

POLITICAL SCIENCE

"This nicely integrated volume significantly contributes to our understanding of the construction, destruction, and forms of social capital. Its focus on the institutional contexts that produce trust lays the groundwork for both better public policy and better social science."

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— Ken Newton, University of Southampton

"Generating Social Capital is an excellent collection of original, thematically related essays and empirical reports. The great strengths of the book rest in its comparative perspective and in its challenges to and reinterpretations of the conventional literature."

— M. Kent Jennings, Department of Political Science, University of California, Santa Barbara

Social capital—networks of civic engagements, norms of reciprocity, and attitudes of trust—is widely seen as playing a key role for the health of democracy. While many have examined the consequences of social capital, there is a pressing need to explore its sources. This collection brings together leading American and European scholars in the first comparative analysis of how social trust and other civic attitudes are generated. The contributors to this volume examine the generation of social capital from two directions: society-based approaches that emphasize voluntary associations, and institutional approaches that emphasize policy.

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GENERATING Social Capital

CIVIL SOCIETY AND INSTITUTIONS
IN COMPARATIVE PERSPECTIVE



Edited by Marc Hooghe and Dietlind Stolle





GENERATING SOCIAL CAPITAL

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This book addresses how civic attitudes that are recognized as important ingredients of the social capital concept are generated. Researchers from several countries, such as Belgium, Canada, France, the Netherlands, Norway, Sweden and the United States, provide answers and tests to this overall question. The answers are the result of various elaborate research projects, academic exchanges and meetings over the last three years that involved the contributors and other researchers. The editors would like to thank the University of Pittsburgh, McGill University, the Fund for Scientific Research—Flanders, the Free University of Brussels, the European Consortium for Political Research and the European Science Foundation (ESF) for providing the resources or opportunities for this international collaborative project. Two academic events stand out as essential for the completion of this volume. The editors organized a workshop for the Joint Sessions of the European Consortium for Political Research in Copenhagen in April 2000, where several contributors to this volume presented and discussed their work. The ESF workshop on social capital, organized by Dario Castiglione and Jan van Deth in September 2001, was another milestone in the shaping and testing of some of the arguments presented here. We thank all contributors to this volume and all participants in these conferences for stimulating discussions and insights. The editors also thank Jen Simington and Lisa Nevens for their tremendous work on editing and design. Finally, the editors thank each other for the steady exchange of ideas and mutual support, and since we contributed equally to this project, the order of our names is purely alphabetical.

MARC HOOGHE AND DIETLIND STOLLE

CHAPTER 1
INTRODUCTION: GENERATING
SOCIAL CAPITAL

Marc Hooghe and Dietlind Stolle

Less than five years ago, a book like this would have started with an elaborate definition of the concept of social capital. Today, this no longer seems necessary. Not only in political science, but also in other academic disciplines it is now widely acknowledged that the presence of dense networks within a society, and the accompanying norms of generalized trust and reciprocity, allow citizens to overcome collective action problems more effectively. Social capital is seen as an important resource available to societies and communities. Even policy makers have overwhelmingly adopted the notion of social capital. In Britain, the Blair government has re-invigorated civic education in schools in order to promote social capital and to strengthen a civic culture that is believed to be endangered by the rising distrust in government institutions. The Public Broadcasting System in the United States proudly proclaims that its community-based television programs actively promote the creation of social capital. President Yoweri Museveni from Uganda talks about access to social capital as one of his goals in the fight for the eradication of poverty. And when the government of the Flemish autonomous region in Belgium unfolded its ambitious “21 Goals for the 21st Century,” the creation of social capital figured prominently among them.

Policy initiatives of this kind—as catchy and modern as they sound—leave us to wonder a bit: We do not have access to reliable research results about how social capital is actually generated. Certainly there is no shortage of social capital studies—in fact they have evolved into a prospering subdiscipline, and, to a large extent, this is due to the success of Robert Putnam’s volumes on social capital in Italy and the United States. Especially in his powerful study of civic

traditions in Italy, Putnam demonstrated that groups of citizens that have accumulated social capital in terms of social interaction, shared norms and networks can use these resources to resolve their conflicts more easily. Social capital is important for various collective societal issues, such as neighborhood projects and volunteering, as well as interactions with persons outside of one's own intimate circle. At the same time, the logic of Putnam's argument entails that in regions or cities where people are distrustful in dealing with strangers, citizens will experience more difficulties when they try to work cooperatively toward social solutions. In turn, this would adversely affect matters such as regional economic development, crime prevention and the performance of regional institutions. In such regions or nations, generalized trust is not institutionalized; to the contrary, institutional norms might be explicitly directed against trust or reciprocity. Such systems instill the belief that distrust, caution and defection pay off most (Banfield 1958).

Given this logic, social capital has been defined and measured as generalized trust, norms of reciprocity and networks (Putnam 1993). We make here a distinction between structural (networks) and attitudinal (trust and reciprocity) components of social capital (see more in Stolle this volume). In this volume we mainly focus on the attitudinal aspects of social capital, particularly generalized trust, norms of reciprocity and other forms of civic attitudes. The reason is that not all types of networks are the solution to larger collective action problems and to the strength of democracy, and networks can therefore not be examined as goals in themselves. Networks might have the opposite effect, for example, by strengthening or empowering nondemocratic groups and organizations. Generalized trust and generalized reciprocity, on the other hand, can be considered as integral and probably irreplaceable parts of any democratic political culture, as they clearly indicate an inclusive and tolerant approach to the population at large. We consider these attitudes as important prerequisites for cooperative behavior and the successful solution of collective action problems.

Many of the previous writings on social capital have focused on definitions, measurement issues or the consequences of social capital; in this volume we look at a largely unexplored field: The various mechanisms and sources that are responsible for the generation of social capital. More specifically, we will focus on the attitudinal components of social capital and examine how and why such civic attitudes develop. Interestingly, there are already a number of studies on the origins of what we call the structural components of social capital: We know what kinds of factors determine participation and the formation of networks between citizens. Classic studies have

found that individual-level resources such as education, status, gender, knowledge, civic skills as well as political institutions make a difference for various participation patterns (e.g., Dalton 1996; Verba, Nie and Kim 1978; Verba, Schlozman and Brady 1995). The development of the attitudinal components of social capital, however, thus far has been studied less systematically.

This book is intended to uncover carefully those aspects of social and political institutions that influence the development of social capital, with a clear focus on the attitudinal components of the social capital complex. We can distinguish at least two main approaches in the search for answers to this puzzle. On the one hand, the development of civic attitudes is mostly seen as being located in various forms of social interactions, such as membership in voluntary associations. We call such approaches society-centered, as social capital is seen as clearly linked to and influenced by social interactions. Institution-centered approaches, on the other hand, see social capital embedded in and shaped by governments, public policies and political institutions. If we want to fully understand the concept of social capital and if we want to be able to help develop and maintain it, then it is necessary and in fact essential to invest more research efforts into a careful examination of these two approaches.

If society-centered accounts are correct, and social capital is mainly produced by the day-to-day interactions between citizens, our main attention should be directed at fostering formal as well as informal types of social contact. Yet, we do not have sufficient knowledge about whether and how social interactions are most beneficial for the development of civic attitudes. If institution-centered accounts are correct, we should be looking at promising public policies and institutional structures that facilitate social capital. Yet, little research has been done to explore aspects of public institutions that might be supportive of the development of reciprocity and generalized trust. It is obvious that these puzzles require answers that are relevant for both public policies and progress in social science: We cannot arrive at a more complete understanding of the phenomenon of social capital if we do not fully explore its origins.

DEFINITIONS AFTER ALL—WHAT WE KNOW ABOUT SOCIAL CAPITAL

Why are we interested in social capital? The research that documents the consequences of social capital has given some convincing answers. If societies are to prosper, citizens not only need physical and human capital, but also social capital (Ostrom 2001). While physical capital

refers to tangible resources, and human capital can be understood as skills and education, social capital “refers to connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam 2000, 19). While the first two kinds of capital in general are individually owned, social capital resides in relationships and therefore is almost by definition a collective property. This implies that, like all common goods, it is more vulnerable to neglect and free-riding than other kinds of capital.

The benefits of social capital are by now well established, both at the micro and at the macrolevel. In the political sphere, generalized trust and other civic attitudes allow citizens to join their forces in social and political groups and enable them to come together in citizens’ initiatives more easily. In the social sphere, generalized trust facilitates life in diverse societies and fosters acts of tolerance and acceptance of otherness. Life in diverse societies is easier, happier and more confident in the presence of generalized trust (Uslaner 2002). Children embedded in supporting social networks score higher on school attainment (Coleman and Hoffer 1988; De Graaf, De Graaf and Kraaykamp 2000), while some studies have also found a strong relation between mental and even physical health and network position (Putnam 2000, 226–235; Rose 2000). While these consequences for individuals certainly entail societal benefits, research has also shown a more direct link between certain aspects of social capital and large-scale outcomes, such as economic growth (Fukuyama 1995; Knack and Keefer 1997; Dasgupta and Stiglitz 2000), lower crime rates (Jacobs 1961; Wilson 1987) and more responsive government (Putnam 1993).

These various examples of the consequences of social capital are indicative of a seeming division within the pursuit of social capital research. It appears that the sociological tradition of social capital research is interested in a large variety of benefits that social capital provides for the individual or for selected groups of individuals. This view is far reaching and includes such diverse examples as a network of diamond traders, a network of concerned school parents and strong family relations as forms of social capital. These networks can benefit the individual member of the network and others who are not members (e.g., other parents at school), or alternatively sometimes these networks can be so exclusive that the benefits become some sort of club good only, excluding outsiders. The political science research on social capital seems to apply a relatively normative view as social capital is often linked to largely societal benefits, mostly defined in terms of democratic goals. But even in the latter approach, the

concept is not inherently positive: Even societies might have very harmful collective goals, and the presence of social capital might allow them to reach those goals more easily. For example, in predominantly white neighborhoods, community organizations can be used to exclude racial and ethnic minorities. For both traditions, though it is true that social capital enables and facilitates collective action, the difference is that in the sociological tradition social capital and its benefits have been examined in a variety of contexts, whereas in political science social capital is often (though not exclusively) linked to democracy and wider societal payoffs. In other words, the radius of the benefits sometimes differs across these accounts.

Not all types of social capital are seen as beneficial, and only specific aspects of social capital might have positive effects for the wider society. For example, Granovetter introduced the useful distinction between strong and weak ties, arguing that the latter kind provides various benefits to its members, particularly in terms of job searches (Granovetter 1973). Weak ties allow for more effective information flows and are therefore particularly beneficial for facilitating collective action. Another distinction is based on the difference between bonding social capital, which results from interactions with people like oneself, and bridging interactions which are with people from a broad sampling of the population (Putnam 2000). Bridging is believed to instill tolerance and acceptance of otherness, one of the foundations of civic virtues. Also trust has various forms: Particularized trust, for example, is directed at members of one’s actual or imagined group and it provides the necessary fabric for achieving group goals more efficiently. Generalized trust, on the other hand, is a rather encompassing value that reaches to include most people and is most beneficial in contact with strangers (Brewer 1981; Yamagishi and Yamagishi 1994; Uslaner 2002). There is an implicit assumption that weak ties, bridging interactions and generalized trust might be forms of social capital that benefit both the individual and the wider society.

One of the most interesting questions from the political science perspective then concerns the conditions and influences that facilitate, maintain or even destroy those aspects of social capital that benefit society at large. It is rather puzzling that this question is seldom explicitly addressed. Following Putnam’s lead in his study on Italy (1993), some authors seem to rely on a path dependency model. Some countries or societies are simply seen as high on beneficial aspects of social capital, as a result of a civic tradition that is historically grown. Other societies, on the other hand, are inhabited by particularized trusters and are characterized by a lack of weak and bridging social interactions.

Empirical research indeed shows that patterns of trust and distrust, or generalized and particularized trust, tend to be persistent. As far as survey research goes back, the Swedes and the Dutch have always been generalized trusters, for example.

However, going beyond the assumption that only strong civic traditions can be behind the strong civic presence of today, it is very plausible that contemporary institutional arrangements as well might facilitate or disturb the development and maintenance of social capital. The study of institutional aspects and public policies that contribute to the maintenance of stocks of social capital, therefore, merits our further attention.

Moreover, social capital patterns are not exclusively stable and given once and for all. Not only do we observe important changes over time, but we also see marked differences within societies. These patterns already suggest that it is fundamental to study the factors that are behind these temporal and inter- as well as intraregional variations. If social interaction patterns and the accompanying norms were simply reproduced from one generation to the next, trust levels would remain stable over time throughout a variety of societies. Children would be just as trusting (or distrusting) as their parents. Research indeed shows that family background and education patterns strongly influence attitudes of young people at the individual level (Stolle 2002). This does not imply, however that these practices fully determine one's attitudes and values: At the aggregate level, time series show marked fluctuations in trust levels from one point in time to another. And in the United States at least, the fluctuations have been mainly downward for the past four decades. While in the early 1960s some 55 percent of all Americans agreed with the statement that "most people can be trusted," by the year 2000, this was down to 35 percent (Putnam 2000, 140). Somewhere during the past four decades, societal and cultural changes have led to a more distrusting outlook in the United States. As Putnam has shown, this is mostly a generational effect: Younger cohorts systematically report lower trust levels than their parents. In Europe, on the other hand, we do not have solid indications that generalized trust is declining just as rapidly. On the contrary, trust has been maintained at relatively high levels in Scandinavian countries, whereas it gradually increased in Germany, for example. Trust, therefore, is not simply some stable element of our national heritages, but some factors can be identified that generate, maintain or obstruct the development of generalized trust and other social capital-related attitudes.

Finally, in all societies that have been studied, trust levels vary enormously according to social class. Newton (1999, 185) summarizes the

research quite neatly when he states that "Social trust is most strongly expressed . . . by the winners in society, in so far as it correlates most strongly with education, satisfaction with life, income, class, and race. For that matter social trust is the prerogative of the winners in the world." Trust levels are typically lowest among the segments of the population with low living standards, with little educational attainment, and among minorities (Verba, Schlozman and Brady 1995; Onyx and Bullen 2001). If trust was simply some constant background presence, there would not be any reason for these systematic differences.

In addition, if generalized trust was a mere reflection of the perceived trustworthiness of other citizens within the same society, in principle all the inhabitants of a country or region would have more or less the same perception of the trustworthiness of their fellow citizens, because they experience similar atmospheres of trustworthiness. Yet this is clearly not the case; even within a defined region or country, citizens differ in terms of the trust they develop for their fellow citizens. The variance within populations of the same region or nation calls for further explanation.

Identifying the causes of these variations, too, should give us more insight into the factors responsible for the creation of social capital. Therefore, the findings on the social stratification of generalized trust and other civic attitudes, the temporal changes as well as the individual, regional and national differences, suggest that there must be some clearly identifiable factors influencing the attitudinal component of social capital, both among individuals and among societies. In most chapters in this volume, we try to identify such factors.

ISSUES RAISED BY SOCIAL CAPITAL THEORY AND TACKLED IN THIS BOOK

The main goal of this volume is to reach a better understanding of the factors that might be important for the generation, or for that matter, the destruction of social capital. There are three main reasons why we want to focus on this topic. First, it allows us to address one of the main shortcomings of current social capital research. Attention has been focused almost exclusively on trying to measure social capital, or trying to ascertain its consequences. We do not deny that these are important issues, but we see no compelling reason why the question of how social capital might be generated, which is arguably the most important one from a policy point of view, has all but been neglected in most of the research. Governments and development corporations no longer need to be persuaded to consider social capital as

part and parcel of any democratic development process. These policy makers, however, have access to few clues on how they might succeed in effectively generating social capital.

Second, developing a sound causal mechanism for the generation of social capital would allow us to answer one of the main points of critique against current concepts of social capital. The problem with social capital research to date is that the demonstration of strong relationships between social capital and positive outcomes did not deliver evidence about the causal direction of the relation. While Putnam assumes that face-to-face interaction with others, whether within voluntary associations or simply with neighbors or friends, will lead to the creation and generalization of trust, the other causal argument might be just as plausible: Those high on trust will find it easier or more appealing to interact with others. The argument about the effects of social capital on institutional performance might just as well be turned around: In areas where institutions work well, it is easier to develop trust and interactions. Even the path dependency approach might be accused of potential circularity: The main explanation for current high levels then simply becomes that a region has always been high on social trust, which is a weak argument (Foley and Edwards 1998). Identifying clear causal mechanisms for the generation of social capital would allow us to escape from this kind of circular reasoning.

Third, it is clear that we cannot draw any conclusions about the rise and decline of social capital without fully examining the origins and nature of the concept. In *Bowling Alone*, Putnam (1995, 2000) argued that participation levels and all other components of social capital are declining in the United States, and this clearly struck a sensitive nerve, not only in American society but also in the scientific community at large. Since this discussion started, a lot of articles, books and conferences have been produced arguing for or against the decline thesis (Norris 2002; Stolle and Hooghe 2003). These kinds of arguments cannot be conclusive. What we need, instead, is a more precise understanding of when certain aspects of social capital matter, and where social capital comes from in order to draw any final conclusions about its rise and decline. It does not make sense to make inferences from trends in associational memberships and other types of social interaction regarding the state of social capital if we do not even know which types of social interactions or which types of institutions really contribute to its creation. We must therefore untangle these relationships before we engage in arguments for or against social capital's decline (however, see the commentaries in Hall 1999; Kohut 1996; Ladd 1999; Putnam 1995, 2000 and 2002).

THEMES OF THE BOOK

Although the debate about the precise nature of social capital has been going on for the last ten years, it is mostly based on normative and ideological assumptions, and several questions remain unresolved due to a lack of thorough empirical research. If we are interested in forms of social capital that benefit the broader society rather than just a small segment of the population, several important questions arise. Following the society centered approach, the issue is *whether* and *how* various types of social interactions develop civic attitudes and skills that help to overcome collective action problems. In other words, we need to know which types of social interactions cause the development of social capital and how. Are all associations alike in their democratizing effects? What aspects of group life are particularly beneficial for generating norms of reciprocity and trust? What is the causal mechanism involved, and why would associations have a much stronger influence than other socialization contexts? These questions must be answered before we use various indicators of social capital interchangeably. The chapters in the first part of this book try to answer these questions.

However, following the institution-centered approach, we do not really know much about the facilitation of social capital outside of associational life. Which type of neighborhood composition, character of local political life, and governmental experiences are related to patterns and levels of social capital? Which degree of government involvement would be optimal for the maintenance and support of social capital? Which aspects of government and which characteristics of political institutions might be particularly beneficial in fostering trust and related cooperative values? The chapters in the second part of the book take a close look at these issues.

The aim of this volume is to explore how various societal interaction settings on the one hand, and institutions and government policy on the other hand, may contribute to the generation of social capital. The editors, and most of the authors involved, do not depart from a fixed preference for society-centered or institution-centered approaches. The underlying assumption of this volume is rather that both society and institutions play a role in the creation of social capital. The most promising research goal, therefore, is to know under what circumstances these two sources matter for social capital. The research reported in this volume suggests that even though certain types of memberships are related to civic attitudes, we should be cautious in viewing voluntary associations as the main *producers* of these

attitudes. Aspects of governmental policy and political institutions as well as societal divisions have important effects on the level and patterns of social capital. The results warn us that the causal relations assumed in the theoretical literature are not always as clear and straightforward as is often suggested.

In the first five chapters, we investigate *whether* and *how* voluntary associations foster generalized trust and other attitudinal aspects of social capital such as norms of reciprocity. Contrary to previous research, all of these chapters search for the relationships between specific aspects of participation and civic attitudes, with a special focus on the effect of group types, as well as the characteristics and mechanisms behind the group socialization experience. The authors examine socialization characteristics such as the number of memberships (Mayer; Wollebæk and Selle; van der Meer); intensity of participation (Wollebæk and Selle); length of membership (Stolle); aggregate member characteristics (Hooghe) and informal interactions (Molenaers). In addition, an analysis at the level of countries and regions (van der Meer) allows us to disentangle micro and macro effects of membership and other aspects of social capital. These chapters examine the circumstances under which citizens effectively generate social capital in the realm of civil society.

This first part leads to the conclusion that there is indeed a relation between voluntary associations and attitudinal aspects of social capital. In particular, most authors conclude that multiple or overlapping personal memberships are an important aspect of group life that is obviously related to the development of civic attitudes. This finding is important from a theoretical point of view: Social capital studies tend to assume that bridging relations (uniting actors across social cleavages) are more important than bonding relations (creating bonds within homogeneous subcultures). The studies on the effect of multiple memberships suggest that the bridging character of relations is not necessarily produced in the association itself but could also be the result of overlapping memberships at the individual level. As can be gathered from the data in the chapters by Mayer and Wollebæk and Selle, a lot of people belong to more than one association, thereby effectively establishing their own form of bridging social capital. An individual belonging to, for example, a women's organization, a religious group and a trade union will be exposed to various cross-pressures, even if all of these organizations, considered independently, are homogeneous.

These chapters on the role of associations, however, also raise two important caveats. First, not all types of associations are equally

related to attitudinal aspects of social capital. And second, not all types of interactions matter equally. For example, membership in social and hobby groups and memberships that entail face-to-face interactions are less distinctive in their effects on civic attitudes than is predicted by social capital theory.

The next five chapters investigate institutional determinants of social capital outside the realm of civil society: neighborhood characteristics, government policy, the character of bureaucracies and the role of the political and economic elite. These chapters document how government policy and institutions have an effect on trust and other indicators of social capital. The authors focus particularly on the effects of local socioeconomic conditions, local composition and local environment (De Hart and Dekker), income policies and income equality (Uslaner), fairness and impartiality of institutions (Rothstein and Stolle) and structures of political institutions versus historical factors (Huyseune). These chapters explore the ways in which government policy and institutional characteristics and cleavages produce or erode social capital. Patterns of income equality, regional segregation as well as fair and impartial institutions play a particularly important role. The research reported in these chapters, however, also cautions against unwarranted optimism: Institutional effects do not work overnight; rather, long-established institutional patterns and policies are behind successful cases of social capital.

The overall conclusion of these chapters is that under certain conditions, both society and institutions play a role in the development of social capital. This would leave at least some policy options available for strategic interventions in order to boost the amount of social capital in a given society (e.g., fighting income inequality, constructing fair institutions and procedures, influencing local infrastructure, etc.). At the same time, the research reported in this volume leads to the insight that there is no single "magic bullet" solution. The generation of social capital is dependent upon a sustained and synergistic interaction between civil society and government institutions. Although it might be useful to try to entice citizens to become more engaged in civil society (Putnam 2000), or to try to create more open and egalitarian institutions (Skocpol 1999), the presence and the amount of social capital is ultimately dependent upon the interplay between these two factors. While most of the theoretical debate so far suggests that predominantly either society or state institutions are responsible for generating social capital, the empirical research reported in this volume highlights that both society and state can and do play a role, depending upon historical and other circumstances.

The chapters assembled in this volume are all strongly empirically oriented and constitute a valuable complement to some of the recent, theoretically oriented literature on social capital. Not only do the authors use a range of methodological approaches and data sets to test major assumptions of social capital theory and to examine the sources of social capital systematically, there is also wide geographical variation. The research settings range from Sweden to Norway, the United States, Belgium, France, the Netherlands, Italy and Nicaragua.

BRIEF INTRODUCTION OF INDIVIDUAL CHAPTERS

The following chapter, by Dietlind Stolle, offers an overview of the current state of social capital research. Stolle examines the current debate about the potential sources of social capital in more detail. Two under-researched areas in the search for sources of social capital are identified: the lack of empirical research on associational structures and their varying effect on civic attitudes and the lack of research on the role of governments and political institutions to foster attitudinal aspects of social capital. This introductory chapter links the discussion about the social capital research agenda to the remainder of the book.

In the third chapter, Nonna Mayer examines the effects of memberships in voluntary associations in France on civic attitudes. As far as classical voluntary associations are concerned, in France at least, their members are neither more trusting nor more civic. Mayer's findings suggest that "civil" society is not necessarily "civic" society, especially not if one defines civiness narrowly, as an attachment to representative democracy, its institutions and its authorities. However, "joiners" are, indeed, more aware of politics; they pay more attention to and know more about political issues. Tocqueville's intuition about the role of voluntary associations as intermediaries, connecting the private and the public sphere, still holds true.

Dag Wollebæk and Per Selle expand the examination of voluntary associational membership to include the case of Norway, where many citizens hold passive memberships in associations. Based on a 1998 Norwegian survey, the authors investigate the different effects of passive and active membership, while also taking the intensity of the involvement into account. Contrary to some assumptions in social capital theory, the authors conclude that passive membership is just as effective as active membership in promoting civic attitudes. Therefore there seems to be no real need for face-to-face interaction

among members of associations for trust and civic attitudes to thrive. The analysis also shows that the time intensity of participation is less important than, for example, the multiplicity of memberships an individual holds. This corresponds to the classic notion that embeddedness in multiple networks is conducive to successful integration in society. The analysis, however, offers little support for the claim that citizens should be actively involved in associations in order for associations to have a powerful effect on the formation of a democratic civic culture.

Even if we assume that associations really are important for fostering democratic attitudes, the existing literature still does not specify a causal mechanism that could explain the occurrence of this effect. Based on a 1998 Belgian face-to-face survey, Marc Hooghe suggests that some of the effects of associational membership can be explained using a socialization logic. Based on a review of the social psychology literature on group interaction, the author argues that these socialization effects are dependent upon member and group characteristics. Members learn civic (or uncivic) attitudes in associations as a result of the concentration of selected attitudes within a group. This would imply that not all kinds of associations can be considered as sources of social capital, but only those associations in which democratic value patterns predominate. At the same time, this causal mechanism suggests that membership in voluntary associations cannot fundamentally change people's beliefs and values.

In most of the literature on social capital, attention is focused on the role of formal voluntary associations. In third-world development projects, too, international organizations like the World Bank or various development corporations tend to seek partnerships with local nongovernmental organizations. Nadia Molenaers relies on innovative fieldwork in two remote Nicaraguan villages to demonstrate that voluntary associations do not always function as democratic sources of social capital. Network analysis shows that these nongovernmental organizations tend to distribute the material benefits they receive from outside donors mainly among their members and supporters, while neglecting other members of the community. The organizations also tend to manifest ideological, political and ethnic cleavages among the population. The analysis shows, furthermore, that informal exchange mechanisms, like those traditionally found among neighboring farmers, are much more effective in ensuring equal access to scarce capital goods. The theoretical relevance of this finding is that democratic participation should not be equated with membership in formal associations, as is often done. In some circumstances, informal networks have more powerful democratic effects. The study also

questions the possibility of "artificially" creating an organized civil society through outside donor interventions.

Job van der Meer tackles a related assertion about the importance of voluntary associations. The "rain maker" argument states that the benefits provided by associations do not remain limited to the members themselves, but that these can be seen as a collective good, to the benefit of all individuals within a region or nation, whether members or not. Van der Meer puts this argument to the test by ascertaining whether nonmembers too, benefit from the presence of strong associational networks within their society. For some attitudes at least, this indeed proves to be the case. This conclusion would imply that there might be a collective benefit resulting from associational membership. It is therefore possible that most research on the importance of voluntary associations is misdirected: If associations really function as a pure collective good, we do not expect to find differences between members and nonmembers *per se*, but we rather expect to find societal differences, depending on the density of the associational networks within that society.

In the second part of this volume, attention is shifted from the role of voluntary associations to the effects of institutional and contextual variables on the formation of social capital. Joep de Hart and Paul Dekker examine the differences in social capital between a rural village and an impoverished city neighborhood in the Netherlands based on survey and focus group materials. The authors show that population characteristics as well as local factors pertaining to safety, diversity and public space largely explain differences in social capital in both regions. Yet different factors play a role for different aspects of social capital. They find that the city neighborhood, with a concentration of unemployed, poor groups and ethnic minorities, has few chances of developing a thriving civic community. Feelings of insecurity are very high in this place, and this seems to be one of the elements feeding this "vicious circle." It is argued that if we want to explain a lack of social capital in some neighborhoods, regions or countries, these economic backgrounds and cleavage structures should be taken into account.

Shifting from local patterns of social capital to national policies, Eric Uslaner explores the possibility that the nature of government policy could explain the observed relation between democratic governance and generalized trust levels. In an analysis of the World Values Survey, the author finds that trust is a deep-rooted attitude, formed early in life, which can be altered only slightly by later experiences. However, the author does observe a relationship between prolonged periods of democratic government (more than forty years of continuous democracy)

and trust levels. Governments can foster these democratic attitudes, and even though it might not happen in the short run, they might "produce" more trusting citizens after several decades of democratic experience. Most importantly, Uslaner offers evidence that countries that implemented policies to reduce income inequality have higher levels of generalized trust. Creating social capital does not seem to be primarily a responsibility of the voluntary sector but rather the effect of sustained democracy and income equality.

This insight is taken up by Bo Rothstein and Dietlind Stolle, and they go further to ask about the causal mechanism between generalized trust and the institutions that implement public policy. Their main argument is that impartial and fair procedures practiced by government institutions have a positive effect on trust in a society. In particular, the authors explore the relationship between the character of the welfare state institutions and trust in society, as some welfare state institutions exhibit a more divisive and others a more encompassing and inclusive character. The authors support their argument with survey data from Sweden, demonstrating that confidence in welfare institutions and in law-enforcing institutions seems more relevant for explaining generalized trust levels than the confidence expressed in political institutions, such as the parliament, which are very distant from the day-to-day life of ordinary citizens. The authors conclude that if we want political institutions to have a positive effect on social capital levels, the character of bureaucracies and welfare state institutions would have to be our primary areas of interest.

Michel Huyseune, too, highlights the role of government policy by looking at the recent history of North and South Italy. According to this analysis, efforts to trace the differences in civic culture between northern and southern Italy to their different political histories during the Middle Ages fail to acknowledge the fact that at least for the nineteenth century, we observe no systematic differences between the economic and political development of the two parts of the country. Cultural path dependency therefore cannot be considered a satisfactory explanation for the observed contemporary differences. It is argued that the policy of the central government in Rome, and the power of the Christian Democratic party, helped to maintain a system of patronage in southern Italy. The influence of powerful political actors, like the Communist Party, also should be taken into consideration. Huyseune uses historical data and literature to support this thesis. At a theoretical level, a comparison is made between the situation in southern Italy and the challenge of contemporary developing countries to build social capital. The main argument here is that government policy and political

parties play an essential role as sources of social capital and thriving civic communities.

In our conclusion, we integrate the various insights of the authors in these chapters and emphasize the fact that the limited potential of voluntary associations to generate civic values suggests two avenues for future research. On the one hand, along with the institution-centered approach that we present in this volume, we need more studies that disentangle the causal effects of institutions on civiness. The chapters in the second part of this volume clearly show that institutional characteristics cannot be left out of the social capital equation. On the other hand, in sync with the society-centered approach, the study of the effects of diverse networks, overlapping networks and more informal social interactions is also underexplored.

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CHAPTER 2

THE SOURCES OF SOCIAL CAPITAL

Dietlind Stolle

INTRODUCTION

Have the citizens of Western democracies lost their trust in each other? If so, what are the sources of this unfortunate development and what are the consequences? Why can citizens in some regions or villages join together and solve their collective action problems while others cannot? These questions have been prompted in large part by the growing conviction that the answers are crucial both to political stability and to economic development.

In the 1990s, scholarly studies and polemical essays attempted to answer these difficult questions, drawing attention to resources that derive from the society itself, namely social capital. While many dimensions of the concept of social capital are far from new, major sociological and political science contributions in the late 1980s and early 1990s (Coleman 1988, 1990; Putnam 1993, 2000) have provoked new research and much debate over the last decade. Scholars have been increasingly concerned with this key social resource that seems to oil the wheels of the market economy and democratic politics. The existence and maintenance of social trust and networks in communities seems to lower the amount of drug use, criminal activity, teenage pregnancies and delinquency; to increase the success of schools and their pupils; to enhance economic development; and to make government more effective (Fukuyama 1995; Granovetter 1985; Hagan, Merkens and Boehnke 1995; Jencks and Peterson 1991; Kawachi et al. 1997; Knack and Keefer 1997; La Porta et al. 2000; Putnam 1993, 2000). In short, social capital is conceptualized as a societal resource that links citizens to each other and enables them to pursue their common objectives more effectively. It taps the potential willingness of citizens to cooperate with each other and to

CHAPTER 6

ASSOCIATIONS OR INFORMAL NETWORKS? SOCIAL CAPITAL AND LOCAL DEVELOPMENT PRACTICES

Nadia Molenaers

CIVIL SOCIETY ORGANIZATIONS AND DEVELOPMENT POLICIES

In Western contexts, associational life is mostly thought of as the historical and almost natural outcome of the accumulated experiences of bottom-up, horizontal cooperation among citizens. The attitudinal disposition to trust, reciprocate and cooperate is closely linked to the existence of certain structures, like associations and associational membership, which exactly indicate the overcoming of the collective action dilemma. Both attitudes and structures, thus, form the two main components within the social capital debate. As such, large numbers of associations and elevated levels of associational membership tend to go hand in hand with high generalized trust scores. Taken together they point to the existence of a vibrant civil society with large social capital stocks (Putnam 1993). Social capital, understood as the presence of dense, horizontal networks of civic engagement and generalized norms of trust and reciprocity, seems to be the driving force for democratic performance and economic prosperity (Putnam 1993; Knack and Keefer 1997; Harrison and Huntington 2000).

The drive toward prosperity and democratic performance in non-Western contexts is a major concern, and development actors have acknowledged the potential role of social capital and a vibrant, strong civil society in development processes.¹ Especially since the 1990s, promoters of international development like the World Bank and the United Nations Development Program, but also the European Union

and national governments in the West, explicitly chose to strengthen civil society in the developing world (UNDP 1993, 8; World Bank 1994, i). It is expected that the civil society approach can overcome the numerous exclusionary pitfalls of those development models that focused exclusively either on the state or the market (Nederveen Pieterse 1996; Hulme and Edwards 1997, 4–5; Brett 1998, 5–6). Civil society organizations thus became important instruments for increasing the effectiveness of poverty-reducing policies and for promoting social change, because their participative and bottom-up approach would empower the poor and vulnerable groups.

The belief in the important role of civil society has had some important side effects. Associations, civil society organizations and nongovernmental organizations have become important candidates for development funding. The donor-driven enthusiasm for civil society created opportunities for associations to start, grow, become larger and professionalize. The enlarged existence of associations and associational membership might say more about strategic choices, funding opportunities and “associational entrepreneurship” than about the bottom-up culmination of the horizontal cooperative spirit within a given population. This idea is supported by those scholars who point to the extremely low levels of trust and the predominance of clientelism in developing countries. Research shows that—on average—only 16 percent of Latin Americans trust their fellow citizens, while in Europe these scores reach up to 60 percent.² Transparency International states that a country like Nicaragua has entered in a situation of hypercorruption, only matched by the culture of tolerance toward noncompliance and defection.³ The regional common heritage of distrust (Lagos 1997, 129) is reflected in social interaction patterns. The continent seems to be characterized and dominated by verticalism and clientelism, which basically indicates fragmentation and the incapacity to develop horizontal cooperation (Eisenstadt and Röniger 1984; Gambetta 1988).⁴

These insights seem to indicate that if we talk about social capital in non-Western contexts a possible disconnection, or even contradiction, might exist between the attitudinal aspects (trust and horizontality) and the structural components (associational vibrancy). On the policy level this might imply that the civil society approach is not necessarily linked to building, generating and enforcing trust, horizontal cooperation and participation. Therefore the main purpose of this chapter is to investigate whether in a Third World setting the same relationship between associational membership and the attitudinal components of social capital can be found, as is suggested in part of the literature.

In order to approach these issues, this chapter tries to answer the following questions: Is associational life linked to the attitudinal components of social capital, namely horizontal trust and cooperation (and does this horizontal cooperation exist?), or is associational life about verticalist and clientelist access? In other words: What do associations enforce? Do associations effectively play the role of “changers,” or are they the fulminators of vertical and clientelist networks? As bearers of social change, it is expected that they work against the logic of the vertical and clientelist networks, because these maintain the poor and vulnerable in positions of dependency. In an ideal development context, aid channeled through associations should foster and stimulate horizontal, inclusive, trusting and cooperative social interaction patterns. Added to this, special attention should be given to the poor and vulnerable, as their position of exclusion has to be turned around. It is therefore imperative to analyze whether organizations are effectively reaching these poor groups.

The data presented in this chapter were collected in two Nicaraguan peasant villages (1998–1999). These villages were selected after intensive consulting with Nicaraguan development organizations. Although, due to lack of any reliable figures on social and economic characteristics of local communities in Nicaragua, we cannot ascertain whether these villages can be considered as representative for Nicaraguan society as a whole, during the fieldwork we did not find any indications that they should be considered as atypical. The associations, the membership structures and the recruitment mechanisms these organizations employ in the villages were analyzed in relation to the existing horizontal informal cooperation networks. We will see that associations heavily depend upon the local leaders and their informal networks, which indicates that the organizations are probably not changing the social interaction patterns in either village but are rather confirming them. The effectiveness of organizations in reaching the poor is also highly determined by the local networks. If these local networks are already including the poor, then the associations reach these groups; if not, the vulnerable groups remain outside the scope of the associations and their development interventions. It is important to mention here that the collected data do not allow discussion of the direction of the causality, so our ambitions are modest. The debate of whether a significant relation occurs among associations, trust and reciprocity proceeds the causality issue. Without a significant relation between both phenomena there is little point in debating the causality, and therefore it does seem worthwhile first to establish the existence and the strength of this relation.

THE ASSOCIATIONAL LANDSCAPE IN BOTH VILLAGES

El Toro and La Danta are isolated peasant villages in Nicaragua, situated in the poorest region of the country, Chinandega, and very near to the Honduran border.⁵ Both villages represent a specific kind of village. El Toro is a typical example of a land reform village. These villages were organized in productive cooperatives and they received large benefits during the Sandinist regime in the eighties. After the electoral defeat of the Sandinists in 1990, the cooperatives' assets (land and cattle) were privatized and divided equally among the inhabitants of the villages. These villages were frequently assisted by international and national development organizations and nongovernmental organizations. Certain interviewees state that in spite of the large economic benefits during at least a decade, land reform villages have a lot of difficulties in "getting ahead" because, according to several development actors "they suffer from a 'culture of non-reciprocity,' they always received a lot without having to do anything in return."⁶ According to these people, local bonds of solidarity have been negatively affected by both the political presence in these villages and the relentless stream of material and financial advantages that were distributed without implementing monitoring systems, audits, control or accountability. La Danta, on the other hand, did not receive this enhanced political attention. No land reform benefits reached the village in the eighties, and both Sandinist and nongovernmental organization attention was, if not absent, at least very limited.

Both villages, however, also have a lot in common. More than 75 percent of the population in the villages is dependent upon agriculture and about 40 percent of the farmers do not own any land.⁷ At the associational level, similar numbers and kinds of organizations are present in the villages. In total three interest groups, nine nongovernmental organizations and four government-related institutions were found and each village had its own community committee. For the distribution of these organizations in the villages, see Table 6.1.

It is important to mention that all the organizations and institutions present in the villages have the participative development perspective in common. A large majority of the organizations have been working in the area since the beginning of the nineties. All these organizations also have important links with the outside world as all of them are connected to the municipal authorities or the central government, national syndicates, regional development offices and international and national nongovernmental organizations. The existence of these

links is fundamental for all actors involved as they channel tangible and intangible resources. The similarities among these organizations (participative approach, development discourse and bottom-up functioning) stand in stark contrast with the strict theoretical divide between state and civil society. Both governmental and nongovernmental actors play in the same field, organize the same kind of interventions and use similar approaches in these two villages. Nongovernmental actors can belong to governmental structures and vice versa. In this sense, the rigid division between state and civil society is difficult to maintain, and it becomes a challenge to catalogue all the different kinds of organizations and institutions in fixed compartments. The similarities between the organizations are of course strengthened by the fact that they all are heavily dependent upon and padding along the outlines as defined by donors.

In order to get a good view of the characteristics of the members of organizations, the families in the villages were divided according to their political preferences and socioeconomic class.⁸ In Table 6.1, a summary of the most important results is shown. The large number of organizations and the extremely high (multiple) membership rates point to the idea that the inhabitants in both villages are quite organized. Furthermore, all local leaders are very much involved in the associational activities. The four local leaders in both villages are Sandinist and they function as the coordinators for the respective associations present in the villages. Each leader coordinated at least three organizations.

The participants in both villages seem to belong to a more privileged social class, as the elite and the landowning peasants are largely present within organizations. This finding runs parallel with the pattern we find in previous research: Associational activity tends to be connected to those that are not extremely poor. Membership, cooperation and trust seem to be particularly difficult for the poorest (Inglehart 1988; Newton 1999). From the development perspective however, associations should be reaching exactly these poor and vulnerable groups. In La Danta, the poorest group is effectively and largely included in the associations; in El Toro, however, only 20 percent participates.

In both villages, the participants seem to share a political preference for the Sandinists. This political membership characteristic remains present when multiple membership is analyzed. In both villages there were inhabitants accumulating up to five memberships, and most of them are Sandinists. The table below clearly shows that in both villages the average number of membership increases

Table 6.1 Associational structure in the villages

Organizations and membership	El Toro	La Danta
Interest groups	2	3
Nongovernmental organizations	7	6
Government institutions promoting development projects	3	2
Community committee	1	1
Total number of organizations in the villages	13	12
% of population with at least one membership	44%	60%
% of population with more than one membership	25%	32%
Average number of memberships per family	0.8	1.2
Participation of the local leaders (four leaders in each village)	all	all
Membership according to political preference and socioeconomic status		
Total population	44%	60%
Political preference		
Sandinist	79%	93%
Liberal	31%	36%
No political preference	27%	58%
Socioeconomic status		
Elite group (> 50 ha)	57%	80%
Landowning peasants (< 50 ha)	84%	68%
Landless peasants (no land)	20%	64%
Average memberships related to political preference		
Total population	0.8	1.2
Sandinists	1.7	2.2
Liberals	0.3	0.5

Source: Author's fieldwork, 1998-1999.

substantially when it concerns a Sandinist inhabitant, while it decreases when the inhabitant prefers the Liberal party. The absence of the Liberals is quite striking in both villages, but in El Toro the socioeconomic bias is even more impressive. Both villages suffer thus from a structural participation bias, even though a relatively large number of organizations are present in both villages, while the other organizations share the same goals and supposedly play according to the same rules. In order to understand the nonparticipation structure, we have to look at the associational recruitment mechanisms.

EXPLAINING THE BIASES

The Sandinist bias in membership is strongly related to the history of a large number of organizations in Nicaragua. In the 1980s the

Sandinist government promoted and welcomed all associational initiatives that were left wing-oriented. However, the 1990s were marked by an even bigger boom in numbers of associations, also mostly quite progressive.⁹ Although most national left-wing organizations distanced themselves from the Sandinist party after the electoral defeat in 1989, these changes most probably have not caused a substantial difference in membership structures at the local level. So given the history of the country, the Sandinist overrepresentation within the membership structures is what we would expect.

Another extremely important, yet often overlooked, characteristic is that associations in developing countries always bring projects, and hence resources, into communities. Members seem to be the first beneficiaries of these tangible and intangible resources. Certain organizations in the villages use the food for work approach. Farmers are, for example, introduced to new methods and technologies in agriculture, and the ones that effectively implement those new techniques receive food supplies. Also materials, like wire netting, zinc, machetes and pumps to spray insecticides are offered. A few organizations have provided their members production materials and financial help, while others have made valuable market information on the prices of sesame available to their members, which strengthens the position of the farmers when they have to negotiate with the intermediate buyers. All the organizations offer education through workshops and seminars. The amounts of scarce resources these organizations carry are quite impressive and the benefits of joining are thus not imaginary. If we take into account that in both villages some inhabitants accumulate up to five memberships, the idea of multiple inclusion and exclusion suddenly receives an important economic weight. From the resources point of view, joining becomes a privilege.

Getting into associations is strongly influenced by the informal networks in the villages. Access to the resources is thus regulated through networks, through one's direct and indirect ties. This converts the resources into "social resources" as they are embedded in social networks (Lin 1982, 132).

Why don't you join one of the organizations?

Because they don't let me.

Who are they?

The leaders.

What do you mean?

When an organization comes and they want to do something in the village, like a project, they always end up with the local leaders and they say: "If you know any good people, hardworking people who

want to co-operate, get them together and we will start with the project." And so the leaders decide who is going to be in the group and they always pick the same ones [*siempre son los mismos*].

Would you like to join?

Of course... they are getting all the benefits and we never get anything... (Farmer in La Danta)

This conversation reflects the more general view in the villages. Non-participants feel excluded from associational life, excluded from access to resources. Membership is the strategy that guarantees access to resources. In this respect, associations can create competition between inhabitants because they want to get into the networks of local leaders in order to get access to the resources. The interviews we conducted with most of the inhabitants of these two villages revealed tensions within the villages, as some people systematically are included while others remain outside the associational structures. The organizations and the local leaders confirmed the important role of the local leaders in recruiting members:

Yes, I select the people that are going to be working in the project. Sometimes the organization puts forward requirements like age or sex or amount of land they have to have. Of course I follow their instructions and then I pick the people I know best, the people I can trust. I cannot assume responsibility for people I do not know, because if they "screw up," then the organization will blame me for it and I will lose the connection. (Local leader in La Danta)

In Coleman's words (1990, 182), leaders occupy the position of entrepreneurial intermediaries. These actors receive trust from several trustors (the associations) to properly deploy the resources among the trustees (the members) who then jointly produce the benefits of the activity (project). This responsibility of selecting members by the local leaders simultaneously decentralizes project performance and management to the local leaders. It seems, however, that this approach offers advantages for the associations themselves: They lower their transaction costs by relying on existing social networks of trust. This tendency to use "social capital" to guarantee project performance can be questioned, especially when it instrumentalizes existing networks without questioning the composition, structure and content of those networks. These networks can be verticalist, clientelist dependency networks. Essentially this instrumental use of trust within the area of development studies and development practice runs parallel with and is a translation of the ideas of the pragmatic social capital school,

in which social capital is conceived as an instrument to mobilize resources. Networks are thus used to enhance effective control over the project performance through a group that is manageable (a few local leaders), and these leaders can be held responsible and sanctioned by withdrawing resources from the community. In order to avoid this, the leader will probably deploy all his power resources to guarantee the performance of the project. In other words, the power connected to his position as an entrepreneurial intermediary will most probably be added to the power he has as access-giver to his personally owned resources (like land, oxen, small amounts of money and food). The more resources an individual controls, the more hierarchical the position and the organization of access will become. If one wants to get access to those personal and social resources, one is obligated to compensate and behave in a reciprocal manner (Lin 1995, 687-688). Access receivers thus owe something to the access giver. This limits bottom-up control, accountability, empowerment and genuine participation (these being the exact goals of the civil society approach). The power differences between associations and local leaders, on the one hand, and local leaders versus inhabitants, on the other hand, are too large. Participation then becomes, at best, agreeing with the one above while sanctioning the one below. Confirmative participation in these cases bends toward clientelism rather than toward genuine participation. This indicates that getting into associational life is more connected to clientelist mechanisms than to the bottom-up culmination of cooperative spirit. It thus seems unlikely that, in this context, associations could be considered as a reflection or a source of the attitudinal components of social capital.

We already indicated that the strong Sandinist bias is explained by the historical evolution of the political opportunity structure, which shaped the character of associational life while creating and supporting mainly Sandinist leadership structures on the local level. The effect is that Liberals cannot fully take advantage of the associational opportunity structure. These mechanisms, however, do not explain why in La Danta local leaders do select poorer peasants for joining associations, while in El Toro this is not the case. Not selecting the poorer peasants could be viewed as quite rational because it is expected that noncompliance, distrust and defection will be found more frequently in the lower socioeconomic classes (Inglehart 1988, 1213; Newton 1999, 181). The poor tend to have a dimmer outlook on fellow citizens and the world in general (Newton 1999); they have more to lose and make narrow risk calculations because the pay-off is uncertain and the risk of defection is real. The recruitment behavior of the

leaders in El Toro thus seems to respond to this rational logic, be it to the detriment of the development goals of the donor-driven civil society approach, as the resources do not reach the poorest groups. In La Danta the resources do reach a large part of the poorest strata, but the question is why local leaders risk an involvement with this seemingly "untrustworthy" group. The structure and content of the local informal networks might provide us with the answer to this question.

THE INFORMAL COOPERATIVE NETWORKS

According to Coleman (1990), the emergence and enforcement of norms is facilitated by the closure of networks. Closure furthermore enhances the trustworthiness of social structures, allowing the proliferation of obligations and expectations. A structure without closure has difficulties imposing sanctions. At best, the person to whom the obligation is owed can sanction defection. In closed networks sanctions can be collectively imposed and reputations can be lost or gained. So, closure creates trustworthiness of the social structure, while open networks lack these enforcement mechanisms. Therefore, we now turn to the study of the informal networks, found in the villages. Our aim here is to check whether horizontal forms of cooperation could be found in these generally verticalist societies, and how these relate to the more clientelist dimension of associational life. We wanted to investigate forms of cooperation that would approximate the horizontal, voluntary cooperation aspect of social capital. In both villages, such horizontal cooperation took the form of neighboring farmers exchanging labor force. This cooperative relation is called *cambio de mano* (in exchange for a hand). In its most simple form, this rural informal exchange mechanism means that farmer A helps farmer B a few days on the field and later on farmer B returns the favor by working a few days on the field of farmer A.

This mechanism is an important cash-saver, as money is extremely scarce and labor force extremely costly.¹⁰ These kinds of cooperative networks are therefore of immense importance for the poorer peasants because they save them a lot of money. The rational thing to do is thus to engage in these forms of cooperation, unless there is a lack of trust. Trust is fundamental in these forms of cooperation because there is always a time lapse between the favor delivered and the favor returned. The risk of defection is thus real. The interviewed farmers explicitly stated that trust plays a major role in this mechanism. Especially when more complex forms of *cambio de mano* exist (involving more than two actors), trust is extremely essential. The trust mechanism involved

in this kind of *cambio de mano* essentially runs like this: Person A, who delivers the service, trusts the beneficiary B (1) to acknowledge the fact that he owes something to A, (2) to execute one or more services in return (comparable in size and/or quality with the service delivered by A). It is important that A does not have to exercise pressure in order to receive a service in return. If A has to invest time and energy in insisting that B to return the favor, this might finally undermine the relation. In essence this mechanism is quite delicate. The involved actors spontaneously offer each other favors and services in return, thereby taking into account that they must not overload the counterpart with demands and/or obligations. If, after a certain amount of time, the involved parties feel that no one is trying to "have one's cake and eat it," these cooperative relations can eventually evolve into complex and multiple support mechanisms where all involved can deduct advantages from the talents, knowledge and relations of the other members of the cooperative community.

Furthermore, the respondents involved in *cambio de mano* relations argue that this work-for-work relation involves, in principle, equal exchange. Symmetry between the involved actors is fundamental in this relation. If one of both parties would start to nibble on the obligations inherent in the relation, both trust and reciprocity might in the end cripple. Not living up to the expectations can have direct consequences. The accountability mechanism in this kind of relation is informal and horizontal. In order to keep this relation alive the relation must be subjected to mechanisms that are enforcing horizontality: Equal rights and obligations must be maintained.

Table 6.2 shows that in El Toro only 35 percent of the respondents are involved in *cambio de mano* relations, while in La Danta this amounts to up to 78 percent of the interviewed farmers. This already indicates that in La Danta a large majority of the people are cooperating horizontally with each other. An important characteristic of a network is whether or not it is connected. The actors in a disconnected network or graph may be grouped in two or more subnetworks or components that are not linked with each other. So, the more components a network counts, the more disconnected it is (Wasserman and Faust 1994, 109). We can see that in La Danta a very large group is organized in only five components. In El Toro, on the other hand, we see only a rather small number of farmers organized in ten disconnected components. Components, however, do not reveal specific information on the density of the networks. In a dense network, there is a path between every pair of actors, hence all actors are mutually reachable. All actors are mutually reachable when reachability equals

Table 6.2 Network structure and characteristics of the nodes

Network structure	El Toro	La Danta
% of the population involved	35%	78%
Number of network components in village	10	5
Reachability	0.12	0.59
Average <i>cambio de mano</i> relations per family	0.6	1.8
Participation of local leaders	None	All
Characteristics of network members		
Population	35%	78%
Political preference		
Sandinist	55%	89%
Liberal	31%	80%
No political preference	40%	63%
Socioeconomic status		
Elite (> 50 ha of land)	29%	80%
Landowning peasants (< 50 ha)	55%	88%
Landless peasants (no land)	40%	71%

Source: Author's fieldwork, 1998-1999.

one. One is thus the highest density score. La Danta scores high on this indicator: 59 percent of the actors in the network are mutually reachable. In El Toro only 12 percent of the actors are mutually reachable. The network analysis also showed that the average number of *cambio de mano* relations in La Danta lies significantly higher than in El Toro. This means that in La Danta, not only are more families involved in *cambio de mano*, but also that each family maintains more relations on average with other families. Furthermore, in La Danta all the associational leaders are integrated in *cambio de mano* relations, while in El Toro not one local leader maintains these cooperative relations with villagers.

Taken together, it seems that horizontal cooperation and trust is overwhelmingly present in La Danta. The high density indicates near closure of networks, and this makes them more effective in terms of norm compliance and reciprocity. Considering the number of involved families and the fact that the local leaders are subjected to these norms of accountability, La Danta seems less hierarchical, more inclusive and integrated, with more horizontal trust and reciprocity than El Toro. Furthermore, the presence of the local leaders in these networks in La Danta suggests that they are subjected to mechanisms of internal social control. The absence of associational leaders in El Toro might indicate that they escape the mechanisms of horizontal

accountability, mutual equal exchange and mutual expectations and obligations. Social control and tracing deviant behavior will be much easier in La Danta than in El Toro.¹¹

The profile of the involved nodes in both villages seems to be strongly Sandinist and landowning. These data coincide with the profile of the participants as displayed before. There is, however, a somewhat odd discrepancy. Where in La Danta the Liberals were very strongly underrepresented in the membership structure, in these cooperative networks not less than 80 percent of the Liberal group is involved. While in El Toro the landless peasants were almost totally absent from associational life, here we see that about 40 percent of the landless peasants are informally cooperating in *cambio de mano* structures.

After cross-checking the data on associational life with the data on cooperative relations, the following pattern emerged: In El Toro half of the formal nonparticipants are integrated in the *cambio de mano* relations and half of the organized families in the village are practicing *cambio de mano*. In La Danta, of the twenty-nine not-organized families, twenty are practicing *cambio de mano* (almost two-thirds) and of the forty-one organized families, thirty-four are organized in *cambio de mano* relations (which represents more than three-fourths). So, related to the question in the introduction, associational life is not necessarily linked to the attitudinal components of social capital. We saw that the groups that were underrepresented in the formal structures of participation in associational life are strongly present in the horizontal cooperative networks here. In both cases, it seems that formal participation in associational activities and development processes do not say all that much about cooperative spirit. Both the mechanisms behind recruitment and the data on membership-cooperation structures indicate the discrepancy between both phenomena.

More importantly, we also learn that, because of the expectations connected to associational activities, the strong integration of the poor in the networks in La Danta reduces the risk that they might defect. As the networks provide an environment in which reciprocity is generally expected, the leaders can include the poorest without running too much risk of suffering from large defection problems. The fact that large groups of poor are active in these horizontal networks (especially in La Danta and, to a lesser extent, in El Toro) seems to question the general picture of Latin America in which the poorest remain marginalized, isolated, unorganized, a bit fatalist and dependent on rich patrons (Huntington and Nelson 1976).

CONCLUSION

Large numbers of associations and elevated levels of associational membership are not necessarily linked to trust, reciprocity and horizontal cooperation. Associations can thus not automatically—not always and not everywhere—be seen as the structural embodiment of the attitudinal components of social capital. The villages we studied scored similarly on associational life, yet in El Toro there are only a few small groups cooperating in a horizontal manner, while in La Danta there are abundant numbers of people in the horizontal networks. In both villages, associational life is effectively linked to more clientelist interaction patterns, in which actors try to get access to social resources via the local leaders, who play the role of intermediaries between organizations and inhabitants. A very different picture emerged when the informal cooperative networks were studied. The network approach brought us much closer to the attitudinal components of social capital. Both villages scored quite differently on horizontal cooperation. If we had relied on the indicative link between associations and social capital, we would have concluded that both villages score more or less the same on social capital.

The “discovery” of the mechanisms related to *cambio de mano* networks reveals that this might be an alternative indicator for the horizontal and voluntary cooperation dimension of the social capital concept. It is necessary to find these kinds of indicators in order to deconstruct the complex social capital concept and its normative assumptions (Edwards and Foley 1998), especially in a non-Western context, because the policy implications can be significant.

In the introduction to this chapter, it was stated that the civil society approach in development cooperation is charged with high hopes. Donors hope that organizations can forge a social change, that they can work against the vertical and clientelist grain while stimulating the inclusion of poor and vulnerable groups. The cases show that these objectives are somewhat naive when held against the complex realities these developing countries face. We have seen that in the case of Nicaragua, the associational landscape is not as pluralist as often assumed. History and the evolution of the political opportunity structure color the actual composition of civil society and the membership structure within localities. We saw that in both villages, certain groups, in this case the Sandinist inhabitants, are better organized than others, get easier access to associations and have leadership structures that are externally supported. The leaders receive the power to select players and hence to distribute resources. Associations thus fall into networks

and the effectiveness of their development efforts seem to be largely determined by the local structure of the informal networks. If these networks are relatively inclusive, horizontal, dense and ruled by mechanisms of accountability, if poor and rich, leaders and followers are situated in these networks (like in La Danta) then these associations are supporting, developing and stimulating exactly this kind of culture. In other words, important parts of the horizontal, inclusive networks of cooperation are strengthened, and the involved actors will effectively benefit from the resources introduced by associations. The insertion of the local leaders in the cooperative informal networks prevents them from abusing their power position, as they are subjected to internal mechanisms of social control through the dense networks. The networks in La Danta thus produce trustworthiness (Coleman 1988, 1990). In El Toro this is not the case. Local leaders do not participate in the horizontal cooperative networks. The networks themselves are quite fragmented, with small numbers of people involved, which, according to Coleman (1988, 1990), indicates the difficulty of creating a trustworthy environment where norm compliance and reciprocity is maintained. So, when associations have to deal with El Toro—like environments, they are effectively institutionalizing verticalism and clientelism and reinforcing the unchecked power position of the leaders. It is thus quite obvious that in these two villages, the horizontal and trusting relations can mainly be found in the informal networks and much less so in the formal associations. It is therefore quite unlikely that these associations can be seen as sources of trust. In both villages there are groups that are horizontally cooperating and trusting, yet they do not get access to the associations—because they have the wrong political preference (in La Danta) or because they are not connected with the local leaders (the latter were absent in the horizontal networks in El Toro). The bad news is that associations also strengthen and institutionalize this exclusion. The biased participation structure is most probably linked with biased informal networks, and therefore this indicates cleavages. Cleavages are (in and by themselves) not problematic, as long as all the groups can get access to scarce resources within their respective (pillarized) structures. This is, however, not the case in the villages studied, either because the associational landscape is not diversified enough or because associations lack the capacities, time or means to profoundly study the localities in which they will become active.

Local background studies can reveal important features. In the Nicaraguan context it seems relevant to distinguish whether a village has benefited largely from the land reform or not. By and large

El Toro responds to the characteristics that project managers, government officials and NGO coordinators had put forward as "quite typical land reform village features." In interviews these managers and officials heavily pointed to the idea that land reform villages in general seem to have more problems with cooperative and trustworthy behavior than traditional villages. They indicated that the strong presence of the Sandinist party and national and international solidarity organizations in the land reform villages has nurtured a culture of nonreciprocity. The abundant stream of advantages toward these villages without the expectation of anything in return, so state the interviewees, is in part responsible for the breakdown of local bonds of reciprocity, cooperation and the mechanisms of accountability. Most probably these explanations are only a part of the Nicaraguan story, and they need to be investigated empirically and in more detail rather than assumed. But it points to the idea that more research on the influence of political distribution mechanisms, both in the past and in the present, on local networks is needed, especially in developing areas.

To conclude, these insights bring us to some relevant policy recommendations. First of all, the civil society approach within development practice is in dire need of critical revision. The romantic and positive connotations that are linked with the role, function and effects of a large vibrant civil society for democracy and economic development are, in a developing context, somewhat naive, if not simply wrong. Put simply, the one-size-fits-all approaches that donors often impose denies the idea that contexts matter. It seems thus quite utopian to want to create social capital as if it were a simple resource, a fixed outcome resulting from the investment in a given instrument. Taking the context into account there are some relevant remarks to be made and questions to be posed. First of all, by stimulating civil society organizations we are not necessarily stimulating those attitudes we tend to connect to social capital. If strengthening civil society is vital, it seems just as vital to ask whether we need to support the diversification of civil society or whether we accept it as it comes. Is participation a good tool in any context. Reaching the poor in the fragmented, clientelist and distrusting villages will be more effective if leaders are not allowed to participate. If participation turns out to be strengthening clientelism, then imposing top-down transparent selection criteria, not necessarily involving participation, might actually work in favor of the weakest groups (Van der Linden 1997; Vandana 1996). The effective implementation of transparent mechanisms on the level of associations and development interventions (including sanctioning mechanisms in case of defection) institutionalizes trust

and might as such even create trust and thus social capital. All these remarks call for more development-related research. It is important that ex-ante (locality) studies take place in order to assess the composition of a given community and establish a link with the different groups within the community. It seems imperative that the strengthening of monopolized leader positions is avoided, that sources of information are diversified and that the chances are increased that the poor and vulnerable groups will be actually reached. Finding out where the networks of leaders end might indicate where the real development work should start.

NOTES

1. See, for example, the website of the World Bank: www.worldbank.org/poverty/scapital.
2. See <http://www.latinobarometro.org>.
3. See <http://www.ibw.com.ni/~ien/c5-7.htm>.
4. It has been argued that horizontal cooperation can be found in some developing countries, but it tends to be in-group oriented (bonding), between similar people, while dissimilar people and/or outsiders are rejected. Trust therefore thus seems to be particular, rather than generalized.
5. El Toro counted 103 families, La Danta 74. In each village, 65 families were interviewed.
6. All quotes in this chapter are taken from the 130 interviews which were conducted in El Toro and La Danta for the fieldwork of this research project in 1998 and 1999.
7. This means that in one decade El Toro has evolved from a more or less egalitarian landtenancy structure to a quite unequal socioeconomic situation. Due to a lack of space, this chapter will not go into the mechanisms related to this evolution.
8. Regarding their political preference, respondents could be catalogued as Sandinist (left-wing opposition), Liberal (right-wing party in power) or no preference. With regard to their socioeconomic class we catalogued the poorest as those that did not have land, the middle group as landowning farmers (less than 50 ha) and the elite as those farmers that owned more than 50 ha. This categorization was borrowed from the Ministry of Agriculture in Nicaragua.
9. For more information see Varela Hidalgo B. et al. (1998).
10. When a farmer has to prepare 1 ha for sowing, the weeding part by itself might take up to sixteen days of work if he works alone. If he would contract one agricultural worker, the labor time would be halved (eight days of work), but he would have to pay the worker ca. 1.25 U.S.\$ per day. Eight days of labor would cost the farmer 10 U.S.\$.

11. Obviously, the ideas of too much trust and social control are lined with the discussion on bonding and bridging social capital. Too much trust, especially on an in-group basis, can have quite a lot of negative effects (Woolcock 1998; Portes 1998; Granovetter 1982). Nevertheless, authors do seem to agree that whenever collective development is concerned, the existence of integrating networks is preferable over fragmentation and isolation. (Woolcock 1998) This chapter therefore mainly focuses on those aspect of social capital relating to integration, horizontality and trust, as necessary, but not sufficient, conditions for democracy and development.

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