



BUILDING SOCIAL CAPITAL FOR SOCIAL DEVELOPMENT: EMERGING TRENDS IN SOCIAL DEVELOPMENT DEBATES IN THE ERA OF GLOBALISATION

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Abstract

Globalisation and social capital are two closely related elements in the current social development debates. This paper focuses on the relationship between globalisation, social development and social capital in a newly emerging/emerged development paradigm. It discusses the changing dimensions of the concept of development and the linkage between social development and social capital in the new global context of fast spreading neo-liberal developmental strategy in the developing countries. This also examines the origin, development and relevance/applicability of the concept of social capital in the post liberalisation social development strategy of developing countries. While discussing the major theoretical positions on globalisation, development/social development and the paradigm of social capital/community based development; the paper develops a critical understanding on the dynamics and dimensions of neo-liberal globalisation and issues of social development.

Key Words: *Globalisation, Social Development, Social Capital, Developmental Intermediaries, Post Washington Consensus, Community Driven Development.*

Introduction

The term/concept 'social capital' refers to the institutions, relationships and norms and networks that shape the quality and quantity of societies' social interactions and make possible collective action. It refers to a networked ties of goodwill, mutual support, shared language, shared norms, social trust, and a sense of mutual obligation from which people can obtain certain values (Wulf 2003). The concept has its root in the debates of early twentieth century and its status has been fixed as the key theme in the development package of World Bank in the last decade of 20th century (World Bank 1998). The model based on social capital became dominant in the development debates by late 1990s. This was projected as a novel tool - a people centred state supported - for social development in which development intermediaries like NGOs also play a key role. It is important to mention that the same proponents of market economy and neo-liberal globalisation - World Bank and IMF - were the promoters of this model.

Globalisation and social capital are two closely related elements in the current social development debates. The concepts are interrelated because most of the definitions on social capital highlight the role of government, market and the individual in maximising social development/welfare within the globalisation paradigm. In relation to the new social development strategies, the projects of social capital, participatory development and the extensive participation of non-state actors have got much attraction in the developing countries. What is special with this new way of looking at development in the late 1990s is that, it has given more emphasis to the non-economic dimensions of development like governance, education, and enhancement of social and human capital (Sayyid 2002: 16).

Social capital, the new strategy proposed to address the social development issues of developing societies, sums up the dominant neo-liberal agenda of the reduction of state power and a corresponding increase in the responsibilities of the society and non-state actors. At the same time, it is also meant to develop an alternative not only to state, but to market also since both of these agencies have miserably failed to address the severe social crisis developed in the third world states in the post liberalisation period.

It is important to note that neo-liberal economic institutions have been playing a major role in the rapid spread of ideas like social capital, participatory development and the role of non-state actors and NGOs in the socio-economic development, especially in the developing countries. In this connection, the empowerment of civil society and the active role of a variety of local civil and social organisations were projected as the alternative to the 'unresponsive' state by the prophets of market economy. Even foreign NGOs have taken a major role in shaping the public policy in the context of states' seeking more partners to share its responsibilities in social sector under the new agenda. Many civil society organisations were set up in the form of professional syndicates, workers' syndicates and co-operatives and peoples' collectives to take up this strategy.

Social Capital: A Conceptual Overview

Although the concept social capital had appeared in academic debates much earlier, discussions on it have picked up in the last two decades. The term was first developed in political science and sociology as a critique of the narrow analytic



perspective on economic activities which is inherent in the neoclassical school of macro-economic thinking (Bourdieu 1986; Granovetter 1985; Uzzi 1997). Later, the term got much public attention through the writings of Putnam (1993 & 2000), who has launched social capital as a central theme of research and policy discussions related to social development.

Other notable contributions in the development of the concept have come from scholars like Jane Jacobs (1961) - in relation to urban life and neighbourliness; Pierre Bourdieu (1986) - with regard to social theory, and James S. Coleman (1988) - in connection with the debates on social context of education. Bourdieu defined it as 'the structures and processes that facilitate the power and privilege' (1986: 242-3). According to Bourdieu, social capital is '(the) aggregate of actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationship of mutual acquaintance and recognition' (Bourdieu 1986: 248). Coleman emphasized on rational action and relations among individuals and Putman focused on social organisation and the functions of democracy in their analysis of social capital. He picked up this concept in the development debates and projected it as an inherent element that determines the structure of relations between and among people and their collectives (Coleman 1988: 98). While Hanifan (1916) emphasized on the importance of committee involvement in education, Schultz (1961) emphasized on the attributes of human beings such as education, job, skills and health that he considered social capital.

Schultz used the term human capital which is generally studied in relation to economic outcomes whereas social capital is explicitly discussed in relation to political terms such as democracy and participation in public affairs (Smith and Kulynych 2002: 154). Almond and Verba (1989) highlighted associational involvement and its impact on citizen's political behaviours and attitudes. Associational involvement is important because it shapes political behaviour and attitudes and contributes to the development of a citizen's civic skills and democratic values, and thus overall development of the society (Morales and Diez 2002: 499). Burt (1992) understands social capital as "friends, colleagues, and more general contacts through which you receive opportunities to use your financial and human capital". While differing in the scope, both of them emphasize the close relations between social capital and human capital.

Robert Putnam has prompted wider discussions of social capital after the publication of the book *Making Democracy Work: Civic Traditions in Modern Italy* in 1993. Here, Putnam (1993; 2000; 2002) equates social capital with civic engagement and emphasised social capital as a key component in building and maintaining democracy. Further, he considers social capital as a set of properties of a social entity and opined that social capital refers the features of social organisation (e.g. norms, level of trust, or social networks) that enables combined activities and cooperation for mutual benefit (Putnam 1995:67; 2000: 19). For Lin it is 'Investment in social relations with expected returns in the market place' (2001: 19). Eva Cox emphasised in her Boyer lecture series which has generated extensive discussions on social capital: "Social capital refers to the processes between people which establish networks, norms, social trust and facilitate co-ordination and co-operation for mutual benefit (Cox 1995a:15). Precisely, the link between social capital and socio-economic development has reflected in the writings of the scholars who engaged in the debates.

Bourdieu (1986) perceives the Marxist conception of social capital as an explicit form of capital and has to be studied in relation to economic and cultural forms of capital. These relationships play a role in the reproduction of classes and investment in membership in a prestigious club builds a sort of social capital, which might be converted into economic capital. For Bourdieu, social capital is not an element of society as a whole, but it is an aspect of the differentiation of classes: that is, an instrument of power¹. In short, like all forms of capital, social capital is also accumulated labour. Bourdieu (1986) had also made useful distinction between the three forms of capital: economic capital, cultural capital and social capital².

According to the communitarian tradition (Etzioni 1993; 1995; Putnam 1993; 2000) it is the community structures, not individual or organization, act and provides the key frame of reference because social capital is community-centred. Communities in turn are seen as voluntary social units that encourage harmonic development of organizations and society as a whole³. The perspective highlights the idea that 'we know what we know through our relationships with others in the

¹ Network means that everyone is connected with everyone in the group. Bordieu has highlighted this in the book *Theorising Social Capital* (1986).

² For him, Economic capital is the command over economic resources (cash, assets) whereas social capital contains resources based on group membership, relationships, networks of influence and support. Cultural capital is the forms of knowledge, skill, education, or any other advantage a person possess which gives him higher status in the society, including high expectations (Bourdieu 1986: 248).

³ Here the concept community was studied not just from an 'objective' sociological viewpoint but also to offer the society with a normative, organizational means for revitalizing democracy.



community' (Etzioni 1993). This perspective overshadows topics like power issues, class struggles and conflict which are but important concerns in the Marxist tradition of Bourdieu (Wulf 2003).

Major Terms and Variables in Social Capital Debates

'Bonding', 'bridging' and 'linking' of social capital are the three important terms overwhelmingly used in social capital debates⁴. 'Bonding' describes connection between closer people. It represents the kind of strong bond among family members or members of the same ethnic group. The problem with bonding in connection with social development is that, it reinforces exclusive identities and creates homogenous groups since it is an inward looking event. The term 'bridging' in social capital debates describes the connection between more distant people. Unlike bonding, bridging is outward looking which covers people across diverse social cleavages. It is characterised by a weaker, but more cross-cutting tie⁵. Bridging social capital among communities or with members of other communities can mobilise more financing and better services from the state and through opening new opportunities for poor people, it help communities to achieve economic growth. 'Linking' social capital describes connections with people in positions of power and is characterised by relations between those within a hierarchy where there are differing levels of power. It is different from bonding and bridging since it is concerned with relations between people who are not on an equal footing (Portes 1998).

It is now commonly accepted that globalisation has expanded the possibilities of more bonding, bridging and linking of people in different places and communities. The most advanced debates on social capital highlights the stockpile of active connections among people such as the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible. Thus it is parallel to globalisation process since both reflect the same as far as people's interaction is concerned. This manifests through the relationships between people, their networks and contacts. In brief, it is argued that where social capital is high, there is little crime and little need for formal policing: where there is a low level of trust and social norms, people will cooperate or engage in joint action only under formal rules and regulations. These have to be negotiated, agreed to, litigated and enforced and sometimes coercive means leading to expensive legal contract costs (Fukuyama 1995).

Major Variables of Social Capital

A brief discussion of the major variables of social capital is essential to explore the dynamics of the term as well as its potential in social development in the developing countries. Major variables in the social capital debates are⁶,

1. Participation in Networks

Networks are central to the concept of social capital and are defined as the personal relationships which get accumulated when people interact with each other in families, workplaces, neighbourhoods, local associations and a range of informal and formal meeting places. A social network is a social structure made of nodes, which are generally individuals or organizations. It indicates the ways in which they are connected through various social familiarities ranging from informal contact to close familial bonds.

The proponents of the term believe that, a sense of belonging and the experience of social networks can bring great benefits to people. Hanifan, one of the pioneering social scientists, has used the term to highlight the role of rural school community centres to illustrate 'those concrete substances [that] count for most in the daily lives of people' (Hanifan 1916: 130). Bourdieu has given a more contextual analysis of the term, "(the) network of relationship is the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships which are directly usable in the short or long term" (Bourdieu 1986: 249).

Social networks activate at many levels - from families up to the level of nations and play a crucial role in solving problems. Social networking also refers to a category of internet applications that connect friends, business partners, or other individuals together using a variety of tools⁷.

2. Trust

Trust has got much attention than any other variable in social capital debates. Trust is an instantiated set of informal values or norms that is shared among members of a group that permits them to cooperate with one another. According to Inglehart (1997: 188), social capital is a 'culture of trust and tolerance' in which extensive networks of voluntary associations is

⁴ See Social capital in www.web.worldbank.org/scapital/

⁵ That is bridging with business associates, acquaintances, friends from different ethnic groups, friends of friends, etc.

⁶ See Social capital in www.web.worldbank.org/scapital/

⁷ These applications, known as online social networks are becoming increasingly popular in the current human interactions.



involved. Even the concept social capital has been defined as ‘a culture⁸ of ‘trust and tolerance’ in which extensive networks of voluntary associations is formed and functioning.

Fukuyama defined trust as “the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of that community. What is important in his analysis is that he has projected it as an ‘informal value’ which is significant in social capital (Fukuyama 1995: 26). It emphasised on the norm that if members of a group expect that others will behave reliably and honestly, then they would come to trust one another. For Cox (1995b), “(accumulated) social trust allows groups and organisations, and even nations, to develop the tolerance sometimes needed to deal with conflicts and differing interests....”

Trust decays in the absence of interaction and at times this decay begins to manifest itself in serious social problems. The concept of social capital contends that building or rebuilding community and trust requires face-to-face encounters (Beem 1999: 20). In nutshell, though many writers have defined trust in different ways, all such discussions emphasised on the importance of trust in the ‘social capital based strategy for social development’.

3. Social Norms

Theorists defined social norms as a form of informal social control that removes the need for more formal, institutionalised legal sanctions. Social norms are generally unwritten but have a commonly understood formula which decides the patterns of behaviour expected in a given social context. Further, social norms describe what forms of behaviour are valued or socially approved.

4. Reciprocity⁹

Social capital does not entail the immediate and formally accounted exchange of the legal or business contract, but a combination of short term self-sacrifice and long term self interest (Taylor 1982). The individual provides a service to others, or acts for the benefit of others at a personal cost. They do this in the general expectation that this kindness will be returned at some undefined time in the future. It is observed that in a community where reciprocity is strong, people care for each others’ interests. The regular interaction cultivates norms of reciprocity through which actors become more willing to assist one another.

5. The Commons

The combined effect of trust, networks, norms and reciprocity creates a strong community with shared ownership over resources known as ‘the commons’. The idea is popularised recently by environmentalists/eco-centrists and green political theorists (Ostrom 1996). It is assumed that as long as the community is strong, it removes the problem of the opportunist who would use the community resource without contributing to it. The commons refers to the creation of a pooled community resource, owned by no-one but used by all. They warn that the short term self interest of each, if unchecked, would render the common resource overused, and in the long run it would be destroyed.

There are increasing evidences to show that the value of a common property resource depends on the level of interaction between people. Only a society which has strong ethos of trust, mutuality can put effective informal social sanctions against “free-riders” and keep up the commons indefinitely for the mutual advantage of all (Putnam 1993). This is significant in the social development debates of third world since common property resource management demands cooperation with a view to ensure the sustainability of resources for the benefit of all community members, now and then.

6. Pro-Activity

Implicit in several of the variables above, pro-activity is a sense of personal and collective effectiveness. As the discussions highlight, the development of social capital requires the active and willing engagement of citizens. This is quite different from the delivery of services, though those are unquestionably significant. In this sense, social capital refers to people as creators, not as victims (Bullen and Onix 1999).

In short, social capital is a natural complement of physical and human capital (Quibria 2003: 27). Here physical capital (also called economic capital) refers to physical objects including properties of individuals and the growth of it is measured on the basis of growth of income. Human capital is studied with/used in relation to explicitly political ones such as democracy and

⁸ Here culture is understood as a system of attitudes, values and knowledge, widely shared within a society and transmitted from generation to generation.

⁹ It reflects a situation in which two people or countries etc. provide the same help or advantages to each other.



participation in public affairs (Smith and Kulynych 2002: 154). When social capital refers associations among individuals, human capital is generally studied in relation to economic outcomes.

Social Capital and Changing Dimensions of Social Development Debates

As we have already seen, the concept of social capital has been developed through the writings of many social scientists and each emphasised on different aspects of the concept¹⁰. However, in the era of neoliberal globalisation, the global institutions like World Bank and IMF popularised the term by proposing the concept 'social capital' central at their development strategy to achieve sustainable development or the balance between social welfare, economic development and conservation of natural resources in the global level. They emphasized on building/strengthening social capital as a mechanism to address the issues of social development such as unemployment, poverty and marginalisation of weaker sections. In connection with the ongoing debates in development, the concept of social capital emphasizes on certain features of social organization such as networks, norms and social trust that facilitate coordination and cooperation among people and within societies for mutual benefit. In other words, it is the aggregate of actual or potential resources, which are linked to ownership of a durable network of relatively institutionalized relationship, mutual association and recognition. It is the key concept for analysing social networks (Wulf 2003).

Peoples' participation in socio-political arena through village committees and development associations to promote social development has utmost importance in the whole debate. Precisely, the alternative models of social development emerged in the new context are largely concentrated in social capital building. The World Development Reports – 1999/2000 and 2000/2001 have given special emphasis to social capital (World Bank 2001: 128). The WDR 2000/2001 emphasises on the importance of the building of social institutions in the creation of social capital. It emphasizes on the bonding, bridging and linking of social capital through connecting family members, neighbours and local organizations and linking them with formal organisations in a society.

According to World Bank,

Social capital refers the networks and relationships that both encourage trust and reciprocity and shape the quality and quantity of societies' social interactions. The level of social capital has a significant impact on a range of development processes. For example, in education, teachers are more committed, students achieve higher test scores and school facilities are better used in committees where parents and citizens take an action interest in children's educational well-being. In health services, doctors and nurses are more likely to show up for work and to perform their duties alternatively where their actions are supported and monitored by citizen groups (World Bank 2000: 6).

As far as applying this concept in the wider context of development like rural development, World Bank observes:

In rural development, villages with higher social capital see greater use of credit and agrochemicals and more village level cooperation in constructing roads. Social capital serves as an insurance mechanism for the poor who are unable to access market based alternatives. It is therefore important to facilitate the creation of new networks in situations where old ones are disintegrating (World Bank 2000: 6).

In totality, the social capital debates emphasise on the greater participation of people in socio-political arena through village committees and development associations and on local-rural development through effective resource mobilisation and the creation of new employment opportunities. In this connection, theorists have begun to see social capital as a focal point for organisational maintenance and development (Fine 2001). Of late, the concept has also been incorporated into the field of organisational learning and knowledge management where it is used in the discussions regarding technology supported communities¹¹.

Civil Society and Community in Social Development

The role of civil society in social development is a major discourse in the era of neo-liberalism. This term civil society has appeared frequently along with social capital in the social development debates facilitated by World Bank IMF and other such organisations. The replacement of state from its social responsibilities would be compensated by the intervention of civil society organisations, according to its proponents. In this context, civil society refers to the arena of unforced collective action around shared interests, purposes and values. Social capital is considered as the raw material of civil society. According to Eva Cox (1995b: 17), "social capital should be the pre-eminent and most valued form of any capital as it

¹⁰ Hanifan (1916), Eva Cox (1995), Schultz (1961), Coleman (1988), Putnam (1993; 1995; 2000) Bourdieu (1972; 1986) etc.

¹¹ For example, thousands of online communities exist in the World Wide Web through which people interact regularly, all over the world.



provides the basis on which we build a truly civil society. Without a social base, one cannot be fully human. Social capital is as vital as language for human society”.

The major components in civil society are the actors such as registered charities organisations, non-governmental organisations engaged in developmental activities, community groups, women’s organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and academia and support groups.¹² Social development/ welfare of people and society have been identified as one of the most important objectives of social capital - civil society interface.

The proponents of social capital argue that community driven approach is significant in development debates since it strengthens the capacity of rural people to organize for development. In fact, the CDD activate on the principles of local empowerment, participatory governance, demand-responsiveness, administrative autonomy, greater downward accountability and enhanced local capacity. Thus it is ‘the glue’ that holds them together for developmental activities (Cohen and Prusak 2001). People in the community can recognize that economic growth is not an essential component in building community framework for social action. Community Driven Development treats poor people and their institutions as resources and collaborators in the search for sustainable solutions to developmental issues. Thus they can look for alternatives even to the current powerful economic ideology of neo-liberalism in social development. Like Community, family also play an important role in the generation of social capital since this is the first unit in the production of social capital. Family dynamics persuade reciprocity and exchange, which contribute to social capital generation¹³.

Globalisation, Development and Social Capital: The New Paradigm

As we see, with the intensification of globalisation of trade and commercial activities, the discussions on the non-economic (that is social) dimensions of development like governance, education, and enhancement of human capital and social capital has also got considerable attention from the institutions and scholars engaged in development debates (Sayyid 2002). Even the World Bank, the most aggressive agent of neo-liberal economic agenda, at times talk about the need of putting people first and fostering self reliance simultaneous to the restructuring of economy (World Bank 1995; 1998). This is a mechanism introduced to fill the vacuum created by the departure of states from their social responsibilities. As the study highlights, these two processes - globalisation and social capital generation - are the products of neoliberalism and therefore mutually supportive.

Social capital is the product of the search for a more effective strategy to address the challenges of globalisation in the social arena. Such a philosophy has spread in connection with liberalisation especially in the late 1990s that social development is equal to and an integral part of economic development (*National Conference on Social Development*, Cairo: 2000). The fulfilment of the basic needs of people, achieving fair distribution of wealth gained as a result of economic growth, development of human resources and expanding the scope of options before the people with emphasis on social justice, equal opportunities and eradication of poverty and illiteracy has been accepted globally as the basic tenets of social development.

The social impact of globalisation created a demand for substitute strategies in social welfare/development and consequently led to the popularisation of the concept of social capital. The debates generated by Post Washington Consensus very much popularised the idea of social capital by late 1990s and the ‘social’ in it actually represents the non-market responses to market imperfections. This represents a fundamental shift in the development debates - initiated by World Bank - from Washington Consensus to Post Washington Consensus. The significance of social capital here is that the term has a significant impact on development and state debate in the context of globalisation. The debates on the pros and cons of social capital are one or other way related to state, development and globalisation. However, as part of the new wave, the agenda of neo-liberalism reduced the role of state in the developing/Third World countries to a less active agent in social development. Consequently, development itself has become a process in which various other actors such as private capital, civil society, international donors and NGOs are involved/play a crucial role.

The current studies underline the critical role of social capital in economic prosperity and social development of any society. According to the proponents, it helps groups to perform many crucial development tasks effectively and efficiently.

¹² These are the elements identified by Centre for Civil Society, London School of Economics. From this, one can easily recognise the link between civil society and social capital.

¹³ Like family ties, kinship ties may also serve as vital in welfare and economic development see for details (Sanders and Nee 1996).



Development and growth specialists are uncovering the importance of social unity for development to be sustainable¹⁴. As it is evident, social capital has got its momentum in almost all social development debates, despite strong criticism based on social development experiences of many developing states.

The social dimensions have got much attention in the development debates in the third world states since late 1990s.

In fact, the social development model projected by the proponents of the Washington Consensus under neo-liberalism was a market based development approach. By the end of 1990s, this model was extensively criticised due to the intensification of social crisis in the states which implemented liberalisation policies. The critics of Washington Consensus proposed new strategy for social development in the context of severe social crisis produced under liberalisation (Williamson 1990; 2000). This persuaded the international institutions like World Bank and IMF to go for a new programme - a new people oriented strategy - for social development. This has led to the popularisation of the concept social capital in the social development of developing states. Emphasis on the importance of the relationship between market and non-market activities and to correct imperfections in the market based strategy were the major concerns of those who emphasised on social capital.

By late 20th century, the developing countries realized the serious problems related to distribution as well as the socio-political consequences of an ever-increasing social inequality in the developing States, the outcome of new policies. This contradiction in development is fundamentally related to the inherent inability of the market to ensure a comparatively reasonable and equitable distributional system. As a socio-economic impact of the new measures, people are forced to move to informal economy. In fact, their role in the formal economy has become very limited and the majority of the poor were simply 'removed' from mainstream economic activities. One of the most important aspects of this kind of liberalisation is the decreasing potential of those marginalised sections to dissent against various State policies. Though people can mobilise themselves, mostly the States succeed in creating a duty/responsibility consciousness among them that ultimately weaken all such moves. People are becoming easily governable since they simply accept that they are bound to obey the rules framed by State (Sabry 2002).

The concept of social capital cannot be separated from neo-liberal agenda of globalisation since it obviously contributes to the reduction of state power and a parallel increase in the responsibilities of society itself. Social capital is different from other measures of neo-liberalism because, it rejects the argument of market driven development. Moreover, it is proposed as the mechanism supposed to fill the vacuum being formed by the withdrawal of state from social sector. Apart from that, social capital legitimises the role of state and its institutions in social development to a limited extent. The important point is that though the debates accept the limitations of market in essence, it hardly proposes any fundamental change in the market system and mode of operation. However, the major criticism to the concept that it is complementary to the neo-liberal agenda prevails since it is also instrumental to reduce the role of state. In addition to this, many highlighted the anti-political effects of social capital (Harris 2001: 120).

Grass root organisations gained much attention in the neo-liberal development debates as a viable alternative to state power. Even foreign Non Governmental Organisations have taken a major role in this context in shaping the public policy where states are seeking more partners to share their responsibilities in the social sector. Many so called civil society organisations were started in the form of professional and workers syndicates and co-operatives at the national level and promoted joint participation in development. On the other hand, the expanding role and spread of the activities of International Non-Governmental Organisations (INGOs) and social movements have strengthened a global civil society that always intervened in issues across the borders. The intensification of human migration has changed the character of societies from mono-cultural to multi-cultural. This has obvious impact in the exercise of state power over the citizen and there was significant change in the exercise of state power in the present context.

The rapid proliferation of NGOs puts forward a novel, but tiresome, idea of privatisation of development. The problem with them was that they were not capable to address the fundamental issues related to development - the issue of distributional inequality - in most of the developing countries. Instead, it further expanded social inequality by limiting the role of state in the social distribution of resources. By highlighting on legal and political equality, they surpassed social and economic equality (Glavanis 2002: 466). What is more serious is that, these groups/institutions, which are influenced by neo-liberal ideas, could not respond to the social requirements and ground realities of most of the developing societies effectively. What

¹⁴ A useful paper which summarises much of the academic debate about defining social capital is Ian Winter's "Major themes and debates in the social capital literature: The Australian connection" in Social Capital and Public Policy in Australia (Australian Institute of Family Studies 2000).



we see here is that, the proposed resolution to the problem is not resolving the problems in effect; rather it complicated the real issues.

Social Capital Based Development Model: A Critique

Though social capital has attracted much attention in the development debates during the era of globalisation, many scholars criticized the concept, especially its ineffectiveness in tackling the fundamental issues of social development in the developing countries (Harris 2001). They raised serious reservations on the feasibility of social capital as an alternative to state as well as its capacity to reduce the negative impacts created by market forces in social sector.

There are criticisms that the empirical literature on social capital seems to be particularly weighed down by many problems such as vague definition of concepts, inadequately measured data, lack of suitable exchangeability conditions, and lack of information necessary to make identification claims credible (Durlauf 2002: 474). The concept of social capital itself is highly problematic in the social context of developing countries in general, since their pattern of social development is totally different from the West. The development of associational life has been pointed out as a major element that can make a significant difference by encouraging people to be part of the different communities and share their experiences. But what is emphatically cleared is that people are blocked from freely interacting with other communities and where society shows the tendencies of a more closed society.

Politicisation of society has utmost significance in the context of third World. For Harris (2001), social capital based development is purely a technocratic process having no political content and therefore the socio-political processes of change facilitated by such measures are totally apolitical in its nature. Membership in social networks and voluntary associations and other such gatherings is contributed to a systematic depoliticisation of development. In the view of Fukuyama (1999), since all economic activity is carried out by organizations - not by individuals – it requires a high degree of social cooperation. However, one should consider the reality in developing countries where organisations and groups in which membership are limited through different ways: the result is the permanent elimination of some sections from the mainstream of society. In short, this argument upholds that by depoliticising the issue of development, social capital ultimately stand against the movements that work for progressive socio-political and economic change in such societies (Harris 2001).

As it is evident, social capital is essentially an outcome of the neo-liberal policies. Even then, the concept of social capital meant to develop an alternative not only to state, but also to market since both of these agencies have miserably failed to address the severe social crisis faced by the developing countries. In many countries, the market economy experiment had failed to address this issue. This failure remains a major hurdle of any effective social development in such states. Though the new agencies and experiments shared the responsibility of state to a large extent, it was far less effective than that of the state agencies. This remains a major obstacle to social development in the developing states.

Proliferation of NGOs in social development is another major change that occurred in the context of globalisation. They have taken over the responsibilities, which the states used to perform in the social sector. A major trend visible in the functioning of NGOs is that, they succeed in mobilising huge resources but fail to ensure its effective utilisation. This is primarily because the functional specialisation does prevent them from developing a comprehensive and integrated approach in social development, which is essential to address the severe social crisis faced by most of the states. What we see is that though these NGOs have succeeded in mobilising resources, they miserably failed in carrying out concrete social development projects that would benefit the poor and the needy.

One major limitation of the programme identified is that, it is the external parties – largely the agents of international capital – designs and directs the programme. The real subjects of the new development model – that is the poor in the developing countries - have never been taken into confidence in the whole process of formulation of policies or the decision-making process of this ‘participatory’ programme. Here, the participation of the subject is limited only on the ground and mostly as beneficiaries.

The new programmes introduced for social development and other welfare measures were not sufficient to compensate the old programmes as well as the gradual withdrawal of state from social sector. The new rules in investment and trade facilitation have limited the possibilities of more private investment in these sectors. The investment made by private sector in the social sector of the country was not beneficial to the poor since those were primarily profit making enterprises. The reduction of subsidies (though not eliminated) made it more complicated and put more pressure over the ultra poor.



Conclusion

The social capital seized a major share of the contemporary debates on social. Social capital gradually replaced the neo-liberal paradigm of the 1990s in which the role of market highlighted and the social content of development was neglected. Such a strategy produced heavy social costs especially in the backward States. The World Bank and IMF, who are apparently the promoters of liberalisation, promptly realised that their policies and programmes have actually deteriorated the social condition of the poor in the developing countries. Therefore, the concept of social capital was popularized by them as a viable alternative to the state and as a complementary to the market in the social sector.

The participation of the poor in the developing world is limited as a beneficiary, where the total programme is directed from 'above' by the agents of international capital. The 'peoples networks and local organisations' which are supposed to improve the socio-economic conditions of the poor and a major element in social capital were also heedless of the ground realities of developing societies. The inherent structural limitations and entrenched contradictions within the society and high regional and economic disparities and class contradictions in the developing countries have created a situation in which the interface between different stake-holders such as workers, local governments, NGOs and the capitalists is dysfunctional.

The role of social capital in social development needs to be understood from the experiences of developing countries. The basic assumption was that interaction enables people to build communities, to commit themselves to each other, and to bind the social framework. The advocates of social capital argue that social capital allows citizens to resolve their common problems more easily and they often perform better off if they can develop mutual cooperation. The major limitation of this neo-liberal theoretical understanding is that, it overlooks the complex social system predominant in the developing world even after the intensification of capitalist liberalisation policies at one side. Extreme diversity and complex power relations remain as barriers of cooperation among individuals and groups in such societies and it complicates the social crisis by deepening inequality in the distribution of resources.

To contextualise civil society in the Third World is very significant in this regard. As per the neo-liberal dictum, a strong and vibrant civil society is essential to mediate between state and market which is lacking in most of the developing states. Though a limited level of civil society formation has already taken place, it does not hold enough potential to contribute to an inclusive social development of the people in these nations, contrary to what the prophets of new development model have envisioned.

The introduction of measures like social capital in developing countries is essentially an outcome of the recognition of the inability of market to address the social development issues which further deteriorated by the ascendancy of neo-liberal policies in the developing world. As it is evident, such measures also failed to tackle the crisis as they operate principally according to the logic of market (Ghosh and Chandrasekhar 2002). This is more significant because hardly any effort has been made to control the ever expanding role of market forces, even in the midst of its overall negative social impacts.

The new measures like social capital are essentially the outcome of the apprehension of the inherent inability of market to address the social crisis created by neo-liberal policies. It is more of the failure of the market than the failure of the state to support social development in the developing countries that such new measures are popularised by international institutions like the World Bank and the IMF. The aspect that gets particular attention here is that social capital is projected as an alternative not only to state, but to market also since both have miserably failed in addressing the severe social crisis developed in the developing countries, especially in the post liberalisation period. What we see in the final estimate is that, though the new agencies and experiments shared the responsibility of state in social development, it was far less effective than the state agencies.

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