

Contradictions of Capitalism and Their Ideological Counterparts: The Neo-Liberal Project and the Concept of 'Social Capital'

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Abstract

Even though the concept of social capital has been around for a long time, it has recently gained a growing currency in academic literature on social and economic development. Numerous theorists, policy analysts, government officials and even international institutions such as the World Bank have attempted to theorize social capital as an indispensable prelude to economic development and democratization. Contrary to this line of argumentation, there is in fact a weak positive correlation between social capital, economic development and a vibrant democracy. The ascendancy of social capital lies in its potential to facilitate the consolidation of neo-liberal project. Social capital is conducive to externalizing the inherent contradictions of capitalist market economy, blurring the unequal power relations, and re-personalizing social responsibilities for economic outcomes which are the main objectives of neo-liberalism.

Introduction

...because it [social capital] negates considerations of power and ...the consequences of organization...social capital can be negative for many members of a society, especially those who are relatively powerless. The idea of social capital as 'community' is thoroughly conservative-populist (Harris and De Renzio 1997: 932).

Global economic restructuring with its reproduction of uneven pattern of economic development has been accompanied by an exuberance of theoretical literature reflecting on economic development and democratization. Within the burgeoning theoretical interpretations dominating the discourse of economic revitalization, the concept of social capital has acquired a preponderant momentum. Numerous theorists, policy analysts and even institutions have utilized the concept of social capital to articulate a specific agenda that is geared to mystify unequal and asymmetrical power relations in world politics. For instance, the World Bank has integrated the concept of social capital in its operation as a newly discovered magical formula to galvanize economic development and enhance the democratization in developing and under-developed countries. Contrary to the intellectual endeavours intended to theorize social capital as a prerequisite to both economic growth and the democratization of political process, it can be demonstrated that there is in fact a weak positive correlation between social capital, economic development and a vibrant

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democracy. It is the thesis of this paper to argue that free market-oriented theorists and policy analysts have attempted to utilize the concept of social capital to obfuscate the intervention and strategies designed to secure the spread of neo-liberal project. Yet, this neo-liberal enterprise draws excessively on social capital as a conservative modality to justify re-shifting of social responsibilities to families and communities. The permeation of politico-economic discourse with the miracle of social capital is geared to blur structurally ingrained unequal power relations, externalize the inherent contradiction of capitalism and re-personalize social responsibility for economic outcomes that are congruent with the tenets of the neo-liberal project.

Prior to evaluating the alleged centrality and indispensability of social capital as a prelude to both economic development and the process of democratization, it is essential to provide a brief history of the trajectory of the concept of social capital and arguments that have been deployed to catapult it to a prestigious plateau within the discourse of development. Even though the emergence of the concept of social capital is traceable to the early decades of the 20th century, most of those who have attempted to theorize social capital have highlighted the writings of Pierre Bourdieu, James Coleman and Robert Putnam. The notion of social capital first appeared in Lyda Judson Hanifan's reflection on rural school community centers in the USA (Smith 2001). For Pierre Bourdieu, social capital refers to a network of social relationships that is socially constructed and is the product of collective or individual investment strategies (Bourdieu 1986:249). According to Bourdieu, socio-economic inequality not only generates unequal resources in the pursuit of human capital but also breeds cultural and social capital that could be translated into economic capital (Bourdieu 1986). Therefore, privileged people utilize their social networks with other elites to enhance and consolidate their position within overall social relations of production (Bourdieu 1986). According to James Coleman, even the marginalized layers in society can utilize the network of trust to enhance their conditions within the social structure by translating social capital in family and community into human capital (Coleman 1994). Coleman's discussion on the social context of education in the USA pushed the concept of social capital into the terrain of academic discourse on development (Smith 2001). However, among various arguments that have been made to theorize social capital as a prerequisite stride to economic growth and democratization, Robert Putnam's argument has acquired a growing currency. The inroad of social capital into the terrain of development discourse is also evident from its penetration into the language of the World Bank (Harriss and De Renzio 1997; Fine 1999).

Putnam's Theorization of Social Capital

Putnam, who has conspicuously lamented the decline of associational life, choral societies and civic association in America, has interpreted social capital as "features of social organizations, such as networks, norms, trust, that facilitate coordination and cooperation for mutual benefits" (Putnam 1993:35-36). Within Putnam's theoretical parameters, social capital has been identified as an independent variable and the fundamental explanatory factor that accounts for the entire gamut of social, political and economic performance (Putzel 1997:940). On the basis of his analysis of the overall performance of political and economic institutions in north-central and south Italy, Putnam argued that social capital plays a crucial role in both economic development and democratization process. Based on his observation of a divergent path of socio-economic development that has marked Italian regions, Putnam identified social capital as the key explanatory factor for decoding the crux behind regional variations in Italy. It is Putnam's staunch conviction that the presence of civic association in north-central Italy is the fundamental force behind the economic prosperity of that region. Conversely, Putnam has imputed the economic stagnation in the south of Italy to the meagerness of its socio-cultural associations

(Putnam 1993a; Putnam 1993b). Putnam has elevated social capital to the status of an independent variable that has an overarching impact on the economic and democratic successes

Party politics or ideology makes little differences. Affluence and prosperity have no direct effect. Social stability or political harmony or population movement are not the key...instead, the engagement-voter turnout, newspaper readership, membership in choral societies and literacy circles, lion clubs and soccer clubs-are the hallmark of a successful region. (Putnam 1993a:36)

It can be inferred from Putnam's depiction of social capital that the viability of a healthy economy and the democratization of political life is contingent upon a vibrant civic engagement which itself necessitates the proliferation of socio-cultural organizations. However, as Margaret Levi has pointed out, Putnam has not clarified the mechanisms through which membership in social and cultural clubs can lead to civic engagement and a high quality government performance (Levi 1996). What purports to have been lurking beneath Putnam's theoretical edifice of social capital is an implicit assumption that neither reified power structures within overall relation of production nor the intrinsic proclivity of market forces to breed uneven patterns of economic development can be identified as fundamental factors behind differentiation in path of development that has marked the historical march of capitalism (Tarrow 1996:389-397). It is also a logical corollary of Putnam's argument that reversing the inveterate patterns of economic doldrums in the Third World counties and surmounting ghettoization compounded by mounting poverty in the developed countries necessitate stimulating citizen engagement at the community level (Putnam 1997). As an alleged nostrum to economic development, Putnamian social capital tends to exculpate the crisis-ridden proclivity of market forces to engender the paradox of misery at the midst of prosperity. It is due to its externalization of economic casualties that Putnam's ostensibly appealing formula has found a mesmerizing place in the vocabulary of the World Bank which has triumphantly proclaimed the discovery of social capital as "the missing link to complete the equation" (Harriss and De Renzio 1997:930; Harris 2002).

Putnam's ecological approach to the study of policy performance implies a shift of attention away from the internal structures of a given governmental institution to the condition of its existence (Putnam 1993b). This overt emphasis on the externalization of causality signals a theoretical challenge to the overriding premise of institutional perspectives that institutional structures shape the direction of public policy. According to this line of explanation, the forces behind the functionality or dysfunctionality of a given governmental institution lie within the realm of society which are external to institutions themselves. Even though Putnam's ecological explanation of governmental performance moves beyond institutional approaches that identify institution as the primary unit of analysis, it nonetheless remains unidirectional and non-circular. It neither dissects the underlying forces of social relations nor does it emphasize the structuring impacts of institutions on social capital. A comprehensive analysis of the ecology of political institutions necessitates taking into consideration the complexity of socio-economic environment within which institutions are established. By focusing almost exclusively on socio-cultural associations as given phenomena, Putnam has conspicuously dismissed exploitative inter-regional relations and patterns of domination and subordination within a given social environment. Putnam's analysis of the interaction between environment (civil society) and governmental institutions is geared to depict a consensual and non-conflictual picture of societal relations. This idyllic illustration of society ignores the pugnacious and disruptive socio-political forces contained within the womb of civil society which is marked by unequal pattern of power relations (Mayer 2001). Prior to unraveling the congruity of social capital with the precepts of the neo-liberal torrent and apprehending the rationale behind its penetration into the agenda of the World

Bank, it is crucial to demystify the asserted positive correlation between social capital and economic progress and democratization.

Social Capital, Economic Development and Democratization

Within the theoretical framework of Putnam, social capital is construed as conventional norms and codes of behaviour that have a potential influence to reshape formal and informal rules governing social interaction (Putzel 1997:940). What seems to have been overlooked by Putnam is a fact that the stocks of social capital interpreted as the sum of norms, values and orientations that provide a basis for political actions are not the debris of extraterrestrial collision which can be analyzed in abstraction independent of sociopolitical relations.

Despite the diversity of methodological approaches to the study of political culture, there is a unanimous consensus among the students of political culture that political values and orientation are also influenced by social, economic and political institutions (Stewart 1994; Rothstein 2000). As Peter Evans has convincingly argued, state actions are not only crucial to spurring private cooperation but are also essential to function as a glue to consolidate a tenacious synergy between private and public spheres (Evans 1996:1119-1132). It is not a far-fetched claim to suggest that without active involvement of the state, private cooperation might not necessarily culminate in the translation of citizen sentiments into political objectives. As Evans has pointed out "Active citizens are hamstrung unless their governments dependably supply them with the inputs that they cannot produce on their own" (Evans 1996:1130).

Contrary to Putnam's theoretical endeavour to diminish the role of political parties in fostering civic engagement, social capital can in fact be constructed by politico-ideological struggles waged by political parties committed to raise the level of social consciousness and transmit public demand into political goods (Rothstein 2001:207-241). In his analysis of the socio-political development in Kerala, India, Patrick Heller has meticulously elucidated how the Communist Party in Kerala operated as a vehicle of class mobilization and cooperation which consequently paved the path for the establishment of a redistributive state (Heller 1996:1055-1067). Similarly, Rothstein has also demonstrated that institutionalization of social programs has been the main impetus behind the galvanization of social capital in Sweden (Rothstein 2000). As James Putzel has observed, one of the conspicuous deficiencies of Putnam's analysis of socio-economic development in Italy is his inadvertent or intentional omission of an irrefutable correlation between civicness and the presence of communist party (PCI) government which should have been a central explanatory element in his study (Putzel 1997:947).

Interpreted as an indispensable raw material for associational life, social capital is articulated by some theorists and institutions such as the World Bank as the cardinal contributor to economic and democratic development. However, this articulation of capital fails to take into consideration the pernicious implications associated with social capital. As James Putzel and Sidney Tarrow have pointed out, those who place their faith in social capital to surmount economic and democratic ills fail to acknowledge the "dark side" of social capital which is manifest in its susceptibility to countenancing exclusionary and discriminatory patterns of behaviour which in fact constitute a threat to democracy. Without the presence of an overarching political program that could deliberately utilize social capital for building a progressive movement, social capital can indeed become a basis for exclusionary and undemocratic practices (Putzel 1997:939-949; Tarrow 1996:89-397). More specifically, social capital has a potential to provide an auspicious ground for the conversion of politics into a monopoly of private club. In a small constituency and even small towns, the centre of political life can easily be translated into the political preserve of a small but organized group which can easily mobilize its resources to dominate the terrain of political processes. Indeed, network of trust among members of a specific

ethnic group might lead to the crystallization of monopoly over the occupation of a specific sector of local labour market which is bound to blockade the intrusion of job-seekers of different ethnicities. As Putzel has pointed out, by establishing a close-knit ethnically exclusive business community, Chinese merchants in South Asia have completely confined economic transition within their own community and despite their large stock of social capital are not necessarily strong adherents of democracy (Putzel 1997). Furthermore, the exuberance of socio-cultural associations in the American past that Putnam has idealized as the bedrock of the glorious era of American democracy was in fact marked with egregious characteristics of racial segregation, political ostracism and social exclusion (Putzel 1997:946-947). The mere proliferation of socio-cultural associations within a given social formation does not necessarily imply the ripeness of the political environment for enthroning democracy. Long before the theorization of social capital by Putnam as panacea for all socio-economic maladies facing societies, Pierre Bourdieu had already emphasized the potential of social capital for propagating undemocratic practices. It was Bourdieu's assertion that social capital as a reflection of institutionalized relationships and acquaintance is another effective network to secure privileges and advantages within a given society (Bourdieu 1986).

Just as social capital has the susceptibility to facilitate the ground for undemocratic patterns of political behaviours; civic engagement and an intense political participation are not also necessary prerequisites to economic growth as panegyrists of social capital tend to profess. The pervasiveness of exclusionary practices in the realm of politics and industrial relations does not necessarily constitute an impediment to the growth of capitalist economy. Economic growth in East Asian countries and the emergence of these countries as proud "tigers of capitalism" did not require citizen participation but rather the exclusion of certain groups such as labour which was subject to repressive measures (Amsden 1989:1-21; Johnson 1999:33-60). It is unclear whether or not the strong economic measures that were taken by the Korean state to aggrandize its economic stature could have been possible to undertake under an atmosphere of political democracy (Amsden 1989:18). As Evans has argued, embedded autonomy that is the insulation of bureaucracy from private influences emanating from civil society and a tenacious linkage between state institutions and business organizations functioned as the springboard for the East Asian economic take off (Evans 1995:228-252).

Under the umbrella of capitalist social relations, an intense citizen participation in political processes might indeed retard the wheels of market forces. As Mancur Olson has argued, private organizations which are constantly striving to further their interests are bound to engender pernicious ramifications for economic growth (Olson 1996:72-93). Beyond certain thresholds, capitalist economy has an inherent logic to eschew enduring redistributive policies that accompany citizen engagement in political processes. As Patrick Heller has pointed out, the transformation of the state in Kerala into a redistributive entity was followed by a decline in economic growth which in turn coerced labour to make concession to capitalist classes. The concession of labour to capital was in turn justified under the aegis of corporatism which was in fact a euphemistic expression of propitiating the working class and securing the subjugation of labour to the imperatives of capital (Heller 1996:105-107).

Active citizen participation in political process entails the pressure for the expansion of public frontiers and the accompanying public demand for redistributive measures to which capitalist market economy displays an intrinsic aversion. In other words, civic engagement waged for the democratization of socio-political structures has a potential to propel capitalism and democracy towards an explosive collision. Undoubtedly, it is beyond the scope of this paper to reiterate the protracted ideological controversy revolving around the relation between capitalism and democracy that has continued to prevail in the realm of political theory. Since history has demonstrated the congruity of capitalist social relations with authoritarian political structures, it is

a theoretical blunder to suggest that democracy and capitalism have gone hand in hand as Putnam has asserted (Johnson 1999: 23-60). As James Putzel has elucidated “what has been good for capitalism at given points in history...has not been good for democracy and vice versa” (Putzel 1997:941). What is certainly compatible with capitalism is the bourgeois democracy which has been used as a liturgical necessity to lubricate the rationalization of exploitative power relations. Under the aegis of liberal democracy which is used as a yardstick to only measure the principles and procedures of governing institutions, unequal distribution of capabilities are bound to reproduce themselves at the political level (Macpherson 1965; Manley 1983). Within the ambit of unequal relations of social forces inscribed into the structure of capitalist societies, mass political participation does not necessarily provide the ground for the employment of state power to challenge the imbalance of social relations whose roots lie in civil society. In capitalist societies, mass participation in political process might have an impact on “the politics of support” during elections without necessarily impinging on “the politics of power” between elections (Stewart 1994:76).

The panegyrists of social capital have equated effective policy performance with democracy which is an overt attempt to glorify an elitist definition of democracy (Tarrow 1996: 39-397). Under the atmosphere of a genuine and substantive democracy which necessitates a greater degree of equality and active citizen participation in decision making process, democracy will in fact transform itself into a destructive weapon to exorcise the spirit of capitalism (MacPherson 1979:93-115). To corroborate the inherent hostility of capitalism to democracy, it is not imperative to invoke socialist arguments. The pugnacity and indignation of capitalist social relations to democratic virtues can be detected from Milton Friedman’s confession to the potential of democracy to extirpate the entire edifice of the capitalist order. During his speech in a forum arranged by the Fraser institute in 1986, while Friedman adulated capitalism as the bastion of freedom, he simultaneously referred to the incompatibility of democracy with the capitalist market economy: “I also believe there is evidence that a democratic society, once established, destroys a free economy” (cited in Jeffery 1999: 25).

If there is no umbilical cord connecting social capital to economic development and a vibrant democracy, then what kinds of explanations can be made to apprehend mounting academic endeavours to raise the flag of social capital in the area of neo-liberal economic reconfiguration? The key to unravel the rationale behind the prevalence of the concept of social capital in the discourse of economic revitalization can be discerned from the analysis of John Harriss and Paolo De Renzio, who have accurately identified social capital popularized by Putnam as a concealed weapon of neo-conservatism (Harriss and De Renzio 1997:932). Harris and De Renzio have not expounded the ideological principles of neo-conservatism which provided the main impetus for the emergence of Reaganism and Thatcherism in the 1980s that triggered a wave of economic restructuring which has become a universal thrust around the globe.

Neo-Liberalism and Social Capital

Neo-conservatism is a contradictory and a janus-faced ideological project that has simultaneously attempted to resuscitate and combine the classical liberal theory of free market and the social traditionalism of classical conservatism. While the economic liberalism of neo-conservatism countenances rugged individualism and endorses greater latitude for the operation of market forces, its classical conservative component preaches moral values, stability and the preservation of family spirit and community cohesion (McBride and Shields 1993:24-41; Hoover and Plant

1989:9-11; Gamble 1988:28-60). ¹Neo-conservatism's amalgamation of the selected elements of these two traditions is intended to shift social responsibility for economic outcomes to family and community and therefore, depoliticize economic policies and justify the demand of market forces for socio-economic retrenchment (McBride and Shields 1993, 36-37). The emphasis of social traditional side of neo-conservatism on the role of family and community is geared to rationalize the re-personalization of social responsibility for economic outcomes that is demanded by its liberal component. While these two elements of neo-conservatism are contradictory in theory, they complement one another in practice. Desmond King has meticulously elucidated the internal unity between these two components of neo-conservatism

Liberalism is the source of New Right economic and political theories and policy objectives; conservatism provides a set of residual claims to cover the consequences of pursuing liberal policies. For example, the liberal objective of reducing public welfare provision implies a traditional role for women and family; conservatism provides an ideology justifying such outcomes from public policy. (cited in McBride and Shields 1993: 37)

The concept of social capital fits neatly within this neo-conservative project since it emphasizes the significance of community and community-based associations in assuming social responsibility. It is along this line that social capital provides a justification for neo-conservatism to transfer the paternalistic roles of the state to private charity and community-based organizations which are reminiscent of the reign of *laissez-faire* social arrangements in the eighteenth and nineteenth centuries (Harriss and De Renzio 1997: 932). The vestiges of neo-conservative ethos in the alleged miracle of social capital can be detected from Putnam's casuistic analysis of the inner city decay in American cities. Without taking into consideration the natural propensity of corporations to relocate their sites of production from one location to another in order to secure their rates of profit, Putnam has theorized the absence of social capital measured in the decline of associational life as the underlying force behind the pervasiveness of ghettos and socio-economic isolations that have become a striking dimension of the American cities (Putnam 1993a; Putnam 2000). The alleged decline in membership organizations that Putnam has identified as the main reason behind the inner-city decay in American cities has been questioned by Thed Skocpol. According to Skocpol, changes in the structure and operation of community organizations should not be construed as a decline in membership organizations. These changes are manifestations of a shift from membership mobilization to centrally managed lobbying activities (Skocpol 2003: 176-178). Putnam has failed to account for the fact that when corporations dislodge their center of production and when middle class families move to suburban areas in order to enjoy lower taxes, the deserted neighborhoods are doomed to lose their economic viability (Leo et al 1998:4-12). When a community is deprived from its material basis for economic survival, it will be destined to descend into a chaotic social disorder which Putnam has attributed to the absence of social capital (Leo et al 1998:4-12). By prescribing social capital as a panacea to vanquish the socio-economic ills which are in fact the natural products of market forces, the advocates of social capital have tacitly striven to externalize the endogenous and inveterate malaise of the capitalist mode of production. Putnam's glorification of social associations and his enormous emphasis on the centrality of these private organizations to the life

¹ Numerous analysts have interchangeably employed the terms of neo-conservatism and neo-liberalism as the ideological reflection of the New Right. Even though the term neo-liberalism has become dominant in political discourse, the tenets of the New Right were first put into a political formula by the conservative governments on the both sides of the Atlantic. Despite their differences, these two terms are complementary and are therefore used interchangeably in this paper.

of community might indicates a tacit countenance for re-activating church and private charity organizations to assume social welfare responsibility that had long ago been echoed by Milton Friedman (Friedman 1962).

As some authors have convincingly argued, a conservative flavor that is tailored to reinforce the interests of the dominant classes seems to have been injected in the conceptual structure of social capital (Levi 1996; Fine 2001). Even Eva Cox who still has a profound faith in the potential of the social capital to advance collectivity, has admitted that the concept of social capital has been appropriated by the right wing intellectuals to use for their own purposes (Cox 2005). Social capital has also found a place within the discourse of the Third Way social democracy (Meadowcroft and Pennington 2007; Scanlon 2005). But as Christopher Scanlon has pointed out, the proponents of the Third Way have not demonstrated how social bonds and entrepreneurial culture embedded in their policy can be reconciled (Scanlon 2005). John Meadowcroft and Mark Pennington have argued that the Third Way social democrats use social capital in order to justify state intervention in market activities. According to Meadowcroft and Pennington, contrary to social democrats' line of justification, social capital cannot be created by the state intervention. Market forces have the intrinsic capabilities to generate trust which is indispensable for functioning a healthy democratic society (Meadowcroft and Pennington 2007). Like Putnam, Meadowcroft and Pennington have nostalgia for the past when civic associations such as private and charitable organizations provided the needs of the poor. Meadowcroft and Pennington seem to have provided an ambiguous and controversial picture of the appropriation of social capital by social democrats. Contrary to Meadowcroft and Pennington's line of interpretation, the proponents of the Third way have in fact used social capital to rationalize the cooperation between labour and capital and therefore, lubricate the imposition of austerity measures which are heralded as a "progressive competitiveness." As Dexter Whitefield has convincingly argued the Third way welfare state is not an alternative to neo-liberal model but merely a different method of achieving it... (Whitefield 2001:164).¹

Neo-liberalism should not be equated with the eradication of the welfare state. As James Ferguson has pointed out public provision of social services and social payment continue to play "a large, important, and in some ways growing role" (Ferguson 2007: 86). The paradigmatic shift to neo-liberalism should not be construed as a sign of the decline in the power of the state but only a change in its role. In other words, the ascendancy of neo-liberalism should not be interpreted as an outright assault on the state in favor of market because "Neoliberalism has operated through the institutions of the state" (Albo 2002: 51). However, the ongoing changes in the framework of social welfare provisions reflect a fundamental change in normative views on the proper relationship between the state and market economy. This re-delineation of the line of social welfare responsibility between the state and market has culminated in the emergence of a new landscape within which the latter is praised as the most effective allocator of resources and provider of social security benefits. This fundamental conversion in normative views on the interaction between the state and market implies a shift in the conception of the state as provider of social goods to the state as guarantor of the access to social goods that Neil Gilbert has described as the "enabling state" (Gilbert 2002). As Dexter Whitefield has observed, the enabling state referring to "a model of government in which the state facilitates and supports but services are primarily provided by private and social economy", has acquired a growing currency in western societies (Whitefield 2001:84).

¹ Noel Castree has described neo-liberalism as "a necessary illusion" for leftist analysts and theorists. As Graham Thomson has pointed out, neo-liberalism must be understood both as a politico-economic organization that emphasizes market as the most efficient allocator of resources and a "mode of governance of institutions and individuals to which responsibility is central" (Thomson 2007).

The emerging normative changes on the role of the state as an enabling entity has been echoed by the OECD, which has called for a new orientation on social policy in which government is to serve not as the “ provider of largess’ but “ in partnership with active self-sustaining individuals (OECD 1994). A radical version of the enabling state proclaimed as a motto of “the state should not row but steer” has also permeated the lexicon of the Third Way politics of social democracy (Giddens 2000). The emerging conceptualization of the state as an enabling entity implies re-orientation of the role of the state in the provisions of social protection. This re-orientation of the role of the state is reflected in pursuing market-centred social policy such as education, re-skilling and technological training that prepare the labour force to the demands of knowledge and technological-based new economy. The enabling state is also manifested in erecting certain regulatory frameworks such as private arrangements for retirement benefits and welfare-to work schemes through which access to social goods is secured. The empirical ramifications of cost containment and cost cutting associated with the change in the conception of the state as an enabling entity have manifested themselves along the main lines of the shift from universality to selectivity, recommodification of labour, downloading social responsibility to community and privatization of social protection.

It is not surprising that in an era of fiscal austerity, social capital has generated a climate of attraction among both right-wing think tanks and policy makers. The appeal of social capital to policy makers lies in its potential to rationalize the offloading of the social responsibility to individuals and community which after all is congruent with neo-liberal rescaling of the state responsibility. Social capital reinforces the support for the neo-liberal led downward dispersion of state power to localities which is in fact geared to shift greater responsibility to local communities. Under the aegis of neo-liberalism, re-scaling of state responsibility has manifested itself in various forms ranging from devolution to offloading and involving the voluntary and community-based organizations in the provision and delivery of social services (Shields and Evans 2002). Indeed, devolution, offloading, and mobilization of voluntary and community-based organizations in the delivery of social services have become major methods of the formation of neo-liberalism as a dominant socio-political project. Political decentralization and empowering community-based organizations purports to be ostensibly inspiring. However, neo-liberal inspired rescaling of state responsibility is conducive to obfuscate the real locus of power and therefore, diffuse state accountability. More specifically, neo-liberal motivated shift of responsibility to voluntary and community-based organizations cumulatively known as the Third Sector is bound to marginalize the whole agenda of redistributive policy that the state is anticipated to undertake in order to alleviate the adverse implications of market forces. Under the umbrella of mystified economic competition, states as the authors of economic globalization have found a pretext to externalize the sources of social disruption (Hirsch 1999:278-292). By involving community-based organizations in the provision and delivery of social services, the state has found ample latitude to diffuse its own social responsibility. It is due to its concealed conceptual capacity to obfuscate the inherent proclivity of capitalism to breed economic distortion that the concept of social capital has easily permeated the agenda of the World Bank which itself has become an effective instrument in facilitating the inroads of neo-liberal project in the Third World countries (Rich 1996:305-313; Slater 1996:273-285; Caulfield 1996:270-335).

The World Bank and Social Capital

In the words of the World Bank, social capital refers to “the institutions, relationships, and norms that shape the quality and quantity of a society’s social interaction. Social capital is not just the sum of institutions which underpin a society-it is the glue that holds them together” (World Bank 1999). Within the parlance of the World Bank, social capital has thus been interpreted as

nurturing local associations and decentralizing political power which are exulted as an essential prelude to narrowing the distance between governments and people, and therefore triggering economic take-off in underdeveloped countries (Harriss and De Renzio 1997: 929-930). According to the World Bank, "increasing evidence shows that social cohesion is critical for society to prosper economically and for development to be sustainable" (World Bank 1999). In line with the World Bank's narration, social capital is thus an indispensable component of social and economic development since social networks and associational norms facilitate cooperation and coordination which are essential to community well-being. The World Bank has integrated the concept of social capital into its work in three areas; participation (involving community-based organizations in local decision making process), policies (using local level social capital and participation to deliver projects), and partnerships (engaging in an array of partnerships with diverse actors working towards economic development and poverty reduction) (Bebbington et al, 2006). To the World Bank, social capital appeals to all those crucial factors (education, health, accountability of political institutions and free market economy) which are central to economic and social development (World Bank 2001). It is the central conviction of the World Bank that social development as a key to economic development and democratization requires empowering people through galvanizing local associations and bringing them into local decision-making processes (Francis 2005).

Political decentralization and local community involvement in economic activities are glorified by the World Bank as an alleged catalyst to increase the scope for local initiatives and community control over the delivery of public services. It is a logical corollary of this line of interpretation that downward devolution of political power and community participation in public affairs is not only geared to broaden the basis for political action at the local level but is also conducive to aggrandizing the political efficacy of citizens to have greater control over political decision-making process that profoundly affects their lives. Local participation is, therefore, envisaged as an indispensable factor to escape the black hole of economic backwardness in underdeveloped countries. This panorama of the path to economic development signifies recasting the relative significance of both structure and agency. The shift in analytical attention away from macro-levels to micro-levels (localities) implies the alleged centrality of bottom-up process of development as the key to open the gate of economic prosperity in the underdeveloped countries (Long 1990; Escobar 1995; Crush 1995). By shifting the centre of attention to lower level of abstraction, this approach neglects the theorization of how micro-levels are structured by macro-levels at the first place. By drifting into local relativism as a reaction to neo-Marxist structuralism, the proponents of bottom-up approach to economic development have in practice tended to abandon the terrain of political economy (Booth 1993). What constitutes "Micro" is intimately dependent on what constitutes "Macro". As Ilan. Kapoor has pointed out; excessive accentuation on bottom-up approach to development is bound to culminate in the "fetishization of practice" and the "impoverishment of theory" (Kapoor 2002: 102). Placing greater emphasis on the everyday life at the local level runs the risk of ignoring the structuring force of the macro-scale that lies well beyond the reach of local action. Instead of regarding everyday practice as a point of entry into the understanding of how the Macro level is constituted, the proponents of bottom-up approach assume the everyday practices as a unified phenomena and set of social relations to the macro scale.

Despite the adulation of social capital by the World Bank as an incantational formula to surmount the social and economic misery in third world countries, the practical outcomes have been disappointing and the World Bank continues to use "this misguided strategy" (Fine 2008). In their review of studies conducted on the World Bank's exhortation for decentralization of state power and greater involvement of local communities as means to enhance governmental accountability and revitalize socio-economic underdevelopment in the Third World countries,

Harriss and De Renzio have found that “decentralization fever” has not culminated in the delivery of politico-economic objectives that had been anticipated (Harriss and De Renzio 1997:929-931). In his study on the World Bank’s integration of social capital into its operation in Mexico, Jonathan Fox has concluded that the World Bank in fact contributes to the dismantling of social capital more than to its construction (Fox 1997). In his recent evaluation of the World Bank’s shift of operation from structural adjustment to allocating investments to anti-poverty projects in rural Mexico and Philippines in 1990s, Fox has concluded that “most of the World Bank’s rural portfolio in Mexico ignored the potential contribution of poor people’s social capital to anti-poverty efforts (Fox 2006:213) and that while in Philippines “poor people’s organizations were seen as potential instruments for project implementation...they were largely ignored when it came to project design” (Fox 2006: 220). Furthermore, in their study of World Bank’s social funds in Malawi and Zambia, Anju Vajja and Howard White have found that the nature of project participation was mainly shaped by the existing power relations and community members though were satisfied with the outcomes, passively participated in decision making process (Vajja and White 2008).

The adoption of the language of social capital by the World Bank and its translation into the downward dispersion of state power and the necessity of community involvement in economic development is bound to circumvent the real locus of power and therefore offload social responsibility to local communities which themselves are structurally subject to penetrative forces beyond their reach. As John Harris has pointed out, the World bank’s attempt to harness social capital as a neutral technocratic framework to social changes is designed to blur the significance of power relations and, therefore, depoliticize the process of development which itself is political in nature (Harris 2002). In their analysis of the Silk Project, a multi-agency project funded by the World Bank in Bangladesh that is aimed at increasing income and enhancing empowerment, David Lewis and Shameen Siddiqi have meticulously shed light on the potential of social capital to obfuscate the web of power relations that are crucial in determining the level of income and the nature of citizen empowerment

The lens of social capital does not in the end tell us as much as we may need to know about the wider relationships of power, culture, and structure that contribute to or constrain both income generation and empowerment objectives (Lewis and Siddiqi 2006: 253).

The decentralization of political power and countenancing community involvement in economic development might have their own intrinsic virtues but they are not sufficient to conquer the chronic underdevelopment which has structured the subjugation of the Third World countries to advanced capitalist societies. The historical roots of underdevelopment in the Third World countries have emanated from the logic of capital accumulation which has produced a simultaneous but contradictory process of development and underdevelopment that has structured a spatial hierarchy within the world economy (Frank 1966; Amin 1989; Wallerstein 1997). Indeed, the omission of global structural imbalances of power relations has become a defining characteristic of academic researches affiliated with the World Bank (Grootaert and Van Bastelaer 2002).

Conclusion

As has been demonstrated throughout this paper, the theorization of social capital as the overriding explanatory factor for the entire range of economic and democratic development is not only controversial but is also desultory. In the absence of a deliberately and circumspectly

conducted political project through which social capital could be channeled into a propelling momentum for the democratization of socio-economic relations, social capital is prone to become a basis for undemocratic practices. Under the aegis of capitalist social relations, social capital is not a necessary precondition for economic development. On the contrary, capitalist economy can also flourish under a climate of social exclusion and authoritarian rule. Indeed, active civic engagement launched for the democratization of political life has a potential to bring capitalism and democracy into a pugnacious confrontation which might trigger a seismic shocks that could sap the entire edifice of capitalist social relations. .

The rationale behind the deification of social capital as a panacea for economic revitalization emanates from its plausible but illusory justification to exonerate and externalize the congenital predilection of capitalism for propagating economic insecurity. By accentuating the indispensability of community involvement to economic development, social capital has given a golden opportunity to the proponents of neo-liberal project to rationalize the depoliticization of economic policies and personalization of social responsibility for economic outcomes. It is due to its explanatory capacity to shift social responsibility to local communities and therefore obscure the structural imbalances of the world economy that social capital is ardently embraced by the World Bank which itself has functioned as an institutional mechanism to proselytize the Third World countries into the neo-liberal religion. Through the entrenchment of social capital in the terrain of socio-economic discourse, neo-liberalism has added another powerful weapon to its arsenal to conceal the sources of inveterate inequality of power relations which as a granite slab has provided the basis for protracted patterns of unequal economic development within as well as between nations. The ascendancy of social capital to the top agenda of economic development constitutes a theoretical raid on class analysis which is sine qua non to elucidating the ossified webs of unequal power relations that have historically marked the trajectory of capitalist market economy.

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