

Social capital and its popularity

Denise Thompson

A paper presented at the ASPC, 'Social Policy through the Life Course', University of New South Wales, Sydney, 11-13 July, 2007

Abstract: The concept of 'social capital' has met with huge success among governmental agencies, including governments themselves at all levels and transnational entities such as the OECD and the World Bank, as well as NGOs, academics, policy analysts, etc., in short, any and every institution concerned with or about the well-being of populations. And yet the concept has been subjected to a critique so devastating that it is difficult to understand why it has been so popular. The paper investigates a number of the reasons given in the literature for its popularity. These reasons are both admiring (e.g. it broadens our understanding of community well-being beyond the economic – ABS), and critical (e.g. 'a sort of capital- and capitalism-fetishism, by analogy with commodity fetishism, reigns supreme' – Ben Fine). The paper will conclude by suggesting that the question of why 'social capital' continues to prevail, despite its dubious epistemological status, can most usefully be explored by asking who stands to benefit (if anyone) from its continued usage.

Denise Thompson is a Research Officer at the Social Policy Research Centre.

email: d.thompson@unsw.edu.au

I don't have to demonstrate the popularity of social capital to this audience, so I'm going to take for granted that you know it's popular and just go on to talk about the explanations that have been given to account for its popularity. But before I do that, I want to make it clear that what I am talking about in this paper is not 'social capital' as an actually existing phenomenon – in fact, in the longer project of which this is a small part, I argue that there is no such thing. What I am talking about here is a 'social capital *framework*', i.e. a discourse structured around the *notion* of 'social capital' (which assumes without question that social capital exists, even though there might be difficulties in identifying or measuring it).

Why is it so popular?

There are very few positive and approving explanations for the popularity of the notion of social capital. On the whole its success is taken for granted and hence there is no need to explain how or why that success might have come about. And indeed at first glance it is difficult to see how anyone could object to the notion, referring as it does to such benefits as a truly civil society (Cox, 1995), or 'the resources available within communities in networks of mutual support, reciprocity, and trust' (ABS, 2004: 5). As one author said, it's 'shorthand for the positive consequences of sociability' (Portes, 1998: 1). These are all good things, for individuals, for communities, for nation states, for humankind in general, and as such their widespread acceptance is self-evident and requires no justification.

Positive

Nonetheless, there are some positive explanations for social capital's popularity on the part of its proponents. In brief, these are:

- a. that it provides a necessary counter-weight to the predominance of economics in the social policy environment;
- b. that it offers a wider scope than earlier citizenship debates covering much the same area;
- c. that it addresses concerns about threats to social cohesion; and
- d. that it is accessible to a wider audience than simply professionals and academics.

Negative

There are, however, other, more cynical explanations for social capital's popularity, one of the most trenchant and sustained critiques of which is that of Ben Fine, especially his book, *Social Capital versus Social Theory* (Fine, 2001). He agrees with its proponents that social capital is an accessible notion, but he sees that as a failing rather than a virtue – it is

simplistic rather than simplified. This is largely because it is impervious to criticism. In Fine's view, the social capital framework either absorbs criticism by turning it into yet one more variable (Fine, 2001: 190), or it ignores it.

As an example of absorption (not Fine's), take the ABS' treatment of power. The ABS doesn't mention the fact that social capital has been criticised for failing to address questions of power, but it's reasonable to assume that its incorporation of 'Power relationships' into its social capital framework is a response to that criticism. 'Power relationships' are listed in the Social Capital Framework under the heading 'Network structure',¹ and there are four components: 'Contact with organisations', 'Perception of access to public services and facilities', 'Personal sense of efficacy' and 'Mentoring' (ABS, 2004). But it's not clear what this has to do with power. It's true that a 'personal sense of efficacy' *is* a reference to a kind of power – efficacy involves capabilities and being able to make a difference and to have an effect on the world – and it's the kind of power that everyone should have access to (although there's probably a difference between a *sense* of efficacy and actually having an effect). But there is no mention under the ABS' 'Power relationships' heading of negative kinds of power, the types that render people helpless. There's no mention of structured inequalities, much less exploitation, oppression or destitution on the one hand, or privileges, prerogatives and accumulations of wealth on the other. (I'll come back to power in a moment).

But absorption is not the only way the framework deals with criticism. Another way is to mention the criticism briefly and then simply drop it and never refer to it again. But however it reacts to criticism, the social capital framework fails to deal with it adequately – criticism either slides off it or disappears into a welter of variables.

All-encompassing

As a consequence it is all-encompassing, and that is another reason for its popularity. It supposedly provides solutions for a myriad of disparate social problems and issues. As Fine comments, it has 'a gargantuan appetite'. As examples of the phenomena social capital can supposedly account for, Fine lists the following: 'the sick, the poor, the criminal, the

¹ This is one of four groupings of the elements of social capital, the other three being: 'Network qualities', 'Network transactions' and 'Network types'. There are five components to 'Network structure', the other four being 'network size', 'frequency/intensity and mode of communication', 'density and openness' and 'transience and mobility'.

corrupt, the (dys)functional family, schooling, community life, work and organisation, democracy and governance, collective action, transitional societies, intangible assets'. In short, it claims to be able to explain 'any aspect of social, cultural and economic performance' quite devoid of context, 'equally across space and time' (p.190).

But it attempts to explain too much. A framework that can explain everything and is unfalsifiable can in fact explain nothing. So to the extent that social capital owes its popularity to the wide reach of its supposed explanatory power, that popularity is undeserved.

Fine's explanation in terms of lax academic standards

Fine says that the widespread embracing of social capital is 'evidence of a more general trend towards the popularisation and degradation of scholarship' (p.191), and refers to it as a 'benchkin'.² This refers to a concept which becomes extremely popular and gives rise to much grand generalisation, but which is later found to be based on false empirical results. Fine notes that the empirical studies of both Coleman and Putnam have been found to be questionable (p.191). (Coleman's 1988 paper, 'Social capital in the creation of human capital', is often cited in the literature). Benchkins, says Fine, 'generate a voluminous literature that prospers by devastatingly criticising the initial contributions'. But far from having the effect of falsifying the concept, the criticism is incorporated, although not necessarily coherently or successfully, and the original concept survives, evolving in ways that 'remain influenced to a greater or lesser extent by the (false) starting point' (if it changes at all) (p.82).³

So for Fine, the popularity of social capital is a weakness and not a strength at all, a product of intellectual faddishness and sloppy thinking, a quick-fix solution in an academic climate of publish or perish, of funding cuts and competitive grants, of under-staffing and overwork, of political interference with academic freedoms, and of a homogeneity of scholarship and teaching that comes with threatened livelihoods (p.195). The blandness of social capital, while reassuring, betokens its lowest common denominator status.

² Fine doesn't give any derivation for this word, but it is presumably a combination of a shortening of 'benchmark' and the suffix '-kin', meaning diminutive (e.g. lambkin = little lamb).

³ Fine gives two other examples of 'benchkins' – NAIRU (p.217n2) and the notion of 'voluntary' unemployment (p.82). He says that it is no accident that both examples come from economics, because there is some suggestion that 'all economics contains benchkin elements' (p.217n2).

The power of (real) capital

But the argument in terms of lax academic standards is not Fine's only, or even main, explanation for the popularity of the notion of social capital. He also argues that its influence is a consequence of the power of (real) capital itself (Fine, 2001: 15). Others have made the same point. For example, in her second Boyer Lecture Eva Cox said that she was 'deliberately using the term "capital" because it invests the concept [of social capital] with the reflected status from other forms of capital' (Cox, 1995). Once again, however, Fine's point is not an approving one. He doesn't believe that this connection with (real) capital is a good thing. Rather, he sees the notion of *social* capital as a 'colonisation of the other social sciences by economics' (Fine, 2001: 15).

Capitalist society and the split between economy and society

He argues that, although the notion of 'social capital' appears to speak to concerns about capitalist society, specifically about what is perceived to be a division between economy and society, in fact it does not do so. 'Social capital' purports to bring together what has been sundered in a climate where the (supposed) mediating role of the state is increasingly being brought into question (p.28).⁴ In relation to the schism between economy and society, the social capital framework cannot mend it because it participates in it. By using the term 'social' to qualify the term 'capital', it implies that there is another form of capital, an economic one, that is not social (p.15). In that sense, the term 'social capital' incorporates a blindness to the actual social relations of capitalist society. The 'social' it refers to is just *not* those social relations which facilitate, and are engendered by, the pursuit of economic interests. As Fine comments: 'social capital essentially leaves economic issues alone' (p.195), and in doing so, instead of bridging the split between economy and society characteristic of capitalist society, it reproduces it. On the one hand, there is a bland *mélange* of social 'variables', and on the other, an economy which is still not required to give an account of itself and its effects on the wider society.

There are a number of commentators who have noted that the social capital framework is unable to deal with what is actually happening in the world. To quote just one source: 'What is striking in recent accounts of the decline of social capital and the sources of citizen disenchantment in the United States and elsewhere is the glaring omission of reference to

⁴ I could spend quite a long time discussing issues around the state and whether or not it 'mediates' between economy and society, and about what it does and doesn't do, what it can and cannot do, and what it ought and ought not to do. But there isn't time here.

two of the most far-reaching changes in late 20th century life, both in the United States and worldwide – namely, the twin phenomena of economic restructuring and the dismantling of the welfare state’ (Edwards and Foley, 1997: 674).

What these commentators are saying is that the social capital framework (paradoxically) cannot deal with the power of real capital. Frequently, the reference is not to ‘capital’ or ‘capitalism’, but to ‘economics’, but it is still capitalism because capitalism is the only economy we have.⁵ And yet, if what is at stake is people’s well-being (if that is what ‘social capital’ means), the investigation of real capital and what it actually does to maintain or undermine that well-being is surely central to such an enterprise.

So ‘social capital’ is popular, despite the fact that, not only can it not deal with the most pressing of social problems in advanced industrial societies, it systematically ignores them. Or is it popular *because* it ignores them? By evading questions of power and privilege, does it serve those interests? Does ‘social capital’ serve some ancillary function for real capital? There are certainly those who think so.

In the case of the World Bank, for example, it has been argued that social capital, with its focus on ‘community’ and ‘the local’, provides a way of diverting attention away from the Bank itself, and towards those ‘communities’ whose failure to thrive is attributed to a ‘lack’ of social capital, rather than to the ‘structural adjustment’ policies imposed by the World Bank (Muntaner, Lynch and Smith, 2000: 118-19). Similar arguments have pointed to national governments’ withdrawals from provision of social security safety nets. One author refers to ‘social capital as the [shutting] down of hard fought for well/fair state entitlements to civil society obligations’ (Labonte, 1999: 431). This view of social capital as some kind of substitute for the welfare state is widely shared, and not only among its critics. For example, some of social capital’s proponents from the Melbourne Institute say in their paper, ‘Communities, social capital and public policy’, that ‘a revival of “community”’ is ‘[o]ne possible remedy for social exclusion’ (defined in terms of unemployment and ‘dependence on state benefits’). These authors go on to talk about ‘voluntary work’ as a way for ‘participants’ to

⁵ As opposed to, say, a socialist economy based on the values of cooperation, production for need not profit, and a fair distribution of basic necessities to all; or a feminist economy which would place the needs of women and children first, but without condemning men to starvation wages or the meagreness of ‘welfare’. In contrast, the logic and values of capitalism are competitive individualism, profit before people, and the creation of wealth and its accumulation in the hands of the few.

‘fulfill [their] side of the “mutual obligation” between themselves and society’ (Johnson, Headey and Jensen, 2003: 5). Now, ‘mutual obligation’ (as instituted under this present government) is not voluntary, but coerced – ‘participants’ lose their benefits if they do not comply. In that sense, the notion of ‘social capital’ is complicit with government withdrawal from responsibility for disadvantaged populations. The implication is that people (‘communities’) don’t need social security because they already have social capital, and if they don’t get out there and access it, then they only have themselves to blame if they lose their benefit payments.

To summarise: The gaps, elisions and omissions from the social capital framework are not random but systematic. The fact that the framework cannot deal with the power of real capital is not accidental. Rather, it is a consequence of the service ‘social capital’ provides for those relations of power the naming of which is so studiously avoided within the framework. That service is to provide an alternative culprit for, and an alternative pseudo-solution to, the social problems created by capital itself.

Am I recommending, then, that social capital be abandoned? Well, no, for two reasons. In the first place, getting rid of the terminology would solve nothing because it is part of a much larger problem, and that is the policy and research focus on the victims rather than on the structures of power that do the victimising. And second, surveying people, for whatever reason, is always interesting. All I’m saying is: Be wary, there is an agenda here that is not quite what it seems, and it may need to be subverted (insofar as that is possible given the constraints).

References

- Australian Bureau of Statistics (2004) *Measuring Social Capital, An Australian Framework and Indicators: Information Paper* Cat. No.1378.0
- Coleman, James S. (1988) 'Social capital in the creation of human capital' *American Journal of Sociology* 94, Supplement, S95-S120
- Cox, E. (1995) *A Truly Civil Society: The 1995 Boyer Lectures* Sydney: The Australian Broadcasting Corporation – <http://www.ldb.org/evacox.htm>
- Edwards, B. and M. W. Foley (1997) 'Social capital and the political economy of our discontent' *American Behavioral Scientist* 40(5), 669-78
- Fine, B. (2001) *Social Capital versus Social Theory: Political Economy and Social Science at the Turn of the Millennium* London and New York: Routledge
- Johnson, D., B. Headey and B. Jensen (2003) *Communities, Social Capital and Public Policy: Literature Review* Melbourne Institute Working Paper No. 26/03 – <http://www.melbourneinstitute.com>
- Labonte, R. (1999) 'Social capital and community development: *practitioner emptor*' *Australian and New Zealand Journal of Public Health* 23(4), 430-3
- Muntaner, C., J. Lynch and G. D. Smith (2000) 'Social capital and the third way in public health' *Critical Public Health* 10(2), 107-24
- Portes, A. (1998) 'Social capital: its origins and applications in modern sociology' *Annual Review of Sociology* 24(1), 1-24