

IMPACT OF SOCIAL CAPITAL ON THE DEVELOPMENT OF DEMOCRACY

Review article

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Abstract:

This paper introduces the concept of social capital as a valuable social resource which is accumulated and developed via activities of civil society organizations: through reciprocal relationships as well as through relations with the domain of political power. Civil society, as the institutional actor of political participation, is in a relationship with social capital, which, to a great extent, improves the political, economic and cultural aspects of societies – those with consolidated democracy and institutions, as well as post communist societies with nonconsolidated democracy. Strengthening and development of civil society has a positive impact on the strengthening and development of social capital and vice versa. On the other hand, social capital lays a solid foundation and a base for the growth and strengthening of civil society, thus raising citizens' awareness about political participation which is an indispensable ingredient of the development of democracy. By depicting norms, networking and trust, as well as by distinguishing bonding from bridging social capital, this paper is going to portray the subject matter of social capital which is "utilized" by the citizens' and stakeholders' efficient collaboration, thus contributing to democratic development. The stability of developed social capital facilitates the development of political participation and enhances democratic development.

Keywords: *social capital, political participation, bridging social capital, trust, civil society.*

INTRODUCTION

In the old days, Alexis de Tocqueville claimed that voluntary citizens' associations have a major importance for the development of democracy; hence the key point of

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the development of democracy is to enlarge and develop social capital through the citizen's participation in different civil organizations. "Social capital, even though deeply rooted in intellectual tradition, both in Tocquevillian and Weberian as well as in Post-Marxist and Neo-Functionalist (including the modern theories of rational choice), has become a kind of intellectual fashion only at the end of the last century." (Stojiljković, 2010, p. 77). Social capital assumed importance in the works of Pierre Bourdieu, James Coleman and especially of Robert Putnam, who as a "Neo-Tocquevillian" attached great significance to social capital in the creation of political and democratic stability.

Pierre Bourdieu distinguishes four types of capital: economic, cultural, social and symbolic. Possession of capital helps a person improve their interests and assume control over their destiny, but also the control over other people's destiny. Therefore, economic capital is directly related to the possession of money. Cultural capital has different levels of knowledge; social capital consists of different relations and networks among people; symbolic capital is a result of a person's reputation and prestige. (Ricer, 2012, p. 286). Bourdieu sees social life as a site of struggle over different types of capital to establish the position of individuals in social structure. A dominant social class, supported by cultural capital, imposes cultural values and norms on the rest of the society, which internalizes them. In this way, a dominant social class reproduces social inequalities which spread to future generations. Possession of social capital is facilitated by assuming a dominant social position. Individuals who are connected through networking have the opportunity to advance; in such way they have the advantage over other individuals, which helps them reproduce their dominant positions through cultural capital. As can be seen, Bourdieu assigns social capital a negative role, considering the fact that, from a neo-Marxist position, it helps to produce social inequality.

Unlike Bourdieu, James Coleman assigns social capital in a neutral position: people can benefit from it, but they can also be put in a bad position. Coleman recognizes three types of capital: "physical capital (capacity of developed tools and production), human capital (capacity of developed knowledge and individual's ability), and social capital (capacity of individual's inclusion in social networks). All three types, especially the social capital, are characterized by the fact that they contribute to individual's success, because individuals draw benefits from them." (Stojiljković, 2010, p. 80).

Robert Putnam defines social capital as a set of features of social organization, such as trust, norms and networks which can improve the society's efficiency by facilitating joint actions. (Putnam, 2003). Putnam defines social capital from the premise that in every society there are formal and informal links of interaction. Social capital is placed in the centre of these relations. Strengths or weaknesses of the social capital are drawn from the strengths of formal and informal links.

ELEMENTS AND IMPORTANCE OF SOCIAL CAPITAL

Norms as the constitutive element of social capital imply reciprocal relationship between people, based on reciprocity and assumption that what we give will be returned in the future. Putnam defines two kinds of mutual norms: "balanced" (specific) and "general" (diffusive) (Putnam, 2003, p. 184). Balanced mutual norms appear to be less relevant and based on the short-lived exchange of services. General norms are far more im-

portant for the development of social capital; those norms mean continuous unbalanced exchange between individuals which is based on the reciprocity and assumption that what we give today will be returned in the future. This is how a long-term trust among citizens is built. This trust has no aim to please current equal aspirations related to a specific moment in time. In the long term, general norms of reciprocity produce greater benefit and act more productively on the social capital. “Communities in which this norm is obeyed, can fight against the opportunism more efficiently and settle issues of collective acting.” (Putnam, 2003, p. 184). The efficiency of mutual norms is positively tied to the organizations of civil society, enabling them to collaborate and bring closer their interests and goals.

The second element of social capital are the networks of civic and political associations, where more important are networks of civil associations (or horizontal network) encompassing equal rights, statuses and powers against political associations which are exclusively hierarchical, i.e. vertical, domineered by unequal distribution of power which has a negative impact on the development of social capital. Therefore, social capital is rooted in social networks and relations and planned as a powerful resource in social structure, used purposefully for various citizens’ needs and interests.

Considering the fact that the social capital is perceived as a usable resource, Nan Lin asserts three components of social capital: structure (embeddedness), opportunity (accessibility through social networks), and action (use) (Lin, 2004, p. 41). The importance of social capital is that, depending on its usage depends its strength, therefore the level of the development of civil society. Consequently, social capital and civil society are employed and developed through political participation. Social capital and civil society have the power to test political power and to contribute to democratic consolidation.

The firmness of the dense network of citizens’ associations gives them a better chance for reciprocal collaboration. According to Putnam, benefits gained from reciprocal networks are:

- Networks of the citizens’ engagement strengthen the firm bonds of reciprocity. Citizens who interact within many social settings can efficiently develop norms of acceptable behavior and transfer their mutual expectations onto each other.
- Networks of citizens’ engagement facilitate communication and improve the flow of information about trustworthiness of individuals. Therefore, the better the communication the greater the trust facilitating easier collaboration.
- Networks of citizens’ engagement present the embodiment of the past success of the collaboration that can serve as a culture-defined cause for future collaboration. (Putnam, 2003, p. 185–186).

The third and the most relevant element of social capital is the trust which is built as a natural consequence of the two named elements. Where norms are based on reciprocity and connected with horizontal networks of civil society, mutual trust is accumulated. Reciprocal trust is crucial for facilitating collaboration and actions leading to the achievement of reciprocal interests and goals. “Free riders” very often appear in such settings. “Free riders” don’t want to take part in reciprocal actions, but are committed to

taking full advantage of the common good. The appearance of “free riders” develops particularism and severs reciprocal relations among individuals in society. Putnam asserts that, in such situation, the state cannot act as a neutral arbiter in resolving peoples’ disputes. Namely, for the sake of the stability of society, the best solution is the existence of reciprocal relations founded on collaboration and trust. “The level of development and type of social capital are the final answer to the question why some communities have developed capacities of democratic institutions capable of resolving social problems, and others haven’t?” (Stojiljković, 2010, p. 82).

Francis Fukuyama attaches great importance to trust; therefore, Fukuyama maintains that social capital is “the ability that occurs amongst groups from the prevalence of trust and other shared values” (Fukuyama, 1997, p. 35). According to Fukuyama, social capital is not owned by individuals, but exclusively by the community and its actors such as family, cultural community and nations. Social capital, namely norms of reciprocal trust, is developed on the basis of cultural mechanisms such as “religion, tradition and history-based customs.” (Fukuyama, 1997, p. 36). Based on these values, trust is initially built in families where people are taught about the values that are expected to be embraced by other members of society. Then, social trust is transferred to the entire economic development of the political community, thus implying that a high level of trust “increases the economic efficiency of society, simultaneously decreasing transactional costs.” (Stojiljković, 2011, p. 162). The lack of confidence and collaboration among people spur a never-ending dispute that can only be regulated by contractual relations or court litigations, which, on the other side, comes at a price because they constantly increase costs and expenses of common people. Hence, social trust reflects positively on economic progress, and consequently on the efficient functioning of democracy.

The efficiency of political institutions and, generally, the level of democratic development of society greatly depend on social-cultural factors such as solidarity, reciprocal trust, and tolerance, political and non-political participation. Putnam gives priority to social-cultural factors over social-economic factors which are for him the GDP.

Social capital which is placed in different social networks and associations of civil society affirming political participation, affects the democratic development of society in two ways: “external” impact on a state community and “internal” impact on an individual. (Putnam, 2008, p. 443). Organizations of civil society enable citizens to articulate their interests and goals and present them to the authorities. When citizens are members of the organizations of civil society and when they actively participate in their work, their voices are multiplied and strengthened and automatically “put on the agenda”. Accordingly, Putnam quotes Amy Gutmann: “Without the approach to associations which are willing to and capable of standing up for our viewpoints and values, we have a highly limited possibility to be heard by other people, or to make an impact on the political processes unless we are rich and famous.” (Putnam, 2008, p. 444). Also, democratic public forums enable citizens to address the issues of common interest. This is how public virtues are promoted, which are crucial for the improvement of democratic social capacities. “Facilitation” of social capital as a product of political participation assists the building of reciprocal solidarity and social cohesion.

“Looking from the inside out”, civil society organizations educate their members about solidarity, common spirit and practical examples of participation in public life. They also act preventively because “they don’t allow an individual to become a victim to

the extremists whose target groups are isolated individuals that don't belong to any group." (Putnam, 2008, p. 444).

Social capital founded in participative democracy bears many positive effects in the development of society. Firstly, it facilitates and assists citizens to address their common issues easier. Their civil engagement makes them more credible and efficient against state institutions. Moreover, social capital assists citizens to build greater reciprocal trust in their interrelations, enabling them to develop tolerance and empathy. "Networks as a part of social capital serve as conductors of useful information which help us achieve our goals." (Stojiljković, 2011, p. 162).

DEVELOPMENT OF DEMOCRACY THROUGH BUILDING SOCIAL CAPITAL

The first step in building social democracy is the process of social identification, where individuals are grouped in different types of social and political identities such as "professional, gender, generation, family, local-regional, national, confessional or political (ideological) or partisan identity." (Stojiljković, 2010, p. 83).

The second step in building social capital is the inclusion of individuals as different identity actors into formal and informal networks and channels. Networking enables citizens to achieve their individual and common goals. Metaphorically speaking, "economic capital is built on individuals' bank accounts; human capital is built in individuals' heads; and social capital is built in the structures of individuals' interrelations. If an individual wishes to use social capital, they have to be connected with other people." (Šalaj, 2005, p. 206).

Formal networks are observed as an institutionalized form of mutual civil interactions through different associations varying from political parties to different civil society organizations. Building social capital through formal networks can be developed through horizontal and vertical connection. Horizontal networks of civil connectivity that promote political equality are far more important than vertical networks which promote unequal distribution of power and resources that often have negative effects on social capital. Vertical networks, no matter how relevant they might be, cannot maintain social trust. "Vertical flow of information are often less reliable than horizontal ones, partly because a subordinate provides information as an insurance against exploitation." (Putnam, 2003, p. 186). Civil engagement networks, especially horizontal networks, assist citizens in addressing the issue of "collective actions" or "free riders", because the more horizontal organizations are, the stronger and more efficient will be the institutions of society.

Informal networks consist of "contacts with family, neighborhood, colleagues and friends who belong to the same or different generation, status, national or confessional groups. Conversely, formal networks are made of membership and active participation in political parties, civil society organizations, in a wide scope from political parties, unions, church councils to sports, environmental protection and self-help groups. As a rule, simultaneous participation in several organizations adds to network interconnection and increases social capital." (Stojiljković, 2010, p. 84). It is important to underline that mere nominal membership in several associations or organizations isn't enough for the enlargement of social capital. A citizen can be a member of several organizations,

without being active in any of them. This is why social capital is productive; it bears fruits only when citizens are active in their organizations and associations.

Building social capital through participation in formal and informal networks affects democratic development in two ways: firstly, social capital assists in creating democracy in a non-democratic state or in a state which is half-way between authoritative and liberal-democratic regime; secondly, social capital supports maintenance and development of the existing democracy. In the first case, connectivity networks reduce the possibility of state force and repression; they set the arena for the grouping of anti-regime opposition. In the other case, networks affect creation of compromises, tolerance and political participation as a compelling prerequisite for democratic consolidation. (Paxton, 2002, p. 257).

Strong formal networks are a good incentive for the dissemination of information about the dissatisfaction with the political regime. But, in order to achieve the efficiency of the “anti-regime discourse”, it is necessary to transpose broadly accumulated dissatisfaction from the private into the social arena, namely, into the public. At this transition point emerges a difference between bridging and bonding capital, which will be discussed in further text. The accumulated dissatisfaction should wield (and is wielding) its instrumental power and approval from formal horizontal citizens’ networks which serve as creators of public opinion and anti-regime discourse.

Formal and informal networks of social capital may coexist, but they are not necessarily complementary to each other. When formal networks decrease, informal networks instantaneously strengthen and gain importance. Even though informal networks may be important, albeit more useful than formal networks, however, they can promote the negative side of social capital such as group closure, particularism and social atomism. Reliance on informal networks can undermine the trust in formal networks and promote clientelism and corruption, that is, usage of public goods for the benefit of private interests. “Social capital can be focused on negative, antisocial goals, like any other type of capital (...) therefore it is important to raise the issue of how positive consequences of social capital can be maximized, and negative occurrences minimized.” (Šalaj, 2009, p. 20).

Based on the two previous steps in building social capital, what follows is the building of trust, which is crucial for the development of social capital. Depending on the social-cultural aspect of society, trust can be narrowly defined as trust among members of a group of people who are closely connected – such as relatives, friends and members of different national, ethnic or class groups. On the other side, trust in society can be viewed as trust among different actors and groups who generally trust people they are not familiar with. For the development of social capital, the latter is more significant because it surpasses the particularity of a group and opens possibilities for a wider cohesion which results in increase of social stability and cohesion.

One of the main characteristics of social capital is that it is a form of a “public good”. Its constitutive elements – norms, networks and trust – are available to every citizen. A public good is more productive and contributory to the development of democracy when it is used actively; rather than being unexploited. In other words, in contrast to the physical capital which disappears when used intensively, social capital develops and reproduces more when used intensively. Likewise, social capital, unlike physical capital, is not a private property. “As an attribute of social structure in which a person is embedded,

social capital is not a private property of any of the persons who produce it". (Putnam 2003, p. 182).

DIFFERENT TYPES OF SOCIAL CAPITAL

Putnam asserts that, depending on the form of trust in society, there are two types of social capital: "bonding and bridging" (Putnam, 2008). Bonding social capital refers to groups that are bonded by joined membership, like ethnical, national, class, religious or other; bonding capital bonds individuals and groups that are mutually different. Both types of social capital are very important, but for political participation and democratic consolidation, the most crucial is the bridging capital. Social networks based on bridging social capital are extremely inclusive, which means that they favour participation of different social groups and create widespread trust that is crucial for political participation. This is how, by facilitating bridging social capital, social gaps are bridged and reduced to a great extent.

While bridging social capital aims for social inclusion, bonding social capital aims for social exclusivity. It is important for the solidarity and loyalty of individuals who are members of the same group, but nothing else. It forms closed social groups that are not interested in bonding with other social groups and are often hostile to them. Paradigmatic example of societies with bonding social capital are societies of the former Yugoslavia; and especially Bosnia-Herzegovina society where social capital is formed along national lines, therefore only bonding capital is important, not bridging social capital.

The difference between bonding and bridging social capital in the context of connection between social capital and civic society tells us that social capital is far wider notion than civic society. Apart from the fact that these two notions are similar and in positive correlation with each other, it is necessary to underline that there are minor differences that cannot be ignored, but which should not disrupt the harmony between them. Therefore, as Mark Howard asserts: "even though the membership and participation in voluntary associations are included in definitions of civil society and social capital, networks and activities of KKK, mafia and other malevolent and anti-democratic organizations excluded from civic society *nevertheless* count as social capital (...) Finally, civic society is generally observed as behavioral and institutional notion, but social capital stresses the amorphous norms or values of reciprocal trust". (Hauard, 2008, p. 58–59).

Therefore, for the development of political participation and civic society in the context of democratic consolidation, the effect of bridging social capital is more important because it is based on trust in the other and because it doesn't contain a potential anti-democratic charge. While bonding social capital is linked to the private sphere, bridging capital is related to the public sphere, within which competition and struggle over different interests and resources unfold. Political participation is also a manifestation form of social capital comprising of "citizens' activities in (un)formal forms of engagement in civic and political campaigns and eternally entrenched forms of civic and political participation." (Stojiljković, 2011, p. 167). Strong and developed bridging social capital, based on the reciprocal trust and widespread network of different organizations of civic society lays a solid foundation for the promotion of Barber's concept of "strong

democracy”, or, in this case, of consolidated democracy, which greatly deviates from the minimal definition of liberal democracy such as the example of Dahl’s polyarchy.

State authorities and their institutions can make a great contribution to the shaping and formation of social capital. The level of trust which people harbor for institutional power can directly transfer into social trust. In doing so, institutions should perform their tasks in line with Weber’s concept of bureaucracy. This might seem too optimistic and like wishful thinking, but administrative institutions are in direct contact with the citizens serving them, as opposed to the representative institutions which are not easily accessible.

If administrative institutions, such as the police and public administration, were efficient in their work, they would become promoters of general social trust. Laws would apply to all citizens and would not favour the privileged. The way to improve legal and political equality is by enabling citizens to interact with trust, instead of having only one group or class continuously producing social inequality with the help of corrupted state apparatus.

Apart from bonding and bridging social capital, Michael Woolcock introduces the notion of “institutional social capital (linking social capital)” (Woolcock, 2001)² which he defines as “behavioral norms and networks of reciprocal trust among people who interact through open, formal and institutionalized levels of power or authorities in society.” (Ignjatović, 2011, p. 61). As opposed to bonding and bridging capital, which have a horizontal dimension in reciprocal relations, institutional social capital has an exclusively vertical dimension which refers to the access to institutions such as banks, insurance companies and courts.

Even though social capital refers to economic organizations and offers possibilities for the poor to access them, it can also refer to institutional power. This is how institutional social capital represents a group of valuable resources within state institutions and offers a possibility of their openness to the social environment. Their strength is measured against the citizens’ and civil association’s abilities to approach them and to benefit from the resources owned by institutions, which is directly related to the collaboration and benefits of the wide social environment. Bonding and bridging social capital develop trust and reciprocal benefit among citizens or civic organizations, whilst institutional social capital develops reciprocal benefit among citizens or civic organizations and authorities; it is about vertically structured relations. The level of citizens’ trust in political institutions depends on the strength of institutional social capital.

Woolcock asserts that institutional social capital is more important than bonding and bridging capital; but, he also emphasizes that only one type of social capital is not enough for efficient social functioning and that the best results are achieved by combining different types of social capital. The importance of social capital doesn’t mean that it has no downsides, like corruption or clientelism. Hence, inefficiency of institutions creates social and political distrust.

As an additional argument in favour of social capital is Mark Warren’s claim that the state policy can affect the development of civil society and therefore social capital. Above all, the state guarantees the freedom of speech and association with the constitu-

² To gain a better understanding of linking social capital and bonding social capital, because both of them can be translated as bonding social capital, the term linking social capital is used as institutional social capital, in accordance with the source: Suzana Ignjatović, *Socijalni kapital – od akademskih rasprava do javne politike*, Institut društvenih nauka, Beograd, 2011.

tion and laws, and protects civil society from the emergence of anti-democratic associations. Also, the state facilitates the activities of civil society organizations with funds and tax deductions. (Stojiljković, 2010, p. 90).

Social capital is a solid foundation and a basis which contributes to the growth and strengthening of civil society thus raising awareness of political participation that is necessary for democratic development. The trust in institutions cannot be built without firm reciprocal trust and reciprocity norms. Social capital is relevant because it affects the nurturing of civic virtues which are crucial to social stability, cohesion and interaction. Likewise, social capital, especially bridging capital, contributes to social inclusion. We can claim that “social exclusion and social capital are two sides of a coin, whereas one side is good and another is bad (...) because social capital is the only means in the fight against social exclusion and discrimination.” (Šalaj, 2005, p. 207). Apart from the effect on social-cultural context, social capital can directly affect economic growth; it can also transfer into physical or material capital whereas it is common knowledge that democracy cannot function without certain level of economic growth. Strong social capital can affect development of political participation in the following ways:

- “Interpersonal trust and reciprocity norms as constituent parts of social capital can transform into attitudes of general social trust.
- Social capital may positively affect political participation by raising trust in democratic institutions; it may also affect transformational process of interpersonal trust in institutional trust.
- Social capital can increase political participation by strengthening social norms of participation in the network.
- Social capital may affect voting by stimulating the flow of political information within the network” (Stojanović, 2010, p. 120).

Putnam maintains that civic engagement is important for the sake of supply and demand of public administration. When it comes to demand, the citizens who are active within their organizations in the public sphere can expect and have more efficient institutions. A society without a developed notion about civic participation, nurturing a servile political culture, cannot expect efficient political and administrative institutions. Such citizens assume the role of the “alienated and cynical supplicants.” (Putnam, 2003, p. 194).

On the supply’s side, the efficiency of political institutions is supported by a developed infrastructure of civil society and norms of reciprocity and trust within, namely “the government with gentle hands works more efficiently when there is social capital” (Putnam, 2008, p. 455).

CONCLUSION

Political participation accumulates and develops social capital as an important resource in social structure which is dedicated to facilitation of different needs and interests of citizens. Development of social capital builds norms of reciprocity and interchange, formal and informal citizens’ networks, and finally, citizens’ trust in each other.

From the point of democratic development, the greatest impact lies in formal networks of citizens’ mutual interchange contained in bridging social capital. Based on

the bonds and trust among different social groups, bridging social capital facilitates and enables citizens to easily address common issues and realize their interests, and become more credible and efficient against state institutions. Better trust and bondage among civic networks create greater trust in state institutions, which is why political institutions are more efficient because they are supported by the developed infrastructure of civil society. Therefore, political participation through developed social capital affects the development of political, social, economic and cultural aspects of society.

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