

# SOCIAL CAPITAL AND POLITICS: FROM LOSING TRUST IN INSTITUTIONS TO CREATING A WELLBEING SOCIETY

*Review article*

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## **Abstract:**

*Social capital is an important factor in the society's economic, political, and societal development. Societies/communities high in social capital are well organized and they gain their interest or profit through interest groups, and organized and well-networked communities are deemed to be a very effective mechanism for controlling powers. This proves that social capital, as one of the most significant factors, contributes to the stability of society, its economic prosperity, and political efficiency. From the standpoint of affirmation, it is the path that almost certainly leads to a prosperous society. On the other hand, societies low in social capital have less developmental opportunities, which may to a significant extent affect the functionality of the community at large. The concept of social capital comprises three main components: trust, networks, and norms. Political effectiveness of the society can be measured through social trust, and political efficiency is a necessary condition of high levels of social trust in the community. Contemporary societies are characterized by an increasing atomization of individuals, having an impact on citizen participation in civil and political processes, and consequently on the levels of trust in institutions. This paper attempts to determine the relation between social capital and politics, in other words, to identifying some of the leading causes of the loss of institutional trust. It discusses the importance of social policy regarding social capital within the framework of the public policy of society, and the measures that strengthen the well-being of society.*

**Keywords:** *social capital, politics, trust, institutions, participation, public policy, wellbeing society.*

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## INTRODUCTION

The origin of the concept of social capital can be traced back to the eighteenth century. However, it was not until the late twentieth and early twenty-first centuries that the concept of social capital attracted considerable scholarly attention. Social capital was not only a subject of scientific discussion, but also had a significant place in the field of development strategy in various areas, political programs, and media analyzes, where it is defined as one of the key factors in the social, political and economic development of society, and it may have substantial influence on the neutralization of the social atomization of individuals. However, despite the popularization and widespread use of the concept of social capital, there is still much disagreement surrounding its definition. The lack of a precise definition obstructs the incorporation of this concept into social science disciplines which have different approaches to social capital, though each of these approaches contributes to the concept.

Although social capital as a concept has been variously defined in different disciplines, the conceptualization of social capital in sociology, economics, and political science is regarded as the most important. Thus, social capital integrates the functions of social development, state administration, and markets into one framework. Sociology views social capital as a social resource that promotes, or obstructs, the access of individuals to economic, natural, social, and other resources. Political science defines social capital as a public good that should improve the efficiency of community and is focused on the relationship between groups and institutions. Concerning social capital in economics, the focus is placed on a private good that an individual may use to achieve a profit. It may be said that social capital particularly manifests itself in economics because ties, contacts, acquaintances, and trust are closely related to achieving success and a profit. Bearing in mind the most common meanings that social capital has in sociology, political science, and economics, it may be concluded that this concept allows individuals to network with other people for the purpose of joint actions that enable both the individual and the community to progress through the conversion of social capital into economic profit.

According to Putnam, social capital is characterized by three components – networks, norms, and trust that may considerably improve the efficiency of society by facilitating coordinated action. Putnam placed substantial importance on trust, believing that “Trustworthiness lubricates cooperation. The greater the level of trust within a community, the greater the likelihood of cooperation, and cooperation itself breeds trust. The steady accumulation of social capital is a crucial part of the story behind the virtuous circles of civic Italy” (Putnam, 2003, p. 183). This leads to the conclusion that building social capital is the key to success and progress. In his research, Putnam also concludes that “building social capital will not be easy, but it is the key to making democracy work” (Putnam 2003, p. 197). Social capital is a resource that individuals may use in a political context if they actively participate in the community. On the other hand, the absence of political engagement means that a society is low in social capital and that individuals are becoming increasingly isolated and atomized.

## *Social capital as an important resource for the progress of society*

Theorist who may be regarded as pioneers of social capital theory are John Stuart Mill, Alexis De Tocqueville, Ferdinand Tönnies, Karl Marx and Emil Durkheim, while the economic origins of social capital can be traced back to Max Weber and Adam Smith's theories. However, Robert Putnam, Pierre Bourdieu, James Coleman, Francis Fukuyama, Mark Granovetter, Nan Lin, Alejandro Portes are most credited for the popularization of political discourse on social capital. Robert Putnam is one of the scholars who conducted substantial research into social capital. Putnam defines social capital as social networks, norms, and trust that enable participants to act together more effectively to pursue shared goals and objectives. "While physical capital refers to physical objects, and human capital to the characteristics of individuals, social capital emphasizes connection among individuals – social network and the norms of reciprocity and trustworthiness that arise from them. In this respect, social capital is closely related to what someone called a "civic virtue". The difference lies in that 'social capital' indicates that a civic virtue is the strongest when it forms part of a dense network of reciprocal social relations. A society which has many virtuous but isolated individuals is not necessarily high in social capital (Putnam, 2008, pp. 21-22). Putnam indicates that communication and cooperation gradually transform personal trust into general social trust, because joining together, formally or informally, develops people's capacity to show solidarity and to cooperate.

According to James Coleman, social capital is inherent in the social structure and actors may use it in accordance with the interests and goals they want to pursue. Social capital is "not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure" (Coleman, 1990, p. 302). Interestingly, Coleman notes that social capital in internal use is likely to be the most effective. Namely, Coleman argues that network closure is a necessary condition for social capital to function, because only a certain degree of exclusivity ensures an adequate flow of information and the sharing of values and norms. First, a complete theoretical consideration of social capital is found in Bourdieu. The key terms of Bourdieu's sociological theory include social field, capital and habitus, and the essential issue Bourdieu addresses is how to think politics without thinking politically. This signifies Bourdieu's call to make a certain step forward in relation to the traditional approaches that place politics into analytical frameworks, preventing it from associating with the general theory of society. Bourdieu established the existence of correspondence between the positions occupied by people in the space of social relations and their ability to have a political opinion, to recognize political questions and give political answers to them (Bourdieu, 2013).

Francis Fukuyama views social capital in terms of existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them. Fukuyama believes that the success of civil society depends on people's "habits, customs and morals, that is, from things that can be formed only indirectly, through conscious political action, and which can only be cultivated through raising awareness and respect for culture" (Fukuyama 1997, p. 14). Fukuyama believes that norms can be adopted rationally or irrationally. Nan Lin, along with Mark Granovetter, belongs to the so-called "network theorists" who have made a significant contribution to

the development of the concept of social capital. Lin defines social capital as interest-based networking of actors. He thinks that actors are networking and interconnecting, which enables them to derive benefit both for themselves and for the community they live in as easily as possible, be it economic, political, cultural, or social benefit. Nan Lin views social capital as “investing in social relations with the goal of gaining a return benefit” (Lin, 2001, p. 19). Thus, this reciprocal relationship is exceptionally important regarding social capital – individuals invest in social relations, and in return they derive a benefit for themselves and for their community.

Mark Granovetter places emphasis on social ties which ought to ensure social capital. Social ties may play a particularly important role in critical times such as natural disasters, wars, or a transition period through which a society passes. Granovetter is best known for his work in social network theory, particularly his theory on the spread of information in social networks known as “the strength of weak ties.” Granovetter’s main argument for this theory was based on the view that most of our “strong” ties know the people we do, and therefore have the same information we do and which are available to us. On the other hand, our “weak” ties allow access to people who are not close to us and with whom we do not keep in special contact, thus providing us new information which opens up new possibilities for us.

Thus, in certain situations, our acquaintances become more valuable to us than our friends or relatives. “Our acquaintances (weak ties) are less likely to be socially involved with one another than our close friends (strong ties). In other words, the set of people consisting of an individual and her or his acquaintances comprises a low-density network (one in which many of the possible relational lines are absent), whereas the set consisting of the same individual and her or his close friends will be densely knit (one in which many of the possible lines are present)” (Granovetter, 1983, 201-202). Hence, the conclusions drawn appear to be straightforward – our friends move in the same circles as we do, meaning the information they have are the same or similar to those we have. On the other hand, our acquaintances know people we probably do not know, thus having access to information that we do not have.

Alejandro Portes defines social capital as a feature of the social structure, as the networking and dynamics of relationships among community members, which is characterized by widespread mutual trust, joint action, and respect for shared norms. Portes believes that social capital is reflected in the form of trust, solidarity and a long-lasting cooperation of those people with whom entrepreneurs have social relations. Thus, owing to social capital, entrepreneurs enhance their business resources and cooperative initiatives. Portes believes that the creation of social capital is a long and complex process. “There is no universal formula for establishing social relations that could be used in development” (Portes, Mooney, 2002, p. 326).

In spite of the multi-century development of the concept, which has been demonstrated by pointing to the most important theories and theorists who dealt with what we now call social capital, there is still no comprehensive definition of this concept and there has been an ongoing discussion even among those theorists that address this issue. What can be generally concluded from this brief review of the development of the concept of social capital is that almost all scholars use this term in a very similar way. First, social capital indicates that interpersonal relations are highly significant for community devel-

opment. Secondly, it is these good relationships and networking that allow individuals to improve their quality of life. Lastly, social capital is ultimately an expression of personal and/or social trust that enables cooperation, resulting in individual or collective benefits. However, social networking is often subjected to criticism because people usually choose relationships with other persons who have similar characteristics with them, which leads to the homogenization of such groups and the protection of particular interests.

### *Why is political participation in decline?*

Social capital and politics are correlated. Social capital is based on interpersonal relationships, while political participation focuses on attitudes towards political institutions. “Politicians often say openly that social capital is an omnipotent instrument for reforming various areas of the current political agenda.” (Ignjatović, 2011, p. 109). Essentially, social capital denotes the potential benefit that individuals can achieve if they engage in different networks and actively participate in the community. Political socialization is the driving factor for effective democracy and citizen participation, implying that preparing citizens to participate in politics is planned and organized. If the apolitical mindedness prevails in the community, it indicates the indifference of individuals or groups to participate in political events.

It is believed that social capital has experienced its full application in the framework of comparative politics owing to Putnam who has proven a correlative relationship between social capital and the efficiency of democracy for which the main parameter is citizen participation. In his landmark book *Making Democracy Work*, Putnam introduced social capital to politics and attempted to determine how formal institutions influence the practice of politics and government. Putnam’s study demonstrated that effective democracy depends on social development and economic wellbeing. “There is nothing more obvious, even to a regular observer, than the fact that effective democracy is temporally and spatially closely linked to socio-economic modernity” (Putnam, 2003, p. 15). He stressed that civic engagement networks are an important form of social capital, because “the denser such networks in a community, it is more likely that its citizens will be able to cooperate for the mutual benefit” (Putnam, 2003: 185).

In his subsequent study *Bowling Alone*, Putnam is concerned with the problems of democracy in the United States. Putnam found that the success of democracy depends on social capital and that it may have implications for modern America. Putnam was particularly concerned with the question of what happened next to civil and social life in American communities and used the activity of bowling as a means to illustrate his answer. Putnam stated that Americans used to bowl in leagues, usually after work, but now more and more people are choosing to bowl in isolation. Putnam used the activity of bowling to explain this because bowling is the most popular sport in America. Lest bowling be thought a trivial example, Putnam noted that, according to the American Bowling Federation data, “91 million Americans bowled in 1996, 25% more than voted in the 1998 congressional elections (Putnam, 2003, p. 146).

According to these data, bowling is still popular. However, bowling in leagues is on the decline, and the “solo bowling”, as Putnam termed it, is on the rise. This means that

the essential broader social context of bowling is lost, in other words, social interaction that inevitably occurs in bowling leagues is lost. Solo bowlers opened a door to solo bowling, which, according to Putnam, is another dying form of social capital. To illustrate this point, Putnam described a bowling alley, with giant TV screens above each lane, where team members never talked to one another, but stared at the screen while waiting for their turn. In this way, Putnam illustrates how citizens have become largely alienated from one another and how social structures have become disintegrated – be it political parties, churches, or various associations.

Putnam argues that voting in elections along with political knowledge and interests in political issues represent key preconditions for more active forms of participation. “If you don’t know the rules of the game and the players and do not care about the outcome, you are unlikely to try playing yourself” (Putnam, 2008, p. 43). Putnam notes that in the last three decades of the 20th century there has been a significant decline in political participation in American society and, according to Putnam, “not to vote means withdrawing from the political community” (Putnam, 2008, p. 42). In seeking to determine causes of this decline in political participation, Putnam singled out the causes he considered most significant: “... growing distrust in government, a decline in party mobilization, weakened social ties, political decentralization...” (Putnam, 2008, p. 40).

According to Putnam, the American public has become increasingly alienated from politics, so it is not surprising that the level of trust in all types of political actions has decreased. However, this problem is even greater because Americans not only began withdraw from political life, but also from the organized life of the community, and social and civic engagement is no longer available. “...we stopped working for the community, we are no longer representatives of our communities, and we no longer attend gatherings or meetings. And all this is happening despite the huge increase in education that has more than ever given us new skills, resources, occupations that once encouraged civic engagement” (Putnam, 2008, p. 81). Hence, it is not about Americans having redirected their energy from conventional politics to unconventional forms of participation, but it is clear that they are less and less involved in such forms of civic engagement activities.

### ***Social capital and social policy***

When discussing social capital and politics, the concept of social policy cannot be excluded. Social policy may be described as a public policy area aimed at improving the social situation, especially vulnerable groups in need of help, in order to improve the overall social order. Although social policy is understood, defined, and interpreted differently, it may be said that social policy implies different measures to overcome social inequalities and foster integration and solidarity in society. According to Richard Titmuss, one of the most important social policy theorists, social policy “implies social benefits, it is redistributive and has both economic and non-economic goals” (Titmuss, 1974, p. 30). It should be noted that social benefits, as social policy measures implemented through instruments such as laws and other state regulations, relate to improving health care, housing conditions, improving education, and increasing employment.

Social policy can be treated as a government's organized activity. Through its institutions and public policies, the government implements a series of measures to reduce social inequalities in society and to improve the social welfare of citizens. It should be noted that social policy is based on values such as social justice, security, solidarity, altruism, and social cohesion. Thus, it is about values that are close to social capital. It may be said that social cohesion plays an important role in the relationship between social policy and social capital, which is based on connecting and integrating individuals and groups within the society as a whole. It is generally believed that a cohesive society is one which is capable of ensuring the high level of wellbeing for all its members, reducing differences and avoiding polarization in society.

Ignjatovic draws attention to three levels of social reality that are most often discussed in the current literature on social capital in public politics – macro, meso, and micro levels. “It is about programs for strengthening those forms of socialism that are believed to be a source of rebuilding ‘political mindedness’ and citizen participation. The actions of the local community and civic associations should enable the ‘revitalization’ of trust lost in political institutions, primarily at the national level. On the other hand, there are program solutions that aim to use the micro-meso relation as a measure of public policy. A good example of this are development projects which direct the family level (micro) and the community level (meso) and used them as mechanisms for development goals (rotational credits)” (Ignjatović, 2011, p. 110).

Halpern identified three dimensions of social capital: components – networks (the interconnection of people), norms (rules, values), and sanctions (penalties and rewards, functions and levels of analysis; functions – bridging and bonding and levels of analysis important in explaining the public policy measures. The public policy measures are systematically categorized by Halpern's matrix which divides the public policy measures relying on social capital into three levels – micro, meso, and macro levels. At the micro level, social capital refers to close ties with the family and friends; the meso level refers to communities and organizations, while the macro level consists of government and national ties, such as shared language (Halpern, 2005). Halpern claims there is “certain functional equivalence between different levels” (Halpern, 2005, p. 19), and if capital is in decline at one level, it may be compensated for with an increase at another. In other words, if social capital is on the decrease at the micro level, for example, if family ties weaken, this loss can be functionally compensated for by an increase in participation in organizations (meso level) or at the national level (macro level). At each of these levels, social capital has a certain impact. Thus, at the micro level, social capital, among other things, can have influence on the type of personality, family, education, religion, and consumer habits. At the meso level, social capital has influence on civil society, ethnic and social heterogeneity, urban design, and at the macro level, it has a direct influence on history, culture, and hierarchy of markets.

### ***New public policies and a wellbeing society***

New public policies in the UK are based on promoting the strengthening the state and promoting social excitement, whose strategist is Anthony Giddens. “The con-

cept of 'social state investment' primarily involves practical political action in relation to human and social capital" (Ignjatović, 201, p. 114). This policy is essentially based on the concept that an individual has the potential for development and is able to create public policies according to his or her needs and thus participate in the creation of a "wellbeing society", which, as systems are concerned, may be considered as the restoration of social democracy or as insisting on the application of social democracy, which Giddens discusses in his book *The Third Way*. The third way is considered as Giddens's new political project aimed at finding the third way between social democracy and Soviet communism. The third way policy refers to the rebuilding of social democracy. As the relationship between the civil society and state is concerned, Giddens believes that the state in the global era must be reconstructed, that is, it must restore its authority through various measures, such as adapting to globalization, transparency, introducing new forms of protection against corruption, and improving risk management capabilities.

The welfare state used to be considered as the best response to social problems in society. However, Giddens partly refutes this thesis and considers that such an approach is not so effective and requires large allocations, which do not have the desired effect. "It was a passive risk management system that, by post factum redistribution, gave people social benefits that did not stimulate inclusion in economic processes, but rather led to social exclusion" (Šalaj, 2000, p. 248). In his review of Giddens's *The Third Way*, Šalaj emphases that Giddens is developing a program that should be based on the concept of new mixed economy and which should develop a state of social investments, rather than the welfare state, "... which will not reduce social investment programs, but try to put them to better use by investing in human resources and infrastructure, which, according to Giddens, is a condition for the economic development" (Šalaj, 2000, p. 248). Giddens wrote *The Third Way* at the end of the twentieth century and noted that this idea is emerging and should be monitored whether, and to what extent, it will be applied.

## CONCLUSION

Bearing in mind that cooperation is vital for the survival and progress of communities, the very concept of social capital may help explain why some communities are more successful than others. More successful communities are deemed those which successfully manage to solve some problems, while the progress is less evident in those communities in which it is impossible to gather people to work for the common good together. While searching for civil society mechanisms that influence the institutional effectiveness, Putnam arrived at the concept of social capital. Putnam's general assumption was that civil societies are rich in social capital which promotes the effectiveness of institutions. Putnam believes that voluntary cooperation is easier in a community that has inherited significant social capital such as the reciprocity norm and civic engagement networks.

Since trust determines the effectiveness of political institutions, it may be concluded that social capital, through trust and networking, is likely to have an impact on political participation in many ways. It is believed that social capital can positively influ-



ence political participation by converting interpersonal trust into political trust, that is, trust in democratic institutions, which reflects on the efficiency of these institutions. It is common knowledge that social capital strengthens networking, meaning it can influence and empower political participation through the network. As we saw in the discussion of Putnam's findings above, voting is one of the main aspects of political participation, and vital information is important for voting, therefore social capital, through the networks, spreads information, which may increase political participation. It may be generally concluded that social capital, through trust, norms and networks as the main components, can convert interpersonal trust, norms, and networks of which it is a part, into general social trust, norms and networks, which inevitably reflects on political participation as well.

Social policy, that is, investment in health, education, and social protection are considered suitable for the implementation of social capital. Also, social capital is appropriately implemented through activities such as political activism, volunteering, and education. The state or the community may, through public policy measures, undertake the social recapitalization of society by implementing the prescribed measures and various projects aimed at the building and strengthening of the community. The implementation of such public policy measures was carried out in the United States in the 1990s when a series of projects aimed at building a community was implemented. Most of these projects are based on the idea of integrating the most marginalized groups into the community, thus reinforcing trust among community members, networking, cohesion, developing altruism, and generally strengthening social capital. The third way determines the relationship of individuals and communities in a new way and defines rights and obligations. It is primarily concerned with social justice; it encourages social inclusion and supports an active civil society in which the state and the community operate in partnership. It seeks to revive the civic culture and it seeks the synergy of the public and private sectors, using the dynamism of the market, but with regard to the public interest.

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