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# Building social capital: the role of local government

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## 1. Introduction

Social capital proponents, such as Robert Putnam (1993b), claim communities with larger stocks of horizontal social capital exhibit better development outcomes. If social capital promotes economic development and effective governance then a logical next question is, “Can social capital be increased in places where it is low?” Putnam’s (1993a) study of Italy provides little evidence for the constructability of social capital. A major state intervention (in creating a system of regional government) did little to promote social capital formation in areas where it was weak. Durkheim would agree, social structure changes very slowly and development interventions are unlikely to yield much impact.

For many development practitioners, and a few theorists, higher hopes are pinned on the prospects for social capital building and its impact on development outcomes in the community. A few theorists insist on the possibility of building social capital where it is weak and point to the role of formal governmental institutions (Evans, 1996; Skocpol, 1996). They are joined by community development practitioners who attempt to show explicitly what role the state might play in social capital construction (Potapchuck et al., 1997).

This paper explores the constructability of social capital and specifically the role formal state supported institutions can play in structuring community level interventions to build social capital. For a fuller discussion of these issues see (Warner, 1999).

## 2. Can social capital be built?

Any study of the constructability of social capital, must give attention to the form (horizontal and hierarchical), the level (individual or community) and the investment costs. The form of social capital may be horizontal or hierarchical. Horizontal forms of social

capital involve more lateral ties between individuals within community and help produce more egalitarian and robust democratic structures (Putnam, 1993a, 1993b). Hierarchical social capital produces patron client relations (and gangs) which can stifle development (Duncan, 1992; Putnam, 1993a; Portes and Sensenbrenner, 1993).

Much work on social capital has focused at the individual or family level on how stocks of social capital contribute to individual educational or economic achievement (Coleman, 1988; Bourdieu, 1986). Putnam (1993a), made an important contribution to the social capital debate by exploring the nature of social capital at the community level. Community level social capital can not be measured merely as an aggregation of individual networks. Attention must be given to inter-organizational networks as well as a study of the nature of government itself. Community level social capital resides in groups and the networks among them (Woolcock, 1998). Strong community level social capital creates the civic infrastructure, which supports formal and informal processes of decision making and public involvement (Potapchuck et al., 1997).

Bourdieu (1986) emphasized the importance of investment costs and returns in building and maintaining social capital. Building and maintaining networks was not a natural given; it requires investments, which yield a return. If the object of network building is not endowed with social, economic or cultural capital then the effort will not be considered worthwhile. At the community level, returns on investments in social capital are more diffuse and dependent on generalized reciprocity to ensure returns to investors. Thus, in places where generalized reciprocity is weak, local governments and local residents would be less likely to make investments in community level social capital.

There are two important features of community level social capital: autonomy and linkage (Woolcock, 1998). For government, autonomy ensures organizational integrity and helps prevent predation by interest groups (Evans, 1995, 1996). For residents autonomy is reflected in power and formal organization which permits action autonomous of the state. Linkage includes both vertical ties to outside forces and horizontal ties between local actors. These ties can be strong as within primary networks of family or work, or weak, bridging ties, which connect networks (Granovetter, 1973). While both forms of ties constitute social capital, the weak, bridging ties can be especially important for exchange of information and resources between different social or economic groups within community (Warner et al., 1997). Generalized reciprocity (Putnam, 1993a; Potapchuck et al., 1997) depends on the presence of these weak, bridging ties.

Where are these ties formed? At the community level these ties are formed through interactions which emerge naturally as extensions of work, school or play. In communities where such interactions do not naturally occur, forums for interaction can be intentionally created and designed to encourage development of social capital (Warner et al., 1999).

### **3. Can the local state help construct social capital?**

While Etzioni (1993) and Fukuyama (1995) argue the state is inherently ill suited to help construct social capital, Evans (1996) and Skocpol (1996) argue for a central role for government. Robust and sophisticated public institutions can help form local social capital

by decentralizing power. Civil society in turn helps keep government responsive (Evans, 1996; Fox, 1996; Potapchuck et al., 1997).

To effectively build social capital, local government must share autonomy with citizens, shifting its emphasis from controller, regulator and provider to new roles as catalyst, convener and facilitator (Crocker et al., 1998). These partnership approaches to local government will improve service delivery but they require a level of public capital or civic infrastructure with which to partner. In areas where such social capital infrastructure is weak, government can help build it by decentralizing programs to the neighborhood level.

Three features must be given explicit attention in program design: autonomy, linkage, and returns on investment. Government programs are most effective in promoting community level social capital when they view participants as producers, not clients, and develop a facilitative, participatory structure. Both these features increase autonomy of the participants. Linkage is also important. Horizontal ties ensure broad community involvement and vertical (bridging) ties facilitate system change (access to resources, policy change). The nature of the forum created by the intervention will have important impacts on the type of linkage built. Investments in individual social capital are the most likely to yield direct returns. Returns on investments in community level social capital require generalized reciprocity and democratic responsive government. Balanced autonomy and strong horizontal linkage reinforce generalized reciprocity and democratic governance. Thus areas with higher levels of horizontal social capital will provide more fertile environments for additional social capital investment.

#### **4. Role of formal government institutions**

Formal governmental institutions represent important resources in terms of funding, power and expertise. Many government supported social services and community development programs are designed to address problems, deficits, rather than assets in a community. Highly professionalized services assume the professional has the expertise and the client has the problem (McKnight, 1991). Hierarchically structured programs are less likely to build community social capital than decentralized programs which build on community assets through horizontal partnerships with community residents (Kretzman and McKnight, 1993; Crocker et al., 1998; Potapchuck et al., 1997, 1998; Harwood Group, 1997). Where these formal governmental institutions can be decentralized and control shared with local residents, the impact on social capital development and governmental transformation can be dramatic. However, participatory management represents a major organizational innovation for hierarchical, professionalized government structures.

Key governmental institutions such as schools, social service departments or police services do not have democratic governance structures. These institutions are highly integrated internally and have a high degree of autonomy from broader community processes. Linkage with the communities they are designed to serve can be weak. Such institutions would be expected to design programs, which build individual social capital to enhance clients' involvement with their established systems. Efforts such as community policing, neighborhood based social service systems and school based administrative teams would be

interventions more likely to promote community level social capital. Even here, the greater autonomy (due to professionalization and vertical linkages to funders and policy makers) of the governmental institution vis a vis residents would likely ensure a hierarchical structure to program design.

### **5. Role of non-governmental facilitative institutions**

Non-governmental organizations such as Cooperative Extension, community development corporations, and collaborative neighborhood based initiatives are likely to have strong linkage (horizontal ties) within the community but less autonomy than formal governmental institutions (Halpern, 1995). Since these organizations were created to be more representative, neighborhood controlled alternatives to established governmental systems, it is likely that initial program design will promote more horizontal social capital construction (Gunn and Gunn, 1991). Focus could be on individual or community social capital depending on identified needs and goals. Potapchuck et al. (1997, 1998) emphasize the democratizing role these groups may have on service delivery if brought into coalition with more established centers of government. Non-profit community organizations may play key roles in facilitating new collaborative community-government partnerships. However, their ability to effect governmental system change may be limited if their ties to governmental or other external resources are weak. In addition these groups may be co-opted by local government, especially in communities with hierarchical social capital.

### **6. Limitations of the community context**

A focus on the role of local government in community level social capital construction has two important limitations. The first is the embeddedness of local action. Social capital formation can be fostered by public sector institutions, but those institutions are themselves a product of social relations. This circularity requires development interventions give attention to both underlying social relations and bureaucratic organizational design.

In places with horizontal social capital and robust, democratic governance structures, we can expect governmental interventions to promote horizontal community social capital development which will in turn impact program and organizational design as well as further reinforce social capital and democratic political structures. Here, autonomy and linkage are both strong, synergy between state and society is effective, and a virtuous circle of social capital investment and democratic development is functioning. These places are reflective of the Floras' (1993) "entrepreneurial communities," Piore and Sabel's (1984) "yeoman democracy," Evans' (1995) "embedded autonomy."

In places with hierarchical social capital, local government intervention is more likely to focus on individual social capital development. Investments in community social capital investment are likely to reinforce hierarchical social capital structures already in place. Limited impact on program design may occur but larger changes to organizational or societal structures are unlikely. Autonomy of government is strong but linkage with civil society is

weak. Predation of government by powerful interest groups is possible. Community organizations lack much autonomy or linkage. State-society synergy and democracy are weak. These places are characteristic of the patron-client relations in Southern Italy (Putnam, 1993a), Appalachia and the Black Belt (Gaventa, 1980; Duncan, 1992; Brown and Warner, 1991).

A second limitation is the difficulty of addressing broader structural change. Deeper structural issues (economic and political, as well as social) create community conditions. The mismatch between the current enthusiasm with social capital and the scale and depth of community development problems is a reflection of the general retreat of the state under globalization. Broader structural conditions and local social capital configurations both contribute to community development or lack thereof. Thus, a focus on social capital building must address transformation in governmental institutions at the local, state and national levels if enhanced attention is to be given the social without ignoring the importance of a reformed and activist state.

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