social capital and poverty reduction

Which role for the civil society organizations and the State?

UNESCO

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Foreword

An international Symposium entitled Social Capital Formation in Poverty Reduction: Which Role for the Civil Society Organizations and the State? was co-organized by UNESCO's Management of Social Transformations (MOST) Programme and the International Social Science Council's (ISSC) Comparative Research Programme on Poverty (CROP) on 28 June 2000 in Geneva, Switzerland. It took place in the context of the 24th Special Session of the General Assembly on the Outcome of the World Summit for Social Development and Further Initiatives, Geneva (26 June – 1 July 2000).

The World Summit for Social Development (Copenhagen, March 1995) addressed three core issues: eradication of poverty, promotion of full employment, and fostering social integration. It signaled the emergence of a collective determination to treat social development as one of the highest priorities of national and international policies, and to place the human person at the center of development.

The 24th Special Session of the General Assembly, entitled "World Summit for Social Development and Beyond: Achieving social development in a globalizing world" was convened with three objectives:

(i) reaffirm the Copenhagen Declaration and Programme of Action adopted at the World Summit for Social Development;
(ii) identify progress made and constraints encountered;
(iii) recommend concrete actions and initiatives to further efforts towards full and effective implementation of the agreements reached at the Summit.

The Geneva 2000 Forum was organized parallel to the United Nations Special Session. It was designed to build a bridge between the General Assembly session and the public at large. It attracted parliamentarians, industry and business groups, trade unions, academics, citizen interest groups and professional organizations, as well as governments and intergovernmental organizations. It was in this framework that the MOST/CROP symposium was organized as a contribution to the policy debate on strategies to achieve poverty eradication and social development.

During the five years between the World Summit for Social Development and "Copenhagen + 5", there were a number of deliberations on issues that had arisen in the international development debate before, during, or after the World Summit for Social Development. The role of social capital was one of the issues debated in this context.

Several important conclusions and recommendations emerged from the deliberations and are reflected in initiatives included in the Geneva Outcome Document, adopted at the Special Session of the General Assembly in Geneva. In the Document reference is also made to the encouragement of investment in social capital. Social capital is thus acknowledged by the United Nations and its member States as being an important element in achieving the goals of the Copenhagen Declaration.

Although social capital is more and more recognized as an important factor in poverty reduction, it is difficult to measure quantitatively. The presentations made by the panelists at the MOST/CROP Symposium also illustrate that there are diverging views as to what extent social capital formation contributes to poverty reduction. This publication contains the papers presented at the MOST/CROP Symposium which reflect such different viewpoints.

Included in the Geneva Outcome Document was a significant initiative to "… reduce the proportion of people living in extreme poverty by one half by the year 2015 with a view to eradicating poverty". The same goal was reiterated in the Millennium Declaration adopted at the United Nations Millennium Summit, New York, September 2000.

UNESCO has been called upon by its Member States, through various General Conference resolutions and Executive Board decisions, to make specific contributions to poverty reduction – which is now the priority of the international development agenda – through the design of an appropriate long-term strategy. In UNESCO's Medium Term Strategy (2002-2007), poverty eradication is a cross-cutting theme and a priority for the Organization. One of the three major, interrelated lines of action in UNESCO's strategy on "The eradication of poverty, especially extreme poverty" is to focus on mobilizing social capital by building capacity and institutions, with a view to advocating and enabling the poor to enjoy their rights in areas of UNESCO's competence. Thus UNESCO is recognizing the role of social capital as an important component in the poverty eradication efforts.

Ali Kazancigil
Executive Secretary, the MOST Programme
Deputy Assistant Director-General,
Sector of Social and Human Sciences
UNESCO

Else Øyen
Scientific Director of CROP and former Chair,
Head, Centre for International Poverty Research
University of Bergen

Introduction

by Francine Fournier

The Special Session of the United Nations General Assembly on Copenhagen + 5 was held at a time when there was – and there still is – growing concern over globalisation. A particular cause for this concern is that while the global economic system continues to perform efficiently, social development does not show satisfactory results. Economic growth is accompanied by increasing poverty and inequalities worldwide. Five years after the Copenhagen Summit, the international community was still confronted with the challenge of harmonising economic and financial policies with social development policies. This is an ethical, as well as political, imperative. There is a need for bold international and national reforms to extend the benefits of globalisation to the majority of the world population. Adequate governance mechanisms, reflecting the interests of the citizens of the planet Earth, must accompany economic, financial and technological globalisation.

At the international level, we should ensure that globalisation takes on a human dimension, responds to the demand for equity and helps to reach development goals. Too many people are marginalised by globalisation. It also makes certain challenges more acute, such as managing immigration and refugee flows, combating environmental degradation and health problems (e.g. HIV/AIDS) and the possible increase of social and political deterioration. Globalisation is too important to be left unmanaged, as it is at the present; this has been illustrated by protests and riots in Seattle and, more recently, in Washington, DC. Economics still dominate current thinking, and this is expressed by the explicit acceptance of the trickle-down theory.

There is an urgent need for democratic macroeconomic controls that enable both reasonable economic growth and social development. The benefits resulting from such growth should ultimately flow throughout the entire fabric of society, and spread to the very base of the social pyramid. The agenda of the Earth Summit – and, even more so, that of the Social Summit – implicitly deny the trickle-down theory. However, many governments continue to base their action on it, and the most extreme neo-liberal currents of thought preach it openly. The individual should be at the centre of development, calling for sound economic policies that are accompanied by policies directly aimed at social development and eradication of poverty. Today, there is broad agreement that economic development is embedded in social and political development. As a result, we are witnessing a burgeoning of interest in, *inter alia*, social capital and discussions about applications of the concept across sectors and disciplines.

As the intellectual and ethical organization of the United Nations system, UNESCO is deeply concerned with the problems of poverty, exclusion, inequalities and their impact on human rights. The social capital approach can contribute both towards poverty eradication and social stability, as well as to economic development. Consequently, UNESCO has a growing interest in the role that social capital could play as a component of a strategy for poverty eradication.

The opening paragraph of the 10 Commitments in the Copenhagen Declaration adopted at the Social Summit, covers practically all areas of UNESCO's concern: striving to strengthen the role of culture in development, preserving the essential bases of people-centred sustainable development, and contributing to the full development of human resources and to social development. Through its programmes in education, natural sciences, social and human sciences, culture and communication, UNESCO implements interdisciplinary, integrated activities in social development.

To UNESCO, improving the conditions under which poverty-stricken people live is a *human right*, as recognised by the 1993 Vienna World Conference on Human Rights and the Copenhagen Programme of Action. Extreme poverty is a violation of human rights because it is the main obstacle for implementing all other human rights, as well as the principle that all human beings have equal dignity. The right to a decent standard of living, adequate housing, education, work, health, protection of the family, privacy, adequate food, and even the right to life are not implemented for those living in extreme poverty. The same can be said about the right to take part in politics and all other human rights. Through its activities, UNESCO establishes a strong link between building peace, and socio-economic development and poverty eradication. Commitment 2 on Poverty Eradication is thus particularly relevant for UNESCO. This is also the case of commitment 4 on Social Integration. A main instrument for developing activities concerning commitments 2 and 4 is UNESCO's Management of Social Transformations Programme (MOST). It does research and field activities on cities and urban governance, focusing on areas where there is a concentration of unemployment, poverty, social exclusion, crime and violence, and also works on multicultural societies and local-global linkages. All the research, policy activities, and field programmes of MOST aim to enhance social integration and solidarity. As social capital is a powerful factor of development, it has become a growing concern for UNESCO as well. I am not going to elaborate upon the notion of social capital, nor on its impact, as we have four speakers who will do so. Nonetheless, to give you an illustration, I would like to mention that a participatory research project in Tanzania found that increases in social capital increased household income by 20 to 30 percent. Social capital is often the only capital the poor have: if they are deprived of basic social services, at least they have each other. Social capital can very simplistically be defined as: "it is not what you know, it is whom you know". For the poor, the only resource they have is often each other. Social capital is, in part, manifest in a commitment to a cause that allows people to work together for a common goal, though this may not maximise their personal self-interest. Social capital exists in relations between and among actors, and is based on mutual trust. Fixed social capital exists in relations of trust necessary for common survival, while movable social capital is found in relations of trust between individuals who are pursuing personal goals.

UNESCO's integrated, intersectoral approach involves going beyond policies and measures which address poverty eradication only sectorally. Poverty is a symptom, the causes of which are multiple and complex, whether they have their origins – internationally or nationally – in economic, social, cultural or political structures. Thus, poverty eradication and development need to be supported by a combination of measures, by economic policies obviously, but equally by social development programmes concerning health, education, literacy, shelter, family planning, and population and gender equality. An integrated approach with concrete goals and strategies is a must, together with close cooperation between governments, civil society, private business, the United Nations system and international financial institutions, as well as bilateral development agencies.

In implementing the Copenhagen Programme of Action on Social Development, UNESCO's actions are centred on: the appropriation and exercise of human rights as a guiding principle of development; endogenous capacity-building and human resource development, through education at all levels and throughout life; democratic and participatory governance; the incorporation of cultural factors in development strategies; environmental protection; and harnessing science and technology for development. To sum up, development is to aim for a "triple win": economic efficiency, social equity, and environmental protection.

Economic and political opportunities tend to reinforce each other, thus the importance of a rights-based approach to development that is two-pronged, reflecting both economic and social rights – people's right to freedom from want, and civil and political rights, including the right to freedom of expression and participation. Freedom from want cannot be divorced from people's freedom to make their voices heard and their right to participate. The bundling of developmental opportunities, which a sustainable livelihood strategy requires, is best realised through participatory development. Participation makes development more demand-driven, bottom-up, rather than top-down and supply-driven. Building human capacities and ensuring democratic and good governance constitute inseparable elements of the right to development. Participation is a basic element for the creation of social capital, and interventions to reduce poverty should be designed not only to have an immediate impact on poverty, but also to foster a rich network of cross-cutting ties within society and between society's formal and informal institutions. When states are functional, the informal and formal work well together – for example, government support for community-based development. When states become dysfunctional, informal institutions take on their role and they are reduced to serving a defensive or survival function. To move toward economic and social well-being, states must support inclusive development. Investments in the organizational capacity of the poor are critical.

At the dawn of the third millennium, the world has never before known such levels of wealth, technological advancement and knowledge which could guarantee living standards consistent with human dignity for everyone. The challenge of realising this goal is a daunting one. This special session of the General Assembly should give new impetus to *social advocacy and political responsibility*. There has to be *political will* to prioritise social development and to reallocate resources within society. Economic and financial policies should serve social policy. The poor and vulnerable populations should have an influence on the *formulation of policies* which concern them through participation at all levels. The first step of the ladder is at the micro-level, beginning with belonging to a family, a group, and a community of people who help and support each other. Humans are both the means and the ends of development.

Social Capital Formation:

A Poverty Reducing Strategy?[1]

by Else Øyen

The title of the symposium is "Social Capital Formation in Poverty Reduction: Which Role for Civil Society Organizations and the State?". The emphasis here is on poverty and whether poverty reduction can be obtained through a strategy of increased social capital. The emphasis is not on social development in general or the broader relationship between the state and social capital. Our goal here and now is to focus on poverty reducing strategies and to discuss whether the latest "fashion" of poverty reduction through social capital formation is likely to achieve the UN goal of massive poverty reduction worldwide.

Social capital is defined in several ways and the experts disagree on the definitions. The major problem is that this is not a precise concept and that makes it difficult to use social capital as an analytical tool. As a social scientist I would rather throw it overboard. However, lately social capital has turned into a very important political tool, in particular in relation to poverty reduction, and as such we shall need to deal with it in order to understand better its usefulness – or lack of it – in poverty reduction.

In its simplest form, an individual acquires social capital through participating in informal networks, registered organizations, associations of different kinds and social movements, and it represents the sum of these experiences. Some will argue that only participation in formal organizations can be defined as social capital. Others will argue that sporadic participation in a social movement should also be defined as social capital. We need to keep these differences in mind. It is believed that through membership in different organizations and networks individuals will develop joint interests and shared norms, which in turn will lead to trust and better understanding of differences in culture, background and life style. During this process democracy might emerge and individuals might have the opportunity to capture rights and benefits. Still others will emphasise that the social capital created within a social structure, such as reciprocity or mutual aid, increases the opportunities for collective action. If this is so, then civil society and organizational development ought to be encouraged.

1. Paper presented at UNESCO/MOST and CROP/ISSC on "Social Capital Formation in Poverty Reduction: Which Role for Civil Society Organizations and the State?" at the UN Summit + 5.

The major questions in this forum, and everywhere else where poverty issues matter, are:

- Whether social capital formation is relevant to poverty reduction;
- Whether social capital formation is likely to be more efficient than other strategies; and
- How the strategy of social capital formation teams up with other strategies for poverty reduction.

The notion of social capital is not new. It is part of human nature to interact and participate in the lives of other people. For a long time the notion of social capital and its variations in different cultures have been part of the social sciences, if not to say that the study of human interaction is the core of social sciences. The interesting questions are:

- Why has this concept now reappeared?
- Why is social capital being promoted so vigorously?
- Who are its promoters?
- Why is social capital being linked to poverty reduction?

In the *World Development Report* from the World Bank, increased social capital formation is promoted as a major strategy for poverty reduction. Political scientists in particular have constructed a new paradigm around social capital. NGOs seem to be delighted that their investment in community work and participatory approaches can now be legitimated through the strategy of social capital formation. At the same time, donors are looking at social capital formation as yet another unsuccessful attempt – of many – to reduce poverty.

Does all this enthusiasm mean that social capital formation will be an efficient poverty reducing strategy? Or is it more that the concept of social capital fits into other agendas? The discussion on the future role of the State seems to be crucial here. The World Bank, for example, has for a long time advocated a diminishing role for the State and a decrease in public expenditures. Strengthening civil society through the promotion of social capital fits into this agenda. New trends of individualism – or maybe not so new – that stress individual freedom rather than investing in society, are also setting different agendas. This kind of ideology may be part of the picture. Individuals are encouraged to place their loyalties in organizations that further their own particular interests rather than those of society. Then there is the agenda of political scientists who, for a long time, have been searching for a new paradigm: some of them have found it in social capital analysis. Economists might try to parallel their efforts of operationalising human capital to that of social capital. Also, some voluntary organizations stress the humanistic values of social capital, such as a renewal of democracy, support for grassroot power, and an escape from "ugly politics". (Also, but that is just between us: as a poverty reducing strategy, social capital is a great money saving device!!)

Keeping all these different agendas in mind, and accepting the fact that increased social capital formation is valuable in itself, let us move on to the crucial question: is social capital formation a relevant strategy for poverty reduction?

The notion of social capital is based on the understanding that informal and formal structures form around certain human needs. Some networks are heterogeneous and open to a wide range of participants. Other networks are homogeneous and accept only people who are of the same kind. At least two questions are relevant here:

- Do poor people have the same sort of networks as the non-poor?
- Are poor people allowed to enter the networks of the non-poor?

The first question can be answered in the negative. Poor people do not form or participate in the same kind of organizations as the non-poor, as confirmed by a whole set of studies. Their non-participation in political and civic life is part of political poverty, which is so closely connected to other forms of poverty. The time constraint created by poverty reduces participation in networks organized around non-profit activities. Instead, networks of the poor are often found to be related to strategies for survival. These networks may be based on bartering and exchange of trust in the sense that borrowing and lending goods and services are integrated in a symmetrical pattern of mutual expectations. Another kind of network exists through family support which may stretch far both in kinship and geographical terms. Occasionally interest groups are formed to fight for some public good, which is usually controlled by the non-poor. While community workers and others do try to develop and strengthen networks among the local population that can reach into the broader community, the tendency is that the poorest groups do not become lasting members of these networks.

The second question is whether poor people are allowed entry into the networks of the non-poor. A qualified guess leads to another negative answer. All societies are stratified, some more, some less. Stratification and differentiation have as their foremost goal to define some people or groups as members of a state or organization, and to keep others out. Usually it is the majority that is kept out, and the minority that receives the privileges and rights which belong to the strata/organization of which they are members. The poor are by definition and tradition at the bottom of such stratified societies. Social exclusion is still another feature of poverty. Symbolic differentiation and exclusion may be just as powerful. The poor can be exposed and excluded if they fail to adjust to the dominating norms of the non-poor, understand the “real” values of society, get ahead, etc. The whole set of stereotypes can be put on the witness stand here. With all these stereotypes floating around there is little reason to believe that the poor will be welcome in most networks. In any network a member is expected to contribute something, whether it be material or non-material resources. By definition the poor may not have much to offer in the way of material resources to any non-poor network, and their non-material resources may not be much appreciated since they stem from a different background.

The rosy picture that is presented of integration through social capital formation is in fact gloomy and unrealistic. *If a majority of the poor are neither able to develop useful networks for increasing their own* *social capital on a large scale, nor given entry into those networks where social capital flourishes, how can social capital then be an efficient instrument for poverty reduction?*

The conclusion must be that at present social capital formation is not a useful instrument for poverty reduction.

However, that does not mean that efforts to increase the social capital of the poor should not be intensified – even if it is for somewhat different purposes. It is necessary to mobilise the poor if any changes in their living conditions are to occur. It is necessary to make the poor part of political life for their voices to be heard and for democracy to develop. It is necessary to open up and let the poor into civil society if they are to become part of society at large. It is necessary to increase the social capital of the poor if civil conflicts are to be avoided. For all these reasons, it is vital for the poor, as well as for the non-poor, that social capital formation among the poor be increased. Over time, and in conjunction with a whole set of other strategies, such as the redistribution of major resources, social capital may lead to poverty reduction. It may take a generation or more.

The important thing here is that we do not exchange basic redistribution measures, the extension of citizen rights, investments in health and education, and the implementation of human rights, for social capital formation, however useful it may be for several other purposes.

Likewise, it is important that civil society organizations get a realistic picture of the usefulness of social capital formation in poverty reduction. Elsewhere I have argued that it is not enough to educate the poor. It is just as important to educate the non-poor to make them understand the restrictions that poverty puts on the day-to-day lives of the poor, to make them understand what it takes to open up society for better integrating the poor, and what tolerance and understanding it takes for them to open up their own personal networks for the creation of social capital among the poor.

Citizen Participation and Social Capital Formation:

Resource Mobilisation for Social Development: the Experience of Comunidade Solidária *in Brazil*

by MIGUEL DARCY DE OLIVEIRA

Comunidade Solidária is a new type of political instrument created in the beginning of the Fernando Henrique Cardoso Administration in 1995. The mission of this tool – more a programme or a strategy than a formal institution – is to promote citizen participation and to forge new alliances between the state and civil society for enhanced resources to fight poverty and social exclusion in Brazil.

Comunidade Solidária is supported by the Government of Brazil, which provides its infrastructure and administrative services, but is not owned by it. Decisions concerning its policies and operations are taken by a council composed of four Ministers of State and twenty-eight civil society leaders, including social entrepreneurs, NGO activists, businessmen, scholars and artists.

This institutional design helps to ensure that the programme is able to open up new channels of dialogue and communication between government and civil society.

Comunidade Solidária and the government are working together to promote and identify the goals and synergies of social programmes for helping the poorest areas and groups of the country. It is also in contact with civil society to mobilise knowledge and resources for the experimentation, evaluation and replication of innovative practices and initiatives in social development.

Throughout its five years of resource mobilisation and investment in social capital, *Comunidade Solidária* has accumulated a wealth of knowledge and experience that can now be conceptualised as a new frame of reference for the action of government agencies, citizen organizations and communities to generate social solidarity and sustainable development.

The cornerstone of this basic set of assumptions is the notion that the fight against poverty and social exclusion should not transform people and communities into passive and permanent beneficiaries of assistance programmes. Quite to the contrary, the fight against poverty means strengthening the capacity of people and communities to satisfy their needs, solve problems and improve their quality of life.

We are certainly not alone in this conviction. This reliance on citizen participation and innovative partnerships involving multiple actors represents a strategy that is increasingly being pursued by a wide variety of other agencies, both public and private, in Brazil and elsewhere. This participatory approach has also been receiving attention and support from well-know social scientists and development practitioners, such as Manuel Castells, Anthony Giddens, Amartya Sen and Robert Putnam, among many others.

Accordingly, this paper will seek to outline a vision and practice that can sustain this emerging, new pattern of relationships between the state and civil society, based on the notions of social capital, cross-sectoral partnerships among multiple actors, inter- and intra-governmental linkages, decentralisation, and the convergence and synergy of programmes and policies.

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The fabric of contemporary societies has changed. Today's polity includes more than just the state and the market. The rise of the non-profit and non-governmental third sector is a recent and massive phenomenon that is paving the way for unprecedented forms of interaction and regulation between civil society, the state and the market.

Contrary to a notorious statement once made by Margaret Thatcher that there is no such thing as a society, civil society not only exists but has positioned itself as an irreplaceable key partner in the generation of social solidarity and sustainable development.

At the turn of the millennium, Brazilian society is more open, diversified, informed and participatory than at any other moment in our history. Groups of citizens are mobilising around each and every question of public interest, demanding action from the state and acting on their own to tackle social problems.

Citizenship is no longer confined to voting in elections. It grows out of citizens' daily participation in civic life, in the improvement of the neighbourhood, school, hospital, library, museum, or wherever there is work to be done for the common good.

In their immense diversity, the spontaneous initiatives of NGOs, business foundations, philanthropic associations, service clubs, volunteer centres, informal support networks and self-help groups, respond to little perceived needs, confer visibility on problems encountered by vulnerable groups in the population, and test – even if only on a small scale – innovative solutions. This exercise of participatory citizenship is significantly contributing to expand the energies, capabilities and resources invested in social development.

Each and every programme of social development implemented by *Comunidade Solidária* involves a large set of partners, such as NGOs, government agencies, universities, churches, volunteers and private companies.

This proliferation of private initiatives for the public good is a historical novelty that is profoundly reshaping the prevailing patterns of relationships between the state and society. Citizen involvement and public-private partnerships do not constitute an alternative for the programmes and policies implemented by the state, but rather a pre-requisite for their implementation in a more efficient and equitable manner. Serving the public interest is not only the duty of the state, but also the permanent task and responsibility of all citizens.

The growing participation of citizens and their organizations in the public sphere is also a global phenomenon, coincident with the emergence of what various authors describe as a more reflexive and energetic – and less passive – society. This is not because citizens, all of a sudden, have become smarter, but rather because they are constantly being called upon to produce value judgements and to make choices where, before, they had only to conform to a pre-established destiny (Giddens). For citizens this means exercising flexibility, and being capable of engaging endlessly in the reconstruction of the self, reprogramming themselves to confront new challenges (Castells). It has also meant being able and willing to transform the public space into an arena for debate where values and interests become issues for collective deliberation (Habermas).

The emergence of the so-called network society, based on knowledge and innovation, and propelled forward by information and communication technologies, is facilitating the growing dialogue and interaction between groups and individuals. This on-going debate, in turn, is opening the way for new forms of social awareness, public debate and citizen involvement in all matters of public interest.

The emergence in Brazil of such a model of democracy – complex, pluralist, dynamic and in a constant state of flux – both requires and favours a radical transformation of the state's ways of operating and of relating to civil society. This process is taking place under our very eyes, giving rise to new challenges and calling for profound conceptual changes.

For sure, there are sectors within government agencies that still fear the participation of civil society as an undue interference in their jurisdiction. There are also sectors of society that perceive collaboration with government as putting themselves at risk of being manipulated and coopted.

However, as those who are involved in the partnerships begin to see the benefits that cooperation can bring, prejudice and misconceptions, mutual lack of trust and fear tend to disappear. Significant changes are indeed occurring in the reciprocal perception of and relationship between public and private actors. Governmental agencies and citizen organizations are both learning how to come together and cooperate on the basis of their respective comparative advantages and added value, without this resulting in a confusion of roles or a denial of their own identities.

Cooperation does not erase differences nor does it eliminate disagreement. Conflict is intrinsic to democracy. Different people do not need to agree about everything, all the time, in order to put together their resources to deal with the task at hand. Partnerships and alliances, more often than not, follow a pattern of variable geometry. They tend to be multiple and flexible. Consensus is built on a case-by-case basis, as a function of the action to be taken. When several partners join forces, the resources they mobilise are broader and more diverse, the redistributive impact of the public programmes is greater, while the risks of waste, patronage and corruption are diminished.

This emerging, new frame of reference is particularly consistent with the concept of "social capital", understood as the forms of social interaction and "connectedness" generated by the links between individuals who share attitudes of mutual trust, community belonging, solidarity and reciprocity.

Studies on social capital, such as those of Robert Putnam, demonstrate that the existence of such ties and connections between citizens – "habits of the heart", in the expression of Tocqueville – are not only a touchstone for the association of citizens. These values tend to make people more self-reliant, trustworthy and healthy, tolerant of diversity, sensitive to the necessities of the more vulnerable, and better empowered to transform private problems into public issues.

Civic virtues, such as solidarity, reciprocity, trust and cooperation for the mutual benefit, are old notions that today are gaining new meaning and value. In each and every community, no matter how poor, resources – in the sense of social capital – are available, and almost always on a scale greater than imagined by an external observer. The challenge for policymakers is to identify and mobilise this local social capital, and then tailor programmes and public services after it so that beneficiaries can fully participate in their design and implementation, and in the resulting actions.

Accordingly, there is no contradiction between the offer of programmes and services by governmental agencies, and active and responsible participation by the community and its organizations. In truth, governmental initiatives can and should contribute to the appreciation and strengthening of local social capital.

Government programmes aimed at encouraging parents' involvement with school life or mobilising people to take care of their own health demonstrate that the "top down" and "bottom up" approaches, far from being opposed or excluded are, in fact, complementary and mutually reinforcing. The positive results of such initiatives, in turn, reinforce the internal links of solidarity, increasing the community's confidence in its own skills and in the government.

Strengthening bonds of reciprocity and social connection is also the basis for the initiatives being developed by *Comunidade Solidária*, with the goal of promoting volunteerism and philanthropy in Brazil. These practices, which have always been present in Brazilian tradition, now deserve to be recaptured, celebrated and enhanced in the context of the fight against poverty and social exclusion. Thus a new volunteerism and new philanthropy have been gaining strength and recognition. They are directed at social development, grounded more in ethics of solidarity than on simple generosity, and marked by civic virtues rather than by individual ethical-moral motivations.

This renewed appreciation of volunteering at the intersection of solidarity and citizenship is contemporary to another recent phenomenon: the growing commitment by the Brazilian business sector to the notion of social responsibility. The number of companies that not only finance social interest projects, but also encourage their executives and staff to offer their skills for the improvement of the community, has significantly expanded in recent years. This concept of corporate social responsibility has grown from a new vision that entrepreneurs hold of their role and place in society.

This mobilisation of the most varied of actors, from the ordinary citizen to the entrepreneur, from NGOs to churches, and from unions to professional associations, increases resources and stimulates innovative solutions. Such initiatives are becoming more and more two-way streets – they are channelling not only generosity and donations, but also opening up to new experiences, and providing learning opportunities as well as the pleasure of feeling useful to a community.

In today's Brazil, the dynamics of citizen and community participation are being strongly facilitated by another recent and positive change: the trend towards greater decentralisation of jurisdiction and resources from the federal sphere to the regional and local levels. This process goes hand in hand with strengthening the municipality and the community as the *loci* for the implementation of social development policies.

It is certain that decentralisation – which is bringing the management of programmes closer to the populations who benefit from them – facilitates and at the same time demands greater and better social control over public spending and its results.

This process, in turn, makes the adoption of participatory methodologies more feasible for the management of social policies. These methodologies include people's active involvement and participation in the identification of local needs and assets in order to better match external inputs to internal community resources. Such an approach also requires strong investment in the training of public and private actors for programme management, as well as the establishment of flexible and efficient mechanisms for monitoring and evaluation.

The decentralisation of resources and powers, therefore, facilitates the participation of the population and the establishment of working partnerships with organizations from civil society. This strategy is complemented with innovative forms of cooperation, convergence and synergy between the different levels of government agencies – both at the federal and local levels – thus strengthening the outreach of policies and programmes.

To put it in a nutshell: the experience of *Comunidade Solidária* demonstrates that in a country like Brazil money may be scarce, but resources – understood as skills, expertise, organizational capability and networks – are abundant. The challenge is how to mobilise and invest this social capital with efficiency and scale.

Social Capital in Theory and Practice:

Reducing Poverty by Building Partnerships between States, Markets and Civil Society[1]

by Michael Woolcock[2]

But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.

Franklin D. Roosevelt
Democratic National Convention, 2 July 1932

This paper provides a brief introduction to the recent theoretical and empirical literature on social capital as it pertains to economic development issues, with a particular focus on the implications for states, markets, and civil society. It seeks to address four specific questions: (1) What is social capital? (2) How do different disciplines conceptualise and measure it? (3) How do any similarities and differences in social capital formation influence development theory and research? and (4) How might an awareness of the strengths and weaknesses of these different approaches help to build more complementary partnerships between states, markets, and civil society?

The paper proceeds as follows. I begin by examining the remarkable resurgence of interest over the last decade in the social dimensions of development in general, and the idea of social capital in particular. Then, I provide a basic primer on social capital and a brief survey of the empirical evidence that supports key hypotheses pertaining to economic development. Next, I provide a response to several of the recurring criticisms levelled at social capital. I then explore more fully the approaches to social capital theory, research, and policy taken by the different social science disciplines, and the mechanisms by which they might contribute to greater synergy between governments, firms, civil society organizations, and citizens. I conclude by calling for a renewed commitment to interdisciplinary and multi-method research on development issues, to keeping debates on social capital focused on the evidence, and to understanding that even a relatively parsimonious conceptualisation of social capital has a range of important implica-

1. This paper draws on Woolcock (2001; forthcoming) and Woolcock and Narayan (2000). Suggestions for subsequent revisions gratefully received.
2. Please address correspondence to Michael Woolcock, Room MC3-548, 1818 H Street NW, Washington DC 20433. E-mail: *mwoolcock@worldbank.org* The views expressed in this paper are entirely those of the author, and should not be attributed to the World Bank, its executive directors, or the countries they represent.

tions for scholars, practitioners, and policymakers seeking to cultivate a more productive economy and inclusive society.

I. The Decline and Rise of the Social Dimensions of Development

In the last ten years, there has been a resurgence of interest in the social and institutional dimensions of economic development (World Bank, 1997; 2000a; 2000b). Work in this field was pioneered by Hirschman (1956) and Adelman and Morris (1967), but in general the issues they had raised so poignantly were crowded out until the late 1980s. During the 1970s and 80s, Cold War rhetoric and ideological dichotomies (state planning versus free markets) dominated development discourse in First and Second World countries, while elites in the Third World (and many of their western scholarly counterparts) tended to blame forces beyond their borders for poor domestic performance[1]. For more than thirty years, then, the role of national and local institutions – political, legal, and social – were largely neglected[2]. A number of geo-political factors contributed to the turnaround in the 1990s, most prominent among them being the fall of communism, the rise of ethnic conflict, the ostensible difficulties of creating market institutions in transitional economies, the financial crises in Mexico, East Asia, Russia, and Brazil, and the enduring scourge of poverty in even the most prosperous economies. Meanwhile, policymakers, foreign investors, and aid agencies alike finally began to recognise that corruption, far from "greasing the wheels" in weak institutional environments, was in fact imposing serious and measurable net costs (World Bank, 1998). Faced with the glaring evidence that orthodox theories had neither anticipated these difficulties nor offered safe passage through them once encountered, attention returned to the social and institutional aspects.

This was the demand side of the story. On the supply side, a remarkable series of publications combined to give social scientists greater confidence to address these long-neglected themes. In economics, Nobel laureate Douglass North (1990) argued that formal and

1. To be sure, the power of wealthy nations, corporations, and individuals to exert disproportionate influence in developing countries remains an important issue, but in the 1960s, 70s, and 80s the myopic focus by dependency theorists on these "external forces" trumped most serious efforts to examine "internal conditions". Modernisation theorists raised some of these concerns, but largely in unhelpful ways, e.g. examining national or ethnic "cultural traits" or levels of "achievement motivation," which they believed were reflected in patterns and degrees of development. For a review of the more recent literature on culture and development, see Alkire, Rao, and Woolcock (2000).
2. Even today, it is the rare development economics textbook that contains a single index entry for "institutions", "communities," or even "corruption." "Governments," where discussed at all, are usually portrayed as rent-seeking and/or price distorting entities with little positive or proactive contribution to make to society other than the provision of essential public goods.

informal institutions (the legal structures and normative "rules of the game") were crucial to understanding economic performance[1]. In political science, Robert Putnam (1993) showed that the density and scope of local civic associations laid the foundations for the widespread dissemination of information and social trust, thereby creating the conditions underpinning effective governance and economic development (see also Fukuyama 1995)[2]. In sociology, Peter Evans (1992, 1995, 1996) demonstrated that whether a state was "developmental" or "predatory" was crucially dependent on both the capacity of its public institutions and the nature of state-society relations[3]. By the late 1990s, the development literature on institutional capacity, social networks, and community participation inspired by these works began to coalesce around a general framework loosely held together by the idea of "social capital."[4]

II. Defining and Conceptualising Social Capital

"It's not what you know, it's who you know." This common aphorism sums up much of the conventional wisdom regarding social capital. It is wisdom born of our experience that gaining membership to exclusive clubs requires inside contacts, that close competitions for jobs and contracts are usually won by those with "friends in high places." When we fall upon hard times we know it is our friends and family who constitute the final "safety net." Conscientious parents devote hours of time to the school board and to helping their kids with homework, only too aware that a child's intelligence and motivation alone are not enough to ensure a bright future. Less instrumentally, some of our happiest and most rewarding hours are spent talking with neighbours, sharing meals with friends, participating in religious gatherings, and volunteering on community projects.

Intuitively, then, the basic idea of "social capital" is that one's family, friends, and associates constitute an important asset, one that can be called upon in a crisis, enjoyed for its own sake, and/or leveraged for material gain. In the development literature, those communities endowed with a rich stock of social networks and civic associations have been shown to be in a stronger position to confront poverty and

1. The pioneering work of Joseph Stiglitz, Amartya Sen, and Mancur Olson on (respectively) incomplete information, human development, and institutional rigidities was also influential (see, only most recently, Stiglitz 1998, Sen 1999, and Olson 2000).
2. Elinor Ostrom and Norman Uphoff also made influential contributions through their work on the importance of social relations to the maintenance of common property resources (especially the management of watersheds in developing countries).
3. For comparable innovative work in anthropology, see Singerman (1995) and Ensminger (1996).
4. See Woolcock (1998) for an overview of the intellectual history of social capital. Extensive social capital citations in fields other than development are presented in Woolcock (1998) and Foley and Edwards (1999).

vulnerability (Moser, 1996; Narayan, 1996), resolve disputes (Schafft and Brown, 2000), and share beneficial information (Isham, 1999). As several sophisticated econometric studies have shown, diffuse sets of social ties are crucial for providing informal insurance mechanisms (Coate and Ravallion, 1993; Townsend, 1994) and have important impacts on the success of development projects (Isham, Narayan and Pritchett, 1995; Galasso and Ravallion, 2000).

Conversely, the *absence* of social ties can have an equally important impact. Office workers, for example, fear being "left out of the loop" on important decisions; ambitious professionals recognise that getting ahead in a new venture typically requires an active commitment to "networking", i.e. to creating the social connections they currently lack. A defining feature of being poor, moreover, is that one is not a member of – or is even actively excluded from – certain social networks and institutions, ones that could be used to secure good jobs and decent housing (Wilson, 1996). Without access to employment information networks, residents of inner city ghettoes find themselves trapped into low-wage jobs (Loury, 1977) and thereby rendered "truly disadvantaged" (Wilson, 1987). Narayan *et al*'s (2000) exhaustive global study of the poor's explanations of their plight strongly implicates (among other things) the absence of organizations enabling those living in poverty to voice their collective interests and aspirations. Varshney (2001) shows that where there are cross-cutting ties to connect different groups, such as associations that bring together Hindus and Muslims in India, conflict is addressed constructively and rarely descends into violence; where such ties are lacking, there are no established channels for dealing with difference. Barr (1998) reports similar findings from work on firms in Africa, where poor entrepreneurs are shown to have a limited and circumscribed set of "protection" networks, while the non-poor have a more diverse set of "innovation" networks (see also Fafchamps and Minten, 1999). There is also evidence to suggest that in many poor communities, women primarily possess the intensive "protection" networks, while men have access to more extensive "innovation" networks (Narayan *et al*, 2000).

Intuition and our everyday language also recognise an additional feature of social capital, however. It acknowledges that social capital has costs as well as benefits, that social ties can be a liability as well as an asset[1]. Most parents, for example, worry their teenage children will "fall in with the wrong crowd," that peer pressure and a strong desire for acceptance will induce them to take up harmful habits. At the insti-

1. Indeed, an early criticism of the social capital literature was that it failed to appreciate the forms and consequences of these costs. For members of cults, for example, group loyalties may be so binding that attempts to leave result in death; some successful members of immigrant communities have reportedly Anglocised their names in order to divest themselves of obligations to support subsequent cohorts (Portes and Sensenbrenner, 1993). More onerously, the destructive acts of hate groups, drug cartels, and terrorist organizations may impose enormous burdens on society as a whole (Rubio, 1997).

tutional level, many countries and organizations (including the World Bank) have nepotism laws, in explicit recognition that personal connections can be used to unfairly discriminate, distort, and corrupt. In our everyday language and life experience, in short, we find that the social ties we have can be both a blessing and a blight, while those we do not have can deny us access to key resources. These features of social capital are well documented by the empirical evidence, and have important implications for economic development and poverty reduction.

Social capital has entered debates about economic performance on its ambitious claim to constituting an independent – and hitherto under-appreciated – factor of production. The classical economists identified land, labour, and *physical* capital (i.e. tools and technology) as the three basic factors shaping economic growth, to which in the 1960s neo-classical economists such as Theodore Schultz and Gary Becker introduced the notion of human capital, arguing that a society's endowment of educated, trained, and healthy workers determined how productively the orthodox factors could be utilised. The latest equipment and most innovative ideas in the hands or minds of the brightest, fittest people, however, will amount to little unless they also have access to others for information, guidance, assistance, and dissemination of their work. Life at home, in the boardroom, or on the shop floor is both more rewarding and productive when suppliers, colleagues, and clients alike are able to combine their particular skills and resources in a spirit of cooperation and commitment to common objectives. In essence, where human capital resides in individuals, social capital resides in relationships[1]. Though beginning from a different theoretical standpoint, many economists have also conceptualised social capital in relational terms, using the language of externalities, public goods, and transaction costs.

Much of the broader interest in social capital, however, has been fuelled by a conceptualisation that includes not only networks and social relations, but psychological dispositions (such as social skills, cooperation, honesty) and political measures ("rule of law", "contract enforceability", "civil liberties", etc.)[2]. This all-encompassing approach is appealing to some because of the existence of large, cross-national datasets (e.g. the World Values Survey, Gastil indexes, Freedom House scores), which permit "social capital" – now measured by country-level "trust" and "governance" scores – to be entered into macroeconomic growth regressions[3]. Such studies make for provocative reading, but

1. Human and social capital are complements, however, in that literate and informed citizens are better able to organize, evaluate conflicting information, and express their views in constructive ways; schools which are an integral part of community life, nurture high parental involvement, and actively expand the horizons of students, achieve higher test scores (Morgan and Sorensen, 1999; cf. Coleman, 1988; Hanifan, 1916).
2. See Temple (2000) for a review of this literature.
3. See, among others, Knack and Keefer, 1997; La Porta *et al*, 1997; Knack 1999; Collier and Gunning, 1999.

the collective panoply of micro and macro measures of "social capital"[1] – and their correspondingly eclectic theoretical moorings – has led many critics to accuse social capital of having become all things to all people, and hence nothing to anyone.

What can be done? One approach has been to refer to macro-institutional issues under a separate banner, calling them instead "social capabilities" or "social infrastructure" (e.g. Koo and Perkins, 1995; Temple and Johnson 1998; Hall and Jones, 1999). The virtue of this strategy is that it relieves social capital of its mounting intellectual burden, analytically and empirically disentangling micro-community and macro-institutional concerns. The vice is that it removes a convenient discursive short-hand for the social dimensions of development vis-à-vis other factors of production (cf. "human capital", "financial capital"), and treats as separate what is more accurately considered together (see below). A second approach has been to call for a more tightly focused micro definition of social capital (Portes, 1998; Putnam, 2000), to advocate a "lean and mean" conceptualisation focusing on the *sources* of social capital – i.e. primarily social networks – rather than its *consequences* (which can be either positive or negative, depending on the circumstances), such as trust, tolerance, and cooperation. The upside of this approach is that it is more or less clear about what is, and what is not, social capital, making for cleaner measurement and more parsimonious theory building; the downside is that it tends to overlook the broader institutional environment in which communities are inherently embedded.

A third approach has been to dismiss the definitional debate altogether. For researchers such as Knack (1999b), it is a mute question as to whether social capital is, or should be, understood as a micro or macro phenomenon: "social capital *is* what social capital scholars *do*." Just as social scientists do important and rigorous work on "power" without a universally agreed-upon definition of it, so too, these writers maintain, we should care less about debating terms and more about applying consistent scholarly standards to evaluating the merits of research on "social capital." If the work satisfies rigorous methodological, empirical, and theoretical criteria, then definitional issues will take care of themselves.

So is social capital a micro phenomenon, a macro phenomenon, both, or doesn't it matter? My own approach to these concerns, first outlined in Woolcock (1998), has been to acknowledge the merits of each approach, and to attempt something of a synthesis. The core components of my approach are as follows. First, we do need a definition, and one that is more or less agreed upon. I therefore reject the "anything goes" argument while wholeheartedly agreeing that all research should be subject to consistent and rigorous scholarly standards. A definition is needed because social capital is being used in so many dif-

1. For a summary of various measures of social capital, see Grootaert (1997), Box 3.

ferent disciplines; far from precluding agreement, it is remarkable how much overlap there actually is, presenting us with a timely opportunity to adopt a concept that transcends familiar disciplinary provincialisms. Definitional debates have been going on for the best part of a decade now, and lest they continue to absorb time and resources best spent on more important issues, I am prepared to declare that while the battles aren't over, the war has essentially been won. There is an emerging consensus on the definition of social capital, one built on an increasingly solid empirical foundation, and it is as follows: social capital refers to the norms and networks that facilitate collective action.

Second, to avoid tautological reasoning, I maintain that any definition of social capital should focus on its sources rather than consequences, on what it *is* rather than what it *does* (Edwards and Foley, 1997). (Without this distinction, for example, an argument could be put forward that successful groups were distinguished by their dense community ties, failing to consider the possibility that the same ties could be *preventing* success in another otherwise similar group.) This approach eliminates an entity such as "trust", vitally important in its own right but which for our present purposes can be regarded as an outcome (of repeated interactions, of credible legal institutions, of reputations).

Third, for clarity's sake, social capital makes most sense when it is understood as a relational (i.e. sociological), rather than psychological[1] or political variable[2]. (Having said that, I think there is a sense in which the spirit of social capital can be applied to broader political economy concerns, and I discuss this below.) If we are to be true to the dictums of scholarship – namely, that the reliability and validity of data (whether qualitative or quantitative), its analysis and interpretation constitute the central focus of our deliberations – then the broader definition is becoming increasingly untenable, because the best and most coherent empirical research on social capital, *irrespective of discipline*, has operationalised it as a sociological variable (see Foley and Edwards, 1999). Furthermore, if "social capital" is facile or distracting, as some (e.g. Fine, 1999) maintain, then this too should be demonstrated empirically, not refuted polemically. Given the ever-accumulating weight of evidence documenting the significance of social capital, however, the burden of proof is rapidly shifting to the detractors. One virtue of adopting a relatively narrow definition is that it encourages supporters and skeptics alike to play by the same rules. Another is that it allows us to include several decades worth of careful research by sociologists and economists on communities, networks and associations that, while

1. Cf. Krishna and Uphoff's (1999) distinction between "cognitive" and "structural" social capital.
2. A relatively narrow definition of social capital does not preclude cross-country comparisons, but the reality is that we simply do not have the data we need at this time to make meaningful statements. I discuss this aspect in more detail below.

not deploying the social capital terminology as such, nonetheless most certainly can and should be read as foundational work in this field.

Fourth, in order to accommodate the range of outcomes associated with social capital, it is necessary to recognise the multi-dimensional nature of its sources. The most common and popular distinction – drawing on Cooley's (1909) notion of primary (and, Durkheim's writings on secondary) groups, and Granovetter's (1973) work on "strong" and "weak" ties – is between "bonding" and "bridging" social capital (Gittell and Vidal, 1998: 10). The former refers to relations between family members, close friends, and neighbours, the latter to more distant associates and colleagues[1]. Bridging is essentially a horizontal metaphor, however, implying connections between people who share broadly similar demographic characteristics, irrespective of how well they know one another. As Fox (1996), Heller (1996), and Bebbington (1999) have stressed, social capital also has a vertical dimension: poverty is largely a function of powerlessness and exclusion, and as such a key task for development practitioners and policymakers is ensuring that the activities of the poor not only "reach out", but are also "scaled up". An important component of this strategy entails forging alliances with sympathetic individuals in positions of power (Brown and Fox, 1998), an approach Hirschman (1968) wryly calls "reform by stealth." To further extend the Hirschmanian discourse, this vertical dimension can be called "linkages." The capacity to leverage resources, ideas, and information from formal institutions beyond the community is a key function of linking social capital.

A multi-dimensional approach allows us to argue that it is different *combinations* of bonding, bridging, and linking social capital that are responsible for the range of outcomes we observe in the literature, and to incorporate a dynamic component in which optimal combinations change over time. These distinctions have particular significance for understanding the plight of the poor, who typically have a close-knit and intensive stock of bonding social capital that they leverage to "get by" (Briggs, 1998; Holzmann and Jorgensen, 1999), a modest endowment of the more diffuse and extensive bridging social capital typically deployed by the non-poor to "get ahead" (Barr, 1998; Narayan, 1999; Kozel and Parker, 2000), and almost no linking social capital enabling them to gain sustained access to formal institutions such as banks, insurance agencies, and the courts (see World Bank 2000a, Chapter 7). In order to avoid functionalist understandings of these dimensions, it is important to stress that bonding, bridging, and linking social capital also have their downsides: strong communal ties can justify cruelty against women and minorities; friends in low and high places who fall

1. The standard distinction between "bonding" and "bridging" is between those who are "like you", and those who are "not like you". I find this too crude a division – my family and close friends are valued in qualititatively different ways from those individuals in my Rolodex file, for example – which is why I have sought to introduce a third "linking" dimension.

foul of the law can bring you down too ("guilt by association"); and oppressive linking ties – e.g. those between landlords and peasants – can perpetuate servitude and oppression.

Fifth, it is important to stress that a narrowly sociological definition of social capital – i.e., one centred on networks within, between, and beyond communities – must not blind us to the institutional context within which these networks are embedded, especially the role of the state. Indeed, I contend that the vibrancy or paucity of social capital cannot be understood independently of its broader institutional environment: communities can be highly engaged because they are mistreated or ignored by public institutions (e.g. providing credit and security because banks and police refuse to do so), or because they enjoy highly complementary relations with the state (Narayan, 1999). As a number of economists and anthropologists have noted (e.g. Besley and Coate, 1995; Davis, 1999), the absence or weakness of formal institutions is often compensated for by the creation of informal organizations. As such, I caution against explanations of the rise and fall of social capital – and policy arguments for enhancing or reviving it – that occur in an institutional vacuum. Weak, hostile, or indifferent governments have a profoundly different effect on community life (and development projects), for example, than governments that respect civil liberties, uphold the rule of law, and resist corruption (Kaufmann *et al*, 1999). Failure to grapple seriously with the complex role of institutions in shaping the fortunes of communities is one of the major reasons why contradictory public policy prescriptions have been submitted in the name of "building social capital" (see Woolcock, 1998).

The importance of institutions is particularly instructive for understanding the plight of minorities and marginalised groups in developing countries, and the role of social divisions more generally. One of the most popular empirical measures of social divisions is "ethnolinguistic fractionalisation", which some (e.g. Easterly and Levine, 1997) have argued is a significant source of economic stagnation in regions such as Africa. The most recent work, by Collier (1999) and Posner (1999), however, argues that high levels of ethnic fractionalisation per se are in fact not a concern (indeed, diversity can be a asset); rather, it is the presence of two or three large competing ethnic groups *coupled with weak public institutions* that spells danger[1]. This explains in part why ethnically heterogeneous societies like in the US, Canada, the UK, and Australia (and in OECD countries in general) have been able to enjoy the fruits of their diversity, while many non-democratic developing countries have not.

1. The "timing" of the formation of these institutions – i.e. when the country became independent – and the conditions under which the transition from colonialism took place also surely matters, but these aspects await further investigation. See Ritzen, Easterly and Woolcock (2000).

III. Responding to the Critics

The rise of social capital has, not surprisingly, met with a backlash in some quarters. In addition to concerns about conceptual overreach and lack of empirical specificity discussed above, a number of other questions have been raised. Some of these are legitimate, of course, and need to be addressed, since no idea or agenda is well served by advocates who fail to take stock on a regular basis, who romanticise community, or who do not acknowledge and attend to genuine weaknesses. Many of the concerns raised by critics are simply unfounded however, or at least do not constitute grounds for dismissal. In this section I present and respond to six commonly expressed reservations.

Social capital is flawed, say the critics, because it:

1. Just repackages old ideas;
is more style (good "marketing") than substance

The "good marketing" aspect of this claim is true, but that doesn't make it a flaw. The hype surrounding social capital, like any "product", would have collapsed under its own weight long ago if there wasn't a sufficiently rigorous empirical foundation on which it was built, and if a broad constituency of people didn't "buy it". But the foundation is strong and expanding[1], and the audience wide and deep. Sociology for too long has been content to let its key ideas trade under obscure, jargon-laden terminology that has little resonance with other disciplines or (more importantly) the general public. The idea of social capital is at heart a pretty simple and intuitive one, and it consequently speaks to a lot of different people. Without unduly compromising itself, the idea of social capital gives classical (and contemporary) sociological themes a voice they would not otherwise have.

1. In addition to the development literature cited above, sophisticated empirical findings on the effects of social capital in OECD countries have emerged in the fields of urban studies (e.g. Gittell and Vidal, 1998; Sampson, Dorenoff, and Earls, 1999; DiPasquale and Glaeser, 1999), public health (Kawachi, Kennedy, and Glass, 1999; Kawachi and Berkman, 2000) and corporate life (Meyerson 1994; Burt, 2000; Fernandez, Castilla, and Moore, 2000), the unifying argument being that, controlling for other key variables, the well-connected are more likely to be hired, housed, healthy, and happy. Specifically, they are more likely to be promoted faster, receive higher salaries, be favourably evaluated by peers, miss fewer days of work, live longer, and be more efficient in completing assigned tasks. An increasingly large number of studies – drawing on an intellectual tradition going back to Marshall and Smith – also explore the role of "communities of practice" within and strategic alliances between firms, especially in the finance, bio-technology, and software industries (e.g. Lesser, 2000; Wenger and Snyder, 2000). To the extent that productivity and regional growth performance are driven by these types of alliances, innovative policies to facilitate them need to be given serious consideration.

*2. Is merely
the latest social scientific fad/buzz word*

The downside of successfully "marketing" a new but still imprecise idea is that a lot of people try to ride its coattails. Such people seek to procure credibility for their work by calling what they do "social capital research", even if they have only a passing knowledge of how most others have used the term. Repeated too many times, it creates a situation where social capital does indeed appear to be "all things to all people". Although the number of studies continues to expand exponentially, a coherent and rigorous core is emerging. As a consensus (of sorts) is reached about its definition and theoretical underpinnings, the difference between the contenders and pretenders will become much clearer. As such, conceptual sloppiness is a problem for journal editors and conference convenors, not the term "social capital" per se. It's important to note that there is also a "demand side" component to social capital's recent popularity in that it satisfies a large conceptual void in both mainstream economic and social theories of development about how to deal seriously with "the social dimensions." As long as that void exists, and as long as the idea of social capital can convincingly fill it, the buzz should be welcomed, not scorned.

*3. Encourages and rewards "economic imperialism"
(social relations as "capital"?)*

The idea of social capital has been developed primarily by economic sociologists, and as such provides as much opportunity for "sociological imperialism" as it does for opening the floodgates to economists and "economism" (or economic rationalism, as it is called in Australia). In the end, however, I'm not convinced that this kind of imperialism is really all that bad in either direction. Disciplines should have the confidence of their convictions; there are no laws saying who can or should study what subject with what tool kit, and the prize should go to those who provide the most compelling answers to the most important questions. To the extent that we live in a world where the dominant ideas – in both popular discourse and public policy – are those of economics, we should welcome windows of opportunity for (a) modifying the more extreme elements of those ideas, and (b) having a concrete alternative to those ideas. To talk of social relations as "capital", for example, is not sociological heresy or a sell-out to economics: it simply reflects the reality that our social relationships are one of the ways in which we cope with uncertainty (returning to our family when we lose our job), extend our interests (using alumni networks to secure a good job), and achieve outcomes we could not attain on our own (organizing a parade). Perhaps social capital's greatest quality, however, is that it helps to transcend the imperialism wars altogether, providing a common discourse across disciplinary, sectoral, and methodological divides.

4. Reinforces or legitimises orthodox ("Washington consensus"[1]) development policies

This is a recent but largely spurious critique, in that it (a) denies and masks the very real changes that development theory and practice are undergoing today at the major development organizations, especially when compared with those of a decade ago, and (b) fails to recognise that social capital theory can be a powerful tool for explaining how and why certain power structures are established and perpetuated. The idea of social capital is not entirely value-neutral (no idea is), but seen as a complement of physical capital (tools and resources), financial capital (monetary assets), and human capital (education and health care), it can forge an important conceptual space for taking the social dimension seriously. In this light, the perpetuation or decline of (neo-) "Washington consensus" development policies is shaped by a much larger constellation of forces. Social capital should be seen as part of the solution, not the problem, for those with a legitimate axe to grind about the bad old days of development. Importantly, social capital is facilitating sociology's entry into high-level policy discussions – an arena from which it has been comfortably excluded until now – giving the discipline the chance to have a real influence on issues it claims to care deeply about.

5. Neglects considerations of power, especially for those who are relatively powerless

Social capital has been appropriated by scholars, activists, and policy-makers spanning the political spectrum (an interesting fact in and of itself), so it is possible to read the literature selectively and arrive at the above conclusion. A more complete reading, however, reveals that a social capital perspective can be used not only to help explain the emergence and persistence of power relations, but – perhaps more important – to provide a constructive basis for doing something about it. It is one thing to recognise, for example, that poverty is caused in part by the exclusion of certain marginalised groups from public, private and civic institutions; it is quite another to say what should happen next. Marxist theory predicts and promotes revolution, on an assumption of shared interests among disenfranchised groups; neo-classical theory assumes markets (formal and informal) will emerge of their own accord to reach an efficient equilibrium; modernisation theory advocates the wholesale transformation of all traditional social relationships if greater prosperity is to be attained. At its best, a social

1. The "Washington Consensus" is a phrase coined by John Williamson to refer to the common elements of structural adjustment packages unilaterally offered to developing countries by the major multilateral development agencies. The essential elements are trade openness, privatisation of state-owned industries, de-regulation, macroeconomic stability, currency convertibility, and low inflation.

capital perspective recognises that exclusion from these institutions is created and maintained by powerful vested interests, but that marginalised groups themselves possess unique social resources that can be used as a basis for overcoming that exclusion, and as a mechanism for helping forge access to these institutions. Intermediaries, such as NGOs, have a crucial role to play in this process, because it takes a long time to earn both the confidence of the marginalised, and the respect of institutional gatekeepers. In short, it takes an articulated effort of both "top-down" and "bottom-up" to help overcome this exclusion, but it can be, has been, and is being done, with positive and lasting results.

6. Is a Western (especially US) concept supported by Western research, with little relevance elsewhere

All ideas are grounded in language and history, and for whatever reason, we find ourselves living at a time when most of the best social science departments in the most prestigious (and well-funded) universities happen to reside in the Western world. For better or worse, "social capital" is an idea that has emerged from this milieu, but one of the reasons for grounding our understanding of it in "intuition" (as well as empirical research) is that it is the basic intuition, not the precise words or formal definition, that travel best across time, space, and circumstance. The words "social capital" translate poorly into many European languages, let alone Asian or African ones, but everything from individual PhD dissertations to multi-million dollar cross-national research projects are being carried out in its name, producing remarkably complementary findings: high quality social capital research has been carried in countries as different as India, Togo, Haiti, Italy, and Canada. All social scientific words suffer translation problems – the Western idea of a "household" or "neighbourhood" does not even exist in some languages – but that is no reason not to search for creative and culturally appropriate solutions.

IV. Social Capital and Economic Development: Getting the Social Relations Right

This conceptualisation of the role of different types and combinations of social networks in development represents an important departure from earlier theoretical approaches, and therefore has important implications for contemporary development research and policy. To see why, it is instructive to briefly review those theories.

Until the 1990s, the major theories of development held rather narrow, even contradictory, views of the role of social relationships in economic development, and offered little by way of constructive policy recommendations. In the 1950s and 60s, for example, modernisation theory regarded traditional social relationships and ways of life as an impediment to development. When modernisation theorists explained "the absence or failure of capitalism," Moore (1997: 289) correctly notes, "the focus [was] on social relations as obstacles." An influential United Nations (1951) document of the time encapsulated this view; for development to proceed, it proclaimed,

> *ancient philosophies have to be scrapped; old social institutions have to disintegrate; bonds of caste, creed and race have to burst; and large numbers of persons who cannot keep up with progress have to have their expectations of a comfortable life frustrated.* (cited in Escobar, 1995: 3)

This view gave way in the 1970s to the arguments of dependency and world-systems theorists, who held social relations among corporate and political elites to be a primary mechanism of capitalist exploitation. The social characteristics of poor countries and communities were defined almost exclusively in terms of their relations to the means of production, and the inherent antipathy between the interests of capital and labour. Little mention was made of the possibility (or desirability) of mutually beneficial relationships between workers and owners, of the tremendous variation in success enjoyed by developing countries, or of political strategies other than "revolution" by which the poor could improve their lot. Communitarian perspectives[1], on the other hand, with their emphasis on the inherent beneficence and self-sufficiency of local communities, underestimated the negative aspects of communal obligations, overestimated the virtues of isolation, and neglected the importance of social relations to constructing effective formal institutions. For their part, neo-classical and public choice theories – the most influential in the 1980s and early 1990s – assigned no distinctive properties to social relations per se. These perspectives focused on the strategic choices of rational individuals interacting under various time, budgetary, and legal constraints, holding that groups (including firms) existed primarily to lower the transaction costs of exchange; given undistorted market signals, the optimal size and combination of groups would duly emerge. "Selective incentives" and third-party enforcement were needed where markets failed to ensure that groups acted to serve collective interests.

For the major development theories, then, social relations have been construed as singularly burdensome, exploitative, liberating, or irrelevant. Reality, unfortunately, does not conform so neatly to these descriptions and their corresponding policy prescriptions. Events in the post-Cold War era – from ethnic violence and civil war to financial crises and the acknowledgement of widespread corruption – have demanded a more sophisticated appraisal of the virtues, vices, and vicissitudes of "the social dimension" as it pertains to the wealth and poverty of nations.

1. This perspective encapsulates the views of the South Commission and Amatai Etzioni, among others. On the doctrine of self-reliance, a key theme of communitarians, see Rist (1997: Chapter 8).

The social capital literature, in its broadest sense, represents a first approximation of the answer to this challenge. It is a literature to which all the social science disciplines have contributed, and it is beginning to generate a remarkable consensus regarding the role and importance of institutions and communities in development. Indeed, one of the primary benefits of the idea of social capital is that it is allowing scholars, policymakers, and practitioners from different disciplines to enjoy an unprecedented level of cooperation and dialogue (Brown and Ashman, 1996; Brown, 1998). In reviving and revitalising mainstream sociological insights, there has been a corresponding appreciation that different disciplines have a vital, distinctive, and frequently complementary contribution to offer for dealing with inherently complex problems. Another distinctive feature of the social capital approach is its approach to understanding poverty. Living on the margins of existence, the social capital of the poor is the one asset they can potentially draw upon to help negotiate their way through an unpredictable and unforgiving world. As Dordick (1997) astutely notes, the very poor have "something left to lose", namely each other. While much of the discourse surrounding poor people and poor economies is one of "deficits", a virtue of the social capital perspective is that it allows theorists, policymakers, and practitioners to take an approach based on "assets."

If, as I have argued, we should adopt a relatively narrow sociological definition of social capital, but understand it as inherently embedded in an institutional context, where does this leave us in terms of applying social capital to questions of economic development? What relevance does a social theory of norms, networks, and institutions have for those concerned with poverty reduction?

This question can be answered in a number of ways, but I will identify four. The first is that social capital, so understood, should mind its own business, focus on communities, and leave weightier matters such as development and poverty reduction to the macroeconomic experts. A second response is to search for existing proxies for network size and structure, and simply "add" them to the catalogue of other variables deemed significant for growth and wellbeing. A third answer is to do the hard work of integrating serious qualitative and quantitative research strategies into the design of comprehensive new instruments to more accurately measure social capital. A fourth strategy is to take the central ideas underlying the social capital perspective (the "spirit" of social capital, if you will), and apply them in innovative ways to broader issues of political economy, seeking to forge greater complementarity between different disciplines and stakeholders. Of these answers, the first is overly modest, the second overly ambitious. The third is a desirable long-term objective, the fourth an intriguing possibility with more immediate returns. Needless to say, I cast my lot with champions of answers three and four. In the remaining space, let me sketch out these positions in further detail.

Toward new, better, more comprehensive measures

For social capital to become a serious indicator of regional and national well-being, measures of it need to be drawn from large representative samples, using indicators that have been pre-tested and refined for their suitability. Such efforts are underway in a number of countries, with the distinct possibility that social capital questions may soon be included in the census of several OECD countries. In developing countries such as Guatemala, the highly acclaimed Living Standards Measurement Survey (LSMS) – the standard bearer for high quality data on income, expenditure, health, and education – is about to incorporate a social capital module, the first of its kind. (Armenia has recently completed a similar exercise.) Just as this survey will enable us to make reliable national-level estimates of the levels of poverty, education, and health, so too will it provide more or less comparable data on social capital. The quantitative measures to be gleaned from this survey of 9000+ representative households will be complemented by a major qualitative analysis at the village level. Armed with data of this scale and quality, there is a strong possibility that social capital will soon be "mainstreamed" into the range of familiar economic measures used to take the pulse of society (unemployment rates, consumer price indexes, inflation levels, and the like).

It is important to stress that, while gathering "hard data" is indispensable, the qualitative aspects of social capital should not be neglected. In many respects it is something of a contradiction in terms to argue that universal measures can be used to capture local idiosyncratic realities. At a minimum, this means that the construction of survey instruments to measure social capital should follow intensive periods in the field, ascertaining the most appropriate way to ask the necessary questions. This has been a feature of the work of the Sugaro Seminar at Harvard University studying social capital in the US (Putnam 2000), and more modestly, of my own efforts (with Vijayendra Rao) to understand the risk management functions of social capital in the slums of Delhi. In an age of electronic communications and busy schedules, it is all too easy to download other people's social capital surveys, append them to your own, and march off to the field with noble intentions. Previous efforts should be a guide to, but not a substitute for, doing the hard work that social capital research entails. Clean models and dirty hands are both required.

Incorporating the spirit
of social capital into political economy and public policy

The policy response to reading the social capital literature should not be a call for governments to provide more choirs and soccer clubs, as readers satirising Putnam (1993) have tended to infer. Social capital is not a panacea, and more of it isn't necessarily better. But the broader message rippling through the social capital literature is that how we associate with others, and on what terms, has enormous implications for our well-being, whether we live in rich or poor countries. A number of important findings that have recently emerged independently from the political economy literature, though they (rightly) avoid the social capital terminology, are entirely consistent with the emerging social capital perspective.

To see why, recall the three dimensions of social capital outlined above, and my insistence that they be understood in the context of their institutional environment. If it is true that meagre stocks of bridging social capital make it more difficult for ideas, information, and resources to circulate between groups, then it follows that broader economic, social, and political forces that divide societies will be harmful for development. Economic inequality, and overt discrimination along gender and ethnic lines, for example, undermines coherent efforts to reduce poverty and stimulate growth. Similarly, if leveraging social capital is an important risk management strategy during times of economic distress (e.g. losing a job, enduring crop failure, suffering a prolonged illness), it follows that divided societies will experience greater difficulty managing economic shocks. Moreover, my emphasis on understanding the efficacy of social capital in its institutional context implies that how communities manage both opportunities and risk will necessarily depend on the quality of the institutions under which they live. Rampant corruption, frustrating bureaucratic delays, suppressed civil liberties, failure to safeguard property rights and to uphold the rule of law can be expected to force communities back on themselves, demanding that they supply privately and informally what should be delivered publicly and formally. Accordingly, in countries where these conditions prevail, there should be little to show for even the most well-intentioned efforts to build schools, hospitals, and encourage foreign investment.

Recent work by Dani Rodrik (1999a, 1999b) and William Easterly (2000) provides powerful econometric evidence in support of the general idea that economic growth in general, and the ability to manage shocks in particular, is the twin product of coherent public institutions *and* societies able to generate what Easterly calls a "middle class consensus." Countries with divided societies (along ethnic and economic lines) *and* weak, hostile or corrupt governments are especially prone to a collapse of economic growth. When shocks hit – as they did in the mid-1970s and early 1980s – these countries proved unable and/or unwilling to make the necessary adjustments. Lacking well-established precedents, procedures, and institutional resources for managing conflict, these economies experienced a major growth collapse from which some have still not recovered (see below)[1].

1. For recent related work on the importance of governance and bureaucratic structures for development, see Tendler (1997), La Porta *et al* (1998), Campos and Nugent (1999), Kaufmann, Kraay, and Zoido-Lobaton (1999a, 1999b), Rauch and Evans (1999), and Evans and Rauch (1999). For early work relating social capital to growth, see Helliwell and Putnam (1995).

For students of economic growth in the 1960s, as Rodrik (1999a) correctly notes, it was hard to adjudicate between the merits of different strategies, as all economies – open/closed, natural resources/manufacturing, landlocked/coastal, temperate/tropical, large/small – did relatively well. The real test came with the oil crises of the 1970s and the global recession of the early 1980s, which produced a growth collapse in the developing economies of "Grand Canyon" proportions, one that did not end until 1995. The devastating growth collapse of 1975-1995 cost the average person in the typical developing country around $2000[1], and set back by at least a decade the level of economic development that would have been attained had the 1955-74 growth trajectory been maintained. (By comparison, the recent Asian financial crises will appear as temporary, localised, and relatively minor. The OECD nations also suffered a growth collapse in the late-70s/early-80s; they recovered relatively quickly, but have returned to modest growth rate levels more commensurate with their history.)

So, while social capital scholarship per se is surely on the safest ground when it speaks to community development issues, the spirit of social capital is also consistent with findings now emerging in studies of macroeconomic growth. It is in this sense that I think social research on economic issues and economic research on social issues is reaching a remarkable – but largely unacknowledged – consensus. More dialogue and diplomacy among social scientists, rather than perennial civil war, might enable us to harness these collective insights in the joint pursuit of a more productive economy and inclusive society, one that forges partnerships between governments, firms, and civil society rather than pitting them against one another.

V. Implications for Development Policy

A number of important policy implications follow from the above analysis. Given space limitations, I will outline only the three most salient here.

First, while I think it is reasonable to argue that something resembling a coherent theory of development is coalescing around the idea of social capital, it would be contrary to the spirit of this emerging tradition to posture itself as yet another "grand theory" of development, or as a "master synthesis" of the otherwise diverse social science perspectives. Rather, a distinctive feature of the social capital approach should be that it provides a framework and a discourse that permits a common conversation among representatives from different disci-

1. This figure represents the difference between the growth rates that prevailed during the 1975-95 period, and the 2.35% rate of growth sustained over 1955-74. The figure is measured in constant 1995 dollars, based on the median economy in 1974, which had a GNP/c of $730. The growth collapse therefore cost the average person in this economy roughly three times their annual income. See Woolcock (2000).

plines, methodologies, and sectoral backgrounds. To draw a parallel with religion, the goal is not to create a new faith or to convert other faiths to your own, but rather to create spaces, opportunities, and mutually agreed-upon rules of engagement that enable each to learn from the other. Klitgaard (2000) astutely argues that at the cutting edge of contemporary public policy thinking is a recognition that blueprints are out, frameworks that enable diverse stakeholders to forge common solutions are in. Putnam (2000) is right to stress the importance of not letting social capital's marketing department get ahead of its product development, but the real reason for policy caution is not so much lack of knowledge about core elements of the social capital framework – as outlined above; it is more that definitive a priori claims about what should or should not be done can defeat the very purpose of getting communities, firms, and governments to own the process of identifying, implementing, sustaining, and evaluating appropriate policy solutions. In any event, the central goal of a social capital-based policy agenda should be the reduction of social and economic divisions, increasing the responsiveness and accountability of public institutions, and encouraging openness to and interaction among people from different walks of life. These principles apply as much to families, communities, and firms as they do to nations.

Second, for institutions of higher education, I think this key message – i.e. the importance of harnessing the insights of different perspectives – paradoxically means that considerable caution needs to be exercised regarding the offering of "inter-disciplinary" *courses* in development studies. Such courses always have noble intentions in terms of freeing students from disciplinary constraints, and doubtless they sometimes succeed in this. The harsh reality, however, as Smelser (1997) correctly notes, is that interdisciplinary scholarship is perhaps the most-lauded, but least rewarded, academic activity, and for good sociological reasons: we are not trained this way, interdisciplinary work has no organized constituency to recognise and reward it, and the most influential individuals and paradigms in any field are solidly grounded in a single discipline.

For these individuals and paradigms to successfully meet the challenges they are facing today requires a two-part strategy: part one entails engaging in what Hirshman (1968) describes as "smuggling in change" – i.e. finding sympathetic allies within the existing power structure who are willing to push the frontiers of acceptability; part two entails forging positive coherent alternatives that can nonetheless articulate constructively with that power structure. (Most critics of a prevailing system are far clearer about what they are against than what they are for). Effectively carrying out both parts of this strategy requires people who are solidly grounded in a single discipline (depth), but who are simultaneously cognisant of a given discipline's inherent limitations, and who know how and where to find complementary perspectives (breadth). Orthodox undergraduate degree programmes in general – and graduate programmes in particular – do a fabulous job perpetuating the former, but a woeful one incorporating the latter. This implies that there is enormous scope for interdisciplinary *programmes* of study, where both the integrity of disciplines is respected and common ground rules are established to encourage healthy competition and cooperation between them (intellectual monopolies are as inefficient as their economic counterparts). Nowhere are these debates more necessary and important than in questions pertaining to the wealth and poverty of nations.

A third implication pertains to the practice of development research and projects. If better policy emerges from political contexts encouraging the input of different stakeholders, and if better students emerge from educational contexts encouraging both rigorous depth and sympathetic breadth, then I think we should also expect better development research and better development projects from institutional contexts that encourage the integration of different types and sources of knowledge. This reasoning may seem to be a truism at one level, but at another it is actually quite radical, because it implies that (i) there are in fact different forms and ways of "knowing" (the experience of sleeping in a homeless shelter for two weeks, for example, teaches you something that is qualitatively different from data on the homeless downloaded from the web); and (ii) harnessing the comparative advantage of different types of knowledge holds enormous potential for intellectual and practical advancement (Klitgaard 1994). This means that active support should be given to exercises ranging from "village immersion" programmes for development executives, mentoring programmes for youth in disadvantaged communities, and volunteering, to requiring economists who study poverty to actually talk to the poor, and teaching qualitative social scientists how to interpret a regression table – i.e. get all sides to recognise the virtues of both "clean models" and "dirty hands" (Hirsch, Michael, and Friedman, 1990).

VI. Conclusion

For both countries and communities, rich and poor alike, managing risk, shocks, and opportunities is a key ingredient in the quest to achieve sustainable economic development. Whether shocks manifest themselves as terms of trade declines, natural disasters, strikes, disputes over access to water, domestic violence, or the death of a spouse, those social entities able to weather the storm will be those that are more likely to prosper. A social capital perspective seeks to go beyond primordial "cultural explanations" for these different response strategies, to look instead for structural and relational features. Development, however, is more than just a matter of playing good "defence" (or "getting by"); it also entails knowing how to initiate and maintain strategic "offence" ("getting ahead"). From large public-private partnerships (Tendler, 1995) to village-level development programmes

(Bebbington and Carroll, 1999), success turns on the extent to which ways and means can be found to forge mutually beneficial and accountable ties between different agents and agencies of expertise.

It is in this sense that I argue that "getting the social relations right" (Woolcock, forthcoming) is a crucial component of both the means and ends of development. If the idea and the ideals of social capital help move us in this direction – and do so by encouraging and rewarding greater cross-fertilisation between disciplines and methodologies, and between scholars, practitioners, and policymakers[1] – then it more than justifies its place in the new development lexicon. In matters pertaining to the social dimensions of development, it's easy to be cynical, and it's even easier to be a true believer; what we need is more critical innovators, those able to bring reliable and valid evidence to bear on empirical questions, and who can also find ways and means to do with others what they cannot do alone.

1. Especially among prominent sociologists, who seem reluctant to enter the policy domain. A notable exception is Massey and Espinosa (1997).

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Social Capital and the Rural Poor:

What Can Civil Actors and Policies Do?

by SANJEEV PRAKASH*

Poverty is not to lack clothes, but he who has nobody is truly poor.

Saying among the Wolof of West Africa
(cited in Rahnema 1993)

The Iranian scholar, Majid Rahnema, observes that the modern conception of poverty combines several different characteristics and "lacks" which in the vernacular Persian (as well as in many other languages) would be referred to by separate terms such as starvation, powerlessness, homelessness, isolation, etc. (Rahnema 1993). For example, the Persian word *bi kassi* literally means "to be without anyone", a total isolation from the community and its web of social relationships.

Indeed, acknowledgement of the social dimensions of deprivation has been central to traditional understandings of poverty. However, poverty as conceived and measured by development analysts these days essentially implies a lack of financial and human capital. As a quantity of recent literature makes clear, it does not necessarily involve a lack of other resources, whether social or natural.[1] For poor people in the rural South, many of whom inhabit fragile and marginal environments, these latter resources are often crucial for survival, for overcoming risks to livelihoods, and for reducing the effects of natural and macro-economic shocks.

While analysts of informal markets and subsistence economies have long recognised the importance of social bonds in maintaining trading networks, learning webs, and reciprocal structures of mutual aid, contemporary economists and students of formal markets have been slow to recognise or address these important dimensions (Cantor, *et al*, 1992; Prakash 1997). Long ago, Karl Polanyi identified norms of general reciprocity and rights to minimal subsistence as features

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* Director, ETI Consultants, New Delhi & Guest Professor, The Rokkan Center for Social Studies, University of Bergen, Norway. E-mail: *prakashsanjeev@hotmail.com.* Fax: +47 5558 3901. This paper draws on my own work and that of my colleagues within the social capital project at the University of Bergen. Grateful acknowledgement for comments and help is made to Per Selle, Else Øyen, Frances Fournier, Cecilie Golden, Tommy Tranvik and participants at the UNESCO/MOST and CROP seminar in Geneva, June 28, 2000. All errors and omissions remain my responsibility, of course.

1. For an overview of this literature, see Prakash 1997.

common to the structure of virtually all subsistence societies through human history. Polanyi's survey of historical and anthropological evidence suggested that the modest yet intricate redistributive mechanisms arising from these two principles explain the virtual absence of individual starvation – as distinguished from collective starvation – in subsistence societies (Polanyi 1944). James Scott's work on Malaysian peasant society in the 1970s provided further empirical confirmation that these essentially moral principles apply as strongly to relations between equals as between unequals (Scott 1976). In some measure they may also apply to relations between peasant groups and larger entities such as the state.

I suggest that while these conceptions precede the idea of social capital they are related to it, whichever of the multiple current definitions of social capital we apply. In the first instance of relationships within family and local community, we are dealing with something close to what we now call "bonding" social capital; in the second instance, of horizontal or vertical ties across domains and networks, to "bridging" and "linking" social capital. These and other empirical accounts point to the persistence of social assets among poor communities in the rural South. Such assets play an important role in, for instance, enabling mountain farmers to deal with external shocks through risk-pooling (Rhoades 1988; Prakash 1997; Jodha 1993), in constituting common regimes for the collective management of local environmental resources, such as forests and water (Jodha 1986; Ostrom 1990; Bromley 1992), or in constructing trans-local associations and social movements to protest against inappropriate and technocratic development (Prakash 1997; Bandyopadhyay and Shiva 1987; Agarwal and Narain 1989). Such assets are by no means rare exceptions among poor rural communities, though admittedly there can be great variation in how sustained and resilient the underlying institutions are.

The World Bank's *World Development Report 2000-01: Attacking Poverty* (which deals extensively with the role of social capital in policies to end poverty) suggests that while the poor have plentiful bonding social capital, they require more bridging and linking social capital to connect them to external actors and policymakers.[1] While that may well be true, the question is what can be done about it. Specifically, how can we make stocks of social capital among the poor broader, more effective, and more suitable for poverty reduction?

In this paper I will, first, note some recent developments in the literature on social capital. Then I will examine how the notion of social capital relates to the situation of the rural poor in countries of the South. Finally, I will consider what policymakers and civil society

1. In Chapter 4, page 4.4, para 4.10 of the consultation draft of the *World Development Report 2000-01* at http://www.worldbank.org/poverty/wdrpoverty/ This refers to the consultation draft of the World Development Report 2000/1 posted on the website in January 2000 and replaced in September 2000 by the final published version (where the corresponding section, with somewhat different phrasing, comes at Chapter 7, pp. 128-29).

organizations can do to facilitate the formation of social capital for poverty reduction.

Recent Research on Social Capital

Social capital is neither an entirely new nor a single concept. Instead, it is a bundle of conceptual entities defined by their function. Swedberg, followed by Portes and Sensenbrenner and others, have documented how current understandings of social capital have roots in debates that prevailed within classical sociology, notably in the traditions of Durkheim, Weber, and Marx.[1] As applications of social capital have sprawled from civil society and associative democracy to economic development and human capital, from work and organization to family life and community, from common-pool resource management to ethnicity and immigration, so have conceptual approaches and methods.

As we use it today, the idea of social capital was developed by James Coleman, Pierre Bourdieu, Glenn Loury and others as a heuristic way of referring to elements of social structure, such as trustworthiness, information channels, authority relations, and norms and effective sanctions, that serve to facilitate collective action and institutionalised endeavour (Coleman 1990).[2] The idea of social capital has since been used to account for institutional success and failure in several fields. In most cases, social capital has been understood in terms of its bonding functions in building collective action and in-group cohesion; however, this also has a downside since strong social capital within a particular group results in the exclusion of other individuals and groups. This dual aspect points to the positive (trust and reciprocity lower the transaction costs of cooperation) and negative (marginalization and social exclusion) implications of social capital, both of which are important in the context of poverty and its reduction.

Perhaps the primary importance of social capital has been to act as a bridge between political theory, economics and sociology, and between the analysis of market and non-market domains. Social capital research has been valuable in explaining how institutions – seen as the human-devised constraints that structure social, economic and political interaction – are embedded in social structures and relations that lead to trust, improved information exchange, lower transaction costs, and the likelihood of collective action.

1. For comparisons between the ideas of the classical sociologists and different forms of social capital, see Richard Swedberg, "Economic sociology: past and present". *Current Sociology* 35:1 (1987): 1-215; and Alejandro Portes and Julia Sensenbrenner, "Embeddedness and immigration: notes on the social determinants of economic action". *American Journal of Sociology* 98:6 (1993): 1320-1350.
2. Coleman's initial delineation of social capital was part of a larger project to incorporate the action of social norms within a "rational choice sociology". Bourdieu's approach, though also originating within the discipline of sociology, is substantially different.

Social scientists have relied on three main approaches to social capital, by focusing on: a) elements of social structure and networks; b) on the norms and attitudes of individuals; or c) on local governance and political institutions.[1] Each of these approaches has distinct advantages and limits. Each also has specific implications for measurement, a matter to which I will return.

The first approach, broadly representative of the work of network sociologists, is sensitive to context and the relational nature of social capital in keeping with Coleman's initial delineation. The institutional context has a lot to do with whether and how much we find each other trustworthy and reliable. Another way of putting this is to say that trust is endogenous to, or is generated within, social structures. Context counts critically to the social interactions that are at the heart of social capital. Specific features of social structure and organization also mean that relational assets are not evenly distributed across society or are not equally accessible to all actors, an aspect that assumes central importance for the poor and for research on poverty. This approach, representative of the work of sociologists and network theorists, captures the complexity of social structures and social capital, including the negative aspects of closure and exclusion (though there is far too little analytical work on these negative aspects of social capital in comparison to the voluminous work on its supposed benefits).

The second and third approaches, representative of the work of political scientists and a small number of economists, see social capital as arising essentially through the interactions of individuals. These interactions (as argued by proponents of the second approach) are facilitated by the density of horizontal or egalitarian civic associations, and/or (according to proponents of the third approach) by specific qualities of political institutions and governance. Supposedly, one or both of these factors give rise to a "generalised trust" within the wider community that leads to further civic engagement and associational density, with attendant benefits for civic institutions, democracy and economic performance (Putnam 1993). Because political scientists often tend to rely on survey research and interview techniques to gather data, those who follow the second approach have often ended up aggregating the norms and attitudes of individuals but leaving out more contextual elements of social structure. For some, even macro-level differences in democratic participation and economic development can be accounted for through the presence or absence of such bottom-up, interpersonal cultures of interaction rather than through more explicitly macro-level variables. The relative simplicity of the sec-

1. The first approach generally identifies the work of sociologists, particularly in network sociology and "rational-choice sociology" (Granovetter, Coleman, Burt). The second (Putnam and other neo-Tocquevilleans) and third (Stolle and Rochon, Rudolph, Rothstein) are representative of political theorists as well as some economists. The third, stressing the primary role of political institutions in fostering civic engagement has been particularly notable in recent work on Scandinavia (Stolle, Selle and Wollebaek, Rothstein) as well as on South Asia (Rudolph, Jayal).

ond approach and its emphasis on measuring participation through memberships in civil society and voluntary organizations have made it very popular, leading to a growing literature on social capital in this stream over recent years. The third approach is promising and capable of being pursued independently of the idea of generalised social trust, though few scholars have actually done so.

It should be noted that the idea of "generalised" trust remains very controversial and disputed. The central argument of the proponents of this approach to social capital is that levels of civic engagement and interpersonal trust have a reciprocal relationship with trust in government. On the other hand, critics of this approach have pointed out that cross-country data show little reliable correlation between trust in government, associational membership and a generalised trust in other people (Newton 1998, 1999; Foley and Edwards 1999). The aggregation of individual attitudes and the model of trust as a generalised resource both suggest a view of social capital as relatively equitably distributed across society, and risk glossing over the complexities of a phenomenon about which it is difficult to generalise.[1] As one author has noted, "patterns of political and social trust vary from one social group to another in different countries in a way which makes it difficult to generalise about trust as a general concept" (Newton 1998). An even more trenchant criticism of the approach that relies on generalised trust may be that this method can only tell us what individuals say about their trust in other people, but little or nothing about who they *actually* trust. Notably in these views, aspects of social structure, social organization and institutional density are not seen to constitute a *form* or indicator of social capital; instead associational membership is considered a *source* of social capital as well as often an outcome.

While these approaches may in some senses reflect broad continuing divisions within the social sciences between explanations based on structure and agency, they also imply radically differing methods of measurement. Understanding social capital as an aspect of social structures has considerably different implications from approaching it in terms of the norms and attitudes of individuals. Social structural approaches involve different qualitative dimensions with regard to the effects of scale, embeddedness and exclusion than does the aggregation of individual interactions. Indeed, until the question of *where* social capital is primarily located – in the norms and attitudes of individuals or in social structures and institutions – is resolved to a satisfactory degree, opinions about measurability will probably continue to differ widely. We know too little as yet about the causes, mechanisms and interrelationships of different types of social capital to approach its evaluation and measurement with a reasonable amount of confidence, or to be able to rely on such measurement without proper tri-

1. The complex and intractable nature of trust has been treated effectively by a number of authors; see, for instance, Mick Moore, "Truth, trust, and market transactions: what do we know?" *Journal of Development Studies*, 36: 1 (1999): 64-88.

angulation and careful reflection on the choice of method most appropriate for particular institutional domains, locales and contexts.

The burden of opinion among economists seems to be that investments in social capital are not capable of direct measurement. As Robert Solow has pointed out, quantified measures of social capital do not estimate the value of actors' efforts to build social networks and ties (Solow 1997). Kenneth Arrow, in a recent World Bank publication, suggests that social capital should not be considered a form of capital because there is much evidence that efforts to build it are made for their intrinsic rewards (i.e. the intrinsic enjoyment of meeting friends) rather than for their instrumental value as economic investments (or they would be recognised by others as false and untrustworthy).[1] Thus, for Arrow "The essence of social networks is that they are built up for reasons other than their economic value to the participants…Indeed, this is what gives them their value in monitoring" (Arrow 2000: 4).

Most "measurement" of social capital is of a proxy variable, leaving the choice of proxy a matter of approximation and frequent contention. For instance, some researchers have used indicators such as the proportion of the population who read newspapers as well as those who are members of voluntary organizations to assess the level of social capital within a group or society. Others estimate levels of generalised trust by posing their respondents questions such as "how much do you trust other people in general, or do you think one can't be too careful with other people?" Economists with their bias for revealed preferences are not the only ones to find such methods unreliable and suspect. It is an old adage in the social sciences that people do not do what they say, do not say what they mean, and do not know what they know. In contrast, recent efforts to develop measures for the *benefits* flowing from the presence of social capital may prove to be more useful, especially in the context of poverty and development research.[2]

The widespread adoption of the idea of social capital has led to some analytical problems and inconsistencies. The popularity of the idea and the reference to capital has led to analytical explanations

1. Indeed, in most languages there are characteristic words for people who seek to befriend someone for selfish purposes, for example "matlabi dost" in Hindi and Urdu. This is completely different from saying, however, that over time one's social ties and relationships function in a manner that can ensure trustworthiness, reliability and other conditions for successful collective action. It is the latter that essentially concerns social capital. For comparisons and limitations of the social capital idea in relation to theoretical conceptions of capital in economics, see also Paul Adler, "Social capital: the good, the bad, and the ugly", unpublished world wide web manuscript at: http://www.worldbank.org/poverty/scapital/library/papers.htm
2. For a notable recent example of this in the context of rural development in Rajasthan, India, see Anirudh Krishna, "Moving from the stock of social capital to the flow of benefits: the role of agency", paper presented to the workshop *Investigating Social Capital*, Solstrand, Norway, May 18-21, 2000, in Sanjeev Prakash and Per Selle (forthcoming). Krishna distinguishes between the *stock* of social capital and its *flow*, or benefits, and argues that the magnitude of flow is determined by more than the magnitude of stock alone, including how the stock is deployed or invested, aspects of the institutional environment, etc.

being transferred across contexts and sectors as if social capital could simply be compared across domains and institutions. But there is little empirical evidence that social capital can be considered a simple stock of homogeneous assets, more of which is invariably a blessing. Rather, the indications are that it consists of different kinds of assets that are subject to trade-offs and constraints. While empirical research has consistently pointed to the existence of different sorts of social capital, what is as yet lacking is a comprehensive analysis of its different forms and their fungibility or transferability across sectors and domains. Another problem is the general absence or very cursory treatment of specific mediating mechanisms that produce different forms of social capital, indeed a surprising omission in a concept that is largely functionally explained.[1]

More broadly, empirical studies have suggested there are important connections between bridging and bonding social capital. Putnam's work in Italy proposes that membership in civic groups or voluntary associations, symptomatic of bridging ties at the micro level, have "spillover" effects that lead to better state-society relations through the mediating level of civil society (Putnam 1993). This idea has its antecedents in Tocqueville, who believed from his observations of American society that voluntary associations function as a "learning school for democracy". Others have argued that it is essentially family background and conditioning, aspects of bonding ties at the micro level, that act as a training school for developing civic virtues, trustworthiness and social capital (Coleman 1988; Uslaner 2000). Conversely, Susanne Rudolph points out in the context of India that for many developing societies it is a democratic, well-functioning state that serves to facilitate new civic linkages, as well as disrupt older forms of solidarity within and across different groups, castes, and cultures (Rudolph 2000). Which way does the causal sequence run, from interactions between individuals and micro-level social structural conditions to macro-level concerns of governance and state, or the other way around? Which form or forms of social capital supply the essential mechanisms for these transitions across scale that make social capital-based relations and institutions function or fail across societies? It is difficult to address these questions without broader comparative studies of the interactions between bonding and bridging social capital.

Social capital is a bundle of concepts rather than a single entity, which may be an advantage in that it is accessible through different disciplinary approaches and traditions. Yet these approaches have their limitations and cannot be applied or combined *ad hoc*. One of the

1. Functional explanation in the absence of any specification of mediating mechanisms may merely point to a correlation between variables without accounting for the specific pattern or mechanism that relates them, in other words *how* and *why* the variables are related. For an engaging account of why mechanisms should play an important part in the social sciences, see particularly Jon Elster, "A plea for mechanisms", in Peter Hedström and Richard Swedberg (eds.), *Social mechanisms: an analytical approach to social theory*, 1998; and also Jon Elster, *Nuts and bolts for the social sciences*, 1989.

most important tasks for research on social capital is to identify the overlaps and divergences in different approaches and traditions. Social capital research so far has been characterised by a generally optimistic outlook rather than a systematic approach to causes and consequences. The novel contribution of such research may well be to illuminate linkages across institutional domains. The idea of bridging or crosscutting social capital is a valuable area for investigation within poverty studies as it is for other fields.[1] Because the concerned issues seem related to *stages* in the development of institutions and *interactions* between micro and macro-level phenomena, a comparative, multidisciplinary perspective on societies that are undergoing rapid social and economic change, such as in many parts of the South, offers especially valuable opportunities for exploring these relationships. Clearly, linkages and synergies will need to be demonstrated in terms that are independently meaningful and empirically valid for research to result in more than sweeping generalisation.

Social Capital and Rural Poverty

I began by noting that there is much in the relational assets of rural poor communities that constitutes a stock of social capital for purposes of individual risk-pooling, for the possibility of collective management of local resources, and even for some aspects of local enterprise and employment generation.[2] But these are bonding forms of social capital: largely endogenous, based on normative contents and local institutions, restrictive as much as they are liberating.[3] Let us not be romantic about poverty: local institutions may limit the freedom of action that individuals need to escape from poverty as much as they often enable it. Such institutions also do not provide the external networks – whether to policymakers, markets or civic organizations – that are required to overcome collective risks and deprivation. The poor are excluded from the latter networks almost by definition: "social exclusion" has become another term for poverty in countries such as France and Britain, just as it is among the Wolof.

Bonding ties with one's own community are perhaps the only kind of social capital that it is possible to have if one is poor (though, as I

1. I include here the idea of *linking* social capital (i.e., vertical ties linking for instance the poor with political elites) though some analysts differentiate this function from that of bridging.
2. It is interesting to consider how these aspects may relate to the condition of poor urban communities. In modern cities, where great wealth and extreme poverty exist side by side, the possibility of bridging (or linking) social capital may be particularly pertinent. Unfortunately, this author has not done enough research in this area to venture an informed opinion.
3. The normative *contents* of social capital are clearly important in relation to its effects but have received comparatively little attention from analysts. Among contemporary theorists, perhaps Pierre Bourdieu is most aware that social capital must be constructed in terms of its contents and meaning.

think I have pointed out, it does not work the other way around: being poor does not necessarily mean that one has this kind of social capital – the deprivation, apathy and alienation evident in the typical modern megapolis is proof enough of that). Bridging ties with neighbouring communities can allow local markets – and personal autonomy – to grow, but poor communities in rural areas of the South most usually have neither the material nor the social resources needed for this process to take place. External agents, such as NGOs and responsive government agencies, can in some cases provide the assistance needed. As for vertically linking ties with political elites and the ability to influence policies substantially, to have these resources is, almost by definition, not to be poor. NGOs, social movements and other lobbyists for the poor can only provide part of the solution here. Much of the task lies in designing well-functioning political institutions that enable the empowerment of the poor and allow them to overcome the social forces and institutions which are largely responsible for their poverty.

A reliable institutional environment is important for poverty reduction, as we know it is for building trust in general interactions with others. Education helps, but an equivalent level of education seems to help people build social capital in developed countries more than in developing countries, for various complex reasons (Inglehart 1999). Recent research across several countries shows that linking groups and associations of poor people with reliable and efficient local government services, and providing a context for NGOs and social movements to cooperate in poverty reduction programmes with the support of local government, may provide part of the solution (Prakash and Selle, forthcoming). The problem is that local government agencies in many Southern countries are often hostile to the poor and their interests. Another crucial task is to evaluate poverty in ways that reach beyond simple measures of income. In the end, the poor do not have access to stocks of bridging and linking social capital because "poverty is not to lack clothes…". The message of the Wolof saying is simple: poverty has dimensions of social, political and cultural disempowerment that we cannot afford to ignore.

If social capital is inclusive as well as exclusive, there can be as yet no final answer on how social capital research can assist the poor to escape poverty. Decentralisation of governance and access to participatory political institutions are certainly part of the answer, as is the greater involvement of civil society and community based organizations (where they exist) in poverty reduction. There have been a few successful examples where project designers have recognised that sufficient local stocks and forms of social capital exist to generate effective and participatory management of resources by poor communities. These include joint forest management in many parts of India, the *Comunidade Solidária* in Brazil, and other examples too numerous to name here. Even the Grameen Bank and other micro-credit organizations can be considered cases in point because of the trust that each member of the debtor group invests in the other members, and due to the maintenance of trustworthiness without which each group member's access to credit is jeopardised and becomes impossible.

However, I am sceptical enough about the risks of uninformed meddling with such social capital as poor communities do possess to sound a note of caution. In an earlier paper, I examined institutional formation in the collective management of common-pool resources by rural communities in the Himalayan region of Garhwal (Prakash 1998). I noted there that different principles of fairness with respect to the distribution of benefits and burdens from the the use of the resource (which was a village forest planted by the community with minimal government input, except for facilitation of legal access to land) were associated with changing social relations and forms of investment in social capital.

The table on page 60 describes these observations. The first column shows the four principles of fair distribution that were adopted by the community at some point or other during the life of the institution: *parity*, which refers to equal distribution of benefit and burden among all households; *proportionality*, that is, distribution of benefits in some relation to provision or burden undertaken by each household; *priority*, or distribution of benefit and burden according to need and capability; and *prescribed*, which refers to any principle determined by external agents (government agencies or aid donors, for instance) which the community is, as a rule, required to follow. The second column shows how social capital was typically invested in different forms of decision-making in order to arrive at an appropriate principle of fairness; the third column sketches the typical attributes of the group, including symmetries in beliefs and interests as group relations changed over the course of successive management regimes; and the fourth charts the form of solidarity (following Durkheim's classical formulation) – either mechanical solidarity (based on similar functions) or organic solidarity (based on differentiated, complementary functions) – present within each separate management regime or institutional type.[1]

I also noted in that paper that such self-governing collective institutions and regimes reflect the form of the society in which they are embedded. Thus, interference by funders, government agencies or NGOs with the collective processes through which local communities invest social capital in collective management (for instance, and most typically, by prescribing a regime of equal distribution of benefits) can, as row 4 in the table shows, deplete stocks of social capital within the community and make future collective endeavours more difficult. This is so, I argue, because the process of negotiating individual house-

1. I do not suggest that this is the way to map forms of social capital investment in all conditions because different contexts and conditions require different heuristic approaches, but this approach seems particularly appropriate for studying a common-pool resource regime.

holds' contributions and benefits with respect to the collective management of the common-pool resource is *precisely the process wherein the community's stock of social capital is invested*. Clearly, such cooperative, collective management needs to succeed in order for local stocks of social capital to develop and eventually to be reinvested in other, future joint endeavours.

Here then is perhaps the central lesson for policies on social capital and poverty reduction: where collective organizations and social movements exist in areas of rural poverty, they should be accorded the necessary minimal recognition, legitimacy, and rights to organize that allow them to represent the collective interests of poor communities. Where that is not done, policy actors are unlikely to be considered trustworthy enough by the poor to do much more. It may also be possible for local governments to foster the growth of community organizations and the building of social capital in development and poverty reduction (the state of Himachal Pradesh in India is a noteworthy example of this), but that process is concerned with an entirely separate scale and process of social capital formation which is the subject of another, more extensive publication.[1]

1. See Sanjeev Prakash and Per Selle (forthcoming) including the introduction to that publication for an extended treatment of civil society, state-society relations, and related areas in the context of social capital formation.

Four observed regimes for forest management in a Himalayan village (from Prakash 1998)

Institutional Type	Norm of Fairness	Investment of Social Capital	Group Attributes	Form of Solidarity
1.	Parity	Coalition-building	Homogeneous beliefs & interests	Mechanical
2.	Priority	Selection from precedents	Shared beliefs, asymmetric interests	Organic
3.	Proportionality	Bargaining	Heterogeneous beliefs & interests	Organic
4.	Externally prescribed	Ineffective	–	Mechanical

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Comments

by Faith INNERARITY

The notion of social capital, though gaining common currency in recent years, is not entirely new, and it has been known by other labels. Classical sociologists in exploring the forces at work behind the growth of industrial societies placed varying degrees of emphasis on the nature and importance of social relations. Marx emphasised class struggle, Durkheim the division of labour and Weber the protestant ethic and rationality, while Toñnies encapsulated his view of industrial change in two ideal types: *Gemeinschaft* (community) and *Gesellschaft* (association or society). The Toñnies concept of community embraced the idea of a homogeneous group of people, who are united by kinship ties, and have shared norms and values.

The kind of community or *Gemeinschaft* he had in mind was similar to that of a traditional, pre-industrial community where everyone knew, and was possibly related to, everyone else. The opposite of *Gemeinschaft* is *Gesellschaft*. This he used to describe societies where face-to-face relations have become impersonal, superficial and short-lived. Everything is large-scale and the main tie between people is not sentimental but contractual. These terms, as Toñnies intended, have most frequently been used to describe the difference between pre-industrial and industrial societies, but have also been applied to explain differences between rural and urban societies.

Georg Simmel, a contemporary of Durkeheim, Toñnies, and Weber, also developed Toñnies' ideas in an essay in which he argued that cities required inhabitants with a certain type of personality if they were to survive its demands. It was largely Simmel's ideas that Max Weber was building on when he wrote *The City* (published posthumously, 1958). He acknowledges Simmel's argument that the city broke down personal relationships, but tried to broaden this view, incorporating it as a support of his own theory, examining social actions, social relations, social initiations and the concept of the urban community.

The writings of Toñnies, Simmel and Weber represent the foundation for more recent explorations on the effects of community relations. The *Gremeinschaft – Gesselschaft* is also discernible in Talcott Parsons' conception of the pattern of variables underlying social action. Robert Redfield in *Folk Society* (1947) also investigated the importance of where people lived in determining their social attitudes and behaviour, with particular emphasis on rural society. In contrast, Louis Wirth (1938) focused his attention on analysing the features of urban life. Also important to this field of study is Cooley's (1909) concept of primary groups and Durkheim's writings on Secondary groups.

From the foregoing it is clear that the notion of social networks and their importance for individuals and society as a whole, have had a long history in social thought.

Comments on the presentations

The presentations made covered a wide range of issues related to the concept of social capital and its emergence as a critical dimension of development dialogue.

Francine Fournier, in her introductory comments, emphasised the context within which the social capital debate has emerged. She pointed to the pace of globalisation and its impact on social development, highlighting the importance of adequate governance mechanisms to regulate this process, and in this regard, stressed the need for harmonisation of economic, financial and social policies. The view was advanced that recognition of social capital can contribute to economic and social development. This was linked to the interrelatedness of culture and development and the value of a people-centred approach, underpinned by the human rights commitment to education and health in the transformation of conditions of poverty. It was posited that relations between and among actors based on mutual trust, as well as social advocacy and political will, were crucial elements in the debate on how to build on social capital as a resource for the poor. The underlying condition identified to be met was that of giving the poor a voice.

In her presentation entitled "Social Capital as a Poverty Reducing Strategy?" **Else Øyen** called for careful reflection on the question "can social capital reduce poverty?" She addressed the definitional problem, asserting that social capital is not a precise concept and poses difficulty as an analytical tool. However, it was recognised that social capital can be a powerful political tool as in the case of participation in social networks or social movements. The view was also put forward that democracy could be fostered where individuals develop joint interests and shared norms. The encouragement of reciprocity, mutual aid, and the development of civil society were seen as positive forces.

On the other hand, professor Øyen strongly advocated the necessity of reflecting on whether social capital formation is indeed relevant to poverty reduction and whether it will be more effective than other strategies.

Among the interesting issues delineated were the political forces contributing to the resurgence in focus on social capital and the link to poverty. A range of poignant questions were raised in this regard:

- Why is social capital being promoted?
- Who are the promoters?
- Why the link with poverty?
- What are the agendas?

The part played by the World Bank in this trend was considered to be of great significance as it seems to coincide with the philosophy of the reduced role of the state and the heralding of individual freedom. Cognisance was taken of the fact that there are many different agendas, ranging from that of political scientists, to those driven by the humanistic approach with interest in factors such as grassroots organizations.

The issues raised by this presentation are very pertinent to the debate on whether social capital is simply a new “buzz word” or an attempt to legitimise or reinforce the “Washington Consensus”, or even more fundamentally, lay responsibility for the conditions of the poor at their own feet.

As Professor Øyen cautions, if social capital is to be taken as relevant for poverty reduction, it is crucial to be aware of the limitations on the capacity of the poor to form effective networks.

The poor indeed do not have the same networks as the non-poor, and are often not allowed entrance to the latter. As noted, this is linked to stratification systems present in all societies where the poor are at the bottom of the social hierarchy and experience social exclusion. Particularly instructive is the observation made that the poor cannot develop their own networks for increasing social capital on a large scale, nor can they gain entry into networks where social capital flourishes.

Miguel Darcy de Oliveira focused the discussions on the dimension of partnership between the state and civil society using the Brazilian experience. He pointed to some of the underlying assumptions of citizen participation:

- Sustainable bottom-up development as the state alone is not able to promote empowerment.
- Emergence of strong and vibrant civil society as an inescapable partner in development.

There is no contradiction between state responsibility and strengthening civil society. It does not mean that government is abandoning its responsibility. Both partners are different and the challenge is how to cooperate.

Mr Darcy de Oliveira also discussed the Brazilian experience in addressing HIV/AIDS to illustrate how the partnership between government and civil society can be effective. An initiative from people affected by the disease brought the issue to the public arena and led to decisive government action which had previously been lacking. A number of lessons for strengthening partnership were learnt during this process.

- Through political engineering, new channels and mechanisms need to be developed which will enable NGOs to receive government support while remaining autonomous.
- Broad-based national alliances are not always possible but collaboration and conflict can co-exist.
- Importance of monitoring and evaluating initiatives.

- Information visibility (volume of resources available, number of organizations, etc.) is of critical importance.
- Legal and regulatory framework is essential.

In conclusion, an optimistic note was sounded that resources in the form of trust, knowledge, networks and supportive capacities existed in most countries to foster effective partnership between government and civil society.

Michael Woolcock (in his paper "Social Capital in Theory and Practice: Reducing Poverty by Building Partnership between States, Markets and Civil Society") focused attention on the conceptual definition of social capital, pointing out that this idea was not new in the social sciences, but was discernible as early as the philosophical thoughts of Aristotle. He highlighted the fact that definitions of social capital cover the range of psychological, economic, sociological and political domains, giving rise to the criticism of conceptual overreach.

The socio-economist approach was viewed as providing the best framework for an understanding of the phenomenon. Evidence of this was identified in an "emerging consensus on social capital as the norms and networks that facilitate collective action".

Woolcock discussed the multi-dimensionality of social relationships, as seen in the different types and combinations which exist. This spans the neighbourliness of primary groups (bonding), to business and social contacts through secondary groups (bridging), to the formation and participation in formal organizations (linking). As was argued, the poor possess significant social capital in the form of bonding through family, kinship and community networks which serve as an important risk management strategy. However, they are seriously disadvantaged in respect of bridging social capital. The diversification of social networks through migration was identified as a major bridging strategy for the poor. In respect of long term effectiveness and the potential to influence change, it appears that "linking" social capital holds the key. As Woolcock asserts, this involves the capacity to engage power structures.

While the bonding capacity of the poor and initiatives such as micro-financing and the activities of the NGOs at the community level are of tremendous value, there is need to move beyond this level.

One must concur fully with Woolcock's conclusion that it is insufficient to celebrate and romanticise these elements. The rules of the game change constantly and the poor must be organized to make their voices heard.

Sanjeev Prakash (in his paper "Social Capital and the Rural Poor: What Can Civil Actors and Policies Do?") entered the debate from both an academic and pragmatic standpoint. He acknowledged that since pre-history social bonds have played a critical role in alleviating conditions of poverty, but expressed some scepticism in the efficacy of the current links between the two.

Like Øyen and Woolcock, Prakash also highlights the conceptual divergences in the use of the concept of social capital. In this vein, he puts forward the view that conceptually the primary importance of social capital is probably to "act as a bridge between political theory, economics and sociology, and between the analysis of market and non-market domains".

Prakash highlights limitations in respect of the ability to measure social capital investments as well as analytical weaknesses in the constant generalisations across sectoral and institutional domains. A call is therefore made for a more systematic approach in research on the subject as well as greater efforts to document observations based on empirical evidence.

In assessing the potential of social capital to reduce poverty, he argues, like Øyen, that social capital is inclusive as well as exclusive and that poverty and social exclusion are closely aligned.

The observation is made that local institutions of the poor may in themselves limit the freedom of action of individuals to escape from poverty as much as enable it, and they are also very often excluded from bridging networks required to overcome collective risks and deprivation.

Underlying Prakash's presentation is the focus on rural society as the geographical space within which social capital may have its greatest relevance as a coping strategy for the poor.

Conclusion

Sociological analyses of the nature of social relations have traditionally offered competing models. This is reflected in the contrast between the structural functionalist approach which emphasises consensus as compared with Marxism and other conflict perspectives. On the other hand, the symbolic interactionists abandon the macro level analysis of both the functionalist and conflict theorists and focus on micro-level interactions.

The issues that have been raised in the debate on social capital as a path to social development reflect similar theoretical and conceptual divergences but are very pertinent in moving the agenda forward. The controversies that have arisen do not negate the usefulness of the concept, but rather provide an opportunity for sharpening the tools of analysis.

The direction of the discourse surrounding the subject of social capital has also served to highlight the necessity for the formulation of clear and practical guidelines for its application.

Biographical Notes

Francine Fournier served as Assistant Director-General of UNESCO's Sector for Social and Human Sciences from 1990 to 2000. Former professor of political science at the University of Montreal and the University of Quebec (Canada), Mrs Fournier has taught political participation, political behavior and research methodology. She served in the Canadian and Quebec Governments as Secretary-General of the Council on the Status of Women, Director of Research and as President of the Quebec Human Rights Commission. She also served as Chairperson of the Canadian Equality Rights Panel, and as Secretary-General of the Canadian Commission for UNESCO.

Else Øyen is Scientific Director of CROP (Comparative Research Programme on Poverty) and former Chair. She is also Head of the Centre for International Poverty Research, at the University of Bergen, and is former Vice-President of the International Social Science Council. Professor Øyen is a pioneer in poverty research and her research interests span from theory of the welfare state and comparative studies of health and social policy programmes in industrialized countries, to analyses of poverty phenomena in developed and developing countries.

Miguel Darcy de Oliveira is a member of the Council of Comunidade Solidária and Coordinator of the National Programme of Volunteer Work in Brazil. He has *inter alia* previously served as a diplomat.

Faith Innerarity is currently Director of Social Security in the Ministry of Labour and Social Security, Jamaica. She has also been vice-chairperson of the Commission of Social Development in the "Copenhagen + 5 process".

Sanjeev Prakash is Director of the Environment, Technology and Institutional Consultants in New Dehli, India. He is also adjunct professor at the University of Bergen.

Michal Woolcock is a consultant with the Development Research Group at the World Bank. He is also adjunct-lecturer in public policy at Harvard University.

MOST

UNESCO's Management of Social Transformations (MOST) Programme started in 1994, designed as an experience in social science that was innovative in several aspects:

- it was the first intergovemmental social science research and policy programme to be created in a United Nations Specialized Agency;
- it aimed at fostering interdisciplinary and comparative research on important areas such as multicultural societies, international migration, cities and urbanization, local-global linkages, poverty, govemance and sustainability, that was defined to be truly international by design, conceptualization, methodology and participation, and
- its over-arching long-term objective was to enhance the linkages between social science research and policy-making, as well as various social and economic actors, such as NGOs, the media and the private sector.

The first phase of MOST was completed in 2001. In its second phase, MOST continues to be an effective instrument to foster the production of policy-relevant knowledge on social transformations.

CROP

The Comparative Research Programme on Poverty (CROP) is an International NGO initiated by the International Social Science Council (ISSC). The CROP Secretariat is located at the Centre for International Poverty Research, University of Bergen, Norway.

CROP is organized around an extensive international and multidisciplinary research network, open to all poverty researchers and others interested in a scientific approach to poverty. The membersi of its Scientific Committee are outstanding poverty researchers representing different geographical regions and scientific disciplines worldwide.

CROP is a response from the academic community to the problem of poverty; it concentrates on research. The major aim is to produce sound and reliable knowledge, which can serve as a basis, for poverty reduction. The Organization has attracted researchers from all over the world and gained respect as an independent voice in an area where many différent interests are involved.

CROP has been selected by the Norwegian Research Council as a “node” for poverty research in Norway directed towards the South.