

SOCIAL CAPITAL: THE NEXUS OF HUMAN CAPITAL, SPATIAL ORGANIZATION AND INSTITUTIONAL ARRANGEMENTS

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and

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"In real life...the least free of men [are] bound by tradition, ridden by caste, fettered by superstitions, riddled by suspicion and foreboding of whatever is strange..."

Jane Jacobs (1961:444)

1. INTRODUCTION

Development, as social progress experimentation, requires qualitative changes in the web of bounding traditional values and the confining powers of the cast system because social conditions that are "...fettered by superstition, riddled by suspicion and foreboding of whatever is strange [new and different]..." do not allow the development of social capital. Social capital, however, as a contemporary concept has a growing number of definitions groomed to expound the point of view addressed by any particular writer. In some respects this phenomenon cannot be avoided since social capital is not yet concretised but is still being refined. Bowles and Gintis (2000) are even suggesting a new term for social capital because of confusion in its use, effect and meaning. They prefer to use the term "community" as this focuses on what groups do rather than what they own. This expansive, plastic aspect of social capital, however, is the unique element that engages scholars and practitioners to respect and thoughtfully consider new works and definitions (Schuller 2001; Rae 2002; Woolcock and Narayan 2000; McLean, Schultz and Steger 2002). Yet, social capital even as a fluid concept encompasses and describes the synergy between the energy, intentions and outcomes of human thought and activity, and that, in the main, is its greatest value. The concept of social capital gives us a consolidated mechanism by which to discuss what has previously been indescribable in an academic, scientific and economic sense.

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Historically, development economics has focused on human capital and physical infrastructure, including financial institutions, as prerequisite keys for development. Social capital, on the other hand, is presumed rather than clearly articulated and discussed, particularly its linkages to a country's legal and economic structures. This paper focuses on social capital as the unifying, facilitating dynamic of social structural arrangements and interactions. Social capital is at the nexus of human capacity, political and legal institutions and spatial configurations, and, as an outcome, is not yet satisfactorily measured. Some measures of these intersections are to be found in human capital development and health indicators, economic development and governance structures, and geographical relationships including communication arrangements. Yet the depth, breadth and impact of social capital remain illusive in terms of tangible measures.

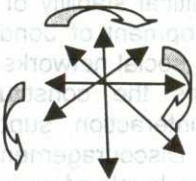
Two contemporary definitions that address the facilitating nature of social capital are those of sociologist Bourdieu (1985) and educator Coleman (2000). Bourdieu defines social capital as the realized or potential resources that accrue from network relationships of mutual acquaintance or recognition that are, to some degree institutionalised. Coleman approaches social capital from an "economic" or rational action point of view, indicating that social capital consists of social structures that facilitates actions within these structures and produce outcomes that would not otherwise be possible (McLean, Schultz and Steger 2002; OECD 2001). In order to consider the interaction of these relationships, structures and actions, the framework presented below describes the definitions, foci, measures, outcomes and models of social capital, human capital, institutional arrangements and spatial configurations. The framework is based on a modified and expanded conceptualisation of complementarity presented in the work of Schuller (2001). The dynamic model of social capital is a portrayal of the theoretical milieu in which human capacity, institutional arrangements and spatial configurations interact.

Human interactions are bounded by a variety of institutional arrangements that can be characterized as informal to legalistic, and different types of social capital facilitate interactions within these institutional structures. Woolcock and Narayan (2000) and Putnam (2000), among others, have delineated three types of social capital that refer to the nature of human interactions occurring within various institutional structures: bonding, bridging and linking. Bonding occurs among family members and ethnic groups, and facilitates sharing of resources under the constraints of the norms and values defined by the institutional (cultural) agreements defined by family, friendships or ethnic groups. Bonding is a social adhesive that promotes solidarity, trust and confidence. Bridging, which occurs among distant friends, colleagues and associates, promotes transcendence of one's narrow traditional (cultural) focus to that of broader society. In other words, bridging creates the social adhesive that promotes inter-group connectedness, communal stability, and expanded configurations of trust that promote resource exchanges for economic and community development. Linking is a yet broader concept of relationships based on institutional

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arrangements that promote the exchange of power, wealth and status among different social groups.

Framework: Social Capital as Nexus of Human Capital, Spatial Organization and Institutional Arrangements

	Social Capital	Human Capital	Institutional Arrangements	Spatial Organizations
Definition	Networks and relationships that bond and/or bridge intragroup interactions and the norms that govern these relationships.	Individual acquisition of knowledge and skills that enable production and earnings	Spirit and limitations of formal arrangements between individuals, groups and among individuals, groups and formalized organizations.	Spatial grouping of individuals that impacts the physical and communicative interchanges among individual agents and groups.
Focus	Relationships and norms	Individual agent	Legal agreements	Physical arrangements
Measures	Attitudes / values Trust Participation / *membership	Duration of Schooling Skills / qualifications	Rule of law Equity Transparency Accountability Recognition of: Individuals Freedoms	Density of people (population) Density of communications ("thickness")
Outcomes	Social cohesion Economic Achievement Social stability	Direct: income and productivity Indirect: well-being and civic engagement	Political stability Individual redress Individual ownership (property, business, etc.) Brain drain / gain	Development of shared cultures Acceptance vs. conflict Health
Model	Interactive and multidimensional 	Linear. e.g. education equates to the potential to increase income.	Hierarchical and super-imposed on social capital. Legal structures: Constitution Laws, Rules and Regulations Organizational Structures	Nodal – Community patterns Accessing common information, e.g. chat rooms

A primary example of linking activities can be seen in national, transnational and global interaction of commercial activities (OECD 2001; Putnam 2000; Woolcock and

Narayan 2000). These three aspects of social capital can have negative impacts on relationships as well as positive impacts. Exclusive bonding can preclude transcendence to the detriment of personal development or social and financial benefit of individuals, families or ethnic groups through the constraint of interactions and trust-building with others. The same is true for bridging and linking, whereby restrictive norms and values can promote exclusion, or a silo-effect, which at a minimum result in discrimination, segregation or sanctions that limit social capital development, economic development and in a worst case scenario lead to escalated and protracted inter/intra-ethnic conflict.

2. INSTITUTIONAL ARRANGEMENTS

Institutional arrangements serve as a vehicle for social capital. However, the degree, rate and quality of social capital development are bounded by the spirit and limitations of informal and formal agreements among individuals, groups and formalized organizations. It is important to note that there is no consensus whether to include institutions as social capital. Dasgupta (2001) for example, argues that it is a mistake to identify social capital with institutions as he asserts institutions emerge from networks, but they are not the networks and thus institutions and social culture are different objects. Ostrom and Ahn (2002) however argue that social capital has three parts: trustworthiness, networks and institutions. They differentiate between trust and trustworthiness, explaining that understanding the subtle difference between trust and trustworthiness will help to clear a lot of misconception about social capital.

In a democratic dispensation, the constitution of a nation, for example, delineates the compact by which sovereignty is agreed upon by citizens. The constitution is the underpinning of the nation's legal entities, including governance structures. The constitution represents, in the final analysis, the fundamental philosophy and values of a nation. Legal institutions created by the power of the constitution ultimately determine to what extent social networks, and hence social capital, can be developed. How the people of a nation are defined at the level of the constitution, for instance, has profound implications for social cohesion and political stability of the country. If the constitution does not structurally support development of bonding, bridging and linking social capital among the people as a whole, social networks will necessarily be underdeveloped. Whatever identity divisions the constitution promotes will be reflected as weaknesses in levels of trust, interaction, support, acceptance and engagement that are found in the citizenry. Discouragement of social networking by legal prescription can be traced back to the levels of civil and political liberties, representativeness and accountability that are called for in a constitution, and the implied or stated proscription of social capital at the constitutional level can be viewed as rippling negatively throughout private and public sectors. The countries of the former Soviet Union, for example, demonstrate the high

cost of communist rule on both economic development and on human capital (measured as well-being). In the 1990 and 1996 World Values Surveys, ex-communist societies were found to have the lowest levels of subjective well-being of all societies in the world, including the economically poorest countries (Inglehart 2000). In one indicator of well-being, dismayingly more than half of the people in ex-soviet countries described themselves as dissatisfied with life in general. Inglehart concludes that, while a shift in values [social capital] from traditional to modern, both shaped by economic scarcity, is occurring in most developing countries, the shift in values and norms in developed countries is from modern to post-modern, and is shaped by economic security. These post-modern values include tolerance of differences, self-expression rather than deference to authority, and the prioritising of environmental protection and cultural issues over economic maximization. On the other hand, development in former command economies has taken a different direction. Instead of moving forward, the ideology of centralization of politics and state ownership has been transformed into private and group enrichment. From prior state ownership the common wealth of a nation has been privatised and internalized into individual wealth and property. Politically the nation-state is fragmented. Integration and cohesiveness have been substituted by a reversion to traditional bonding and the only cohesion the group feels is by collective ethnic identity rather than individual collectivism in the context of a nation state. In essence, postmodernism in the post-soviet state, has become a backward movement to ethnicity and tribalism.

Despite the ongoing debate (OECD 2001; Woolcock and Narayan 2000) that theoretical and practical effects and the measurement of social capital, and any direct relationship to economic development exist, evidence does suggest that institutional arrangements that support the initiation and growth of social capital for the implementation of development programs contribute significantly to program success. Narayan and Pritchett (1999) used three measures of social capital, including: membership in groups, characteristics of groups and individuals values and attitudes, particularly their definition and experience level of trust to determine a positive correlation between social capital and income levels in Tanzania. They used econometric estimates to show a large causative effect of a village's level of social capital on the incomes of households. Furthermore, research by Brown and Ashman (1996) indicates that the intersectoral efforts among grass-roots organizations, private and non-governmental organizations, and governmental entities are required for development program success and sustainability. Of the thirteen cases studied by Brown and Ashman, five projects (two African, three Asian) were successfully implemented and sustained. The remaining eight cases had mixed or failed results, which the authors explain as a result of lack of intersectoral support and/or insufficient reach to constituents. The findings suggest that failure to develop intersectoral arrangements limits social capital development and the successful implementation of development efforts.

Though this case study is about the impact of social capital and economic development, the findings can be extrapolated to explore the implications for political development and civic engagement, which, we believe, are even more profound because, at the most sovereign level, impact of institutional arrangements on social capital can be seen in the dynamics between racial and/or ethnic groups. Though differences may have historical roots, if they are engendered by legal institutional structures, the xenophobic results are often devastating. The partitioning of ethnic groups, rather than consensus building and inclusion, by governments in the former Yugoslavia (Croats and Muslims) and historically in Rwanda (Tutsis and Hutus) resulted in bloody clashes that forced recognition by the global community. These are but two illustrations of the legalization and, in due course, institutionalisation of perceived differences in status among historically identified groups that destroys social capital. The institutionalisation of these perceived differences extends social, economic and legal rights and privileges to one group while marginalizing some groups as unrecognised non-constituencies with little, if any, access to legal redress. Mamdani (1998) expressed the negative impact on social capital of institutional marginalisation when he warned that it is better to live with the enemy than to die with them in ethnic/ racial conflicts. The resulting genocidal horrors demonstrate the negative outcomes of institutionalising ethnic divisiveness that, in turn, distorts social capital into a force against society and the state.

3. SPATIAL ORGANIZATIONS

Deliberately ordered spatial organization has the capacity to produce centrifugal or centripetal outcomes. Institutional arrangements, through land use, zoning regulations, land tenure and ownership laws, and taxation impact the physical spatial relationships people establish. In *The Death and Life of Great American Cities*, Jacobs (1961) discussed the demise of neighbourhood networks through the lack of comprehension of the integrated processes of cities by planners and developers, which, in effect, destroys social capital. Jacobs suggested that new models for city revitalization be conceived by examining and comprehending the processes involved in the organized complexity of cities inherent in the context of human interactions, including, *inter alia*, livings spaces, travel patterns and communications. In spite of Jacobs' warnings, however, spatial development policies that promote spatial segregation have led to artificial social turf boundaries instead of bridging, which is an attribute of social capital. The "poverty of space" resulting from this spatial segregation isolates and deprives a community of input from another community of individuals, communities, and economic strategies. The developmental policy implications of this to a nation that is going tribal, in terms of governmental division of responsibilities, administrative effectiveness, and overall economies of scale are staggering.

The city, however, is not the only venue for spatial configuration in the equation of

social capital. The availability of ownership of property, land or communication access and standards of development and maintenance as defined by legal sanctions, influences the structure, quantity and quality of human interactions at a national level. The ongoing struggle for land reform in sub-Saharan Africa presents an example of outcomes in social capital influenced by the intersection of institutional arrangement, spatial organization (new, unspecified and arbitrary boundaries) and human capital. In Ethiopia, rural land tenure has become a constitutional matter. The lack of tenure security, lack of legitimate institutions to ensure the rights of landholders, and discriminatory practices in land distribution have had detrimental effects on rural society including immobility, declining family holdings, famine and poverty (Rahmato 1999). According to Rahmato, land ownership, on the other hand, could combine private rights with community responsibilities. A community association would ensure individual rights to land and act as guarantor of rights of individual ownership. In essence, Rahmato is promoting the development of social capital through a change in institutional arrangements that control spatial configurations.

Bowles and Gintis (2000) argue that communities are part of governance because they can address certain problems that cannot be handled by either individuals acting alone or by markets and governments. In other words, communities can solve problems that might otherwise appear as classic market or state failures and hence their emphasis on community governance. They are quick to point out however, that face-to-face local interaction or community involvement should not be a substitute for effective government but rather a complement. This change, allowing the private ownership of land with the support of a community association, would promote community involvement in an environment of trust, stewardship, social belonging (membership) and social stability. The direct effect would likely contribute to agricultural productivity and increased incomes, and, associatively, to increased well-being and participatory engagement of the farming population, which represents eighty-five percent of Ethiopia's sixty-four million population. The rural population as a community of interest, remains fractured while simply looking to government for a morsel of land. Increases in income and food security that might result from reforms that promote social capital and that could directly affect the well-being of a society, remain out of Ethiopia's reach under the current institutional arrangements that result in fragmentation rather than integration. A fragmented community clearly cannot provide either food security or social capital necessary to transform itself.

Another aspect of spatial configuration is communication interchange. In the global scheme of things, technology has morphed the spatial arrangement of social networking from face to face to galactic satellite interface. The geometric progression in technology has allowed developing countries to leapfrog over the expense and time of interim technology development. China had 18000 mobile phone subscribers in 1990 (population 1.134 billion); by 2001 the number had increased more than 8000 times to over 1.4 million (population 1.295 billion). The total number of telephones

(mobile and hard wire) increased from 12.3 million to 353 million over the same period (China.org.cn 2002). The increase in mobile and hard wire phone subscribers is indicative of an increasingly dense business and social network of communications that effectively expands and enriches the spatial organization of China's population both within and outside the borders, and adds to global social capital. Internet chat rooms, global communication corridors, are accessible by anyone with computer access. An outgrowth of increased Internet use is worldwide, web-based community networks that link social communities of common interest around the world. Bulletin boards, which can be accessed through public resource-based facilities in many countries, bring the ability to post and read messages without the expense of paying a private service provider, thus creating a new spatial configuration of communication that allows individuals and groups to transcend the previous barriers of social status, political power, and wealth.

On the other hand, despite the eight thousand-fold increase in mobile telecommunications, phone subscribers list in China during the past decade showed that less than one Chinese in three has access to a telephone (China.org.cn 2002). In East Africa, only five people in 1000 have access to telephone service and fewer than two people in 1000 have Internet access, compared to 981 per 1000 and 262 per 1000, respectively in the U.S. (Akst and Jensen 2001; US Census Bureau 1999). These uneven distributions of social capital via communication arrangements are indicative of barricades to linkages that would enhance human capital through expansion of knowledge and skill bases were these barricades to be overcome. In societies, such as Ethiopia where such technological advances are either not available or whatever capacity exists is stifled by a state monopoly, the basic strategy for social capital development remains the association of people across artificially drawn jurisdictions. Examples include professional associations across ethnic lines and inter-ethnic/inter-class engagements such as *mehaber*, *eder* and other informal networks.

4. HUMAN CAPITAL

The economic importance of human capital is so well acknowledged that it is no longer an issue of debate. Many writers including, Dasgupta (2001) state that social capital is an aspect of human capital. The existing migration of human capital from struggling economies to developed economies, captured by the term "brain drain/gain" is aggravated by a variety of factors. Institutional arrangements that stifle economic development, political stability and social cohesion, contribute to the international migration of two to three million people each year to developed countries, the majority of immigrants going to the U.S., Germany, Canada and Australia. Immigrants worldwide send home more than \$75 billion dollars a year to support families, relatives and friends. A growing strategy to parlay these relational ties into greater social capital for developing countries, such as Ethiopia, is to tap into

the assets of the Diaspora to engage in educational and support activities. The Diaspora's higher educational levels, high mobility for international travel, and access to low-cost communication for participation in teleconferencing and internet training can be utilized to foster human capital-intensive clusters at home that will assist in stanching "brain drain". Expansion of Internet access in developing countries to provide communication links for training, education and information-sharing is being provided in tandem with efforts on the ground to foster programs that will establish, promote and strengthen trust, social cohesion and economic achievement between the Diaspora and their in country societies (Kuznetsov 2002).

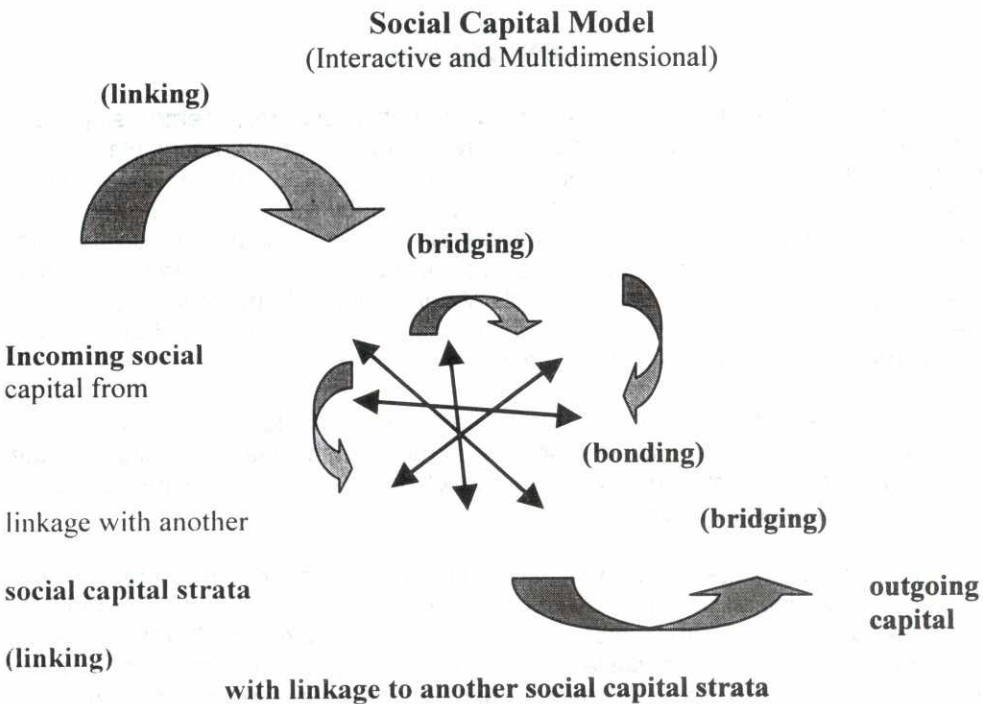
5. CONCLUSION

Social capital refers to the resources gained through social ties, memberships and sharing of social norms. Social capital is relational rather than tangible, and is primarily a public good that is shared by a group. Development of social capital occurs over time and through the concerted investment by many in terms of time and commitment, inherited culture and norms of behaviour. The resource of social capital refers to relational qualities that inure social, versus individual, benefits to members of groups, networks, families and various levels of communities from local to national. It is the fabric upon which shared benefits of human, physical infrastructure and economic development must rest if a county is to advance.

The examples used throughout this paper have been employed to delineate the interactivity of social capital. Its development is multidimensional as depicted in the Social Capital Model shown below. The model depicts the three types of social capital: bonding, bridging and linking.

This model adds to the literature, by expanding on the concept of complementarity of human and social capital developed by Shuller (2001) and cross-referencing the four perspectives of social capital developed by Woolcock and Narayan (2000), which are communitarian view (local associations), networks view (bonding and bridging community ties), institutional view (political and legal institutions), and synergy view (community networks and state-society relations). The processes involved in the sharing or denial of access to wealth, power and resources within and across social divisions are profoundly affected by institutional arrangements, spatial organization, communication configurations and human capital development, and at the same time, the social capital that arises or is suppressed by these interactions affects each of these elements. The common denominators across all of these sectors are human intentionality, thought and activity, and it is, perhaps, the quality of intangibility of these denominators that makes quantifying them so challenging and yet so engaging. Most importantly, if the concept of social capital is to be employed for the enlightenment of development and human conditions, it must remain malleable to the norms and values that promote social cohesion and networking and social stability as

defined within the context of a broader national agenda that revolves around individual rights, peace, trust and sustainability of the inter- intra-human connectedness. This "connectedness" is what Narayan and Pritchett (1999) refer to as the associational life and related social norms of a group of people. In the words of Kenneth G. Arrow (1972), "...Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can be plausibly argued that much of the economic backwardness in the world can be explained by a lack of mutual confidence."



As researchers we must admit that the persistence of Dr. Arrow's argument over time demonstrates that the greatest challenge to development is gaining an effective understanding of what the issues are that actually underlie the continuing low ebb of social capital creation and expansion in Ethiopia, particularly in the last three decades. Measurement of the intangibles that comprise social capital, such as the constructs of mutual confidence, trust, cohesion and the promotion of human interactions across ethnic, economic and social strata, are needed in Ethiopia. We propose that empirical assessment of the impact of various factors including

fundamental changes and reorientation in government be conducted. These assessments include measuring the impact of various institutional arrangements on social capital through an historical retrospective case study of social capital under different Ethiopian governments over time. We propose establishing baseline measures of perceptions of changes in social capital longitudinally through surveys of individuals, organizations, communities and associations in a number of vital areas including merchants' associations, voluntary associations and the lack of civic engagement outside of ethnic-based associations.

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