



# Indigenous social exclusion

## Insights and challenges for the concept of social inclusion

Boyd Hunter

In recent decades, the debate about the causes and consequences of poverty has moved away from the rather narrow historical focus on the lack of income of certain groups. The terms “social exclusion” and “social inclusion”, which originally were largely developed in the European context (especially France), were intended to provide a contrast to the notion of poverty that focused excessively on the lack of money at a particular point of time, and instead focus on the dynamic social processes that perpetuate the lack of social participation in the workings of society (Finer & Smyth, 2004). In a sense, these terms are an attempt to create a positive agenda for social policy, but they can be no less culturally specific than the notion of poverty. Each nation (and communities within nations) can have its own view about what constitutes a good society and what constitutes poverty.

As it was originally conceived, the term “social exclusion” implied deficits in a range of outcomes and incorporated any failure to develop positive behaviours associated with these outcomes. The term “social inclusion” was intended to move away from this deficits focus and highlight a greater range of behaviours and outcomes that were consistent with social participation. That is, social inclusion is not necessarily as prescriptive as social exclusion in defining what constitutes social participation. However, in practice, there may be little difference between the two concepts in the extant public debate. In a sense, this article explores whether social inclusion and social exclusion are just the

obverse of one another by analysing some current debates surrounding policies for Indigenous Australians.

Indigenous people are among the most socially excluded in Australia (Hunter, 2000, 2005). Hunter (1999) demonstrated that Indigenous disadvantage is multidimensional and argued that Indigenous poverty is different to other forms of poverty in Australia in the prevalence and depth of poverty experienced. Furthermore, the multiple disadvantages that are experienced by many, if not most, Indigenous Australians indicate that Indigenous disadvantage is complex and multigenerational and cannot be reduced into one simple static notion of Indigenous poverty.

Indigenous disadvantage provides a contrasting perspective that might illuminate the difference between social inclusion and social exclusion. Social inclusion was defined by the European Anti-Poverty Network (EAPN), Ireland (2005) as:

Ensuring the marginalised and those living in poverty have greater participation in decision making which affects their lives allowing them to improve their living standards and their overall well-being.

It is difficult to argue with these sentiments, but it is also difficult to reconcile this definition with the various attempts to operationalise the notion of social inclusion (or, for that matter, social exclusion). The European Social Inclusion Strategy is part of the European Council’s Lisbon Agenda of 2000, which aims to modernise the European Union social and economic model. Some of the structural indicators developed to evaluate the Lisbon Agenda were

classified by Atkinson (2007) as measuring social inclusion; however, almost all such indicators focus on economic participation (e.g., youth educational attainment, poverty rate after social transfers, long-term unemployment and regional cohesion as measured by the variability of regional employment rates). While the narrow focus may be a result of the difficulties of measuring complex social phenomenon and the need to find “accountable” international benchmarks, they seem to miss a crucial aspect of social inclusion: local participation in decision-making, and social and cultural wellbeing.

At this stage, it is important to ask what one believes that Indigenous and other disadvantaged Australians are being socially included in. This question can be rephrased as: What are Indigenous people being socially excluded from? Furthermore, and most importantly, does it matter to Indigenous people? If social exclusion is important, how should policy be constructed to take it into account? This paper is an attempt to address these difficult questions.

The Overcoming Indigenous Disadvantage (OID) framework (developed by the Productivity Commission) is a product of the Council of Australian Government’s (COAG’s) response to the “reconciliation decade”.<sup>1</sup> It describes several outcomes and risk factors that capture some important aspects of the multidimensional nature of Indigenous disadvantage (Hunter, 2007b). The Steering Committee for the Review of Government Service Provision (SCRGSP) publishes a biannual report that evaluates progress against selected indicators from the framework (SCRGSP, 2007).

The form of social exclusion embodied in the OID framework is fundamentally based on the notion of exclusion from some mainstream norm, as it does not include any Indigenous-specific indicators of cultural wellbeing (Taylor, 2008). The framework provides an example of a narrow conception of social exclusion that focuses almost exclusively on economic participation. Indeed, it is possible that the failure to acknowledge the importance of social and cultural wellbeing directly

hinders the willingness of many Indigenous Australians to engage with the mainstream economy. Related questions can be asked about whether their economic participation is affected by the failure to: clarify the existence of all Indigenous-specific rights related to native title in all circumstances, eliminate ongoing racial discrimination, and resolve the nature and extent of Indigenous representation in the political system. Of course, one could argue that such issues are important in their own right, but one of the motivations for this paper is to make the case that it is not possible to address the broader notion of social inclusion without taking such issues seriously.

This paper is not an attempt to definitively describe what social exclusion and social inclusion are or should be. There is a growing body of literature that explores the nature and extent of social inclusion. For example, Harris (2004) provided a schema to understand the social inclusion/exclusion discourse by attributing more or less weight to “social order” versus “social justice”, and “social solidarity” versus “participation”. Interested readers are also referred to research conducted at Macquarie University’s Centre for Research on Social Inclusion as a starting point for understanding the multitude of issues that need to be considered in the Australian context.<sup>2</sup> Another useful contribution can be found in Hayes, Gray, and Edwards (2008).

Indigenous disadvantage is multidimensional and is different to other forms of poverty in Australia in the prevalence and depth of poverty experienced.

This paper illustrates some challenges that arise for the notion of social inclusion (or social exclusion) from recent attempts to address Indigenous disadvantage. The next section reviews some recent public debates: the Northern Territory (NT) intervention in Indigenous communities and the future reforms of the Community Development Employment Projects (CDEP) scheme.<sup>3</sup> The paper then





discusses Indigenous disadvantage in terms of the notion of cumulative or circular causation, before providing some concluding remarks to tie the discussion together.

## Lessons from recent public debates

### The Northern Territory intervention

One crucial feature of the Northern Territory National Emergency Response (NTER; also known as the NT intervention) was that there was virtually no consultation with state and territory governments or local Indigenous community elders before the policy framework was announced. The lack of communication with Indigenous representatives may have been a result of the abolition of ATSIC, which resulted in there no longer being any recognised local Indigenous authority with which governments can talk. Even Noel Pearson was only given 15 minutes' warning of the Government's planned intervention (Pearson, 2007).

The NTER was introduced on 21 June 2007 by former Prime Minister John Howard and Minister Mal Brough with the rather military mantra of "stabilise, normalise and exit" (Altman & Hinkson, 2007). The reference to "normalise" begs the question as to whose "norm" was being used? Altman (2008) recently argued that international best practice in development literature is to have policies that are participatory, bottom-up and culturally informed. Furthermore, and this is particularly relevant to this paper, he argued that the intervention failed to take into account Indigenous aspirations and perspectives and hence he was sceptical of the efficacy of the overall policy framework.

After heated public debate over the "national emergency"—and clarification of the more controversial proposals (e.g., compulsory health checks were to be less invasive than had been feared)—three Bills were introduced to the Commonwealth Parliament on 7 August 2007, comprising 480 pages of legislation relating to alcohol restrictions, pornography bans, changes to the permit system and township leasing, and the quarantining of welfare payments.

The Northern Territory National Emergency Response Bill 2007 provided a legislative framework for:

- alcohol restrictions to stem the instances of family violence and sexual abuse of children;
- computer audits to detect prohibited pornographic material;
- five-year leases to better manage investments to improve living conditions in townships;
- land tenure changes to enable town camps to become normal suburbs;
- the appointment of government business managers in Aboriginal townships to manage and implement the emergency measures;
- the removal of customary laws as a mitigating factor for bail and sentencing conditions; and
- better management of community stores to deliver healthier and more affordable food to Indigenous families.

The second piece of legislation, the Social Security and Other Legislation Amendment (Welfare Payment Reform) Bill 2007, combined three elements: welfare reform specific to the Northern Territory; welfare reform specific to Cape York; and a broader welfare reform package announced a little earlier. The government proposed to quarantine various income support payments and direct Indigenous families to provide basic necessities such as food, clothing and shelter for their children, rather than supporting substance abuse and gambling.

The third and final piece of legislation was the Families, Community Services and Indigenous Affairs and Other Legislation Amendment (Northern Territory National Emergency Response and Other Measures) Bill 2007, which amended existing legislation to include bans on pornography and changes to the permit system. Rather than the total scrapping of the permit system in all NT Indigenous communities, as had been proposed in the original press conference, the Bill only lifted the requirement for permits to visit Aboriginal land in townships and access roads and airstrips.

These Bills were passed without substantial amendment on 16 August, after a one-day review in the Senate. Interested readers are referred to overviews by Altman and Hinkson (2007) and Hughes (2007) of the arguments for and against the intervention.

Hunter (2007a) argued that Indigenous policy such as the NTER can be characterised as a "wicked problem". The original definition of "wicked problems" was elaborated in Rittel and Webber (1973); however, the following discussion uses a definition from Conklin (2003), which identifies four characteristics of wicked problems:

- the problem is not understood until after a solution has been formulated;
- stakeholders have radically different world views and different frames for understanding the problem;
- constraints and resources for solving the problem change over time; and
- the problem is never solved (completely).

Therefore the notion of a "wicked problem" does not refer to the inherent evil of the widespread child abuse; rather, it is a technical term used to characterise a complex, multidimensional problem and is arguably related to the concept of social exclusion/inclusion. Indigenous policy is one of the most complex areas facing governments, as it involves many issues that do not exist for other Australians: a dynamic cultural life; a need to change social norms; unique forms of property rights, such as native title; and the intergenerational transmission of disadvantage, sometimes arising from historical government interventions (such as the Stolen Generations).

Mainstream Australian society is likely to have different perspectives on the problem from Indigenous stakeholders, who are more likely to emphasise land rights, cultural difference and injustice. Whatever the merits of the intervention into Northern Territory Indigenous communities, it is unlikely to succeed without both long-term bipartisan commitment of substantial resources and a meaningful process of consultation with Indigenous peoples. One of the fundamental concerns about the



NTER is that it involves the suspension of the *Racial Discrimination Act 1975* and all the rights embodied in that legislation.

One of the main debates surrounding the NTER is whether the trade-off between Indigenous rights and socio-economic status is being taken into account. The existence of this trade-off means Indigenous Australians must “own” both the problem and solution (Henry, 2007). If behavioural and attitudinal change is required, then an adequate process of consultation with Indigenous people is obviously crucial to securing their cooperation. Imposing solutions from above is not only profoundly illiberal, they are unlikely to be solutions at all.

A recent paper by former Commonwealth Minister Gary Johns (2008) took up this argument by asking whether the underlying cause of Indigenous disadvantage in the NT is a “wicked problem” or the result of the “wicked policy” of self-determination. Johns argued that Indigenous people should face the true costs of their decision to stay in remote communities and that Indigenous disadvantage can be solved by changing the system of government support and infrastructure—that is, to encourage mobility to more buoyant labour markets where jobs are available. One issue with this argument is that it ignores some of the difficulties that Indigenous workers encounter in securing jobs in urban labour markets. One important constraint in this regard may be the existence of ongoing labour market discrimination (Hunter, 2004). Another issue is the mismatch between the skills demanded by employers and the skill sets that Indigenous people may have.

If social inclusion policies ignore cultural issues entirely, then policy-makers will lay themselves open to the criticism that they are just updated versions of assimilation practices.

Johns (2008) argued for a policy of “economic integration” on the grounds that the “modernisation project” is necessarily inconsistent with cultural maintenance.<sup>4</sup> While Hunter (2007a) raised the prospect that there is some partial inconsistency or trade-off between modernisation and cultural maintenance, it is an empirical question as to the extent of such a trade-off. Intuitively, it is possible to argue that maintaining a cultural identity that is distinct from the mainstream Australian norms might foreclose some employment and education options. However, the evidence seems to indicate that such fears can be overstated. For example, Hunter (2007b) showed that youth who speak an Indigenous language are actually more likely to attend school. Notwithstanding, Johns has made an important point that has implications for the debate about social inclusion and hence this issue will be revisited in the concluding section.

Johns (2008) has provided a radical proposal whose bottom line is that policy should change the set of incentives for mobility facing Indigenous people by removing unconditional income support and services provided in such communities by CDEP schemes or other government initiatives. The optimal level of mobility depends on both the individual costs and benefits of moving (and perceptions of those costs and benefits) and the social costs and benefits of that mobility. Even if one is willing to ignore Indigenous perspectives on culture and interventions made on their behalf, it is not entirely clear that mobility will necessarily result in the benefits anticipated by Johns—especially when one takes into account the likelihood that there will be substantial short-run adjustment costs (e.g., in terms of social dislocation and strains on kinship ties and obligations) and the difficulties that many Indigenous people have in securing employment in developed labour markets. Another factor that is discounted in Johns’ analysis is that the ongoing existence of an authentic and living Indigenous culture has a considerable market and non-market value to both Indigenous and non-Indigenous Australians.

From a national perspective, CDEP jobs are also important for much natural resource management work undertaken in remote Australia. For example, Indigenous Protected Areas are an integral part of the conservation estate, and ensuring that such areas are adequately maintained is in the national interest. The current round of reforms of the CDEP scheme is being publicly debated and another government report is due in the near future (Australian Government, 2008).

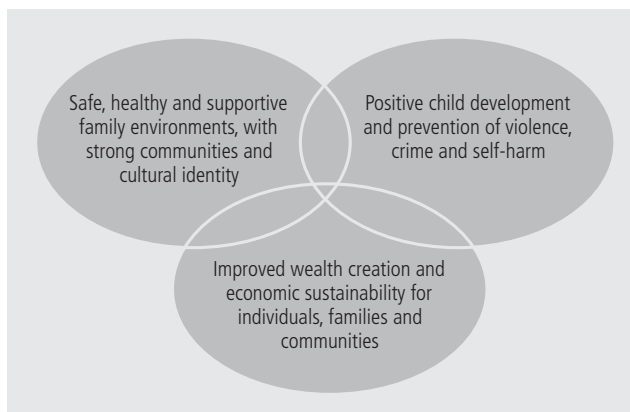
One aspect of Johns' argument that it is difficult to disagree with is that the CDEP scheme certainly supports the existence of remote Indigenous communities that might not continue to exist if all government support were withdrawn. In that sense, the CDEP scheme provides tangible support to Indigenous culture in such areas. Hunter (2008) argued that mainstream (non-CDEP) jobs provide more protection against entrenched Indigenous disadvantage than CDEP scheme jobs. Consequently, one can argue that there is, in a sense, a trade-off between cultural maintenance (which is clearly supported by the CDEP scheme) and other important socio-economic dimensions of Indigenous social exclusion.

Whatever one's position on the validity of the arguments put forward by Johns (2008), public debate would be enhanced by further evaluation of the extent of trade-off between cultural maintenance and integration into the mainstream economy—an issue that researchers and policy makers cannot ignore. Using Harris' (2004) terminology, is there some substitutability between “solidarity” and “participation”, or are these concepts complementary? The debate about the NTER also illustrates that similar questions can be asked about the relationship between “social order” versus “social justice” dimensions of social inclusion. Similar tensions are implicitly embedded in the OID framework.

## The OID framework: Interactions between priority outcomes

Intuitively, there is some reason to believe that it is crucially important to provide a safe, healthy and supportive family environment with strong communities and cultural identity. It is tempting to say that this positive family environment facilitates positive child development and lessens crime and self-harm, which in turn circumscribes economic outcomes and wealth creation. An alternative hypothesis is that economic and social outcomes depend on the types of families in which Indigenous families live. Given that it is very difficult to simultaneously model all the inter-relationships, the following discussion often focuses on Indigenous crime and educational attendance in order to illustrate some of the relevant issues.

Hunter (2007b) argued that policy-makers should understand behavioural interactions rather than focus on measurement for its own sake. The existing OID framework lists 12 headline indicators to capture Indigenous disadvantage<sup>5</sup>—all of which can be measured using the 2002 National Aboriginal and Torres Strait Islander Social Survey (NATSISS)—and categorises them under the three priority outcomes identified in Figure 1. Less than 2% of Indigenous NATSISS respondents had no disadvantage in the proxies available for these headline indicators. The obverse of this is that over half experienced four or more



Source: SCRGSP (2007)

**Figure 1 Priority outcomes in the OID framework**

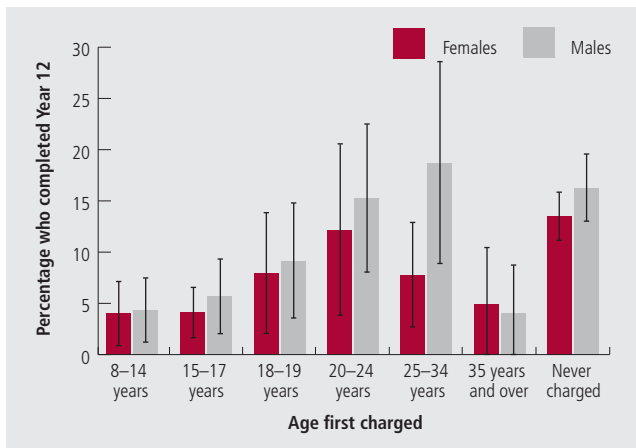
indicators of disadvantage at the same time. Furthermore, Hunter used statistical methods to demonstrate that Indigenous disadvantage is multidimensional and cannot be reduced to a single dimension such as poverty. As such, the notion of social exclusion (and social inclusion) could potentially be important for understanding Indigenous disadvantage, as it provides a framework for measuring the many factors that affect Indigenous wellbeing. It could be used by policy-makers to unpack how multiple factors, not just the low level of income, perpetuate Indigenous disadvantage.

The OID framework is closely related to the United Nation's Millennium Development Goals (MDGs), which have been criticised by the United Nations Permanent Forum on Indigenous Issues for being inadequate with respect to incorporating Indigenous concerns, interests and interpretations (Taylor, 2008). That is, the MDGs do not provide an adequate framework for measuring Indigenous wellbeing.

Indigenous-specific considerations are recognised in some countries when measuring wellbeing. In New Zealand, the Māori Statistics Forum (which includes Māori leaders and academics) explored such issues in some detail and recommended a framework for measuring Māori wellbeing that should capture: the sustainability of Te Ao Māori (the Māori world view); social capability and human resource potential (i.e., not social capital); economic and environmental self-sustainability; and empowerment and enablement (Taylor, 2008). That forum recommended 125 indicators, of which 68% were Māori-specific. The framework recommended by the Māori Statistics Forum has since been reflected in other Indigenous statistical collections (the Te Hoe Nuku Poa longitudinal study and Inuit and Saami surveys). If policy-makers are interested in Indigenous wellbeing and not just a narrow definition of social exclusion, then there needs to be some engagement with these issues.

In theory, the social inclusion (and to a lesser extent social exclusion) literature is consistent with the promotion of non-discrimination, the inclusion of Indigenous perspectives in laws, policies and programs, and the promotion of full and effective participation in decisions that affect Indigenous people. However, in practice it has been difficult to redefine the development processes to ensure that they recognise the





Source: Dodson and Hunter (2006, p. 30)

**Figure 2 Relationship between Indigenous adults being charged for a crime and completing Year 12, by gender**

different “world views” of Indigenous and other Australians, let alone deal with the enormous cultural diversity within the Indigenous population.

Hunter (2007b) attempted to tease out some behavioural interactions between OID priority outcomes by using the concept of cumulative or circular causation, which had its origins in the old institutional economics literature of Thorstein Veblen. In the context of Indigenous disadvantage, the most relevant reference to cumulative causation is that by Nobel-prize-winning economist Gunnar Myrdal, whose later writings were heavily influenced by Veblen’s brand of institutional economics. Myrdal’s most influential and landmark book, *An American Dilemma: The Negro Problem and Modern Democracy*, was originally published in 1944—the “dilemma” referred to in the title is the co-existence of American liberal ideals and the miserable situation of the black population:

White prejudice and discrimination keep the Negro low in standards of living, health, education, manners and morals. This, in its turn, gives support to white prejudice. White prejudice and Negro standards thus mutually “cause” each other. (p. 75)

Myrdal (1944) saw a vicious cycle in which whites oppressed blacks, and then pointed to blacks’ poor performance as the reason for the oppression. The way out of this cycle, he argued, was to either cure whites of prejudice or improve the circumstances of blacks, which would then disprove whites’ preconceived notions. Myrdal called this process the “principle of cumulation”. Cumulative causation models are a general class of models that involves a feedback loop where outcomes reinforce one another.<sup>6</sup>

One subset of models that could be classified as involving cumulative causation are models where outcomes for individuals or groups affect related outcomes for other people. For example, peer groups are likely to be particularly important in the context of Indigenous Australia, as they can explain how individuals’ norms and behaviours are shaped by the norms and behaviours of the people with whom they associate. Noel Pearson’s Cape York Institute recently ran a conference built on

such themes, titled: *Strong Foundations: Rebuilding Social Norms in Indigenous Communities*.<sup>7</sup>

Economics has the concept of an externality whereby some benefits and costs of social interactions are borne by people who are not directly involved in the interaction. Theories that involve social externalities, such as the effect of peer groups and dysfunctional communities, are particularly important for the argument presented in Hunter (2007b), because they suggest that there are theoretical reasons why the OID indicators are sequentially linked rather than being functionally independent.

Causation is always tricky to identify adequately, but Hunter (2007b) presented some evidence that alcohol/substance abuse, peer effects, community violence and Indigenous crime are important determinants of Indigenous participation in school, which in turn determines future economic outcomes in the community, and feeds back to drive negative behaviours, such as alcohol/substance abuse, community violence and so on. Hunter (2007a) suggested that the disadvantages measured in the OID priority outcomes accumulate over time and hence the social problems in many Indigenous communities reinforce one another over several generations. Further evidence of cumulative causation playing a role is provided in the significance (and importance) of the role of peer group effects and the immediate social environment on the educational participation of Indigenous teenagers.

In order to assist the reader in understanding the argument in Hunter (2007b), some of the major results are presented here. Figure 2 charts the rate of completion of Year 12 by crime outcomes (i.e., the age at which a person was first charged) to illustrate the importance of interactions with the justice system in affecting future outcomes for Indigenous youth. The I-bars indicate the 95% confidence intervals for the respective estimates (i.e., the range over which 95% of estimates will be found).

Indigenous people who have never been charged with an offence are three times more likely to have completed education to Year 12 than those who were first charged before their 18th birthday (i.e., before their “majority”).<sup>8</sup> Consequently, Figure 2 provides a clear indication that early involvement in the justice system is associated with disruptions to the process of human capital accumulation.<sup>9</sup> Given that the effect of being charged is manifest for the substantial numbers of Indigenous people who were charged as young as 8 years old, arguably there is a need for a greater focus on developmental environments within families.

**Speaking an Indigenous language is associated with a significant increase in school attendance.**

In formally modelling the effect of being involved in the criminal justice system on the process of human capital accumulation, we need to be mindful of the possibility of reverse causation. In particular, are the sorts of children who do not attend school also the sorts of children who are going to be involved in criminal activities?

Many economic studies have demonstrated a relationship between social background and educational attainment

**Table 1 Marginal effects on school attendance, 13–17 year olds**

	Including peer group factors %	Parsimonious specification %
Base <sup>a</sup> probability	41.4	48.9
<b>Marginal effect<sup>b</sup></b>		
Arrested in last 5 years	-25.3	-24.4
Males	-2.6	-2.8
Torres Strait Islander	2.7	3.9
Other urban areas	1.4	1.7
Rural areas	-3.8	-3.0
Remote areas	-18.9	-20.9
Married	27.9	25.4
Sole parent	25.6	23.5
Live in a mixed family	5.2	5.8
Engaged in hunting and gathering	-18.3	-21.6
Spoke an Indigenous language	18.5	18.5
Had a long-term health condition	12.3	12.6
All major household utilities provided at residence	19.1	19.3
Other residents of household aged between 13 and 17 had been arrested	-12.3	
Other residents of household aged 18 and over had been arrested	-6.2	
Other residents of household aged between 13 and 17 going to school	12.6	

Note: <sup>a</sup> Base = Aboriginal; living in an Aboriginal-only household in an urban region outside capital city; is single without children under 13; does not engage in hunting and gathering or speak an Indigenous language; does not speak Indigenous language; does not have a long-term health condition; has a room in a house where all the major utilities work; other household members have not been arrested in the last five years; and other household members are either at school or have a post-schooling qualification. <sup>b</sup> Percentage change in probability of attendance at school for a hypothetical reference person (relative to the base case or omitted category).

Source: Hunter (2007b, Table 3)

(e.g., Haveman & Wolfe, 1995). Todd and Wolpin (2003) described children’s educational development as a cumulative process, influenced by their history of family and school inputs as well as inherited endowments. While we do not have direct information on educational achievement, it is likely that educational participation will be affected by the same range of family and school variables that have been identified as being relevant for agents involved in making decisions regarding the educational development of children. Indeed, educational participation is a precursor to educational achievement. In terms of theories of Indigenous violence and crime, readers are referred to Weatherburn and Snowball (2008).

In general, the existing econometric analyses of education outcomes do not examine the role of crime in educational outcomes because of a general lack of adequate data that combines details of interaction with the criminal justice system and educational institutions. Another possible explanation for the lack of analysis in this area is the apparent incompatibility of several prominent theories of arrest and education.

The following empirical analysis must be viewed as a preliminary examination that scopes possible explanations

rather than a test of a specific theory—that is, it is a step towards hypothesis construction rather than hypothesis testing.

From the outset, it should be clear that there is no neat division between the theories of Indigenous crime or arrest and individuals’ education decisions. Sociological and anthropological theories detail the factors—both alienation and conflict-based—that simultaneously lead to both higher rates of arrest and lower rates of education. Neo-classical theories in economics also predict strong linkages between the educational decision and the allocation of time implied by the “choice” to engage in criminal activities.<sup>10</sup>

The Developmental Crime Prevention Consortium (1999) described how the developmental processes facing children and youth are crucial determinants of the eventual experience of individuals within the criminal justice and education systems. The developmental theories of crime and educational participation are consistent with a theory of cumulative causation, as both emphasise the importance of historical processes, dynamic pathways and feedback mechanisms (such as peer effects). Even if alcohol and substance abuse had their roots in “alienation” and “conflict”, developmental theories emphasise their role as perpetuating pathways that lead to crime and, hence, they could in some sense be considered causes of Indigenous crime.

Hunter (2007b) attempted to put some structure on the empirical analysis to make statements that take into account the possibility that reverse causation is distorting the measured effect of arrest on educational participation. As with previous studies, being arrested was modelled as being driven by socio-economic and demographic factors (Hunter, 2001), but it was important to identify “instruments” that were correlated with arrest but not correlated with educational participation. One such instrument was whether an individual respondent was taken from their family as a child and therefore had experienced severe disruption to their early family life.<sup>11</sup> Table 1 reports the main results of the empirical analysis of the 2002 NATSISS in Hunter (2007b), which found that the arrest of Indigenous youth is one of the major factors driving low rates of school attendance. The results are reported in terms of the percentage change in the probability of being at school for 13–17 year olds. The main point to note is that the effect of arrest on attendance is extremely large, at around 25 percentage points. Indeed, it is larger than almost any other effect, with the exception of marital status.

While all the results in this table are significant, the reader should pay particular attention to the third line, which shows that speaking an Indigenous language is associated with a significant increase in school attendance of around 20 percentage points.<sup>12</sup> The other issue to note in Table 1 is the marginal effect in the last three lines, which illustrates that social influences within the household/family are important. This can also be interpreted in terms of cumulative causation in that individual outcomes affect peers, which feeds back to affect the individual respondent in question. Indigenous disadvantage is clearly entrenched because of a web of intertwined circular causation (or cumulative causation) whereby Indigenous disadvantage feeds back onto itself to reinforce the disadvantage and potentially lead to a vicious cycle.

As indicated above, the main argument in Hunter (2007b) is that there is a circle of causation spanning the priority outcomes in the OID framework that takes place over several generations—that is, with Indigenous disadvantage cumulating over time. In general, it is not possible to entirely discount the possibility of some reverse causation between the indicators that proxy various measures of the priority outcomes. While this issue does not really affect the overall existence of cumulative causation (indeed it might just add to the complexity of interactions), it can be argued that reverse causation is a second-order concern. Improved wealth creation will affect child development; however, child development is most likely to be enhanced through the benefits and resources conferred on the family, community and schools. For example, the various income management systems run by Centrelink<sup>13</sup> are designed to stop family resources being dissipated on “grog” and gambling and hence create strong communities. Another relevant issue is that there is a temporal issue for reverse causation in that the wealth created down the track cannot be retrospectively invested in the child since that child would by then be an adult.

The intergenerational accumulation of disadvantage is clear when analysing Indigenous disadvantage. For example, Dodson and Hunter (2006) demonstrated that later Indigenous generations had higher crime outcomes, relative to the rest of their generation, when their parents and grandparents were members of the Stolen Generations. A major question remaining is whether social inclusion provides a framework/rationale for effective policies to counteract such tendencies.

## Cumulative causation and social inclusion policy

The above discussion has ranged over a variety of topics on Indigenous disadvantage; but what implications, if any, do these issues have for the notion of social inclusion? For example, what does the notion of cumulative causation have to offer social inclusion policy? For one, the inter-relationships between the various dimensions of disadvantage are complex and probably reinforce one another. Therefore, picking policy winners may not be that useful, as one or more other aspects of disadvantage may still prevent outcomes from entering a “virtuous cycle” (which, unlike a vicious cycle, reinforces a reduction in disadvantage). Improving Indigenous educational facilities will not by itself overcome Indigenous disadvantage because the effects of communities, families and peers are likely to undermine and counteract any such initiatives. That is, policies that seek to achieve social inclusion need to be multifactorial (i.e., addressing multiple factors simultaneously).

World renowned economist Amartya Sen made the important point that “the language of exclusion is so versatile that there may be a temptation to dress up any deprivation as a case of exclusion” (Sen, 2000, p. 9). The complex inter-relationships between the various dimensions of Indigenous disadvantage identified in this paper and extant literature make it particularly difficult to credibly identify the nature and extent of the inter-relationships, and hence the empirical evidence of the direction of causality is tentative at best.

Christopher Pearson (2008) pointed to another danger—the perception will arise, in the minds of policy-makers

and the public, that the government cannot fix any problem unless it fixes all of them. He argued that under social inclusion the task of governments and their welfare bureaucracies suddenly extends from sorting out the problems associated with poverty to finding remedies for more abstract conditions, such as cultural deprivation and the absence of social capital. While Pearson was referring to bureaucratic over-reach and policy hubris, it is difficult to argue with his original sentiment. Indeed, there is a risk that the notions of social inclusion, and to a lesser extent cumulative causation, can lead to a sort of policy nihilism where the magnitude of the task seems too complex and too hard. Unfortunately, there is not much one can do about this if the dimensions of disadvantage are inextricably linked.

Notwithstanding such pessimism, it is possible that some policy options are “dominant”, in that one might initiate a virtuous cycle. Policies that effectively address alcohol and substance abuse might be one such set of policies—addressing both the supply of such substances (by regulation and enforcement of regulations) and the demand for them (e.g., through consistent volumetric taxation of alcohol). However, it is preferable that such policies be implemented with the full consultation and participation of local Indigenous communities to minimise countervailing tendencies where people attempt to get around the relevant regulations and taxation. The important point is that any such policies should minimise the extent to which they induce countervailing dynamics in which start a sort of vicious cycle of alienation and “learned helplessness” (Hunter, 2007a). Ignoring the roles of culture and the need for meaningful consultation is problematic; not least because it does not encourage Indigenous people to take ownership of the issues underlying social inclusion (and exclusion).

Indigenous disadvantage is clearly entrenched because of a web of intertwined circular causation whereby Indigenous disadvantage feeds back onto itself to reinforce the disadvantage and potentially lead to a vicious cycle.

Developmental theories offer the best prospect for inducing an effective policy that enhances social inclusion. However, in order to provide evidence about which developmental theories are supported, we need longitudinal data on Indigenous youth and children. At the time of writing, *Footprints in Time: The Longitudinal Study of Indigenous Children (LSIC)* is in the field and hopefully this will provide some useful data in the coming years.<sup>14</sup> It is anticipated that LSIC will demonstrate the crucial role that functional Indigenous families and communities, and not just economic policies, play in providing employment opportunities.

The main challenge for the social inclusion framework that has emerged from the recent public debate about Indigenous disadvantage involves a range of difficult issues surrounding cultural maintenance; in particular, the possibility that there is a trade-off between cultural wellbeing and socio-economic outcomes. The evidence presented in Table 1 seems to indicate that this trade-off is not an issue—indeed,





speaking an Indigenous language is associated with higher participation in the mainstream education system than would otherwise be the case.

If social inclusion policies ignore cultural issues entirely, then policy-makers will lay themselves open to the criticism that they are just updated versions of assimilation practices. Goot and Rowse (2007) distinguished between the doctrine of assimilation, which makes assertions about the permissible differences within a nation, and assimilation as a diverse range of government practices aimed at people whose difference is understood to be a “problem”. One example of the latter is the practices that led to the Stolen Generations (National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from their Families, 1997). Some commentators have argued that such practices may not have been a bad thing and may ultimately have improved the socio-economic circumstances for those Indigenous people who were taken from their families. The available evidence does not support this proposition. Borland and Hunter (2000) and Hunter (2007b) have both shown that being taken from one’s natural family is associated with a higher rate of interaction with the criminal justice system, but is not associated with a significantly better employment or educational outcomes.

Being taken from one’s natural family is associated with a higher rate of interaction with the criminal justice system, but is not associated with a significantly better employment or educational outcomes.

## Conclusion

In summary, Indigenous disadvantage is complex and multidimensional and the notions of social exclusion and social inclusion seem particularly relevant. However, a definition of social inclusion that includes local decision-making has not been implemented in Australia. It is theoretically difficult to achieve this when there is a wide cultural gap between Indigenous and non-Indigenous perspectives on the issues involved. Consequently, there is little effective difference between social exclusion and inclusion as an organising principle for Indigenous policy. Notwithstanding these impediments, this article argues that it is important to attempt to reconcile these disparate perspectives to engage the Indigenous community so that problematic behaviours can be addressed in a constructive manner.

## Endnotes

- 1 The so-called “decade of reconciliation” corresponded to the period over which the Council for Aboriginal Reconciliation (CAR) was active. The formal end of this “reconciliation decade” occurred on 4 December 2000 when CAR submitted its final report to the Federal Parliament.
- 2 The Centre for Research on Social Inclusion’s research clusters include: “Migration, multiculturalism and nation”, “Critical theory and social hope”, “Welfare, care and social policy”, “The postcolonial world and globalisation”, and “Inclusion and exclusion in urban and regional spaces”. More information is available at: <[www.crsi.mq.edu.au/research/research\\_clusters.htm](http://www.crsi.mq.edu.au/research/research_clusters.htm)>.
- 3 The original CDEP scheme converted notional equivalents of the unemployment benefit entitlements of Aboriginal people in remote areas into grants to Aboriginal organisations so that paid, part-time community work could be provided to appropriate residents.
- 4 The “modernisation project” is not a formally constituted project, but rather refers to efforts to enhance the capacity of those engaged in customary Indigenous society to actively interact with the modern economy.
- 5 The 12 OID headline indicators are: life expectancy at birth; disability and chronic disease; years 10 and 12 retention and attainment; post-secondary education—participation and attainment; labour force participation and unemployment; household and individual income; home ownership; suicide

and self-harm; substantiated child abuse and neglect; deaths from homicide and hospitalisations for assault; family and community violence; and imprisonment and juvenile detention rates (SCRGSP, 2007).

- 6 In abstract technical terms, cumulative causation is defined as a positive feedback, in which the "system" responds to a perturbation or shock in the same direction as the perturbation. A negative feedback is where the system responds in the opposite direction to the perturbation. If not controlled by countervailing tendencies, a positive feedback loop can run out of control and can result in the collapse of the system. This is called a "vicious circle" (or, in Latin, *circulus vitiosus*). Note that the terms "positive" and "negative" do not mean or imply desirability of the feedback system. The negative feedback loop tends to slow down a process, while the positive feedback loop tends to speed it up.
- 7 For details, see <www.cyi.org.au>.
- 8 There is less systematic variation for those who were charged after they reached their majority. While being charged at 35 years of age or older is also associated with relatively low rates of school completion (to Year 12), this is likely to reflect a cohort effect, as it was relatively unusual for older Indigenous people (who by definition are aged over 35) to have finished secondary school.
- 9 "Human capital" is a term economists use to describe productive skills. The skills could be innate or may be enhanced through either experience or engagement in a formal educational process.
- 10 Economic-based rational choice models of crime draw on a well-developed theoretical structure of time allocation and labour supply under both certainty and uncertainty (Becker, 1975; Phillips & Votey, 1988). Unfortunately such models are simplified for analytical purposes by treating crime as "work" rather than "leisure". This assumption is contestable where crime is conducted without regard to pecuniary gains. In the Indigenous setting, this theory is particularly problematic because few Indigenous crimes are associated with any financial gain (Hunter, 2001).
- 11 This variable can be taken to be an instrument in that it is historically determined and will not be affected by recent processes/decisions that drive the propensity to be arrested (or indeed the decision to attend school).
- 12 The result for "had a long-term health condition" may seem counter-intuitive at first glance. However, the fact that Indigenous teenagers with such conditions are just over 12 percentage points more likely to be attending school probably reflects the lack of exit opportunities for this group (e.g., employment in low-skilled occupations).
- 13 For example, the quarantining of welfare payments in some Indigenous communities as part of the NTER.
- 14 For more information, see <www.fahcsia.gov.au/internet/facsinternet.nsf/research/ldi-lsic\_nav.htm>.

## References

Altman, J. (2008, 25 July). *Reviewing the Northern Territory intervention one year on: Conceptual and methodological considerations and some observations*. Paper presented at the CAEPR seminar series, Centre for Aboriginal Economic Policy Research, ANU, Canberra. Retrieved 23 March 2009, from <www.anu.edu.au/caepr>.

Altman, J., & Hinkson, M. (Eds.). (2007). *Coercive reconciliation: Stabilise, normalise and exit Aboriginal Australia*. Melbourne: Arena.

Atkinson, A. B. (2007, 21–22 February). *EU social policy: The Lisbon Agenda and re-imagining social policy*. Henderson Oration presented to the Centre for Public Policy Conference "From Welfare to Social Investment: Reimagining Social Policy for the Life Course", Melbourne.

Australian Government. (2008). *Increasing Indigenous economic opportunity: A discussion paper on the future of the CDEP and Indigenous employment programs*. Canberra: Commonwealth of Australia.

Becker, G. (1975). *Human capital: A theoretical and empirical analysis, with special reference to education*. New York: Columbia University Press.

Borland, J., & Hunter, B. H. (2000). Does crime affect employment status? The case of Indigenous Australians. *Economica*, 67(1), 123–144.

Conklin, J. (2003). *Dialog mapping: An approach for wicked problems*. Chichester: Wiley.

Developmental Crime Prevention Consortium. (1999). *Pathways to prevention: Developmental and early intervention approaches to crime in Australia*. Canberra: AGPS.

Dodson, M., & Hunter, B. (2006). Selected crime and justice issues for Indigenous families, *Family Matters*, 75, 34–41.

European Anti-Poverty Network, Ireland. (2005). *Jargon busters*. S. Dublin: EAPN. Retrieved 18 March 2009, from <www.eapn.ie/policy/171>.

Finer, C. J., & Smyth, P. (Eds.). (2004). *Social policy and the Commonwealth: Prospects for social inclusion*. London: Palgrave Macmillan.

Goot, M., & Rowse, T. (2007). *Divided nation? Indigenous affairs and the imagined public*. Melbourne: Melbourne University Press.

Harris, P. (2004). Social inclusion, globalisation and the Commonwealth. In C. J. Finer & P. Smyth (Eds.), *Social policy and the Commonwealth: Prospects for social inclusion*. London: Palgrave Macmillan.

Haveman, R., & Wolfe, B. (1995). The determinants of children's attainments: A review of methods and findings. *Journal of Economic Literature*, 33, 1829–1878.

Hayes, A., Gray, M., & Edwards, B. (2008). *Social inclusion: Origins, concepts and key themes*. Melbourne: Australian Institute of Family Studies.

Henry, K. (2007, 26 June). *Creating the right incentives for indigenous development*. Address to the Cape York Institute conference, "Strong Foundations: Rebuilding Social Norms in Indigenous Communities, Cairns.

Hughes, H. (2007). *Lands of shame: Aboriginal and Torres Strait Islander "homelands" in transition*. Sydney: Centre for Independent Studies.

Hunter, B. H. (1999). *Three nations, not one: Indigenous and other Australian poverty* (CAEPR Working Paper No. 1). Canberra: Centre for Aboriginal Economic Policy Research. Retrieved 23 March 2009, from <www.anu.edu.au/caepr>.

Hunter, B. H. (2000). *Social exclusion, social capital and Indigenous Australians: Measuring the social costs of unemployment* (CAEPR Discussion Paper No. 204). Canberra: Centre for Aboriginal Economic Policy Research.

Hunter, B. H. (2001). *Factors underlying Indigenous arrests rates*. Sydney: New South Wales Bureau of Crime Statistics and Research.

Hunter, B. H. (2004). *Indigenous Australians in the contemporary labour market* (Cat. No. 2052.0). Canberra: Australian Bureau of Statistics.

Hunter, B. H. (2005). The role of discrimination and the exclusion of Indigenous people from the labour market. In D. Austin-Broos & G. Macdonald (Eds.), *Culture, economy and governance in Aboriginal Australia* (pp. 79–94). Sydney: University of Sydney Press.

Hunter, B. H. (2007a). Conspicuous compassion and wicked problems: The Howard Government's National Emergency in Indigenous affairs. *Agenda*, 14(3), 35–54.

Hunter, B. H. (2007b). Cumulative causation and the Productivity Commission's Framework for Overcoming Indigenous Disadvantage. *Australian Journal of Labour Economics*, 10(3), 185–202.

Hunter, B. H. (2008, 12 March). *A half-hearted defence of CDEP scheme*. Paper presented in the CAEPR seminar series, Canberra. Retrieved 23 March 2009, from <www.anu.edu.au/caepr>.

Johns, G. (2008). The Northern Territory intervention in Aboriginal affairs: Wicked problem or wicked policy. *Agenda*, 14(3), 65–84.

Myrdal, G. (1944). *An American dilemma: The negro problem and modern democracy*. New York: Harper & Brothers.

National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from their Families. (1997). *Bringing them home: National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from their Families*. Sydney: Human Rights and Equal Opportunity Commission.

Pearson, C. (2008, 17 May). Social inclusion swindle. *The Australian*. Retrieved 23 March 2009, from <www.theaustralian.news.com.au/story/0,25197,23709658-7583,00.html>.

Pearson, N. (2007, 23 June). Politics aside, an end to the tears is our priority. *The Australian*. Retrieved 23 March 2009, from <www.theaustralian.news.com.au/story/0,20867,21951636-7583,00.html>.

Phillips, L., & Votey, H. L. (1988). Rational choice models of crimes by youth. In S. L. Myers & M. Simms (Eds.), *The economics of race and crime*. New Brunswick: Transaction Books.

Rittel, H., & Webber, M. (1973). Dilemmas in a general theory of planning. *Policy Sciences*, 4(2), 155–169.

Sen, A. (2000). *Social exclusion: Concept, application and scrutiny* (Social Development Papers No. 1). Manila: Asian Development Bank.

Steering Committee for the Review of Government Service Provision. (2007). *Overcoming Indigenous disadvantage: Key indicators 2007 report*. Melbourne: Productivity Commission.

Taylor, J. (2008). Indigenous peoples and indicators of well-being: Australian perspectives on United Nations global frameworks. *Social Indicators Research*, 87(1), 111–126.

Todd, P., & Wolpin, K. (2003). On the specification and estimation of the production function for cognitive achievement. *Economic Journal*, 113(485), F3–F33.

Weatherburn, D., & Snowball, L. (2008). Theories of Indigenous violence: A preliminary empirical assessment. *Australian and New Zealand Journal of Criminology*, 41, 216–235.

**Boyd Hunter** is Senior Fellow at the Centre for Aboriginal Economic Policy Research, Australian National University.