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**SOCIAL CAPITAL IN DEVELOPING SOCIETIES:
RECONSIDERING THE LINKS BETWEEN CIVIL AGENCY, ECONOMY AND
THE STATE IN THE DEVELOPMENT PROCESS**

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Melania Portilla Rodriguez

Abstract. The increasing vogue of the concept of social capital is not accidental. Recent contributions on the field show the revitalization of the debate on the need for a more politically effective civil society against the backdrop of globalization and its centrifugal and centripetal effects. Yet in a scenario where the state is redefined as 'residual', the conditions for the strengthening of civil agency are also affected. This paper explores the conditions of production of the current debate on the links between social capital, democracy and capitalist development. It indicates the importance of considering the historical circumstances of developing countries for the production of a critical theory on social capital and explores the complexity involved in this exercise when looking at experiences of Latin American societies.

1. Introduction

It is a fundamental, though often neglected, fact that social bonding is as essential to the healthy function of a modern society as it was to more traditional or tribal societies. Indeed, the market itself depends on the bonds of a well developed social capital to maintain the ethical structure, social stability and personal security essential to its efficient function. (Korten 1996,42)

In its section on community-based development, the 1996 World Bank's Sourcebook of Participation states that new community based programs must build on "the existent stock of social capital" and work through indigenous organization and principles of organization "whenever possible" (World Bank 1996, 248). Although this 'recommendation' is presented more as a channel than as a framework to orient policies, it is an indicator of the celerity in which a current debate about the importance to use social capital for development translate into a resource for mainstream development agencies. In any case, it is concrete evidence to make a case on the relevance to examine a social capital approach for development in "Third World" societies.

The production of social theory during most of the twentieth century has been profoundly marked by the dominance of frameworks that emphasize the influence of structures over social agency. Development theories have not been the exception. In general, this has been a century in which top-down approaches to social processes flourished and the reification of otherwise analytical distinctions i.e. between economy and society turned into paralysing gaps. The underestimation of the importance of the social individual and collective action in the construction and transformation of structures and/or institutions lead to the unawareness on emergent phenomena. Thus for instance, the irruption of political struggles, grassroots movements and NGO's during the second half of the century and across "Third World" developing countries, bitterly reminded social scientists their practical rejection of social orders as fields of struggle - and therefore fields of innovation of political forms of struggle. The theoretical cost of decades of rupture between social theory and people's agency has evolved into a pressure to risk hypothesis. Among them are current academic reconsiderations on social movements and the persistence of people-centred approaches in development studies.

If the first two decades of development theories and mainstream development strategies and programs strongly prescribed the building up and/or extrapolation of "proper structures" (i.e. the 'developmental state') and infrastructural capacity (i.e. industrialization, technology), the subsequent decades have increasingly stressed the importance of including social agency - particularly local organizations and community based development - into development strategies (Esman 1980). Despite the claims for the need of people's participation in development have permeated mainstream agendas, the aspect of participation has not been considered a priority. The centrality of people's participation has been posed mainly by diverse alternative development approaches and by the methodological innovations brought by the work of a wide range of NGO's and grassroots organizations. However, it is relevant to notice that the dynamics of appropriation of 'reactive' theoretical and methodological innovations by mainstream development institutions have accelerated during the last decades¹. Social capital reemerges in the 1990's as a vast and complex field to be faced by development studies. Conceptually it comprises a wide range of processes and features; from group's modes of operation, networks, norms of cooperation and intersectoral coordination to the agency of

¹It is significant to notice that mainstream development agencies have gained the capacity to generate theoretical and methodological approaches from within their own institutionality. In the 1950's, modernization theorists decisively influenced the concept and instruments of the development project. Through the years Bretton Woods institutions have gradually redefined their relation with academic production - e.g. with development studies. They count now with their own channels for feedback and own expertise corps - selected academics, popular educators, etc. So the feeling that mainstream development agencies are ahead innovative approaches, or that the dynamics of cooptation have accelerated has a concrete base.

fixed entities of social infrastructure: i.e. development institutions and/or state's agency. In spite of its heavy, connotative baggage, social capital has a very humane meaning: it refers to the links between people, to the social connections, to the commonalities that arise from people's interaction². The notion of commonalities is extremely important and useful since it nurtures (give the conditions for) social transformation abstracting power relations without denying social conflict. Traditionally, the emphasis on social bonding tends to be associated with community based development - as the introductory quotation of this introduction by David Korten suggests. However, the work of Robert Putnam (1993) on social capital as a potential cause of democracy and economic development at a regional level has widened the scope and the expectations on an approach that was ignored or eclipsed during a long time³. Now social capital persuades to bridge broader processes, such as economic growth through social networks revitalizing the concept of social development. At the same time, it also gives space to double edge perspectives i.e. the commodification of equity⁴. Meanwhile it substantiates the need to broaden the institutional bases of development and questions again what institutions should orient and/or serve as the channels for development (Evans 1996).

While it is plausible to think on a fertile ground for the development of the field of social capital, the need for examining its limits and particularities is also equally important. It is crucial to recognize that *the interest in social capital awakened in the "Developed World"*. Explanations for this issue constitute by themselves a rich problem of study. The South-East Asian productive familism for instance, linked to a revision of the state, is inviting to further experiments. But the assessment of the relevance of social capital in "Third World" societies arises as a major challenge precisely because of the negative consequences that development approaches, programs and projects have brought to these societies.

Thus, this paper explores the relevance and the limits of a ongoing argument: that creating and strengthening the capacity to generate ties of horizontal cooperation within civil society

²This operational definition represents the outcome of long and fruitful informal sessions of cooperative thinking with other PADS participants. Discussions with Kushma Ram were particularly important and influential.

³Pierre Bourdieu (1990, 1992) did care about it before, as well as James Coleman (1990), but their contributions did not awake the immediate attention of Putnam's work.

⁴Perhaps the major challenge that social capital is bringing into development studies, is the emphasis in the linkages between agency and structure across macro, meso and micro levels of impact preventing the isolation of phenomena. Synergy, embedded and integration counteracting reification (development as the relation of structures) and reductionism (development as the relation between social agents). But this potentiality turns relative once it is framed into orthodoxy.

and democratization. This paper focuses in two tasks.

The first one is a contextualization and critique of the conceptual bases and tensions that inform the current debate on social capital. The discussion focuses on the contributions of Economic Sociology on the issue of the embeddedness of economic life and the social construction of economic institutions, as well as on the works of James Coleman and Robert Putnam. As Putnam's thesis sustains there is a connection between existing stocks of social capital, democracy and economic development, his study on the Italian 1970's experiment of regionalization acts as a base for linking the fields of development and social capital at a macro level. However, it is sustained in this paper that his work reveals to be based on a very partial historiography of the Italian process of regionalization and on deductive exercises that tend to a biased construction of arguments. Thus the debate on the relation between social capital, economic development and democracy is lacking the experiences from developing societies.

The second task of this paper is to generate a preliminary assessment on the relevance of a social capital approach for developing societies particularly in the Latin American context. In general it can be stated that Latin American societies are rich in the formation of people's social capital. However, the translation of these forms of social capital into concrete institutional arrangements prone to the creation and strengthening of democratic structures and economic development remain as a major problem. It is maintained here that this problem is related to the historical contradictions of state's agency in the production and destruction of social capital and the resilience of the alliances and ruptures within and among societal elites and the state. This assessment is guided by two questions:

- To what extent the creation and strengthening of social capital have facilitated, supported and/or reoriented processes of democratization an inclusive citizenship.
- How can we possibly conceive the translation of social capital into a broader concept of people's participation in economic development.

What is then particular to social capital as a category that informs collective action, how it represents a constant emergent phenomena and how can it contribute to build a more complementary institutional framework and social infrastructure for social development are targets of this explorative journey.

1.1. The context of reemergence

If you give workers more responsibility and take into account the fact that they are social beings wrapped up in social networks and try to use that to positive effect, it can vastly increase efficiency in the work place. That is interesting, and reinforces the view that the capitalist market, within certain broad limits, allows considerable freedom to exploit human sociabilities for the ends of that market.(Fukuyama 1995, 64)

The theme of social capital is reconsidered in a time in which acute transformations of key social structures are being enforced. The implementation of SAPS in Third World severely in-debt countries and the so called "economic restructuring" in the "developed" world. Somehow and in spite of the given particularities in the prescriptions (i.e. among SAPS) it is possible to identify a common profile of demands: "...maximize exports, reduce social spending, end the state economic regulation; and enhance the power of private capital to reorganize national economies as parts of transnational economic networks" (Friedman 1991, quoted in Brodie 1994).

Indeed the enforcement of the Neoliberal policies is done within an atmosphere suggesting those reforms are only steps linked to a longer and deeper process of "global" adjustment. This process informs the transformation and emergence of new structures of capitalist accumulation and therefore of capitalist social relations impacting the institutional bases of societies (Pred and Watts 1992, Brodie 1994, Truong 1996). The imaginaries associated with the advent of Post-Fordist capitalism (s?) reveal that whatever these transformations are, our current times do not mark the end of the "big" truths, but on the contrary are also highly ideologic. In fact, the appeal for reconsidering the importance of social capital for economic life tend to come nowadays from multiple, influential and well established streams; in a moment in which the game between the long time favourites approaches for economic growth - state centred and market centred - seem to be reconstituted by the neoliberal power in favour to the strongest market corporatist interests (Korten 1996). In this very crossroads Fukuyama (1995) advocates the importance of trust for societal progress and the possibility of exploiting human sociabilities for the end of the capitalist market, UNDP (1995) and the World Bank (1994, 1995, 1996) embrace a human development approach betting for the investment in 'people's capability to act' and the "new" institutional economics, economic sociology and socioeconomics find the time to sharpen their profiles after decades of overshadowed efforts (Smelser and Swedberg 1994).

It is a fact that the popularity of the concept of social capital within academy has at its core a current reconsideration of the relation between what has been established as the

particularities of the sociological analysis and those associated to the diverse trends of neoclassical economics. A sort of "battle of the methods"⁵ suggesting the possibility of paradigmatic changes (Swedberg 1991). Feminist theories have also revealed as one of the most dynamic poles claiming the indivisibility between social and economic processes and the ideological bases of the private-public divide (Elson 1991,1993; Milkman and Townsley 1994). At last, this evidences a juncture in which an intellectual movement is pursuing to rearrange the realms (objects and fields) of study of sociology and economics. Is this issue a consequence of a deeper societal transformation?

A less superficial overview leads to examine the last decades of the 20th century as a period of reconfiguration of the social, economical and political spheres at the heat of the transformations of the structures of transnational capital (Brodie 1994). Within this context of reconfiguration, facts like the relations between economy and society and state and economy are at stake and represent the background in which the current arguments on the importance of social capital are set.

Thus the late trends of theoretical contributions on social capital show the revitalization of the debate about the need for a more politically effective (efficient?) civil society (i.e. consumers and labour force) against the backdrop of globalization and its centrifugal and centripetal effects. In a scenario where the state is redefined as 'residual', investing in intermediate social tissue (as associations, cooperatives and networks) is seen then as a channel to improve the efficiency of the systems and processes of economic and political governance. However and precisely for the purpose of such improvement, history shows the importance of "strong" states in advanced industrial capitalist societies (Amin 1995) as well as its importance in developing societies (Kay 1993, Leftwich 1994). Despite the attempts to maintain the approach of the market as "the magic bullet" which prevailed during the 1970's and 1980's,

⁵A battle of the methods which necessarily involves the question of affinity between the theoretical and methodological developments of social science disciplines and not only the power struggle of hegemonic approaches. That certain alliances and hegemony of currents have inhibited and dominated others without necessarily being scientifically solvent has been firmly substantiated (Grannovetter 1992, Feyerabend 1975). But a closer look - historically founded - can let us see the details, the presence of affinity even within the politics of methods. Thus, for instance, Hodgson (1994, 71) indicates that although institutional economics is not "sufficiently developed to replace orthodoxy" and its rational individual as the core of economic life, the pressures for change are so strong that it is predictable that in the next hundred years economics and biology (a more organic-collectivist view) will converge, so we can already see the reappearance of evolutionist approaches - we should ask here when they have disappeared completely. In this scenario, trends such as sociology of economy and socioeconomics have an extremely hard task to face... but very challenging. A reference to this issue is made in section two.

the experiences from East Asian countries are driving development studies to a profound revision of the role of the state, which by 1990 was accepted even by the World Bank. At the same time the capitalist development of these countries questions the individualistic foundation of neoclassical economics, since its success largely relied on the use and transformation of primordial social capital (i.e. kinship, familism).

It seems clear then that in the context of developing societies, current arguments on the importance of social capital can not be reduced to interpretations on the importance of creating and strengthening a virtual civil society⁶ ("efficient", "corrective" or even "participatory"). The connection between social capital and development involves questioning the institutional conditions and interinstitutional dynamics in which the agency of social actors is framed and conditioned. This means, for instance, that in the context of "Third World" countries severely impacted by SAPS and the neoliberal reconstitution of the functions of the state, efforts towards strengthening the agency of civil society are related in one way or another to the historical performance of statial institutions. In the same direction, the weakening of the state has an impact on the capacity of agency of civil society. This interconnection and interplay between different forms of social capital in the creation of fixed orders has proven constitutive of capitalist societies and in the "Third World" it has been conditioned by the recurrent developmentalist experiments of institutional extrapolation.

1.2. Social Capital and Development

During more than four decades the struggle of many developing societies facing the problems of basic needs fulfilment, overall reproduction and social development have been addressed by governments and bilateral agreements through the implementation of development packages which, following Kotari (1993), Nederveen Pieterse (1991) and Sen and Grown (1986):

- 1) Remain as clusters of different Western experiences of industrialization and economic development which core formula is economic growth. Hand to hand with mainstream development since the 1940's the experience of institutional modernization in most of "Third World" countries evidence the incoherence and fragmentation of this extrapolation.

⁶For analytical purposes I differentiate civil society (civil organizations which are fundamentally national in character) and political system (state bodies and political parties). Refer to sections 2.2., 2.3, and 2.4. for the problematization of the concepts of civil society and civil agency.

2) These packages have been designed, organized and implemented through perceptions, parameters and values of "the social", "economic development", "improvement", "achievement" and "capacity" - among others - which on one hand fostered unfruitful top-down development strategies and on the other underestimated the need to develop the social indigenous base of these societies.

3) Along with the entrenchment of institutional incoherence - generally translated into, or explained as a "lack of institutional capacity" - the exclusion of key groups and social forces in the solution of the problems of development and the access to its benefits and gains retained structural dimensions.

Despite the bitterness and despair propagated by the outcomes of the development experiments in most of developing societies, the mushrooming of social and popular movements, NGO's and grassroots organizations during the second half of the present century revealed the underestimated capacity for participation of civil society into development problems. Groups that were and are systematically excluded of the programs, policies and benefits of development - i.e. Women and Youth - and whose participation within the overall processes of reproduction and production is hardly recognized showed their capacity to act and organize⁷. However this rich diversity of social capital has not been translated into sustainable benefits and/or enhancement of entitlement. Is it possible that this unrecognized participation and humane potential for action can be turned into a strong, cohesive social tissue facilitating the conditions for a equitable social development⁸?

Potentiating people's capacity of participation as well as enhancing the impact of this participation involves complex levels of integration, cooperation and intersectoral coordination (Brown and Ashman 1996). In other words, there is a need for creating the conditions to facilitate interconnection and networking within and between formal and informal spheres,

⁷Such is the case of the participation of youth and women in the political struggles (guerrilla movements, student revolts, military apparatus, democratic elections, revolutions) as well as in the generation of alternative forms of employment and income generation -especially the case of women networks of self-employment - to mitigate the crises of social reproduction.

⁸For the purpose of this paper Social Development is understood as a concerted and integrative cross-sectoral and interinstitutional dynamic leading towards a complementary development of the social and economic spheres of culturally diverse societies. From this stance economic growth and equity are intimately linked in such a way that one in the absence of the other provokes the undermining of institutional agency for development. It is clear then that Social Development is much more substantive and holistic than compartmentalized sets of welfare policies (Midgley 1995, 1986; Nederveen Pieterse 1996).

state and development institutions as well as civil society organizations. Solving problems and finding commonalities imply processes of social interaction in which outcomes will be strongly affected by the nature and the conditions set for this interaction: experiences of cooperation based on common needs and provided with adequate resources sets a social scenario for development substantially different from experiences of efficient competition and the exclusion on the "inefficients" from the political and socioeconomic spheres.

Most of development agencies as well as state institutions recognize nowadays that investing in developing institutional capacity must not be confined to material (infrastructural) forms but enhanced to non-material forms like practices of cooperation and horizontality: potentiating what already exists (working from within) and fostering the generation of groups based on those values. To some extent, this has been a legacy of the effectiveness of participatory approaches for the channeling of resources which despite shortcomings have proven to be innovative, interactive and more sensitive to people's own context and responses (Mayoux 1995). However mainstream development agendas have recurrently reduced participatory approaches to project implementation devices. Broader strategies oriented to the development of labour force are usually devoid of the contextual forms of cultural and social reproduction. Thus, for instance, within the World Bank approach for the 1990's decade programmes on participatory development, community-based development and social capital are devoid of their translocal integrative potential. They are atomized into tools for band-aid social programs, poverty alleviation or focalized risk-reduction projects within an overall strategy that privileges a growth-oriented "market friendly" approach (World Bank 1995,1996). Mainstream agencies are linking social capital and development in a way that the first finds its limits in the neoliberal conception of the asocial individual (Owen 1995). The liberal individual as the foundation of market development enters in contradiction with the identification and strengthening of commonalities as a core force of developmental strategies.

If the advance of participatory approaches have had a significant impact in pointing out the interconnection between the social and the economic spheres, they should not be taken as magic bullets. State-civil society relations are crucial to understand the context of institutional conditions in which developmental strategies evolve. This paper sustains that the debate on social capital as a potential cause of democracy and capitalist development and in particular, the function of intermediate associations has to be considered in the light of the historical forms in which states and civil organizations define their relations in the public and private spheres. Thus, the emphasis on the importance of creating and strengthening intermediate social tissue which is central to a wide range of institutionalist stances - i.e. Associative

Democracy - tend to rely on a virtual civil society whose agency implies autonomy from state's agency and other external forces. Beyond the questioning of such autonomy, the characteristics of this virtual civil agency are historically particular just as for instance, community relations are different in advance capitalist countries and "Third World" countries. The character of state - civil society relations is linked to the process of state consolidation, interaction and differentiation from the public and private spheres.

Associationist approaches to democracy and participation have also been subject to revision in recent times. In allusion to developing societies for instances, the possibility of promoting higher levels of inclusion, cooperation and coordination among civil society in the context of market deregulation along with a thoughtful recognition of the role of the state in social development has been considered as an alternative path to democracy (Amin 1995). In order to consider the relevance and limits of a social capital approach as a framework for an integrative agency, an overview of the tensions linked to the debate and theory on social capital is presented in the following section.

2.- On The Theoretical Bases Of Social Capital

This section maps and describes key strands that inform the conceptual articulation of social capital to political and economic processes. It introduces an overview of the institutionalist tradition and the concept of embeddedness - particularly its recent treatment by the Sociology of Economics -as well as of the concept of social capital worked out by James Coleman (1990) from the stance of the Rational Choice theory. These contributions represent immediate and significant antecedents to Robert Putnam's thesis on social capital as a potential cause of democracy and economic development which is critically discussed. This section concludes with a brief reference to the synergy approach as a link between social capital an development and to the importance of people's social capital as a ground to work from within social development.

2.1.The Embeddedness of Economic Life and the Renewal of the Institutional Tradition.

First introduced by Karl Polanyi in the 1940's, the concept of the social embeddedness of economic processes has strongly influenced the heterodox return of the institutionalist tradition in the United States. This tradition goes back to Institutional Economics school that grew strongly during the interwar period but declined after the second world war. In general, Institutional Economics opposed the atomistic and reductionistic character of neoclassical

economics proposing in its place an organicist view inspired in Darwin's theory. From this view, individuals are not rational entities guided by the logic of maximization; society is neither the aggregate of these immutable individuals. They are rather socially constructed, moulded by the evolution of their social culture which forces them to constantly adapt and fosters the natural selection of institutions. While it does not deny individuals as units of analysis, it points out to the interaction of habits and their capacity to generate "self-reinforcing institutions" as an alternative approach to replace the Cartesian rational individual. As Institutional Economics and particularly Veblen, maintained that it is possible to establish objective human needs, the notion of human welfare was not contradictory to them as it was to the utilitarian logic of the rational individual in neoclassical economics (Hogdson 1994). Polanyi himself was attracted by the holistic inclinations of this approach and its critique to the atomism of neoclassical economics. There was also a very significant affinity between what Polanyi visualizes as the cultural nature of the crisis of the Welfare State ⁹ and the possibility to determine basic human needs: since individuals are socially and culturally constructed so are their needs and so it is possible to establish a welfare culture. However he established himself as an independent thinker who was not attached to evolutionist overtones of institutional economics.

During the mid 1950's some economists increasingly started to question the boundaries between sociology and economics. This questioning will open a space to a variety of trends of thought mixing economics and sociology which will gradually differentiate and profile the specificity of their stance.

Thus, the 1970's marks the return of the New Institutional Economics. The New Institutionalists however, have a stronger inclination towards an economicist determinism of institutions. Individuals are taken for granted: economics is a science of choice. From this perspective unbalances and imperfections come when markets are affected by opportunistic actions of individuals. These kind of imperfections are solved by the role of institutions correcting opportunistic behaviour. Thus, institutions which appear not to have an economic function are actually created to solve market imperfections. In this way, the new

⁹This constitutes an enlightening angle of Polanyi's reflection on market capitalist societies related to his "double movement theory". For him, the reification of the self-regulated market is in reality supported by protective mechanisms from the state - not only to market economy but to society - such as it was, during the 1930's crisis, the rise of the welfare state. But this welfare state by itself enters in contradiction with the social, cultural and economic order imposed by the subsumtion of society into economy. It follows from his analysis that a welfare state requires a welfare culture. For further discussion on this aspect see McClintock and Stanfield 1991.

institutionalists subsume again society into a market economy (Hodgson 1994, Granovetter 1985). The transactional cost analysis is precisely the theorization of institutions as mechanisms to reduce the risk of economic (market) transactions.

There is another very important feature associated to this: the interest for the evolutionary approach of the "old" institutionalists:

The evolutionary approach to economics - pioneered by Veblen and Commons amongst others - has an increasing number of adherents. This approach emphasizes such core concepts as **path-dependency**, cumulative causation and lock in, all of which have a strong institutionalist ring (Hodgson 1994,70).

In this way the new institutionalist mixed the atomism of the rational individual with an organicist evolutionary ontology¹⁰. For Hogdson, this explains in part its heterodoxy and resilience.

Economic Sociology and Socio-Economics represent other streams of the institutionalist tradition fostered with the new winds of the middle of the century. For the purposes of this paper I will concentrate on contributions from Economic Sociology or the Sociology of Economic life¹¹. Economic Sociology sustains the need to both demythify the atomistic logic (asocial individual) of economic action - established by neoclassical economics - as the rationality of the economy and surpass the consequences of this ideology; that is to say, it also represents an effort to overcome the transhistorical and contextless exercises of neoclassical economic theories. It also aims to prevent what Grannovetter calls and over-socialized view of economic processes associated to structural functionalist sociological schemes, as the Parsonian Sociology. Thus Economic Sociology aims to situate itself as a middle ground (Granovetter and Swedberg 1992).

For this purpose, there are two crucial conceptual premises that Economic Sociology sustains. The first is the **embeddedness of economic action** into society -social structures, social networks, cultural contexts -a notion reworked by Mark Granovetter (1985). This concept of

¹⁰In relation to the path dependency concept, Williamsom indicates: "Transaction cost economics not only subscribes to the proposition that history matters but relies in that proposition to explain the differential strengths and weaknesses of alternative forms of governance" (Williamsom 1994,95). It is significant to notice that this historical determinism crosses Putnam's argument on social capital as a cause of democratic and economic development.

¹¹For a retrospective of the difference between trends see Granovetter and Swedberg (1992), Etzioni and Lawrence (1990) and Smelser and Swedberg (1994).

embeddedness is a reformulation of Polanyi's (1957). Polanyi sustained that economic action is socially embedded in pre-industrial societies while it tends to be disembedded in capitalist market relations. For this purpose he qualifies economic relations distinguishing **reciprocity** (exchange on bases of mutual obligation); **redistribution** (the movement of goods and services towards a centre to be later reallocated outwards) and **exchange** (capitalist market relations). The first two are to be found in socially embedded (traditional) economies and the third is presented as the hallmark of capitalist market societies. For him, it was the "invention" of the self-regulated market during the eighteenth century in England that caused the gradual separation of market relations subordinating society to economy (Polanyi 1965). This invention was not without cost for the system itself which had to operate through a double movement: liberating the market economy forces while protecting this logic from defensive responses from society and protecting society itself from the destructive effects of market "emancipation". However his arguments were crossed also by historical darwinism: he assigns specific social relations to a teleological temporal sequence: traditional/modern which shows once again the powerful influence that the biology paradigm - and particularly the concepts of change and dynamism - exerts on social theorists in our century. In practice, complex 20th century societies mix the three types of relations of reciprocity, redistribution and exchange. Polanyi dismissed the important fact that the institution of the self-regulated market involved a highly mobile structuration of capitalist market relations that relied not only in "double movements" but on the fixation of boundaries, i.e. public-private, economic and non-economic which will "stabilize", reproduction - i.e. the domestic sphere and the sexual division of labour - and "emancipate" production. Thus the establishment of the self-regulated market implied also the fixation of fragmented "non-capitalist" forms - "traditional" from Polanyi's logic - of social organization, functional to capitalist relations. Various neo-marxist trends have extensively indicated this functional relation as a predominant feature of the capitalist development in most of the Third World societies of our days (Dierckxsens 1990).

From a different angle, Granovetter indicates that capitalist market relations are much more complexly embedded into society than both the defenders of free market and cultural or social substantivism assure. The embeddedness of economy into society refers not only to the social and cultural construction of the norms and institutions that sanction and structure market transactions (Granovetter 1991, 1992) but to the structural embeddedness of economic behaviour into social networks i.e. the dynamics of the labor market. Although Granovetter concentrates in the study of the embeddedness of market relations (i.e. firms) his reconsideration of Polanyi's concept has wider implications. It enables to recognize the existence of multiple economic logics interacting. Not only are there different markets but

different economic logics that at some point articulate to markets. This become increasingly evident within the so called "informal sector" economy (Portes 1994, Razeto 1983, Nunez 1995). Zukin and DiMaggio (1990) have further developed the concept of embeddedness distinguishing four different forms of embeddedness for analytical purposes: cognitive, cultural, structural and political embeddedness.

Granovetter's approach has exerted a significant influence to the diverse institutionalist trends that flourished during the 1970's despite the theoretical contradictions that it can imprint to i.e. the atomistic foundations of the New Institutional Economics. These contradictions are partly solved by the eclectic (empiricist?) tendency that drives these currents but also because Granovetter's reworking of embeddedness was done through a well known methodological channel for all these currents: that is social networks. It is crucial to remember that studies and approaches to social networks come from a multiplicity of perspectives which vision of society and social relations shows substantial differences. Powell and Smith Doerr (1994) indicate the existence of two major influences in the study of social networks. On one hand, they have been extensively nurtured by the Theory and Sociology of Organization, which conceives networks as an analytical resource and/or methodological standpoint for examining organizational relations (i.e.) within and among firms. A second source of influence comes from a more interdisciplinary approach, more centered on how networks provide a governing logic to the relations among economic actors: networks as a form of governance. The study of social networks has also been applied to the study of the construction of alternative (interstitial) social orders, a strand that is not directly linked to the institutional economics trends. This strand is particularly fertile in Third World developing societies and they comprise a variety of studies (with correlative different visions on the relation of economy-society) related to networks of subsistence, solidarity and self-employment; networks of the marginalized and networks in the informal sector. Wolf 1969, Razeto, 1982, 1983, Soto 1986, Addler Lomnitz 1994 are some of the various contributions on social networks in Latin America.

The second key thesis related to the embeddedness approach that Economic Sociology is reworking is the **articulation of State and Economy rather than their separation as independent spheres** that interfere with each other at given junctures. The last argument also questions the role of the State as the mediator between market and civil society.

Economic Sociology stresses that the relation between the State and Economy is not reducible to the interaction of two different realms. There is a significant corp of theory (from Marx

to Polanyi and Keynes) showing how the state acts as an organizer of economic activity and thus, in the words of Polanyi, it is "constitutive of the capitalist economy" (Block 1990, 298). For him, what is behind the "idea" of the self-regulating market is precisely the regulative action of the state. Indeed, as it was mentioned before, Polanyi has made his contribution also to the analysis of the crisis of the welfare state. He sees a clash between the ideas of the self-regulating market, equilibrium, efficiency and progress mediated by individual interests and the advance of a social integrative culture that a welfare state would require: a welfare culture. Polanyi's insight acquires a remarkable dynamism if the welfare state is considered in its historical expressions and not as a blurred model of aggregated social policies. Esping-Andersen (1994) has analytically enabled this possibility by making a historical characterization of Welfare State types. By doing this, he has shown that the perception of the relation between the welfare state and the economy as a zero-sum relation between adversaries does not withstand historically. Moreover, the Sweden welfare state - grounded in a productivist social policy institutionally embedded - literally "stood liberalism on its head" (ibid pp.713). In this way, a normative stance on the welfare state - such as defining its boundaries by the (increasing) terms in which human needs are included into human rights - is relative to the historical conditions in which societies find their own formulas to handle the tension between equity and economic growth. The more market autonomy is revealed as a dogma and the structural relation between society, economy and state is recognized, the more it is visible that the welfare state does not "naturally oppose" economic development.

There is an odd paradox present in the entire welfare-state-and-efficiencydebate, namely, why should it really matter so much whether welfare schemes adversely affect economic performance?. After all, the only utility that economic efficiency has is to increase a society's level of social welfare. Every theory in economics argues that economic productivity and growth are the means for creating human happiness. Why, then, should we sacrifice happiness for growth (Esping-Andersen 1994, 726).

Yet, opening the frame to look at the welfare state does not mean to romanticize it. A dynamic theory on it has to take into account its historical development in relation to the development of the capitalists regimes of production and accumulation. These regimes are interlinked with the transformation of human needs, with the concepts of society and the organizations of society (i.e. family). From this follows that changes in the regimes of accumulation correlates with institutional changes. These transitions and transformations do not occur naturally but they are regulated.

The theorists of the modes of regulation or "the regulation schools" had a great impact during the 1970's and 1980's comprising a very heterodox blend of political economy theorists. From very different perspectives they analyze the dynamics of long term cycles of economic

stability and crisis, as well as their tendency to stabilize around of institutional arrangements (Amin 1994). Precisely on the line of the regulation approach Block (1990) has indicated that despite there are not such clear boundaries between society and economy and state and economy, there is a common ground sustaining the dynamics of capitalist economies. He makes reference to the concept of 'social structure of accumulation' to explain the 'cyclical' creation of 'sets of arrangements' to sustain the dynamic of capitalist accumulation'. These sets of arrangements change over time and contain different synthesis of socioeconomic interests - correspond to specific power struggles. For him this helps to understand the ideological character of central neoliberalist arguments against the welfare state (i.e. interference with free markets) not as the result of economic rules or laws but as the enforcement of the interests of specific groups: the business national and international community. It also helps to understand the national dimension in the consolidation of capitalist economies:

If the economy were autonomous and had a single logic, one would expect that there would be a very narrow range of difference in governmental policies and institutional arrangements among capitalist countries. But the reality is that capitalism flourishes in such diverse settings as social democratic Sweden and authoritarian South Korea. The extent of government regulation, the rates of taxation, and the nature of social policies varies across different capitalist countries far more than can be explained by different levels of development or different positions within the world economy (Ibid, 298).

Different capitalisms then are crossed by national dynamics of power and conditions for decision making that conforms - so to speak - a national set of arrangements which must count with a certain degree of coherence with the global arrangement. Thus again, in order to operationalize these arrangements, the state is embedded into economy and society.

It is then plausible to assert that asking what kind of a state or what kind of society could facilitate social development implies asking what kind of relations between given states and societies are possible to establish for such purposes under given conditions. What is, for instance, the space that the heavy in-debt 'Third World' countries have to construct a project for social development or a welfare culture under the prescription of a technocratic state?. How is the capacity for institutional building affected with the redefinition of the state as "residual"? What are the implications of the demise of a state which no matter how weak remains as the base of these countries impacted by an unprecedented penetration of market forces into society?.

The technocratic state implies a rupture between state and society since it involves to pull out

roots that state's agency has in the forms of socioeconomic organization and modes of operation of civil organizations. It means the state will not directly enter into the process of accumulation of economic capital - into business - but either will be responsible for assuming the systems of social security (Pearce 1996). This not only affects the capabilities of the state to be embedded into society, it impacts all the correlative process of the formation and reproduction of citizenship. The project of modernization as a constant of Third World states comprises tendencies towards antagonism between state and society. As modernization implies a level of homogenization of society it means also constant resistance to the state action. These contradictions evolved according to the particularities of the processes and levels of state consolidation. In continental Latin America for instance, the oldest and persistent experiences of democratic development -i.e. Costa Rica, Uruguay and Chile - have all counted historically with a strong embeddedness of the state into society allowing the progressive redefinition of state and society relations as substantially non antagonic. To what extent these democratic developments are supportive of equality and social development is a critical question for democracy itself.

2.2 Social Capital In The Creation, Transformation And Strengthening Of Institutions

Although there is not a well defined theoretical corp on social capital, it is possible to identify some contributions in the works of Pierre Bourdieu (1990, 1993), James Coleman (1990, 1993, 1994) and recently Robert Putnam (1993). While the work of Bourdieu is openly presented as a methodological contribution¹², Coleman and Putnam's works are located more on the realm of what Mouzelis (1995,3) calls 'substantive theory' that is, theory that claims a empirical base. Coleman and Putnam are related in a way or another to the debates of Institutional Economics and/or Economic Sociology as well as to the Associative Democracy¹³ approach (Cohen et.al.,1992).

Ascribed to the Rational Choice theory, Coleman defines social capital as aspects of informal organization which are used by actors for productive purposes and have an intrinsic social character through the combinations of collective action that have common consequences. The

¹²In the sense that his distinctions between symbolic capital, cultural capital, social capital and political capital are instrumental i.e. for the purpose of analysis (Calhoun 1993, Risseuw 1988). Given the objectives and limitations of this paper I will not go over Bourdieu's contribution.

¹³"By altering the terms, conditions, and public status of groups, we believe, it can improve economic performance and government efficiency, and advance egalitarian-democratic norms of popular sovereignty, political equality, distributive equity, and civic consciousness. This deliberative politics of associations, and the view of contemporary democratic governance that embraces it as essential to such governance, we call "associative democracy" (Cohen and Rogers 1992)

quality of social capital is conditioned by the 'properties of the social structure' (closure, multiplexity and continuity of social relations and networks) in a way that "certain kinds of social structures generate extensive social capital, while others do not" (Coleman 1994, 170).

Coleman separates the economic and social as distinctive elements of the concept attributing to the social character a non-economic (non-productive) function which have nevertheless, economic consequences¹⁴. In so doing, his analysis gets closer to the institutional stance linked to neoclassical economics, although he rejects the conception of institutions as mere corrective mechanisms of market economy imperfections. The strategic use of social capital by different actors can have, from his view, multiple goals (societal cohesion, sanction, accountability, control, economic development, etc). In this sense, Coleman as Granovetter and Swedberg are critical of the emphasis that institutional economics gives to the understanding of institutions (soft or more formalized) for the pursue of market economic efficiency¹⁵. However, Coleman's distinction between economic and non economic relations remains strongly utilitarian.

For Coleman social capital increases with its use and decreases inversely. However, because of its "public good character" there is a tendency to underinvest in social capital. He visualizes state intervention as a destructive force respect social capital formation. He maintains there is a zero-sum relation between social capital and state agency. While state action can eventually facilitate resources for the pursue of the common good, it tends to spread its influence creating a negative effect: people tend to depend less from each other. Primordial social capital is constructed and accumulated through the closure of family ties and the creation of associational life - basically at the community level: it is, so to speak a wealth of the people than can be diminished by government intervention (Coleman 1990, 321).

Although Coleman insists in differentiating the Rational Choice perspective (which sees individual and systemic action as purposly constructed) from functionalist approaches, his

¹⁴"The term "capital" as part of the concept implies a resource or factor input that facilitates production, but is not consumed or otherwise used in production... .. The other half of the concept, "social", refers in this context to aspects of social organization, ordinarily informal relationships, established for non-economic purposes, yet with economic consequences" (Ibid 175)

¹⁵"We shall criticize certain aspects of this "economic approach to human behaviour", especially the one stipulating that existing economic institutions are to be understood as efficient solutions to certain problems in the market". (Granovetter and Swedberg 1992,2)

analysis tends also to atomize units of analysis¹⁶ and to reduce the study of societal life to a theory of modernity¹⁷. Coleman's theses reveals contextless and transhistorical (Mouzelis 1995) in the sense that he "purposely" universalizes an approach and its consequences to societal life regardless of history and specificities of social formations. Moreover, the Rational Choice theory embraces the principle of homeostasis in which active forms of social conflict are traduced into deviations (see Coleman 1994). In the words of Mouzelis:

...Rational Choice theory tends to link micro with macro levels of analysis via logic-deductive methods that result in the neglect of 'emergent' phenomena and/or the various socio-historical contexts within which rationality takes its specific forms (Mouzelis 1995,5).

How enlightning is Coleman's contribution to understand the models of development of western countries as well as their consequences on social life is yet to be judged. A retrospective of these models from a social capital point of view is lacking. Several elements derived from Coleman's theoretical speculations are however very suggesting. In particular his reference to the relation between social capital and institutional processes in two senses: How micro processes (given organizational processes, social capitals or incipient forms of social capital) express at the macro level (i.e. become institutionalized) and how the invert movement occurs; that is to say, for instance, how the creation, strengthening or erosion of people's social capital (i.e. local and civil forms of organization and social bonding) can be affected by a given institutional framework and its particular development.

The work of Robert Putnam (1993) brings the problem of transhistorical theory to a concrete case of analysis. Based on an inquiry of the differential effects of institutional change fostered by the policy of regionalization of the Italian government during the seventies, he indicated the existence of two different profiles of social cohesion for North an South Italy. In the North, a strong and vibrant civic life sustains a vigorous capitalism, industrial development and high living standards while in the South, poverty, patronage and corruption are intimately linked. He attributes this difference to the presence and absence of a historical legacy of social capital accumulation. While in Northern Italy the tradition of associational life potentiated democratization and capitalist development in the South the lack of this tradition traduced in

¹⁶"Insofar as rational choice arguments are narrowly construed as referring to atomized individuals and economic goals, they are inconsistent with the embeddedness position..." (Granovetter 1992, 75).

¹⁷Coleman (1993) seems to claim for a sort of normative-pragmatic reworking of Modernity through institutional design, given the progressive erosion of what he calls primordial norms of Social Capital (i.e. family ties), which have been historically crucial to accomplish key functions as social control (Ibid, 9-10). Social Capital in the form of purposively oriented organizations can then be constructed through institutional design to accomplish ad hoc functions in modern societies.

corruption:

...voluntary cooperation is easier in a community that has inherited a substantial stock of social capital [the North], in the forms of norms of reciprocity and networks of civil engagement (Putnam 1992,167).

He defines social capital as "...the features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions..."(Ibid). For Putnam, trust is the lubricant and the base of this cooperation, a trust based on norms of horizontal reciprocity. The concept of "thick trust" refers to the belief that rest in intimate familiarity which, under certain conditions, can turn into a social practice (the common good as intimate principle of organization). The influence of Putnam's work is widespread from innovative approaches like associative socioeconomics (Amin 1995) or group's modes of operation (Steward 1996) to applied research on social capital (Brown and Ashman 1996).

In his approach Putnam links economic development with democracy through social capital. Yet the notion of civil society and democracy that Putnam constructs through his elaboration of dense networks civil engagement responds to a particular context and discourse. Putnam advocates the reproduction of one specific form of democracy: the liberal capitalist democracy whose model is to be found in the United States political culture and democratic regime, as he assures it was asserted by Tocqueville since the last century (Putnam 1993, 83-89). His universalistic and essentialist overtones can be associated to his methodology but they are also rooted in a complex conflict of conceptual definition of civil society. Foley and Edwards (1996) identify Putnam's notion of civic culture as part of Tocqueville's *Democracy in America* tradition, which was in turn influenced by the "Scottish Moralists" of the 1700's. However, while Tocqueville was more cautious on perceiving the role of the political system (and particularly the political parties) in the generation of networks of civil engagement, Putnam seems more heavily influenced by Adam Smith's and Hume's construction of the "ethos" of market forces. Thus while one can understand that the core of Putnam's argument is the capacity of particular civil associations to socialize their members into norms of reciprocity, the alleged autonomy and neutrality of these associations gives false foundations - in my view - to their capacity of reinforcement of good governance.

Putnam's autonomous associationism as a concept of civil society is distinguished from the one that views civil society as nets of resistance to state action and repression -i.e. against the communist government in Poland or against Latin American dictatorships (Foley and Edwards

1996,38-39). But when Putnam stresses the mutual supportive relation between good governance and civic engagement he is not sustaining that the state and the political system is going to be stronger. Moreover, Putnam's elaboration on the relation strong society:strong economy:strong state, suggests the transposition of associational life and market forces. It is precisely through a close reading of Putnam's work that one can find affinity between his concept of a civic society and the liberal concept of market forces as the pristine expression of society. The tendency to extrapolate categories of neoclassical economics to social analysis i.e. the notion of "stocks" of social capital is in my view related to this issue.

Yet many ambiguities are to be found in Putnam's argument on civil society. Amin (1995) points out the tendency to neglect social conflict - clearly evidenced in his conception of the social practices of the South as deviations and "negative" transactions - as well as in his romanticized vision of civic life¹⁸. Levi (1996) criticizes the vagueness and ambiguity of Putnam's reference to trust as well as his disregard on the qualification of secondary associations. In the same line, Fox (1996) notices the notion of homogeneity present in Putnam's use of civil associations and his neglect of the differences in the quality of micro level social capital.

But the strongest critiques to Putnam's "reworking" of democracy question his premise on the existence of a **path dependency** or historical determination for the accumulation of social capital (Fox 1996, Evans 1996, Levi 1996, Sabetti 1996) along with his strategic **disregard of the state** as principal actor in the experiment of Italian regionalization. It is precisely through the notion of path dependency that on the one hand Putnam's theory aligns with the diffusionist, evolutionist and teleological foundations of modernization theory and on the other obliterates the importance of the state in capitalist development. Putnam's methodological biases are not only analytical; Sabetti has also revealed the weak and dubious historiographic bases of Putnam's work. The absence of the state as a central element of Putnam's analysis evidences a continuum, a trend which is possible to follow in Coleman's work and more recently in Francis Fukuyama's. This trend enables to shift the attention from state's capacity of enforcement of legality as a condition for capitalist development to the existence or non existence of trust and social capital (Fellmeth 1996).

¹⁸"...Putnam's definition of civic virtue is no less sanitized than that of the moral communitarians. It represents a kind of paradise on earth, with citizens, state and economic networks intertwined in civilized harmony and mutual regard. Putnam's good citizenship end up, perhaps inadvertently, as a denial of civil society as an arena of social contestation (Ibib,17).

It is therefore important to be cautious to any universalistic attempt to apply Putnam's thesis to relate democracy with capitalist development in an indiscriminate way. In principle, his thesis on the Italian case does not hold consistent critiques. Yet his reconsideration of social capital has put into the agenda of development studies a link that was missing, a tool to recognize the blend between economic and social processes that development involves. As a category that informs the function of primordial social agency in economic processes, social capital is not a meteoric discovering but a relatively "new" looking synthesis within the North American institutionalist tradition that came in the "right time"¹⁹. In brief, Coleman and Putnam's theories on social capital lack historical analysis as a result of their methodological approach. Nevertheless, both introduced questions to development studies and provided the institutional tradition especially in the United States, with a conceptual tool. The analytical use of social capital evidences the existence of a gap in the institutionalist drawings on the "genealogy" of modern institutions. It is more than probable that institutionalist schools will recur to a stronger anthropological and/or cultural approach to prevent weaknesses such as Putnam's synchronism and in the context of the cultural analysis on globalization.

2.3. Social Capital And Development As A Synergetic Relation

As part of the ongoing efforts to further develop a theory on social capital, some authors are recently working the relation between social capital and development using the notion of synergy²⁰ to stress the inherent interconnectedness and integrative agency that the concept suggests (Evans 1996, Heller 1996, Fox 1996, Ostrom, Lam 1996). Some of these authors refer to coproduction to design particular patterns of synergetic relations between the state and civil organizations (Fox 1996, Ostrom 1996). This coproduction could be considered in terms of the production of different degrees of civil organizations thickness or in the production or channeling of particular services. Evans (1996) integrates the idea of private and public complementarity - state as the supplier of common goods that enhance civil agency but limits its intervention for the sake of local autonomy - and embeddedness; that is state agency acting from the arena of norms and social networks that constitute the mode of operation of social groups. Synergy between state and society has long existed in 'modern' history. What these

¹⁹The study of social networks (and the importance of social networks in market relations) is a key theoretical antecedent on which current theses on social capital are building on. Also refer to the section 1.1. in the introduction of this paper to contextualize the increasing popularity of the concept.

²⁰A look into the etymology of the word synergy (of greek origin) leads to a biological and medical background, as the "combined or correlated action of a group of bodily organs (as nerve centres, muscles, etc) hence, of mental faculties, of remedies" (C.T. Onions 1973, pp.2224).

authors are debating is, for instance, what kinds of synergies or conditions for synergy are associated with effective and stable developments of social policy, economic development and/or the consolidation of democratic institutions.

As it was stated before, the use of the concept of synergy represents an attempt to provide the thesis on social capital as a link between capitalist and democratic development with greater dynamism. This since in the works of Coleman and Putnam and in Fukuyama's by derivation, social capital lacks the contextual analysis of historic particularities and social conflict. It is my view that although in principle a more developed elaboration of Putnam's endowments of social capital may look complementary with a synergetic approach, the methodological exclusion of social conflict and the state from his theory will tend to analytically reify synergy and embeddedness. This profound contradiction - which is indeed the crucial argument for the assessment of social capital as a relevant category of analysis - emerges once the debate on social capital is placed in the context of developing societies. In these contexts the centrality of state agency and elites' conflict in the creation, support and/or weakening of the institutions for socioeconomic development can hardly be avoided (Fox 1996, Heller 1996). Thus essays on social capital in developing societies are trying to apply the notion of synergy to enable the description and interpretation of given forms of relation between state and civil society which have encouraged or inhibited the creation of institutional arrangements for developmental purposes. In this way, while authors are reconsidering Putnam's thesis on the importance of social capital, they are also starting from a different analytical angle.

A broader and historically founded theory on social capital, social networks, institutional synergy and on the issue of embeddedness of human action can potentially lead to question the very logic of a popular interrogant in development studies: What comes first, economic development or social development. This, since what is really important is to identify the connections and how they are mutually supportive. If the analysis of the connections is complemented by the understanding of the context (the issue of embeddedness) then the potential of social capital as an operational category to analyze particular institutional developments arises. For instance, it will enable to follow the cultural and social processes that sustain the fixation of gender differentiation and inequality from a different perspective²¹.

²¹"Understanding how the domestic division of labour and the sex segregation of work are stable enough to be institutionally elaborated and reproduced across widely different social structures and times and places may provide fundamental insight into the institutionalization, reproduction, and change of other social and economic phenomena. At the very least it is a neglected part of the story about how societies are organized and reproduced, and as such must be addressed" (Milkman and Townsley 1994, 606)

If we historize social capital many of what Amin (1995, 18) suggest could be seen as "incipient forms of social capital" - referring to social movements in the Third World - will be perceived as different kinds of social capital²², challenging the evolutionist and diffusionist foundations of the modernization theory. Indeed, the kinds of social relations that articulate economic transactions are present before the rise of industrial societies at a time where there was not separation between households and economy; the legitimation of the distinctions between spheres of economic life is then a process that can be explained as historical rather than as "natural" or more or less "spontaneous"²³.

In this paper and for the purpose of reflection on Latin American experiences (section 3), the notion of synergy is broadly conceived to refer to forms of interaction between civil agency (coming from diverse social groups and organizations) and state agency in the frame of its specific institutionalization and economic life. Synergetic relations design patterns in which these spheres interplay allowing mutual supportive levels of institutionalization. At the same time, it can also provoke the dissolution of institutional arrangements at the heat of political interests and social conflict. Thus defined, synergy could eventually produce, reproduce or undermine a spectrum of societal regimes. What is important here is first, the processual and particularistic character that synergy adopts in every society at given times. Second, the fact that synergy allows us to think societies beyond the modern obscurantism of the rigid divisions between state, economy and society. In other words, synergy prevents compartmentalization. This however, is only a potential condition of the concept²⁴. Also for analytical purposes, civil organizations (civil society and civil agency) are distinguished from political parties, which along with the state are seen as constitutives of the political system. Thus civil agency comprises the agency a broad range of civil organizations fundamentally national in character.

²²There is a danger of an over-speculation on the concept of social capital as the end of the "politics of interstices" where social movements and organization are usually placed by social scientists.

²³"Before industrial capitalism emerged, the rigid separation between economy and household that we take for granted today were absent: the two were coterminous. Both production and reproduction were unpaid activities performed in the household... ..with the rise of industrial capitalism, reproduction and production were organizationally divided between the "female" household and the "male" economy. While women did not reduce the amount of time they spent working, the nature and conditions of their work changed and underwent a process of social redefinition. As wages increasingly came to define an individual's social worth, housework was devalued by virtue of being unpaid" (Milkman and Townsley 1994, 601).

²⁴This is, synergy can prevent compartmentalization only in the context of the totality of the argumentation that is held and not as an isolated concept or conceptual relation. For implications of this theoretical problem see Mouzelis 1995.

2.4. Social Capital As People's Capabilities

The development of national institutional frameworks in the majority of the developing countries shows the exclusion of forms of social capital²⁵ which accomplish critical socioeconomic functions within the overall productive and reproductive societal processes (informal and subsistence sectors). Moreover, capitalist forms of market relations are predatory of non-capitalist relations that accomplish key functions in the reproduction of labour force (Dierckxsens 1990). This fact generates a constant crises that negatively affects social development since on one hand it weakens the systems of subsistence without a systemic alternative to secure social reproduction and on the other, it hinders a concerted and integrative cross-sectoral and interinstitutional dynamic.

Since the 1990's and in the context of an increasing awareness of the widening of social exclusion brought by the SAPS, the United Nations fostered a Human Development approach whose normative bases are being implemented in a very partial way. Sen (1990) and Nussbaum (1995) basically shaped the normative bases of this approach based on the concept of human capabilities and quality of life. Their central argument starts from a critique of the prevailing growth-oriented development project in misleading the relation between the means and the goals of development. Economic growth has visualized human beings as the means and not as the ends of development (Sen 1990). The capabilities approach claims to visualize human beings as ends and means simultaneously. Given the fact that every human being (woman and man) has the capacity to act (function) in order to fulfill their existence, the grade of development of a society should be measured not by the increases on GNP or GDP - as happens in growth oriented development approaches - but by the capacity of each society (through the main channel of the state) to enable citizens (provide the conditions) to fully perform their human capabilities in an overall productive manner. What determines then the well-being and agency of a human being (the capability to function) is the access to primary goods (all the things that are needed to pursue a meaningful life -health, education, income, basic liberties, social bases of self respect, among others).

²⁵The classic examples are the direct (expulsion) or indirect exclusion (lack of conditions) of wide sectors of the population from a formal insertion to employment structure and education system beyond basic primary education. But exclusion also means here the systematic physical and symbolic repression against indigenous and peasant population, urban "marginal" population, women, elderly and juvenile populations which have virtually no participation in the decision-making processes and creation of policies that directly affect their lives. Resistance is therefore a dispositional common ground of these groups.

The notion of primary goods connote two types of capital, i.e. human capital (health and education), and social capital (kinship and various interest groups). Access to primary goods is determined by a set of social rules and regulations (formal and informal). Entitlements is the possibility to make legitimate claims over basic primary goods. As such they function as power base (Truong 1996, 13).

Since the access to primary goods is determined by existing formal and informal (culturally determined) systems of entitlement, inequality then derives from a differentiated access to these systems. Sen suggests the need for enhancing the entitlement systems and therefore the urgency of pursuing institutional changes to overcome inequality (Kabeer 1993). However, the link between social justice (legal aspects) with a notion of social agency informed by the concept of capabilities is not accomplished without contradictions. While it tends to conceptually free the capacity of the individual agent to act (function) from the overwhelming determination of social structures and relations, the same notion of human being portrayed obscures the potential of agents to become social actors - that is, to pursue and crystalize political interests through their struggle for transformation. Inequality, presented as a given condition derived by an also given differentiated access to systems of entitlements, produces - one can deduce - incapability to function (act, transform).

If the intention was to provide a broad philosophical framework to guide policy implementation on inequality and development beyond the approach to income and/or GNP, the outcome is a great distance between what Sen proposes and the proposal for the implementation of the Human Development Strategy (HDS). Truong (1996) has indicated at least three major shortcomings of Griffin and Mckinley's (1994) framework to implement the HDS. Firstly, the state centered and macro character of the proposal and the careless attention to the meso and micro levels. Second, the "dilution" of the notion of agency which is central in Sen's elaboration. Third, the subsumption of reproduction into productivity. These problems are related to the prevalence in mainstream development approaches of the rational of neoclassical economics and their disregard of the issue of the embeddedness of economic life into societies as well as they constitute intrinsic problems of Sen and Nussbaum's reflection.

The capabilities approach constitutes a sort of a secondary wave from the more radical approach known as Popular Participation fostered by the UNRISD during the 1970's and 1980's. It tries to bring back the problem of inequality and the need for empowerment and once more evidences that economic growth with poverty endangers development. Human Development as the development of people's agency and social development as the dynamic complementarity of institutions towards a balanced growth with equity (implying redistributive

levels) are not antagonistic. They have a strong conceptual relation with social capital. Indeed they are attempts towards the broadening and the integration of the institutional bases for development that have been included as strong items in the development agenda for the 1990's and the first decades of the next century. From a normative point of view this enhancement suggests that a complementary relation between economic growth and equity can not be reduced to the strengthening of formal institutional capacity and design but to the improvement of the conditions (resources) in which given practices of organization (including more or less spontaneous processes) have the potential to transform in different forms of social capital. "Investing in people" only for the search of specific standards in human capital development complemented with aid for poverty alleviation remains a very narrow interpretation of human development, which is contradictory with the normativeness of the capabilities approach (Sen 1990, Truong 1996).

Beyond the affinities between social capital and the capabilities approach, the qualification of social capital is necessary to define the levels of integrative agency towards institutional transformation from within. People's social capital is defined in this paper as features of social organization (norms, networks) that enable the creation and reproduction of relations of cooperation, reciprocity and solidarity within and among social groups and have concrete consequences for the support or improvement of the living conditions of those groups. The persistence of this quality in social relations informs the existence of a diversity of processes of institutionalization which crystalize such capital.

People's social capital is related to a material base, it has - so to speak - a transitory value which is crystalized in its capacity for transformation into institutional forms. When this transformation does not occur, there is the possibility to assert how and for what systematic purposes certain structures and/or institutions or institutional practices are hindering this transformation. Thus although we can speak about people's social capital as a channel to transform or reorient from within (in the sense that it tends to concentrate the analysis at the micro and meso levels) we can also articulate this dynamic with the construction and/or reorientation of macro institutional frameworks.

Despite this richness, social capital remains undertheorized. It is a relevant question to this fact to what extent the reductionism of the theories on capital to the interpretation of very specific and hegemonic forms of market relations and their economicist rational foundations has, in one way or another, inhibited the reconsideration of social theory on capital and in general on economic life. The tendency to translate social capital into the human capital

jargon (Putterman 1995) - and therefore into the mainstream human resource development approach - or to condition the proactive character of the concept to its potential to generate economic growth might be seen as a derivation of this reductionism.

The tension and the richness of social capital stands in the recognition of its indigenous condition (particularism and diversity) and in the search for commonalities leading the struggle to develop and the access to the benefits of such development. In the development process, these commonalities are the ones that should be tied through social capital.

2.5. Conclusion

Through this section I have followed central trends of arguments on the field of social capital, showing its increasing popularity as the result of the revitalization of the institutional tradition - mainly among academic circles in the United States. This debate has proven to influence major international development agencies, particularly the World Bank. Institutional current are highly eclectic. While some strands challenge the neoliberal framework of economic growth from its individualistic foundations i.e. the streams centred on the embeddedness stance, others maintain the importance of individual interests and rationality as a taken for granted truth of economic development ie. New Institutional Economics. While there is a tendency towards analyzing economic life from a sociological point of view, there is also a strong tendency towards economizing processes that were considered as field of studies of sociology and political science (i.e. systems of governance). In general there is an increasing awareness among development agencies and academics on the need to broaden the institutional bases of development. This need also reflects in the institutional attempts of implementation of UNDP's Human Development approach (kabeer 1994).

The debate on social capital can not be extracted from the tension between the neoliberalist dismissal of the developmental state and the contradictory example of the East Asian countries redefinition of the state's functions in economic development. The neoliberal thesis finds affinity with the defenders of the associationism and associative democracy. That is, in the absence of the state, a vibrant civil society exercises accountability, takes care of cohesion and improves efficiency. Coleman and Putnam's approaches to social capital rely on this point of view ideologically defending the need to rework modernity (purposely create social capital in Coleman's view) or to explain the origins of successful capitalist democracies (developed countries) in the preexistence of a "civic ethos". Those without this "civic ethos" are more likely to be underdeveloped and corrupt.

In my view, the characteristics of Putnam's connection between democracy and capitalist economic development through the fostering of a sort of civic social capital belongs more to his particular analysis of the Italian case than to the construction of a general theory on the conditions for social development. Therefore, attempts to universalize his thesis as a "social technology" for development or to substantiate a historical predetermination for capitalist development and democracy are lacking historical perspective and remain contextless.

Moreover, the strategical absence of the state from Putnam's and Coleman's analysis reveals their uncritical assessment of the role of the state in the development processes and in the organization of economic processes. While no western developed country in this century has "reached" economic development without a strong and active presence of the state both authors make it disappear from the scenario. It is not surprising then, that authors devoted to apply social capital in developing countries insist in a synergy approach: that is, the state coproducing with civil society different levels of institutional thickness and/or social services.

While there is not a recipe for development neither the investment on social capital is perse a formula for economic development or democratization. Rather it suggests a project of integrative agency in which the role of the state must be thoroughly profiled. Social capital goes beyond the reference to the potentiality of intermediate associations and organized civil movements as unilateral dynamos. It necessarily poses the problem of articulation of these movements to statal and economic structures which make possible the transformation of people's social capital into institutional arrangements. In the next section I elaborate a brief reflection on the complexity of such relation in the context of Latin American experiences.

3.- On The Conditions For Social Capital Accumulation: Reflections On Latin American Experiences

Latin American societies are rich in different forms of people's social capital. Yet what does this mean when it is considered that by the year 2000 no less than 53% of the Latin American population will live in poverty? In a region where the distribution of social wealth is recognized as one of the worse - if not the worse - creating literally a world of misery and a world of opulence as realities that just coexist²⁶. It is not then, a matter of drawing a romantic picture of Latin American local organizations. The richness of social capital is a

²⁶The relation between the cooptation of income by the 20% richest segment and the 20% poorest sectors of the population in Latin America is an average 18,61 (Gallardo 1995,12).

complex phenomenon since processes of exclusion, resistance and the impact of state's strategies are all intermingled. Ethnic diversity has survived modernization waves diversifying the links between social and symbolic capitals. Subsistence systems and local networks largely based on reciprocity act as economic systems as well as webs of cultural cohesion and resistance all at the same time. The poor in Latin America learned to live without the state because, with a few exceptions, Latin American states have had a meager impact in the improvement of their life conditions. Yet states and the institutional frameworks they sustain condition, to a large extent, the dynamics of civil organizations and particularly the capacity of scaling-up of grassroots organizations to levels in which it can be transformed into institutional arrangements and welfare.

Through the last decades grassroots sectors in Latin America have shown a larger capacity for organization. Grassroots organizations are very heterogeneous but their demands on particular resources are articulated as well as their nexus with translocal agencies (NGO's, church bodies, statal agencies) became more dynamic (Anis 1988, Hirschman 1984). Many issues converge in this increasing capacity to organize beyond primary groups. The accumulated experience on political struggle (guerrilla and revolutionary movements), the relative expansion of official and alternative education systems and programs, the agency of NGO's, the increasing awareness of the state as an entity to which it is legitimate to make claims despite repression, the will to live that make people create something from where it appears to be nothing. Unsuccessful developmental projects have also pushed governments to "invest more" on people's training i.e. agricultural modernization and peasant resistance to it. The overall result is increasing organizative capacity which is affected positively or negatively by the level and the character of the state's embeddeness into the modes of operation of social sectors.

The state can block or encourage the consolidation of civil organizations or the exercise of civil accountability on the processes of governance in different ways and this is not an exclusive appeal of authoritarian states. Within relatively consolidated democratic regimes as Chile and Costa Rica, the state -through the development and facilitation of social and economic programs and in general through its relation or rupture with civil society-actively promotes and produces social capital while at the same time tends to undermine or destroy certain forms of social capital that are not 'complementary' to given political junctures or with

the wider political structure²⁷. However, when a political structure tends to inhibit the capacity of civil society to organize or to enforce proper channels and procedures to pursue accountability, the risk of state failure as an economic and social organizer increases weakening the institutional underpinnings of societies, the base of social development²⁸. In this sense, the permanent generation of active civil organizations is a condition for institutional sustainability²⁹.

In this chapter, I am concerned with the processes of institutional relation between the state and civil society since civil organizations do not emerge and consolidate in a vacuum although they have degrees of autonomy and dynamism. On the other hand, as I have discussed in the first chapter, the state, and I should now add, the political structure in general is embedded into society. So in one way or another, accumulation of social capital implies a joint effort, a negotiation, a struggle: it is a political construction (Fox 1996). This construction can be done in different ways i.e. from a top-down state centered model of modernization, from the middle ground coordination between grassroots and translocal entities (statal agencies, NGO's, regional networking) or by development from below, a relatively autonomous development of grassroots organizations interacting and conditioned by the broader framework of society. The following section poses questions on these three directions.

3.1. Scaling-up, Autonomy And Negotiation

Jonathan Fox (1996) has described the process of accumulation of social capital as a political construction. In doing so he indicates the existence of cycles of interaction between the state and civil organizations - particularly indigenous organizations -in the context of rural Mexico. For him, these cycles condition the process of "scaling up" of grassroots organizations (micro level social capital) to a scale in which they can gain the required bargaining power to enforce the enhancement of their entitlement and consolidate economic processes that substantially improve their quality of life.

²⁷By political structure I understand here the totality of the state apparatus and the structures and dynamics of political parties. Some authors refer to political system (Addler Lomnitz 1994) meaning the same block of institutions.

²⁸i.e. the pernicious impact of state corruption.

²⁹The World Bank (1996) is also indicating the importance of the link between social capital and sustainability although in a very different way. The World Bank conceives this link in a very utilitarian manner: it is important to invest in people through their social capital (groups modes of operation) to guarantee their commitment into rural development projects, that is to increase the efficiency of such projects. The question on the quality of state-society relations as enabling links to generate stronger civil organizations is not in the menu.

A 'political construction' approach focuses on the recursive cycles of interaction between the state and societal actors to account for the uneven emergence of representative societal organizations under less-than-democratic conditions. Such cycles of state-society conflict and coalition-building may or may not lead to social capital accumulation; both state and societal elites can either block or encourage autonomous collective action. The problem is not only in explaining how the accumulation and dismantling of social capital unfolds, but how each process can unfold simultaneously. In other words, the same state can include competing factions that act at crosspurposes -consciously or not - with some attacking societal groups that other state actors support (Fox 1996, 1090).

Thus, the analysis of social capital as a political construction is an actor-oriented analysis that emphasizes the history of the constitution, struggle and alliances of social elites: their interaction and influence over the state, the political system and civil organizations. It informs the processes of organization through which social groups try to reproduce their social and symbolic capital and through which specific forms of state-society relations are generated and reproduced. That is to say, a certain institutionality is fixed. In my view this methodological richness goes beyond the applicability of this approach to the study of less-than-democratic regimes. It constitutes in fact a dynamic frame of analysis for the historical study of the constitution of civil organizations from a meso level point of view. It is in a way complementary to more broad and integral analytical approaches to the relation between Capitalist Development and Democracy like the work of Rueschemeyer and E. and J. Stephens (1992). Social capital as a political construction constitutes an in-depth analytical tool.

Fox considers three "conceptual blocks" to develop his approach. Firstly, the junctures of political opportunities facilitated by intra- and inter- authoritarian elites conflict³⁰. Those junctures are moments in which the structures of power open determining the availability of allies. This argument is basically focused on the role of the reformist politicians and/or groups³¹ and how their support was crucial in the creation of conditions for the formation of regional networks of grassroots organizations. In rural Mexico, the reformists' agency

³⁰The use of the concept of elites has a double edge implication in Fox's approach. To some extent he attributes a deterministic force to elites dynamics and conflicts over the process of consolidation of civil local and regional organizations. Although this emphasis tends to be counteracted by the notion of iterative cycles and by the use that he later does of Hirschman's principle on the mutation of social energy, the concept of elites itself is conducive to a 'modernization from above' approach of societal development (see Nederveen Pieterse 1990, 76,363) which indeed subordinates 'development' from below. For the purpose of this paper this tension (the dynamics of conflict and division between power groups) will be rescued, but not under a vision of elites determination.

³¹"Reformists are defined here as those state or societal elites willing to accept or (encourage) increased associational autonomy among excluded groups in society" (Fox 1996,1092)

entered into constructive synergetic relations with local organizations marking three distinct cycles of "opening from above" during the early years of the last three decades: 1970s, 1980s and 1990s (Ibid 1095). Each time the reformist programs had a different emphasis in their policy orientation and covered different regions. The response of social organizations in taking advantage of this junctures also varied in terms of organizational capacity and willingness. The programmes fostered by the reformist groups were not only important in providing conditions for the scaling-up of local organization (constitution of regional networks) but in providing support to overcome the threat of repression. In turn, the reformists established "semi-clientelist" relations, that is a kind of state-society relations that are in between authoritarian clientelism and pluralist citizens rights (Ibid 1092). For Fox, the junctures of opening from above are not only the result of inter-elite conflict caused by strong experiences (succession of power, economic crisis, etc) but they can also be induced or provoked by pressure from below, as in the case of the revolts in Chiapas, Mexico.

In the process of scaling-up, the search for allies certainly adopts different characteristics in democratic regimes and less-than-democratic ones. It is important to notice that the clientelization of social capital through the political system is also a strong feature of Latin American democratic regimes. Political factionalism in Chile before the coup d'etat was exacerbated and the high levels of class mobilization by factions of political parties was translated, with the military coup, into massive levels of class repression. Costa Rica shows a very pronounced case of clientelization of social capital which virtually has sustained a bipartidist system during almost fifty years not without certain success in the development of social policy. The phenomenon of clientelization of social capital is therefore more complex than it appears as well as the search for political allies. While one can define a clientelistic relation between civil organizations and the state, its character and its effects are particular to the institutional framework of those societies. What is at stake here is the tension between the level of autonomy of civil organizations and its capacity of negotiation and coordination. If civil organizations weaken their autonomy in the process of negotiation, most likely they will scale-up by entering into a increasing process of clientelization. A weakened autonomy can also lead to the dissolution of civil organizations or to their reduction to the local sphere.

The second conceptual block in the political construction of social capital informs the ideas, motivations and historical dispositional factors that enable social organizations to respond to the structures of opportunity. It also relates to leadership and to the ability to link

commonalities towards action³². Indeed the capacity of organizations to take advantage of opportunities, to achieve continuity or to scale-up varies widely. Past experiences of demobilization and repression can affect positively or negatively. Fox draws from Hirschman (1984) and his thesis on the 'principle of conservation and mutation of social energy'³³ to question the deterministic stances which stresses successful historical legacies of collective action as precondition for actual success of organizational and institutional development. Indeed Hirschman's argument gets closer to the complexity of the dialectics of collective mobilization and demobilization than i.e. Putnam's simplistic assumptions on the preexistence of virtuous circles of associational life. Hirschman posed the question of **resistance** among the excluded groups in latin american societies in a different angle³⁴. Fox speculates on the lack of freedom of association - the effects of truncated legality - as a condition that inhibits the transformation of past organizational experiences. Yet, as he himself notices, the repression of association and the murder of leaders act also as a stronger motive for organization and mobilization in some cases. Because Fox's analysis does not draw from anthropological stances, he does not recognize the intimate link between material and relational practices and symbolic processes. For instance, the way in which experiences of repression and resistance are symbolically articulated by social groups conditions at the same time actors practices. The interpretation of relational behaviour is incomplete without the symbolic process that make actors act in a way and not in another. This can be translated also to the field of organizational practice. The role of symbolic processes in the phenomenon of

³²The notion of habitus developed by Bourdieu (Calhoun 1993, Mouzelis 1995) appears to have a suggestive complementarity with this conceptual block.

³³Hirschman's journey through a wide range of grassroots experiences in South America made him reflect on a reiterative antecedent in the lives of the members of 'successful' cooperative initiatives: they had previously experienced truncated political mobilization, 'failures', often caused by state repression. This led him to propose that the "social energy" inherent to their aspiration for change is not eliminated with the abortion the political mobilization by the pressure of repressive forces, but it transforms or mutates into different forms of energy that in turn generate other forms of organization, i.e. cooperatives or solidarity associations.

³⁴The idea of mutation of social energy is suggestive, for instances, when looking at the processes of organization that several authors in Latin America have named as the "Popular Economy" or "Popular Economy of Solidarity" (Razeto 1983, 1986; Nunez 1995). The antecedents of these organizations were a intense political mobilization towards wide and effective changes to be implemented by the state. This shift in the orientation from the political to the economic as a principle of organization has been also noted among professional and intellectual middle sectors in Chile. For instance, with the return of democracy and the drastic cut of international aid many intermediary national NGO's disappeared but also many of them turned into consultancy organisms that have actively worked with the government although maintaining autonomy. These NGO's are working with a structure that less than two decades ago was considered antagonistic to their agency. However it would be naive to think that NGO's have turned exclusively into an employment generation strategy for the middle sectors or that they maintain strictly a patron-client relation with the state. The understanding of this shift involves observing facts like the impact of the formalization of the neoliberalist framework, alliances and bonding between the middle and high sectors as well as the relation between political structure and political culture (Silva 1996).

resistance and the reinforcement of autonomy in Latin America stays underestimated. The whole symbolic dimension of development through social capital is lacking.

The third conceptual block of the political construction approach addresses the fact that social capital is not homogeneous in terms of distribution and quality. Fox (1994, 1996) has asserted that social capital defined as horizontal networks of trust, cooperation and reciprocity is far from being scarce in rural Mexico. Rather throughout a wide and diverse range of communities social bonding allows the reproduction of livelihood systems based on trust and horizontality even within a constant precarity of extreme polarized distribution of wealth. If many rural communities in Mexico are relatively rich in social capital, how can we assess a connection between social capital and development in areas that are rich in social capital but have different degrees of institutional performance and socioeconomic development?. Sabetti (1996) has posed a similar interrogant for the case of southern Italy³⁵. As Fox, he explains regional uneven development as a consequence of recent institutional dynamics and particularly as the result of specific and recurrent forms of relation between state agency and civil agency. Both of them indicate that statal investment of social capital is not the same in all regions. Fox adds to this fact that the capacity of organizations to generate more public good "spill over effects" varies. He is interested in the "nature of the unit of social capital" in the sense that some organizations have more capacity than others to create broader opportunities for collective action³⁶. He, stresses that the capacity of public good spill over effects of some organizations are key to tie at a regional level the nucleus of social capital of communal life which tend to indigenous dynamics and therefore to relative isolation. Given the differential conditions, the overall result of the cycles of interaction between state and civil organizations is "an uneven map of associational thickness", since not all social groups and organizations are able to get the same level of legitimacy and leverage and since the relation between civil organizations and the state are placed in different bargaining arenas. It is this unevenness which helps Fox to explain the existence of different patterns of relation between state and civil society within a same historical moment. In the case of the Mexican society,

³⁵"By 1922, Sicily had acquired the highest number of locally constituted and operated farmer cooperatives and the second highest number of locally established (catholic and not-catholic) rural credit institutions in Italy; the three regions comprising what is now Calabria had as many rural credit institutions started and operated locally as did Tuscany. But it was in the Capitanata region of Apulia that there emerged a labor movement, we now know, stronger and more powerful than its counterpart in Emilia Romagna" (Sabetti 1996, 23).

³⁶This becomes crucial in environments that are repressive respecting the rights of civil association of certain population sectors: "The premise here is that bargaining power is necessary to create respect for freedom of association, which in turn requires some degree of scaling-up of organizations beyond the most local level" (Fox 1996, 1090).

he identifies four basic patterns: pluralistic tolerance (citizenship), clientelism, semi-clientelism and authoritarian relation (repression) (Ibid 1094).

Scaling-up is a challenge of micro social capital in democratic conditions or less than democratic conditions in developing countries. Whether its importance is substantiated from the point of view of the enhancement of the legal base - i.e. the importance of institutionalization of contestation for the development of democracy - or from the point of view of the need for a more equitable and effective use and distribution of resources i.e. capacity of resource's management - it is necessary to identify integrative conditions among organizations since this affects the increase of bargaining power: that is, the relative control over the processes of negotiation, representation of interests, access to resources and accountability.

Most of the grassroots organizations which had consolidated in Latin America since the second half of this century have done so not only through the establishment of links with the state but through links with external social groups (ie. church bodies, NGO's) and by relatively autonomous mobilization (Fox 1996, Anis 1988, Lehmann 1990). In practice, as Fox suggests, the process of consolidation of organizations involves the combination of these three paths: links with the state, links with other translocal agents and a relatively autonomous dynamism. This dynamism as well as the character of the links with external agents varies in rural and urban settings. Urban informal organizations for instances are set in a dense and complex environment of relations. The level of heterogeneity is combined with a high dynamism which generally tends to be associated with a impossibility or a high level of difficulty in articulating consistent organizational forms. Meanwhile the so called "urban informal sector" keeps growing dramatically in Latin America (Portes 1985, 1994) and especially since the implementation of the neoliberal macroestabilization and structural adjustment programs new forms of micro social capital have aroused. While some see as Hernando de Soto (1986) in deregulation the way to economic development since it activates the "natural" capitalist dynamism of diversity of economic forms competing which is inhibited by state's intervention, others like Razeto (1982, 1983, 1986) see in the increasing levels of the organization of the informal sector the possibility of constructing and alternative political actor to lead an alternative development project from below. For him the heterogeneity of these forms of organization share relevant commonalities propense to be articulated into a social economy - the popular economy of solidarity - that break through the individualistic

and exclusionary logic of capitalist economy³⁷. Razeto however does not visualize a rupture between the constitution of a popular economy, the state and capitalist market forces. He rather conceives a more "just" articulation between grassroots economic networks, the state and the market³⁸.

In principle, both formal and informal organizations share the fact that their intrinsic dynamics and relations with the state are conditioned by the characteristics of the national formal institutional framework. Moreover, Adler Lomnitz (1988, 161) has indicated that the dynamics of the interstices, the informal networks and norms that are within and outside the formal structures are modeled against the backdrop of what is defined as illegal within the formal framework as well as by the characteristics of the systems of control of the later. It is interesting then to notice that countries which formal frameworks have been transformed to facilitate capitalist market relations have also modeled - by indirect impact - the character and basic features of the informal sector:

The first paradox of the informal economy is that the more it approaches to the model of the true market, the more it is dependent on social ties for its effective functioning. The dynamics of economic action that Grannovetter (1985) labeled "the problem of embeddedness" are nowhere clearer than in transactions where the only recourse against malfeasance is mutual trust by virtue of common membership in a group. Trust in the informal exchanges is generated both by shared identities and feelings and by the expectation that fraudulent actions will be penalized by the exclusion of the violator from key social networks (Portes 1994,430).

Thus we can conclude that even in those spheres where apparently there is not state action, the generation and accumulation of social capital as well as key features of micro social capital are related to the historical relation between state and society, to the character of the national institutions and in general to the characteristics of consolidation of the nation state.

The relation state-society in Latin America reflects a persistent unbalance between the development of social policy and economic growth-oriented strategies which crosses political regimes. In less-than democratic regimes the state still enters in constructive synergetic relations with civil organization in some cases yet emphasizing economic growth strategies

³⁷Razeto has articulated that beyond the goal of subsistence, the norms of solidarity and the centrality of labour (instead of capital) as the key resource of this economy of interstices, a common trend of these organizations is the emergence of a new concept and/or attitude that can be visualized as enterprenurial capacity (Razeto 1982, 1994).

³⁸It is important as well to notice the differential conditions of production between Razeto's discourse, which comes from the Church and its active presence in the resistance and human rights movements in Chile post-coup d' etat and Hernando de Soto, an ideologist of a right wing peruvian party.

and relegating equity i.e. Mexico. A democratic regime can show a similar unbalance i.e. Chile or invert it: development of social policy without a increasing generation of economic wealth i.e. Costa Rica. Leftwich (1994,1996) asserts that what has been increasingly clear for 'mainstream development circles' is that strong states in developing countries - authoritarian or democratic - tend to be more functional to effective economic adjustment (i.e. SAPS), especially managing the difficulties entailed in the shifts towards resource use and distribution:

...an effective public capacity for promoting development is not a function of good governance, as currently understood, but of the kind of politics and state that can alone generate, sustain and protect it. As the empirical evidence shows, it has been the existence of effective 'developmental states' (whether democratic or not) which have accounted for the most successful records of economic development in the Third World over the last thirty years. Unattractive as many of these states may be from a liberal or socialist point of view, they have been highly effective in raising the material welfare of the majority of their citizens within a generation (Leftwich 1994, 365).

Yet I want to reflect in the qualification 'developmental' state within democratic environments since it is my view that even within a democratic regimes the imposition from above of growth oriented strategies and/or social policies is conducive to structural inequality and exclusion. In other words top-down strategies tend to undermine development from below and the strengthening of forms of social capital that not necessarily have to be destroyed. To depict this I am interested in going over certain characteristics of the presence of the state within Chilean and Costa Rican societies.

3.2. On Strong States And The Accumulation Of Social Capital From Above

Usually a strong state is associated with the imposition from above of economic, political and/or social systems. However, a strong state can also be 'measured' by its level of embeddedness into society and the way it facilitates increasing coordination and complementarity of macro, intermediate and micro levels of social capital. The attributes 'developmental' as well as 'strong' associated to particular characteristics of the state apparatus are historically relative. The analysis of state 'capacity' therefore involves to have a long term perspective of state-civil society relations.

The histories of Costa Rican and Chilean democracies are crossed by the extent to which the state and the political system have influenced and conditioned social organization. In its trajectory of penetration - or construction - this political system has destroyed many forms of social capital - ie. historical articulations of the labour movement, indigenous organizations, forms of peasant organization - constructing other forms at the same time - ie. 'armies of

teachers', local development associations, technocratic sectors. It is remarkable that through those waves or cycles of relation between the state and civil society in which institutions have been transformed, dismantled or replaced, the 'legality' of the state has tended to be strengthened. In this sense, Chilean and Costa Rican states can be characterized as "effective" states:

...a strong state, irrespective of the size of its bureaucracies, is one that effectively establishes that legality and that is not perceived by most of the population as just an arena for the pursuit of particularistic interests". (O'Donnell 1993, 1358)

This 'effective legality' is linked to the generation and appropriation of the concept of citizenship³⁹, crossing over the existing social stratification. That is, the development of extended basic level of trust in the state action and in the political system.

It is my view that this basic trust has been a relevant element of both Chilean and Costa Rican democracies and that it has acted as a condition to allow the state, under certain conditions, to impose models of development from above, a political structure over a political culture that has not destroyed the political system itself, although it has change it. This imposition from above was not done without a strong embeddedness of the state into society, without its active participation in the creation and accumulation of social capital, and without the undermining of certain social resistance that generate at the same time different risks for democracy.

There are two main types of arguments to explain the existence of this civil trust in the state. One line of arguments gets close to the historical legacies type of argument, which in any case is always very important to take into account and not necessarily in a deterministic way. The second line of arguments belong to a constructible approach and basically sees at the development of a strong social policy as a way of embeddedness of state in society.

In relation to the first one, there is a variety of ideas on homogeneity⁴⁰ that in one way or another permeate the history of the consolidation of the political system in both countries. One is the relation between territorial homogeneity and the consolidation of the national state. Following this approach the three continental Latin American countries that count with the oldest and more solid democratic tradition - Chile, Uruguay and Costa Rica - are the ones that

³⁹"The effectiveness of the law over a given territory consists of innumerable habituated behaviours that (consciously or not) are usually consistent with the prescriptions of the law" (Ibid,1357).

⁴⁰i.e. Territorial homogeneity, equality and tendency towards horizontal relations within social sectors. This has also been translated into the ideology of "ethnic homogeneity".

have a relative territorial homogeneity (O'Donnell 1993,1358). In Costa Rica as well as in Chile, the pattern of development and penetration of the national state starts from the central valleys progressively spreading. Some other important nucleus of population aroused but the main were those that consolidated in the central valleys. The central idea here is that the geographic constitution of these countries allowed a very regular extension of the effectiveness of the state legality. On the contrary, when the effectiveness of the law extends very irregularly there is a high functional and territorial heterogeneity in spite of the presence of a centralized, authoritarian state, i.e. Mexico. That is, the state is ineffective in respect to its regulatory and transformative functions on people's behaviour and social relations (class, ethnic, gender). Thus it has to compete with other forms of organization also territorially set. Migdal (1988) enhances this general idea on the ineffectiveness of the state by pointing out to the strength of societies in the generation of forms of organization that compete and resist the imposition of state's order. Although proper answers can only be found in the particular history of every country, for him the differential capacity of the state in social planning, policy and action in Third World countries implies the understanding of the sources of resistance to the design of the state leaders as well as the capacity of the state to overcome such resistance (Ibid, 9).

Some features of isolation from the administrative centres of Spaniard colonialist regime as well as the relative poverty of both countries in terms of the natural resources that this regime was interested in, has helped to explain the development of an autonomous and predominantly horizontal⁴¹ cultural and political dynamic of criollo elites (Adler Lomnitz 1994, Mora 1995). This argument suggests that a certain level of autonomy of the "criollo" elites from the colonial elites and a relative geographic homogeneity and isolation from the main centres and/or extractive interests of colonial economy facilitated a social environment for the creation of social networks and norms with a certain degree of horizontality in the presence of hierarchies. This has been associated with the level consolidation of the state institutions and

⁴¹This idea of horizontality is linked to the idea of a relative equality and to the tendency towards a systematic balance of power. Effectively a prolonged permanence in the site of power by a single actor or elite has tended to be rejected in both countries. However this should not be translated in the absence of a well defined class structure. In Costa Rica until the 1940's, ideas of equality were more related to the equal distribution of poverty. After that period, equality has had as referent the well being of the middle sectors. In Chile, however, for several reasons, the differentiation by class among the population has remained severely marked (Silva 1996). A sharp analysis on the construction of class relations and class organization linked to democracy and capitalist development in both countries can be found in Rueschemeyer et. al, 1992. It seems that the persistence of a relatively wide sector to middle size rural farms in the agrarian development of Costa Rica during the last century had an important impact in the constitution of a more inclusive class structure in this country in contrast with the centrality of the "latifundio" in Chile.

the institutional order of both countries in general. The idea here is that the quality of the relations within and between the elites tended to be horizontal. This horizontality comes not only from the fact that they were relatively isolated and "poor" colonies but from the fact that they did not inherit pre-conquest indigenous legacies of acute social differentiation, as was the case of the centres of the indigenous empires i.e. Mexico. Following Adler Lomnitz, in Chile, the tendency towards horizontal relations of the criollo "group of friends" - as a primary structure - permeated and progressively predominated in the political culture⁴²:

The structures or networks that are progressively conformed at the personal levels tend to express at the end in the national political system: if the horizontal networks are the dominant, they will crystalize in types of horizontal political parties with a certain type of leadership, the same is valid for the vertical ones: Mexico is a state with a corporative system, vertical, authoritarian and strongly presidentialist (a hierarchical society similar to a cast society, in which the patriarchal, three-generational family exercises the control over its members). Chile is a multi-party country, there is in its internal dynamics *cohortes* or horizontal groups of friends (which informally exercise a degree of control over their members creating invisible frontiers that separate them from the others), with conditioned leadership that produce also a strong presidentialist system, based almost in a fanatic legitimacy but, at the same time, factionalisms and a strong parliamentary system; the entire system depends on the permanent horizontal negotiations (Adler Lomnitz 1994, 345).

The idea of the tendency towards factionalism as a weakness of the Chilean political system (i.e. the multiple and persistent conflicts between the organized low and middle sectors that precipitated the crisis of the Popular Unity government and facilitated the coup d'état in 1973) but at the same time its strength also (i.e. in the consolidation of a pluralist alliance of parties for Democracy that defeated Pinochet in the 1988 plebiscite) is a recurrent thesis (Bitar 1986, Foxley 1986, Garreton 1994). Yet the emphasis on the history and hegemony of the powerful elites and their influence on the constitution of a political culture and system leaves aside the history of the organization of forms of resistance. In this sense this explanation of horizontality remains limited⁴³. To take the perspective of the elites's influence as a stance is biased not only because the 'mirroring effect' i.e. on the behaviour or social norms of lower

⁴²Here Adler Lomnitz refer to ways of accessing power that are nationally shared and used to control the nation and its constitutive groups. These ways of access to power are structures of interactions, social networks of control which are supported by a symbolic dimension, that is by norms or rules. Through the norms individuals learn to manage and conciliate the formal and informal of exchange relations. Taking as a base Polanyi's distinctions between reciprocity, redistribution and market relations, Lomnitz argues that in our actual complex societies individuals handle these three types of relations accessing simultaneously three types of social relations: one of trust, one of hierarchy and one of class. In every society there are vertical and horizontal relations; the horizontal or vertical emphasis rely in the form of combination of both based on the constitutive characteristics of primary institutions (i.e. predominant type of family, group of friends, casts, etc).

⁴³This is a form of historical exclusion that tends to be reinforced by crucial historiographic gaps.

sectors is not there as part of the analysis, but because the impact of ways of resistance over the hegemonic norms (and political culture and system) fades.

Different from the legacies' approach although complementary, the constructable approach looks at the emergence of the welfare state and the developmentalist state as the moment in which Chile as well as Costa Rica profiled their current "modern" democratic systems. These periods coincide with the emergence of certain levels of organized presence of urban and rural middle and low sectors into the political arena during the 1930's and the 1940's⁴⁴.

The post world wars times marked the moment for a profound institutional transformation of societies at a global level according to the new economic order. In this institutional transformation the state (considered as the core of societal life) and the tension between state and economy were targeted as the central sources of agency. The division of the world between developed and underdeveloped societies - eventually developing societies - implied the fact that the conditions and character of the institutional transformation of societies needed to achieve economic growth were not the same: it was not that they had different conditions but that they were at differentiated stages and in any case, this demanded different strategies to be defined by the leading economies. In this game however, the dynamics of power set an interdependence in which the interpretation of the role of the state - particularly in economic development - became 'internationally differentiated'. Thus, for instance, the experience of developmentalist state in latecomer western developed countries tended to be separated from the one that had to be modeled for the undifferentiated mass of underdeveloped countries⁴⁵. Thus, the ruling powers of the post world wars political economy prescribed a welfare state and a developmentalist state for "underdeveloped" societies that was profoundly incoherent.

It is not surprising then that the rise, development and demise of the welfare state in Chilean and Costa Rican societies remained crossed by a unbalance or mismatch between the modernization of the economic structures and the development of the social formation and institutional organization (Bitar 1986). If 'external forces' have a substantial impact in the production and consolidation of national institutional frameworks and in the implementation of development strategies (Rueschemeyer et. al., 1992) "external shocks" produce differential

⁴⁴It is also important to notice the raise of reformists and communist ideas throughout Latin America during these decades.

⁴⁵A current example of this logic is the dismantling of the state prescribed by the macro stabilization and SAP's programs. The residual state is prescribed while no experience of development in this century has succeeded without an active role of the state (O'Donnell 1993, Cerdas 1990).

responses. Latin American countries tended to have an inwards response to the economic shocks of the 1930's and the post-world wars (Haggard and Kaufman, 1992). Significantly, both countries experienced an opening of the sociopolitical structures towards the inclusion of middle and low sectors of the population during early experiments with the welfare state. This is the case of the 'ambitious' social program developed during the 1940's - Calderon Guardia government - and the democratic project of the Popular Front in Chile, from 1938 to 1947⁴⁶. Pierce (1996) confirms this tendency towards the inclusion of low and middle sectors class interests through a massive mobilization of social sectors by political parties. In this sense the institutionalization of contestation is a common and crucial characteristic of both countries.

These were indeed attempts to combine modernization from above with modernization from below always within a strong capitalist orientation. However historical circumstances at the national level - i.e. the correlation of forces between intellectual and economic elites in the conformation of party politics or the manouver of the different geopolitical constraints in the enforcement of the modernization paradigm - marked a different process of transformation in both countries from the early attempts of participatory democracy to the rise of strong developmentalist states. Despite their differences, both have imposed from above the development process to their societies during the second half of the present century.

The Costa Rican model of development from above involved a deep transformation ('modernization') of the institutional and juridical system to consolidate the party politics system and at the same time adapt the country's institutional framework to the prescriptions of the Bretton Woods institutions. This however, was not a wide concerted action within a broad participation of many sectors of society. It involved indeed a civil war whose winners set the developmental agenda although without substantial threats for the economically powerful elites. The key fact for the sustainability of this arrangement was the relatively successful implementation of a wide social policy which placed the state as a predominant

⁴⁶In retrospective, Foxley (1986) has referred to the Popular Front project as an "approximation to the (northern) Italian model: " Politically this was a pluralist scheme with participation by business and workers organizations on certain public decisions. Strictly speaking, the former had more significant participation, particularly in the boards of all major public corporations. Representation of labor organizations was minimal. Their demands were mainly voiced through the leftist parties in Parliament, where they pushed for changes in social legislation and achieved an increase in social service for workers. The emergence of the Welfare state and the gradual democratization of Chilean society, while a mode of capitalist development was retained, were the substantive contents of the class compromise represented by the Popular Front" (Foxley 1986, 210).

actor. The state explicitly destroyed or undermined forms of social capital (i.e. state- reactive trade unions and political parties, local progressive boards - juntas progresitas - peasants organizations) replacing them by other forms of social capital according with the project and interests of the political system (i.e. cooperatives, teacher organizations and unions, rural development associations and indigenous development associations). As a result basic trust in the state was strengthened but civil accountability on state performance was blocked. The strong mismatch between economic and social-political development was subsidized during almost three decades by the financial aid of geopolitical interests - "the so called island of democracy in Central America" - until the end of the cold war. The demise of the international aid converged with the implementation of the macro-stabilization and SAPS programs weakening the performance of the social-security institutions at all levels in unprecedented ways. During the 1990's economic recession and "national identity" crises are increasing and in the withdrawal of the traditional presence of the state, intermediate and local organizations are reemerging slowly and not without the feeling of still being democratically drugged. However, the slow pace in the enforcement of the Neoliberal policies suggest a defensive response from the political elites and the political system itself to consummate a strong rupture between the state and civil society. In general the middle sectors are apprehensive to the social consequences of a radical withdrawal of the state from the public and private spheres. As state's agency is not clearly separated from the public and the private spheres, the idea of a technocratic state remains relatively weak.

The Chilean model is one of multiple transfigurations. Until 1973 the Chilean state implemented a growth and redistribution model which was highly supportive of state-civil society coproduction of social capital. Several authors attribute the precipitation of the military coup to the over-politicized character of this model of coproduction that weakened the interplay of elite alliances and exacerbated the tendencies towards factionalism (Lehmann 1990, Foxley 1986, Bulmer-Thomas 1994). The coup d'état marked a profound rupture between the state and civil society in Chile, a rupture that was formalized by the full imposition of the neoliberalist economist atomization of society. Thus civil organizations were not only repressed and illegalized, the nature of their relation with the political system was removed (Touraine 1986). This rupture between the state and civil society was inherited and still persists in Chile with the return of democracy. Yet negotiations and elites alliances were fundamental in the progressive displacement of the military forces from the complete control of the state (Silva 1995, Vergara 1996). But the rise of the technocratic state in Chile can not be separated historically from the profound rupture between the state and civil society which facilitated the perception of the state as a separate entity from the public and the private

(Pierce 1996). Yet Chilean economic growth success is one of wealth generation without equity⁴⁷.

These brief drawings of such complex processes deserve a deeper research endeavour. Yet by looking at the persistent mismatches between economic growth and equity in Latin American democracies, development from above keeps producing bitter social chasms. Indeed the processes of modernization of Latin American societies are not reducible to the destruction and replacement of social capital by the state. But it is relevant to notice that the importance of the state in the economic development of these countries is relatively greater than in many advanced capitalist societies (Rueschemeyer et.al, 1992) and therefore its reconsideration has different grounds than the one that has been fostered by the reflections on East Asian states. The debate on social capital as the strengthening of intermediate associations (i.e. as sustained by Associative Democracy) is based on the assumption of the separation of the state from the public and private spheres. However, through this section I have sustained that the "trust" in the state and in the political system is a characteristic of Costa Rican and Chilean democracies and this trust is linked to a strong embeddedness of state in society. The question on the kind of relations between state and civil society conducive to democratic development is far from being exhausted. Civil agency and in general the development of society as a principal force for development over market and state principles remains underestimated.

The Kerala model in India might well be called the exception that confirms the rule, but is that reason enough to reify a distance from it?. Kerala's state broke with the tradition of destroying people's social capital to potentiate it facilitating its complementarity (Heller 1996, Sen 1992). The result has been the progressive enlargement of peoples capabilities to the extent that social development action is lead by society rather than by the state. This extraordinary achievement was not possible without a radical embeddedness of state within society at all levels, but principally facilitating the conditions for the strengthening of social capital. Kerala state trusted society and they have indeed social development.

3.3. Conclusion

During five decades Latin American continental states have applied a variety of top-down economic growth formulas and relegated equity. Yet the achievements of economic growth

⁴⁷Currently the population under the poverty line in Chile is calculated in 3.9. million people (Mc Clure and Urmeneta 1996,8).

are very partial and where the performance of economic growth is relatively high the polarization of society is also higher. Beyond its intrinsic social contradictions, attempts of modernization from above have the profound ideological problem of the imposition of elites normativeness. That normativeness however is an arena of struggle, it is susceptible to negotiation and therefore to change. The search for Latin American's own model of development during the 1950's and the 1960's depicts the importance and influence of elites normativeness. However, in the turn of the century and with the exacerbation of neoliberalism, it seems that elites hardly oppose resistance to the ideology of restructuring the state, of dismantling precisely what through the years have acted as the principal channels of relation between state and civil society: the institutions of social policy.

The social costs - which are also economic - of the neoliberal technocrat residual states have been increasingly recognized even by those who trust growth. The World Bank and UNDP have accepted the importance of a profound revision of the functions of the state in society. In this section, I have shown some of the tensions and complexities implied in an approach to state-civil society coproduction of social capital. While it is plausible that development from an embeddedness approach will potentiate the forces of society, the accumulation of social capital involves a political struggle. This struggle can be directed towards democratization through the enhancement of the institutional bases of people's rights to well-being or towards authoritarianism and repression. The experiences from Chile and Costa Rica show that capitalist modernization from the state tends to debilitate certain forms of people's social capital from the point of view of capacity of organized reactivity. Mexico shows on the contrary a strong dynamism of people's social capital but which is not linked through the state towards democratization.

The tendency towards the atomization of civil participation through the agency of capitalist-democratic states is not a priority on the agenda of democratization studies and yet its importance is outstanding. Social capital as a channel of democratization implies to facilitate Polanyi's suggestion on the relation between the welfare state and the welfare culture. It implies a different state-society relation. Yet, capitalist economicism seems again to contradict its own reproduction. In the arena of mainstream development programs for instance, while there is a general acceptance that it is good for capitalist economic processes to invest in the capabilities of civil society and increase the human capital for the sake of productivity and comparative advantage, there is less enthusiasm towards seeking ways to include into the tasks and benefits of development forms of civil participation that are considered marginal, inherently weak (in relation to market competition) or simply non capitalist ("traditional" or

"non-economic"). Here the social capital approach finds its limits in its functionality respect to economic growth.

From the point of view of equity, development is not reducible to growth-oriented capitalist development. Third World societies are only partially capitalist. In these societies, the relation between state, society and economy is crossed by this issue. Their richness in social capital is linked to this contradiction. How is it linked is what must be studied.

4.- Final Remarks

Interest in social capital was provoked primarily by analysis of advanced industrial countries rather than poor developing ones. The acute consciousness of the globally affluent that, not only were incomes stagnating, but their lives were somehow "poorer" in ways that could not be solved through increased consumption, begged for a response. Social capital was a good candidate for the lacking input. Once the issue had been raised, it was hard to contest its relevance to poor countries (Evans 1996, 1033).

Capital is also an order of isolation. That uncomfortable truth is becoming more obvious in our days. That underestimated detail in the history of capitalist progress, of high modern cities and industrial delicatessen. Is this renewed social capital approach an attempt to reorient a major contradiction of capitalist development, is it possible to think in a less individualistic capitalism? Or is it another technology of extraction brought by the last wave of capitalist expansion and in its way to be institutionalized in Third World countries through Mainstream Development? Is it a question of social theory on capital itself?.

Through this paper, I have explored some of these questions and the links between them. In section one I followed some of the central premises and arguments that constitute the theoretical background of social capital. Although mine was an explorative exercise, very partial and preliminary, it aimed to give a general view on the conditions of production of a discourse. This, given the increasing popularity and recent inclusion of social capital into the 'tool-box' of mainstream development agencies. This inclusion shows in my view the impact of the revitalization of the institutionalist tradition in the United States on Mainstream Development Agencies which questions the rational individual as the core of economic behaviour. Some of the institutionalist traditions have a strong influence of the biologicist paradigm which counteracts with the cartesian rationale. Biological science privileges the study of groups and collectivities and therefore it is more compatible with a "social turn" in hegemonic discourses on economics. As a result, institutionalists streams tend to a significant level of eclecticism, to a certain theoretical elasticity that is difficult to be traced but reveals

ideological respect the reproduction of a certain history and theory of social change. Thus, evolutionary notions as path dependency or concepts brought from biology as synergy respond precisely to a pre-defined model of history of societies which disables to explain emergent phenomena. Other institutionalist streams are revitalized from a more sociological point of view, relying mainly in a reconsideration of Polanyi's concept of embeddedness of economic relations into society. This concept shows a different conceptual model of historical causation of social phenomena in comparison with the biologicist model. Although the reworking of Polanyi's concept of embeddedness for the study of capitalist markets relations is a very recent attempt, it tends to be highly contextual, holistic and reactive to the model of society fostered by neoclassical economics.

Current discourses on social capital (i.e. Putnam, Coleman and Fukuyama) show to be closer from the biological model of "the social" than from a sociological perspective. There are in their discourses a constant presence of teleological elements which lead to the fixation of particular forms of human relations: efficient relations; risk reduction relations; relations to control (i.e. regulate state presence). These relations are associated with particular historical forms of societal orders and their own ideal types of economic and political governance: associative democracy; private-centered industrial efficiency; decentralized corporative forms of economic regulation, which present the state as a marginal actor - potentially destructive if not -in relation to the public and the private spheres. These series of relations imply a project of society. However, this very project once translated into specific contexts traduces into exclusionary development. This is clear in the case of Robert Putnam's work: social capital which does not enable the reproduction of particular kinds of human relations is likely to be excluded from the benefits of economic development and democracy. Putnam resolves the ethical problem of this exclusion by attributing this "failure" to historical legacies: preexistent stocks of social capital. Thus facts that are not under the control of societies may explain their underdevelopment fate despite potentials. While it is a fact that history matters, the uncritical acceptance of this thesis will legitimate the existence of manifest destinies, a historical darwinism that talks very poorly of the state of the matters in the progression of political theory on people's and state's agency during the present century.

While I criticize Putnam's method (and therefore his thesis) as transhistorical and contextless, his interpretation on the Italian case fuelled a debate that linked the late developments of the institutionalist debate to the field of development studies. Social capital acted as the theoretical liaison. Thus, academics are trying to solve problems of Putnam's thesis i.e. the synchronic character of his analysis - through concepts like synergy which is more dynamic and

complementary to historical approaches. However the theorization of social capital from the point of view of embeddedness is lacking as such. Some works on economic anthropology could be reconsidered as relevant antecedents.

To reconsider social capital in the contexts of developing societies and particularly in the context of Latin American societies led me to three major tensions present in the countries I focused on: the centrality of the state in the history of democratic and economic development, the dynamism of elite's conflict and social mobilization in the consolidation of the political system, the heterogeneity and complexity of forms of articulation between capitalist market relations and non-capitalists forms. In the paper I concentrated mainly in the first issue. My insistence in calling attention on the accumulation of social capital as a political process came from my awareness of the lack of theorization of conflict present in the streams that I briefly examined in section two. Theories on development are generally weak from the point of view of the political implications of particular conceptions of state-society relations that are fostered through development models. I indicated the role of the state destruction, replacement and generation of forms of social capital and its importance in facilitating the conditions for scaling up of micro forms of people's social capital. I indicated also that there seems to be a relation between these processes and the level of embeddedness of state in society - that is, the presence of the state from the very modes of operation of micro social organization. My argument suggests that in the cases of Chile and Costa Rica, the embeddedness of the state (and the political parties) into society is linked to state's effectivity in the extension of its legality facilitating the process of social construction and appropriation of citizenship and democratic norms. Under these conditions the political system gained resilience to social conflict. However this resilience tends also to restrict and contradict accountability creating different risks for democratic processes. While the understanding of this dynamic deserves an in depth empirical research, it is evident that in the accumulation of social capital the state is a more dynamic institution than it is generally recognized. On the other hand, while the question on the potential of civil agency does not exhaust in the relation between civil organization and the state, it is important to recognize that the conditions and the character of intermediate associations in advance capitalist societies differs from developing societies.

Social capital gives a new angle to consider the importance of broadening the institutional bases of the theory and politics of development. Institutions of society are not just structures socially generated to correct the imperfections of market economies. They are at the same time referents and outcomes of the daily construction of societal life; they are the expression

of a totality. The richness of people's social capital in 'Third World' developing societies is a potentiality that if reduced to a capitalist efficiency approach to the labour market it will more likely engender a big misunderstanding. Because this richness is also fuelled by dispositional factors that mix complex processes of symbolic and social resistance, a social capital approach from the frame of the modernization theory will tend to nurture exclusion and/or "restricted" democracies. In so far as social capital keeps being thought from the imaginaries of post-fordism and flexible specialization that turns social capital into overhead capital, it will retain the economistic and reductionistic character of using human capabilities for purposes of the market. It will keep feeding distinctions and fragmenting realities. It will represent a regressive trend towards growth regardless of equity. This can adopt many forms, including the commodification of equity leaving intact the impact of market deregulation on civil society.

As the historical practice of societies is much more rich and complex than any specific theory on societal development, this practice has defined development as the art of modeling diverse systems of livelihood. No society can give another a total account of what is needed to fulfil the common good and the art of reproduction. Meanwhile, organizing society for development is an open contest.

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