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**SOCIAL CAPITAL – PART OF THE PROBLEM,  
PART OF THE SOLUTION**

**Its role in the persistence and overcoming of poverty  
in Latin America and the Caribbean**

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## INTRODUCTION

This paper defines social capital as the content of certain social relations: those that combine attitudes of trust with reciprocal and cooperative behaviour. It is an asset that confers greater benefits on those who possess it than they would have without it.

The somewhat chaotic debate on the concept of social capital has the virtue of connecting various conceptual fields that are relevant to alternative anti-poverty strategies, both in current analyses of why poverty is so persistent and in the new policy alternatives currently under consideration.

The application of market mechanisms to social policies has already recorded some failings (Cohen 2001) that are no less serious than those associated with previous attempts to establish welfare state systems in the region. There is, however, an accumulation of experiences with a social policy focus that favours the collective sphere from a new perspective; services and transfers are regulated to produce incentives for association, but cooperation mechanisms and social stimuli to performance are also introduced. Together, these make up the conceptual framework of social capital.

Strong central governments and the production of intentional shocks to benefit local systems that traditionally reproduce inequality and exclusion are key elements of this new strategy. In these programmes social capital is explicitly or implicitly deemed part of the problem, since its concentration in the hands of the few hampers effective implementation of asset formation programmes in the hands of poor groups. They make it plain that the conceptual framework of social capital is not essentially conservative but a neutral and useful analytical tool for devising and implementing various anti-poverty strategies.

Given the meagre results of past efforts and the stagnation of anti-poverty policies in the region, these new approaches to the analysis of the reproduction of poverty and capacity-building (together with the first evidence of social capital formation and State-civil society synergy in concrete cases) can contribute to improvements in anti-poverty policies in these and other areas, both at the local and national levels.

### **I. SOCIAL CAPITAL IN A COMPLEX SYSTEM**

#### **A. THE WAR OF DEFINITIONS**

##### **1. Does social capital exist?**

Both neo-classical (Arrow 2000) and neo-Marxist (Fine 2001) economists have argued that “social capital” is not capital in the strictest and fullest sense, although their arguments are grounded on very different definitions of capital. Other authors have refuted this view and have developed detailed arguments to reveal a series of similarities between the conceptual framework of social capital and that of “economic” capital, particularly the physical kind: the postponement of consumption to increase savings, disinvestment, the capacity for transformation, convertibility, deterioration, the capacity to create other types of capacity, etc. Over the last ten years the term has featured in the vast academic literature and in

the reports of the international development agencies. It is thus unlikely that an alternative name will now be imposed on the various issues examined in this study.

A point on which there is no disagreement is the urgent need to include social, cultural and contextual considerations in the analysis of problems and policies of development, equity and overcoming poverty. There is widespread acknowledgement that individuals and groups manage intangible resources and that these are “capital” in the general sense of being assets whose mobilization gives rise to better outcomes in undertakings and strategies than would have been possible without them (Coleman 1990).

There remains a wide range of diversity in the intellectual positions on the concept, and on its implications for public policies. First, among authors on social capital it is possible to discern ideological differences that range from conservative to progressive: “On the progressive extreme there is a concern for empowerment, citizenship, pluralism and democratization. On the more conservative extreme, social capital is located in a commitment to traditional family structures and a collective moral order founded on traditional values” (Gamarnikow and Green, 1999, cited in Fine 2001).

This ideological spectrum ranges from conservative conformity with existing national socioeconomic structures to positions that support the total transformation of profoundly unjust and inequitable systems. The empirical study of poverty in Latin America and the Caribbean, from an optimistic and reformist position, reveals the need to effect changes in the relationship between the State and poor groups in order to alter the dynamics whereby poverty, exclusion and the concentration of assets (including social capital) are reproduced.

## **2. Three different interpretations**

The ideological positions evident in recent studies on social capital tend to converge around three different interpretations of human beings in society:

i) individual maximization through rational choice, together with cultural determinism; ii) class relations that determine ideological superstructures and the distribution of goods; and iii) complex social systems based on multiple agents. Authors in the first group view social capital as the norms for coexistence and cooperation that stem from the individual exercise of strategies to maximize gain. In this view, even the self-interested choices of “rational devils” produce social capital as a consequence of their individual egotistical selection, since they make possible greater levels of gain (Fukuyama 2000). Some authors extend this rational choice logic to the satisfaction of other non-economic human needs such as socio-emotional needs (Robison and Siles 2001). For their part, more conservative thinkers tend to view culture, defined in terms of beliefs and norms, as the original “uncaused cause” (Fukuyama 2001). The difference between this group and the second one (at the other end of the spectrum) reflects the old clash over the direction of causality between norms and behaviour.

The third group represents a growing tendency to view society as a complex ecological system with feedback mechanisms and various degrees of intelligent conduct. This view makes it possible to combine elements of the above conceptual frameworks (that of the rational individual, the culturalist and the sociologizing). This model views social capital as one of the intangible assets that mobilize multiple individual and collective agents in their strategies and undertakings. As in all complex systems, causality is not unidirectional: a change in the norms or in social relations can cause a shock at any point and level in the system (Boisier 2000; Bebbington 2000). Instead of viewing abstract culture as a rigid programme, this approach sees it as an accumulation of alternative and even contradictory repertoires in a constant process of mutual nourishment and redefinition.

Another way of categorizing and analyzing the writings of dozens of authors on social capital is to examine their own attitudes towards the concept. Edwards (1999) divides them into “enthusiasts, tacticians and sceptics”. Only the “tactician” label might require explanation: they are those who believe that social capital makes it possible to do things better and offers a unifying inter-disciplinary discourse that allows discussion of a wide range of concerns (Edwards, cited in Fine 2001). The fact that there are so many enthusiasts probably stems from the fact that the term is so general that it can be appropriated by different theoretical and political schools of thought (Fine 2001). And the large number of sceptics includes a mix of people who reject the term “social capital”, those that have read some study with which they disagree, and those who have a healthy suspicion of any excess of intellectual enthusiasm and the promotion of intellectual fashions.

### 3. Two types of ‘owners’

Definitions of social capital can also be divided between those authors who view it as an individual attribute, expressed in the reciprocity networks to which they have access (Portes 1998, Espinoza 1999), and those who believe that social capital is an attribute of social structures: that apart from individual forms of social capital there are collective forms which are the “property” of communities, classes and whole societies (Coleman 2000, Putnam 1993b and Bourdieu 1999). This disagreement over the “ownership” of social capital has implications for the question of who controls the asset and who benefits from it. Hence these interpretations reflect different opinions of the viability of associative ways of overcoming poverty. Putzel, for example, avers that the degree of trust between individuals in the networks is not a resource of society as a whole, but only of each individual or group that is at the centre of a network (Putzel 1997).

Both Bourdieu and Coleman make extensive references to social capital as an attribute of social groups, collectives and communities. Both analyze the role of social institutions in setting up these groups. Bourdieu, for example, underlines the need for “investment to be geared to the institutionalization of group relations” (Bourdieu 1987). Coleman is particularly explicit on the question raised by Portes. Referring to social capital as a generator of public goods, he notes that social capital is not private, divisible and alienable property but an attribute of the structure in which the person is immersed. According to Coleman, social capital benefits everybody and not just individual people (Coleman 1990).

North, whose formulation of the conceptual framework of economic neo-institutionalism is one of the cornerstones of social capital, is explicit in centring his analysis of institutions at the community and supra-community level (North 1990). In both sociology and anthropology, “institutions” are generally viewed as collective rather than individual attributes. At this level of analysis, the nature of relations does not stem from the sum of the interactions between individuals responding to decisions based on personal interest, but from complex systems that are spawned by the co-evolution of those decisions and interactions. One of the challenges of the conceptual framework of social capital is to identify these systems’ operating principles; another is to understand the feedback mechanisms between individual actions, the systems that arise from those actions, and the ways in which changes in one level of abstraction lead to changes in the other.

Portes indicates that these positions, which lie between the individual and the collective, revive an old sociological and anthropological debate between “over-sociologized” and “under-sociologized” positions. The former, for example emphasizes the internalization of collective norms and the impact of social relations and institutions on economic processes. The latter focuses on the self-interested calculations and actions of individuals as the engine of all exchange, both economic and social

(Fukuyama 2000; Fine 2001). In this respect Coleman is also clear and balanced in noting that in reality people are not completely egotistical, nor do they take rational decisions in total isolation from others (Coleman 1990).

Portes also acknowledges the collective nature of social capital. He refers to the benefits of belonging to a group, and to social capital as a feature of the social structure that facilitates the actions of people and corporative actors. He also highlights the social control functions of social capital institutions and of “their mechanisms, which can be appropriated by individuals *and by groups*” (Portes 1998). According to Portes, the three basic functions of social capital are: as a source of social control, as a source of familial support, and as a source of benefits through extra-familial networks.

Communities plainly consist of individuals who benefit from community social capital. And much of the wealth of social capital lies precisely in how individual social capital interacts (sometimes against but generally to strengthen) the institutions of community social capital.

Both types of social capital can be defined in part by their expected effects (functions not *necessarily* realized in all real cases, since social capital is only one of several necessary or possible factors required). These two concepts are equally valid and complementary, but heuristically distinct. As Portes warns, it is unsound to mix “dyadic exchanges [between two individuals] with those embedded in larger social structures that guarantee their predictability and course” (Portes 1998).

There are other fundamental differences between the personal and impersonal forms of social capital. While the former, expressed in networks, disappear if some of the individuals disappear, the “institutionalized” forms of social capital persist despite a turnover in the membership. The rapid emergence of manifestations of social capital tend to be based mainly on existing personal ties or on their creation by the first interactions between people when they begin to cooperate. These relations, however, disappear equally rapidly in adverse conditions. Overcoming this social precariousness requires a process of institutionalization: the establishment of norms and, especially, details of interrelations and procedures that function effectively in the interests of meeting shared goals.

#### **4. Closed systems and open minds**

A new unified theory appears to be emerging that goes beyond each particular discipline but that incorporates the most recent thinking in each. This has happened because the inter-disciplinary critics themselves have stimulated a more profound debate, a dialectic that has spurred the development of new hypotheses about and assessments of their role in development. What is emerging in the debate on social capital is a supra-disciplinary paradigm, not limited to social capital, a paradigm of the complex system of human society that includes social capital as one of its tools to explain social dynamics.

It seems likely, however, that significant disputes will persist between the three theoretical approaches to social capital. Nevertheless, it is probable that there will at least be a fall in the plethora of definitions of the concept, each with its own ideological baggage. Hence it is possible to choose or combine an appropriate conceptual framework for each problem of analysis or each case of concrete implementation (something that is common in the applied social sciences), while the dispute is distilled and crystallizes into a more manageable variety of conceptual proposals on social capital. This study will make such an effort, with the “tactical” goal of analyzing the concept’s actual and potential contributions to public policies on overcoming poverty in Latin America.

## 5. Explaining the conceptual options of this study

Social capital has been used by conservative thinkers and institutions to justify the withdrawal of the State from those communities that have social capital. But as with any concept, social capital can be used to suit the purposes and political interests of whoever holds it.

In line with the various approaches adopted by authors on social capital as summarized above, this study explicitly locates itself in the fields of complexity (which seeks to develop models of human systems based on feedback between the cultural and the structural), the tacticians (who seeks their relevance for action in the debate and in the observation of experiences), and the progressives (who assert that social capital can trigger transitions and promote reforms that seek to reduce existing inequalities).

From this position, and from the particular conceptual framework of social capital that underlies it, the debate and empirical experience have a specific instrumental value. This consists, first, of its capacity to refute the “technocratic myth”: the idea that the remain poor because they are a bundle of deficiencies and pathologies who need the technocrat to do things for them. This is distinct from the conservative position, since the conclusion is that the poor should be given power, that efforts to build their capacity for social capital formation should be supported, and that they should not be left to their fate. This latter point is more important in countries where public agencies have a more paternalistic outlook, or where assistance for the poor is regarded as charity.

## B. VARIOUS FORMS AND DYNAMICS OF SOCIAL CAPITAL IN SOCIOCULTURAL SYSTEMS

### 1. The three levels of the system

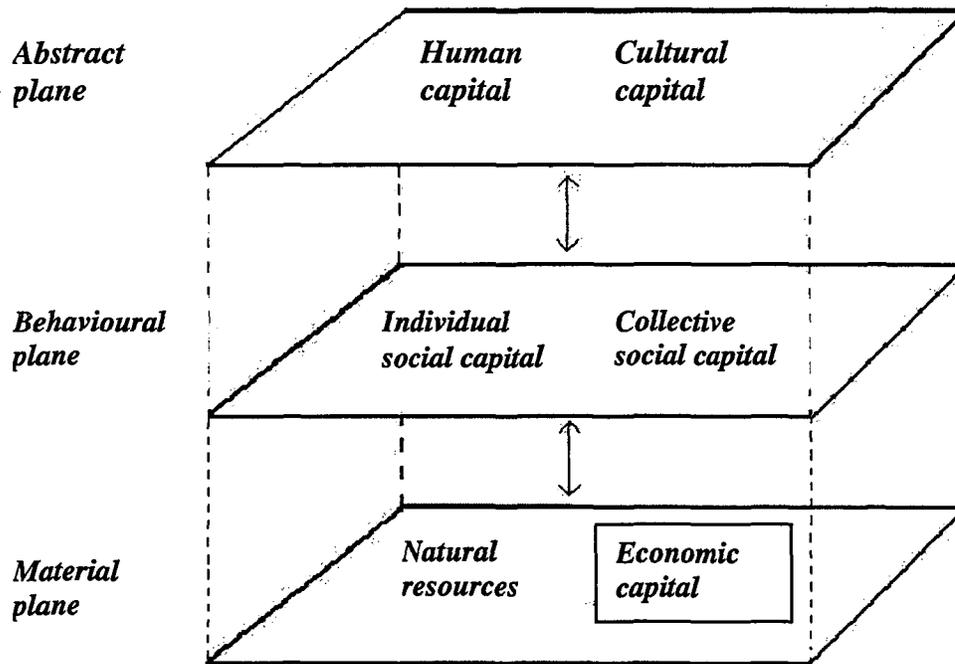
The analysis below adopts an operative conductivist definition of social capital that prioritizes attention to social relations over normative discourses, but that seeks to analyze poverty from a holistic perspective in which social capital is systematically linked to other forms of capital. In stating that social capital is **the content of certain social relations, those characterized by attitudes of trust, and by the practice of reciprocity and cooperation**, what is not said is as important as what is said.

This definition, unlike others currently in use, does not centre on norms or culture. It follows Coleman’s and above all Bourdieu’s view of social capital as a resource of persons, groups and collectives in their **social** relations, while other authors, such as North, Putman and Fukuyama, emphasize **cultural**, value-based, symbolic and abstract considerations. Placing the causal emphasis on cultures (understood as normative systems and cosmologies) comes dangerously close to a simplistic “cultural determinism” that disregards the variability and volatility of normative systems – that is, the facility with which they are redefined in response to changes in social structures and other changes in the environment.

In defining social capital thus, the study draws a heuristic distinction with cultural capital. Bourdieu, Bebbington, Sergio Boisier and others have contributed to this field with their references to different forms of intangible capital. One inevitable conclusion of the debate between “culturalists” and “sociologizers” is that the two are interacting rather than one determining the other. This can be better understood if it is accepted that there are three planes in a single large sociocultural system. In the proposal presented here, social capital has been located in the behavioural plane of social relations and systems, and cultural capital in the abstract plane, together with human capital (See Figure 1).

Analysis of the three planes should focus on the interaction between objective conditions (material and behavioural planes) and the diversity of discourse (abstract plane). Attention must be paid to the matter of how different discourses present different forms of behaviour to different audiences, and to the practical results of this inter-play between norms, discourses and behaviour.

**FIGURE 1. THREE PLANES OF REALITY IN A SOCIAL SYSTEM**



**Note:** human capital is understood as knowledge, synonymous with cognitive capital (Boisier 2000). Cultural capital is understood as the symbolic system of views of the world and of being human, and the norms and values that complement socially valued behaviour.

## 2. Trust, reciprocity and cooperation: the three components of social relations and social capital institutions

a. *Trust*. Individual trust is an attitude (not an emotion) based on the expectation of behaviour on the part of the other person who participates in an emotional relationship between the two. Trust has a cultural support in the principle of reciprocity, and an emotional support in the affection felt for people who appear trustworthy and who place trust in us. It is expressed in behaviour that reiterates and reinforces expressions that communicate this trust in discourses and in ceding control of goods.

The presence or absence of trust does not arise from the rigid programming of an “ancestral” culture but from a repetition of interactions with other persons who have shown, with accumulated experience, that they will respond *quid pro quo*<sup>1</sup> to an act of generosity, thereby nurturing a tie that combines acceptance of risk with a feeling of affection or widened identity. To trust implies a willingness to cede control of one’s goods to the other (or, in the case of an institution, to its authorities). It therefore entails overcoming risk aversion, at least with that person or group.

The greater the value of the goods whose control is ceded or shared, however, the greater is the temptation for betrayal – that is, the opportunity cost of remaining trustworthy. The human need to have someone to trust, in a world of risk and threat, makes possible both social capital relations and betrayal based on “con-tricks” (by “con-men”). All social groups nurture feelings of kinship obligation and the internalization of norms of communal identity to obviate betrayal. When betrayal occurs it is a traumatic learning experience, a negative reinforcement against trust.<sup>2</sup>

b. *Reciprocity*. In the social sciences, particularly in anthropology, the concept of reciprocity is based on Marcel Mauss’s classic “*Essai sur le don*”.

“*Essai sur le don*”, written by Mauss at the start of the twentieth century and published in the 1950s, identifies reciprocity as the overarching principle of formal and informal institutional relations at the community level. In both pre-mercantile and contemporary societies there is a logic of trade distinct from the logic of the market (although it also operates in the market) that involves trade *based on gifts* (objects, help, favours). A gift is a signal of willingness to initiate a social relationship and a culturally sanctioned obligation to reciprocate. In this “diffuse reciprocity”, unlike in mercantile transactions, compensation for a favour, loan or gift is compulsory, but it need not be immediate nor always in precisely equivalent terms. (Mauss 1966).

In any socially circumscribed environment (a traditional society or most present-day communities), social relations are established through a large number of past or potential interactions with a long-term perspective. In communities with stable memberships, relations tend to take place at the same time between the same persons and families in all spheres and institutions of human life: religious, juridical, political, family and economic. Hence, according to Mauss, they are “total phenomena” and the communities are “total systems” that are simultaneously economic, religious and juridical. Although reciprocity might at first sight appear a minor social phenomenon among many, it is in fact the basis of social capital relations and institutions.

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<sup>1</sup> ‘Tit for tat’ is the key principal of reciprocity and cooperation. See below.

<sup>2</sup> This does not refer to a permanent anti-social capital cultural equilibrium – after Putnam (1993a) – but to a situation where betrayal has significant costs or repeatedly tends to require time and many positive experiences of corresponding trust to overcome it.

Other anthropologists who made early contributions to this conceptual framework include Raymond Firth, whose concept of “social organization” referred to the normal relations that generate institutions and social structures (Firth 1961), and George Foster, with his study of “dyadic contracts”, which are the basis for interaction between peers and networks, both of which are expressions of reciprocity (Foster 1961). Dyadic contracts (informal and generally implicit understandings between two people who maintain exchanges over time) are both the first link of networks centred on the individual and the basis of the more complex social organization that is in itself an asset, this time a collective one.

*c. Cooperation.* Cooperation is a complementary action designed to secure the shared goals of a common undertaking. It differs from collaboration, which is the exchange of support between allied actors who have different but compatible undertakings and goals. Together with trust and reciprocity ties, cooperation stems from the frequent interaction of individual strategies. It is theoretically backed by game and cooperation theories (Axelrod 1984), which make it possible to foster cooperation through interwoven opportunities for trust or betrayal, or it could arise as an unintended consequence of the co-evolution of the strategies of multiple agents (“complexity”) (Cowan *et al* 1994; Axelrod 1997).

### **3. Precursors, networks, teams, communities and bridges**

#### *a. Where does social capital come from? Raw material, its activation and transformation*

The potential for social capital exists in all human groups because its ‘precursors’, its raw material, consist of sociocultural elements that are practically universal. However, social capital is not found to the same degree in all human groupings, since these precursors do not automatically nor in themselves constitute capital.

#### **EIGHT PRECURSORS FOR SOCIAL CAPITAL:**

- Social memory
- Identity (including ethnicity)
- Religion
- Neighbourhood
- Friendship
- Kinship
- Principles of horizontal and vertical reciprocity
- Socio-emotional satisfiers: belonging, affection, honour, prestige, self-esteem, altruism.

Although persons have a series of friends and relatives with whom they share several of these elements, only at certain moments do they want to activate a personal project (a life project or one with another goal); they then recruit some persons from this reserve of possible allies. Friendship might not necessarily be instrumental but a value in itself, but at times of opportunity, need or risk some friends or relatives will be recruited to begin an undertaking.

The “socio-emotional satisfiers”<sup>3</sup> are acquired through personal and group interaction, although these might not be instrumental. They are a response to a human need for sociability, which is as

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<sup>3</sup> See Robison and Siles (2001) for an analysis of the centrality of these ‘socio-economic goods’ in the rise and mutual sustaining of social capital behaviour.

fundamental as material need (Durlauf 1999). It is also a stimulus to invest time and effort in reciprocity within groups and organizations since they entail an immediate reward for such behaviour, independently of the success or failure of the shared undertaking.<sup>4</sup>

Each of the elements in the list has specific characteristics, and they interrelate in a complex manner. Some of these raw materials can be activated immediately as social capital; others require greater elaboration before they can be integrated in an undertaking. Some are mainly used by individuals, others by collectivities, others by both. These shared cultural, emotional and interest-related precursors are present in all human communities and they are important to social capital because they feed back into each other and strengthen such capital every time they are activated. The characteristics of the four main forms of social capital (individual, group, communal and bridging) are examined below, as are their main dynamics.

*b. Individual social capital: dyadic contracts and ego-centred networks*

In this study, *individual* social capital is mainly manifest in those of a person's social relations that have the characteristics of an informal "dyadic contract" containing *trust* and *reciprocity*, and that extend through ego-centred networks. Individual social capital consists of the credit that persons have accumulated in the form of diffuse reciprocity that, at times of need, they can reclaim from other persons for whom they have performed direct or indirect services or favours in the past. This resource does not reside in persons themselves (as in human capital or knowledge) but in relations between persons.

Simple interpersonal networks are the most important form of individual social capital. Anthropologists refer to an **ego-centred** network: each person has his or her own distinct network, which is the capital of each individual and whose benefit and management fall to each person.

In short, individual social capital is characterized by diffuse reciprocity and the informal contract between two persons, and is expressed in networks centred on each person.

*c. Group social capital* is an extension of ego-centred networks, when many ties within a group inter-cross. They all know each other, they are all friends and hence the network has a high degree of *closure* (Coleman 1990). Relations inter-cross each other and densify (for example, between 4 to 12 persons, as an order of magnitude), creating a group capable of working as a team or an enterprise. They are persons who trust each other and have multiple relationships of reciprocity and commitment. This type of capital appears to provide fertile ground for associative undertakings that seek to generate income in poor sectors.

As with all forms of social capital, group capital has horizontal dimensions (between equals) and vertical dimensions (between persons with greater or lesser degrees of social power). These small groups tend to have a single leader (the person with the most prestige and the most political or economic resources), who maintains unequal power relations with other members of the group and exercises some degree of control over them.

Group social capital can be understood as the most simple form of collective social capital, and also as a widening of individual social capital. It mainly operates on the basis of individual reciprocity between members of the group. It tends to be guided by the personal goals of the group leader and its

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<sup>4</sup> Various other forms of capital also produce emotional satisfaction when they are possessed, related to some of the psycho-social variables mentioned here in the context of social capital.

usual objective is to operate collectively as a single group in the market (an enterprise). This orientation can be extended to the political and state context, which are viewed by the group as extensions of the market with corresponding opportunities for gain (see below for a discussion of clientelism).

*d. Community social capital*

The broad acknowledgement that economic relations and exchanges are “immersed” and “embedded” (Grannovetter 1985) in the social system, and in the normative system underpinning it, represents an advance in the integration of the economic and the sociological/anthropological sciences. Is community social capital also embedded in the sociocultural system? Or rather, community social capital is **one aspect of that system**: the system is, in itself, capital.

Community social capital is composed of structures that make up the institutions of group cooperation. It resides not only in the collection of dyadic inter-personal relations as a whole, but in these complex systems, in their normative, management and disciplinary structures. In this regard it should be recalled that communities are more than networks; even more than “bounded” networks (Coleman 1990). The classic definition of community covers activities that are coordinated with a certain common goal, self-government, cultural superstructure and a sense of identity.

- **Communal institutional systems**: at the communal level, sociocultural institutions (such as a neighbourhood committee) work when they have social capital. However, they do not work because of the social capital of one person in particular. If it relies on the social capital of a single person or group, the institution has been coopted. Ideally, the informal institutionality is owned by the whole community: there is leadership and social control of the membership.

An *institution* is defined as a relatively stable set of well-established roles and relations, “social customs that are typical of the society in question” (Beattie 1996), and with norms that strengthen and authorize the performance of these roles by different persons over time. Institutions are “the bodies that perform social functions”; they have a structure of roles and are rationalized and conscious; analysis of them facilitates the ordering of the study of a community (Mitchell 1968). Institutions have characteristics of systems and are, in turn, parts of broader systems. On the one hand they are complexes with multiple norms, and on the other they are organizations of persons in regulated roles.

Social institutions differ from networks in that the latter are more complex and bring together the features of a *system*, with a cultural superstructure of norms and a set of stable social relations. Institutions are systems that can *produce satisfiers* for the perceived needs of a whole group of persons or part of a group, and that also have feedback effects that strengthen the very viability of a complex system based on multiple agents.

Both the founders of social capital theory and its subsequent exponents (and critics) have identified a series of institutional characteristics and functions of community social capital:

- *social control* through the imposition of a group’s shared norms and the sanctioning of individuals transgressors through opprobrium or punishment;
- the building of *trust among the members of a group*;
- *coordinated cooperation* in tasks that exceed the capacities of a network;
- *conflict resolution* by leaders or an institutionalized adjudicator;
- the *mobilization and management of communal resources*;

- the *legitimization* of leaders and executives with *management and administrative* functions; and
- the establishment of areas and structures for *teamwork*.

Institutions of community social capital are also likely to have a number of more specific benefits:

- the *prevention and sanctioning of "free riders"* (i.e., individuals who wish to benefit from social capital without providing the effort nor their own resources to strengthen it);
- the production of *public goods* created by these collective forms of social capital, such as crime prevention mechanisms, risk systems, rotary funds, conflict resolution, more profitable associative enterprises, etc.

Bearing in mind Portes's (1998) *caveat* on the need to avoid tautologies, it should be explained that the presence of community social capital does not guarantee that these expected results will materialize, since they depend on the existence of a series of other favourable conditions. Neither can the presence of these benefits be taken as evidence that community social capital is present.

But most of the effects identified here are intrinsically linked to the existence of community social capital relations and institutions with explicit goals. Hence it is impossible to develop the conceptual framework of community social capital without referring to these expected results.<sup>5</sup>

The institutionality of community social capital can arise out of at least four different processes:

- the co-evolution of people's strategies (at the initial moment when a new community is being established);
- the rational and conscious decisions of individuals who comprise a community;
- the socialization of a culture's relevant norms during infancy and childhood; or
- it can be induced by an external agent applying a methodology of community capacity-building.

Local institutions of cooperation and joint management emerge from the frequent interaction of individual strategies. This is theoretically supported by two distinct but related conceptual approaches: one claims cooperation is the result of rational decision-making by economic agents ("rational choice"), which is also reflected in game and cooperation theory (Axelrod 1984); and the other asserts that these arrangements are an unexpected consequence of the co-evolution of the strategies of multiple agents ("*complexity*").

*e. Bridging social capital: regional and national linkage*

In poor communities and neighbourhoods an important extension of individual, group and communal social capital are the horizontal and vertical links that provide access to remote persons and institutions: horizontal (in second-plane associative organizations in the area), which constitute alliances and coalitions; and vertical, with actors that have greater power. This is "bridging" social capital (Narayan 1999), similar to what Granovetter refers to as "weak links". In the context of poverty, bridging social capital is important because it opens up access to other types of economic and political resources

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<sup>5</sup> Fine notes (2000), in a commentary on Portes, that all forms of capital are understood solely in reference to the effects expected of them

that are scarce within a community or neighbourhood (and obviously in other poor neighbourhoods as well).

One of the most important forms of bridging social capital is found in the relationship between poor communities and the central State. In a fully democratic context, this bridge serves to empower and develop synergies, what Woolcock (1998) terms “linkage”. In less democratic contexts, however, the power inequalities inherent in these vertical relationships with the State are related to various degrees of authoritarianism and clientelism.<sup>6</sup>

f. *Societal social capital.* The raw material of social capital, in culture-specific forms, is present in all societies in the world. The ability to work as a team, and mutual aid based on a shared identity, exist in all of them. But in a single medium there are also informal cultural norms with outlooks and forms that are diverse and even contradictory.

Some authors have centred their analysis of social capital at the national or societal level, focusing on the virtues or weaknesses of “national cultures” with integrative normative systems (North 1990, Putnam 1993a, Fukuyama 2000). However, in countries that are socially and ethnically very segmented (and economically stratified along the same lines), it is hard to discern cultural elements common to all the segments.

It is thus impossible to make valid generalizations about all the hundreds of cultures and sub-cultures in Latin America and the Caribbean. Nevertheless, it can be said that many of them display an enormous capacity for metamorphosis, appropriating and incorporating cultural borrowing in the recombination of their own forms and outlooks. And even forms of cooperation and solidarity that are little apparent in current behaviour are not lost if they are not forgotten, if they persist as social memory.

A more promising line of inquiry is that followed by Narayan (1999), who argues that national societies can be located in a continuum according to the strength or weakness of their inter-group ties, a variable that can be crossed with that of highly functional or dysfunctional governments. Where there are low levels of inter-group or inter-stratum ties, society will be highly exclusionary if it has a functional government, and conflictive and stagnant if it has a dysfunctional government (Narayan 1999: 13). In this view, the societal-level analysis of the relationship between social capital and persistent poverty focuses less on the nebulous area of the lack of national value institutions and more on the specific dynamics of social exclusion and the relationship between social capital and a dysfunctional State.

## **C. THE INTERRELATIONS OF VARIOUS FORMS OF SOCIAL CAPITAL**

The challenge of applying the concept of social capital to overcoming poverty demands attention both to inequalities between groups and to relations between different sub-national forms and levels of social capital.

### **1. Reciprocity and kinship in social capital formation**

Apart from material and human resources, households have a significant set of many social resources that essentially consist of ties that strengthen cooperation with individuals and other

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<sup>6</sup> These forms of social capital are clearly part of the problem of persistent poverty, but are not the only ones. This point will again be discussed in section D and in the second part on strategic orientations.

households. This is based not on impersonal solidarity but on the inter-personal ties of concrete and specific individuals – that is, the social capital of persons comprising the household and the household as a group or team.

Although reciprocity is a form of exchange, it is less an economic transaction than a repeated exchange of gifts and favours without immediate nor equivalent compensation (and is therefore diffuse), in which each expression of aid reaffirms and strengthens trust between the two people involved (Mauss 1966). From that stems another important aspect of reciprocity: this is not a group relationship (or it is a group relationship only in a special sense and only through a set of individual relationships), but a relationship based on a stable and implicit agreement between two people, what Foster terms a “dyadic contract”: a wholly informal contract that is “dyadic” because it involves two people (Foster 1961). These non-explicit contracts between two people, to aid each other at times of need and in economic undertakings that entail some risk, operate mainly in contexts in which legal sanctions are weak (cf. Fukuyama 2000) and where there is also some need for personal safety, faith or trust in the solidarity of the other person ... as in many situations of modern life.

## **2. The kinship network: reserve of social resources**

Although the strongest and most reliable relations of stable reciprocity that an individual can have are with relatives, not all relatives are active participants in “dyadic” relations: with a given individual (in anthropological jargon, an “Ego”). On the contrary, an Ego’s known and acknowledged relatives are simply a potential reserve of reciprocity relations: with many relatives interaction is only occasional and casual, and with some there are conflictive relations that hamper stable reciprocity and the positive emotional charge that this entails. And since the set of persons who occupy kinship roles (brother, uncle, brother-in-law, etc.) is objectively different for different individuals, this network of potential social relations is “Ego-centred”: each Ego is at the centre of a web of relatives in concentric circles that overlap and inter-cross with the kinship networks of the Egos in the same community.

The sense of belonging, identity and obligation associated with kinship is so strong, and so functional to the goal of securing reciprocal support and trust, that in many parts of the region the principle extends to friends (‘ritual’ or ‘fictitious’ kinship). These relationships are religiously formalized and reinforced through the godfathership (*compadrazgo*) and sponsorship (*padrinazgo*) systems of baptism, marriage and other ceremonies.

## **3. Kins, support groups and “great men”**

Of this abstract network of potential relationships (to which are added neighbours, friends and members of the Ego’s own generation), each family head maintains active relations of diffuse reciprocity with a much smaller Ego-centred network. As is obvious, moreover, the head participates in Ego-centred networks among relatives; these networks of real exchange relationships between relatives are termed kins. The fact that these kins overlap each other in a dense fabric of reciprocity relations, with constant exchanges of support, is what gives the community a kind of invisible solidarity. This is much stronger than that provided by an abstract sense of joint social interest with respect to the rest of the world.

The kin is not a social group in the strict sense of anthropological and sociological theory, because it denotes something more than a dispersed network or a simple category of similar people: a social group is a group of people with stable interaction relations and tangible borders, which distinguish its members from other people who are not members of the group. In this regard, Ego-centred kins have been called “quasi groups” (Mayer, 1966).

Very often, however, kins form the basis of real social groups and they have significant implications for any attempt to intervene in a community or neighbourhood where they are present. These “real” but informal social groups support specific and outstanding individuals who in some cultures (such as communities in the Andean region) are referred to as “great men” or by similar terms. Contrary to the myth of social pressure to distribute any savings, in rural areas these quasi groups help ensure that peasant households can accumulate capital and grow as an enterprise, by means of the work contributions of the reciprocity network. In turn, the less business-oriented or younger relatives enjoy the security of the “great man’s” help at times of need.

As we have seen, the prevailing tendency is for the heads of bigger households to have more resources and status than youths in general, which gives rise to “vertical” or patron-client reciprocity relationships. In western Guatemala, reciprocity between non-peers is also based on a sometimes sharp social stratification within the indigenous community, wherein some parents pass on an abundance of goods and high status to their children. Many “great men” thus lead relatively stable and defined support groups that are based on their own kins but that expand by means of godfathership and sponsorship relations with several non-relatives. These groups act as enlarged economic enterprises and as factions or *cliques* to support a particular man in the competition for prestige within the community. Since their members cannot simultaneously be members of the kins of rival men of prestige, it is conceptually valid in these cases to speak of authentic social groups. In some communities, there is only one “great man” who has distinguished himself over the others. In others there are two or more, each of whom has his own support groups based on horizontal and vertical reciprocity. This triggers factional conflict in the economic, political and organizational spheres. In many other cases, for the purposes of strengthening commercial ties, there is the paradox of sponsorship relations with outsiders from non-peasant social strata. These are sometimes the same ones that have deprived the communities of land or of earnings from the sale of products

#### **4. Reinforcements between the individual and the collective in communities and neighbourhoods**

The processes whereby institutional and community social capital (“meso”) emerges from “micro” or individual social capital, and perhaps from other sources, are complex, varied and little understood. There is a pressing need for understanding in order to further our grasp of the interaction between these two levels of social capital. It seems clear that the two are not inimical: individual social capital is a precursor of community social capital; and the latter is one of the resources that serves to accumulate the latter.

The scale of stable social relations ranges from a dyadic contract between two individuals (the precursor of social capital), to ego-centred networks (individual or “micro” social capital) from which social capital community institutions sometimes emerge (“meso” level). In this regard Coleman (1990) argues that the existence of dense networks is a necessary condition for the emergence of social capital.

The specific forms assumed by social capital on the three levels (micro, meso and macro) differ because different sets of issues operate at each level (Orstom, 1999). Between the individual and community levels these forms and logics generally nourish each other, but in many circumstances there is conflict between the logics of the individual, those of the closed group, and those of the community. Hence the presence of social capital at the micro level does not guarantee the emergence of meso- or macro-level social capital. Neither should it be forgotten that the presence of any kind of social capital does not guarantee benefits in all situations.

As Portes points out, for example, “social capital in the form of social control [institutional] can come into conflict with social capital in the form of the mediation of benefits through networks [individual]” (Portes, 1997). According to Portes, this is partly because “the function of tight networks is precisely that of facilitating the violation of those [institutional] norms for private [individual] benefit.” Indeed, to some extent the formal institutions largely exist to counteract individual social capital (G. Sen, 1998). The operation of interpersonal networks is nonetheless tolerated within the basic norms of collective institutions. Individuals respect those norms, both because the institutions’ values have been internalized and because violation entails negative sanctions by the group on the individual transgressor. The networks’ individual social capital and the institutions’ community social capital can be symbiotic and synergistic, strengthening and complementing each other. This occurs when there are informal community institutions whose collective norms include not only prohibitions and punishments but also “rewards” for the individual; the norms can be a source of personal benefit. Prestige, public goods and the rules that stimulate reciprocity are some of these motivating norms and mechanisms. And personal strategies, operating within this context, reinforce institutions.

Another way in which individual social capital complements community social capital is their “stability” – the fact that both abide over time. According to Coleman, the stability of social capital depends on the stability of individual strategies and relationships; a disruption of social organization or social relationships can be highly destructive of social capital” (Coleman, 1990).

Arrow (2000) also recalls that formal institutions (those with legal structures explicitly based on defined positions) are as important as, or even more important than, the informal institutions that make up social capital. Indeed, Coleman argues that formal institutions can remain firm in circumstances in which individuals’ strategies and relations are highly unstable. It must be added, however, that formal institutions can be devoid of social capital, remaining mere shells by virtue of their legal existence, or can be diverted toward “amoral familism” functions (Banfield, 1951). By contrast, informal institutions unsupported by written legal rules can enjoy great stability and can interpenetrate formal institutions, changing their outlook but ensuring their stability and effectiveness.

## **5. The community prestige of the head as a goal of the peasant household**

Much of the theoretical debate on social capital has developed either in the abstract, without reference to concrete local situations, or has referred explicitly or implicitly to urban contexts. Rural communities, particularly Latin American peasant communities, display peculiar features that demand specific attention to several of the questions analyzed in the foregoing pages. As Woolcock points out, “in strictly economic terms, poverty can be as intense in the countryside as in the city,<sup>7</sup> [but] the presence in rural areas of closer and more abiding community networks averts many of the manifestations of poverty associated with large cities” (Woolcock 1998). But not only is there a difference in the presence, strength and usefulness of community social capital in the countryside; it is also possible that consideration of it can help clarify the conceptual debate on social capital in general.

It is argued here that an examination of rural communities elucidates aspects of community social capital that are less clear in informal urban networks, which have been at the centre of much of the

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<sup>7</sup> In all the countries of the region, however, the percentages of poverty and indigence are much higher in the countryside than in the cities. That is, in rural communities the presence of social capital is apparently associated with an extreme lack of other complementary forms of capital.

thinking on the issue. This is particularly true to the extent that such an examination confers greater centrality on the territorial dimension of social capital.

It is reasonable to argue that the rural community provides an ideal atmosphere for the emergence or creation of social capital.<sup>8</sup> The relative stability of interpersonal relations intercut by kinship relations in a particular locale during a lifetime promises to be a kind of precursor of social capital. But it is important not to succumb to any bucolic romanticism about rural life, and to avoid the idealized vision of “communitarianism” and “peasantism”. Nevertheless, it is rural communities, with their abundant “precursors” for social capital formation (the shared identity and historical memory attendant on being a local group with common forebears, whose residents are very largely permanent and who have strong kinship relations and an established sociocultural institutionality) that serve to provide greater understanding of, for example, the dynamics whereby individual and community social capital complement each other.

The rural household prioritizes its various economic and family goals in its productive decisions. The vision of the cycle of household development facilitates understanding of how extra-economic or family objectives change according to the phases of this cycle. The priority established by the head of the household ranges from the young head’s priority goal of subsistence/consumption, through the middle-aged head’s accumulation/capitalization, to the older head’s maximization of his prestige (by combining wealth, generosity and service).

The importance of prestige in peasant communities is normally underestimated in rural development projects. This is partly because such prestige is a non-economic factor, but probably also because there is acceptance of the stereotype of essentially equal (that is, equally poor) peasants. Technical or professional individuals, from their superior social position, can underestimate the degree of respect and admiration that a peasant’s peers can confer on him. Finally, the scale of values that determines an individual’s prestige varies from one cultural context to another, although the three factors mentioned in the preceding paragraph are basically universal.

In poor rural areas of the Andes, Mexico and Central America, prestige and status (the social rank arising from the prestige won by an individual) have been traditionally related to the discharge of a series of civic-religious “offices” that make great demands on the material resources and time of the head of the household.

One hypothesis of early anthropological studies, and one that is currently being reassessed,<sup>9</sup> was that spending on festivities was designed to secure a levelling of personal wealth by requiring greater expenditure on the part of men who had managed to begin a process of such accumulation that it made them socially distinct (levelling mechanisms). It is now believed, by contrast, that both the money and time spent were investments in prestige and in diffuse reciprocity (see below), which later yielded economic benefits: expenses associated with the positions did not reduce the incumbents (*cófrade*, *mayor rezador*, *principal*, etc.) to the common level of poverty. In the year following the outlay of civic-religious expenditure a household’s capital and level of consumption did fall, but over the long term the head of the household again increased his prestige and material fortune.

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<sup>8</sup> There is already empirical (and quantitative!) evidence to support the hypothesis that there is more social capital in rural communities. See PNUD 2000.

<sup>9</sup> However, the concept of a “levelling” mechanism has entered the trans-disciplinary literature on capital as an incontestable fact.

These traditional and formal positions, whose discharge was the most visible manifestation of the prestige of heads of household, have changed markedly in recent decades, for example in western Guatemala. Apart from various formal political positions that endure and expand, two new formal institutions have gained ground: evangelical sects and international aid or development projects. Many of the activities of the old civic-religious syncretic system, which half a century earlier allowed a head of household (with enough land, grown children and savings) to display his capacity for spending and his dedication to his neighbours, have been supplanted by positions in evangelical congregations, in new Catholic lay organizations and, increasingly, as committee presidents, promoters, etc. of international aid for development projects. According to some analysts (Stoll 1990) these posts, which also entail the hope of clientelist benefits, are now the new “offices” of community prestige for the head of a peasant household.

## 6. Cities and peasants

Is it fair to analyze the forms and dynamics of social capital in poor urban neighbourhoods with the same magnifying glass (or the same microscope, if one is to look further into the psycho-social relationship between social capital and the creation of individual personality and social identity) used for looking at the peasant or indigenous community? There are strong arguments against it, including the cultural peculiarities attendant on the possession and cultivation of smallholdings. Jane Jacobs, the great urbanist who has a claim to have originated the concept of social capital, stresses that her analyses of social systems in large cities cannot be extended to rural communities, nor even to small cities (Jacobs 1961).

At the same time, many popular and marginalized urban neighbourhoods have essential features of a community, and they display the relations and institutions of social capital in a manner very similar to that of the peasantry. Hence Roberts spoke some time ago of the neighbourhoods and settlements of Latin American megalopolises as “peasant cities”, because of how they reproduce both the normative systems and the concrete ties and institutions of the rural areas from which the first migrants came, especially in the poorest urban neighbourhoods (Richards and Roberts 1999). Jacobs herself defines the key principles of social capital in big city neighbourhoods in the following terms: “people invest years of their lives in significant relationships ... Once established, these networks can expand relatively fast, weaving new and resilient forms and new organizations ... These networks are the irreplaceable social capital of the city” (Jacobs 1961). Such terms are very similar to those used in reference to rural communities. She clearly identifies the most important factor in urban neighbourhoods’ possession of social capital, a factor that is also very important in the collective social capital of almost all rural communities: “Wherever ethnic neighbourhoods are developed and stable, they possess a quality other than ethnic identity: they contain many individuals who stay where they are. This factor, more than mere ethnic identity, seems to me to be the significant one” (Jacobs 1961).

What seems clear from these references is that, at least sometimes, rural communities and popular urban neighbourhoods share some characteristics. In each case, however, they spawn unique dynamics that set them apart to a greater or lesser degree from the common model. This holds true for the realities of both rural and urban poverty.

## D. SOCIAL EXCLUSION: SOCIAL CAPITAL AS PART OF THE PROBLEM

Is social capital good by definition? It is valid to define it in terms of undertakings that seek to secure the common good. Despite charges of tautology (Portes 1998), it is sound to define any form of capital in terms of the results expected of it (Fine 2001) – as long as such outcomes are not taken as a test of the causal relationship. However, it demands equivalent attention to the informal institutionalities that run counter to social capital thus defined: exclusion, corruption, mafias, etc.

It is nevertheless analytically more useful to define social capital in more neutral terms, as a resource that can be used in undertakings that produce benefits only for some and that exclude or harm the rest. We should view social capital as an asset, like money: it is good to have it. All people have social capital and use it in their strategies, both in the economic realm and in meeting other more social and emotional needs. However, social capital is not distributed equally in society, nor in the hard poverty where there is more of it.

Cooperation in small, organized groups is clearly a universal tendency of human beings. At the same time, in complex societies there is an equally universal tendency for such groups to be exclusive. Durlauf (1997) has shown how this latter tendency gives rise to growing and permanent inequality. In other words, social *capital* is essentially connected to social *exclusion*, “the societal and institutional processes that exclude certain groups from full participation in the cultural, social, economic and political life of societies” (Narayan 1999).

### 1. Returning to the founders

Bourdieu, Fukuyama, Edwards and Foley, among others, have pointed out that social capital is unequally distributed in society, as are other forms of capital. It is interesting to note that the issue of power was relatively absent from the debate in the United States that followed the publication of Putnam’s book in 1993 (Putnam 1993a, Narayan 1999). Fine has written widely on the implications of this omission. The fact is that Bourdieu wrote over a decade ago that social and cultural capital (that is, human or cognitive) are the “property” of defined and circumscribed socioeconomic groups or strata (Bourdieu 1987, cited in Fine 2001). Putzel (1997) pointed out that although a group or stratum has much social capital, it cannot realize its potential fruits without access to other resources, especially material resources.

Currently, the issue of power and inequality in the possession of social capital is once more being addressed in the debate: “the ties that bind also exclude ... Groups and networks only work by including some and excluding others ... In socially differentiated societies ... social capital can help preserve the status quo of exclusion” (Narayan 1999). The World Bank now endorses this vision of social capital as part of the problem, and says that “social institutions are part of the framework ... [that] determines many of the dynamics that create and sustains poverty ... (Banco Mundial 2001).

### 2. Intergenerational transmission of the opportunities of life and of group influences

The omission of power conflicts in society from the analysis contributes to “culturalist reductionism” explanations of why poverty is so persistent. The paradigm of social capital must include, on the one hand, disputes between groups and strata to retain or extend their control over scarce resources; and on the other hand it must also cover the impact of random historical events, balanced in explanatory significance with traditional cultural norms. The concept of social capital serves to analyze both inequality and the assets or resources that the poor have but that are not being activated. The

possession of a great deal of social capital contributes to the accumulation of human capital and of educational credentials, apart from the symbolic capital of social prestige (Bourdieu 1987). It is the elites that most manage their networks of kinship and friendship acquired in exclusive educational establishments. Associative institutionality – that is, collective social capital – is greater among the business community than in any other socioeconomic sector (PNUD 2000; Guell and Márquez, in CEPAL 2001). They cooperate and reciprocate, not to mention their contacts as social actors and their influence on public policies. In general, educational stratification is a key factor in the unequal transmission of the opportunities of life, through cultural and social mechanisms that are characteristic of social capital and that are activated by privileged groups and strata (Bourdieu 1987; CEPAL, *Panorama Social*, various years).

### 3. Why the poor do not accumulate: exclusion, dominance and clientelism

Besides the utility of the social capital of those strata that have greater resources to monopolize and accumulate more social capital, the poor's scant tendency to accumulate social and other forms of capital can largely be explained by effective efforts to limit their intangible capital, to destroy it,<sup>10</sup> muffle it or divert it in relationships in which much of the benefit falls to others: clientelism. The benefit of a clientelistic relationship confers greater social capital on the "patrons" who develop a clientelistic discourse and practice, and lesser social capital on the client.

### 4. Clientelism – the state as part of the problem

Some of the more suggestive proposals on how to apply social capital to the improvement of anti-poverty programmes are based on the premise that there is a gap between the State and civil society (Evans 1996; Ostrom 1996). However, all the indications are that the interface between government institutions and civil society in Latin America and the Caribbean (as in other regions) is permeated by various kinds of sociocultural ties, especially in parliamentary democracies based on political parties.<sup>11</sup>

Chief among these ties is lobbying – organized and paid efforts to influence the decisions of administrators and legislators – and clientelism. In Latin America, clientelism is mainly evident in chains of political brokers that manage unequal and paternalistic relations with their clients through their monopoly on information and their control of the assignation of benefits (Auyero 2000). These relationships can be analyzed in the conceptual framework of social capital, without rushing to argue about whether they are real forms of social capital, before subjecting them to empirical examination. Early theoretical efforts in this direction point out, for example that "the negative impacts of social capital are manifest in powerful social groups ... that are not accountable to the citizenry and that practice corruption and cronyism" (Narayan 1999). It seems evident that lobbying and clientelism are relevant resources for the objectives of people and social groups, as well as for those of political parties and governments.

Like many other forms of social capital, lobbying and clientelism are part of the problem of the persistence of poverty and inequality, not because they are bad in themselves but because they are poorly distributed in most societies. In their more concentrated manifestations, where a few people and groups enjoy personal relations of close confidence with public officials, reinforced by sponsorships and friendships, they also produce serious problems of corruption. And authoritarian clientelism reproduces

<sup>10</sup> Social capital "is the asset that we least know how to build -- certainly we know much more about how to destroy it" (Bebbington 1999).

<sup>11</sup> This issue is addressed again in the second part of this study.

extremely unequal power relations between political parties and poor groups, especially when they are applied locally by dominant “brokers” and “godfathers”. From the perspective of applying the conceptual framework of social capital to the improvement of antipoverty programmes, clientelism in its most exclusive and dominant manifestations comprises the main instance of social capital as part of this problem – a part in which the State itself is deeply involved.

At the national level, in countries where administrative and entrepreneurial centralism are combined with urban primacy, the feedback between the concentration of social capital associated with other assets, on the one hand, and cronyism, lobbying and clientelism in the executive and legislature on the other, the dynamics of social capital are expressed in terms very similar to factionalism in a community, since all the relevant actors know each other as individuals.

## **5. Social exclusion within poverty**

Neither should it be forgotten that among the poor popular community too there is heterogeneity, inequality and the imposition of personal agendas on the informal relationships that permeate collective institutions. There are economic distinctions between the households of almost all poor communities and neighbourhoods, which in many cases increase with integration and economic growth. These power differences among the poor make it possible for dominant groups and factions to capture and distort social capital and its precursors. When these internal factions establish clientelistic bridges to dominant external social actors, passivity within the community is nourished and the distinction between their dominant factions and the others is accentuated.

## II. THREE STRATEGIC LINES FOR SOCIAL CAPITAL TO HELP OVERCOME POVERTY

### A. PART OF THE SOLUTION

#### 1. Theoretical postulates

It was implicit in the conceptual framework developed in the first section that social capital is potentially “part of the solution” in conquering poverty. The poor’s social capital is, by definition, an intangible asset for their personal life projects, their group undertakings and their organized efforts to secure public goods for the community. Poor people and communities use social capital precisely in order to escape material poverty and improve their quality of life in various other senses. This second section presents three proposals for strategies whereby the State could help foster collective social capital so that these people can overcome poverty – the State itself thereby overcoming its own role as part of the problem of social capital in reproducing inequalities and poverty.

Designing formal institutions for association and participation, and training their putative beneficiaries in managing them, will never bear fruit unless the informal, sociocultural institutions of trust, cooperation, leadership, prestige, factionalism and clientelism are also public policy issues. These “positive and negative” forms of social capital follow dynamics that determine outcomes more than do formal logics. Equally relevant are the opportunities offered by the broader context, so that the poor’s social capital formation helps them to renegotiate the unequal power relations that are precisely what constitute the social capital of more advantaged social actors and groups. Both the formal rules and structures of association and the informal social capital that determines how they actually work are intangible assets that, ideally, should act in concert. There is sufficient knowledge of the design and management principles of formal associative institutions. The great challenge now is to determine how to work synergistically with the sociocultural systems specific to each case, with a view to creating efficient productive institutions and social actors capable of introducing positive shocks in those local and regional systems that tend to reproduce the status quo of inequality.

The theoretical possibility of intentionally creating social capital and effecting it in poor sectors is based on the perception that it is possible to form and accumulate several forms of social capital relatively fast. Although the practical utility of social capital for public policies has been questioned (Portes and Landolt 1996), many studies reveal and analyze a significant synergy between the informal institutionality of social capital in civil society and the formal institutionality of the State, for several purposes (Evans, 1996). For one, there are cases in which public policies have contributed to the creation of social capital (Durstun 1999); and there are studies of its use by the State to attain the “empowerment” of excluded social sectors and upgrade the impact of social services based on the strong personal commitment of public officials to the local community (Tendler 1997). Although this seems to run counter to the ideal of the objective and impartial public servant, this link contributes to civility because the officials’ personal commitment is associative (with the community as a whole) and not individual (Evans 1996).

Some of the originators of the concept posited the idea that social capital can be built directly or indirectly, realizing the synergistic potential between private and governmental organizations. (Coleman 1990, Putnam, 1993a and 1993b). In this proposal, various State incentives to motivate citizens to associate so that they could receive some benefit would have the effect of stimulating trust where it is absent (breaking down age-old barriers of fear and distrust), and of reinforcing habits of collaboration and

association. In fact, for Putnam, this by-product of social creation is much more important than the specific “reward” of meeting immediate needs, which is usually the formal objective of a given participative project, since it triggers the virtuous circle whereby the social capital stock accumulates and is strengthened each time it is used.

## **2. From the deductive and the inductive to the propositive**

In Latin America there are some empirical studies and some experiences of projects and programmes in which the principles of social capital have been applied (explicitly or implicitly). This allows us to discern some general outlines of how social capital can help reduce poverty through State action. The iteration between the theoretical debate (deductive method) and empirical observation (inductive) promises to be the most effective means of drawing conclusions that might improve practice. Everything related to social capital, in its multiple facets analyzed above, and that helps people to escape their poverty (in a broad sense), is relevant to this strategic vision: increasing income for labour; the most efficient provision of subsidized services; increasing material and intangible assets; and, finally, overcoming the social and political poverty – the exclusion – that nourishes the other elements of the syndrome.

Below is an iteration between theory and practice around three main lessons derived from the latter: i) the importance of applying research methodologies – action that supports collective social capital formation in poor organizations, communities and neighbourhoods; ii) the need to convert relations between the poor population and the development agents and agencies from technocratic to synergistic; and iii) the central importance of an external agency to nurture and support poor social actors as a hub of decentralization. The order in which these three lessons are presented is not inadvertent: the first requires the second for it to be successfully implemented, and both depend on the third to surmount the obstacles to the poor’s sustained accumulation of assets and the definitive conquest of poverty. In other words, rather than three independent strategies the three lines comprise three strands of a single public policy strategy.

## **B. FIRST STRATEGIC LINE: FROM RESEARCH-ACTION TO THE CONSOLIDATION OF COMMUNITY SOCIAL CAPITAL**

One means of understanding the dynamics and potential of social capital in the various territorial levels is in terms of concentric circles around a person. Fukuyama proposes the concept of the “radius of trust”. The radius of most intense trust is the nuclear family, but at lower levels of intensity this radius can correspond to a community or an entire ethnic group (Fukuyama 2000). Extending this concept, one can also speak of a wider radius of identity (all the people with whom one feels identified), of acquaintance (known people of other identities) and recognition (people who are not directly known but to whom one can assign some identity). These wider circles comprise the potential pool from which one chooses one’s radius of trust. And it is from their radius of trust that people recruit the partners and allies with whom they build and feed cooperative ties that simultaneously constitute their “radius of affection” and their activated individual social capital.

Community social capital, for example, entails the widening of the radii of trust, cooperation and affection from the household, close relatives or the small group to a collective of people who share some elements of the raw material of social capital (such as neighbourism and ethnicity). Although the concept of communities can include that of a “community of interests”, in the poor’s case territorial neighbourism

is one of the most important bases of the community social capital that they themselves generate.

One of the main obstacles to applying social capital concepts to the formulation of anti-poverty policies and programmes is the difficulty of measuring social capital and of determining the link between it and its impacts. Although there have been efforts to quantify social capital that constitute significant advances, several authors (Portes 1998, Fukuyama 2000, Fine 2000, Arrow 2000) have concluded that quantitative measurement of social capital is still far from feasible. Fine argues that measurement is impossible because the forms and dynamics of social capital are specific to each particular case. However, the first empirical studies on social capital are revealing general and generalizable constants that arise from cases that are specific only in their details.

It seems, rather, that the theoretical framework of social capital still lacks a sufficient and empirically anchored consensus for there to be enough clarity about exactly which quantitative indicators are to be measured and how the measurements should be interpreted. If this is so, there is still a pressing need for *qualitative* empirical research that generates new and more refined working hypotheses. These might emerge from unexpected findings. Arrow (2000) wonders if the concern for quantification is not distracting us from the possibility of qualitatively diagnosing and assessing specific sociocultural relationships within the population being assisted, with a view to improving the design of programmes and projects, fostering trust and cooperation and obviating or dissipating inter-factional conflicts.

These same perceptions underlie many of the suggestions arising from recent analyses of social capital in anti-poverty programs in the region (e.g., Bebbington 1999, Bahamondes 2001). The importance of social capital theory for a development agency is that it obliges it to incorporate a vision of *the sociocultural system specific to each community* into the agency's model (Bahamondes 2001). Both the collective assets of social capital and their management by groups and individuals to perpetuate privileges are manifest in a sociocultural system with local specificities. These sociocultural aspects have a strong influence on the outcome of programmes that seek to be "technical" but that ignore these sociocultural systemic variables.

The application of qualitative methods of analysis and assessment (Strauss and Corbin 1997; Patton 1990) enable the external agency to devise a simple model of the local sociocultural system, a model that is constantly refined as a regular part of the work. This knowledge of local circumstances allows the different forms of social capital detected to be fostered in a manner appropriate to each form in a context of community or neighbourhood development. Some examples of how this diagnosis can guide external support are:

*To support individual social capital:* create channels within formal organizations such that individuals can pursue personal careers by means of good institutional service; allow, and support by training and contacts, an individual's "exit" from the collective realm to compete in the labour market as a reward for a period of community service.

*Group social capital:* microenterprises should be self-selected, **depending on the** size of the circle of trust. Filter out "exploiters" and "rivals" among the applicant to a given enterprise.

*Community social capital:* analyze the community system in order to plan better and with greater participation; repeat learning processes by cooperating for outward-oriented competition.

Microenterprises constitute an associative medium for fast, flexible and low-cost job-creation. Microenterprise federations require community social capital, and foster the emergence of economies of

scale and greater bargaining leverage. Another two forms of community association that have helped overcome poverty in a less direct but no less important manner are those that allow or facilitate the construction and management of social infrastructure, thereby improving the general quality of life and freeing up financial resources; and civic associations that are active in the political arena as pressure groups, negotiating electoral coalitions and lobbying to ensure the effective delivery of the benefits promised by anti-poverty programs.

Community social capital complements public services in various ways. First, strengthening participation at the associative community level can be crucial to linking public services with individuals or households. This is particularly true in programmes to overcome poverty. Second, establishing clear concepts and indicators of the existence and degree of community social capital can contribute to improved assessments of the economic “viability” of microenterprises and peasant households. Adequate detection of this asset can help marginally in assessing the potential profitability of small family enterprises, especially in rural communities.

The experiences of these approaches in anti-poverty projects indicate that such social and institutional abilities as leadership, management and administration, teamwork, internal social control, transparency and accountability are “formable” and “transmissible” (Durstun 1999 and 2000). That is, the institutions and norms of community social capital, where they are absent or have been destroyed, can be created deliberately by external agents using a wide repertoire of training methodologies among the target participants.

Collective training also has some sensitizing features that help the internalized normative support for the accumulation of collective social capital: that the organizations belong to everybody, that prestige is mainly appreciation of service to the group, etc. At the same time, much of the membership has latent leadership capacities, not only the current leader. If all are trained, no leader is indispensable. When trust and ties are strengthened in practice, the informal institutionality is reinforced by the formal rather than subordinated or subsumed by it; it is buttressed by norms and by individual emotional satisfiers. Even the challenge of internal factions can be diminished through training, by means of regulated competition between them or the proposal of more ambitious common goals that demand inter-group cooperation and oversight of the latter’s practice (Durlauf 1999).

Arrow has expressed recently (2000) the sceptics’ fundamental doubt about proposals to foster community social capital in order to overcome poverty: whether the deliberately-created participative organizations (such as watering associations) are really more efficient than “bottom-down” management. It is precisely on issues of the administration of natural resources such as water (but also other collectively-owned resources such as rotary funds, etc.) that offer the clearest evidence in favour of the advantages of associative self-management. Uphoff, for example, analyzes in detail how a watering association, contrary to an external technical assessment, profited from the sale of its produce in a dry year. In this case the cooperative norms that seemed absent were activated by participative conduct to tackle the practical challenge of the drought, leading to the re-discovery of values that were present in the local culture but that had fallen into disuse (Uphoff 2000).

## **1. Principles of and threats to community management**

The general principles for the maximum efficiency of social capital in the management of shared resources, and of the reproduction of its informal institutionality, have been deduced by Ostrom and her associates following an analysis of numerous case studies (see Box 1).

## Box 1

**PRINCIPLES OF AND THREATS TO COMMUNITY MANAGEMENT (OSTROM)****BASIC PRINCIPLES FOR THE COLLECTIVE CONTROL OF RESOURCES**

- *Clearly defined limits: the individuals or households with the right to take units of resources from the CR and the limits of the CR in themselves should be clearly defined;*
- *Consistency between the rules on appropriation and provision and local conditions: rules on use that restrict the time, place, technology and/or quantity of units of resource are related to local conditions and to the rules that govern the provision of the labour, material and/or money required to maintain the resource and organization;*
- *Collective choice agreements: most individuals affected by the operational rules can participate in their modification;*
- *Supervision: the supervisors who actively audit the conditions of the CR and the behaviour of users are accountable to the users and/or are the users themselves;*
- *Gradual sanctions: it is likely that users who violate operational rules will face gradual sanctions (depending on the seriousness and context of the offense) from other users, officials accountable to the users, or both.*
- *Dispute settlement mechanisms: users and their officials have swift access to local, low-cost mechanisms to resolve conflicts among users or between users and officials;*
- *Recognition of the rights of the organization: the rights of users to design their own institutions are not contested by external government authorities;*
- *Complementary activities (in larger systems): the appropriation, provision, supervision, execution of rules, dispute settlement and leadership activities are organized in multiple strata of complementary undertakings.*

**INTERNAL AND EXTERNAL THREATS**

- *Thinking in predefined schemes;*
- *Excessive trust in simple voting rules as the main decision-making mechanism for collective options;*
- *Rapid changes in technology, in the population, in the availability of factors, in the relative importance of monetary transactions or in the heterogeneity of the participants;*
- *Deficiencies in the transmission from one generation to another of the operational principles on which the community system of management and administration is based;*
- *Exaggerated dependence of outside help;*
- *International cooperation that does not take account of local or autochthonous institutions and knowledge;*
- *Corruption and other forms of opportunistic behaviour;*
- *Absence of large-scale institutional arrangements related to the collection, aggregation and diffusion of reliable information; with impartial and low-cost dispute settlement mechanisms; with educational and extension systems; or with mechanisms to provide aid in the event of natural disasters or other major problems at the local level.*

Source: Elinor Ostrom 1999. Drawn up by Daniel Duhart.

A specific area in which community social capital contributes to both the local and societal common good is in the management of intact but threatened ecosystems. Participative management of local ecosystems and their natural resources on the part of inhabitants and users in the local human group can be crucial to the formers' preservation. Without internalized norms tied to, and reinforced by, community or inter-community social institutions, and without a social control intrinsic to the group that sanctions individual transgressions of such norms, "the tragedy of the commons" happens. Individual families compete among themselves to maximize their consumption of natural resources that belong to none of them, eventually depleting the resources and weakening the ecosystems of which they themselves are part.

This happens even among indigenous peoples whose cosmologies hold sacred the earth, water, forests and rivers, especially when their social institutions have been repressed, weakened or "captured" by dominant groups with other outlooks. Value systems do not work alone: they are weakly internalized and it is impossible to apply them to practical conduct without reinforcement from the socio-institutional plane of consensus, from social control, and from a social institutionality devoted to the common good. For the State it is less effective to create an "ecological police" to protect ecosystems from their own human inhabitants than to devote the same resources and support to rebuilding and strengthening the institutional social capital of local communities. With this external support they will be able to self-manage the use and care of their natural resources in local or micro-regional ecosystems.

## 2. Measures for the development of community social capital

The confrontation between empirical studies of recent projects to develop community organization and the accumulated theoretical debate prompts the suggestion, in conclusion, of six measures for the formation of community social capital:

### Box 2

#### MEASURES FOR THE DEVELOPMENT OF COMMUNITY SOCIAL CAPITAL

<i>1. To conduct a search for norms and practices of trust, reciprocity and cooperation in local groups, even in cultures that are apparently dominated by individualism and "familism."</i>
<i>2. To qualitatively evaluate local conditions as regards the presence of conflict, rivalries and distrust so as to avert failures in collective undertakings and to correct such weaknesses.</i>
<i>3. To conduct an "archaeological excavation" of social capital in order to identify previous episodes of collective development that have been repressed or discouraged, but that have been preserved in oral tradition.</i>
<i>4. To begin a process of developing social aptitudes in high-trust groups of 3 to 15 households united by relations of kinship, residence and reciprocity. To ensure that these groups, and not only the dominant factions, are represented in exercises to develop social capital in which the whole community participates.</i>
<i>5. To offer repeated opportunities to create and reinforce ties of familiarity, friendship and cooperation at the community level.</i>
<i>6. To take measures to ensure that the investment in the social capital of poor communities leads to short-term material benefits.</i>

## **C. SECOND STRATEGIC LINE: THE FORMATION OF SYNERGISTIC TEAMS BETWEEN THE AGENT AND THE BENEFICIARIES**

### **1. Public officials' personal commitment**

Part the problem of social capital in the reproduction of exclusion and poverty is that the development agencies and agents have technocratic and paternalistic relationships with the poor population. In a State system whose main criterion for positive evaluation is following orders from above, a vision of the poor as lacking in strength is functional to upward accountability. Part of this perception is a stubborn blindness to the social and human capital present in poor communities.

One of the more suggestive proposals for surmounting this obstacle to social capital formation in poor communities and neighbourhoods is to integrate the resource of the interpersonal networks that interpenetrate State-society relations, replacing the more classical approach of viewing these two bodies as distinct and ideally isolated from each other (Evans 1996). The traditional paradigm of the division of functions as the essence of Anglo-Saxon democracy rejects this kind of personal bond as a source of corruption and "rent-seeking" but Evans (1996), like Tendler (1997), offers empirical evidence and analysis to defend this new thesis. The formal complementarity between State and society usually bears fruit in synergy with the networks of trust and reciprocity between reformist public officials and society's excluded sectors or weak actors.

What is happening in some State social services programmes for the poor – education, healthcare, etc. – is that the individual external agent who works in poor sectors changes his or her relationship with the groups being assisted. This happens in the following ways:

- **Change in accountability:** instead of accounting to the bureaucracy, a new mechanism is established whereby the agent is obliged to account to the beneficiary population. This is related to social capital in as much as the population has the capacity to call the official to account.
- **Change in motivation:** in the sense that the public agent newly rediscovers a vocation of service. The emotional and normative substance of social capital is present.
- **Change in identification:** in the sense of voluntarily relinquishing his or her identity as a member of a professional social class and identifying more with a community of people of flesh and blood, known both as individuals and as a group, a community with which he or she identifies as another member. Both the bonds of friendship relations and group belonging are elements of social capital that are present in this change.
- **Synergy:** in that this relationship is one of the co-production of goods in which the state agency as a whole and all the poor communities being assisted produce together.

This proposal plainly contains possible dangers. Interpersonal ties and bonds of group identity obviously leave open the possibility of anti-democrat practices. But those practices by definition are punished by law, and prohibitions on interpersonal ties between officials and private individuals presuppose (exaggeratedly, according to Tendler 1997) a predominant inclination towards corruption. However, it is the dishonest nature of certain relations of personal reciprocity, not relations in themselves and in general, that are harmful to the interaction of the State and civil society. Evans (1996) argues that in the many examples of positive ties, public officials have developed associative and not personal

commitments. In other words, their loyalty is primarily to the local community, with which they feel identified, not to individual people. To preserve the distinction, underlined in this study, between individual and community social capital it seems crucial to avoid this potential problem in applying social capital theory to the improvement of public services.

## 2. Community management of public schools in Mexico and Central America

An example of the practical application of these principles is community co-management of schools. Poor communities have significant resources that can serve as the basis for crucial contributions to improving education. A community that is poor in material capital has its own human capital (formal and informal knowledge), cultural capital (constantly evolving norms and worldviews) and social capital (relationships of trust and cooperation) – three forms of non-material capital that can support students' accumulation of formal human capital in the field of education and in management by an enlarged educational community.

This appreciation arises from the analysis of the interesting and generally successful experiences of involving the rural community in the educational process, and in the running of the school, in six concrete cases: PARE in Mexico; EDUCO in El Salvador; PRONADE in Guatemala; Colombia's *Nueva Escuela*; PROHECO in Honduras (Espeleta, 1994; PROHECO 1999).<sup>12</sup>

A community that is involved in the co-management of a school feels appreciated as such, realizing that it can carry out such practical activities as moving materials and construction, but it is especially aware that it has the capacity to participate in the management of resources. Often, after these positive experiences with the school, the community also reactivates traditional institutions that have fallen into disuse, such as collective work that benefits the community.

Both teacher and neighbour learn and benefit from this strengthening of local social capital applied to the education of the children, but the benefits are not limited to education. It is a learning process for both sides, of the social skills required for teamwork, of accountable leadership; a community with demands on and responsibilities to the State as a result of autonomy in the daily administration of public resources. In one case after other, the relations between the teacher and the community gradually transcend the attitude of demands and accountability, taking the form of teamwork in which both sides are emotionally involved.

The community's original social capital is strengthened with this practice in running the school and, once revitalized, can be transferred to other areas. Community participation in managing the school is thus interesting for other programmes such as housing, healthcare, drinking water, electrification, technology transfer and the development of associative enterprises. In this positive and self-sustaining dynamic, the school begins to be used for other projects, not only as a physical space but as an expression of the community.<sup>13</sup>

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<sup>12</sup> These programmes share elements with the Accelerated Learning schools in the United States and with SECON in Brazil.

<sup>13</sup> It is significant that the first sociological formulation of the concept of social capital referred to the potential of schools in small communities "whose logical centre is in most cases the school (Hanifan 1920).

### 3. **Developing relationships of trust and improving the performance healthcare officials in Brazil**

Many programmes attending to poor communities have introduced rules that formally empower them in their relations with public officials. Tendler remarks that reforms to social public services which require that the client be more satisfied are good in themselves, but they ignore organizational research that shows that the improvement sought in official performance also “requires a broad context of relations of trust” (Tendler 1997).

According to Tendler, there is abundant evidence of superior performance and significant impacts that demonstrate that successful government officials are those who are most appreciated and respected by the community in which they work. She highlights a healthcare programme that stressed the requirement that the agents should live in the areas in which they worked, regularly visiting households. In this case the professionals were guests within the community, making it possible for “citizens to trust public officials, while the government created a strong sense of calling and mission ...” (Tendler 1997).

In this context, “public servants wanted to perform better in order to live up to the new trust of clients and citizens; and the citizens were aware of their rights”. It is notable that job satisfaction was increased by expanding the variety of tasks, meeting needs and prioritizing relations with citizen-clients. “Nurses became important local figures within the community and acquired substantial freedom to make decisions ... The ‘extra’ tasks were assumed voluntarily ... They gave them more job satisfaction.”

Officials evinced greater efficiency and enhanced commitment to the work; “the agents were swept up in a serious and dramatic public mission.” The result was that local health officials said “I love my work and I would never abandon my community.” Tendler concludes, “the story of the community as outside monitor of the health workers is irretrievably entangled with the story of the workers as embedded in that community through close relationships of trust and respect ...” (Tendler 1997).

In the end, public officials have always had to account to somebody for their performance, to whoever pays them and ensures them their job: the ministry, the municipality, the political party, the union. The only ones to whom they do not traditionally account is the local community. Traditionally there is “triangulation”, in that the officials perform a service for civil society but are hired, evaluated and paid by a third actor: the State.

The reform that stems from the management of a programme or service for the community makes recognition of this triangulation explicit between the community, the official and the State, and it changes the direction of the triangulation. The community does not act as a private enterprise but rather is part of the “non-state public sector” – that is, a social actor of civil society.

The negotiation of teamwork derives from the definition of a goal shared by all. It assumes a prior negotiating process, the formulation of a common objective and an explanation of the responsibilities accepted by each member of the team. From the outset, these preconditions generate a climate of trust and a desire to collaborate. The negotiation is about the strategy and actions to be implemented. The purpose is to generate the trust needed to work as a team. The sanction for members of the broad team who do not comply with their commitments is only moral. Accountability is not “dyadic”, but rather each person is accountable to all the members of the team. This change in relations ensures that social control is not a threat and that it contributes to sharing in the satisfaction attendant on the achievements, and it is essential if the State is to make a real contribution to strengthening community or neighbourhood social capital.

## **D. THIRD STRATEGIC LINE: TRAINING AND SUPPORTING POOR SOCIAL ACTORS IN THE MUNICIPAL CONTEXT**

### **1. Why does the conquest of poverty pass through civil society?**

Neither the establishment of training programmes nor the formation of synergistic teams involving the agent and the poor community are enough in themselves to guarantee a substantial and sustainable impact on the vicious circle whereby exclusion and poverty are reproduced. These effects tend to dissipate over time. Although they do strengthen internal “integration” in the community, neighbourhood or organization, they do not create enough “bridging” social capital in micro-regional and national sociopolitical systems, which are precisely the spheres in which the social capital of more advantaged groups is activated and where it is applied in strategies to maintain and increase privileges from one generation to the next one.

Hence both the formation of collective social capital and the creation of socio-emotional ties between agent and community should also be seen as solid bases for the organization’s necessary later intervention in the municipal and regional political arenas. In this regard the outside agency that applies social capital concepts to the overcoming of poverty has another role to play, perhaps the most crucial of the three. This is to strengthen the organization’s capacities to make proposals and to negotiate; to “incubate” embryonic social actors and to backstop at time of internal/external crisis. The strategic objective is to apply poor actors’ social capital to produce a shock to the socio-political system, to provoke a phase of rapid transition to a new system that is more decentralized, as well as more democratic and equitable in distribution.

Evidently, if the State limits itself to steering new resources through the existing institutional channels, even for something called “social capital”, those resources will be captured and distributed through informal relations according to the unwritten rules of passive clientelism. If excluded sectors’ social capital is to be strengthened, and if they are to be converted into valid social actors, the State must play a much more proactive role by nurturing the embryonic organizations in their early years. National public agencies will also have to develop the capacity for swift intervention when these new actors enter the complex adaptive system of communal politics, and as the other traditional actors co-adapt their strategies. In these circumstances systemic transitions can happen surprisingly fast, because the adjustments that the actors make to their strategies are necessarily instantaneous and constitute a chain reaction (Cowan *et al* 1994).

### **2. Social capital and empowerment**

The significance of social capital theory for strategies to overcome poverty and integrate excluded social sectors lies in how it complements “empowerment” (see Box 3). Putnam has suggested that the theory of social capital “deepens the conceptual base of ‘empowerment’” (Putnam 1993b). In the context of a social strategy, empowerment is a conscious and deliberate process of selection that seeks to equalize opportunities among social actors. The central criterion is the conversion of excluded social sectors into actors, and the levelling up of weak actors. Empowerment has been defined as the process whereby authority and skills are gained, developed, taken or facilitated (Staples 1990). Alternatively, the emphasis is on groups and individuals taking the lead in their own empowerment, not within some higher body that gives them power (G. Sen 1997). It is the antithesis of paternalism, the essence of self-determination through constructivist pedagogy that builds on a person’s or a social group’s existing

strengths (their capacities) in order to “foster” them – that is, to increase and to realize those potential pre-existing strengths.

Gita Sen has refined the concept of empowerment and related it to that of social capital viewed as a problem and as a solution. For her, empowering means “changing power relations in favour of those that previously exercised little power in their own lives ... It is the process of gaining control.” Decentralization does not mean empowerment for the poor if, as usually happens, local hierarchs are much more powerful than they are. In response, “many development programmes ... have increased the control [of the poor] over external resources”. Since empowerment is not a neutral process but rather changes power relations, it causes conflicts that “are not necessarily harmful and can even catalyze the empowerment process”. (G. Sen 1997).

Obviously, groups and communities that have a strong stock of social capital in its various manifestations can meet these conditions of empowerment better and faster. Access to networks that transcend the closed circle of the poor community, on the one hand, and the community social capital manifest in different associative forms, on the other, are important elements of empowerment. Coleman explains this latter point in terms that weak social actors “will tend to develop networks with closure in order to strengthen their position relative to more powerful actors” (Coleman, 1990).

The central criterion is the conversion of excluded social sectors into actors, and of levelling up weak actors. Once this base (Box 3) of conditions for facilitating empowerment and forming a social actor is built, the criteria of effective participation acquire relevance, such as the appropriation of propositive, negotiative and executive instruments and capacities.

### Box 3 EMPOWERMENT

- Creation of appropriate institutional spaces so that excluded sectors can participate in public political undertakings;
- Formalization of legal rights and safeguarding knowledge and respect;
- Fostering organization in which people in the excluded social sector can effectively participate in and influence the strategies adopted by society. This influence is secured when organization makes it possible to extend and expand the social network of the people who comprise it.
- Transmission of capacities to exercise citizenship and to produce, including essential instrumental knowledge as well as tools to analyze relevant economic and political dynamics.
- Opening access to and control over resources and assets (material, financial and “public domain” information) to facilitate the effective use of fora, rights, organization and capacities in competition and in concert with other actors.
- Appropriation of propositive, negotiative and executive instruments and capacities.
- Access to networks that transcend the closed circle of the poor community and community social capital, manifest in different forms of associativity.

### 3. Examples of Municipal Empowerment in Guatemala, Ecuador and Chile

The rural communities of Chiquimula (Guatemala), receiving assistance from the antipoverty project of the Support Programme for Small-scale Producers of Zacapa and Chiquimula (PROZACHI), displayed a relatively individualistic culture of dependence and domination that, paradoxically, also had a broad and dynamic repertoire of various norms, including some that could serve as a symbolic support for solidary and reciprocal practices. Chiquimula seemed to lack social capital institutions, but with the recovery of past institutional practices and the emergence of new contexts and opportunities to develop new group strategies, it was possible with external support and training to create social capital in these communities, and thus to convert an excluded sector into a social actor on the micro-regional stage.

One of the first signs of this change was the successful campaign for the municipal council of one of the community leaders trained in the Programme, and his later role in negotiations with political parties and with agencies of the central government to increase the participation of the poorest and isolated communities in the distribution of the benefits of national anti-poverty programmes, such as the Social Investment Fund – FIS (Durston 1999).

In Guamate, Chimborazo province, Ecuador, after generations of local government control by estate owners, and as an indirect result of agrarian reform, indigenous rural organizations won majority control of the municipality through elections. They could change the way in which central government resources were distributed to favour communities that previously were the highest expression of exclusion and dependence (Carroll and Bebbington 2000).<sup>14</sup>

In Villarrica, Araucanía region, Chile, the Association of Mapuche Communities nominated its president for the municipal elections. Although it lost the election, the new actor's confrontational emergence on the political scene triggered changes in the relations between the poor rural communities and the winning political groups. The more conservative reactivated and displayed greater willingness to listen to Neighbours Committees that had fallen into disuse. The more "progressive" invested more time dialogue and negotiation with the communities about their problems, projects and dreams. They offered to lobby the central government's agencies of subsidy and support to microenterprise and social infrastructure projects (Durston 2001).

These three cases are coincident in that access to public resources that had been traditionally denied was reversed by excluded poor and rural communities by means of their empowerment (autonomous or supported) in micro-regional civil society. In all three cases the relevant legal framework was the system of representation in the municipal government via elections.

### 4. At the interface: anti-poverty policy in the real world

The recent literature on the place of social capital in public policies features references to a "divide" between the State and civil society (Evans 1996, Ostrom 1996). The most recent empirical studies suggest that a more appropriate image is that of an "interface": the area of exchange between two or more systems. The interface in this context is between the State system, that of the market and that of civil society (including the political party system). The exchange of information, services and goods

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<sup>14</sup> They were also affected negatively by misunderstandings with the national leaders of the indigenous movement, analyzed by Fox as "an obstacle 'moving up the scale' of social capital (Fox 1996).

happens at this interface in all spheres of the real world: in no country do the leading actors of civil society fail to interact with the State.

This vision also requires some nuancing of the image of “social exclusion”. It might be thought that the poor are excluded from this interface with the state, that they interact with it weakly and with little vigour but in many spheres – economic regulation (microenterprises and the labour market); public safety; the promotion of development; various social services. The difference lies in the fact that poor groups do so under disadvantaged conditions of power.<sup>15</sup>

## 5. The taboo issue: clientelism in parliamentary democracies

Why have so many anti-poverty programs, even those designed and applied in democratic contexts, had such disappointing results and effects? All governments in the world are marked by political clientelism, which is one aspect of parliamentary democracy together with lobbying, by the efforts of various groups and actors to control State institutions.

Clientelism is not, plainly, a taboo issue among political scientists (Auyero 2000, González 1997, etc.), nor among politicians, but it does seem to be so in anti-poverty programmes that seek to be free of “politicización” while, at the same time, those they target are permanently immersed in dense clientelist networks of one kind or another.

González’s analysis of clientelism suggests that it has much to do with the thinking of individual and group social capital:

“The bureaucracy, conceived as an active factor of State rationalization, also falls under the clientelist dictum. The strategies of social groups, including those connoted by ethnicity, tend to close the gap with the anonymous State, especially with bureaucrats ... Modern clientelism can be viewed, rather than as a manifestation of ‘homo hierarchicus’, as a network of trans-class transactions that is driven by mutual interest and that is pragmatic in nature. The dyadic contract of classical rural clientelism gave ground to the clientelist pact” (González, 1997: pp. 75).

If, as indicated above, the social capital of advantaged groups serves partly to exclude the poor systematically from those advantages, and partly to weaken the poor’s community social capital, it is clear that part of the solution is to reverse those dynamics.<sup>16</sup> As paternalistic clientelism reduces the radii of trust between factions within the poor community and encourages the capture of local institutions by a privileged faction, in many cases the first step towards social capital formation in poor sectors is to rebuild the radius of community trust and reconquer most of the institutions in local associations. A second step, then, is to empower the community or the association as a social actor in the micro-regional political system (municipal territory), to renegotiate the relations of passive receptivity that characterize paternalistic clientelism.

Simply characterizing and denouncing clientelism does little to uncover means of overcoming this element of the reproduction of dependence. But progress can be made in that direction if distinctions are drawn between more pernicious and more beneficial forms of clientelism: authoritarian clientelism

<sup>15</sup> Just as exclusion is the lack of *full* participation in various spheres of social life (Narayan 1999, *op. cit.*), there are *wholly* excluded groups – and many that are involved but under very disadvantageous conditions of power.

<sup>16</sup> Although solving a social problem does not necessarily demand that its root causes be corrected, it can stem from interventions in lesser aspects that break the weakest link from its feedback into the vicious circle.

lies at one extreme of this continuum and synergy – co-production between State and civil society – is at the other (Table 1).

Table 1  
**TYPOLOGY OF RELATIONS BETWEEN THE STATE AND COLLECTIVE SOCIAL CAPITAL.**

<b>AUTHORITARIAN, REPRESSIVE AND/OR KLEPTOCRATIC CLIENTELISM<sup>17</sup></b>	<b>PASSIVE CLIENTELISM: PATERNALISTIC, TECHNOCRATIC BUREAUCRATIC AND/OR PARTISAN</b>	<b>SEMI-CLIENTELISM: "INCUBATOR" AND CAPACITATOR</b>	<b>EMPOWERING AND SUPPORT AGENCY</b>	<b>SYNERGY: STATE-CIVIL SOCIETY COPRODUCTION</b>
Violently represses popular social capital; spoils I as reward	Transforms social capital into the passive receptivity of products and creates dependence	Fosters autonomous organization, trains in administrative and propositive capacities. Protects organization in local and regional social, economic and political territory.	Continues developing self-management system of organization equipped and working with some autonomy. Increases the territorial level of action and strengthens weak social actors.	Base and second level organizations determine and negotiate their own strategies, they conclude contracts with the State and other outside agencies, manage financial resources and hire people to co-produce improvements in the quality of their members. Public officials and hired technicians account to organized users.

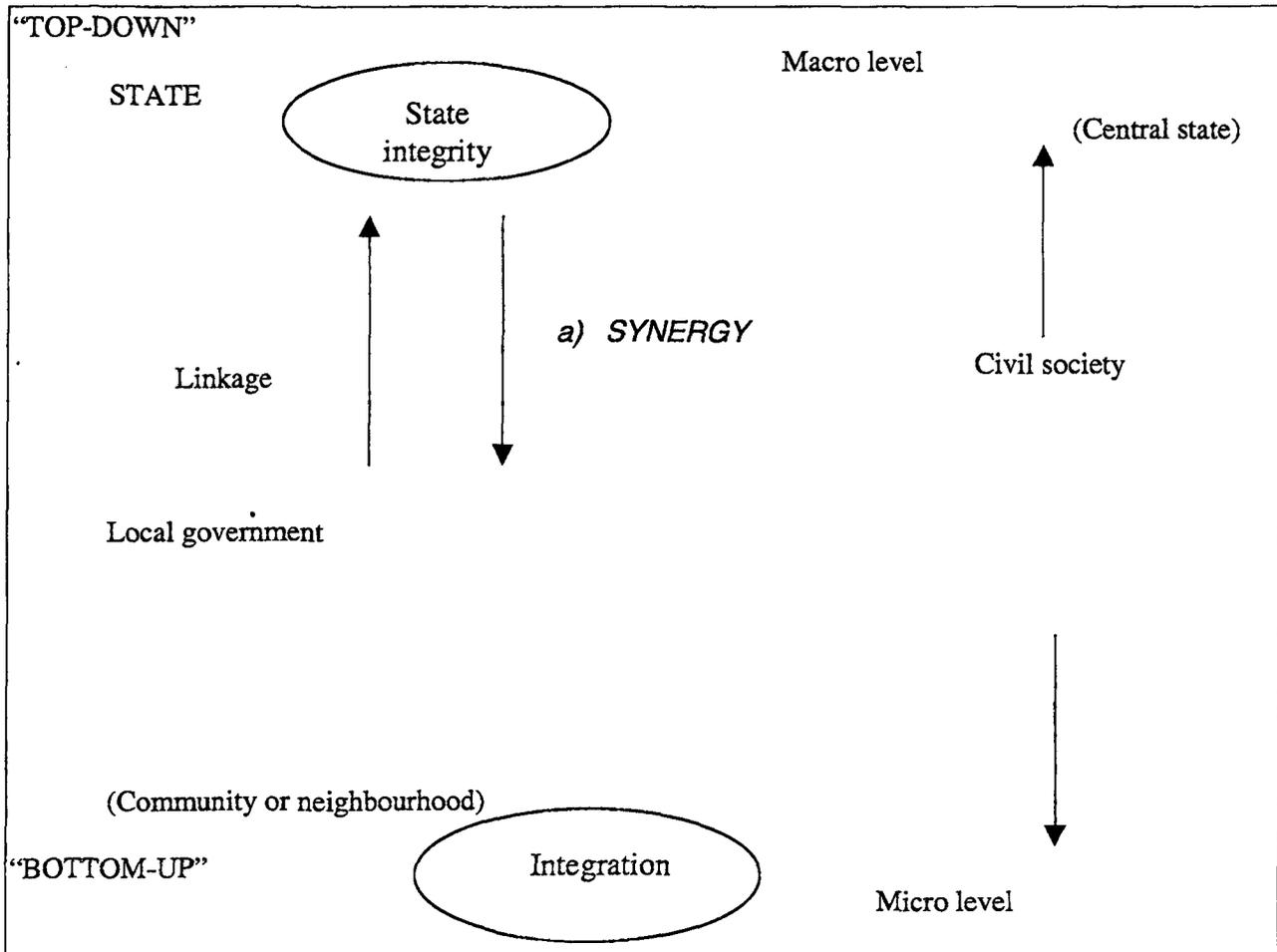
Table 1 shows a continuum from the forms of clientelism that are most harmful for social capital (authoritarian and kleptocratic), to that most conducive to swift social capital formation – synergistic relations (which are the opposite of clientelist ties). Following a detailed strategy of incremental advances in the power of the poor's organizations as they interact with dominant actors, this synergy can be arrived at by stages. One of these stages is "semi-clientelism" (Fox 1996), in which the political parties' poor clients receive support to accumulate social capital and later gain a propositive capacity on the micro-regional scene. They receive support for their revitalization as social actors in what is an expanded and more dynamic vision of the role of the external agent.

Community associativity can be a key link between individual households and public institutions whose lowest territorial expression is usually the municipality. Associativity (not only formal or artificial, but also with social capital content) can play a key role in negotiations and new contractual arrangements

<sup>17</sup> "Kleptocratic" clientelism is a form of clientelism based on an extreme manifestation of the principle of reciprocity: it bears the implicit norm that the electoral support of a leader or a financial sponsor will be rewarded with access to public funds to be pocketed. Kleptocracy shares some characteristics with demagogic populism and is facilitated by the externalization of public services, since in a somewhat untransparent market the tendering of services allows robbery to be covered up. In more common language, it is the spoils system.

between the State, private business and civil society, providing a presence of social actors for a new triangulation of services accountable to users. Woolcock (1998) has developed a conceptualization of social capital that concentrates on the extra-community context. In his analysis, in which different variables, good or bad, combine to strengthen or weaken the synergy between the State and the community. He argues, for example, that a high level of cooperation and cohesion within the community (“integration”) will only produce significant benefits if it is complemented by “linkage” with social networks and institutions external to the poor community. Similarly, the State requires internal coherence, honesty and competition if it is effectively to apply a policy of synergy with community social capital. If the efforts to secure synergy between the State and civil society are made in community contexts of anomie rather than integration, the probable outcome is clientelism. Woolcock’s general outline on synergy is summarized in Figure 2.

Figure 2  
**SOCIAL CAPITAL AND THE STATE: SYNERGY**



Source: Michael Woolcock, "Social capital and economic development: toward a theoretical synthesis and policy framework", *Theory and Society*, No. 27, 1998.

The conceptual scheme proposed by Evans and expanded upon by Woolcock in this figure has numerous practical implications. For example, the existence of relations of trust and cooperation in the community constitute a medium that is conducive to the development of a vocation of service and to local public officials' affective identification with their target population, which invigorates the provision of flexible services in response to the various needs that arise in all local circumstances (see especially Tendler 1997 and Evans 1996).

The ideal situation characterized in Woolcock's scheme on synergistic linkage (Figure 2) requires significant favourable conditions at all levels in order to materialize. In the national and municipal State there must be "integrity": probity and transparency. In the base community there must be "integration": networks and institutions of local participation that operate with satisfactory levels of social capital.

Given the poor distribution of social capital in association with other assets (that is, of power; Bourdieu 1987), a classical dilemma arises: how can one move towards synergy from a situation of passive clientelism (Table 1) whose reproduction is the concern of the interests created? How and when is it possible for the State to play a key role in changing a system that reproduces itself, and of which the State itself forms part? If we cease to think of the State as a monolith, an expression of the complete hegemony of one sector of society, the answer is less elusive. In certain circumstances, when there are factions within the State that seek change through new alliances, or when parties are elected whose an ideology is more conducive to democracy, these powers within the State and their specific agencies can help strengthen social actors that have been disarticulated by repression in the past or coopted by clientelism (Fox 1996). Strengthening many small communities might be a first step towards more potent social actors and might facilitate regional alliances.

## **6. Why does decentralization require a strong central state?**

According to Tendler, experiences in Brazil and other countries show that "decentralization demands centralization". (1997, pp. 142). The literature on decentralization and the role of social capital in it has overstated the degree to which local civil society itself can counteract the tendency to corruption and collusion in local government. Tendler indicates that "an active central government is needed ... one that can support independent local actors in decentralization ... [In Ceará] the central government stimulated and supported civic associations, and these groups made autonomous demands"(*ibid*, pp. 16). This runs counter to the notion that a healthy civil society is a prerequisite to the emergence of good local government.

Evidence from Brazil indicates that the improvements to local government stemmed from a tripartite dynamic – local, central and civic:

First, the central government's actions gave rise to the emergence of a healthy local civil society; second, the social actors thus strengthened began to act independently; third, the people in the associations allied with friends in the government to effect changes in the structure of local influences. Tendler concludes that this complexity raises the prospect of more "agency" on the part of central government in creating social actors in poor sectors than does the path-dependent perspective now prevalent in discussions on social capital and development. (Tendler 1997, p. 146).

In Guamote, Ecuador and Villarrica, Chile (Durstun 2001), micro-regional movements of community organizations emerged without the intervention of an outside agency. In Chiquimula, Guatemala, this process needed external impetus and protection (Durstun 1999). But in all three cases the growth in the number and diversity of political forces triggered a rapid co-evolution of actors' strategies

that led to a new state of the system, a less authoritarian and less paternalistic State that was marked more by semi-clientelism and empowerment. In all cases these changes implied a net increase in the communities' "bridging" social capital that facilitated small advances in lessening their marginalization and poverty, as evidenced by the greater possibilities to access public services and accumulate assets.

The transition from an authoritarian system to a semi-clientelist system normally consists of accelerating social actors' reactions and the adaptation of their strategies, following an initial stage of slow change, giving rise to new norms, conduct and relations that hasten the consolidation of communities' and poor organizations' social capital and, fundamentally, creating a new regional institutional context.

The process of strengthening the poor's social capital at the regional level consists of a chain of action and reaction of at least three of the main social actors: provincial urban elites, external anti-poverty organizations, and poor communities and organizations in the area. It is the story of the creation of a new social actor and of a transition from the norms, conduct and relations of regional authoritarian clientelism to semi-clientelism.

That change can only happen when communities have already formed (or reconstructed) their rudimentary social capital so that they can intervene and adapt as social actors, reacting to the strategies of both opponents and allies. Although semi-clientelism is not the ideal medium for the poor's bridging social capital, semi-clientelist parties tolerate the existence and relative autonomy of such social capital and allow it to be strengthened and accumulated. Hence the swift transformation of actors' strategies in the transition stage, and the systemic modification that this occasions, are among the reasons why certain forms of social capital develop relatively fast.

Ceará, Chiquimula, Guamote and Villarrica provide evidence of how the strengthening (autonomous or with the support of an outside agency) of the micro-regional social capital of poor sectors affects the sociopolitical system at the municipal level to spur the co-evolution of various actors' strategies, which in turn raises new prospects to hasten the escape from poverty. Each case study replicates the conceptual framework of social capital, reveals similar dynamics and comparable results, and validates and nurtures that framework.

## **7. Norms and conduct in the intentional formation of social capital**

The importance of distinguishing analytically between social relations, on the one hand, and norms on the other, is clear in the practices of clientelism. Both at the municipal level and in national programs, the coexistence of solidary and empowering public discourses with private conversations and real social relations of authoritarian clientelism is possible and even frequent. To demand or evade the fulfilment (in concrete behaviours) of commitments, discourses, promises and norms constitute an important part of social capital management by all kinds of groups at the interface between civil society and the State. Changes in electoral regulations, in the variety of political actors, or in the alliances between local factions are as important for programmes that seek to empower the poor to overcome their exclusion as are changes in the economy. Among the success or failure variables of such programmes are the degree to which account is taken of the nature and dynamics of local political clientelism, and the strength of its commitment and ties to the target population in the face of pressure from its own political parties in government to nourish passive clientelism rather than support poor groups' projects to form and accumulate social and economic capital.

The change in and the formation of social capital can be a swift process for four reasons. First, the three planes (material, behavioural and abstract) of the model of human society interact: a shift in the endowment and distribution of social capital can stem from a positive shock to the system in any one of its subsystems. Second, the breadth of cultural repertoires allows norms of social cooperation and management currently in disuse to be retrieved from the memory. Third, the co-evolution of strategies in a phase of systemic transition happens quickly when a new social actor emerges in municipal politics. Fourth, the triple role of human capital in social capital formation involves synergy between the knowledge of experts on social capital, training in production and management techniques that ensure material stimuli to trust and cooperation, and training in the social skills that facilitate social capital formation.

## 8. Lessons of experience

To summarize, the experiences of programmes to overcome poverty of income and services in the region converge to underline that it is impossible to form social capital or to nurture synergistic relations between an agent and a poor community or neighbourhood without action in the micro-regional environment in which the community is immersed: the municipal environment. This has its own manifestations of political clientelism, whose nuances signify important differences in the structure of opportunities so that poor groups can empower themselves as social actors. These same experiences shed light on some theoretical disputes about the potential of social capital in anti-poverty policies, and prompt some strategic suggestions that are summarized in Box 3.

### Box 3

#### MEASURES TO SUPPORT POOR SOCIAL ACTORS' FORMATION OF SOCIAL CAPITAL

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|--|
| <i>1. To analyze and take advantage of favourable conditions for the resurgence of social capital, created by the weakening of authoritarian clientelism.</i>  |
| <i>2. To "incubate" or protect incipient associations of poor groups from regional authoritarian clientelism, both political as economic. In this protected stage, to perfect the social aptitudes of leaders; to process conflicts that arise from factionalism in organizations.</i> |
| <i>3. To be aware of the turbulences that systems of authoritarian clientelism can undergo, which weaken negative dependence and offer the prospect of the resurgence of the poor community's social capital.</i>  |
| <i>4. To develop a rapid response capacity in projects and programmes, to counteract the actions of the clientelist actors during the transition phase. To foster the development of the leaders' capacity for strategic negotiation.</i>  |
| <i>5. To give priority to the development of a sense of mission among a project's officials, geared to the development of autonomous social capital.</i>   |
| <i>6. To facilitate excluded communities' access to networks that offer information and the services to those that with access the most integrated strata.</i>   |

## CONCLUSIONS

The three strands of a strategy to activate the poor's social capital for the purpose of overcoming poverty evidently constitute a national public policy. This proposal differs fundamentally from those that centre on "top-down" cultural and institutional changes. This is not to say that public action is not possible in the cultural sphere and at the national level. A national policy on social capital formation can embrace lessons from other countries, but it can and should be based on local cultural patrimony and on local social forms. An imaginative, creative, and to some degree conflictive propositivity is needed to produce the changes associated with social capital formation among poor sectors. And rather than planning cultural change, it is a matter of creating stimuli and *propitious conditions* so that indispensable forms and dynamics of trust and cooperation can sprout and bloom. What is not valid, in light of the level of empirical knowledge of national societies, is to continue to analyze social capital at the societal level with simplistic models that posit a set of agents with identical asset endowments.

Other spheres for national-level intervention are determining a posture towards those social movements that are a necessary part of the process of ascending the scale of social capital from the micro-local level to the national plane. This posture includes the inclusion of new actors in the negotiation of national projects, so as to obviate the excess of demands that is the inheritance of clientelism and incomplete democratization. The promotion of solidarity between social groups, and its expression in voluntary services, is another way of creating social capital at the societal level. But the active role of the central State in a pro-democratic decentralization, tripartite to use Tandler's word and three-stranded in the terms used in the preceding section, is the best basis for developing social capital among the poor – a social capital that entails the permanent defeat of exclusion and of the persistence of poverty.

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