Social capital is defined by the conjunction of its two terms. 'Social' refers to institutions, organizations, and networks through which individuals interact to achieve common goals. 'Capital' refers to the aspects of these interactions that can be used to achieve common goals and political gains. Hence social capital includes all interactions that develop bonds and trust between community members and that thereby increase the capacity of citizens to influence the political process.

Social capital can grow out of almost any everyday human interaction. Yet, while all kinds of interaction are important, some feed more directly into governance than do others. Again, while all kinds of governing institution might foster trust, social scientists often suggest that local governing groups, such as city councils and school boards, are of particular value to the creation of a cohesive society.

To simplify matters, we might think of the institutions that foster social capital as being either private or state ones. Private groups, such as nonprofits and local networks, can help to develop social capital outside the state. Even when social capital develops outside the state, it often helps to give people access to particular state resources, such as funding for schools or the repair of local roads. Here, social capital fosters trust and communication within local communities, thereby enabling people to cooperate and thus interact more effectively with government. Equally, of course, such social capital can enable people to act collectively to pursue interests and concerns in ways that simply by-pass the state. One example would be a local voluntary group that takes it upon itself to protect and clean a park or other zone.

Social capital can also arise from government institutions. State agencies can stimulate communication, trust, and understanding between community members. A dramatic example of governmental interest in stimulating social capital is the White Paper on European Governance published by the Commission of the European Communities in 2001. The White Paper explicitly aimed to develop means to connect the European Union more closely to its citizens and to increase participation in governmental affairs. These aims are unpacked in terms of five principles: openness, participation, accountability, effectiveness, and coherence. These principles then inspire proposals for change under four headings: better involvement in shaping and implementing policy, better policies and better delivery of policies,
contributions to global governance, and refocused institutions and policies. The main idea is to expand
democratic participation by opening up the policy-making process through a shift in the role of
governing institutions from command and control in hierarchies to facilitation and negotiation in
networks. Governance in and through networks is thus invoked as a means of building social capital.

DEBATE
The European Union and other governments might be increasingly convinced of the importance of
building social capital, but by no means does everyone agree with them. Some social scientists think
that the concept of social capital is sheer nonsense. Others debate about how to define it, or its role in
society, governance, and democracies. Consider its definition. Some people define social capital as an
omnipresent resource arising out of each and every interaction. Others associate it more narrowly with
only those social interactions that produce norms of trust and reciprocity. While these definitions
overlap, they often lead to different analyses of the relationship between social capital to society and
to governance.

Consider the role of social capital in civil society. Do high levels of social capital sustain communities in
a way that leads to a strong and inclusive civil society? Alternatively, we might suggest that some forms
of social capital actually hinder wider trust and cooperation. Close-knit social groups often exclude
other members of society with different identities or concerns: wealthy gated neighbourhoods might
express the common concerns of their residents for privacy and security, but they also physically
remove their residents from the greater community. What is more, close-knit groups can restrict the
effective freedom of their members by imposing draconian rules or norms. Yet, on the other hand,
some social scientists argue strongly that even exclusive or repressive groups entail interactions that
generate social capital. In this view, even if such groups make it harder to develop broader forms of
trust and cooperation, they nonetheless increase the capacity of their members to engage in
governance and influence the state.

However, the effect of social capital on the state is also a matter of debate. The dominant view is that
social capital stimulates the state to respond to its citizens. When citizens develop trust and
cooperation, they are better able to get the state to respond to their demands. Yet, we might suggest
that social capital sometimes encourages the state to divest from communities. For example, if local
community groups and non-profits tackle problems, state actors might come to believe that they need
not do so. In the absence of successful community cooperation, the state itself might address the
relevant issues.

Another debate concerns the relationship between social capital and democracy. Social capital is, it
seems, weak in authoritarian states. Some political scientists thus argue that democracy depends on
the presence of certain levels of social capital within civil society and independent of the state. Social
capital in civil society serves to check abuses of power and prevents government corruption. However,
other political scientists argue that democracy does not presuppose social capital so much as create it.
Democracy encourages the state to pay more attention to public opinion, thereby giving social actors
more reason to interact and organize themselves. Authoritarian states, in contrast, often restrict free
speech and free organization, thereby undermining the growth of social capital.

CROSS REFERENCES
Communitarianism, Policy network, Social inclusion
FURTHER READING


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