Social Capital and Governmental Institutions

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With his concept of social capital, Robert Putnam revived the research on patterns of political culture in comparative political science in the early 1990s. Having conditioned good governance on the degree of citizens’ engagement in societal life, Putnam inspired a new research field investigating social trust, norms of reciprocity and networks of civic engagement. The prominence of Putnam’s work, however, emanates partly from his failure to specify the nature and form of “civics” and to theorize the interaction between society and the government. This review summarizes different strands of literature on the direction of causality. While trust and networks of voluntary associations crystallize as the primary constituents of social capital, their relationship to democratic quality remains underspecified. Nevertheless, the combination of society- and institutional-centric accounts appears to be the most promising research avenue in this context.

Introduction: civic engagement and political science

The role of civic engagement in democracy is one of the core research areas in political science, dating back to the development of democracy in ancient Greece, where Pericles maintained that citizens’ involvement in public affairs nurtures the “common life” (Held 2006, 13-4). Over time, many scholars have noted that a population’s political culture, in terms of attitudes towards the political system and propensity to participate, does contribute to the stability and longevity of democratic regimes (Dahl 1956; Almond & Verba 1963; Tocqueville 1969). In the 1990s, the popular revolutions and democracy formation in Central and Eastern Europe renewed the interest in the power of civic engagement (Stolle & Howard 2008). Within the academia, Robert Putnam’s (1993) study of civic traditions in Italy has reinvigorated the research on patterns of political culture in democracies. Especially Putnam’s notion of social capital has gained a lot of attention, as it claims to link the “civicsness” of a community to the success of democratic institutions and economic development (Tarrow 1996, 389-90).

In his book Making Democracy Work (1993), Putnam traces the performances of Italian regional governments to regional legacies of civic involvement. His core conclusion is “the more civic the contest, the better the government” (Putnam 1993, 182), suggesting that dense networks of civic associations encourage the effectiveness of democratic institutions. The author argues that communities with high levels of face-to-face interactions among individuals exhibit a larger amount of interpersonal trust and are more willing to engage in collective actions for the common benefit. According to Putnam, “features of social organizations, such as trust, norms, and networks” constitute “a community’s stock of social capital” (175). In this context, he puts forward the role of non-political voluntary associations, which facilitate cooperation, trust-building and foster norms of reciprocity (173). Besides, his statistical analysis on the evolution of civic involvement, industrialisation and social well-being, over the period from 1870s to 1970s, manifests a strong correlation between civic traditions and economic development (152-8): “civics does predict economics” (157).

In his subsequent research, Putnam (1995a; 1995b; 2000) is concerned with the decline of social capital in the United States and how increasingly tight leisure time, changing family structures, television and internet access contribute to social isolation, distrust and political disengagement. Despite numbers of associations and memberships growing in the past four decades, Putnam notes a diminution in social connectedness: organisations have evolved into “mailing list” associations where members only participate nominally without actually interacting with one another face-to-face (1995b, 666; 2000, 63). As social interactions decrease, the basis for collective action dwindles and thus, the mediating link between citizens and their government. Pamela Paxton (1999), however, challenges this hypothesis: distinguishing between subjective interpersonal trust, general trust vested in institutions and level of association in America, her analysis does not confirm a downturn in the latter two. Nevertheless, it divulges that people have grown more suspicious towards fellow community members over the past twenty years. Peter A. Hall (1999) has inquired the trajectory of social capital in Britain since 1950, detecting rather an expansion than an erosion of social participation and engagement, thanks to the government’s embedding of associations and volunteers in the delivery of social services (457). Given his results contradicting Putnam’s observation, despite numerous parallels and social changes shared by Britain and the US, Hall suggests social capital disappearance to be an “American exceptionalism”, not a transnational phenomenon troubling industrialised democracies (419, 457).

By identifying social capital, and hence the existence of a vibrant political culture, as the main determinant of the institutional performances in democracies, Putnam’s work triggered a “real research boom”, even beyond academic circles (Stolle & Hooghe 2003, 22-3). The World Bank (1999; 2011), for example, notes that social capital has a positive impact on the sustainability of development projects and established the “Social Capital Implementation Framework” to provide guidance to governments on building and strengthening networks of civic engagement. The European Commission, for its part, launched a funding programme of social capital monitoring within the EU member states to inform its debates on social policy (European Commission 2005).

While Putnam’s research on social capital theory is widely accepted as a milestone in political science, parts of his academic influence stems from the controversy around Making Democracy Work: many scholars have criticised the conceptualisation of social capital (Jackman & Miller 1998), the
operationalization of institutional performance (Laitin 1995) and the posited mechanism on the generation of social capital (Boix & Posner 1996; Levi 1996). In the absence of a straightforward causal mechanism between social capital and successful democracy, the debate on the causation direction is extensive: is social capital the driving motor of political performances or is it the outcome of political institutional arrangements?

Although Robert Putnam picked the social capital concept from the sociology literature, his seminal study on differences in “civicsness” between Italian regions introduced the concept to political science (Tarrow 1996). Against this background, it seems appropriate to start from Putnam’s elaborations on social capital and review subsequent additions and refinements in the scholarly literature, more precisely, in terms of concept definition and causality. The subsequent literature review will proceed as follows: Initially, the concept of social capital including its origins, evolution and critiques shall be revisited. In the second section, the focus will then shift towards the theorization of the source of social capital within a community, distinguishing between society-centred, institutional-focused and mixed approaches.

What is social capital?

Being associated with the concepts of civil society and social connectedness, some scholars trace the theoretical underpinnings of the social capital notion back to thinkers of the nineteenth century (Adam & Rončević, 2003; Putnam 1993). Alexis de Tocqueville (1863, 130), for example, contended that the strength of American democracy builds on its citizens’ propensity to form civil associations to “pursue[e] in common the object of their common desires.” These associations, he maintained, educate people on cooperation, shape their public awareness and foster solidarity among their members, which eventually give rise to a civil society (132). Later, Émile Durkheim (1893) postulated participation in groups as the antithesis to social anomie and self-destruction, engendered by the industrial revolution. The very concept of social capital, though, was first introduced by Lyda Judson Hanifan (1916, 130) to refer to “the goodwill, fellowship, mutual sympathy and social intercourse among a group of individuals and families who make up a social unit.” Drawing on the example of West Virginia, Hanifan highlighted how a rural community’s involvement for enhancing school performance yield better living conditions for the community as a whole. In his analysis, Hanifan denoted social capital as a form of “investment”, with “dividends” for society (138). While Hanifan’s conceptual invention did not find much resonance in the academia for a long time, the economist Glenn C. Loury (1977, 153, 176) asserted that differential access to opportunities for minority and non-minority groups are due to differences in their social connections. In his conclusion, Loury used the concept of social capital to account for social forces impacting on an individual’s acquisition of “human capital”, i.e. education and labour skills, and thus, on his/her income level (176). Despite their overlapping elements in defining social capital, none of these early accounts provides a thorough conceptualisation.

The concept of social capital as it is understood nowadays derives primarily from the works of Pierre Bourdieu, James S. Coleman and Robert Putnam (Portes 1998; Kriesi 2007). Nevertheless, to date, there is no agreement on the nature of social capital within the literature (Ostrom 2001). The fact that social capital has been put forward as a concept unifying the disciplines of economics, sociology and political science, contributes to the existence of many different forms of social capital (Grootaert & van Bastelaer 2001, 4). However, most definitions share the perception that social capital is a “societal resource”, which connects actors to each other and permits them to jointly pursue common goals (Stolle 2003, 19; Jackman & Miller 1998). Moreover, they all premise that engagement in social interactions is coupled to expecting beneficial returns, while diverging on the level at which the gains are accrued for – the individual or the social network as a whole (Lin 1999, 31-2). Although Putnam explicitly refers to the production of collective assets, his notion of social capital draws on elements from Bourdieu (1980; 1986) and Coleman (1988; 1990), who both explored individual attitudes to and uses of social capital.

Against the backdrop of investigating the existence of social classes and functioning of distribution structures, Bourdieu (1980, 2; 1986, 249) defines social capital as “the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition.” In other words, social networks created and maintained through participation in groups become an instrument, an asset for individuals to increase their economic capital, i.e. accruing benefits (Portes 1998, 3). Furthermore, Portes (1998, 3-4) points out that Bourdieu’s conceptualisation founds on two interrelated components: on the one hand, the resources jointly possessed by associates, and on the other hand, the social relationships through which individuals gain access to the former. According to Bourdieu (1986, 249), social capital is “collectively-owned” and –generated. In this line, he specifies, “the volume of the social capital possessed by a given agent [...] depends on the size of the network that he can effectively mobilize” (249). Although networks of connections are stipulated as a prerequisite here, their mere institution is not sufficient to secure profits (Bourdieu 1980, 2). Only through “a continuous series of exchanges”, whereby mutual “recognition is endlessly affirmed and reaffirmed”, sociability is maintained and social capital preserved (1986, 250). The particularity of social capital is that it cannot be owned per se but resides in the interactions with other people, meaning that it is an on-going process.

Similarly to Bourdieu, Coleman claims that social capital “inheres in the structure of relations between actors and among actors” (Coleman 1988, S98). Starting from a rational action model, the choice of interacting and networking depends on the individual actor’s cost-benefit evaluation (S117). The extent to which people invest in social structures is contingent on their willingness to subordinate personal interests to those of the larger society. Coleman asserts that the value of social capital for the individual lies in those aspects of social structures that an actor can use as resources to advance his/her interests (1990, 305). In this light, he notes, “social capital is defined by its function” (1988, 98; 1990, 302). He admits that there is no “single entity”, but rather a variety of social capital entities, which all have two elements in common: “they all consist of some aspect of social structures, and they facilitate certain actions of actors” (1988, S98). In this context, the author (S98-100) provides a number of examples of different forms of social capital: student activist groups in South Korea that organized themselves from study circles, which regrouped youngsters coming from the same high school or town; the greater sense of reassurance and security that a mother of six children felt in Jerusalem, given “the normative structure ensuring that unattended children will be looked after by adults in the vicinity” (S99-100); or the trust between Jewish diamond merchants in New York City, who often share family ties and religious affiliations.

Based on these examples, Coleman identifies different types of social relations that function as a resource for individuals: First of all, he describes a regime of obligations and expectations, characterised by trust of reciprocity among individuals (S102). Family ties and community social organisations function as some sort of insurance, raising the actors’ sense of obligation to uphold their part of the deal while
the others can trust in the fulfilment of the commitment (S99). In addition, Coleman cites social capital as a way to channel information and as a source of norms and effective sanctions (S104-5). While the former increases trust among actors through the knowledge gain on their respective actions, the latter provides them with reassurance by regulating actions and discouraging defection. Although the author does not indicate whether these forms can exist independently, his elaboration suggests that they are interdependent and jointly necessary to strengthen the presumed “trustworthiness of the social environment” (S102), upon which Coleman’s social capital notion founds.

The author emphasizes social capital as productive, since it permits individual actors to achieve certain ends that remain otherwise unattainable (1990, 302). Yet, benefits from social capital are not necessarily limited to people engaging in social organisations, but are also enjoyed by the larger community. For instance, the establishment of norms and sanctions serves a wider range of actors, beyond the social networks that made their enforcement possible in the first place (316). “As an attribute of the social structure in which a person is embedded, social capital is not the private property of any of the persons who [produce] it” (315); it rather assumes aspects of a public good (315-8). The very fact that non-participant third parties, so-called free-riders, have access to the same profits impacts on individuals’ cost-benefit calculation whether to engage in social interactions. Following the rational action logic, Coleman maintains that social capital is only a “by-product” of activities undertaken for specific individual purposes (312-3).

It is important to note that Coleman’s account does not set out to overcome the collective action dilemma, as Putnam does; Coleman is rather interested in the motives of individuals to engage in social interactions and resort to social capital as a resource. Despite Coleman’s emphasis that continuous engagement in mutual help would strengthen and expand the available social capital resource for any future actions, he concludes that social capital eventually stands and falls with its utility for the individual to achieve personal gains (1988, S117-8).

Putnam (1993) later introduced a conceptual twist: while drawing on Coleman’s two central elements, trust and social networks, Putnam argues social capital as a property of communities and nations (Portes 1998, 18). “Social capital here refers to the features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions” (Putnam 1993, 167). In his study on cross-regional institutional performances in Italy, Putnam identified social capital as the primary determinant of a successful democracy (185), because institutions precondition “interpersonal skills and trust” for effective collaborations (180). He reasons that communities with high levels of social capital are better able to organize themselves and to communicate their demands more effectively to the governmental institutions, while these are more responsive in turn (175, 182). Similar to Coleman, Putnam maintains that regular personal interactions enhance the information flow and establishes mutual trust among the actors (172-4). The continuing relations give rise to a “norm of generalized reciprocity”, which entails the shared expectation of favours being returned in the future (172-3). Rewards from past interactions will encourage the expansion of cooperation networks, which, in turn, facilitates further collaboration (173-5). In other words, social trust, norms of reciprocity and networks of civic engagement form a “virtuous circle” (177-80). Moreover, they shape the character of civil society, making it generally more trustworthy and “civic.”

In contrast to Coleman’s broad definition, including a variety of social relations, Putnam focuses on one particular form of social capital, namely horizontal networks of voluntary associations. The fact that each member has the same power helps to overcome mutual distrust and empowers participants to engage in cooperation, which consequently, sustains social trust (115, 174-5).

Also, having equated social capital with “civicness”, Putnam goes beyond Coleman’s resource notion and portrays social capital as a civic culture, rooted deep in history. Against this backdrop, Ronald Inglehart (1997, 188) defines social capital as “a culture of trust and tolerance, in which extensive networks of voluntary associations emerge.”

The centrality of trust has been echoed by Francis Fukuyama (1995, 26), who describes social capital as “capability that arises from the prevalence of trust in a society or in certain parts of it”, embodied “in the smallest and most basic social group, the family, as well as in the largest of all groups, the nation, and in all other groups in between.” In line with Putnam, Fukuyama argues that the generation of social capital rests upon a community’s culture of trust, i.e. its history of habits of cooperation (26, 33). Fukuyama distinguishes between two types of trust cultures: familistic societies build around close family bonds and place their interests above other social loyalties (29-30). They exhibit a trust deficit towards people outside their particularistic affiliations, undermining generalized social trust. High-trust societies, on the other hand, are characterised by non-kin associations that form bonds of trust to meet the challenges of modernity (30). According to Fukuyama, their trait to trust and cohere “spontaneously” in new organisations with strangers is the reason why high-trust societies are economically more successful (159).

The effective role of horizontal networks in generating social cohesion had already been put forward earlier by Mark Granovetter (1973). He argues the mobility of individuals in the professional world builds bridges among “the more coherent clusters that constitute operative networks in particular locations” (1373). As a result, the exchange of information is facilitated, opening the door for more cooperation and collective action. However, Granovetter cautions that not all voluntary associations generate generalized trust. He remarks that organisations, which breed local cohesion, strengthen in-group ties rather than they promote integration of new members into the community (1378). Alejandro Portes (1998) denounces a scholarly bias in the literature regarding the positive consequences of social capital and insists that negative effects should be considered as well. He emphasises that “the same ties that bring benefits to members of a group commonly enable it to bar others from access” (15). Only those “inside” the network are bound by social trust, while distrust or caution still persist towards “outsiders”. Hence, the question here is how much of the society does social capital encompass? To what extent do networks overlap, so that all social cleavages and communities are interrelated? The literature on social capital does not address this question, although Putnam’s (1993) and Fukuyama’s (1995) accounts maintain that social trust is a cultural feature that is ingrained in every member of the regional or national society, leaving no “outsiders”.

Many scholars have taken issue with Putnam’s concept, because the central terms trust and networks are underspecified. Although Putnam (1993, 170) explicitly states trust as “an essential component of social capital”, he refrains from a clear definition and regroups a variety of relationships under the label “trust”: interpersonal, inter-associational, and trust in governments (Levi 1996, 46). Kenneth Newton (1997) raises the point that, despite being closely related, social trust and social networks should be considered as two separate concepts, for the sake of better analysis of causality. Does trust lead to joining
associations or does membership produce trust?

Having studied public involvement in voluntary associations in Germany and Sweden, Dietlind Stolle (1998) notices that the impact of membership on generalized trust is at least partially mitigated by a self-selection bias. People who join associations are generally more trusting, even before their membership, than those who do not join (521). In addition, Stolle’s empirical analysis reveals that individuals with greater trust disposition are more likely to engage in demographically diverse associations (516). Nonetheless, the results show that the length of membership in an association with a higher proportion of foreigners correlates positively with the individual members’ generalized trust (516). So there is a group membership effect as well. In support of Newton’s argument (1997), Stolle stresses that the causal mechanism of building social capital requires more research at the micro-level, which draws attention to characteristics of both the group and individual members (1998, 521).

This small selection of definitions illustrates the main points of discussion within the literature: should social capital be a multidimensional concept or be restricted to one aspect? Is social capital a collective good or a resource for individuals? Or is social capital a culture? There is also disagreement about what kinds of relations should be included in the concept of social capital: should only voluntary non-political associations, such as football clubs and bird-watching societies, be included? Do schools and workplaces have the same capacity to form social cohesion?

Although trust and networks of associations are a common thread running through all definitions, these elements remain largely unspecified. This lack of precision becomes problematic when the components should be operationalized: at what level do we measure trust? Is the aggregation of individuals’ trust towards fellow citizens a valid measure for social trust? When are we talking about networks of associations: when there is formal cooperation or when memberships overlap?

A clear and comprehensive conceptual definition is missing in the literature, as the vast majority of scholars adopts Putnam’s notion without further description of the components.

Social capital and governmental institutions – in which direction does the arrow point?

The causality between social capital and good governance has been discussed at length in the literature. Two issues lie at the core of the debate: First of all, there is a theoretical gap between the cooperative capacity of a community and the production of collective goods by political institutions. In his account, Putnam fails to specify the mechanisms through which society affects governmental policy, which leaves the societal and the institutional levels unconnected. Related to the missing link, questions about the direction of causality emerge, fuelled by the circularity of Putnam’s logic: norms of reciprocity and networks of civic engagement bring about social trust, which is necessary for cooperation, whose success in turn reinforces the former (Putnam 1993, 180). However, to overcome the collective action dilemma in the first place and to be able to generate norms of reciprocity, a certain sense of social trust is pre-required (Harriss & De Renzio 1997, 924). Some scholars argue that government policies may be the source of trust, providing a regulating framework and public benefits to encourage trust and reciprocity (Levi 1996; Tarrow 1996). Putnam himself, though, discards “the culture-vs.-structure, chicken-and-egg debate” as “ultimately fruitless” (1993, 181).

The literature can be divided into three different strands: advocates of the bottom-up approach posit social capital as the source of good government performances, while proponents of institutionalism hold that institutional arrangements shape society and its political behaviour. The third approach argues the interaction between civil society and governmental institutions, combining bottom-up and top-down trajectories.

Social capital driving government effectiveness

In their critical reviews, Carles Boix & Daniel Posner (1996; 1998) set out to fill the theoretical gap of how high level of cooperation among voluntary associations translate into good institutional output. The authors hypothesize five models that should shed more light on the workings of social capital. Their first scenario asserts that the effectiveness of political institutions rests on citizens’ ability to hold governmental representatives accountable for their governance (1996, 9-10). In this context, dense networks of voluntary associations provide a forum for citizens to discuss societal issues and to articulate common interests and demands. To the extent that governing elites depend on public approval and can be removed from office, incumbents will attempt to implement public requests (1998, 690). In other words, “social capital will produce good governance to the extent that it makes citizens ‘sophisticated consumers of politics’” (690). With regards to the formulation of demands, the second model argues that social capital may provoke a change of mind-set within the citizenry, generating a higher sense of value for more “community-oriented” matters rather than personal interests (691). Consequently, citizens will support investments benefiting the community as a whole. A third hypothesis holds that social capital reduces the government’s costs of regulation enforcement, as norms of reciprocity establish optimistic expectations that every citizen will comply with the regulations (690-1). Having to invest less in enforcement mechanisms, the government has more resources at its disposition to modernize its administration and provide a broader range of public services. In their fourth model, Boix & Posner (1996, 10) assert that social capital fosters the capacity of bureaucrats and policy-making elites to coordinate and achieve compromises for the well-being of the community. Moreover, high levels of social capital among bureaucrats reduce opportunistic behaviour, as they assume that everyone is working hard for “the success of the common enterprise” (1998, 692). As a result, political institutions are more efficient and responsive. The final relationship advances the potential of social capital to bridge social cleavages and establish accommodative practices, in the form of consociational institutions, among divided societies (1996, 11).

The five models proposed by Boix & Posner (1996; 1998) provide a more detailed picture of the micro-linkages between social capital and government performances, yet some of their hypotheses raise issues: the authors place their reasoning in a certain institutional framework, but neglect its potential impact on civic behaviour. In the third model, for example, the expectation that everyone will comply with regulation might not merely be due to a stock of social capital, but to the knowledge that the state will punish non-compliance. On the plus side, however, Boix & Posner show that social capital may affect government performances at different or multiple stages. With their bureaucratic efficiency model, the authors point out the existence of two different communities, the civil society and the institutional officials community, each with their own stock of social capital (1996, 10). The existence of multiple layers within both concepts, social capital and government performance, suggests a more nuanced analysis of their linkage.

Margit Tavits (2006), for example, tested the relationship of social capital to government performance by adopting a two-dimensional measure for the latter: the policy activism and the efficiency of bureaucracies. According to Tavits, citizens must
exert political pressure on governmental institutions to get their demands for public goods and services on the political agenda (212). Social capital thereby enables the mobilization of citizens and serves as a base for policy initiatives. The government’s policy activism, in response to public demands, is measured by the amount of resources allocated to policy areas, such as community housing and education, and the policy innovation (217-9). Drawing on Boix & Posner (1998), Tavits (2006, 213) hypothesizes that social capital enhances the proclivity of bureaucrats to cooperate in the execution of their duties, which in turn improves institutional efficiency, measured by the government’s managerial capacities (215). The statistical analysis of German and U.S. local governments shows strong support for the policy activism argument, while the link between social capital and bureaucratic efficiency proves to be spurious (222-3). Based on these findings, Tavits (223-4) draws two conclusions: First, in communities with high levels of social capital, the government is not an “outside actor” but rather a partner of the community. Secondly, administrative efficiency does not depend on the civic support, but can be improved through institutional reforms (224).

In line with Boix & Posner (1998), Stephen Knack (2002, 773) ascribes two causal powers to social capital by which it enhances government performance: the ability to hold government more accountable to a broader public interest, and the capacity to introduce innovation and flexibility into policy-making. However, Knack argues that norms of reciprocity (social trust and consensus response) are more conducive to government effectiveness than civic engagement (involvement in voluntary associations) (772). In order to hold the government accountable, citizens have to be informed about and willing to participate in public affairs. Yet, monitoring public officials can be perceived “as a collective action problem in which a narrowly self-interested citizen may rationally free ride on the efforts of others” (773). Norms of reciprocity, on the other hand, help to overcome the free-riding problem by establishing interpersonal trust among citizens and “a sense of civic obligation” (773-4). Organized efforts supply citizens with more control over the government, as they can then exert more political pressure and communicate their demands more effectively. Moreover, social trust and public participation enables more deliberation on public issues and, therefore, more balanced and mutually agreeable policies (774). Evidence from fifty US states’ performances, drawn from the Government Performance Project, supports the author’s argument: generalized reciprocity is associated with better government performances, while voluntary associations turned out to be without effect on the quality of governance (783). According to Knack, associations may be important to foster trust and cooperation, but their benefits rarely expand beyond their network itself (783). Based on his findings, Knack cautions further research to disaggregate dimensions of social capital, instead of using social capital indexes. He continues that scholars should also distinguish different types of associations, as their impact on government may diverge (783).

Wollebaek & Selle (2003) pick up this challenge in their analysis on voluntary associations: they investigate the impact of active and passive membership on social capital. Based on the 1998 Norwegian Survey on Giving and Volunteering, the authors test Putnam’s hypothesis of direct and face-to-face interactions producing more social capital. Wollebaek & Selle’s findings (83) call into question Putnam’s thesis: First of all, the level of social capital is not significantly higher among active participants than among passive supporters. Secondly, having controlled for the nature of associations, the authors observe that non-political, leisure associations do not contribute more to trust and civic engagement than those with a political purpose (76). Surprisingly, only in combination with participation in politically-oriented organizations, leisure associations positively influence the formation of social capital (76). From their analysis, the authors deduce that “multiple affiliations in associations with different purposes” is most conducive to generating social capital. With regards to the absent impact of personal interactions, the authors reason other factors, such as education, work place or political institutions to be at the source of social capital (84). Similarly, Sheri Berman (1997, 565) contends “there is no intrinsic reason why civil society activity should bolster an existing political system.” On the contrary, voluntary associations often accentuate cleavages, and serve as a means to advance group specific interests. According to Berman, civil society alone is not capable to improve governmental performances. Targeting the political gap in social capital literature, Berman argues that the “civicsness” of society depends on the strength of political institutions: a strong government can generate social trust among groups by involving various associations in the realisation of services beneficial to the whole society (568-9). Political institutions take on the role of mediator identifying common interests, fostering a sense of community. Weak and unresponsive institutions, on the other hand, cause citizens to rely more heavily on voluntary associations to achieve their interests, which in turn reinforces societal fragmentation and further weakens the state (569-70). In Berman’s view, it is not civil society but political institutions that ultimately affect government performances.

Ellis Goldberg (1996) accuses Putnam of spuriously inflating his correlations when he considered all twenty Italian regions together in his analysis. As the differences between northern and southern Italy are numerous, she points out, “almost anything can be adduced to explain all-Italian variation without actually doing so” (8). Frederick Solt (2004) therefore reassessed Putnam’s data by considering southern and northern regions separately from each other. His results demonstrate that Putnam’s link between civic engagement and government effectiveness disintegrates when controlling for both Italian parts individually. They disclose that only indicators of political participation from Putnam’s civic community index, namely preference voting and referendum turnout, are statistically significant (125). Newspaper readership and scarcity of civic associations, on the other hand, sustain the postulated relationship in southern regions while fail to do so in the North. Given the’s argument, Solt finds that “more social participation is found in regions with less political participation” (125). With Putnam’s civic community premise disproven, Solt puts forward a new hypothesis: “the rate of self-motivated political participation […] explains these differences in democratic quality” between regions (126). In other words, where more citizens can participate in politics, free from any clientelistic structures (i.e. on their own terms), governments are expected to be better held accountable for their performances. However, this implies that self-motivated political participation depends on structural factors rather than associational involvement. Solt cites two socio-economic predictors in this context: economic development and the historical patterns of landholding (128). While the former expands education, supplying citizens with the required resources to participate in politics (129-30), the land distribution in the 19th century determined the concentration of economic and political power (131-2). In regions with many medium-sized family farms, economic resources were dispersed more evenly, which facilitated the establishment of autonomous political institutions and encouraged the institutionalisation of patron-clientelistic networks (131, 135). Having used Putnam’s index of government performance as the dependent variable, Solt’s findings manifest that legacies of regional socio-economic structure provide a better explanation for variation in government effectiveness than civic community does.
Solt’s conclusion supports Sidney Tarrow’s (1996, 394) main critique towards Putnam, namely pattern of state building matter. According to Tarrow, the region’s level civic competence is the product of past experiences with the state. The exploitation of southern Italian regions by the North set in place paternalist politics and institutions, which made the southern population generally mistrustful towards government officials (394-5). The concentration of economic and political power in the hands of a local small elite, representing the exploiting state, restricted public participation in politics while facilitating repression and state interventions (Tarrow 1996, 395; Solt 2004, 131-2). Following this train of thought, political structures are at the source of lacking civic engagement, having failed to provide nurturing conditions for the development of social capital. The state is the perpetrator, not the victim. Thus, Tarrow upholds that encouraging the proliferation of associations to mend deficiency in social capital would only “be attacking the symptoms and not the causes of the problem” (1996, 396).

One major flaw from which society-centred accounts suffer is the lack of a clear causal mechanism explaining how trust among fellow group members at the micro-level expands beyond associational boundaries and eventually impacts on political decisions at the macro-level. While Boix & Posner (1999) offer multiple mechanisms that outline the workings of social capital at different levels, the link between civil society, bureaucrats and governing elites remains missing. Besides, most articles focus exclusively on how voluntary associations and their networks can influence political institutions, neglecting structural constraints. Related to associations, Portes (1998) and Berman (1997) point out that the literature on social capital is predominantly preoccupied to spell out the positive effects of sociability on political institutions. In this context, two gaps can be identified: the disruptive potential of horizontal voluntary associations and the specification of the scope1 of social capital. Further research on these two areas would provide more nuanced insights on the potential effects of social capital on government performances.

Social capital as an outcome of institutional arrangements

Putnam’s failure to consider the effect of structural variations in governmental institutions on social capital has often been cited as a major flaw (Levi 1996; Tarrow 1996). While civic capacity may influence government performance, social capital has to be studied within the political context in which it emerges (Berman 1997). In other words, institutions’ arrangements play an essential role in the generation and shaping of social capital. The following articles illustrate different links through which political institutions give rise to social capital.

In his book Patterns of Democracy, Lijphart (1999) argues that its institutional arrangements confine consensus democracies to a modus operandi characterised by “inclusiveness, bargaining and compromise” (2). Cooperation is key to effective policy-making and decision-taking processes: multiparty coalition governments as well as the majority rule require representatives to engage in regular interactions, which, in turn, leads to the development of interpersonal trust and further collaboration. Proportional electoral and multiparty systems, political equality and electoral participation, on the other hand, ensure an accurate representation of the electorate. According to Lijphart (260), “maintaining civil peace in divided societies, conciliation and compromise (…) require[s] the greatest possible inclusion of contending groups in the decision-making process.” Although the author does not mention the development of social capital per se, he asserts that consensus democratic framework has the potential to reconcile deeply divided societies (302, 307). When given equal participation opportunity and incorporating minority rights, this institutional design can mitigate social distrust and foster a more moderate and compromising political behaviour. The political context shapes society. Furthermore, Lijphart (195-8) advocates federalism as a way to enhance the influence of minorities and local groups on policies that immediately concern them.

In line with Lijphart, Markus Freitag (2006, 131) considers associational life “contingent upon the capability of political institutions to mediate conflict by hearing, channelling and mediating the various citizen demands that modern societies express through voluntary organizations.” A comparative study of French- and German-speaking cantons and communities in Switzerland by Kriesz & Baglioni (2003) indicates that political institutions are able to incite more activism in the civic community by means of more open and inclusive participation structures. Against this backdrop, Freitag hypothesizes three “political prerequisites” that create thriving conditions for social capital development: first, direct democracy encourages citizens to engage in collective action, hence to form associations, in order to be able to exert more political pressure upon the government (2006, 131). Similarly, a federal system fosters a vibrant associational life: with greater local autonomy, the decision-making process is more easily accessible (132). Finally, consensus democracy provides a “deliberative decision-making process” where many different groups have the opportunity to bring in their interest and find a mutually beneficial compromise (132-3). Empirical evidence from twenty-four Swiss cantons, measuring associational activity and engagement, strongly supports the institutional arrangements that involve citizens more directly in political decision-making (144-5).

Lowndes & Wilson (2001), however, adopted a more refined perspective studying institutional design. They insist that institutional arrangements can extend as well as constrain the formation of voluntary associations and their scope of influence on government policy-making. Through the provision of civil rights, granting freedom of association, offering community facilities and citizen education, governments actively shape the associational life (631). Especially, the institutional design of local governance influences the community’s associational activity in a considerable way. First, the local authorities are able to create flourishing conditions for voluntary sector activity by rewarding recognition and support in the form of grants, services, level agreements, access to community facilities, etc. Moreover, local governments can encourage the development of social capital by providing opportunities for participation on community matters (636-7). Public meetings, for example, may function as a platform for citizens and communities to meet, inform and even form new associations. However, here the generation of social capital hinges on the degree to which citizens and associations are given access to the local decision-making process (637-9). “Social capital may only become an effective resource for democracy if decision-makers are accessible and responsive to citizens” (640), otherwise people consider their involvement as pointless, causing further disintegration of the civic life. Following their review of New Labour’s local government reform programme in Britain, Lowndes & Wilson conclude that the institutional design highly matters for the creation of social capital: the more open, inclusive and responsive political institutions are, the higher the prospects for social capital.

Eric Uslaner (2003), on the other hand, underlines the importance of government policies in fostering generalized trust within society. Despite democratic institutions facilitating the

1 Can there be only one or multiple stocks of social capital at different levels within one society?
generation of social trust, norms of reciprocity and civic engagement may nevertheless remain underdeveloped (175-7). His analysis of the World Values Survey shows that levels of trust increase with number of years of continuous democracy (177-8). Further investigating patterns of trust in thirty-three democracies, Uslaner finds evidence that the implementation of redistribution policies is related to trust levels (189-3). In other words, social capital is created by pursuing policies that improve the conditions of society as a whole. Given their successful experience, citizens grant government more latitude to tackle major social concerns, which facilitates political decision-making (185). However, the link between the government’s trustworthiness, generated through policy, and its capacity to engender social capital remains largely unaddressed.

Rohstein & Stolle (2003) approached the task of specifying the causal mechanism between the state’s policy implementation and the development of social capital, defined as generalized trust. They posit that interpersonal trust among citizens is intertwined with “generalized attitudes about the fairness and impartiality of institutions” (199). In other words, impartial and fair policy practices impact positively on levels of social trust. By exploring different characters of welfare institutions, the authors identified three causal pathways (199-201): first, citizens infer from their experience of institutional impartiality a general trustworthiness of citizens. Second, by observing whether other citizens abuse the institutions, people develop different levels of social trust. Finally, personal experience of discrimination leads to general distrust. Survey data from Sweden supports Rohstein & Stolle’s argument that the character of political institutions impacts on citizens’ confidence in government, which then “spills over” to foster trust among the citizenry (192). Nevertheless, the connection between the different mechanisms demands more clarification: how does trust in government translate into trust in society? Furthermore, more scrutiny is required to conclude whether citizens are then more trustful towards the government in general or only towards welfare institutions.

While the institutionalist approach largely suggests the state as a facilitator for the development of social capital within civil society, some authors completely oppose state meddling in civic life, highlighting their destructive aspect for social capital. In his book Bowling Alone, Putnam (2000) identifies the big government and comprehensive social programmes as an important, potentially even *the* cause of declining social connectedness and civic engagement. By “crowding out” private initiative, [...] state intervention has subverted civil society”, claims Putnam (281), meaning that possible contribution opportunities of civil society are eroded. Public-welfare arrangements replace informal caring relations (e.g. family and friends) and thus, weaken the sense of social solidarity and responsibilities (see Etzioni 1995). Scheepers et al. (2002) investigate the impact of the welfare-state regime on one particular dimension of social capital, namely the level of social contacts with family and friends. Drawing on Esping-Andersen’s (1999) differentiation of welfare-state types in terms of individual decommodification, Scheepers et al. (2002) observe that elderly people in the social-democratic regime, characterised by the collectivisation of care, have the least social interactions with family and friends (204). Meanwhile, in Mediterranean welfare states where older people rely on their families for care, due to underdeveloped social security systems, the authors find social contacts to be very intensive, indicating a large amount of social capital in these societies (189, 204). Their results yield support for the “crowding out”-hypothesis: an increase in governmental social security expenditures correlates with a decreasing level of social contacts (199, 202). Social engagement simply becomes obsolete.

However, these conclusions are heavily contested in the research literature. Rohstein (2001), for instance, conducted a longitudinal study in Sweden, which manifests that the country’s encompassing welfare regime does not erode but rather increase the vibrancy of civil society. Levels of generalized trust, engagement in voluntary associations and political participation have augmented as the welfare state grew. Accordingly, Rohstein reasons that the universal character of Sweden’s social insurance manages to reduce citizens’ suspicion of their neighbour possibly cheating the system (234). In this way, the regime creates a basis for social trust. Van Oorschot & Arts (2005), for their part, undertake a cross-national test of the “crowding out” premise, by using data from twenty-three European countries from the European Values Survey 1999/2000. At the country level, the authors discover a tendency of more developed welfare states to hold greater stock’s of social capital, particularly in terms of national levels of trust in institutions and active participation in the associational life and politics (16). At the individual level, results are mixed: effects of welfare state type and social spending efforts vary among aspects of social capital. On the one hand, citizens enjoying comprehensive social security regimes, like in Sweden, exhibit less interpersonal trust and less contact with family members than their counterparts in less-developed welfare states (17). This is in accordance with “crowding out” expectations. However, greater welfare efforts, i.e. total social spending as a percentage of national GDP, are associated with an increase in generalized trust and time spent with family (19). Other aspects of social capital, for example active membership in voluntary associations and frequent contact with friends, clearly refute the posited destructive character of welfare systems (19). Notwithstanding the added value of pointing out differing impacts of regime type and social expenditures, van Oorschot & Arts’ (2005) analysis leaves open the causal direction between social capital and the welfare state: Are high levels of social spending sustained by a socially engaged citizenry? Does social capital prepare the ground for the welfare state’s development or does the welfare state encourage citizens to get more involved in civic life?

One major gap, to which most of the above-cited institutional accounts fall trap to, is their failure to directly address the creation of social capital. Both Uslaner’s (2003) and Rohstein & Stolle’s (2003) mechanism, for example, focus primarily on generating (political) trust in government institutions, not on encouraging cooperation and trust among citizens. How and to what extent civic engagement experiences with political institutions are generalized to society at large remains open. Moreover, the question of temporal order has not been settled: do institutions initiate a trustworthy environment for civic capacity to flourish or are institutions already founded on a certain level of social trust and cooperation? Similar to society-centred accounts, a purely institutional approach does not resolve the puzzle of causality.

Can bottom-up and top-down approaches be combined?

The two previous sections highlighted that mechanisms focusing on either civil society or political institutions do not provide a satisfactory explanation for good governance. Levi (1996, 50) argues, “good government is a result of an interaction between civic-minded citizenry and civic-minded government actors.” The following articles address the potential merging of both approaches and present findings regarding reciprocal relationship between social capital and government institutions.

From an ontological perspective, Jackman & Miller (1998) consider efforts to integrate both literature strands as “logically infelicitous.” The problem springs from diverging assumptions on the nature of social capital: Putnam (1993) considers trust and related norms as “exogenous”, meaning that social capital is
perceived as given and unsusceptible to short-term changes (Jackman & Miller 1998, 51). In Making Democracy Work, Putnam (1993) attributes variations of government performances to historical differences in civic involvement. By resorting to “path dependence”, Putnam stresses the durable character of these differences. “Where norms and networks of civic engagement are lacking, the outlook for collective action appears bleak” (1993, 183). However, other scholars and especially institutional-centred accounts treat social capital as “endogenous”, a result of political, institutional arrangements (Jackman & Miller 1998, 57). Hence, social capital is generable through public services or institutional reforms, among others. Assuming social capital as a living and breathing tissue, variations in civic engagement can be better accounted for. Jackman & Miller (59) insist that, given their opposing premises of social capital’s capacity to develop, theories stating social capital as resistant cultural norm cannot be incorporated into theories affirming social capital as an outcome.

Nonetheless, the literature on the interdependence of society and government hardly pays attention to the exogenous-endogenous debate. The main focus of analysis is to determine whether there are reciprocal effects or not. Paradoxically, although these empirical studies investigate variations in social capital, they do all start from Putnam’s notion of stable social capital. The subsequent empirical analyses present different ways of combining social capital and government institutions: either in terms of a reciprocal cause-effect relation or as jointly sourced from another social-political phenomenon.

In her quantitative cross-national analysis, Pamela Paxton (2002) explores the reciprocal relationship between social capital and democracy, drawing on data from the World Values Survey and the Union of International Associations. Using a cross-lagged panel analysis, her first model notes significant, positive effects of democracy on social capital, more precisely on the development of trust and the number of associations (264-5). However, there is no evidence supporting the hypothesis of reverse effects. To enlarge the sample size, Paxton turns to international nongovernmental organizations (INGOs), whose presence is well documented across many countries (261). The number of INGOs memberships in a country serves as an indicator for the density of association networks. The four-wave cross-lagged panel model manifests that democracy influences the proliferation of INGOs during the first period (1960-1965), while INGOs increasingly impacted on the quality of democracy, during the interval from 1965 to 1991 (2002, 267). Nevertheless, the empirical findings confirm the bidirectional relationship between social capital and democracy (268).

The choice of INGOs as an indicator of social capital, however, is not unproblematic: they represent only a specific type of voluntary associations operating in a country. Moreover, they rather indicate the international connectedness of a state, as INGOs are not necessarily embedded in local or national networks. In a later part, Paxton notes that connected and isolated associations have different impacts on democracy, while both types benefit from the democratic regime (2002, 271-2). To gain a better understanding of the nature of the reciprocal relationship, more attention has to be paid to the characteristics of associations and the specifics of institutional design.

Likewise, Kenneth Newton (2006, 851) claims, “social capital, political performance and political support are closely interdependent”, and neither social capital theory nor government performances can single-handedly explain citizens’ attitude towards political institutions. He points out, while cross-national comparisons reveal a correlation between levels of social trust and the public’s political support (849), case studies of countries with declining political trust do not uphold this link (859). In-depth studies of Finland, Sweden, New Zealand and Japan, which have all experienced a severe political and economic problems over the 1980s and 1990s, exhibit a peculiar pattern: on the one hand, political trust rapidly dropped whereas, on the other hand, social trust remained high and voluntary activity increased (851-5). Furthermore, with improving performances popular trust in political institutions rose again. Hence, Newton posits that “the more social capital the proportionately greater the loss of support in times of severe political and economic performances” (859).

Although the combination of high social capital and poor government performances provides a more complete explanation, clarifications on their interactions and impacts are missing. The vague term “voluntary associations” remains silent on the matter whether citizens engage in leisure activities, volunteer at the retirement home or provide social services, for example. The latter might contribute to better public services. Additionally, attention must be paid to the case selection: Finland, Sweden and New Zealand demonstrate quite high levels of social trust and involvement in voluntary associations, in comparison to world standards (1980s-2000) (2006, 857), which may distort the hypothesized influence of social capital.

Conclusion
The literature on social capital is reasonably extensive, ranging from its impact on the quality of governance and economic growth to democratization and peace-building. This review focuses on the connection between social capital and political institutions, particularly on their performances. By presenting different definitions and approaches, this paper has identified some weaknesses and gaps in the literature, which will be summarised hereafter:

The concept of social capital is widely applied in political science, but still underspecified. Though trust and networks of voluntary associations crystallise as the main components of social capital, their relationship is hardly theorized. “[T]he efficiency of voluntary associations in creating trust and reciprocity has so far only been assumed in the literature and has not been empirically tested or explored” (Stolle 2003, 23). Furthermore, the term trust is used in an all-encompassing sense, spanning from interpersonal trust, via social trust (among associations), to trust in government institutions. Depending on the level of analysis, trust may have different sources and effects. In this context, Paxton (2002, 256) draws attention to the fact that “social capital can be measured at multiple levels and produce goods at multiple levels.”

Concerning networks of voluntary associations, many scholars operationalize them as the mean number of voluntary memberships. However, this measure does not tell us anything about the interconnectedness of associations that Putnam highlighted. Moreover, high numbers of memberships do not necessarily equate to a high level of active participation. Another distinction, which is largely missing in the social capital literature, is the type of associations. Especially with regards to their influence on government effectiveness, it would be interesting to explore whether associations with a political purpose have more impact than leisure-oriented groups. Furthermore, other kinds of social networks that might have equally socializing effects, such as schools, workplaces or religious affiliations, are simply brushed aside as detrimental to social capital given their vertical organization. However, the disruptive potential of horizontal, voluntary associations rarely thematize in the literature. The beneficial consequences of sociability are unquestioned.
The most significant gap in the literature, though, is the absence of a clear causal mechanism linking social capital and political institutions. Society-centred as well as institutional accounts fail to take into account the political, or social context; yet, civic engagement does only impact government to the extent that it has access to political decision-making, while institutional arrangements do only foster social capital to the degree that civil society is willing to participate. Each approach separately is unable to explain how efforts at one level produce outcomes at a different level. The combination of both theories might provide a more coherent description of how social capital and political institutions affect each other, and under what conditions they are conducive or damaging to good governance. However, this interplay is still under-theorized, which is partly due to the fact that two approaches are treated in separate literatures (Newton 2006).

References


