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Social Capital as Point of Departure

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Introduction*

The relationship between the economic and the social has ever been theoretically uneasy. The result has often been a hardening into one of two extremes. As perceived by neo-liberalism, the economy is best left to the market and, at most, the social is a necessary evil, required to oil the wheels of commerce. In contrast, the alternative stance is to emphasise both micro and macro market imperfections and, thereby, to understand the social as an essential means to correct them. I suspect and welcome that the intellectual, ideological and policy mood is currently swinging away from the first and towards the second position. One indicator of this is the extent to which the social, often previously rounded up in the notion of "civil society", has increasingly been seen both as an instrument and a goal of economic and social policy. Nonetheless, a casual reading of any area of such literature, accompanied by a modicum of critical thinking, suggests a number of cautionary tales.

First, understandings of civil society are often unthinkingly transposed from the west to the rest of the world, both for conceptual purposes and for ideals to be emulated. This involves a double displacement in that the initial application of the notion tends to neglect a recent history over the past century in which western society has been far from civil. In addition, in this light, false perspectives from one world are universalised to others, reflecting the longstanding tradition of understanding development as attaining the idealised status of the developed.

Second, civil society has been regarded as a panacea, a source of positive-sum outcomes, if only appropriately organised, embraced and participated in by its citizens. Consequently, it is hardly surprising that it tends to be viewed through rose-coloured spectacles, with the economy and systemic power set aside in deference to democracy and good governance. Rather than seeing civil society as a site of, or focus for, underlying conflicts, the latter melt away as mutual benefits flow from collectivism and cooperation. In short, civil society and social revolution sit extremely uncomfortably side-by-side.

Third, a corollary or summary of the two previous points taken together, civil society is recognisably complex and diverse, not least because it is the outcome of associations, organisations, institutions, networks, cultures and so on that have been forged out of equally diverse and complex interests and conflicts. Just as generalisation in unwise, so is the indiscriminate application of abstract concepts drawn, however adequately, from specific case studies.

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Such in broad terms is what has occurred with the notion of social capital.[1] The term, scarcely used or acknowledged other than over the past decade, has shot to prominence. Arguably the leading "social capitalist", Robert Putnam, has been reported to be the single most cited author across the social sciences in the 1990s. His thesis of the decline of US society – in a nutshell because of "Bowling Alone" and too much television-watching – has granted him a meeting with President Clinton to thrash out solutions to the country's woes, (Putnam 2000) most recently. Further, most worryingly for some, the World Bank is heavily committed to social capital as it moves, at least in rhetoric, from the neo-liberal Washington to the apparently more state-friendly post-Washington consensus.[2] The purpose here is to provide a brief overview of how and why social capital has become the latest conceptual fad across the social sciences, and with what implications. As a result, I draw very different conclusions from those who have aligned themselves to social capital, even those prepared to be critically circumspect about the latest conceptual wünderkind of the social sciences. They often recognise its deficiencies but seek to civilise it, bringing back in the complexity and diversity that have previously been excluded. In contrast, I argue that the notion needs to be rejected in view of its origins, directions and momentum. For this reason I question the use of social capital as a way of providing an entry into discussion of social policy. Instead, in part by way of critique of the welfare regimes approach, I put forward alternative perspectives on locating social policy in its relationship to the economy.

Twixt Bourdieu and Becker

It is worth, at the expense of some personal indulgence, explaining why I determined from an early stage to follow closely social capital's meteoric rise. In the mid-1990s, I came to the conclusion, on the basis of its new information-theoretic micro-foundations, that economics was colonising the other social sciences as never before, on which see seventh point below. Whilst, especially through the likes of Gary Becker, a leading mainstream neoclassical Chicago economist, such self-confessed economics imperialism had long been on the agenda, it had primarily depended upon the non-market as if market, and the market as if utility maximising <u>individuals</u> facing resource and price constraints. Not surprisingly, despite some notable successes especially but not exclusively through human capital theory, such assaults only made limited territorial gains across

Sciences. It is drawn in part from a presentation made to the UNRISD Conference on Social Policy and Social Development, Stockholm, September 2000.

[1] For the uneasy relationship between social capital and civil society, see Edwards (1999) and Rudolph (2000).

[2] Rhetoric for the post-Washington consensus has been provided by Joe Stiglitz, beginning with Stiglitz (1998). He was essentially sacked as Chief Economist at the World Bank at the end of 1999 for taking its logic to policy conclusions. For an account, including discussion of Ravi Kanbur's resignation as lead author of the World Bank's 2000 World Development Report on Poverty, see Wade (2001) For critical exposition of the post-Washington consensus, see Fine (2001), Hildyard (1998) and Standing (2000)

the social sciences. However, on its own terms, the new micro-foundations purports both to accept and to explain institutions, structures, customs, etc, albeit on the basis of a more circumspect methodological individualism. It has given rise to a whole range of new fields within economics. These have had knock-on effects to a greater or lesser extent and in varied ways in the other social sciences - the new institutional economics, the new household economics, the economic sociology, the new political economy, the new growth theory, the new labour economics, the new economic geography, the new financial economics, the new development economics, and so on.[3] In short and drastic summary especially for the non-economist, economics has been colonising the other social sciences as never before over the past two decades, forging an alliance with and advancing alongside rational choice theory.

In this light, I was intrigued to find that two scholars at the opposite extremes of the social science spectrum were both using the term social capital. One was Gary Becker (1996), who extended the notion of capital as an asset from physical things to human capital, and from human capital to personal capital (any characteristic that directly or indirectly contributed to welfare), and from personal capital to social capital (non-market interactions between people). The other was Pierre Bourdieu, the progressive French sociologist, who had first used social capital in the early 1980s, alongside cultural and symbolic capital, to explain how non-economic forms of domination are linked to the reproduction of social stratification and interact with one and another and the economic. I was determined to find out why and how these two totally different theorists could find themselves as social capital bedfellows, and with what significance for economics imperialism. But I found myself deluged in an evolving tidal wave of academic fashion. Far from confronting the apparently simple question of why Becker and Bourdieu should share the same terminology, I was faced with a far heavier issue – how could social capital have become so widely and rapidly adopted especially in view of its commonly acknowledged deficiencies. Here are my conclusions, laid out in detail and with detailed justification in Fine (2001b).

Social Capital Exposed

First, what is striking about social capital is not only the extent of its influence, and the speed with which this has been achieved, but also its ready acceptance as both analytical, empirical and policy panacea. These features are aptly captured, respectively, by the World Bank's notion of social capital as "missing link", its flush of dedicated household surveys, and its view of social

[3] See Fine (1997) for my first contribution in this vein and Fine (1997; 2001a; 2001b; forthcoming-a; forthcoming-b; forthcoming-c) for the most recent with reference to earlier work and debates. For evidence from the mainstream itself, see Becker (1996)and Lazear (2000), both of whom refer to economic imperialism and Olson (2000b) who explicitly prefer the telling metaphor of economics as metropolis and other social science as the suburbs. See also Frey (1999) who attracts praise from Nobel Laureates Becker, Stigler and Buchanan.

capital as "the glue that holds society together".[4] Social capital explains what is otherwise inexplicable and is the factor that allows society to function successfully. In limited respects, parallels can be drawn with utility as used by economists. For this is also all-embracing - putatively explaining why we behave the way we do as well providing us with our welfare. In the case of social capital, however, our sights and ambitions are raised from the level of the individual to the level of society, from the market to the non-market, and from narrowly defined individual motivation to customs, norms, institutions and rules. In short, social capital is attractive because of the scope of application that it provides as well as its capacity to do so whilst not necessarily being critical of what has gone before. It can both generalise (add missing link and glue) and incorporate (reinterpret existing scholarship as an earlier unwitting use). And, policy-wise, social is to complement economic engineering, with the principle of supporting self-help raised from the individual to some collective level of "community".

Second, despite what is already a rush of survey articles, even those who are not using the term for the first time accept that it is difficult to define. The more established social capitalists in an enterprise that is, admittedly still in its precocious infancy, have been forced to compromise with the expanding scope of social capital. More and more variables are included, from the horizontal to the vertical, from the bonding to the bridging to the linking, from social values to networks and associations, and so on. Alternatively, such proliferation of content can be rendered manageable by a re-composition into broad categories to question whether social capital is, for example, complementary with, or a substitute for "real" capital or the state. The result is to create a field for what has previously been termed middle-range theory, analysis suspended somewhere between grand systemic theory and mere description. As a result, more recent and less circumspect contributions may acknowledge the ambiguities in the definition of social capital, simply pass on, and choose or add a definition of their own to suit their own purpose. Social capital thereby becomes a sack of analytical potatoes. The notion is simply chaotic as is also reflected in frequent suggestions that it is merely a metaphor or a heuristic device. It is also acknowledged to be difficult to measure (tellingly revealed by World Bank projects that seek to define it by the process of measuring it). What is social capital is readily confused with what it does as if these needed to be conceptually distinct. One reason for thinking so is the early and mounting recognition that social capital is subject to the perverse, dark, negative and downside so that it can be bad as well as good depending on circumstances, as in the Mafia, fascism and so on. Whilst these features of social capital might be thought to render it unacceptable and subject to collapse under the weight of its own contradictions and inconsistencies, exactly the opposite is the case. Having established a sufficiently weighty presence, it also has the logical capacity to absorb any criticism in the form of

[4] For the World Bank's treatment of social capital, visit its dedicated website http://www.worldbank.org/poverty/scapital

refinement by, for example, addition of another variable for consideration, even conflict or revolution!

Third, then, social capital has a gargantuan appetite. On the one hand, it can explain everything from individuals to societies (although global social capital has rarely figured yet, it ought to do so at least to address the international networks and ethos of those running the world) whether the topic be the sick, the poor, the criminal, the corrupt, the (dys)functional family, schooling, community life, work and organisation, democracy and governance, collective action, transitional societies, intangible assets or, indeed, any aspect of social, cultural and economic performance, and equally across time and place. On the other hand, social capital has been deployed across theories and methodologies as diverse as postmodernist Marxism and mainstream neoclassical economics, addressing the conceptual, empirical and policy.[5] In this respect, social capital is like other all-encompassing notions that have swept, if not uniformly, across the social sciences, such as flexibility and globalisation. All can participate from their own perspective. Social capital is truly democratic, not only amongst the community of scholars but, as middle-range theory, it is also able to engage (with) the wider community of activists, politicians and media gurus. This is especially so in terms of its capacity to exploit popular prejudices about the role of television, the family and moral fibre, to touch the nostalgia for a lost world, to address demise and failure that are ever more demanding of attention than success, and so on.

Yet, as already hinted by reference to globalisation, the emergence of social capital to rapid prominence is a familiar phenomenon in terms of academic fashions. It is most disturbing as evidence of a more general trend towards the popularisation and degradation of scholarship. The pattern is familiar by now. A case study or two leads to the invention of grand concepts and generalisations. These are refined in light of theoretical and empirical critiques that point to omitted theoretical variables and/or case study counterexamples. Existing and new knowledge is run through the evolving framework. Ultimately, the whole edifice becomes too complex and succumbs to the critical heretics or others who have remained or become cynical. It is then time for a new fashion to emerge.