Understanding the concept of social capital: Neoliberalism, social theory or neoliberal social theory?
A thesis submitted in fulfilment of the requirement for the award of the degree of

Doctor of Philosophy

from

University of Sydney

by

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I hereby declare that this thesis is my own work, and that, to the best of my knowledge and belief, it contains no material previously published or written by any other person, nor material that has been accepted for the award of any other degree or diploma of a university or other institute of higher learning, except where due acknowledgment is made in the text.

(signed) .................................................................

Ben Spies-Butcher
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Abbreviations

ABS - Australian Bureau of Statistics
AIFS - Australian Institute of Family Studies
AIPP – Australian Institute of Public Policy
ALP – Australian Labor Party
BLF – Builders Labourers Federation
CACOM - Centre for Australian Community Organisations and Management
CIS – Centre for Independent Studies
GST – Goods and Services Tax
IEA – Institute of Economic Affairs
IPA – Institute of Public Affairs
NGO – Non-Government Organisation
NIE – New Institutionalist Economics
NPM – New Public Management
NSEF - National Social and Economic Forum
NSW – New South Wales
OECD - Organisation for Economic Cooperation and Development
OIE – Old Institutionalist Economics
ONS – Office of National Statistics
OR – Operations Research
PD – Prisoner’s Dilemma
PTA – Parents and Teachers Association
SCC – Socialist Calculation Controversy
SES – Senior Executive Service
TGEB – Theory of Games and Economic Behavior
USA – United States of America
Abstract

This thesis examines the growing debate around the concept of social capital. The concept has been heralded by many as a means of uniting the social sciences, particularly economics and sociology, and of overcoming ideological divisions between left and right. However, critics argue that the concept is poorly theorised and provides little insight. More radical critics have claimed the concept may be a neo-liberal ‘Trojan horse’, a mechanism by which the atomistic thinking of neoclassical economics colonises social theory.

I examine these more radical claims by exploring the origins of the concept of social capital within rational choice economics. I argue that we should differentiate between two types of potential colonisation. The first is a form of methodological colonisation, whereby overly abstract, reductionist and rationalist approaches (which I term modernist) are extended into social theory. The second is a form of ideological colonisation, whereby a normative commitment to individualism and the market is extended into social theory.

I argue that the concept of social capital has been the product of a trend within rational choice economics away from the extremes of modernism. In this sense the concept represents an attempt to bring economics and social theory closer together, and a willingness on the part of rational choice theorists to take more seriously the techniques and insights of the other social sciences.

However, I argue that this trend away from modernism has often been associated with a reaffirmation of rational choice theorists’ normative commitment to individualism and the market. In particular, I argue the concept of social capital has been strongly influenced by elements of the Austrian economic tradition, and forms part of a spontaneous order explanation of economic and social systems.
I then apply these insights to the Australian social capital debate. I argue that initially the Australian social capital debate continued an earlier debate over economic rationalism and the merits of market-orientated economic reform. I argue that participants from both sides of the economic rationalism debate used the concept of social capital to move away from modernism, but continued to disagree over the role of individualism. Finally, I argue that confusion between moving away from modernism, and moving away from market ideology, has led some Third Way theorists to misconstrue the concept as a means to overcome ideology.
Published Material

Acknowledgements

There are many people I wish to thank for their support, assistance and wisdom in helping me complete this thesis.

Firstly, thank you to my supervisor, Gabrielle Meagher. Her guidance and mentoring have been invaluable and this thesis would not have been what it is without her.

Secondly, to my family. Sylvie Ellsmore, Julie Spies and John Butcher. Without their support I could never have completed this thesis.

Thank you to all those who commented on my ideas, in discussions, emails and other feedback. This includes Alex Coram, Cameron Muir, Caroline Alcorso, Chris Ho, Chris Jeffers, Damien Cahill, Frank Stilwell, Jody Hughes, John Butcher, Joy Paton, Leanne Cutcher, Lindy Edwards, Liz Ayres, Madeleine Mispel, Matthew Steen, Michael Hillman, Michael Pusey, Natasha Cortis, Nick Tesoriero, Phil Hayman, Roni Demirbag, Shaun Wilson, Sylvie Ellsmore, Thiago Oppermann, and a number of anonymous referees. Thanks also to Jenny Leong, Leticia Anderson and Samia Hossain, friends who were undertaking similar tasks in other disciplines and whose support, friendship and understanding helped me enormously.

Thank you to the staff of the Edmund Rice Centre, particularly Phil Glendenning and Zeena Elton, and A Just Australia, particularly Kate Gauthier.

Thank you to all my other friends and comrades, the library staff at Sydney University and my colleagues in Political Economy, especially Evan Jones for his insightful feedback on the initial draft of this thesis.

And thank you to Harvey Volke, whose guidance, wit and friendship will long be remembered.