive welfare' (Andrews 2004).

Conclusion

In summary, it is generally accepted that the manner in which governance functions has a direct impact on the well-being of

the individual and communities. In particular it seems that poor governance arrangements can impede or entirely obstruct development. It seems that some, if not all, the indigenous communities on the Cape are characterised by low levels of social capital, and where it does exist is primarily 'bonding' within clan and family groups. Indigenous communities should concentrate on building up stable, capable and legitimate governing institutions, and structures and processes which minimise the adverse impacts from this bonding. This will provide communities with the solid foundation and capacity to make sound decisions about development and to plan for the future: 'It is obvious that the process of transforming negative welfare into a positive resource involves a transformation in the role of the state from a disabler to an enabler' (Pearson 1999:33).

The argument put forward in this paper is that inappropriate governance structures coupled with a welfare system designed for a developed economy has resulted in the current crisis facing indigenous communities in Cape York. Three major areas of reform are necessary to reach the goal of bridging the gap between the indigenous communities of Cape York and the rest of Australia. They are: a significant increased investment in physical, human and bridging social capital; the amelioration of the perverse economic incentives that many individuals currently face; and improved community governance.

References

- Andrews, G 2004, 'Evaluating development: Applying lessons learnt from international development to indigenous community development', paper presented to the state of the regions conference, Darwin.
- Bates, R 1999, 'Ethnicity, capital formation, and conflict', *Social capital initiative working paper 12*, World Bank, Washington, DC.
- Cornell, S and JP Kalt 1998, *Sovereignty and nation-building: The development challenge in Indian country today*, Harvard University, Cambridge, Massachusetts.
- DNRM (Department of Natural Resources and Mines) 2004, 'Issues paper: Review of the Aboriginal Land Act 1991 (Qld) and the Torres Strait Islander Land Act 1991(Qld)', DNRM, Australia.
- DATSIP (Department of Aboriginal and Torres Strait Islands Policy) 2003, 'Making choices about community governance: A green paper review of indigenous community governance', DATSIP, Brisbane.
- Knack, S 1999, 'Social capital, growth, and poverty: A survey of cross-country evidence', *Social capital initiative working paper 7*, World Bank, Washington, DC.
- Martin, DF 1995, 'Money, business and culture: Issues for Aboriginal economic policy', *Discussion paper 101*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Martin, DF 2001, 'Is welfare dependency 'welfare poison'? An assessment of Noel Pearson's proposals for Aboriginal welfare reform', *Discussion paper 213*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Mead, L 2000, 'Welfare reform and the family: Lessons from America', in P Saunders, (ed.), *Reforming the Australian welfare state*, Australian Institute for Family Studies, Melbourne.
- Narayan, D 1999, *Bonds and bridges: Social capital and poverty*, World Bank, <<http://info.worldbank.org/etools/docs/library/9747/narayan.pdf>>, (accessed online 17 February 2006).
- Pearson, N 1999, 'Positive and negative welfare and Australia's indigenous communities', *Family Matters*, 54, Australian Institute of Family Studies, Melbourne.
- Putnam, RD 1993, *Making democracy work: Civic traditions in modern Italy*, Princeton University Press, Princeton.
- Sanders, W 2004, 'Thinking about indigenous community governance', *Discussion paper 262*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Varshney, A 2001, 'Ethnic conflict and civil society: India and beyond', *World Politics*, 53(3), 362-398.
- Woolcock, M and D Narayan 2000, 'Social Capital: Implications for Development Theory, Research and Policy', *The World Bank Research Observer*, 15(2), 225-249.
- World Bank 1997, *World development report 1997: The state in a changing world*, Oxford University Press, N.Y.