

**Vindicating Social Capital: its Conceptual
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Vindicating Social Capital: its Conceptual Convenience

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Abstract

The article sustains that the main conceptual contribution of social capital (SC) emerges from the important role that plays in collective action dilemma. If we understand this role, we get two conceptual advantages: on the one hand, it's possible to introduce additional arguments to overcome the apparent inconvenience of holding cooperative interactions as prisoner's dilemma shows. On the other hand, facing up SC's criticisms, is feasible to argue that cooperation is a neutral dimension and can lean toward a "dark side" (i.e. organized crime) or to collective benefits with no negatives externalities. At the same time, there are some institutional contexts and some SC's features that promote an incentive structure oriented to take the second route. To sustain this the article: (a) briefly analyses the main perspectives on SC in terms of cooperation; (b) establishes the problem of cooperation as a collective action dilemma; and then, (c) discusses the conditions that grant either a positive or a negative effect of SC.

Keywords: social capital, collective action, cooperation, institutions, interactions.

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1. Introduction

This article addresses two concerns and has one objective. The concept of social capital (SC) rapidly faced two difficulties: on the one hand, its spread “success” entailed an extended but conceptually ambiguous use; on the other hand, the critique on the “obscure side” of social capital (Portes 1998) diminished the certainties about its positive effects. In this context, Ostrom and Ann (2003) advocated the idea that the usefulness of SC lies in its role in collective action dilemmas. When there is an opportunity to cooperate with others and at the same time there is also a tension between individual and collective interests, a collective action dilemma is underlying. The link with collective action dilemmas can help to give more precision to SC’s meaning and usefulness, and that precision would clarify the limits in which SC would report positive effects more feasibly. The idea of vindicating SC aims at answering the following question: Which are the basic traits that preconfigure the possibility of a voluntarily coordinated action? To answer this question I: (a) briefly analyse the main perspectives on SC in terms of cooperation; (b) establish the problem of cooperation as a collective action dilemma; and then, (c) discuss the conditions that grant either a positive or a negative effect of SC.

2. Social Capital and Cooperation: Main Perspectives

Despite the ambiguous use of the concept, we have a set of perspectives that have brought order to the debate and can be grouped in two approaches. In one of them, SC is analysed by its positive effects on overall performance of societies or specific collective action dilemmas, and so it is treated as a kind of public good. In the other approach, focus is on SC’s restricted benefits or negative effects by the weight given to networks. Since the aim of this work is to show the importance of SC for collective action dilemmas, we focus on three main authors: Coleman, Putnam and Ostrom. In spite of their differences, they have emphasized the link between SC and cooperation and, consequently, represent the main reference for the interest of this article. In the final part of the article, we will discuss the second approach.

In the contemporary debate, J. Coleman (1994, 1988, 1987) introduced the concept of SC as a key element to outline a meeting ground between two large perspectives of social action: the one which conceives individuals as fully determined by society, its rules and institutional structures, and the other, which looks at them as agents that behave in an independent manner, fully interested in themselves and in maximising utility in their actions. If these two

perspectives were not taken into account there wouldn't be any problem of cooperation. If one fully assumes the first perspective, cooperation would not have any mystery, it would be completely guaranteed and solved by social institution's influence. The voluntary cooperation's problem should presume the individual's capacity to choose or decide. If the second perspective were adopted, we would be under the rationality of the prisoner's dilemma and voluntary cooperation would be non-existent.

SC is, for Coleman, a key concept to link both perspectives. He takes into consideration the principles of rational action but argues in favour of a compromise that includes the components of both intellectual traditions, aimed to create a sociological theory of action. "If we start—he contends (1988:98)—with a theory of rational action in which each actor has control over some resources and has an interest in certain resources and events, then social capital comprises a particular type of available resource at hand for an actor". Later, he clarifies: "The conception of social capital as a resource for action is a way to introduce a social structure in the paradigm of rational action" (1988: 95, highlight here). For Coleman, SC allows to find social elements that give structure to the individual rational action but without denying it. With this argument, he manages to coherently articulate the assumptions of the rational action and the structures of the social organisation, that is, the levels micro and macro. It is in this logic that he understands SC as a resource and also as a public good.

For SC to become an available resource—for an individual or a community—it must be set in a social structure. Coleman distinguishes individual's action (and its utility intent) from interaction between individuals because those are a kind of social structure where is possible to find SC's main components. If they are present, those components actually give shape to interactions. The components are diverse and can take many forms: relationships of authority, trust, rules of reciprocal obligation, possibilities of sanctioning, exchanges of information, links organised according to specific purposes, among others (Coleman 1994: 304-313).

The following example clarifies the distinction between interaction's structure and individual rational action (and this distinction allows him to connect micro and macro levels). The point becomes clear if we consider that in interactions private goods are exchanged, and sometimes—as Coleman argues (1994: 64-95)—control rights over actions, but not actions as such. Let's envisage a situation (Millán and Gordon 2004) in which five neighbours need to repair their houses; they work in shifts each one of them. If all comply, what they exchange is a private good (work of each individual) for the right to control the actions (Coleman 1994: 64-95): the owner of each house is the authority and coordinates the actions to fix it. Thus, SC is created and

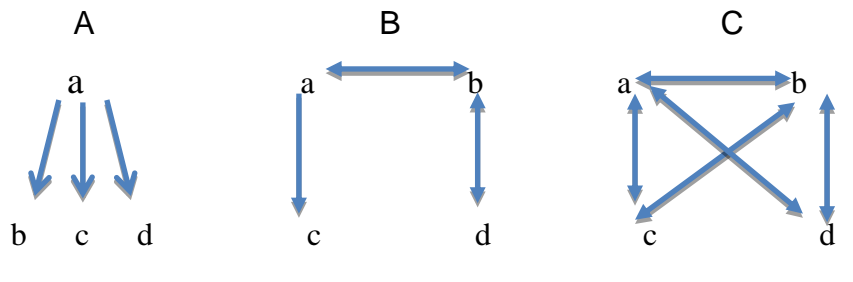
goals of general benefit are achieved at a lower cost and with certain undeniable individual gains. These returns are attained as long as the individual action fits in with the structure of interaction. SC gives continuity to the seeming dichotomy between rational action and cooperation.

But, why is it that one of the neighbours, after his/her house has been repaired, does not defect and hence attains a maximum gain? Why is it rational to cooperate with others? Propitiating a trustworthy interaction implies to make a risky decision due to the chronological asymmetry between giving and receiving (Coleman 1994). Occasionally, that risk may be covered through specific contracts despite they increase the transaction costs (North 1993). Another alternative is to unilaterally offer trust though one could get disappointed. But if the act of giving is reciprocated, a system of reliable interaction is engendered and many exchanges or cooperation's forms can take place in the future. In other words, the risk of unilaterally giving trust could then be conceptualized in terms of costs and benefits (Coleman 1994: 99). But it is not trust by itself what determines the benefits or the goods that are exchanged; trust is only a resource (SC) because if it is embedded in the interaction ensures the conditions for the exchange to happen in a stable and voluntary way.

Without reciprocity, trust cannot be sustained. A reciprocal interaction normally takes this form: "... if A does something for B ...this establishes...an obligation on the part of B... This obligation can be conceived of as a 'credit slip' held by A to be redeemed by some performance by B" (Coleman 1994: 306). This shows that the interaction effect does not expire in the immediate act of exchange; it entails a certain obligation in the future. The binding strength depends on the level of "trustworthiness prevailing in the social environment" and on the extent of obligations. Social structures (interactions) are differentiated from one another on the basis of those two features; individuals are differentiated instead only in regard to the extent of obligations. Let's address the first feature.

Social structures are distinguished by what Coleman calls "the closure of the social networks". The more mutually compulsory relationships exist among all the members of a network, the more vigorous that network is. If the obligations are dense and the networks show closure, community or network's SC greatly increases (Coleman 1994: 307). Instead, individuals differ among them according to the number of credit slips they hold. Their diversification depends, structurally, on the trustworthiness of the social setting and of the relational structure of the networks. We can look at the following examples:

FIGURE 1. Networks with different density and closure.



The line with two arrows represents reciprocal relationships, the one with only one, no reciprocal ones.

The last network (C) showing more closure increases the feasible amount of SC, independently from the stock of credit slips. The relational structure of one network, that is, the width and form in which each network participant is linked to all the rest, determine the strength of the closure. The main effect of such network relational structure lies in stimulating its diversification, hence increasing the possibilities of collaboration among its members. The more trustworthy the social environment is, the norms of reciprocity are denser, the closure and the compulsory of a network are better defined, the opportunities of cooperation increase and diversify. By rising the opportunities of cooperation the possibilities of exchange (credit slips) also increase. In networks with high SC, the returns and the total resources available to an actor increase and become accessible to others (Coleman 1994: 307). But SC is not the differential of the utilities resulting from the number of credits slipped; it is the product of dense norms that drive cooperation and it is expanded by the relational structures in which individuals are embedded. “Unlike other forms of capital - notes Coleman (1988: 98) - SC inheres in the structure of relationships between actors and among actors. It is not lodged either in the actors themselves”.

Precisely because it is a feature of the structure of interaction, SC cannot be exchanged, it is not a property of those who benefit—equitably or unequally—from it. “As an attribute of the social structure in which a person is embedded, social capital - Coleman argues - is not the private property of any of the persons who benefit from it” (1994: 315)¹. SC is a *public good* and

¹ From a different approach, Borgatti, Jones and Everett (1998) have classified SC in two types: the “group” and “individual”. The first one refers to its internal

therefore it is possible to benefit from it without having exclusive or private possession of it. The one who insists in creating them is precluded from restricting its benefits to the personal level like in the creation of new norms and sanctions (for example, rights). Precisely because—as any public good—SC offers individual benefits without everyone necessarily participating in its creation or maintenance, it is subject to the temptation of under-investing in it. It is at risk of diminishing.

Although it is a relatively simple theory, Putnam is the one who has influenced the debate on SC the most. He is conceptually indebted to Coleman because he finds in him ideas of greater theoretical depth regarding SC. Nevertheless, there are also substantial differences among them. Contrary to Coleman, Putnam highlights the communitarian character of SC, and denies the rational-individual dimension and the utility function. Like Coleman, he argues that SC is both individual and public good because collaboration brings about benefits to individuals and groups, but he also underlines the communitarian and civic character on the basis of which those benefits are achieved. “In that sense social capital is closely related to what some have called ‘civic virtue’. The difference is that ‘social capital’ calls attention to the fact that civic virtue is more powerful when embedded in a dense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital” (Putnam 2000: 19).

For Putnam, links among people, the connections they foster in the form of networks or associations have an undisputable value for those individuals and their communities because the nature of the contacts influences the individual and social productivity. As Coleman, SC is an asset preserved in the *quality* of the relations among individuals, in their bonds. Quality is determined by trust and norms of reciprocity and by the fact that the bonds are organized or arranged in the form of networks. SC is considered an asset because it improves the performance of societies or communities or specific areas, like associations, while enables coordinated actions; that is, cooperation for the pursuit of common goals (Putnam, Leonardi and Nanetti 1993).

Trust is a factor that stabilizes relations because it ratifies, or breaks down, the expected behaviour (Millán and Gordon 2004). Trust is assumed according to the trustworthiness of the person one relies on (a racketeer or an

relationships, and the second, to the external connections of a member group, so that both capitals do not correspond to each other. Following Coleman’s view, we point out that external connections result from belonging to other networks. As Burt (1992: 9) has pointed out: “No one player has exclusive ownership rights to social capital. If you or your partner in a relationship withdraws, the connection, with whatever social capital it contained, dissolves”.

opportunist has little). The trustworthiness of others is essential to determine the decision to collaborate or not, and can be easily identifiable in the area of specific social networks, such as a club, certain business settings or academy itself. Trust is inherent to reciprocal relations. Who acts according to norms of reciprocity is considered to be a reliable person. Putnam *et al.* (1993) distinguishes two types of reciprocity: specific and generalized.

The first one presents itself as follows: “I’ll do this for you now, in the expectation that you ... will return the favour” (Putnam 2000: 20). This type of reciprocity implies specific exchanges, roughly equivalent in “value” to each other (a meal for an invitation to the theatre) and is limited to each event, although it can be repeated. Of more importance to SC, generalized reciprocity is not limited to face-to-face interactions. In this case, reciprocity does not necessarily have a specific recipient and although predictably what is exchanged is not equivalent in a moment, a shared expectation remains regarding the realization of mutual benefits that are comparable in the long run (.....). Precisely because this reciprocity transcends the immediate exchange and the utility value it encapsulates, as well as the bonds between those who are close, it greatly increases the possibilities of cooperation, both in the objects it involves and in the areas where it can be exercised. “A society characterized by generalized reciprocity is more efficient than a distrustful society ... Civic engagement and social capital entail mutual obligations and responsibility for action” (Putnam 2000: 21).

Putnam warns about the important role of “dense social networks” in the formation of SC. These networks are mainly associated with voluntary civic organizations. The density of a network refers to the frequency of the contacts between people and the number of relationships. Conceptually, it is understandable that repeated contacts and the diversification of voluntary relationships are untenable without strong norms of trust and reciprocity. Hence, density also refers to the strength of those norms. Dense networks represent the most organized social space for the preservation of relations and thus increase the information about the reliability of others. To put it in terms of game theory, in networks the “move” repeats itself so as to reduce the risk implied in the decision of giving trust. Because the reliability of a person is information that goes around in a given network, his/her costs for defecting increase. Thus, networks facilitate coordination of actions. It should be noted that, as opposed to Coleman, trust does not emerge only from a utilitarian calculus according to rational choice. It arises from associative experiences that facilitate repeated contacts and a specific kind of norms that qualify relationships.

In this regard, networks are of interest not only as a “box of favours” or as a depository of resources (Putnam 2000). Their importance rests in that

they are a type of “laboratory for learning” in the use and production of norms of reciprocity and in forms of collaboration. Those “virtues” are accentuated in civic and voluntary networks since they are articulated through horizontal relations and, precisely because of that, they lead to generalised reciprocity and to a more accomplished formation of SC. Vertical networks (clientelism), on the contrary, keep reciprocal obligations, but asymmetrically: vertical bonds undermine trust and the generalised character of the exchanges, that is, of the reciprocity that is not specific (Putnam *et al.* 1993).

By nurturing relations of trust and reciprocity, civic networks promote not only internal cooperation but also generalise those relations to the wider community. Thereby, a virtuous circle is created between dense networks, reciprocity, trust and production of SC. But as Putnam himself has acknowledged responding to several critiques (Portes 1995, 1998), dense networks not always generalise trust and reciprocity. Those two features may remain encapsulated in networks that in turn encapsulate benefits and produce a negative effect on those who do not participate in them (i.e. power or economic elites). Social capital—Putnam says (2000: 22)—“may be directed towards antisocial purposes, just like any other form of capital”. The issue would be to determine the conditions that increase its positive consequences — as in other forms of capital. We will discuss further this issue.

Ostrom has been who has insisted the most on the necessity of focusing the analysis of SC on its role in collective action dilemmas (Ostrom and Ahn 2003). She perceives as SC almost anything that facilitates the coordination of voluntary actions to address common issues. That is why she also conceives SC as something embedded in diverse “social forms” more than as a concept that articulates different components. Among those social forms, she identifies three: (a) trust and norms of reciprocity; (b) networks and forms of civic participation, and (c) rules, and formal and informal institutions. Conceptually, the strength of this approach lies both in the inclusion of institutions and in the importance it grants to the relationship between the three forms of SC. Like Putnam, Ostrom understands trust as a central element of SC, but contrary to him, she does not identify the existence of a linear relationship between trust and civic networks. She does not follow that argument because of the heavy weight that the neo-institutional perspective has on her approach.

Like other institutions, networks and other civic associations and, indeed, the mere gathering around a specific issue condense formal and informal rules that create incentives for certain behaviours (Ostrom 2005). Depending on their quality and type, those “rules” modulate the positive trust’s effects on collective action to face a cooperation dilemma (as in some cooperative organizations). Thus, trust and reciprocity do not stem only from a repeated

interaction; they result also from more general institutional contexts (Ostrom and Ahn 2003). In other words, trust and reciprocity are dependent variables of social organisation's forms, of the rules and institutions governing there. Trust, in particular, is more a product of several sources of SC. In theoretical terms, attention to contextual factors allows us to assume that the success of collective action does not depend exclusively on SC (Ostrom 2005).

The rules and contexts of action are two of the key elements that Ostrom (2005) points out for understanding of SC. Rules reduce uncertainty and improve the prediction of certain social results (who gets more votes will win), while they presuppose restrictions that define acceptable actions. Hence, Ostrom and Ahn (2003) emphasise the important role that formalised norms fulfil in engendering incentives for social cooperation. For example, it is undeniable that a body of norms that determine the features of a political system has the chance to favour or obstruct voluntary efforts for cooperation. Institutions—as normative bodies—reinforce rights and behaviours that ease or hinder the solving of collective action dilemmas (Ostrom 2005). Well-designed institutions, then, may propitiate the generalisation of social trust. That is why the “rule of law”, at least in a democratic system (Ostrom and Ahn 2003), is an appreciable source of SC; but rules may create or destroy SC.

This capacity can be observed with clarity in localised and concrete areas. Because no formal rule is capable of describing, in any way, how it should be implemented, in some areas (businesses, associations, communities) individuals tend to build their own “practical version” of the rule as a way of guiding their interactions. These *working rules*, and the effort dedicated to their construction, are expressions of SC to the extent that they do not contravene the formal legal dimension and are not used as a means of control of one group over another (Ostrom and Ahn 2003). Well-defined, working rules help to solve collective action dilemmas when facing conflicts or other specific issues (the management of a common well or a condominium, or academic collaboration). Because there is no guarantee that working rules would be successful, a strong commitment is needed for their tuning and consolidation. The constitution of these rules should incorporate plenty of variables: environmental conditions; cultural traditions; monitoring and sanctioning capacity, as well as mechanisms for conflict resolution (Ostrom 2005; Ostrom and Ahn 2003). Norms assemble several areas or levels of activity—from the day-to-day activities to constitutional problems—and as a consequence the parameters of trust and reciprocity also depend on the governing rules. The *working* rules that individuals build and use may foster or inhibit other forms of SC.

For Ostrom (2005), SC is not the only factor that modulates the capacity to address collective action problems. Two contextual factors are also

involved. One of them, of vital relevance, involves the type of good (public, common) around which the individuals are interacting. Different than a public good, the use of a common good by a person can affect the consumption of another individual (the fish in a river may be depleted). Therefore, individuals should take into account several strategies to follow according to the specific good. These strategies are also influenced by the production and regulatory rules of that good. The other factor to consider is knowledge: *knowing how* to change the structures that the participants confront in a given situation. To engage in the production of norms that alter those structures may be more convenient than to embark in extremely conflicting dynamics that only aggravate collective action dilemmas (as in certain civil wars or in the deep tensions that prevail in some condos). It is more convenient because the new rules produce new incentives whose consequences may be overseen by the participants (Ostrom and Ahn 2003). Persisting in the creation of new rules is to create SC and to open a space of mutual cooperation. It is to solve collective action dilemmas.

From different perspectives, the three authors that we have quickly reviewed have argued for a close link between SC and the possibilities of social cooperation: from rational choice (Coleman), from the community (Putnam) or from a neo-institutional viewpoint (Ostrom). They all agree on the importance of components such as trust or reciprocity. These elements may have diverse sources or can be created by different motivations—utilitarian, communitarian or institutional—but in any case, they affect the quality of the bonds with which we interact and the manner in which we confront certain common dilemmas. For all these authors, SC involves individual benefits but it does not constitute an exclusively private good, it is also a public good. The next section shows the important role played by SC to raise solution's possibility of collective action dilemmas.

3. Cooperation as a Collective Action Dilemma

In the relevant literature, the problem of cooperation is addressed from two well known theoretical models: the “prisoner’s dilemma” and the “tragedy of the commons”. These models, which normally express —from the perspective of rational choice theory— the inconveniences of collaboration, are also useful to demonstrate the role of SC.

In the prisoner’s dilemma, once two accomplices of a crime have been captured, they are kept apart and are both offered a deal: if any of them betrays the other criminal (if he defects) the reward would be a reduction of the sentence. Each prisoner has now two options: testifying against the other

or cooperate among them. Therefore, it is possible to configure the following payoff matrix table according to Hardin (1991):

Table 1. Prisoner's dilemma matrix.

Prisoner A	Prisoner B	
	Cooperates	Defects
Cooperates	-1,-1	+2, -2
Defects	-2, +2	+1, +1

If both prisoners cooperate among them, they obtain a sentence of one year less. If both betray each other or defect, each one receives one year more than if they had cooperated. If one defects and the other does not, the defector gets a reduction of two years and the one who cooperates receives an equal increase in the sentence. The problem is to identify the best strategy to follow: is it to cooperate with each other or to defect? Since the prisoners cannot coordinate their actions and lack information about their behaviour, defecting is clearly the dominant strategy. Despite the best option for both is to cooperate (-1,-1) defecting is a highly attractive strategy because it protects each one from the other's temptation to maximize her benefit. As the dilemma shows, paradoxically a solution that is comparatively more convenient at the aggregate level could be not rational from the perspective of individual interest. In the dilemma, prisoners facing the uncertainty of the other's behaviour, choose a strategy that incorporates the rational calculus of the other in his/her own calculus. Although it is not always revealed in the literature, this means that rationality in the prisoner's dilemma is also determined by the mutual behaviour expectations structure. And in turn, this influences—precisely because it anticipates the behaviour of the other—the choice and pondering of the different incentives available in a potentially cooperative situation (in the dilemma: the possibility of reducing one's own sentence at the expense of the other). This trait is of vital importance for SC.

The tragedy of the commons is a cooperation dilemma regarding the use of common resources. In this tragedy two shepherds share a common land to feed their sheep. Two types of strategy immediately arise. In one of them, both try to maximize their utility and stimulate their sheep to consume as much grass as they can without any control. The extinction of the grass would be the most likely result. In the other strategy, the shepherds could

agree on a number of hours or areas to graze, but since none of them is certain that the other would comply with the agreement, the result would be the same as in the first strategy. The tragedy stresses that maximization attitudes preclude the possibility of following a voluntary cooperative strategy, and that logic clashes with the sustainability of a common good. As in the prisoner's dilemma, the awareness that the other could follow (selfishly) his/her own immediate interests hinders the disposition to coordinate their actions for a common advantage. Hence, an intervention of a third party, that is, the State, would be needed to regulate the individuals' irrational behaviours—if seen from a common interest perspective.

The matter grows in complexity when one considers a large number of players or individuals. Let's consider a condo that requires a great deal of effort to improve its common areas and management. The residents of the condo are dispersed, having few links among them, a low capacity to control their inner social environment and narrow possibilities to establish effective sanctions. Given the incentive's structure in such circumstances, it is convenient not to cooperate in the production of that good. The *free rider* strategy arises then: the resident who does not pay her/his fare but enjoys the benefits of using the common areas of the condo. The free rider establishes a non-reciprocal relationship with the rest of the individuals that do cooperate to sustain the collective good. The free rider rationally builds a highly attractive strategy out of a non-collaborative behaviour, given the kind of incentives that are present in the common life of the condo.

The set of examples, previously discussed, outline the main point of collective action dilemmas: the tension between possibilities of collaborating to produce a collective good in a specific situation and the actual incentive's structure to obtaining bigger individual profits even at the expense of that good. Game theory's central idea is that collective action dilemmas tighten up the cooperative strategies against the incentive's structure. The main assumption is that any collective-public good creates an incentive structure that sets the good itself as a minor incentive (Hardin 1991, 2001; Olson 1971). This paradox of cooperation is sustained by another assumption: that individuals are guided, egoistically and rationally, by the maximization of their profits.

After conducting a large amount of experiments, Ostrom reached the conclusion that not all individuals are oriented towards the maximization: "...a substantial number, but not all, of individuals...are trustworthy and reciprocate trust if it has been extended...These conclusions are *not* consistent with predictions derived from classical game-theoretic models of participants focusing entirely on monetary returns" (2005: 98). The variety of motivations means that utility function does not presuppose an insurmountable barrier

between the idea that individuals are rational and calculating, and the production of collective or public goods. But if a group of individuals is oriented towards achieving monetary returns and others are not, what incentive's structures can promote cooperation more pointedly and widely?

The convenience of the non-cooperative strategy exposed by the prisoner's dilemma could be modified under at least two conditions. Firstly, let's think that a group or institution (the family, the army) mediates the bond between prisoners. Most certainly, the costs of defection would increase as well as the incentives for collaboration. Secondly, the prisoner's dilemma is a "one move game". If the game were repeated and players had the opportunity to communicate between them, each one would have more information regarding the behaviour of the other and little by little it would be possible to foresee the possibility of cooperation as the best alternative (North 1993). For the collaboration between players to be more or less enduring (throughout several questionings) trust is needed. If trust is established as a norm of interaction, it builds a *structure of expectations* that anticipates the possibility of a reciprocally foreseeable behaviour actually occurring. This assumption lies in the interactions for cooperation.

The "tragedy of the commons" can be modified by two conditions. Let's imagine that the State forces shepherds to adopt a collaborative attitude for their mutual benefit and reduce the uncertainty regarding the use of the common good through a given set of rules. Regulations involve some costs in order to guarantee their functioning, for example, to oversee those who contravene the rules and impose the corresponding sanctions. When cooperation is forced and not voluntary, the transaction costs to guarantee collective norms to use the common good possibly rise (North 1993). If we needed a police officer per citizen in order to comply with traffic rules, the costs would certainly be higher than their benefits. Because such a wide monitoring becomes impossible after a certain scale, the free rider problem obviously increases. The free rider expansion destabilizes the balance between payoffs and benefits and produces a structure of incentives that promotes not to cooperate.

The cooperation's problem is also associated with the incentives to catch voluntary collaboration, without an immediate Hobbesian solution (North 1993). To solve this problem other aspects complementary to State intervention and specific institutional patterns are required. The institutions that reduce, rather than increase, the transaction costs facilitate cooperation (North 1993). It could also be said that a cooperative attitude reduces those costs. If, for example, a researcher has a complete uncertainty about the behaviour of a colleague with whom she/he is writing a paper, she/he has two alternatives: to withdraw from writing the paper or sign an agreement that

would lay down the terms of individual acknowledgement, the amount of work invested by each co-author and the applicable sanctions. This agreement would increase the transaction costs, making the collaboration more expensive. Instead, if the researchers perform in an institutional context that protects their rights and if their relationships are based on trust they would quickly reach a *reciprocal* arrangement, with low implementation costs. In short: it is possible to promote cooperative strategies if there is a *social and institutional environment* that incentives *trust* and the formation of *norms of reciprocity* among people; and in that environment, a set of *practical rules* is built to solve conflicts, and sustain voluntary collaboration. That is, when there is SC.

As it can be appreciated, the possibility for overcoming cooperation's original obstacles lies in identifying how mutual expectations to coordinate actions and reach a common goal can be fixed. The possibility to cooperate is, in fact, the immediately expected "return" of SC. However, when seen as a dimension of human activity cooperation is not only the result of SC. The cooperation that takes place in a plantation of slaves is entirely lacking in any SC.

Cooperation that stems from SC is based on a specific quality of social bonds capable to regulate social interaction in many areas. Given the factors that may influence the formation of this type of bonds, SC takes on many shapes. Institutions, laws, forms of authority and other structures within a society or community may encourage trustworthiness and reciprocity among participants. Different forms of SC offer incentives to build "common interests or goals". For the simple fact that collaboration carries both individual and common benefits, not all forms of SC are opposed to exchanges that produce rates of return for each of the participating individuals in a collaborative task. Regardless its forms, it should not be taken for granted that the capacity of SC to foster cooperation is enough to meet any collective action dilemma or to resolve additional challenges that may happen in the future at the level of the coordination of actions.

4. The two sides of social capital

Criticisms to SC have been associated with the undisputed fact that it has not only a virtuous side but also another more questionable, "dark" side, since it can also generate negative effects (Portes 1995, 1998; Portes and Landolt 2000). As we have insisted, SC takes many forms, to the extent that there are a variety of elements enabling cooperation. Hence, "type of bonds", "networks", "rules or institutions", "cooperation" and "goals" are words strongly associated with the concept. However, the theoretical and empirical connection between them may acquire different orientations. To use some

commonplace images: in a city, an association of artists mobilizes to be included in the public budget (which entails excluding other groups); urban women form an association to voluntarily offer support to drug-addicts. In the same city, large networks are in drugs business; in a neighbourhood, the residents get organized to solve problems of water and security; and in downtown offices, a group of old friends, well placed in the real estate market, plans to evacuate that neighbourhood to start a large business. Apparently, all these groups have SC, but does cooperation create the same consequences or externalities? Clearly not. That difference encompasses a large part of the debate around SC.

Usually, those who perceive the network as the key element of SC, and as a resource only individually possessed, emphasize the negative effects that SC may cause to those who do not possess it in equal measure (Bourdieu 1980; Bourdieu and Wacquant 1992; De Souza Briggs 1998). They underline its negative side. Despite the importance of the network's connectivity, those who consider that the norms ruling the bonds are the key elements of SC, stress the benefits of collaboration. They underline the positive side of SC. With the probable exception of Bourdieu (1980), who links it to a more general concept of capital (1986), all perspectives acknowledge that SC may produce both negative and positive effects. In the light of such ambiguity, the debate about SC effects is not always conceptually clear. In the criticism about the "dark" side of SC, there are two issues: its unequal distribution and its negative externalities or consequences.

The first issue is excessive: SC, it is argued, may promote inequality because there are different kinds of networks (some more powerful than others) and the access to them is unequally distributed. As networks are considered exclusively by their control over the resources and their unequal concentration in a society, it is natural to view them as an element that—as other types of capital—promotes asymmetric benefits. Hence, inequality would be accentuated because those networks "that count" are normally related to social groups that have other forms of capital, human or cultural (Allatt 1993; Bourdieu 1983; Bourdieu and Wacquant 1992; Glaeser 2002). The problem with this rather strict connection to social inequality is that it does not outline with precision what is attributable to SC itself, namely, to its quality, and what is imputable to the stratification of society in general or to wider phenomena like the market or productive dimensions. It is simplistic to suppose that SC is the most important factor in the promotion of inequality (Field 2003). But there is another point to address.

Within the argument about the promotion of inequality there is a covert flaw: assuming the different concentration of resources throughout social connections does not threaten—seriously—the argument that in each

network, on whatever level, its members have the possibility of reaching certain goals that they would not achieve as a strict result of their social status or personal means. That plus is attainable—even from an individualist perspective of SC—in spite of holding an asymmetrical position within the network (Lin 2001). Describing networks as a function of the potential goods that circulate within them and to testify, with all the available evidence, that both disadvantages and privileges accrue, is not the same as proving that SC promotes inequality. The good is confused with its distribution. Human capital could be distributed in a very concentrated manner—as in fact happens in Latin America and many other countries—and, however, it would be absurd to postulate that the best option would be to stop investing in education² in order to avoid the growth of inequality. With sobriety, it is more convenient to define with precision which variables influence on its concentration and which institutions facilitate a better distribution of SC. As we have said, the institutional contexts matter.

The second issue has a wider analytical reach. There are sound theoretical reasons and enough empirical evidence that suggest that certain networks engender grave negative externalities (Portes 1998; Stolle and Lewis 2002; Warren 2001). Based on their SC, these networks capture benefits (material and symbolic) that do not expand to the rest of the community and thus remain exclusively distributed among the members of those networks. On a drastic note, a typical example of this is organized crime (Field 2003). Groups with a strong identity, racist or fundamentalist, are other examples: they are often builders of stereotypes and social discrimination. Those networks are articulated through strong links of interpersonal trust and, in some cases, according to norms of reciprocity within the network (a case less probable in the organized crime). The presence of those networks indicates, unequivocally, that SC does not always has positive consequences as Putnam and Goss (2002) and others (Stolle and Lewis 2002) have pointed out. In contrast, there is vast evidence that SC also assumes that quality (as the existence of voluntary associations show, oriented to give aid to ill individuals, drug consumers, or defend human rights; sport leagues, groups of scientific research or which promote community development; neighbour associations,

² In 2003, in Angola, only 1% of the population was enrolled in higher education (<http://guiadelmundo.org.uy/cd/countries/ago/Indicators.html>). In México, 70% of young individuals do not have access to college education (www.mexicosocial.org/384). In Denmark and New Zealand the income of individuals with college education is four times higher than those who do not have it (OECD, 2007).

administration of some cooperatives and certain parliamentary negotiations). Therefore, a first conclusion would be that in the same way as cooperation occurs to the benefit of the participants and others, without causing any damage, it is possible to cooperate under the consideration that negative externalities will be produced. In this sense, cooperation seems to be a neutral dimension. It is not, by itself, a positive or negative dimension, since it can feasibly led in one or other direction. However, it is indubitable that we need cooperation and those elements that promote it, because any human action of a certain scale is in need of it. The crucial point in the association between SC and cooperation is to identify which elements modulate, not the character of SC as a public good, but the positive or negative direction of the ends to which cooperation may be oriented. We know at least three of those elements and we have already mentioned them: the relational structure (Coleman), the type of links in networks and between networks (Putman), and the institutional contexts (Ostrom). Based on them we can propose the following statement: the more robust is SC the more positive are the consequences of cooperation.

Let's briefly consider the arguments. According to Coleman (Figures I), the “volume” of SC depends on the “relational structure” of the networks. The more each participant relates reciprocally with others the more volume of SC grows, and the inclusionary character of the network extends, information flows more homogenously and the possibility of arbitrary decisions is reduced. Given the inclusion and the circulation of information that a network like this suggests, a *first inference* would be that the less SC there is in a society, the greater the possibilities of creating negative externalities. In this sense, for example, given the kind of relationships that it sustains, the organized crime recalls rather a group of selective incentives (Olson 1971) than a good example of SC, and in any case it seems a vertical network. Coleman's idea of the broadly reciprocal relational structure matches Putnam's idea of dense networks and its civic character. What Putnam calls vertical networks (figure 1 in Coleman) are associated to a culture of clientelism. Different from a civic culture, clientelism—which Putnam *et al.* (1993) identify with old Southern Italy—has less interest in public and common affairs, and uses the public sphere for particularized exchanges.

Nevertheless, it is undeniable that a network dense with trust and reciprocity relationships, with considerable SC - as a civic association or a group of friends in the financial sphere - has the possibility to pursue ends that would impose negative effects on the others. The problem of limiting negative externalities under those conditions can be posed on two levels. One is related to the way in which bonds are structurally organized in a society, and the other the institutional dimensions. Both refer to forms of SC. As in the

previous example – that marked the contrast of vertical against reciprocal networks – the first level refers to issues of increasing general “social connectivity” (Putnam and Goss 2002) and, in that line, of SC itself. If a society is formed by groups that notably favour its internal bonds and limit or deny the external ones, that is, if they are constituted by strong bonds, we would have a community based on internal solid networks but with few or none connection among them. That is a fragmented society. The absence of connection between networks and the lack of bridges would reveal a deficit of SC. As Burt (1992, 2005) has pointed out, bridges play a key roll in SC.

As a form of SC, bonds are essential in the in-group network, but in the absence of a wider social connectivity based on bridges (between networks), they can impose strong restrictions towards the generalization of the components of SC and, therefore, limit or diminish it. That is why those strong bonds can be identified with a “negative” social capital. Fukuyama (2001, 1995) notes, for example, SC’s obscure side can be explained by the “radius of trust”. To the extent that trust is generalized, the stock of SC of a society is further increased, as well as its connectivity (Putnam and Goss 2002). A *second inference* would be then that the less “social connectivity” exists the greater will be the possibilities for negative SC. The wrong conclusion that every action oriented towards the “profitability” of a specific network produces by itself a socially undesirable effect should not be deduced from this inference. As other forms of capital, the opposite can happen. If neighbours organize themselves to promote security in the neighbourhood, those who do not participate will also benefit from it, whether they live in it or not. In some of its forms, SC can simultaneously be a private and a public good (Putnam and Goss 2002).

Institutions are a source of SC of prime importance and their role cannot be diminished or avoided. Indeed, they are what would be most influential in modulating and presence of the other two forms of SC we have pointed out: dense networks and social connectivity. If we remember that institutions are formal and informal rules or norms (North 1993), a variety of examples of their key role come to mind immediately. It is clear that a society whose laws favour citizen’s participation in public affairs – and in other civic spheres – will get more positive collaboration and more solid mechanisms to limit negative externalities in that cooperation. A society that has incorporated tolerance and inclusion more soundly as a daily living practical rule will increase its social connectivity and the spread of weak ties. So, for example, in a feminist or reading association, persons with different social, political or religious backgrounds will relate (Putnam and Gross 2002). According to Woolcock (2000, 1998), the connection of different people or between different social sectors or groups reinforces the ability to commit to common

issues or the design of public policies, and because of that, their efficiency and their number increases. The same can be achieved with certain types of institutions.

We must point out that generalized reciprocity of a network, as well as trust, extend their benefits of cooperation in a more inclusive way to the extent that it is consolidated as an institution, as a daily living practical rule (Ostrom and Ahn 2003). Under a more comprehensive view, the relevance of institutional contexts leads us to a *third inference*: SC produces benefits more likely to be generalized, as it becomes part of a stable system of positive externalities institutionally promoted.

The above three inferences are related with the three dimensions also indicated: the relational structure of networks, their kinds of bonds, and the institutional contexts. If a mutual strengthening is present between institutions that promote trust, social context with a lot of bridges between networks, and networks full of horizontal and reciprocal bonds, cooperation's apparent neutral nature can be radically changed with positive effects. SC needs a social dynamic of mutual positive externalities to be robust; in this way, at the same time, SC could help to build this dynamic.

5. Brief Consideration

If my argument has been relevant, we should reach a clear conclusion: SC finds its best definition in as much it is linked to social cooperation problems. Under that perspective, it is most convenient to understand it as a factor that, based on its elements, contributes to solve collective action dilemmas. In this role lies the precise usefulness that we can attribute to it in social sciences. It is in this role also that it finds its best practical application; for example, in the design and implementation of public policies, because many of the problems demanding attention present, for their solution, cooperation dilemmas between individuals, groups, sectors or the societies themselves. It is essential to make research about how specific social conditions generate a positive link between SC and cooperation.

Collective action dilemmas are difficult and complex. It is not appropriate to assume a romantic idea regarding the possibilities of SC, just as it is not advisable regarding any other factor or category. The risk of generating negative externalities is there, in the same way it's there when we build streets or process food. As we have seen, the risk is greater when there is "no robust SC", and less when it grows. For that reason, the risk must be considered taking into account the three conditions pointed out: the actual density of the networks, social connectivity, and the redundant effect of the institutions that

promote SC. Considering these risks is to assume – in conceptual and practical terms - that no society performs well without cooperation. And for the latter to expand appropriate institutions that promote it are required.

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