

## Social Capital. Trust and Ideology

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### Abstract

*The paper offers a critical analysis of the central concept around which the popular construct of social capital is organised, i.e. trust. To this end the views of Fukuyama, the leading exponent of the said concept are considered. As a result, the concept in question is found to be ideologically charged and substantively weak in many respects.*

**Keywords:** social capital, trust, capitalism, Fukuyama, Putnam

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### 1. Introduction

Whilst it is true that there are a number of various definitions of social capital, it is fair to say that the core meaning of the notion is that of a web of social relationships in a community based on trust. The latter is the subject of a study by Francis Fukuyama who – as far as the social capital, and social science literature in general, is concerned – has done most for popularising the notion (although trust is also emphasised by, inter alia, Putnam, 1995; Brehm and Rahn, 1997). Fukuyama's famous, or notorious, if you will, thesis arose, it is important to remember, as a reflection of the collapse of "real socialism"<sup>1</sup> in Central and Eastern Europe, as well as the apparent triumph of twin free-market doctrines of Reaganomics and Thatcherism undermining the postwar welfare state institutions. That grandiose claim proclaimed the arrival of humankind at its final form of society: "liberal democracy is the only legitimate ideology left in the world, an end of history in the Marxist-Hegelian sense of History as a broad evolution of human societies towards a final goal" (Fukuyama, 1995: 3). With no competing macro-economic systems to market capitalism, and "with the competitive advantages of location or technological innovation being rapidly diminished through globalization, Fukuyama seeks to explain the relative success of national economies in terms of culture" (Field et al., 2000:16). Apparently in keeping with his anti-statist bent, Fukuyama asserts that circumstances conducive to success are found among communities "formed not on the basis of explicit rules and regulation but out of a set of ethical habits and reciprocal moral obligations internalized by each of the community's members" (1995: 9).

A comment is in order regarding Fukuyama's treatment. To couch trust as a social phenomenon in ethical terms is to overstate the incidence and relevance of the moral in society, as, amongst other things, Luhmann (1979) implies in pointing out that to not trust

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<sup>1</sup> The origin of the term (lying in the official documents of that period) still do not make it less useful than the label „communism”, which is irrevocably ideological and at best (mis)identifies what is regarded as a political quality of the system in question, whereas the term „socialism” refers to its underlying ownership structure. On the collapse of the former regime and its core attributes see Tittenbrun (1993, 2011).

in its broadest sense would prevent an individual from rising in the morning. He calls this type of trust “confidence” (Luhmann, 1988).

According to the prophet concerned, “virtually all serious observers understand that liberal political and economic institutions depend on a healthy and dynamic civil society for their vitality” (Fukuyama, 1995: 4). “The field of social capital is thus elevated to being the crucial factor, forging the only viable forms of economy and polity” (Field et al., 2000:16). Fukuyama holds that ‘a nation’s prosperity and competitiveness hinge upon a single, pervasive, cultural trait: the level of trust present in the society and this depends on “the crucible of trust” - social capital’ (1995: 7, 33). He goes on to distinguish between societies characterized by high trust or low trust and, consequently, between forms of solidaristic organization which are “older, economically harmful or inefficient” and those which are “wealth creating” (1995: 159). Trust is defined as ‘the expectation that arises within a community of regular, honest, and co-operative behaviour, based on commonly shared norms, on the part of other members of the community ... these communities do not require extensive contractual and legal regulation of their relations because prior moral consensus gives members of the group a basis for mutual trust’ (1995: 26). It is instructive to learn how those notions match real-world situations. Now, examples of high-trust societies for Fukuyama are Japan, Germany and the United States characterized by the development of large-scale corporations out of family firms through the medium of “rich and complex civil society” (1995: 130). Low-trust societies are those of China, Italy and France, the first two characterized by the restriction of trust, and thus enterprise, to the ‘family’; the latter by the destruction of a rich civil society by a centralizing state. “The test criterion for distinguishing between high- and low-trust, and between inefficient and efficient, forms of solidarity is in each case ‘economic progress’, necessarily unanalysed as it is assumed to be the universal of human societies” (Field et al., 2000:17). “Japan is hailed as the contemporary nation with the most appropriate form of ‘spontaneous sociability’.” (Fukuyama, 1995: 159) The social capital enthusiast argues that in economic life, group co-ordination is necessary for one form of production, but when technology and markets change, a different type of co-ordination with perhaps a different set of group members becomes necessary. The bonds of social reciprocity that facilitated production in the earlier time period become obstacles to production in the later one ... social capital can be said to be obsolete and needs to be depreciated in the country’s capital accounts (Fukuyama, 1999:18-19).

Within the post-Fordist mode of production, with its more flexible work organisation than that pertaining to capitalism in its Fordist phase, “worker discretion becomes increasingly central to the smooth running of production” and a new form of discipline is required, a form which is internalized and self-maintaining. Trust between workers and managers, with the shared goal of efficient production, replaces the ‘rule book’. With only one economic and political system thought viable, Fukuyama is thus enabled to restrict his conceptual field to fine-tuning heaven: the basic structures of – a certain self-image of – the United States of America are taken as universal, with the only problems remaining being to ensure maximum conformity of human factors to this inevitable moral and economic order” (Field et al., 2000:17). Thus, what Fukuyama envisages, is a free-market, unrestrained “capitalism seeking ‘friction-free economies’” (1995: 149) in which “the primacy of profit is not questioned by a trusted and trusting workforce, dedicated to the enterprise” (Field et al., 2000:17).

There are, though, many reasons for questioning Fukuyama’s historiography. Ahistoricity of his thesis is self-evident, if he wrote in the present century, in the period of deep, not

only cyclical but structural, crisis of capitalism, above all its Anglo-Saxon variety<sup>2</sup>, he would have to eat his words. His notion of a frictionless economy and self-equilibrating markets is a rose-tainted myth that has been crashed by the recent crisis. Moreover, contrary to his view, it is not trust, understood as a cultural phenomenon, that underpins economic relations, but the reverse is, true - trust relationships are an outgrowth of underlying economic relations. Japan and Germany are examples of stakeholder capitalism, while the US epitomises shareholder capitalism. It is rather odd on the part of Fukuyama to lump together the US with the two former economies, and on the grounds that are contradicted by another social capital scholar, Robert Putnam who made his name on the thesis exactly opposite to Fukuyama's premise - that of declining civil society. More important, however, is the aforementioned direction of causation pointing to the fundamental role of economic, above all ownership, relations in conditioning extra-economic phenomena. The following account is sound, only that the author fails to contextualise it - the web of inter-relationships underpinned by a multitude of mutual ownership stakes within Japan's groupings termed keiretsu, or similarly close ties between German companies and banks make the best fit: "Social capital has mainly been seen as contributing to economic performance by reducing inter-firm transaction costs, that is, search and information costs, bargaining and decision costs, and policing and enforcement costs. Lower search and information costs improve the efficiency of resource allocation. Reduced costs for bargaining and decision making facilitate the coordination of diverse activities between firms and enable an even further division of labour" (Richardson, 1953; 1993). "Diminishing costs of policing and enforcement free up resources to be used in more productive ways" (2002). It is ownership relations that account for competitive advantages enjoyed by stakeholder capitalism not only in the inter-firm relationships, but also at the workplace. The German system of co-determination coupled with generous fringe benefits and Japanese system of lifetime employment grounded in a similar safety net both express in fact ownership of jobs on the part of employees. This ownership underpinning also accounts for what Shimada (1988) christened with a new term "human-ware" as distinct from hardware and software. He meant that the basic reason for the strong competitiveness of Japanese automobile companies was the cooperative attitude of the workers. He quoted a Japanese worker as saying: "In a US company, each worker is eager to make his individual success, and unwilling to tell what he knows to his colleagues. But here, everybody is willing to tell what he knows as much as possible to the colleagues. This is because he believes that he can make a success only as a team, not on his own" (p. 61). The workers are co-operative thanks to Japan's (mutually dependent) employment system and labour power market. In an economy where long-term employment is dominant, and thus one's current job and job prospects (due to a pre-established and clear path of promotion) it is worthwhile to work for the success of the whole team. Because others have a similar attitude, there is created a virtuous circle of self-reinforcing social pressure. Another result is the prevalence (at least amongst this core employee class, as by no means all employees enjoy lifetime employment) of company-specific labour power. Rather than general labour power typical of job-changers and job-seekers.

From another angle, "cooperative behaviour among firms is also thought to have aided the development of Japan's manufacturing sector, especially in the consumer durable

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<sup>2</sup> At the time of writing, when the problems of Euro zone seem to overshadow those of other regions of the world, it is worth remembering where and how all this mess had begun. And with respect, neither Greece nor Spain has enough clout to bring about anything like global financial and/or economic crisis. More in (Tittenbrun (2011; 2013b).

sector. In drafting a design of a new car, for example, Japanese car producers took full account of the views of parts makers, as well as those of the retailers, and tried to find the best match of cost reduction and consumer satisfaction. This was possible only based on the mutual trust, which was strengthened by strategies such as cross holding of equities and temporary exchanges of workers between firms. Such long-run relationships and mutual trust were helpful in reducing informational costs, not only in designing a new product but also in making contracts. It was often the case that contracts were just broad agreements and specific conditions were discussed later on” (Omori, 2001:5).

No less important - which draws our attention on the other objective dimension of the phenomenon under investigation - was the trustworthiness of “infrastructure, i.e. the low defect ratio, punctuality of railways and postal service, reliability of electricity and telephone networks” (Omori, 2001:5) Thus, it is not an elusive quality called social capital, as Adler and Kwon (2002) would have it, that transforms individuals from self-regarding and egoistic agents with little sense of obligation to others into members of a community with shared interests, a common identity and a commitment to the common good, because those characteristics indeed distinct from ones built-in in the free-market capitalism flow from distinctive ownership relations pertaining to stakeholder capitalism. The ownership peculiarities discussed above mean that the two systems concerned are actually two distinct capitalist modes of economic activity, and, while they possess a clear geographic connotation, this does not preclude their appearance in other regions of the world. This does not validate, of course, Fukuyama’s ahistorical position who in another work views social capital as “both disposable and infinitely renewable”, decreeing on that basis that people must be left simply alone and social capital will be created, particularly where people are making money. Social capital and capitalism have under this conception something of a mutually beneficial, reciprocal relationship. Accordingly, the role of market relations and capitalism is never questioned: they only cause good. For example, “market exchange promotes habits of reciprocity that carry on from economic life into moral life” (Fukuyama, 1999: 261). Without closer examination of the underlying economic relations, the mere acknowledgement of their social efficacy, of course, is not good enough, nay; it distorts the picture of relationships between the economy and the non-economic sphere of society. In a similar vein, for the British industrial sociologist Alan Fox trust does not develop out of thin air. Fox is of course not the only writer who realizes the causative power of economic relations; to cite an example, “social capital is at the same time in part accumulated as an unintended and even unanticipated consequence of economic activity as people often spend more of their waking hours ‘bowling’ with their workplace colleagues than with their family and friends. Norms, codes, trust, solidarity and other vital elements of social capital are built and reinforced when sharing a common goal or a mutual fate even in the most hierarchical economic structures imaginable, like the globally operating multidivisional corporation, and not just when people mingle, organize and achieve with peers in their spare time” (Maskell, 2004). Fox’s treatment is, though, more elaborate. While he concedes that trust may be thought of in purely personal terms, he nevertheless focuses on what he terms “institutionalized trust”. From his point of view, trust and distrust “are embodied in the rules, roles and relations which some men impose on, or seek to get accepted by, others” (Fox, 1974: 67). Rules include both formal and informal understandings, whilst relations are construed in terms of interdependence, communication, supervision and authority. Fox is thus concerned not with personal feelings between people as individuals, but with relationships which are structured and institutionalized. In addition, he conceives of high- and low-trust situations as dynamic, and usually self-reinforcing. “The essential feature of all trust relations is - he writes in clearly dialectical terms - their reciprocal nature. Trust

tends to evoke trust, distrust to evoke distrust” (Fox, 1974: 66). This reciprocation, according to Fox, can be measured along two dimensions: long-term to short-term, and – in terms of Parsonian pattern variables – specific to diffuse. Accordingly, the point of lowest trust is characterized by short-term specific reciprocation, while the point of highest trust by long-term and diffuse (Fox, 1974: 72). Fox insists that this typology can be employed in the analysis of employment relations at different levels. Furthermore, the sociologist concerned distinguishes between vertical and lateral trust. In this context he – in contradistinction to the stylised ideology of social capital – draws attention to the fact that these relations may be in conflict with each other, for example where high levels of lateral trust take the form of workers’ solidarity in opposition to management. “High vertical and low lateral trust comes with ideologies of competitive individualism, with highly differentiated levels of individual reward. Fox’s view of employment relations is one of inherent conflict” (Field et al., 2000:18); as a result he observes that “those who enjoy high-trust relations both vertically and laterally are exceptionally favoured” (Fox, 1974: 79). Schuller et al. write that Fox’s focus is on industrial relations, but this does not detract from the general relevance of his analytical framework to the discussion of social capital. They rightly point out that “the focus on institutionalized relations challenges those analyses which rely on individual level data, most prominently in the form of personal responses to questions about trust. He reminds us of the need to build in awareness of underlying structures of power and inequality as major factors in shaping trust relations, foreshadowing the critiques of social capital offered by such commentators as Edwards and Foley” (Field et al., 2000:1998). Nay, not sharing his radical conclusions, even some prominent social capital theorists are very critical as regards the type of methodology on which social capital studies usually rely. For instance, no other than Francis Fukuyama in person admits that a significant downside of the concept of social capital is the lack of consensus on how to measure it. He reports on two main approaches: counting groups and group memberships and using survey to collect data on trust and civic engagement. Both methods are in his judgment inadequate and imprecise (1999). Let us dwell on this issue of methodology in somewhat more detail. It is fair to say that, abstracting from Fukuyama who has special interest in trust, its prominent place in the social capital research stems from its role in another leading social capital theorist’s framework.

The reader’s attention may be drawn on the methodological aspect to the foregoing exposition. A commentator writes that: “under Coleman’s model, the contract between individuals requires the trust that acts by individuals will be reciprocated at some time in the future. Trust is usually ascertained from a question in a social survey such as the World Values Survey or the General Social Survey in the USA. Examples include, ‘Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?’ or ‘Do you think that most people would try to take advantage of you if they had a chance or would they try to be fair?’. These questions may be supported by additional questions that attempt to expose attitudes towards reciprocity or fairness, such as ‘Would you say most of the time people try to be helpful or that they are mostly looking out for themselves?’ ” (Cox, 1995). This methodology is indeed faulty in that it yields, if any, a superficial and shallow knowledge about social life. The survey designers are not aware that the said research technique is actually an experimental one, that is to say, one of an uncontrolled experiment in which survey questions function as stimuli inducing subjects to certain types of behaviour, in this case verbal behaviour, that otherwise in all probability would not have taken place. In other words, particular answers to a questionnaire’s question may well be an artefact whose coming into being results merely from an experimental situation. To put it in still other terms,

experimentally elicited opinions may have a widely diverse ontological and epistemological status. Some of them may express a respondent's genuine stance, but in most cases they will correspond, if any, to a skin-deep, epiphenomenal layer of consciousness whose artificiality and superficiality mean that it does not bear on real actions of a given individual, and those elements of consciousness or sub-consciousness, if you will, that are not relevant to real-world behaviours do not matter from a sociological point of view. For example, to use a favourite term of social capital scholars, if a citizen duly pays his or her taxes, it – for all practical purposes – means that he / she places trust in the US government. Individuals in general may not have a high opinion about the trustworthiness of the government. But such opinions, beliefs, etc. that do not come up as motives, stimuli, or other component of real-world actions are sociologically irrelevant. On the other hand, in an example given by Paxton (1999: 89) exactly such a non-epiphenomenal notion of trust seems to be implied: “when a potential trustor is embedded in a group, he or she may assign the other members of that group a level of trustworthiness that is higher than the trustworthiness accorded to the average person, due to the presence of norms and sanctions against those who break trust”, provided that this does not necessarily mean that a given individual holds his or her corresponding attitude out of fear of group sanctions; all what is necessary is the presence of his or her behaviour that attest to that trusting attitude. It is also to this action-relevant, socially efficacious sense of trust that Paxton (1999:102) refers when accounting for “the recent rise of gated communities and the increased use of private security guards. It could be that our trust in one another impacts how we organize our lives and how we choose to spend our money (or how much money we spend)”. Upon perusal of the social capital literature, a few other examples of such an approach can be found, i.e. actions associated with a display of confidence in others treated as an outcome of a norm of trust (Bullen and Onyx, 1998), as well as reciprocal acts or exchanges seen as an outcome of a norm of reciprocity (Rose, 1998). However, this is not how social capital researchers generally approach the issue under consideration. And the problem is further compounded due to usual sociological procedures. Curiously enough, it is an adherent of the research perspective in question who openly admits that “there are signs of statistical techniques being applied in ways which are poorly matched to the quality and the robustness of the data. This is particularly true where the data consists of comparative attitudinal surveys, for example on declared levels of trust, using highly ambiguous terminology. Quantitative analyses which relate these, and through them levels of social capital, to general measures of economic performance, need very severe health warnings” (Schuller, 2000:17). Moreover, the same author identifies a specific dimension to the aforementioned problem related to the nature of what is investigated in such surveys: “There are some curious possibilities relating to the impact of measurement. In the natural sciences, the impact of the observer on the observed is taken for granted. Social capital may be an extreme example of this in the social field. For where trust becomes the focus of attention, this may cause it to wither as much as to flourish; some relationships, norms and networks are strongest when they are not exposed to constant examination. On the other hand, it has been well argued that if we are moving towards risk societies, and proactively managing risk rather than passively coping with it, so we should be moving from the passive valuing of trust to its active maintenance” (Schuller, 2000: 20).

Such a justification of the relevance of trust is in point of fact problematic, however. By any means not all, including the present author (Tittenbrun, 2011) agree with such an appraisal of the risk society notion, which is in fact an example of rather crude social essentialism. One more example of the notion in question is provided by Bourdieu's (1983:248) definition: “social capital is the aggregate of the actual or potential resources

which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition - or in other words, to membership in a group". Social capital requires more than just a network of ties, however. According to the French sociologist, social capital also involves "transforming contingent relations, such as those of neighbourhood, the workplace, or even kinship, into relationships that are at once necessary and elective, implying durable obligations subjectively felt (feelings of gratitude, respect, friendship, etc.)" (1983: 249-50).

This petty-bourgeois or petty-capitalist ideology is nicely expressed in the following contention: "Leadership positions in communities are tied to economic roles and influence. Some areas are losing the economic roles that supported community leadership. In these areas, persons who used to own or manage local enterprises become branch managers, passing through the area on career ladders that will eventually take them to a corporate headquarters. As a result, the ability to create social capital has diminished. The threat can be acute in small areas because business organisations are consolidating in fewer, large financial and technology centres. Mergers and other consolidations reduce the number of business leaders who can reach the top of their field while putting down roots in their community" (Blair, Carroll, 2008).

Even putting aside this kind of caveat, the credibility of knowledge provided by sociological surveys can be called into question. "Survey questions can be interpreted differently by respondents in two time periods. If respondents relax their interpretation of trust between 1975 and 1985, we could see a change in measured trust even if there was no change in the actual level of trust over the 10-year period" (Paxton, 1999: 89). In addition, social capital studies have been subject, *inter alia*, to the following methodological criticisms: 1. Social capital indicators lack clear definition Attempts to measure social capital have been widely criticised because the defining concepts, such as 'trust' and 'networks', are vague and ambiguous. It is consequently unclear which determinants are being measured in social capital research. (Pope, 2003: 6). This lack of definition is well rendered by the following witty account by Labonte (1999): "There is 'something' going on 'out there' in people's day-to-day relationships that is an important determinant of the quality of their lives, if not communities' healthy' functioning... it is the 'gluey stuff' that binds individuals to groups, groups to organisations, citizens to societies'. What exactly this 'something' is remains moot". Lomas (1998) stresses that "There are few known and validated ways to measure such things as community competence, social cohesion, or a sense of worth at the level of the community". Along similar lines, Leeder and Dominello (1999) argue that "Champions of social capital have several kilometres to travel before a definition emerges that will render it a practical matter for policy development".

Portes and Landolt (1996) have also argued that a distinction needs to be made between the sources of social capital (network, etc.) and the resources or advantages that derive from them. To illustrate this point, they put forward the case of "two tertiary students in need of money for tuition. One has acquired the money from parents while the other has a highly supportive social network that cannot meet the expense. Whilst both have stocks of social capital which could be measured using an indicator, the social capital of these individuals has resulted in different outcomes" (Portes and Landolt, 1996). Similarly, in the case of inner city and ghetto areas in the US, anthropologists have demonstrated high levels of what is regarded as social capital in some areas, with many people relying on friendship and kin networks for survival, but at the same time "the assets obtainable through these networks are not enough to remove people from poverty" (Stack and Fernandez-Kelly in Portes and Landolt, 1996). It is apparent that the definition of social

capital is critical to an understanding of what is being measured and how social processes lead to the acquisition of resources.

First and foremost, collective social capital has to be distinguished from individual social capital, whatever it might mean. A related criticism of social capital research is that it confuses its unit of measurement (by the same token falling prey to an old antinomy between micro- and macrostructures) by “aggregating information about individual social capital (such answers from social surveys) to a measure that claims to represent a broader collective unit” (Portes and Landolt, 1996).

This conflation of analytical levels results, in the final analysis, from a concentration on a microstructural approach discussed above which makes it difficult smoothly to pass onto a higher level. Thus, Portes and Landolt (1996) criticise Putnam for making individual social capital, the property of groups or even nations. They argue that “collective social capital... cannot simply be the sum of individual social capital”. This is the case because “the sources and benefits of social capital available at the individual network level (‘the gluey stuff that binds individuals to groups) may be very different from those available at the social level of institutions and governments (‘the gluey stuff’ that binds citizens to institutions)” (Portes and Landolt, 1996). To illustrate, a researcher is likely to arrive at very different findings regarding trust in the case of Coleman’s network of Jewish diamond traders if they are asked “about the network through which they are deriving their social capital, or society” (Pope, 2004:7) at large. Moreover, it is likely that the process of aggregation would be not very helpful, as the pieces of knowledge to be aggregated are so heterogeneous.

Coming back to Fox, one reason for which his approach merits attention is the emphasis on the dynamics of the relationships under investigation. In particular, “it should help us avoid reliance on static cross-sectional approaches which purport to measure stocks of social capital without accompanying these with a sense of trajectory. The temporal dimension is essential” (Schuller et al., 2000:18). Indeed, just as in the case of other similar dilemmas, if one ever thinks seriously about developing a scientifically acceptable conception of social capital, it must encompass both inextricably interwoven aspects of social reality: static and dynamic one, or, in other terms, structure and agency.

In turn, Fox’s lateral-vertical matrix addresses exactly the issues raised by the debate among social capital scholars over whether social capital inheres in horizontal associations, or is to be found also in hierarchical relationships. Lastly, for their anti-individualistic, structuralist perspective, it is worth citing Fox’s concluding remarks regarding “a perceived lack of commitment to the exercise of discretion in work organizations: Lack of ambition, fear of responsibility, and the absence of talent are usually offered as possible reasons but these beg questions rather than answer them” (Fox, 1974:364). Note his first-rate sociological explanation: “Within a society [...] where ambition is apt to be an individualistic thrust towards personal achievement, recognition, and success, there need be no surprise that many fail to clear these definitional and practical hurdles, especially when to them is added the inequalities of life chances which so patently inhibit or frustrate aspirations” (Fox, 1974:364). At the same time Fox goes beyond diagnosis: “Social structures and work arrangements are, however, theoretically conceivable which would invite and promote high-discretion contributions in a setting where no premium was placed on individualistic ambition and self-assertion; where men ready to offer their involvement, judgement and discretion were not deterred from doing so by the prospect of being drawn out to a fine point of ‘success’ or ‘failure’”. (Fox, 1974: 365). Recall, too, that Fox dispenses with the concept of social capital, and

his views have been considered for their opposition to the mainstream social capital literature. Whilst in the work of Fox ‘trust’ is seen as a key attribute of the workplace, in that of Fukuyama it pertains to the whole civil society. Fox’s knowledge of work relations permits him to view trust not as a personal attribute but as a structural characteristic. “Fukuyama, with only one socioeconomic system possible, offers a straightforward, and tautological, functionalism: differentials of power, status and reward are those ‘necessary’ for the system, and trust is the mechanism by which such unequal individuals unite around the shared objective of economic progress. For Fox, such inequalities militate against trust. This contrast foreshadows something of the contemporary debates about whether social capital is an essentially conservative notion built around an assumption of consensus and social unity” (Schuller et al., 2000: 18).

Note again an analogy between the literature under examination and sociology in general, wherein an almost identical debate focused on the work of Parsons and structural functionalism in general. Anyway, this point allows us to turn to the topic of the subsequent section.

## **2. Social Capital and Ideology**

The inevitable association of social capital with once influential F. Schumacher’s motto (1974) “Small is beautiful” makes the concept a convenient conduit for promotion of localism, family and other conservative values. No wonder that these values are prominent in David Cameron’s political agenda for the Big Society, as opposed to Big Government. And, incidentally, the British politician makes explicit use of the concept under consideration in the context of his vision pointing out that “the process of getting there builds social capital. Neighbours who have no reason to know each other will need to convene and collaborate in order to get a new school or better policing” (The Economist 2010). Just as according to free market fundamentalists the state should refrain from any intervention in the market process, a representative advocate of social capital “suggests one of the most important issues is the effect that government has on social capital, and warns of some of the damaging effects of government on social capital” (Norton, 1998). Similarly, the former Australian Treasurer, Peter Costello, had used the concept of social capital to call for a more limited role of government and a revival of the ‘spirit of the volunteer’. Costello called on Australians to spend one hour of their week on volunteer activity (Costello, 2001). This is all very well until one asks how public libraries would run by unqualified amateurs fare. Hodgkin is therefore right in calling attention to the “danger in this [which] is that responsibility for welfare provision shifts to a vaguely defined concept of ‘community’” (2009). Social capital can thus render useful services to the curious blend of neo-liberal conservatism adopted by most Anglo-Saxon governments promoting the shrinking of the state which is, after all, so beneficial for public finances in the present allegedly inevitable age of universal austerity. Social capital ideology fosters cuts in the welfare state whose functions are, after all, much more efficiently and effectively realised at a local level. It is thus held that “social capital can help to mitigate the insidious effects of socioeconomic disadvantage (Putnam, 2000:319-325). By the same token social capital and its advocates play a useful role of defending the underpinnings of the system that begets those underprivileged who should refrain from any action levelled against the former since their needs will be catered for by the

fabric of social capital. Social capital thus serves to domesticate the disadvantaged masses deadening the edge of social protest. This nicely fits in the more general defence of status quo whose one manifestation may be the following claim: “Changes in the external environment can also break the bonds necessary for effective capital. Concern has been expressed that economic change can destroy community cohesion” (Blair, Carroll, 2008). It is no accident, therefore, that „politicians such as Bill Clinton, George Bush, Tony Blair, and Bertie Ahern have all found merit in social capital to pedal their own agendas” (Shah, 2004).

Meanwhile, communitarians and other advocates of social capital tend to ignore uncomfortable facts about their idol. The social capital project described in what follows appears unreservedly benign: “The goals of Healthy Boston were as follows: (1) create vehicles for collective community voice and action, that is, coalitions; (2) serve as a catalyst to increase collaboration to improve services and optimize resources; (3) create a new kind of partnership between the community and city government; (4) embrace a set of values: encourage work that is community-based and empowering, collaborative, multicultural, and inclusive” (Miller, 1997: 159). There is the other side of that coin, however. “Coalitions” may easily become what Olson terms “distributive coalitions” engaged in rent-seeking, and “collaboration” may well hide corruption and nepotism. In the literature under investigation, an anti-statist ideology is matched, at the theoretico-methodological level by an interactionist (face-to-face), anti-macrostructural focus<sup>3</sup>, which, needless to say, contributes to the neglect of macrostructural economic policies that strongly influence levels of social capital in a particular community, due to which “intervening in communities to increase their levels of social capital may be as ineffective, or as damaging, as intervening to encourage individuals to change their lifestyles. Usually such an approach doesn’t work, creates resentment, overloads community resources, and ‘blames the victim’. Thus, as Lynch et al have noted, ‘there has been an idle discussion [...] focusing on what materially and politically disenfranchised communities can do for themselves [which] may be akin to victim blaming at the community level’ ”(Pearce, Smith, 2003).

Symptomatically enough, the general philosophy mentioned above must often be toned down when it comes to the nuts and bolts of social capital. It is pointed out, for instance, that “most of the production and ‘consumption’ benefits of social capital can be captured even by persons who do not contribute to its development or who do not share the attitudes that measure the presence of social capital. Therefore social capital has important public goods characteristics. As in the case of most public goods, economists recognise the need for public intervention to achieve optimal levels of output. Governments exert indirect as well as direct influence on the creation of social capital as they pursue other goals such as police protection and land use plans. The CONCISE project reported empirical evidence on the importance of the social economy in generating social capital. Support for local social institutions in the process of economic development practice may strengthen local social capital” (Blair, Carroll, 2008).

The issue of social capital vis-a-vis the state is also taken up by the following pair of commentators, who point up that, in keeping with our earlier comments, “move towards local ‘participation’ and ‘empowerment’ has produced, albeit with very different agendas,

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<sup>3</sup> This is why social capital, paradoxically, is not fully but only partly social, or, more precisely “sociable”, as it encompasses just face-to-face relationships, whereas in actual fact it is the other category-of intermediate social relations that dominates quantitatively and qualitatively the social life of any society, globalised or not. For some social capital theorists, even this microstructural focus is too general so that they step lower down to “the nano-exchanges such as a smile, nod, or pleasant word” (Blair, Carroll 2008).

a high level of agreement between actors and institutions of the ‘new’ Left and the ‘new’ Right” (Mohan and Stokke, 2000). The aforementioned critics go on to argue that “It is not difficult to see why the concept of social capital has become so central to recent debates in development. It is essentially the sociocultural ‘glue’ which binds communities together and ensures both political and economic progress. This represents a highly reductionist approach to political economy where local communities are presented in a non-threatening language of trust, networks, reciprocity and associations. More conflict-orientated notions of power, class, gender and ethnicity are relatively unheard within the discourse on social capital. This allows a diverse range of interests to communicate. The recent popularity of the concept of social capital must also be seen in the light of the retreat of fundamentalist neo-liberalism to what we have referred to as ‘revisionist neo-liberalism’. In its earliest incarnation neo-liberalism sought to remove the state from economic life and liberate market forces and the entrepreneurial spirit. After 15 years of largely unsuccessful adjustment and liberalisation, the architects of neo-liberalism began to soften and conceded, first, a more positive role for the state and, second, an awareness that development is a social process whose cultural underpinnings need to be understood. It is in this latter arena that social capital (and much of the rational choice institutionalism [...]) needs to be placed. The combined effect of these two changes has seen the move towards multiple stakeholder approaches to development involving partnerships between state, private capital and civil society. [...] One obvious problem is the tendency to essentialise and romanticise ‘the local’. This means that local social inequalities and power relations are downplayed. Another problem is the tendency to view ‘the local’ in isolation from broader economic and political structures. (This point is entirely in line with our own diagnosis in the body of the paper). This means that the contextuality of place, e.g. national and translational economic and political forces, is underplayed” (Mohan, Stokey 2000).

The foregoing is also related to a further point made by Hodgkin who notes: “More recently, academics have raised concerns that the social capital literature is too gender neutral (Lowndes, 2000; Norris and Inglehart, 2003; Sapiro, 2003), seemingly ignoring differences in the day-to-day experiences of men and women (Sapiro, 2003). Previously, when gender was discussed in the social capital literature, the focus has been to examine women and their causal effect on stocks of social capital. Women and the centrality of their role in fostering social capital is implicit in the social capital lost thesis, linking the decline of social capital to the increasing workforce participation of women” (Hodgkin, 2009). And this debate over the role of women in the social capital literature speaks volumes about its ideological and thus cognitive bias.

As Lowndes (2004) so aptly notes, the focus has been on considering whether women are either the ‘saviours’ or ‘wreckers’ of social capital. Lowndes (2004) argues that women have been cast in the role of ‘saviour’ of social capital, participating in networks built around children. “Alternatively, they have been cast in the role of ‘wrecker’ of social capital, no longer selfless, placing their own needs above those of their children. This is evidenced in women’s increased workforce participation. Such approaches can be found in the work of Coleman (1988) and Putman (2000) who both argue for the ‘social capital lost’ thesis and the role that increased female workforce participation contributes to it. For instance, Coleman (1988) set out to investigate perceived loss of stocks of social capital. In Coleman’s focus on the family, he argues that the more women worked, the more they lost crucial associations for their families and ultimately with their immediate communities. [...] Both Putnam’s and Coleman’s theorising of social capital present us

with a normative<sup>4</sup> understanding of the nuclear family, with a male breadwinner and female ‘homemaker’” (Edwards, 2004; Molyneux, 2002). Meanwhile, this traditional model cannot be taken for granted by no means; on the contrary, at least in some advanced societies, it becomes increasingly outdated-in today’s US society, for example, women make up four breadwinners out of each ten families.

It is also the aforementioned commentator who takes issue with the treatment outlined above: “This uncritical approach, and its increased use in social policy, signals increasing disadvantage for women. Promoters of social capital ignore a substantial body of literature devoted to gender and class inequality. This literature alerts us to power and labour imbalances in the family” (Molyneux, 2002). Given these apposite criticisms, it is surprising that their author herself adopts the jargon which obfuscates rather than clarifies the phenomena under consideration. The reader may be forgiven for wondering what the following conclusion from her research might mean: “Access to bonding social capital was compromised by work hours”. Meanwhile, it simply means that working women do find it difficult to reconcile their jobs with family commitments, in particular rearing children. The preceding clearly shows how misplaced is the following characterisation of social capital “as a blend of socialism and liberalism” (Schuller, 2011). Liberalism, or more precisely, neo-liberalism, yes, but socialism? The kind of values espoused by the theory of social capital indeed revolves around cosiness, or to use an apposite German word, *Gemütlichkeit*. But why should it be associated with socialism in the first place? If anything, socialism had been always indicted of neglecting familiar and other such merits and virtues. Needless to say, one cares about the pressure of ideology on social capital deliberations not only for its own sake, that is, for the purpose of establishing the fact of such presence, but because of its consequences. When research is used to illustrate some ideological point, the former must suffer. And this is noted by some commentators, Shah, for example, writes about his colleague as follows: “For Muntaner, the bottom line is whether social capital brings new ideas and findings; he argues for less ideology and more-specific models integrating social structure and psychosocial exposures into better understanding of the determinants of morbidity and mortality” (2011). The Panglossian Concept. “Worse problem is that existing measurements of social capital sometimes appear to reduce well-being or engender distress” (Haines et al. 2002; Herrero and Gracia 2007). Such an apparent downside of social capital is inconsistent with the view that capital typically generates resources for the benefit of its owner (Coleman, 1988; Krishna and Uphoff, 2002). The theoretical literature, on the whole, describes social capital as a social good, a concept that promotes well-being: people are happier if they ultimately feel they belong to a community and that they are connected in various ways (McMichael and Manderson, 2004). There are some interesting differences in that regard between Coleman and Bourdieu. Coleman, as distinct from Bourdieu recognises the value of connections for all actors, individual and collective, privileged and disadvantaged. “But Coleman’s view is also naively optimistic; as a public good, social capital is almost entirely benign in its functions, providing for a set of norms and sanctions that allow individuals to co-operate for mutual advantage and with little or no ‘dark side’. Bourdieu’s usage of the concept, by contrast, virtually allows only for a dark side for the oppressed, and a bright side for the privileged” (Field 2003: 28). It is fairly obvious where the greatest sin of both frameworks lie in their lack of a dialectic approach. Some studies

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<sup>4</sup> An extent to which the notion under consideration is ideologically charged may be gauged from an alternative opinion which sees a positive “effect of the success of social capital as a concept in attracting interest in a wide range of disciplines and policy sectors” in the “reintroduction of normative issues explicitly into the debate” (Schuller, 2011).

of social capital in the context of virtual learning communities reveals many desirable qualities such as trust, honesty, co-operation, the keeping of commitments, and networks of strong personal relationships that most members of society would obviously deem valuable in the communities they are involved in. However several authors have realised (which, honestly speaking, is no brainer) that just as these virtues can be used to draw people in to their membership, they can also be used to keep others out. Daniel, Schwier and McCalla (2003) point out that Communities that exhibit highly cohesive forms of social capital are thus not necessarily beneficial to the overall society. Cohesive communities that manifest strong social capital may exclude others from entering into the communities, and this can lead to abuses that harm the community (p. 8). These authors go on to say, “these groups might encourage internal trust among their members while spreading hate and terror to the larger society. Such is the case with the terrorist organisations and organised crime groups” (2003: 8). At certain times or in particular societies there may be certain forms of antagonistic social capital. Some authors defend the idea that social capital has a negative effect on a society. The excessive religious fervour with which certain countries conduct their societies may contribute to wars or to the onset of other kinds of conflicts and belonging to such a group would, of course, have negative effects. Fukuyama (1999) states that, “Both the Ku Klux Klan and the Mafia achieve co-operative ends on the basis of shared norms, and therefore have social capital, but they also produce abundant negative externalities for the larger society in which they are embedded. (Neira et al., 2009: 118). Stephanie Frith reported for CNEWS that gangs were using the Web to recruit and plan crimes (2001). This is obviously an extreme example of the misuse of social capital, but it is important to examine the impetus behind the community. Kosonen (2004, 3) similarly notes that “maximizing social capital may lead to negative consequences such as exclusion of outsiders and restrictions on individual freedoms”. There can also be a significant downside. Groups and organizations with high social capital have the means (and sometimes the motive) to work to exclude and subordinate others. Furthermore, the experience of living in close knit communities can be stultifying - especially to those who feel they are ‘different’ in some important way. [...] the scale of local surveillance that can be involved, the possible impacts around what is deemed acceptable behaviour, and the ways in which horizons may be narrowed rather than expanded are not unambiguously ‘good things’ (Smith, 2000). Whilst there are a few researchers who take account of the reverse side of the coin, as manifested in terms such as “perverse social capital” (Rubio 1997; Portes and Landolt, 2000), or antisocial capital (Daanish, 2005), this is far from adequate as an approach boiling down to an alternative: on the one side, on the other side amounts to what Hegel referred to scornfully as an Anglo-Saxon dialectics. In general, dialectics is striking by its absence in social capital theory. The core dialectical concept is contradiction whereby one phenomenon has opposite effects. Thus, “the monitoring which takes place in certain local communities, and which results in abiding and forced solidarity, has a positive function of social control. However, it may also have a negative effect on the individual insofar as it limits freedom of action”. In this connection, Boissevain reports on a village community on Malta, where neighbours know everything about everyone, and where the demand for participation in joint activities ultimately leads to a demand for conformity. The curtailed freedom of action which follows from this goes a long way toward explaining “why the young and the more independent-minded have always left” (Boissevain in Portes, 1998:16). The social capital networks can also take on a direct exclusionist and negative character. Beyond monopolisation, this may also lead to a group more or less consciously isolating itself from its surroundings. A case in point refer to the Puerto Rican drug dealers in New York, who do everything to keep each other within the

drug milieu, such that it becomes treason to mix with the whites in an attempt at social upward mobility (Portes, 1998:17). Bertram Bruce notes that “even the basic computer interface becomes a site for the maintenance of power, favouring professional over working class users, English speakers over non-English, men over women, white over black, and other all-too-familiar hierarchies” (2004: 4). The polarisation of employment is one of the great threats to social cohesion. The contrast between work-rich and work-poor households has developed alarmingly over the last two decades. One of the seminal findings of Coleman’s work (Coleman 1988) was the way in which families with high human capital and high net earnings may nevertheless be low in social capital because there is little time for social interaction within the family and between the family and other social institutions. This is also a major conclusion of Putnam’s recent work (2000). These findings place the issue of the distribution of working time at the heart of the policy agenda” (Schuller, 2011). Andrew Calcutt, author of the book *White Noise*, writes, “cyber-communitarians are enthusiastic about the new forms of conversation facilitated by digital communications. But the new community is perhaps more remarkable for what it excludes than for what is included in it” (1999: 22). Similar to Bruce, Ziauddin Sardar, co-editor of a special edition of *Futures* journal entitled “Cyberspace: To Boldly Go”, claims the following: In a cyberspace community you can shut people off at the click of a mouse and go elsewhere. One therefore has no responsibility of any kind... But virtual communities serve another purpose; they protect us from the race and gender mix of real community, from the contamination of pluralism. (1995: 787-8) Calcutt (1999: 23) expands on this exclusive club mentality when he states, “virtual communities also define themselves according to who is excluded... The online community is essentially a club which represents a retreat from the street”. Being virtual is often enough to keep those out who will not know the url or who will not be able to navigate the site. Even simple mechanisms such as the interface at the reception area and the language used is artificially exclusive, with no greater purpose than to set up walls around the members and to keep out those who are unfamiliar with the inner workings of the group. Some of the criticisms levelled at the one-sided, short-sighted character of the social capital concept, however, only lead to further misunderstandings. Complains that “women do not get enough acknowledgements for their contributions to social capital” are made every day on an informal basis. Women’s construction as natural carers renders some of the unpaid work they do in the community invisible” (Hodgkin, 2009), there can be, of course, no question that gender equality is desirable. What is questionable in the above case for it, is its underpinning by the notion of non-market work done by women. On socio-economic grounds, there is a clear distinction between the activities that yield the means of subsistence, and the remaining ones which, however socially and ethically valuable they may be, are not. And for moral or any other reasons it is not wise to obliterate the said distinction and to extend the concept of labour beyond its justified bounds. Existing measurements of social capital sometimes appear to reduce well-being or engender distress (Haines et al., 2002; Herrero and Gracia, 2007). “Such an apparent downside of social capital is inconsistent with the view that capital typically generates resources for the benefit of its owner (Coleman, 1988; Krishna and Uphoff, 2002). This inconsistency is likely to reside in the problematic measurement of social capital” (Cheung, Chen, 2010). Strong ties can also be dysfunctional, excluding information and reducing the capacity for innovation (Granovetter, 1973). There can be negative normative associations as well as positive ones - so that some networks embody the ‘dark side’ of social capital, to the detriment of the wider society and even of its own members. [...] Field and Spence (2000) show that in Northern Ireland the values of tight-knit communities can serve to inhibit the learning aspirations of adults, binding them into a

low-skill local economy and reinforcing the divide between those who achieve high qualifications in the initial educational phase and those who do not. On the other hand, where there is low trust and poor communication between employers and the local labour force, an exclusive policy focus on increasing skills and qualifications will do little to reverse spirals of decline or attack social exclusion. Employers need to value and reward human capital in ways which communicate this to society as a whole, and not only to the most readily employable. In other words, a social-capital-based analysis of local or regional conditions may reveal the weakness of supply-focussed policies and point to the need for wider, more integrated and multi-levelled policy action (Maskell et al., 1998; Schuller, 2011).

### 3. Conclusion

The preceding should not be read as a denial of an important place of trust in both economy and society. Yet, to acknowledge this fact is not the same as to concur with wrapping up the said relations in the social capital phraseology. Whilst it is arguable that the presence of value-charged concepts is in the social sciences inevitable, this might seem to imply that this is just a matter of one's individual judgment - what for X is acceptable, for Y is not. But the matter is not that simple; as shown above, in the case of social capital, a particular ideology combines with some substantive assumptions and claims of negative cognitive value. The notion of trust, commonly regarded as a core of social capital leads to its culturalist interpretation whereby its real socio-economic underlying substratum is ignored, or at best downplayed. Be that as it may, the concept of social capital is not in a position to play a role of effective policy tool assigned to it. Given, as demonstrated elsewhere (Tittenbrun, 2013a) logical and other flaws to the concept of social capital, it should be discarded, which however, given its ideological usefulness mentioned above, is, unfortunately, rather unlikely.

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