NIGEL SWAIN

Social Capital and its Uses

Introduction

IT IS PERHAPS appropriate to begin with a biographical note. I feel like the Rip van Winkel of social capital writers. My recollection is that I first came across the term in the 1970s as a sociology undergraduate, although that does not fit well with what I now know of the chronology of the term. Whenever my first encounter, it was a long time ago, and I filed it away in my mental armoury as a useful concept; and there it remained for almost two decades. I had little use for the concept during my Ph.D. research on agricultural collectivisation in Hungary, still less during my years working outside the academic world. But when, at the beginning of the 1990s, I had the opportunity to re-engage in the world of research and involve myself in a project looking at de-collectivisation throughout Central and Eastern Europe, social capital seemed an obvious concept to help interpret what was going on. I reached into that mental armoury, pulled it out, dusted it off, and began to use it unproblematically (1). Then it gradually dawned on me that I had entered the lions' den. Social capital was no longer a relatively neutral sociological term, it had become the centre of a highly politicised debate. Social capital had travelled from sociological obscurity to become the highly contested "missing link" in development economics.

This short intellectual biography helps explain the motivation behind this article. I have found social capital a useful concept. I think it helps in the analysis of winners and, therefore, losers in the class (formation) struggles taking place in post-socialist Central and Eastern Europe; and I think it is one that policy-makers should take seriously. But, given the current debate about the term, I can no longer play the ingénue. It has become incumbent on all who want to use the term "social capital" to

(1) Nigel SWAIN, 2000, From kolkhoz to holding company: a Hungarian agricultural producer co-operative in transition, *Journal of Historical Sociology*, 13 (2), pp. 142-171.

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explain how they are using it, which variety they are talking about, and how they think it can be useful. This article therefore first reviews, in a discussion which cannot be exhaustive, elements of the social capital debate covering Bourdieu, Becker, Coleman, Putnam, and contemporary users of the concept in the development context. It then takes examples from my Central and Eastern European research to illustrate the continued usefulness of (one version of) the term (2).

Theories of Social Capital

Social capital has by now become part of the development mainstream. It has its own website which includes references too numerous to list, together with an off-the-peg methodology—a downloadable social capital assessment tool (SOCAT), and related questionnaires (3). Social capital has also become the co-ordinating theme for numerous edited collections (4); and it has been thoroughly critiqued. Both Ben Fine and John Harriss have devoted whole books to questioning its validity (5). Both point to the happy coincidence of the World Bank's slightly humanised, post "Washington consensus" agenda of the 1990s and the self-help, bottom-up, NGO-centred implications of one conception at least of social capital. Both call instead for a greater focus on political aspects, but in slightly different ways. Harriss wants more attention to be paid to political organisations (6), while for Fine what is required is a return to political economy, for the real villain in his analysis is the

(2) The research projects were supported by the ESRC (L309 25 3037) and the European Commission (CIPA-CT92-3022), which support is gratefully acknowledged. Researchers involved in the project were: Andrzej Kaleta, Marzena Sobczak and Grzegorz Zabtocki in Poland; Helena Hudečková, Michal Lošt'ák, Cyrila Marková, and Věra Trnková in the Czech Republic; Mihály Andor and Tibor Kuczi in Hungary; and Gejza Blaas, Stanislav Buchta and Iveta Námerová in Slovakia. While all made indispensable practical and intellectual contributions to the project, for reasons of space only examples from Hungary are used in this paper.

(3) http: //www.worldbank.org/poverty/capital/ It is the first site returned if you search for "social capital" using the Google search engine.

(4) See, for example, Partha Dasgupta and Ismail Serageldin, eds, *Social Capital: a Multifaceted Perspective* (Washington DC, the World Bank, 2000); Jonathan Isham, Thomas Kelly and Sunder Ramaswamy, eds, *Social Capital and Economic Development: Well-being in Developing Countries* (Cheltenham and Northampton MA, Edward Elgar, 2002); Christiaan Grootaert and Thierry van Bastelaer, eds, *The Role of Social Capital in Development: an Empirical Assessment* (Cambridge, Cambridge University Press, 2002).

(5) Ben Fine, *Social Capital versus Social Theory: Political Economy and Social Science at the Turn of the Millennium* (London and New York, Routledge, 2001). John Harriss, *Depoliticizing Development: the World Bank and Social Capital* (London, Anthem Press, 2001).

(6) Harriss, *Depoliticizing*..., pp. 118-23.

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methodological individualism of social capital research which is a variant of the on-going desire of economics to colonise other disciplines (7). Both focus predominantly on the later use of the concept as it affected their disciplines, with much shorter discussions of Bourdieu and the origins of the concept in sociology.

Pierre Bourdieu

The first use of the term social capital is usually credited to L.J. Hanifan in 1916 (8), but most agree that the first "big name'' is Pierre Bourdieu. There are two points to stress about Bourdieu's concept of social capital. First, it is a secondary concept for him, always subordinate to economic and cultural capital. Second, he is unambiguously talking about capital in a capitalist society: only the bourgeoisie has social capital.

Social capital is not a major concept in Bourdieu's *oeuvre*. It does not merit even an index reference in Richard Jenkins' account of his work (although it is mentioned in passing), which only devotes a chapter to his educational writings (9). Bourdieu's social capital-related opus begins, in terms of major publications at least, with *Les Héritiers*, published in 1964, which addresses the issue of why only six per cent of students in higher education come from working class backgrounds (10). Part of the answer is given as their "cultural customs and attitudes inherited from the context they grew up in'' (11), and "social factors of cultural inequality'' (12). By *La Reproduction*, published in 1970 (13), these elements have been firmed up theoretically into *habitus* and "cultural capital'', although neither is clearly defined, and social capital is yet to figure as a concept in its own right (14). In *Graphique* No. 1, "cultural and social capital'' (they constitute a single entity) is explained as "diploma and school relations'' (15), but the focus of the book is language ("the unequal distribution between the social classes of educa-

(7) Fine, *Social Capital...*, pp. 3-21.

(8) Robert D. Putnam, *Bowling Alone: the Collapse and Revival of American Community*, New York, Simon and Schuster, 2000, p. 19.

(9) Richard Jenkins, *Pierre Bourdieu*, London and New York, Routledge, 1992.

(10) Pierre Bourdieu and Jean-Claude Passeron, *Les Héritiers: les Étudiants et la Culture*, Paris, Éditions de Minuit, 1964, p. 11.

(11) Bourdieu, *Héritiers...*, p. 26.

(12) Bourdieu, *Héritiers...*, p. 115.

(13) Pierre Bourdieu and Jean-Claude Passeron, *La Reproduction: Éléments pour une Théorie du Système d'Enseignement*, Paris, Éditions de Minuit, 1970.

(14) They are first referenced in the first, abstractly theoretical (and scarcely comprehensible) section of the book, on pages 47 and 46 respectively, where their meaning is taken as given. In the more accessible second half, linguistic capital is the first object of discussion, cultural capital slipping in on page 110.

(15) Bourdieu, *Reproduction...*, following p. 112.

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tionally profitable linguistic capital'') (16), and the "ideological function of the educational system'' (17).

Social capital finally makes an appearance in *La Distinction*, published in 1979 (18), although "educational capital'' figures more strongly. The first reference is simply to "each of the kinds of capital possessed... economic capital, cultural capital, social capital'' (19). Thirty pages later class is presented as a "three dimensional space'' and the differences between the classes is attributable to "the global volume of capital as an amalgam of effectively utilisable resources and powers, economic capital, cultural capital and also social capital'' (20). Significantly, later in the same sentence he misses out social capital and refers only to the first two, although it is later illustrated, rather than defined, in the context of those in the liberal professions who are poorly endowed with both economic and cultural capital, as "capital of relations within society which can, should the occasion arise, provide useful supports, capital of social standing and respectability, which is often indispensable for attracting or assuring the confidence of high society, and by that its clientele, and which can cash itself in to become, for example, a political career'' (21). The chapter on converting one kind of capital into another focuses primarily on economic and cultural capital, although there is discussion of the *déclassé* using social capital to overcome their failure educationally, or the ability to make a good marriage (22). In the chapter on *habitus*, we learn that bridge playing is more associated with the search for social capital than is chess playing (23), and that there are social capital benefits to playing golf (24). Much later, as an example of the capital of social standing of the liberal professionals, we learn of the benefit of sports clubs for fashionable games and cocktail parties (25), and of the superior social capital in terms of family relations and "friends in high places'' enjoyed by finance directors over R&D directors (26), or the usefulness of ostentatious consumption, on activities such as engagement parties, as an investment in order to accumulate social capital (27), But social capital remains a residual category, brought into play when cultural capital and economic capital, the only capitals included on his main diagrams (28), seem inadequate, particularly when considering the class position of liberal professionals.

(16) Bourdieu, *Reproduction*..., p. 146.
(17) Bourdieu, *Reproduction*..., p. 230.
(18) Pierre Bourdieu, *La Distinction: Critique Sociale du Jugement*, Paris, Éditions de Minuit, 1979.
(19) Bourdieu, *Distinction*..., p. 89.
(20) Bourdieu, *Distinction*..., p. 128.
(21) Bourdieu, *Distinction*..., p. 133.
(22) Bourdieu, *Distinction*..., pp. 166 & 168.
(23) Bourdieu, *Distinction*..., p. 240.
(24) Bourdieu, *Distinction*..., p. 243.
(25) Bourdieu, *Distinction*..., p. 326.
(26) Bourdieu, *Distinction*..., p. 355.
(27) Bourdieu, *Distinction*..., p. 437.
(28) Bourdieu, *Distinction*..., pp. 296, 392, 394, & 527.

This residual quality of social capital becomes, in an article originally published in German in 1983 (29), a "multiplier effect" on the levels of economic and cultural capital that individuals enjoy (30).

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition—or in other words, membership in a group—which provides each of its members with the backing of the collectively-owned capital, a "credential" which entitles them to credit, in the various senses of the word (31).

Social capital has no measure of its own. Its volume depends on the size of one's network of connections and the volume of economic and cultural capital that the members of that network enjoy (32). Class is determined by capital, and capital has three dimensions. Of these, economic and cultural capital are fundamental; social capital can help make up for deficiencies in either of the other two. It has the general, everyday meaning of "contacts with influential people".

It is important also to realise that for Bourdieu only the bourgeoisie possesses social capital. When discussing what happens when the petit bourgeois breaks out of his/her class to become a bourgeois, he explicitly states that family relations of friendship, support, a helping hand in time of need, are not social capital. They are "shackles" to be broken. Such links do not constitute "social capital" because the people with whom the links exist do not have abundant quantities of either economic or cultural capital (33).

For Bourdieu, then, social capital is all about an individual's position within a class-based social structure. Class inequality and a class-based society are given, and in that sense his is a profoundly Marxist vision, although this is less the consequence of a commitment to Marx than a fundamental failing throughout his work to theorise class: class is "just there" (34). One strand of subsequent social capital theorising maintains this focus on the individual, but dissolves the social context among a plethora of unrealistic assumptions about utility maximisation. A second, ultimately dominant strand, maintains a social dimension, but moves from the social structural context within which individuals are located, via social capital as a public good, to social capital as a social fact, external and independent of individuals.

(29) Pierre Bourdieu, The forms of capital, in A.H. Halsey, Hugh Lauder, Phillip Brown and Amy Stuart Wells (eds.) *Education: Culture, Economy and Society* (Oxford, Oxford University Press, 1997, pp. 46-58).

(30) Bourdieu, Forms..., p. 51.

(31) *Loc. cit*.

(32) *Loc. cit*.

(33) Bourdieu, *Distinction*..., p. 389.

(34) Jenkins, *Pierre Bourdieu*, p. 117.

Gary S. Becker

The individual strand is associated with the economics of Gary Becker. Becker's reputation, for which he was awarded the Nobel Prize in 1992, rests on his use of "the economic approach to analyze social issues that range beyond those usually considered by economists". By "economic approach" he means rational choice theory: "individuals maximize welfare *as they conceive it,* whether they be selfish, altruistic, loyal, spiteful, or masochistic" (35). Becker uses this economic approach, one that has been criticised as simplistic (36), to explain such social issues as discrimination against minorities, crime and punishment, family formation and divorce, and human capital. As with Bourdieu, although within an entirely different model, social capital is a relatively late addition. It is only in 1996, after his Nobel Prize and in a book which in the main pulls together previously published articles (37), that the concept is introduced. Together with personal capital, it is a dimension of human capital within each individual's "extended utility function". Individuals make purposeful, forward-looking decisions in order to maximise utility (38), and these decisions are influenced by personal capital ("including relevant past consumption and other personal experiences that affect current and future utilities") (39) and social capital ("the influence of past action by peers and others in an individual's social network and control system") (40). Although he does not pursue the theme in a published article (41), he does allow for a dimension of power, for leaders and followers to have different degrees of social capital (42), and he is aware that it can be positive or negative ("raise or lower utility") (43). He also stresses that it is difficult to affect directly and exert control over social capital because it "is mainly determined by the actions of peers and relevant others" (44). But the bulk of the book makes no use of the utility function extended to include social

(35) Gary S. Becker, *Accounting for Tastes* (Cambridge Mass., Harvard University Press, 1996, p. 139). Emphasis in original.

(36) Ben Fine criticises his approach to money, his lack of attention to unemployment, and his ignoring of the new "information-theoretic" approach to economics which deals with informationally-based market imperfections. He also cites respected economists such as Amartya K. Sen who have negative views on Becker's contribution to economics. See Fine, *Social Capital...*, pp. 40-52. The "information-theoretic" approach is explained on pp. 7-15.

(37) Becker, *Accounting....* Only the introduction and the two shortest of the twelve papers are original.

(38) Becker, *Accounting...*, p. 23.

(39) Becker, *Accounting...*, p. 4.

(40) *Loc. cit.*

(41) See references given in Becker, *Accounting...*, p. 12.

(42) Becker, *Accounting...*, p. 12.

(43) *Loc. cit.*

(44) Becker, *Accounting...*, p. 13.

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capital. It is a late addition, used as a general category when all else fails, such as when explaining why people perversely favour popular restaurants and managers of popular restaurants perversely keep their prices relatively low (45). What emerges most strongly from Becker is, first, his commitment to rational choice and the possibility of calculating extended utility functions and, second, by stressing the spill-over effects on an individual's social capital of choices made by others, his view of social capital as something approximating a public good.

James S. Coleman

Like Becker's, his colleague in the Department of Economics and Sociology at the University of Chicago, Coleman's vision is firmly grounded methodologically in the individualism of rational choice. Nevertheless, by developing the concept of social capital as a public good to the point where it becomes a social fact, he develops social capital theory in a more Durkheimian direction. Coleman too, it should be noted, develops the concept late in a long career. For him, social capital is a "conceptual tool'' in his theoretical enterprise of marrying the socialisation and social norms approach of much of sociology with the utility maximisation tradition of much of economics, or rather of "import[ing] the economists'' principle of rational action for use in the analysis of social systems proper... and to do so without discarding social organisation in the process' (46). Retaining Becker's methodological individualism, social capital "constitutes a particular kind of resource available to an actor'' (47), and is "productive, making possible the achievement of certain ends that in its absence would not be possible'' (48). It is "not completely fungible but may be specific to certain activities'' (49) and "inheres in the structure of relations between actors and among actors'' (50), being "less tangible yet [than physical and human capital] for it exists in the relations among persons''. Social capital "identifies certain aspects of the social structure by their functions'' (51). The function that it identifies is "the value of these aspects of the social structure as social resources that they can use to achieve their interests'' (52). His position, then, is that social relations can act as

(45) Becker, *Accounting...*, pp. 195-202.
(46) James S. Coleman, Social capital in the creation of human capital, in Halsey et al (eds.), *Education...*, pp. 80-81. This article is also reproduced in Dasgupta and Serageldin (eds.) *Social Capital...*, pp. 13-39.
(47) Coleman, Social capital..., p. 81.
(48) *Loc. cit.*
(49) Coleman, Social capital..., p. 82.
(50) *Loc. cit.*
(51) Coleman, Social capital..., p. 83.
(52) *Loc. cit.*

"capital resources" for individuals, and when they do so, this is social capital (53). The sorts of social relationships that he is thinking about are obligations, expectations and trustworthiness, information channels and norms and sanctions (54).

Despite the fact that Coleman's analytical perspective is more that of a sociologist (he focuses on groups, social indices and statistical correlations—between school drop-out rates and family structure, and drop-out rates and type of school—and demonstrates that, controlling for physical and human capital, there is an independent social capital effect), his economist's methodological individualism both underpins his theoretical perspective (why such importance is given to structures with "closure" in the formation of norms) (55), and influences his explanatory focus. Although the question he investigates is essentially the same as Bourdieu's (why educational disadvantage is reproduced), and the answer is differential access to social and cultural capital, the underlying cause has to lie with the individual, because the individual is the only agent in rational choice theory. Whereas for Bourdieu, the ultimate cause is class, for Coleman it is poor choice (of spouse and school) by individuals and individual families. He breaks social capital down into social capital within the family and social capital outside it. The key element in the former is presence or absence of a father ("the most prominent element of structural deficiency in modern families is the single-parent family") (56), although also included is number of siblings and maternal expectations. In the case of the latter, the important factor is the number of parental moves and type of school (religious schools providing more human capital in the form of lower drop-out rates because of the greater social capital that inheres in schools embedded in a community based on religious organisation in which both parents and children are involved). Those who choose schools and spouses wisely generate social capital.

Coleman also emphasises the "public goods aspect" of social capital, "the kinds of social structures that make possible social norms and the sanctions that enforce them do not benefit primarily the person or persons whose efforts would be necessary to bring them about, but benefit all those who are part of such a structure"... "the actor or actors who generate social capital ordinarily capture only a small part of its benefits" (57). His concern with this aspect of social capital, reflecting his rational choice perspective, is that it leads to an "underinvestment in

(53) Coleman, Social capital..., p. 84.
(54) Coleman, Social capital..., pp. 84-6.
(55) Coleman, Social capital..., pp. 86-7.
(56) Coleman, Social capital..., p. 89.
(57) Coleman, Social capital..., p. 92.

social capital'' (58). Nevertheless, the focus on social capital as a public good beyond individuals and inhering within the social structures surrounding them marks a stage further in the progress towards social capital as a social fact, and his focus on parental interactions and specific mention of PTAs opens the way for the interpretation of social capital as group membership.

Robert D. Putnam

Robert Putnam is the doyen of modern social capital theory (59), and his works have been most thoroughly critiqued. His first intervention into the social capital debate is *Making Democracy Work* (60), in which, as many commentators have noted, social capital emerges almost as an afterthought in a book whose focus, as its subtitle suggests, is civil traditions in modern Italy. Putnam is a political scientist who made his academic reputation with decades of work, with colleagues, on Italian politics, in particular Italian local government. His main interest is the performance of the layers of regional government introduced into Italy in 1970. Analysing the effectiveness of these reforms, he discovered not only that they varied considerably, but also that the pattern of variation correlated to a large degree with the well-known north-south divide in Italy. This intriguing correlation required some explanation, and this is where social capital comes in, although until the final chapter the book refers to traditions of civic engagement rather than social capital. Putnam traces different traditions of civic engagement right back to the beginning of the twelfth century when a feudal, Norman regime dominated the south, and autonomous, self-governing city states emerged in the north.

As a political scientist dabbling in history, Putman opened himself to robust criticism from professional historians. These have been of three general types, the first two being telling, but not subverting the social capital case—because Putnam does not require this length of historical pedigree to argue for the importance of social capital to modern democracy. His case is not fatally flawed by the fact that his account of the functioning of the city states is naïve (they were much less democratic than he suggests) and, conversely, that the south was not so undemocratic as he suggests (61), nor by the fact that his theory does not ade-

(58) Coleman, Social capital..., p. 93.

(59) His transformation from workaday academic to media and political superstar is described in *Bowling*..., pp. 505-513.

(60) Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton, Princeton University Press, 1993.

(61) See, for example, Gene Brucker, Civic

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quatelyaccount for the long period between the decline of the city states and the emergence of the modern Italian state (62). It is much more seriously undermined by the third criticism.

This criticism is more telling because it relates to the emergence of modern democratic Italy and because it confronts the issue of causation. Nobody denies that large numbers of associations began to emerge in the northern half of Italy in the latter years of the nineteenth and early years of the twentieth centuries, while they failed to do so in the south. For Putnam this is explained as simply the continuation of these centuries-long differing civic traditions. For his critics, the explanation lies in the specific types of associations (trade unions and co-operative societies) that were promoted by socialist and Catholic political parties in the industrialising north, but which were not promoted in the "semi-colonial'' south, because of first foreign and then northern domination (63). Certainly when Putnam mentions specific organisations rather than indices of anonymous associations, the picture seems remarkably similar to that described by E.P. Thompson in his *Making of the English Working Class* (64). The suggestion is simply that the industrially more advanced north developed the specific forms of association that emerged with the formation of an industrial working class, while the less developed south did not. Rather than identifying what is ultimately christened "social capital'' as the cause of these long-standing differences in democracy, or more properly democratic performance (65), the suggestion is that Putnam merely re-describes well-known features of Italian life which were the consequence of the differential economic development of the north and the south.

Putnam, of course, would reject such a claim outright, and deals with it explicitly in the second half of chapter five. He tests for the direction of causation in his data and is adamant that "civics helps to explain economics, rather than the reverse'' (66). Putnam is convinced of the direction of causation because of the strength of the correlations he

traditions in pre-modern Italy, *Journal of Interdisciplinary History,* XXIX (3), 1999, pp. 357-377; and to a lesser extent, Edward Muir, The sources of civil society in Italy, *Journal of Interdisciplinary History,* XXIX (3), 1999, pp. 379-406. For the southern case, see Filippo Sabetti, Path dependency and civic culture: some lessons from Italy about interpreting social experiments, *Politics and Society*, 24 (1), pp. 19-44.

(62) Sidney Tarrow, Making social science work across space and time: A critical reflection on Robert Putnam's *Making Democracy Work*, *American Political Science Review*, 90 (2), p. 393, citing Samuel K. Cohn, La storia secundo Robert Putnam, *Polis*, 8 August 1994, pp. 315-324.

(63) Tarrow, Making..., *ibid*., pp. 394-395.

(64) E. P Thompson, *The Making of the English Working Class* (Harmondsworth, Penguin, 1968).

(65) As Tarrow notes in Making... (*op. cit.*, p. 396), Putnam slips too easily from "democratic performance'' to democracy.

(66) Putnam, *Making...*, *ibid*., p. 154.

achieves in a statistical model predicting socio-economic development and civic involvement in the 1970s from those same factors in the 1900s. His forceful conclusion is: "economics does not predict civics, but civics does predict economics, better indeed than economics itself" (67).

But there is a problem with Putnam's choice of operational definition for socio-economic development which underpins both this statistical exercise and an earlier one. For him, socio-economic development is measured by share of agricultural and industrial employment and level of infant mortality. But the former, in particular, is a very crude proxy. It is not generally used by historians, and would suggest, for example, that Britain experienced virtually no socio-economic development in the first half of the twentieth century because the share of the agricultural population only fell from 1.5 per cent in 1901 to 1.1 per cent in 1951 (68). Putnam is aware that the north and the south of Italy at the end of the nineteenth century did not differ much in terms of the percentage of the population employed in the primary and secondary sectors, and that southern industry was more primitive and its populations poorer and less educated (69). Nevertheless, this does not lead him to question his operational definition (70). Given this starting point in the 1900s, with a weak correlation between civic traditions and socio-economic development (because civic tradition differences are identified but what might be considerable socio-economic differences are not captured by share of agricultural employment), it is hardly surprising that, "[l]ike a powerful magnetic field, civic conditions seem gradually but inexorably to have brought socio-economic conditions into alignment, so that by the 1970s socio-economic modernity is very closely correlated with the civic community" (71). But does this "bringing into line" reflect the causal "magnet" of civic tradition, or is it merely a statistical artefact related to a poor choice of operational definition for socio-economic development? For the first two-thirds of the twentieth century, the years of rapid industrialisation especially in the Italian north, share of agricultural employment becomes an ever better proxy for socio-economic development. The correlation between civic tradi-

(67) Putnam, *Making...*, *ibid.*, p. 157.

(68) Dudley Baines, Population, migration and regional development, 1870-1939, in Roderick Floud and Donald McCloskey, eds., *The Economic History of Britain since 1700*. II: *1860-1939* (Cambridge, Cambridge University Press, 1994, p. 53). More conventional approaches measure real gross per capita GDP, or total factor productivity, life expectancy, and the distribution of national income. See Roderick Floud, Britain, 1860-1914: a survey in Floud and McCloskey (eds.), *ibid*. pp. 3-9.

(69) Putnam, *Making...*, p. 154, where he compares Emilia-Romagna with Calabria.

(70) Even though in footnote 136 to page 153 he is well aware that with the growth of the service economy in the 1970s it becomes a less reliable indicator.

(71) Putnam, *Making...*, p. 153.

tions and socio-economic development necessarily becomes stronger (a poor proxy becomes a better one), but this says nothing about the direction of causation. Putnam provides interesting material on Italian politics. But when he attempts to explain the long-standing differences between northern and southern Italy in terms of civic tradition, he fails to establish convincingly the causal direction from civics to economics. Yet it is the apparent strength of the direction of causation that encourages him and his followers to accord such an important role to social capital.

It is only in the final chapter of the book that civic tradition becomes linked with social capital, and then it becomes the key to making democracy work. Putnam builds primarily on Coleman, and at this point, the term has four key characteristics. First, he takes over Coleman's idea of social capital as a public good (72). Second, he is optimistic about its "transitive" aspects: "social networks allow trust to become transitive and spread: I trust you, because I trust her and she assures me that she trusts you" (73). Third, he sees social capital as operating horizontally: "networks of civic engagement... represent intense horizontal interaction... networks of civic engagements are an essential form of social capital" (74). While patron-client relations do not count as social capital because they are vertical (75), "[m]embership in horizontally ordered groups (like sports clubs, co-operatives, mutual aid societies, cultural associations, and voluntary unions) should be positively associated with good government" (76). Finally, social capital has the quality of a social fact, external to actual individuals, something that can be "built" and pumped up by effective policy initiatives.

In his second intervention, *Bowling Alone*, social capital takes centre stage and the book ends with a rallying cry for what "social capitalists" need to do to save America. The book was published considerably later than an earlier article with a similar title (77), and Putnam takes the opportunity to address some of the criticisms directed at the early formulation. But fundamental problems remain, particularly in relation to the "transitive" aspects. Despite the development of the concepts of "bonding" (exclusive) and "bridging" (inclusive) social capital (78), sub-species which address what is sometimes referred to as the "dark side" of social capital (79), Putnam never makes clear the mechanism by

(72) Putnam, Making..., p. 170 refers to Coleman's reference to social capital as a public good.

(73) Putnam, *Making*..., p. 169.

(74) Putnam, *Making*..., p. 173.

(75) Putnam, *Making*..., p. 174.

(76) Putnam, *Making*..., p. 175.

(77) Robert D. Putnam, "Bowling alone: America's declining social capital", *Journal of Democracy*, 6, No. 1, pp. 65-78.

(78) Putnam, *Bowling*..., pp. 22-24.

(79) Putnam, *Bowling*..., pp. 350-63.

which membership of, and trust within, small groups and networks percolates through into generalised trust, good government and a more effective political system. Levi criticises Putnam for his imprecise concept of trust in this context (80), and Uslaner has demonstrated (amongst other things) that there is no simple relationship between "particularised trust" and "generalised trust". "Group membership and informal socializing don't depend upon trust. And they don't create trust either" (81). The notions of "bonding" and "bridging" social capital demonstrate an awareness of the issue, but the problem is displaced rather than resolved. Putnam offers only the following: "To build bridging social capital requires that we transcend our social and political and professional identities to connect with people unlike ourselves. This is why team sports provide good venues for social-capital creation" (82). Yet, as he himself acknowledges in response to earlier criticisms (83), team bowling is not a self-evident positive: Timothy McVeigh was a member of a bowling team (84). Participation in team sports hardly resolves this transitive or cumulative dilemma in Putnam's writings.

As with *Making Democracy*, we have in *Bowling Alone* an interesting account of a political phenomenon, in this case the apparent decline in participating in group activities, but a far from convincing case that this has anything to do with social capital or American decline. As in the Italian book, "social capital" is equated with membership in horizontal groups. Detailed study of the premises of Putnam's case is beyond the possibilities of a short review like this. Even if the decline (with the partial exception of volunteering on the part of the generation "most resistant to civic disengagement" (85) and self-help support groups and internet-based activities) in political, civic and other forms of participation (including trade union membership and trust in our neighbours) in the USA is accepted, the link with social capital is simply assumed. The middle section of the book assesses various explanations for why the decline has occurred, and concludes that: the emergence of the two career family and suburbanisation have had impacts, but not determining ones (10 per cent each); television and electronic media generally play an important role (25 per cent); and generational change is very important, especially in relation to more formal institutions (50 per

(80) Margaret Levi, Social and unsocial capital: a review essay of Robert Putnam's *Making Democracy Work*, *Politics and Society*, 24 (1), 1996, p. 47.

(81) Eric S. Uslaner, Producing and consuming trust, *Political Science Quarterly*, 115 (5), 2000-2001, p. 571.

(82) Putnam, *Bowling...,* p. 411.

(83) Putnam, *Bowling...,* pp. 21-22.

(84) Levi cites a *New York Times* review by Fareed Zakaria which makes this point in "Social and unsocial...", p. 52.

(85) Putnam, *Bowling...*, p. 132.

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cent) (86). This, incidentally, is a curious form of explanation. Fifty per cent of the change is "explained'' by a more accurate re-description of the phenomenon. "We are all participating less'' turns out to mean "the younger generation is participating less''. But this does not explain why the younger generation is participating less.

In the final section, Putnam's attempt to demonstrate why social capital is important centres on the construction of a social capital index based on membership in organisations, formal and informal, electoral turnout, and measures of social trust. The first stage in the argument, as in the Italian case, is to demonstrate the variability of the index across the United States. And again, Putnam is keen to argue the causal importance of social capital, but he is even less convincing than in the Italian case. Socio-economic development is not even considered this time, despite the correlation between low social capital and formerly slave states. He simply asserts unconvincingly that, "If... profiles of social capital represent long-standing traditions, then it is more plausible that social capital is a cause, not merely an effect, of contemporary social circumstance'' (87). He then lists high correlations between the social capital index and education, crime, public health and mortality, high scores on a political culture index, tax compliance, tolerance and economic and civic equality (which is presented as a partial rebuttal of the "dark side of social capital''). A link between social capital and economic prosperity is also established, although significantly not using the social capital index, but rather by referring to the work of Granovetter, the importance of "outsiders'', and the literature on "industrial districts'', in fact using a very different conception of social capital altogether. The causal importance of social capital is assumed throughout, despite a historical chapter which suggests, much as in the Italian case, that the social capital associations of an earlier era were an integral part of the emergence of an organised, industrial working class (88).

Although in subsequent contributions Putnam has revised his positions still further and gone back on many of his central claims, stating baldly in the forward to a collection of essays on social capital that social capital can be put to good and bad purposes, and that voluntary associations are a sub-species only in the universe of social capital (89), there are three central characteristics of Putnam's work. First, despite occasional references to "it is not what you know but who you know'', he

(86) Putnam, *Bowling...*, p. 283.

(87) Putnam, *Bowling...*, p. 294.

(88) Putnam, *Bowling...*, chapter 23, pp. 367-401.

(89) Robert D. Putnam, Foreword in Grootaert and Bastelaer, *Role of...*, 2002, pp. xxi-xxii.

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assumes that social capital is a social fact which he equates primarily with membership of associations (but also voting propensity and degree of trust). Second, he presents no convincing mechanism for how strong social capital at a sub-group level percolates through to increase national social capital or effect society beneficially in any way. Third, he maintains not just that social capital is correlated with a whole raft of positive indicators, but that it is causal, that social capital causes all this good.

Applying the World Bank Concept

Despite the very fundamental problems with Putnam's work, it is his causally positive, social fact conception of social capital that has informed the development community and the World Bank website. Writers such as Woolcock, and Krishna and Uphoff helped introduce the refinements of "bridging", "bonding" and "linking" social capital, and the "structural" and "cognitive" dimensions to social capital (90), all of which are captured by the SOCAT methodology, which indeed has many similarities to Putnam's social capital index; and the consensus is that the path from micro to macro is not straightforward (91), that social capital, like physical and human capital, can have a "dark" side (92), and that it can be both "developing" and "depleting" (93). Reports on the practical applications of social capital suggest both that these refinements to Putnam were necessary, but also that social capital in this sense remains problematic.

One trend in the literature is to demonstrate the importance of social capital by statistical correlations. But, like Putnam's analysis of Italy, such statistical exercises tend to re-describe the fact that communities with "influential contacts", or communities which have already successfully co-operated to overcome their lack of social capital, are likely to be more successful on a variety of indices than communities which have

(90) See for example, Michael Woolcock, *Social Capital in Theory and Practice: Where do we Stand?* in Isham *et al*. eds., *Social Capital*...; Anirudh Krishna and Norman Uphoff, Mapping and measuring social capital: a conceptual and empirical study of collective action for conserving and developing watersheds in Rajasthan, India, in Grootaert and Bastelaer, *Role of*..., 2002, pp. 85-124; Anirudh Krishna, Creating and harnessing social capital, in Dasgupta and Serageldin eds. *Social Capital*..., pp. 71-93; and Norman Uphoff, Understanding social capital: learning from the analysis and experience of participation, in Dasgupta and Serageldin eds., *Social Capital*..., pp. 215-249.

(91) See for example Ismail Serageldin and Christiaan Grootaert, Defining social capital: an integrating view, in Dasgupta and Serageldin eds., *Social Capital*..., pp. 40-58.

(92) Elinor Ostrom, Social capital: a fad or a fundamental concept, in Dasgupta and Serageldin eds., *Social Capital*..., p. 176.

(93) Krishna, Creating..., p. 88.

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neither (94). When analysis moves from correlation to the investigation of concrete projects, the beneficial effects of social capital are much less evident, and the weaknesses inherent in Putnam's optimistic assumptions about the transitive quality of social capital become apparent. Pargal, Gilligan and Huq show, for example, that associational activity in itself is not a factor, and you have to take into account types of associational activity, public, private etc (95). Gugerty and Kremer suggest less disadvantaged women increased their role at the expense of original group members when a social capital-promoting project was introduced (96). Colletta and Cullen conclude that social capital "can contribute to social cohesion or spur social fragmentation" (97).

This consequence of Putnam's theoretical frailties can even be seen to have become pernicious as his predictions have not been borne out. The results of empirical investigations showing that increasing social capital does not always have beneficial results has convinced some that social capital should become a test for whether a community is deserving of investment or not. Isham and Kähkönen, for example, recommend not investing in community-based projects in villages with low social capital (98). Pargal, Gilligan and Huq conclude much the same—target only areas with high social capital (99), and, indeed, the primary purpose Grootaert and Bastelaer suggest for the Social Capital Assessment Tool is to identify communities where projects are more likely to be a success, since the case for a "mass investment in social capital has not been made" (100), a similar conclusion to Isham's who suggests "no activity at all" might be the correct policy for communities with low social capital (101). Social capital in practice might appear to be fast

(94) See for example Stephen Knack, Social capital, growth and poverty, in Grootaert and Bastelaer eds., *Role*..., pp. 42-82; Ajay Chhibber, Social capital, the state, and development outcomes, in Dasgupta and Serageldin eds., *Social Capital*..., pp. 296-309; and Rafael La Porta *et al*., Trust in large organisations, in Dasgupta and Serageldin eds., *Social Capital*..., pp. 310-321.

(95) Sheoli Pargal, Daniel O' Gilligan and Mainul Huq, Does social capital increase participation in voluntary solid waste management? Evidence from Dhaka, Bangladesh, in Grootaert and Bastelaer eds., *Role*..., p. 204.

(96) Mary Kay Gugerty and Michael Kremer, The impact of development assistance on social capital: evidence from Kenya, in Grootaert and Bastelaer eds., *Role*..., p. 232.

(97) Nat J. Colletta and Michelle L. Cullen, Social capital and social cohesion: case studies from Cambodia and Rwanda, in Grootaert and Bastelaer eds., *Role*..., p. 306.

(98) Jonathan Isham and Satu Kähkönen, How do participation and social capital affect community-based water projects? Evidence from Central Java, Indonesia, in Grootaert and Bastelaer eds., *Role*..., p. 185.

(99) Pargal, Gilligan and Huq, Does social capital..., p. 205.

(100) Christiaan Grootaert and Thierry van Bastelaer, Conclusion: measuring impact and drawing policy implications, in Grootaert and Bastelaer eds., *Role*..., p. 349.

(101) Jonathan Isham, Can investments in social capital improve local development and environmental outcomes? A cost-benefit framework to assess the policy options, in Isham *et al*. eds., *Social Capital*..., p. 172.

becoming a vehicle for bolstering the 'haves' at the expense of the 'have-nots', rather than the 'missing link' in development.

Making Use of Social Capital

What is to be made, then, of social capital, this late addition to the theoretical *oeuvres* of Bourdieu, Becker, Coleman and Putnam? One strong argument, perhaps, is simply this common tardiness of adoption: social capital was developed by all four late in their intellectual careers because they needed it to round off their cases; it plugged a theoretical gap, and it was a gap that needed filling. Not all varieties of social capital are equal, however. Despite the hold that it has over development economists and those who are actual practitioners of social engineering, the 'social fact' approach to social capital has to be rejected. It is built, as has been demonstrated, around weaknesses in Putnam's writings that have never been resolved, particularly relating to the 'dark side' of social capital. As the development literature on the application of social capital discussed above suggests, social capital always has a 'dark side': the very existence of a group with social capital suggests that there are others without it; what benefits some necessarily excludes others. Social capital is not a social fact: it inheres in social relations, as Coleman argues, and it is the nature of those social relations that is important.

But the Becker and Coleman cases are also problematic for sociologists who place primacy on explanation and realism of explanation. The rational choice perspective makes a certain sense for a class of activities closely related to money, but it is a crude approximation for the rest of social activity (102). There is no need for Coleman to introduce 'closure' and the collective sanctions between individuals that it permits to explain how norms to come into force. As he implicitly acknowledges, his approach ignores power (103). A person, institution or belief-system with sufficient power can impose a norm. It is more realistic to treat unequal social and power structures as given, as Becker implicitly accepts when he says that one cannot invest directly in social capital since it is a given of social networks (104). Yet he also argues that you can invest in social capital indirectly by associating with another

(102) The economic approach might predict that richer couples are more likely to stay married, or that no-fault divorce has not increased the divorce rate but, as Becker concedes, it is a weak predictor of increases in the divorce rate. See *Accounting*..., pp. 149-150. When explaining drug addiction, it is most convincing when considering the effects on addiction of the price of drugs, *Accounting*..., p. 82 and p. 86.

(103) Coleman, 'Social capital...', p. 86.

(104) Becker, *Accounting*..., p. 13.

network (105), and this brings into play a further problem for the realism of the rational choice perspective. Social capital may only be a single element, S, in an extended utility function, but there is a very real danger of it becoming prohibitively unwieldy when it is dependent not only on the effects of the choices of the members of a given individual's network, but also of the choices of the members of the network to which s/he aspires (106).

Which leads us back to Bourdieu with his notion of "contacts with influential people'' in a bourgeois society. His refusal to contemplate any other form of society than bourgeois society, and any other form of social capital than links with people who have the economic and cultural capital of a bourgeois society, is a limitation; but it is one that can be ignored. In the context of the second part of this paper indeed it has to be ignored, because it addresses societies which are not (or not yet) bourgeois. A more universal variant of Bourdieu's conception would be simply "contacts with influential people'', with the onus on the social scientist to explain how influence is exerted in the society under consideration. For Bourdieu and the French bourgeoisie, this was easy. For other contexts it might be less straightforward. Yet adequately analysing the context is a crucial task, because social capital in this sense is not a social fact, it is inherently context-specific; it is always historically, geographically and socially grounded. Attention necessarily has to be given to the specificities (which groups have social capital, and how is it exercised); and also to the have-nots. In terms of policy priorities, rather than pumping in social capital to those who already have it, the focus of this approach to social capital is better placed on how to overcome its absence in others, how to compensate for the lack of social capital that the have-nots suffer from.

Adopting a context-specific, non-fungible approach to social capital might be seen to be excluding measurement and quantification, and since this is an article on the uses of social capital, this question cannot be ignored (107). Part of the reason for the success of the "social capital as a social fact'' approach is that it is easy to quantify. As noted above, this can be done "off-the-peg'' by downloading the World Bank's SOCAT measure. "Social capital as a social fact'' can be measured by simply following the recipe. For those more persuaded by the rational choice approach, measurement is similarly straightforward, in principle.

(105) *Loc. cit.*

(106) This is implicit in Becker, *Accounting*..., pp. 12-13.

(107) Dasgupta, however, sees no problem with having no estimate of social capital. See Partha Dasgupta, Economic progress and the idea of social capital, in Dasgupta and Serageldin eds., *Social Capital*..., p. 398.

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It is simply a matter of devising the correct values for the extended utility function, a straightforward piece of algebra, although Becker's account suggests that in practice it quickly becomes unwieldy, being dependent on the rational choices of all individuals in one's own network and all those in the network to which one aspires, a number which could soon run into hundreds.

When what is being measured is not things (social facts or values of utility) but the impact of context-specific relationships, measurement is more problematic, but not unresolvable. Gudeman, in his work on economic anthropology distinguishes between areas of human activity where rational calculus makes sense (the market realm), and others where it is inappropriate (108). The latter is made up of the communal realm, the base, where focus is on what he terms "maintaining the base", the domain where social relationships are communal connections maintained as ends in themselves (109). He further argues that values in all but the market realm are "use values" rather than "exchange values" and, as such, incommensurate (110). But this is to draw the distinction too starkly. It is not rational calculus or nothing, not "economics or anthropology". As every student of statistics knows, there are three measurement scales: nominal, ordinal and interval. Orders of magnitude can be established on an ordinal scale, despite it being impossible to establish degrees of magnitude. This is what sociologists do most of the time, and it is essentially what Gudeman himself describes when considering the different measurement scales used by peasants for different crops intended for different uses. He argues that such scales are incommensurate, yet acknowledges that they "were all units of account for judging quantity", that a "rationing scheme" was in operation, or that "counting" rather "accounting" was taking place (111). Whilst not being units of account, all were nevertheless means of establishing orders of magnitude using ordinal scales; and if orders of magnitude can be established using ordinal scales, so too can priorities, and priorities can guide policy formulation.

Whatever the measure of social capital used, social capital in this sense is context specific, and this raises the question of transferability—how can lessons and priorities in one context be transferred to another. In principle this is not a problem for the rational choice approach, since the extended utility function is generalisable to any

(108) Stephen Gudeman, *The Anthropology of Economy* (Oxford, Blackwell Publishing, 2001).

(109) Gudeman, *Anthropology...*, pp. 5-24. For maintaining the base, p. 10 and pp. 25-51.

(110) Gudeman, *Anthropology...*, pp. 15-16.

(111) Gudeman, *Anthropology...*, pp. 14, 77 and 128.

context, provided the procedures for valuing all of the complex social elements within it are sufficiently sensitive. For the ordinal scale approach to measuring social capital to achieve transferable results, however, a specific tool would have to be developed for comparing social capital between one geographically, historically and socially specific context and the next; some kind of resource-endowment matrix for these specific contexts, one element of which would be social capital. For pragmatic policy-makers, it should be possible to establish priorities and formulate policy by using ordinal scales and comparative matrix tools of this kind.

Using Social Capital in Rural Central and Eastern Europe

Whether or not post-socialist society has been busy creating capitalism or some sort of new social formation that Szelényi has described as "capitalism without capitalists" (and the evidence suggests that it is the former rather than the latter) (112), the importance of social capital to these processes is scarcely surprising. Socialism effectively destroyed economic capital: the means of production were not privately owned, and inequalities of wealth were small by modern standards. In the struggles either to acquire economic capital (or increase power over economic resources not formally owned if the Szelényi picture is adopted), non-economic factors had to come into play; and social capital was one of them. My "social capital ingénue" article referred to above sought to identify the forms of social and cultural capital enjoyed by a certain Mr Slavsky as he converted an agricultural producer co-operative (collective farm) into a private company listed on the Hungarian stock exchange. His cultural capital endowment was primarily the business skills acquired over almost two decades of management experience in Hungary's pseudo-market economy following the introduction in 1968 of the New Economic Mechanism. Skills learned manipulating pseudo-capital in what most economist commentators insist was only ever a pseudo-market proved rather effective when manipulating real capital in a real market. His social capital too was made up of elements from the socialist past. His "contacts with influential people"

(112) See Iván Szelényi *et al.*, *Making Capitalism without Capitalists: the New Ruling Elites in Eastern Europe* (London, Verso, 1998). The section on the "Great Bank Robbery of 1993-96" (pp. 152-58) suggests that real owners of capital are in fact emerging, despite the book's overall thesis to the contrary.

originated in the socialist years, and remained surprisingly current: what was interesting was the way in which this network of contacts from the past grafted itself on to the institutions of the future. The individuals remained the same, and they still had influence which Mr Slavsky could use to his benefit, but they worked now in banks, brokerage firms and management consultants, rather than the Ministry of Finance.

The three examples considered in the remainder of this article illustrate the importance of social capital in post-socialist developments on a much smaller scale. "Contacts with influential people" at this level does not mean the government and the stock exchange, but local authorities, established local businesses and a local (if regionally dispersed) clientele. The first case, from Korcona in western Hungary, is one of a collective farm manager building a successful private farm out of the collective's assets (113). Although a very common scenario was for the former collective farm chairman to take on this role (114), in this case the key figure was not the chairman, but Gyuri. Gyuri, although he had only minimal formal qualifications, had been in charge of the farm's very successful commercial and trading operations since 1978. Over this period he had organised a network of small-scale producers, collective farm members and others from Korcona and beyond, who grew vegetables on a subcontracting basis and sold via the collective. Gyuri was in charge of co-ordinating this production and then selling it on. He thus developed extensive contacts in a variety of markets—the Budapest wholesale market and Budapest wholesalers, canning factories in Paks (their biggest customer with a history stretching back twenty years), Szigetvár and Sopron, and the freezing plant in Györ. His boast was: "I think I can say that everyone in the county knows me". As in the Mr Slavsky case, although not the top man, Gyuri was in many ways the business brains of the collective. He was central to its profitable operation, and the chairman's right-hand man, and there were even suspicions that the two were involved in some murky operations in the later years of the collective's existence. He also developed a private pig-rearing business of his

(113) Some of this material is referred to by Mihály Andor and Tibor Kuczi in Tulajdonosváltás és modernizáció a mezögazdaságban, *Mozgó Világ*, 1, 1997, pp. 83-97 and Halvány körvonalak, A magyar mezögazdaság átalakulása szemmagasságból, *Kritika*, 3, 1997, pp. 19-23.

(114) Our research revealed examples of this scenario in the Czech Republic, Hungary, Poland (in the case of state farms) and Slovakia, although at this time it was more common in Hungary where agricultural structures were transformed more quickly. For case studies of collective farm transformations in a range of Central and Eastern European countries, see the "block" of articles entitled Restructuring Post-Socialist Agriculture, edited by Katalin Kovács in *Replika* (Budapest), Special Issue, 1998, pp. 139-222.

own, and helped his wife run two flower shops, becoming, in the view of some, the wealthiest man in the village.

In 1992 the chairman of the collective farm decided to go it alone and establish his own private farm, and left it to Gyuri to create a corporate farm out of the transformed collective. In circumstances that remain rather opaque, since the co-operative's level of indebtedness was not exceptionally high despite having embarked on a failed tomato-juice processing venture, the collective farm declared itself bankrupt. The chairman claimed that this was the wish of the members and that he had advised against it, but subsequent developments cast some doubt on this version of events. The advantage of bankruptcy to Gyuri and the chairman was threefold: assets could be sold off at auctions which were not so tightly controlled as those prescribed under the collective farm transformation legislation; participation could be restricted to active members rather than all "entitled persons"; and the whole process had to be completed before the transformation process began (when all entitled persons could finally have a say, but when there would be little left to share between them) (115). Most of the co-operative's assets were sold to the company that Gyuri and two colleagues established, and at knock-down prices (less that 50 per cent of some estimates of their value); the bulk of the rest went to the former chairman. Thanks to prior personal borrowing to finance his pig venture, Gyuri had already established a good credit rating with one of the commercial banks, and via this bank he not only got access to a loan, but also to "Reorg Credits", government supported loans at concessionary interest rates aimed at aiding the transformation of agriculture. His business financed the acquisition of most of the equipment by taking over the collective's debt to the county co-operative Mutual Support Fund, paying off half of it immediately, taking out a loan to cover the rest, and then converting that loan quickly into the cheaper Reorg Credit. Like the collective before it, the new company engaged in both farming and commerce. Gyuri's contribution, in addition to his contacts in the world of finance and his insider knowledge on how best to transform a collective, was his established network of customers and suppliers. These contacts not only provided products and secure markets, they even provided working capital: both the Györ's freezing factory and the Paks canning factory gave him advances so that he could pay his producers in cash.

(115) For clarification of who counted as "entitled persons", see Nigel Swain, Agricultural restitution and co-operative transformation in the Czech Republic, Hungary and Slovakia, *Europe-Asia Studies*, 51 (7), 1999, pp. 1199-1219.

The business, then, would scarcely exist without the social capital of Gyuri's socialist era business contacts. The strength of his personal reputation, his "credential", to borrow Bourdieu's term (116), associated with this social capital is reflected in the following anecdote of his.

"It was very interesting. This year the director [of the Paks canning factory] did not want to sign the credit agreement [for cash advances], because they gave him the paper and it was headed with the name of the new company, because, as you know, we had established the new limited liability company. However, the commercial director then pointed out that in fact this company was Gyuri, that is to say me; after that, he signed it immediately."

Gyuri's case was a rather typical one of a success "from above": a former socialist manager using the social capital (contacts with influential people—customers, suppliers, sources of finance) that he had built up during years of employment in the socialist economy to gain a position of advantage in the privatisation (collective farm transformation) process and establish a functioning business to thereby acquire real economic capital. Occupying a position of power and authority within socialist economic structures was not the only source of social capital in the post-socialist transformation, however, as is illustrated by the case of Attila in the eastern Hungarian village of Károlyháza.

Attila, originally from a village 20 or so kilometres away, studied in an agricultural technical school and began his career on a collective farm where he spent a decade or so climbing the ladder so that, by the end of the 1960s, he had become the "number three" on the farm. He then had a "difference of opinion" with the leadership, which resulted in him losing his job and being expelled from the Party. He decided to go private, acquired a tractor (it was permitted to own a 25 horse power tractor at that time) and a mechanical saw, and he gradually built up a woodworking and later carpentry business, employing on occasion five and more people. In 1977 he moved to Károlyháza because he was attracted by a house available there which had extensive outbuildings and a large plot of land. His relations with the local authorities were eased after he did work on the local party secretary's house. In 1983 he decided to move in a different direction and established, with others, a "specialist group" (117) to fatten chickens (using the renovated out-buildings on his plot) and then sell them on contract to a nearby collective farm. He made sufficient money over seven years from chicken fattening (and pig

(116) See footnote 31 above.

(117) The specialist group (szakcsoport) was one of a number of legal innovations introduced in 1982. See Nigel Swain, *Hungary: The Rise and Fall of Feasible Socialism* (London, Verso, 1992, pp. 175-83).

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fattening on the side—120 per year) to amass a useful amount of capital; meanwhile he gave up carpentry after a complicated roofing job went sour. But by the early 1990s, as the system changed, so too did market conditions. The massive increase in oil prices which accompanied the "change of system'' made it much more difficult to rear chickens profitably, and their only customer, the collective farm, was beginning to have problems with the abattoir to which it sold because the latter was dependent on exporting to the Soviet market which was drying up. Attila decided to change tack again and set up a chicken slaughtering venture of his own, one that would not be dependent on exports but cater rather for the domestic market where conditions were better.

The story so far appears to be that of someone with little social capital beyond tolerably good links with local party structures. But is was nevertheless social capital, built up over two decades of operating at the interface between the socialist and the informal economy, that proved central to what became a success "from below''. At both the supply end and the marketing end, Attila relied on his socialist era social capital. All the key chicken fatteners (40-50 in all) had been involved in Attila's former specialist group, while the companies from whom he acquired the day-old chicks and his feed had all dealt with the collective farm to which he used to sell his chickens. And these links were now his links, because Attila had had the sense to take into his business the collective farm employee whose job it had been to maintain them. "The old links transferred themselves over here.'' Market outlets did not emerge quite so easily from the socialist past, but longstanding friendships and acquaintanceships were central to establishing markets for both the high quality products such as chicken breasts, and the low quality products such as chicken pieces for dog food.

Socialist era social capital was also important in obtaining staff. In particular, Attila knew of a person who lived in his home village with just the skills that he needed because he worked for a small, private slaughterhouse specialising in ducks. Attila succeeded in recruiting him, and he brought with him a small army (22 in all) of friends and relatives. Getting good quality staff was important, of course, but just getting numbers was essential too because Attila had arranged 7 million forints worth of funding which was dependent on creating 30 new jobs, and this group brought his complement up to over 30. Other funding came from a 16 million-forint loan from a commercial bank. Attila had few contacts in the world of finance, but an acquaintance introduced him to a department head in one of the major commercial banks who was sufficiently impressed by the thoroughness of his business plan to provide a loan.

The business was a dramatic success. In early 1993 it employed approximately 40 people, but by the end of the year this had doubled to 80, and had increased to 110 by 1995. Although, and of course partly because, most of the chicken abattoirs in the region had gone bankrupt, Attila's business proved competitive thanks to his meticulous planning and the high level of through-put he achieved. Central to this success "from below", which almost by definition means without gaining access to former socialist assets, was also "contacts with influential people" in key business sectors, but at this level influence was very much context-specific, and influence in relation to finance was rather weak.

The previous two cases illustrate the importance of social capital to success in post-socialist class formation struggles, both "from above" and "from below". It was suggested earlier that, from a policy perspective, the appropriate focus is not social capital itself, but making up for the missing social capital of the "have-nots". A final case, someone with virtually no social capital from the socialist era, illustrates how this might be achieved. In 1983 Bertalan had moved himself and his family out of his village of Kissikonda in north east Hungary into a block of flats in the nearby town of Ózd. Both he and his wife worked in the town, he was a foreman at the steel mill and she was a section head in the post office, and they thought that town life would be better for their children's education. But they had never accustomed themselves to it, and spent all of their summers back in the village with their parents. Their decision to move back to the village and build themselves a house there coincided with the collapse of socialist heavy industry in Hungary, from which Ózd suffered especially badly. By the end of 1992 unemployment in the town had reached three times the national average.

Bertalan decided in May 1992, after five months at home on 80 per cent salary, to jump before he was pushed, and he tried to set up a business. His first idea was to set himself up as an "entrepreneur" in the trade that he knew, metal working. But it came to nothing. He had a small workshop, and a friend had the necessary tools, but this was true of almost every former Ózd employee. There was no demand. Bertalan next thought about working in Germany as many other villagers did, but decided that he did not want to be away from his family. Meanwhile a rather distant, but long-standing family friend, a former lawyer on the collective farm where Bertalan's brother had worked as a driver, had established a small business development organisation, partly with the help of PHARE money, to help ease the employment problems in Ózd and the surrounding area. This family friend (later a successful politician) was the only socialist era social capital that Bertalan enjoyed (beyond the fact perhaps that he was related to the village mayor by marriage), and he sowed the seeds of a business plan in Bertalan's mind. He reminded him that a very good baker lived in Kissikonda, but commuted to work in Ózd. If the prospects of Bertalan ever working in his own trade again were nil, perhaps he could go into partnership with the baker and create a local bakery, something that the Kissikonda lacked because it had long ago become a dormitory village—the vast majority of the population had worked in Ózd and done the bulk of their shopping there too. Bertalan, who had attended occasional business development talks before out of interest, mulled the idea over, became convinced by it, came to an agreement with the baker, and sought out the family friend for further advice. He suggested attending a series of business development courses, which Bertalan did, all the time planning and setting up his business. The bakery flourished and was employing seven people two years later with a regional rather than merely local presence, thanks in part to the collapse of his main competitor, the formerly state-owned Ózd Bread Factory.

Bertalan is the only person in the 36 villages covered by our research to have benefited from any sort of externally promoted aid programme. His comments on the business development course that he attended are particularly instructive, because they suggest a way in which initiatives of this kind can compensate for missing social capital. He was grateful for the business skills that he learned, the expertise necessary to become an entrepreneur. But more important was the fact that he met many experienced business and business-related people (bankers, tax advisors, accountants) who helped run the course. These all said, "don't hesitate to contact me if you have questions"; and Bertalan took them at their word. He also became acquainted with numerous embryonic entrepreneurs in a situation similar to himself, some of whom later became business partners (60 per cent of those on the course went on to establish their own businesses). The course acted as a genuine "incubator" of businesses not just because it increased his human capital by giving him new business skills, although it did this too, but also because it substituted for missing social capital; and it did so in two ways. First, it provided embryonic social capital in the form of contacts with potential customers, suppliers and financiers: fellow students on the course and the experts who taught them. Second, in terms of finance at least, it provided the functional equivalent of social capital in the form of knowledge about how to access funds, especially "soft" funds. Bertalan came away from his course with knowledge about job-creation grants, the government's "soft" "Start" credit scheme, and ways of funding his own salary while the business was being established. The policy message from this example, then, is that business development programmes should go beyond teaching human capital skills to fostering both embryonic social capital and its functional equivalent particularly in relation to access to information about finance.

Conclusion

This review of social capital and its uses suggests that the concept has developed a reputation well above its standing, to judge from the number of academic articles with "social capital" in the title. It is not a sociological mega-concept (it was a late addition to the works of all theorists discussed here), and certainly not the "missing link" in development economics. It is also a potentially dangerous concept in that, when used in the Putnam "social fact" sense, it is intrinsically blind to social capital's "dark side", which can result in perverse policy formulation. There may well be a very general sense in which communities with lots of civic associations are more tolerant, more pluralistic and even more democratic than those without them, if only because of the greater choice they offer. But to move from this to promoting a policy of supporting community groups and interactions of all kinds indiscriminately because this is social capital and a good thing in its own right is fraught with problems. You cannot tell the "dark side" from the "light", and you cannot tell the weak from the strong. Even if you do not end up supporting the "dark", the chances are that the relatively strong will be far better placed to benefit than the relatively weak; indeed some of the practical applications of the Putnam approach, as we have seen, have acknowledged this and appear to prefer to "wager on the strong", presumably for the longer term benefit of all.

If the "social capital as social fact" approach of Putnam is rejected, context becomes everything. It is not just a question of adding a political dimension, as Fine and Harriss suggest, but of understanding social relations in their complexity, including a political dimension, so that it is clear where the "dark side" is, who the weak are, and who the strong are. In this sense, Bourdieu's "contacts with influential people" has potential. For Bourdieu, the context was clear: the French bourgeoisie in the second half of the twentieth century. For any other society, such as rural

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society in Central and Easter Europe post-1989, this context has to be specified. And it is in specifying this context, and analysing an individual's position within it, that the concept of social capital can be of use. It designates phenomena of a social nature, contacts and relationships, that can be capitalised by some, but not others, for their private profit. It is not just contacts, but contacts with influential people which have the potential of repaying. The capital analogy does not have to be forced any further than this: the ability to capitalise warrants "social capital" rather than merely "social contacts". The crucial point is that "social capital" in this sense can be a useful, work-a-day concept in social analysis which helps identify the weak, the strong and the "dark". It helps isolate attributes of social advantage which individuals in concrete contexts enjoy.

Social capital in this geographically, historically and socially specific sense raises problems of measurement, and policy-makers need to be able to measure. But problems of measurement are not unique to this approach, as we have seen. The methodological individualism of the rational choice perspective, whilst in principle permitting easy measurement, is based on unrealistic assumptions about human behaviour and quickly becomes unwieldy, including the rational choices of perhaps hundreds of individuals, as the Becker example suggests. The context-specific approach can never tell us what quantum of social capital produces what quantum of good social policy, but this is an unrealistic expectation. It does, however, allow orders of magnitude to be established, which makes comparison possible, and this permits the formulation of priorities and therefore policies.

But from the point of view of policy formation, social capital as "contacts with influential people" has an entirely different focus from "social capital as social fact". It is not focused on pumping up the level of social capital within a community, but on devising ways in which those who do not have social capital, the weak, can acquire it. It requires characterising the forms of social capital that operate in geographically, historically and socially specific contexts, identifying the weak "have-nots", and working out how to compensate them for what they lack. The challenge for policy-makers if they want to use social capital as an analytical tool in this sense is to focus on those poorly endowed with social capital, like Bertalan in the final example above, and maximise the ways in which they can, by themselves or in collaboration with others, develop embryonic forms, and the functional equivalents of, the 'contacts with influential people' that they lack.