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The concept of social capital in academic discussion and in public policy

Abstract

The paper aims to provide an overview of contemporary theories of social capital. The concept of social capital was introduced into academic discourse at the beginning of the 20th century, but it became popular at the end of 20thcentury. The paper presents a short history of the concept (authors Hanifan and Dewey). The central part of the paper focuses on current theoretical developments. The main three lines of the theoretical conceptualization of social capital are presented: three dominant authors (Bourdieu, Coleman, Putnam), economic/development theories (Becker, Glaeser, Temple, Fukuyama), and network theories of social capital (Nan Lin). Three dimensions are briefly discussed in all the above theories: definition, paradigmatic framework, and methodology. The concluding part of the paper deals with another distinct issue with regard to the concept of social capital, its popularity in public policy and political discourse at the end of 20th century.

KEY WORDS: social capital, academic discourse, public policy

History of the concept

There are many definitions of social capital. Yet, theories of social capital do have some shared elements. What they all have in common is best described by John Field: *Relationships matter* (Field, 2003: 1). All theories of social capital discuss about social agents, resources, and relations between agents, but they differ in terms of which aspects they emphasize, which terminology they use, which general paradigm they rely on as a framework. Theories differ in terms of whether they emphasize individual agents or collective/corporative agents (family, class, organization, neighborhood, state) as "owners" of social capital. Resources are the second important aspect of social capital, and these can differ widely: financial, cultural, psychological, social, political. The third component includes relations among agents. This is probably the central locus of the concept, because it helps distinguishing definitions of social capital. It follows that social capital can be limited to a more or less closed network (class, family, the individual) or it can have effects beyond the visible network of individual and collective agents (settlement, city, state).

This generalized representation of the concept suggests the conclusion that many of these aspects enumerated have already been considered in classical theory. As precursors of contemporary discussion one might list Tocqueville, Durkheim, Marx, Weber and Toennies. Social capital encompasses many elements of the concepts of class, solidarity, anomie, association, community. This pre-history of the contemporary concept of social capital was described as the "concept without a term" (Farr, 2004). It is interesting that social capital has another line in its history, as a "term without a concept". What is meant by this is the usage of the term with no connection with the contemporary meaning of the concept. For example, theoreticians of mutualism used it to mark a cooperative or socialized labor, or aggregated capital. Such a meaning is closest to the modern meaning of "social ownership" from the period of socialist self-management economics. Today, in the Serbian academic community the usage of this alternative meaning does come up, with social capital marking the "capital of the society", with the connotation "the overall potential of society".

According to Putnam and Woolcock, the concept of social capital was first mentioned in 1916 in a report by an American educational inspector, Lyda Hanifan:

> *"Social capital... refer[s] to... those tangible assets [that] count for most in the daily lives of people: namely good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit" (Lyda Judson Hanifan, according to Woolcock, 1998: 192).*

Halpern emphasizes that Hanifan's concept is different from the contemporary meaning, as it encompasses "everyday habits of friendship and common civility - the informal and comforting social norms of everyday life" (Halpern, 2005: 10). However, Halpern is not entirely right, as the rest of Hanifant's text indicates elements from the contemporary concept of social capital which bring it closer to Putnam's definition:

"The individual is helpless socially, if left to himself... If he comes into contact with his neighbor, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his needs and which may bear a social potentiality sufficient to substantial improvement of living conditions in the whole community" (Lyda Hanifan, according to Putnam, 2000: 19).

From the above quote follows that Hanifan conceptualized social capital in a way similar to the understanding of Putnam, the most popular contemporary theoretician of social capital. Hanifan speaks of the potentials of the accumulation of social capital, emphasizes the meso-level of sociability (neighborhood) and the multiple positive effects of social capital on society. It therefore comes as no surprise that Putnam quotes Hanifan's definition as the first official mention of the concept. In addition, Hanifan compared social capital to economic capital: the accumulation of social capital is a precondition for the development of society, just as accumulated capital is a precondition for the development of business (Hanifan, according to Farr, 2004: 11). This comparison is similar to the second contemporary idea that social capital can be transformed into an economic form, in particular under circumstances where social capital is strong, while economic capital is scarce (for example, in developing economies with strong close, familial or local ties).

There are opinions that John Dewey was the first theoretician of social capital and that Hanifan relied on his early works (from 1902 to 1915)(Farr, 2004: 14). Dewey is certainly one of the important figures in the discussion on social capital as he was the first to emphasize the instrumentality of social capital in public policy. The idea was born within the progressivism movement which staunchly supported "social engineering". This aspect of the concept is likewise important in the modern phase of the development of the concept, in particular in theories which had an influence on academic discussion and public policy (Putnam, Woolcock, and Halpern). Following the 1920s, only a few authors used the concept of social capital, for example, Jane Jacobs in urban sociology (in the 1960s).

A new phase of the development of the concept of social capital began in the 1980s. There was an "epistemological leap" which was brought about by Bourdieu's and Coleman's sociological theory of social capital. The third phase is the appearance of Putnam's texts (*Making democracy work* 1993;*The prosperous community*, 1993; *Bowling alone revisited,* 1995; *Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America*, 1995). An increased popularity of the concept has followed the book *Bowling alone* (2000), in academic discussion and in public policy.

Key authors: Bourdieu, Coleman, Putnam

Bourdieu is the author of the first sociological theory of social capital. Bourdieu was the first to mention the concept of social capital in 1980 in a text for the journal *Actes de la recherche en sciences sociales*, and then in 1983 in the book *Soziale Ungleichheiten*. It was, however, the English edition of the text (*The forms of capital* from 1985)which brought international popularity to Bourdieu's concept.

The concept of social capital is part of Bourdieu's theory of capitals, which was developed as part of his theory of social reproduction. According to Bourdieu, the dynamics of social structure is structurally defined and determined by relations among positions. One of the key concepts is *field*, which is defined by Pierre Mounier as the "space of social action" (Mounier, 2001: 56). The field is an area in which agents are "united by mutual struggles" and it is marked by the struggle around different types of capital, as the "currency of domination" in a particular field (money, scientific capital, status) (Bourdieu, 2001: 93). In Mounier's terms, the distribution of capital results from relations of domination among agents for redefining the legitimate types of capital in the field (Mounuier, 2001: 58). Therefore, the concept of field and the concept of capital are important for understanding the social structure. The struggle between the "dominant" and the "dominated" agents for the acquisition of capital is the main mechanism of production and reproduction of social structure.

Capitals function under the same principles, but they have a different degree of "stability and convertibility" (Bourdieu, 1993: 33). The central place has economic capital which is expressed in monetary terms, while all other capitals – social, cultural – can be converted into economic form. The diversification of types of capital represents an important innovation that provided a better explanation of reproduction than the one which takes place primarily via economic capital (Bourdieu, 1985: 252). By introducing this addition to the basic Marxist matrix, Bourdieu developed conceptual tools for the explication of specific areas of social action (for example, education).

The second type of capital is *cultural capital* which includes some aspects of Becker's concept of human capital. Bourdieu argues that his concept is somewhat wider and encompasses predispositions which are marked by habitus (for instance, aesthetic taste of the members of a particular class), materialized forms (for example, the ownership of works of art) and institutionalized forms (for instance, level of education) (Bourdieu, 1985: 243). All forms of capital have a symbolic level which is named *symbolic capital*.

This is the form of "pre-capital" which marks the symbolic currency of exchange for different types of capital: titles represent symbolic capital for social capital, educational degrees for cultural capital, and money for economic capital. Within a particular field, a struggle is waged between the dominant and the dominated agents for the value of the currency which will be the valid one in that field (Mounier, 2001: 88). The position of symbolic capital is therefore in some respects higher than that of other forms of capital and similar to that of economic capital (as the flip side of one and the same process).

Social capital was mentioned in Bourdieu's early papers on domination and its meaning has changed somewhat over time. The first definition of social capital refers to "a social network and the resources which are available to each agent who is a part of the network", while a second definition emphasizes "groups and individuals who have access to resources" (Bourdieu, according to Halpern, 2005: 7). It is only in the third definition that social capital is fully defined in the following manner:

> *"Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a "credential" which entitles them to credit, in the various senses of the word" (Bourdieu, 1985: 248-249).*

An important aspect of social capital are the acts of symbolic and material exchange which serve as a kind of guarantee for the expectation of a certain kind of behavior, thus shaping the behavior of agents themselves. One of the materialized forms of social capital are the names of particular social forms: group, family, school, and they serve as a "social bill" and "guarantee". Although social capital functions in the same way as do other forms of capital, for Bourdieu it has a lower chance of survival and renewal (Anheier et al., 1995: 859). A critical position is the maintenance of reciprocity in respecting the norms. Therefore, social capital is more prone to "erosion" than other forms of capital (Bourdieu, 1985: 254). By linking the agents, the social networks provide the access to different resources possible, but they are very risky and potentially expendable. For example, respect for the institution of kinship must be constantly reproduced through an established system of reciprocity in social relations, regardless of whether it concerns the returning of an important favor or just a visit to one's relatives. The same mechanism functions in the "production" of social capital in all types of relations: familial, friendship or neighborhood ties. If the system of reproduction of social institutions functions well, it is possible to create, maintain and increase social capital. This aspect of social capital is very similar to Coleman's understanding of the concept.

Coleman defined the concept of social capital within a theory of social action, in order to overcome two problems. The first is the gap in sociology between two social levels – the macro and the micro (Coleman, 1988: 101). The second problem is the irreconcilability of the sociological perspective, which starts from the hypersocialized actor and the economic perspective, which is founded on a subsocialized actor. Coleman defines the concept thus:

> *"Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors – whether persons or corporate actors – within the structure(...) Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others. Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production. Because purposive organizations can be actors ("corporate actors") just as persons can, relations among corporate actors can constitute social capital for them as well..." (Coleman, 1988: 98).*

Secondly, Coleman defines social capital in relation to human capital (the educational achievement) of children:

> *"(...) the norms, the social networks, and the relationships between adults and children that are of value for the child's growing up. Social capital exists within the family, but also outside the family, in the community" (Coleman, according to Field, 24).*

Social capital can be an unintended consequence of social relations which are formed for some other purpose. For example, one type of relations in the social structure which represents social capital are obligations, expectations and trustworthiness. An example for obligations is a wealthy family in a rural area whose "head of the household" is connected to a large number of people who are indebted to him, by means of which he is able to acquire more opportunities (greater power) to realize his intentions. Another form of social capital are information channels which provide less costly information for agents who would otherwise have to spend time on checking certain things which they are interested in (for example, scientists who read secondary sources). The third form are norms and effective sanctions which have two different effects. On the one hand, they can prevent the undesirable phenomenon of free riding in social relations (for example, the use of the advantages of a good neighborhood without any kind of personal contribution). On the other hand, they can rigidly obstruct certain innovative activities. These examples indicate that Coleman does not view social capital as a social phenomenon which has exclusively positive ramifications.

Coleman focused more on the relations between social and human capital, that is, the influence of social capital on the educational achievement of students. Coleman compared three types of schools and school environments: Catholic, public and private schools (non-religious). In this research the operationalization of the concept of social capital is very successfully carried out, although this is often a weak point in the majority of theories of social capital. Coleman differentiates social capital of the family and social capital of the environment. The first was measured by the indicators of parents' presence, additional children, mother's expectations for children's education. The social capital of the environment was measured by indicators such as relations among parents in school, normative closure in community, relations between parents and community. The key factor for success among students was an effect of *closure of social networks* between Catholic schools, parents and community, which provides the most effective norms. Coleman showed that this "circle" or social capital can compensate for an unfavorable predisposition in some children (the family's financial standing or low educational level of the parents).[1]

Putnam is the most influential and most criticized theoretician of social capital today. The rapid increase in the popularity of social capital came about after Putnam published his text *Bowling Alone: America's Declining Social Capital* in 1995, and especially with the publication of the book *Bowling Alone*[2]from 2000. Putnam's definition of social capital has changed over time.

1 Coleman is the author of the well-known "Coleman report" which dealt with racial segregation in schools during 1970s and its effects on education of African-American children. It was suggested the transportation to be organized for children (schoolbusing) to "white" schools in order to achieve the effects of a favorable influence of the environment of middle class children on the aspirations and achievement of children from deprivileged communities. The project was not a success because it caused the following effect: members of the middle classes had left the areas where it was applied (white flight). The significance of the projectis in the fact that it can be considered a precursor of introduction of social capital in public policy in the 1990s and 2000s.

2 The title of the book is paradigmatic of Putnam's ambivalence towards the concept of social capital. The title was chosen by Putnam to draw attention to the increase in "lonebowlers" in the United States and the decrease in bowling league numbers. This

For example, in the previously mentioned text from 1995, Putnam states: "'Social capital' refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit" (Putnam, 1995: 20). In the book *Bowling alone* from 2000, Putnam uses the following definition:"Social capital refers to connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them"(Putnam, 2000:19).

Putnam distinguishes between two types of social capital: *bonding social capital* and *bridging social capital* which were introduced by Ross Gittelland Avis Vidal. The first type of social capital is exclusive and links the agents who have close relations (for example, the family members), while the other type is inclusive because it bridges relations between socially distant agents (for instance, national associations). Putnam's "ideal" examples of social capital are associations and organizations of civic society. However, there are differences among them depending on whether they are founded on "thin" or "thick" trust. Associations founded on thin trust have an advantage because agents have the expectation that norms will be respected in a community, above and beyond the group of close and familiar people. In this way bridging social capital is created. An example of this type of organization is the American national organization PTA (Parent-Teacher Association). Conversely, support groups are founded on exclusivism and thick trust, hence they generate bonding social capital. This means that they are not particularly useful for society overall and they can have direct adverse effects.

Putnam became famous with his thesis of the decline of social capital in the United States in the past decades. He explains this process of decapitalization as being due to the following factors: demographic change, the participation of women in the labor force, mobility, technological transformation of leisure activities (mass media). These factors have led to a change in family life, weakening of neighborhood ties and friendship ties. The main indicator of this decline of social capital is the weakening of political participation and civic activism. The number of citizens' associations is on the decline, and the existing ones are becoming professionalized. Putnam also states that the level of willingness for volunteer activity is declining and that the center of political activity has moved to Washington (Putnam:2000).

is one of the indicators of the decline of social capital on the global social level. Thus, bowling leagues are for Putnam the ideal type of social capital (active participation by agents, strengthening of cohesion on a widerscale). On the other hand, paradoxically, they are a symbol of the negative side of social capital. Putnam himself give the example of the terrorist attack which took place in Oklahoma City in 1996: Timothy McVeigh and his associates had been members of a bowling league. They took part in a desirable activity according to Putnam's model, but this "accumulation of social capital" enabled them to engage in a socially destructive activity.

Putnam's thesis has been criticized as the data indicate that the level of voluntary activism is not declining, that new forms of association have replaced the old ones, that political participation (for example, measured by the turn out at elections) has varied over the decades and that the reasons for these changes are not necessarily negative (Ignjatović, 2011). Still, Putnam has had a great influence on the popularization of the concept of social capital, especially in public policy. His political role models are the Progressive Era, Dewey and the communitarian model of wide participation of the citizens in a democratic community.

Economic and development theories of social capital

The concept of social capital contains the economic concept of *capital*. However, economic theoreticians are ambivalent in relation to this. Kenneth Arrow believes that social capital is not capital but a "bad metaphor", as it cannot be transferred nor can it be converted into other types of capital (Quibria, 2003: 27). Baron and Hannan have pointed out that social capital should not be qualified as real capital because the opportunity cost of its usage cannot be calculated (Woolcock, 1998).

However, many economic theoreticians have incorporated the concept of social capital into their theories. The concept has been used in dealing with the issues of economic transformation, especially that of postcommunist economies. In this context, the concept of social capital is most often equated with the "sociocultural determinants", that is the informal framework of the economic system which can be a stimulus, but also a hindrance for economic development. The greatest part of the discussion focuses on the influence of informal capital on economic activity (Ignjatović, 2007).

Gary Becker integrates the concept of social capital into the utility function which explains the behavior of the individual agent on the market. Personal capital (experience and consumption) and social capital (networks) are defined as endogenous variables (Becker, according to Van Staveren, 2002: 9). The individual activates his/her networks in order to maximize their utility. The urban economist Edward Glaeser developed a more complex model of social capital, by introducing the concept of the "economy of social capital" (Ignjatović, 2011). Social capital is defined at the individual level, but also at the level of local community (settlement). The definition states that the social capital of a community represents a set of resources which increase wellbeing in that community. The following factors affect the level of social capital in a settlement: the life stage of the agents, the level of human capital, interpersonal complementarity, mobility of agents and distance (population density). Glaeser also engaged in searching for practical solutions which would improve the social capital of settlements: the increase of ownership over housing units would decrease mobility, and therefore increase the readiness of agents to invest in social capital. Jonathan Temple links social and human capital, using level of trust as an indicator of social capital.

Institutional and neoinstitutional economics deal with the sociocultural factors of economic institutions. Their object of study is the context of economic activity and social capital is equated with informal networks, norms and trust.

Socio-economics theory is more of a paradigm than a separate theory and it encompasses an economic, sociological, anthropological approach to economic phenomena. Authors who belong to this group are Giddens, Solow, Rostow, Etzioni. They start from the concept of economic development, unlike neoclassical economists who speak of economic growth. Etzioni stated that this is a different approach which is aimed at changing preferences in economics as opposed to accepting them as given (Etzioni, 1992: 15). The main premise is that criteria for public policy planning should be defined as a joint effort on the part of members of society and the state. Social capital has appeared within their manifesto, the proceedings created by the *Social Capital Interest Group*. They argue in favor of an interdisciplinary study of social capital, and they rely on Putnam's and Bourdieu's theories (SCIG, 2000).

Social capital is also used in development programs. For example, in the UNIDO project Putnam's model was combined with the neoclassical model. In this program the goal is to create a leap from bonding social capital towards bridging social capital. The problem is particularly noticeable in developing economies, where economic activity rests on the principle of shared identity which has effects only up to a certain level. At this point meso-level structures need to be introduced (organizations based on association) which would make possible a better economic effect (Knorringa, Van Staveren, 2006: 23).

Fukuyama' theory does not strictly belong to economic theories of social capital. He has been included in this group as he deals with the influence of socio-economic factors on the economy. His study *Trust* appeared precisely at the time when the popularity of the concept of social capital began (1995). Fukuyama indicate that there is20% of phenomena in economy that cannot be explained by neoclassical theoreticians (Fukujama, 1997: 23). The concept of social capital is used in his explanation of differences among countries in regard to economic development:

> *"Social capital is an instantiated informal norm that promotes cooperation between two or more individuals. The norms that constitute social capital can range from a norm of reciprocity between two friends, all the way up to complex and elaborately articulated doctrines like Christianity or Confucianism. They must be instantiated in an actual human relationship: the norm of reciprocity exists in potentia in my dealings with all people, but is actualized only in my dealings with my friends. By this definition, trust, networks, civil society, and the like which have been associated with social capital are all epiphenominal, arising as a result of social capital but not constituting social capital itself"(Fukuyama, 1999).*

Fukuyama states that social capital cannot be equated with trust, but often uses the two terms interchangeably. Social capital functions at the level of the collective agents which can be families, cultural communities (with the meaning "American culture", "Chinese culture") or state communities (for example, the states within the United States of America). In both cases, social capital has an accumulative nature, similar to what is argued by Putnam: it spreads from the level of the family to the level of the state. As for types of social capital, Fukuyama distinguishes between two types, "familial" and "spontaneous". This distinction corresponds to the model of *bonding-bridging* or relations of trust which appear among close individuals (*thick trust*) and the trust towards unfamiliar agents (*thin trust*). Fukuyama has introduced a culturalist explanation of economic phenomena: every type of social capital creates corresponding types of economic institutions. Therefore, the "American culture" creates corporations that are based on spontaneous (*thin*) trust, while the Chinese culture rests on familial trust, hence Chinese economy is dominated by small companies. At the same time, Fukuyama has a slight preference for the spontaneous type of social capital and economy founded on corporations. Fukuyama has been criticized over weaknesses in his methodology. He oversimplifies the structure of the studied economic systems relying only on the dominant company size as an indicator and for using random criteria for chosen case studies (Ignjatović, 2008).

Woolcock has a significant contribution both in theoretical and practical development of the concept of social capital. He was an expert in the World Bank (*Development Research Group*). His understanding of social capital is integrated into his theory of development. Woolcock has applied two concepts used in the "new sociology of economic development": embeddedness and autonomy. The main premise of this approach is that economic processes are inseparable from the social framework (embeddedness) and that it is important to take into account the degree of autonomy (autonomy) of the members of society in relation to the outer framework, that is, in relation to agents who are not part of the social community. Woolcock elaborates this concept, applying it on postcommunist societies and developing economies. Woolcock develops a theoretical model that combines the informal and formal, society and the state, citizens and institutions. (Ignjatović, 2011).

Woolcock's greatest contribution to the theory of social capital is the introduction of, so-called, *linking social capital*:

> *"We would define 'linking' social capital as norms of respect and networks of trusting relationships between people who are interacting across explicit, formal or institutionalized power of authority gradients in society. This refinement seeks to incorporate a distinction among all those social relationships that would otherwise be grouped together in the 'bridging' social capital category (...) that connect people across explicit 'vertical' power differentials, particularly as it pertains to accessing public and private services that can only be delivered through on-going face-to-face interaction, such as classroom teaching, general practice medicine, and agricultural extension..." (Woolcock, Szreter, 2004: 655).*

Linking social capital explains the relations between the formal and informal domains, especially public institutions and individuals. Woolcock acknowledges that this capital has a dark side in the form of corruption. Woolcock advocates for the optimization of social capital in society, which means that different types of social capital should be balanced (see Halpern, 2005 on the "vitamin model").

Network theories of social capital

As forwarded by John Field, Nan Lin"(...) has argued for a marriage of rational choice theory with network analysis as a basis for investigating social capital"(Field, 2003: 142). Lin's paradigm framework combines network theory, rational choice theory, and social exchange theory, and he has defined himself as a "Weberian" (Lin, 2001). His important contribution is methodological instrument for measuring social capital: *position generator*. Lin's epistemological framework is methodological individualism, which means that individual is owner of resources that become available through networks. Social capital is not a collective asset. Unlike Putnam, Lin does not take a catastrophic position on social capital "decay", nor does he promote political intervention in order to "regenerate" social capital.

Like Coleman, Lin is trying to close the gap between the "macro" and "micro" levels of societal reality. Macro perspective is related to *social structure* (social positions, authority, rules, agents; different levels of formality). Hierarchical social structure is based on the ranking of valued resources. In Weberian terms, there is a congruence and transferability of hierarchies. Occupants take different positions (higher the position-fewer occupants). Micro perspective is more directly linked to social capital. Lin has defined *social networks* as less formal aspect of social structure. They are flexible and permeable, and social actor has access to social networks. The sum of available resources is based on agent's position in social structure and access to social networks (Ignjatović, 2011).

Social agent's purposive action is key element of dynamics of social capital. Lin's definition of social capital is based on RCT premises: investment in social relations with expected returns in the marketplace(Lin, 2001: 19). Social capital represents resources available through social networks, but not these relations per se. Lin has provided an example: a friend's bicycle is social capital, because the agent has access to this bicycle through his network, although he does not possess it. The process is based on a mutually recognized norm of reciprocity/compensation. Another definition of social capital is more specific:

> *"Network-analysis based definition – "resources embedded in social networks accessed and used by actors for actions" (...) components: 1) resources are embedded in social relations... 2) access and use of resources reside with actors" (N. Lin, Social Capital, 2001: 25).*

Lin has pointed out that not all the networks are of the same quality. It depends on many factors: the agent's original position, other agents' social capital, type of interaction between two agents, and the location of the tie in the network.

Social capital in public policy

Social capital has been popular since the mid-1990s not only in the academic community but also in public policy. The history of the concept of social capital indicates that the concept has always had a political connotation. In 1916 Hanifan indicated that the accumulation of social capital should be stimulated because social capital has the potential to improve the living standard of the entire community. This was the period of progressivism (Progressive Era), based on faith in the strength of "democratization and civic activism" as the foundations of the development of society (Dewey, 1916; Putnam, 2000: 383;

Stiglitz, 2006: 19; Dionne, 1996). Dewey argued for a Durkheimian "religion" of civic participation which would mean that individuals (citizens) would be authentically interested in participation in all important issues, including decision-making at the level of the entire society (Dewey, 1916).

During the 1990s, the idea of social capital became part of public policy changes of the time. The authors who were engaged in the academic community and in public policy (Putnam, Woolcock) contributed to this. There was a shift from the Washington consensus to the Post-Washington consensus in development policy at the international level. The second change was the appearance of new political ideologies. One was neo-progressivism, as a centre-left orientation, which dominated in Great Britain from 1997 (the Labor Party's program "The Third Way") and the United States during Clinton administration (1992-2000). The third change marked the conservative political spectrum, at the time of the administration of G. W. Bush (2000-2004), and also the British Conservative Party. Social capital has been introduced in all the above trends and political orientations. It is almost possible to speak of a *paradigm of social capital* in the course of the 1990s.

All of the above political orientations are based on the belief that there exists a "stock of non-contaminated sociability" that could correct the deviations of the public sector. This model was applied at the international level in development programs. The post-Washington consensus focuses on the "20 percent" of inexplicable factors in economic equations. Many projects were implemented in Africa, Asia and Latin America. Social capital was understood as alchemic resource which is available to all, and can easily be converted into other resources, because it is free and "democratic" (Light, 2004: 149). One example of the practical application of these principles is the project *Grameen bank* in Bangladesh, founded in 1976. The system was based on the mutual co-dependence of the creditors and self-policing, but it turned out that these networks do not function as was expected. The assumption that a high level of trust in a community necessarily leads to good functioning of the system (thanks to internal control)proved to be wrong (Ignjatović, 2011).

As for political ideologies, an "epistemological community" was created from the members of related "public policy elites". Pierson discusses this aspect in his analysis of the Labor Party (Pierson, 2003: 94). In Great Britain, two political options – the conservative and labor – created two similar public policy models. The idea of "stimulating social capital" can also be found in Giddens' "state which invests in society" (*Social Investment State*) with the concepts such as "social entrepreneurship" and "investing in society" (Field, 2003: 127). The type of social capital on which neo-labor policy is based on includes in equal amounts “strong” and “weak” ties. The conception of social capital can be found likewise in the programs of the British Conservative Party, in the form of the concept of community which encompasses the following elements: family, local schools, voluntary organizations and the church (*Sixty Million Citizens,* 2002: 13). The Conservatives’ plan argue for the “investment in social capital”, similar to Labor’s “social investment”. The convergence is also evident in the United States between the program transformations of the Democratic and Republic Parties (Ignjatović, 2011).

The concept of social capital has linked academic discussion and public policy with a shared expectation of a powerful heuristic, that is, political instrument. At the same time, many doubts have followed these expectations concerning its usefulness for theory and practice. For example Field argues that social capital is just “simply reinventing — or even just renaming — the wheel” (Field, 2003: 138). On the other hand, there is the legitimate question of the reason for such great popularity of an “empty concept”. A humorous explanation is offered by Bowles and Gintis, who state:

> *“Perhaps social capital, like Voltaire’s God, would have to have been invented if it did not exist. It may even be a good idea. A good term it is not. Capital refers to a thing that can be owned—even a social isolate like Robinson Crusoe had an axe and fishing net. By contrast, the attributes said to make up social capital describe relationships among people. As with other trendy expressions, “social capital” has attracted so many disparate uses that we think it better to drop the term in favor of something more precise” (Bowles, Gintis, according to Quibria, 2003: 28).*

Even if social capital is abandoned as a concept, it will certainly still have its place on the sociological agenda as an intriguing case of conceptual “crossover” between academic and public policy discourse.

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