

**It Takes Two to Bowl:  
Untangling the concepts of social cohesion and social capital**

by

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**ABSTRACT:** Paul Bernard has characterised social capital as a “quasi-concept”, useful, but used as an excuse by governments to escape social policy responsibilities. Margaret Somers has accused it of being a sop thrown by neo-classical economists to their critics in the other social sciences, and others have claimed it is a concept with too many definitions. This paper argues that if the concept of social capital is unpacked, it becomes clear that social capital bears the same relationship to social cohesion as physical capital does to economic production. Examining the economic indicators used to measure the latter can lead to sorting out the various indicators (trust, participation, adherence to norms, crime rates, etc.) hitherto associated confusingly with the concept of social capital. If the concepts of economic production and physical capital underpin the neo-classical economic model, the concepts of social cohesion and social capital can be used to begin to develop a coherent model of social sustainability and development which might provide social policy with a more fertile underpinning than the economic efficiency model it is now tied to in most developed countries.

## Introduction

Margaret Somers (2001) has characterized social capital as a sop thrown by neo-classical economists to their critics in the other social sciences, which the critics have all too uncritically fallen for. Paul Bernard (1999) has called it a quasi-concept, which serves to substitute compassionate rhetoric for real action in correcting social inequalities. Putnam (1993, 1995) has measured it as the number of choral societies and participation in bowling leagues. Allesina and Perotti (1993) measured it as number of assassinations per election. Sampson (1997) measured it as crime rate and willingness to intervene in street altercations between children, and called it collective efficacy. Knack and Keefer (1997) measured it as trust and adherence to civic norms. No wonder there is confusion about social capital!

Pope (2002) has catalogued four main criticisms of the concept of social capital which have arisen in the recent literature, based in part on Portes and Landolt (1996) and Portes (1998). First, social capital indicators lack clear definition. Things like “trust” and “networks” are vague concepts. Second, collective capital is not the same as individual capital. Third, social capital because you have a strong personal network does not mean that you are going to be attached to your country, or adhere to abstract concepts of justice. Social capital may not always produce good social outcomes. Strong bonds with your network may serve to exclude others and stifle your own personal development. Finally, social capital may merely serve as an ideological excuse to absolve the state from responsibility for social programs and return responsibility to individuals and their networks.

This paper proposes that to understand social capital, it must be viewed in the larger context of social cohesion, and be embedded in a path dependent model of human motives, decision making and the social consequences of those decisions. The various ways that have been used to define and measure social capital can then be seen as measurements of different components of the model and not different measures of the same thing.

The first part of the paper examines the concept of capital in economics and shows that there is a parallel between the relationship of economic capital to economic production and the relationship of social capital to the production of social outcomes. An overall model of social agency combining social capital and social cohesion is described to demonstrate that the various interpretations scholars have made of social capital and social cohesion are really just examinations of the model's different components. The second part of the paper discusses how the criticisms of social capital are actually indications of how social cohesion and social capital might work together within model. The third part of the paper shows how the notion of physical capital is embedded in the standards model of the economy and proposes that the larger notions of social capital and social cohesion similarly are embedded in a model of social action and social outcomes. The paper concludes with a suggestion that the social outcome model is a more appropriate model for policy development than is the neo-classical economic model with its exclusive focus on efficiency.

## 1. Parallels between economic and social capital

Social capital is first and foremost a form of capital. Capital, in the economic sense, is that portion of the product of human effort not used for immediate consumption but set aside to use as an input to future production, usually to make future production more efficient. (see any standard economics textbook, such as Baumol, 1994, or Lipsey, 1988). For example, a fisherman takes the day off fishing to manufacture a better net (investment) in order to catch more fish later. He accepts a lower consumption on the day he manufactures the net in order to increase his overall consumption later. All capital has this sense of some present use forgone in the hope of future benefit. Capital, if it is to be created in one time period and put to use in another, also has to be durable. This means it persists over time and continues to contribute to production of immediately consumable benefits for a considerable period, until it is worn out or replaced by something better.

The three defining characteristics of an economic capital good then are that:

1. It is not for immediate consumption;
2. It increases productivity of some process that can produce goods for consumption (or for further capital goods); and,
3. It endures over some period of time greater than one production cycle of a consumable good. That is, it wears out slowly.

One of the implications of these characteristics is that capital makes no sense by itself: it is part of the economic production process as illustrated in the Figure 1. Owners of labour and raw materials make a choice at the beginning of the process as to whether to use these factors of production to make consumer goods for direct consumption, or to invest them in the production of capital goods to augment future production (or let them lie idle). The factors of production are then transformed by economic activity into consumer goods or into capital goods. Capital goods are later applied to labour and raw materials to produce additional consumer goods.

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Insert Figure 1 about here

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The production cycle is made up before the fact of the human motivation or propensity to produce and consume goods (as opposed to wallowing in leisure) or to save and invest. After the fact, it is made up of the actual production of those goods. It is not surprising, therefore, that the different parts of the cycle are measured using different metrics, some of which are indicated in Figure 1 as examples. The production cycle is sufficiently well understood in all its parts that the

variety of measures causes no confusion.

If social capital is capital, it must exhibit the characteristics outlined above for economic capital. Social capital has been defined in a wide variety of ways. Durkheim (Portes 1998) stressed the individual's connection to the community as an "antidote to anomie and self destruction". Coleman (1988, 1990) studying Jewish diamond traders in New York and the economic use they made of their social networks to pursue their livelihoods, claimed that social capital was a social structure which facilitated certain actions of individuals within the structure. Putnam (2000: 19) has refers to social capital as "connections among individuals— social networks and the norms of reciprocity and trustworthiness that arise from them... Social networks have value... social contacts affect the productivity of individuals and groups. The World Bank (2003) defines social capital as "the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together."

What all these and numerous other variations on these definitions have in common is the reference to somewhat stable and ongoing social relationships (i.e., institutions) and their usefulness in making social interaction easier. Some definitions confine themselves to informal networks of associates, while others expand the notion to include even society's abstract institutions. They all appear to agree however that social capital is a sort of social tool to facilitate action, that is, capital in the classic sense.

If social capital is examined in the light of the three characteristics of capital described above, a coherent concept emerges.

*1. It is not for immediate consumption*

Institutions are reified relationships or sets of rules for interaction which guide and constrain behaviour of people toward each other (Douglass, 1990). While a relationship is often created to accomplish a specific and immediate social end or transaction, it can be useful to establish a series of rules about how the relationship is to be re-constituted later when needed. This is time consuming if only used for the immediate transaction, but it saves effort in all such transactions in the future. The first political meeting quickly realized that to come to a conclusion, an orderly sequence of debate and decision making was needed. However, Roberts' Rules of Order were not written to decide anything in particular. They were written to govern how all political meetings in the future should be run if they were to decide anything. Social capital, viewed as a stock of institutions, shares with economic capital the characteristic that it is not for immediate consumption.

*2. It increases productivity of some process that can produce goods for consumption (or for further capital goods)*

The reason people take advantage of an institution is that it is much easier to enter into a relationship with others to undertake a complex and even risky social transaction if the expectations, behaviours and reciprocities of both sides are to some extent known before hand and there is a reliable history of outcomes to count on. There may even be a system of sanctions to discipline the participants and help guarantee predictability. Furthermore, if everyone knows his or her role already, less invention, negotiation and training is required. In other words, more can be accomplished in less time and with less social effort. Social capital increases social productivity.

*3. It endures over some period of time greater than one production cycle of a consumable good. That is, it wears out slowly*

Just because I choose to leave the Boy Scouts, or the Shriners, those associations do not cease to exist. They are also available to me at a later date, if I choose to join them again. I may leave a marriage, causing the relationship to collapse, but the institution of marriage persists, and its norms and rules of behaviour, protocols and expectations, are all available to me in the future to help shape a new relationship if hope once again triumphs over experience. Of course, if we all abandon the Boy Scouts, or if society as a whole gives up on the institution of marriage as obsolete, then the institution will wither. Institutions endure, although they can wear out.

Social capital therefore shares the main characteristics of economic capital. It follows then that social capital must be embedded in some social production process just as economic capital is embedded in the economic production process. What process is social capital embedded in?

Members of society cooperate together in order to survive and prosper (Stanley, 2003). They survive and prosper because their cooperation produces a bundle of social outcomes for its members: economic inclusion, political participation, and social and cultural recognition (Bernard, 1999), which is actually nothing more than Weber's (1947) classic triangle: wealth, power and honour.

Members of society use institutions (social capital) to enhance their willingness and ability to produce these outcomes. It is difficult to imagine a primitive society where institutions do not exist. Members of such a society would awaken each morning, hungry, frightened, and lonely, and discover anew to their joy creatures like themselves gathered around the ashes of last night's campfire. They would set about to re-acquaint themselves with each other and negotiate cooperative arrangements for the days' survival. It is unlikely that such a society could ever exist, because it is hard to see how anyone could avoid the conclusion that life would be much easier if they just maintained yesterday's decisions as to who does the cooking, who the hunting and gathering, who sleeps with whom, and who ultimately decides conflicts, continue in place at the beginning of the next day. This example shows how naturally social capital is embedded in a larger social production process, just as physical capital was.

We can illustrate this embedded model as Figure 2. In this model, members of a society have some level of psychological predisposition to act collectively for the production of a vast variety of social outcomes. Whether this is instinctive or cultural need not concern us here. It does appear, however, to be to some extent a function of past experience with cooperative activity (Stanley, 2003; Bernard, 1999; Sigmund, 1995). If they did not have some predisposition, however acquired, they could not be called a society. This predisposition to act collectively can be called social cohesion (Stanley, 2003).

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**Insert figure 2 about here**

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To produce the social outcomes they desire (e.g., some degree of wealth, health, education, security, justice, coordination, order, social recognition and emotional support), individuals create relationships and undertake repeated transactions in the realms of the economy, the polity and the community. Put another way, they work together to climb as high on Maslow's (1954) hierarchy of human needs as they can, and they can climb much higher together than they could as individuals.

## **2. Criticisms of Social Capital**

By introducing the notion of social cohesion into the social capital discussion, it becomes possible to sort out some of the confusing and apparently contradictory concepts, indicators and measurements which have been used to describe social capital. Because we understand the economy and economic processes so well (we have been studying in a formal way it at least since the Physiocrats: economics as a science is older than chemistry) we no longer confuse such concepts as savings with investment, or production with consumption. As Pope indicated above, we do, however, confuse such concepts as generalized trust with belonging to networks (which, as Portes (1998) points out, may indicate general mistrust as much as it does trust). By separating the phenomenon of creating of institutions to accomplish particular ends from the general willingness to cooperate to achieve broad social ends, we can see that there can be a causal relationship between them instead of an identity. This puts the criticisms identified by Pope at the beginning of the paper into a different perspective.

### *1. Social capital indicators lack clear definition.*

One of the main reasons social capital lacks a clear definition is that different users of the term are using it to mean different parts of the model. For example, Fukuyama's (1995) trust, Sampson et al's (1997) social efficacy, Knack and Keefer's (1997) adherence to civic norms are all applicable to social cohesion and are measures of the predisposition to cooperate and to

produce social outcomes. North's (1990) institutions, Putnam's (1993,1995) civic associations, Coleman's (1988) personal relationships among diamond merchants are talking about social capital as tools (institutions) used to facilitate social production. As Figure 2 illustrates, we can see that these different metrics are measuring different things and so the different definitions of these things need no longer be treated as contradictions.

## *2. Collective capital is not the same as individual capital.*

What this criticism really means is that social capital as the investment in institutions to enable cooperation does not automatically mean that macro level cooperation will increase. When we separate social capital from social cohesion and social production, we can see that one may influence another but the relationship is not an identity. The development of a particular instance of social capital by a particular group may serve the needs of its creators. It may or may not, however, have the effect of increasing the overall propensity of society to cooperate. Putnam (2001) has shown that participation and belonging appear to influence health, crime rates and school performance globally, although Knack and Keefer (1997), Lavis and Stoddart (2003) and Stanley (2003) have shown that the causal mechanism is complex and probably its sign need to be empirically determined. Portes (1998) gives examples of situations where participation increases the propensity of individuals to cooperate within their unions, gangs or cartels, but reduce their participation with outsiders, thereby actually decreasing the overall society's propensity to cooperate. Linking social capital, social cohesion and social production in the model in figure 2 acknowledges a causal influence between participation in social capital at the micro level and social outcomes which is mediated by macro level social capital and social cohesion, but it makes no claim as to the direction of that influence.

## *3. Social capital may not always produce good social outcomes*

It follows from the decoupling of social capital, cohesion and outcomes that social capital may not always produce good social outcomes. Social capital is created to assist particular individuals to cooperate with other particular individuals. This means some social capital may be created explicitly to assist individuals to withdraw their cooperation from society at large, or to exclude others. Thus, a beleaguered group, or one that feels threatened (e.g., a street gang) might create very strong institutional bonds to replace those with the broader society that it does not trust. Therefore, although it creates new relationships for itself, and increases trust within the group, its existence diminishes trust overall within the society, capturing benefits for itself, but at the expense of larger society. The model suggests ways that good social outcomes can be produced by some social capital without requiring it in every case.

## *4. Social capital may merely serve as an ideological excuse to absolve the state from responsibility for social programs and return responsibility to individuals and their networks.*

If increasing social capital is assumed to always produce good social outcomes, because of

reliance on partial and convenient evidence, then a government might succeed in convincing itself and making people believe the claim that substituting civic networks and volunteering for government production of collective goods such as welfare, health, and income equity will improve social outcomes. However, as the model has shown, social capital must enhance willingness to cooperate if it is to improve outcomes. Reductions in government's willingness to produce collective goods is itself a reduction in global willingness to cooperate. The model implies that the net amount of willingness to cooperate is what enhances social outcomes, not a particular increase whose net effects are not calculated.

These considerations also suggest a different perspective on bridging and bonding capital. Much social capital may be neutral in itself, but may be used by members for bridging or bonding purposes depending on their motives. A character building youth organization like the Boy Scouts could be used to build relationships, values, and patterns of behaviour which enhance the ability and willingness of its members to bridge social groups in later life. A character-building youth organization such as the Hitler Youth could instead adopt the objective of bonding its members tightly together to the exclusion of others not exactly like them.

We can see from Figure 2 that certain measures which have been identified for social capital such as generalized trust of others, participation in macro social processes and micro level associations, and various social outcomes like suicide and divorce rates all belong in different parts of the model, and actually measure different things. These things appear to be causally related, but they are not related in the sense that they are all measuring the same phenomenon. Therefore, we no longer have to try to reconcile, for example, trust in the institutions of national democracy with belonging to the local rotary club. If there is a correlation, that is an interesting fact, but it is not an absolute necessity predicted by the model.

### **3. A model of social actions and social outcome**

Although Figure 1 confines itself to describing basic definitional characteristics of capital, it can very readily be elaborated into a model of the overall economy. By identifying HOUSEHOLDS as the source of Figure 1's labour and FIRMS as the source of Figure 1's consumer goods, we get Figure 3, of the classic illustration of the economy typically found in standard introductory economics textbooks (see, for example, Lipsey, 1988: 53; Baumol, 1994: 672 ). The capital goods creation function of the economy in Figure 1 is can be illustrated as financial flow of savings (unpurchased, that is, unconsumed, goods) set aside by households and invested by firms to increase productivity. Of course, a complete model of the economy would be much more complex than is illustrated here, with its labour and goods markets, a government sector, financial flows as the reciprocal of real flows, etc. The point here is that Figure 1 is an embryonic version of the standard economic model.

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Figure 3 goes about here

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It follows that the social capital of Figure 2 is also the embryo of a broader model, which we can illustrate as figure 4. It must be somewhat more complicated than the economic model in Figure 3, however. No longer do we have households providing labour. Instead, we have individuals participating in various forms of collective activity through a wide variety of social relationships. This collective activity can take the form of firms, as in the other model, but must also include formal associations, informal groups (e.g., volunteer activity), governments (as associations of citizens to produce collective goods such as justice, defence, health in some nations, universal education, and so forth), and even households. Households are a form of social relationship established to produce a significant portion of the goods and services we require in all three areas (economic wealth, political power and social recognition). For example, homes provide emotional support (social recognition), security and settlement of differences (Political power) and maintenance, cleaning and food services (economic wealth). Household even invest to increase their productivity by buying appliances, automobiles, furnaces and lawnmowers. So in this model, the household, recognized as an enterprise for producing consumer goods and other social outcomes, migrates to the part of the model previously reserved exclusively for the firm.

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Figure 4 goes about here

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Since the equity of the distribution of all social outcomes fundamentally affects the willingness of individuals to cooperate in future rounds of social production, how those “goods” are distributed must be acknowledged. Since distribution is itself a creation of collective activity, a social goods distribution function must be included in the model.

Social capital in this model has a parallel to physical capital in Figure 3. Figure 2 indicated that some social activity is used to create relationships which are not used for immediate social, economic and political outcomes, but which are used to create institutions which will provide opportunities for further, more productive relationships.

The essential dynamic of the model can be summed up as follows: if the social outcomes are equitably distributed, then the individual’s willingness to cooperate in future will be enhanced. Enhanced cooperation will lead to increased creation of social capital and increase collective action, creating more and better social outcomes. A decrease in the equity of the distribution of social outcome for whatever reason (say a misguided policy or one that blatantly serves class interests) will have the unintended effect of reducing willingness to cooperate which will ultimately have effects elsewhere in the model. However, since everything in the model is interconnected and changes of attitude and values can take a long time to work out, the consequences could show up anywhere or everywhere. For an explanation of this dynamic in greater detail, see Stanley (2003).

## Conclusion

The model is no longer the simple, self-equalibrating model of neo-classical economics, but the messy world of Jake Chapman (2002). The model is complex, recursive, and chaotic. Complex means more than complicated (i.e., more than made up of many interconnected parts). It means that it is made up of intelligent components, capable of reacting in innovative and therefore unpredictable ways to enhance individual advantage or counter disadvantage. Recursive means that the current state of the model has evolved over many rounds of play, and each successive state has contributed to the current state. The model is sensitive to initial conditions and therefore, future states are path- or history- dependent. Chaotic means that the system can tend toward a number of equilibria (attractors), but that some will be better than others. It may be more or less difficult to shake the system off an equilibrium, even a sub-optimal one, but it can be done, and the system can then spiral out of control. Policy in one area can and often will have unforeseen consequences in other areas, which in turn can affect whether the policy is ultimately successful or not.

Of course, that is Jake Chapman's point. We have solved all the linear, predictable problems. Policy is now faced with the messy ones. So a model which proposes a linear, self-equalibrating view of the world on which to base policy development is one that is doomed to system failure. A "messy" model in Figure 4, implied by the concepts of social capital and social cohesion, is a more appropriate model to base policy on, because it requires policy makers to recognize that a change in one area (e.g., tight monetary policy to reduce inflation and spur growth) can have ripple effects throughout the whole system, which can effect social cohesion and ultimately restrict or even be counter-productive to the intentions of the policy change (e.g., severe unemployment which causes loss of consumer confidence, withdrawal of support for government social policies, increases in crime rates and social dysfunction, and ultimately lowers economic growth (Knack and Keefer, 1997)).

Messy problems require a messy model, and this is exactly the opportunity the messy concept of social capital offers us.

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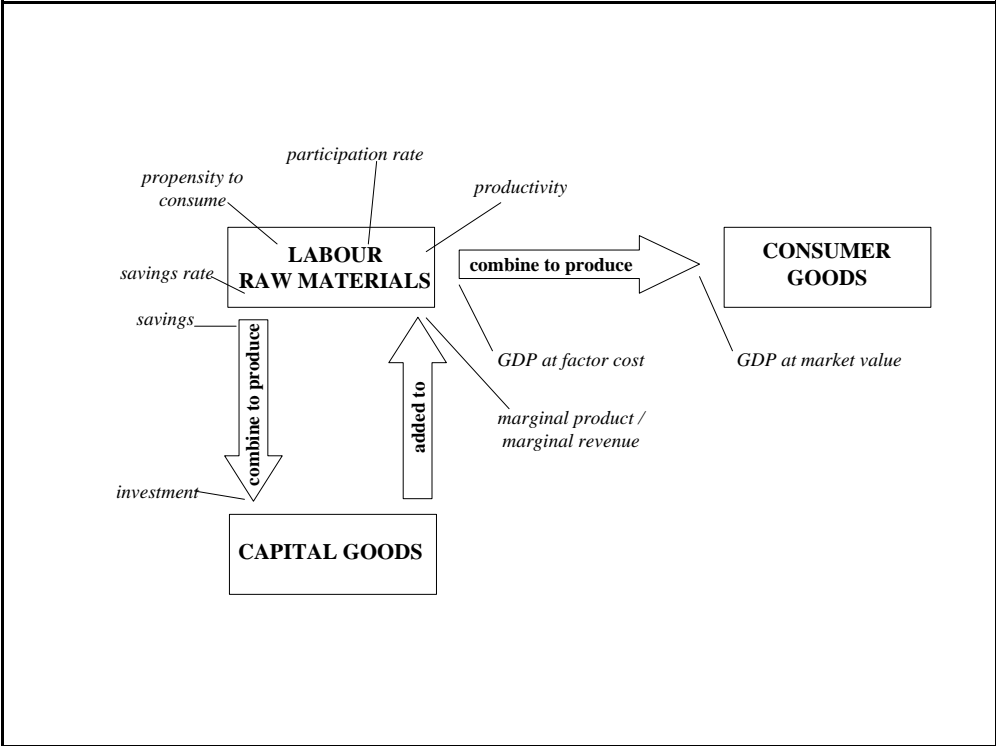
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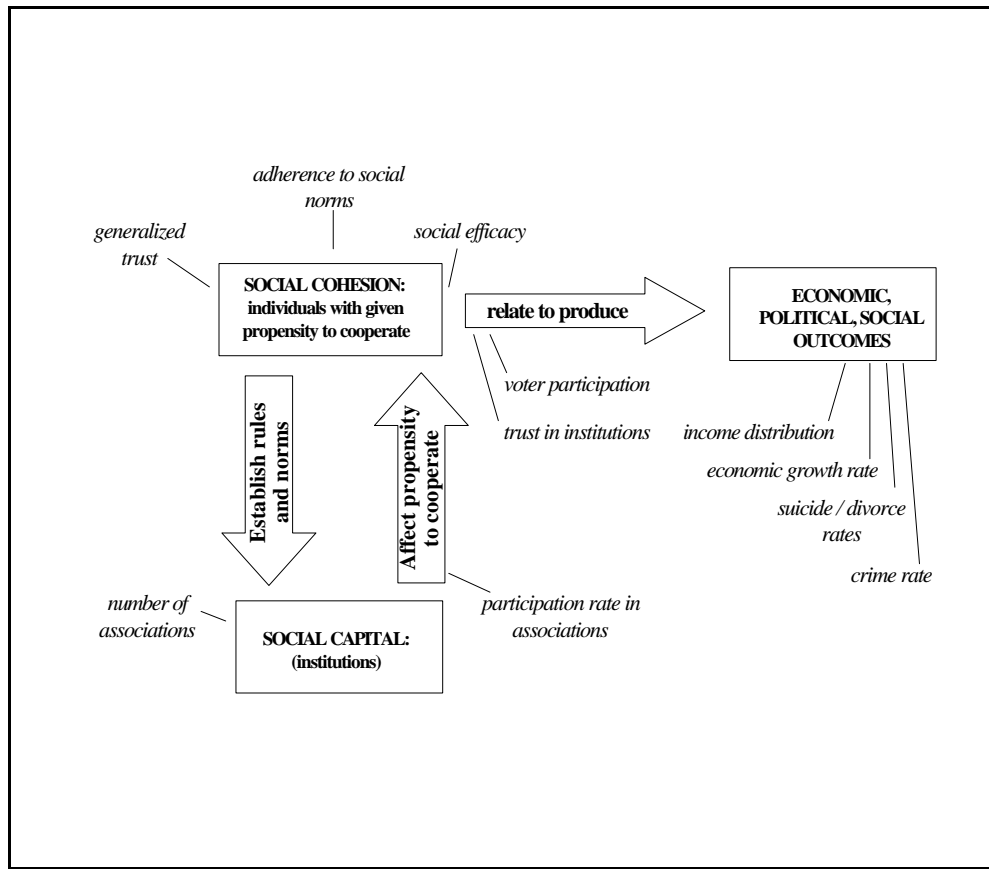
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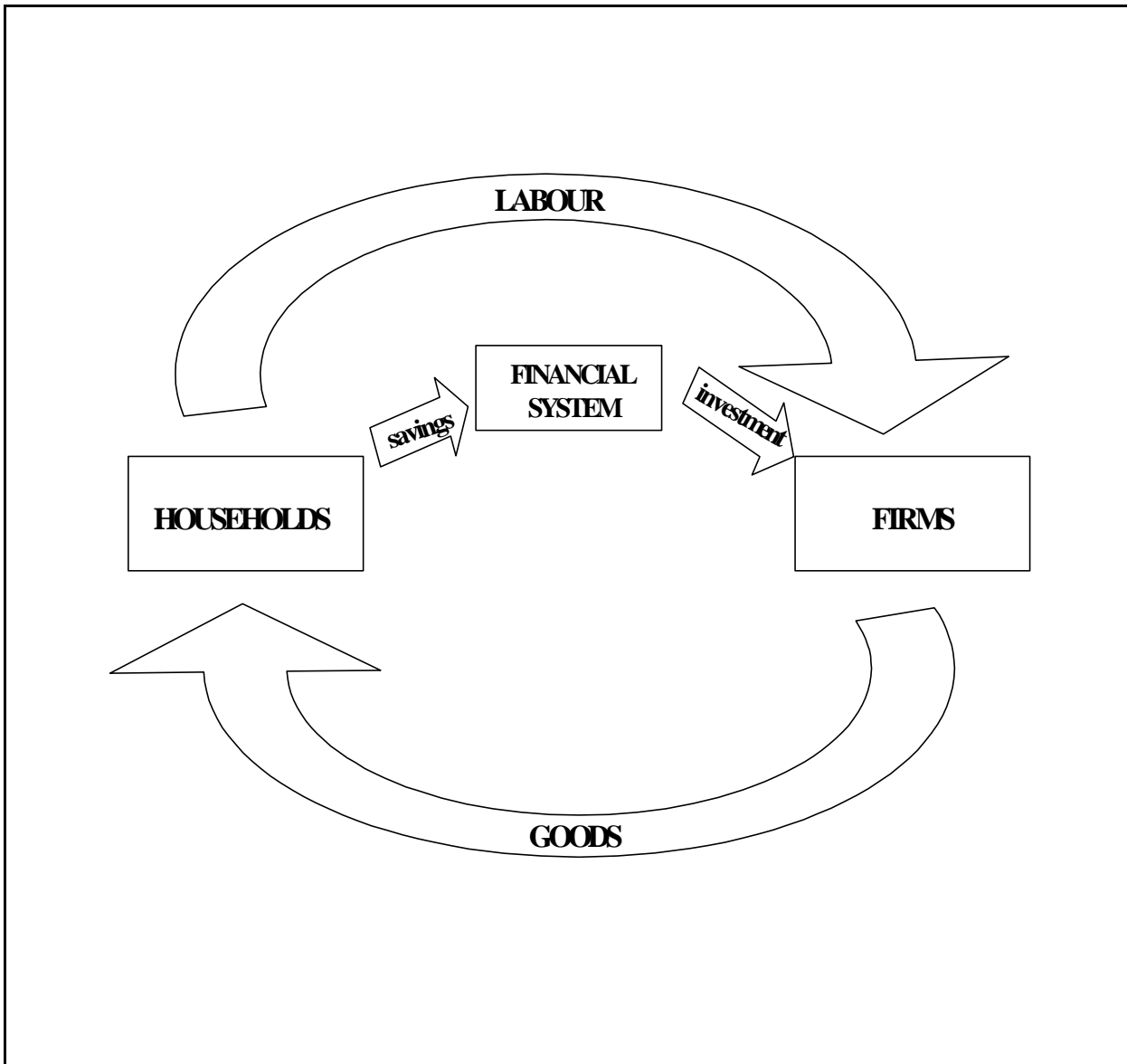
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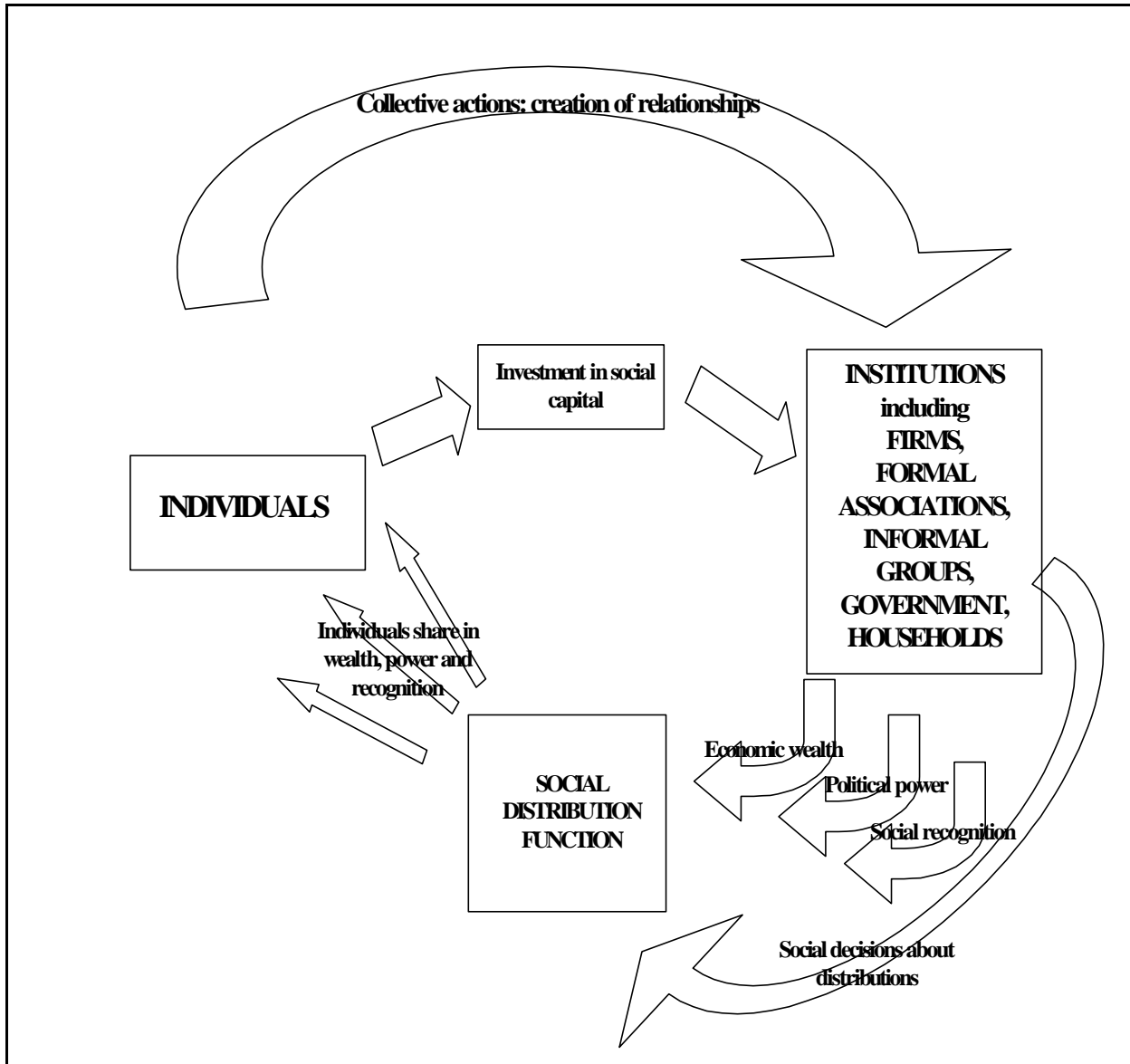
**Figure 1** The relationship of capital goods to economic production, showing how various indicators are used to measure different components of the phenomenon



**Figure 2** The relationship of social capital to social production, showing how various indicators can be used to measure different components of the phenomenon.



**Figure 3** Basic model of the economy showing the flow of goods and labour between households and firms derived from rearranging Figure 1. (Based on Lipsey 1988: 53, and Baumol, 1994: 672)



**Figure 4** Model of social production, showing flow of collective activity and social outcomes between individuals and institutions, derived by rearranging Figure 2.