Social Capital and Inequality in Latin America

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1. Introduction

In this paper I provide a theoretical introduction on social capital as it pertains to development issues and the role of the state. Thus, I seek to answer four questions: (1) What is social capital? (2) Why is social capital relevant for development? (3) What is the reality of social capital in the context of Latin American societies? (4) What is the role of political institutions regarding variations in the supply of social capital?

Recent analyses have shown that social capital is vital for development, democracy and economic performance. Indeed, it has been argued by international organizations and NGOs that social capital can be built up where it is either weak or absent. Positive outcomes where social capital is constructed are expected almost always. However, I will argue that social capital also has negative aspects, and that established structures of power and social exclusion in Latin America nullify certain positive elements. Therefore, political institutions that value the principles of fairness and impartiality become relevant. Increases in social capital without increases of other sources of well-being may possibly have neutral effects or even reinforce inequalities.

2. A Theoretical Approximation

As Halpern points out, “even among the politicians and scholars that use the term, there is often confusion about what social capital is, or how it should be measured.”¹ Just a quick review of some works on social capital will make any reader realize that while

¹ Halpern, David. 2005. Social Capital. Cambridge, UK ; Malden, MA. P. 1
some authors consider that the social capital concept is inconsistent, many others position it as the most exciting concept to emerge out of the social sciences in fifty years.

The interest in social capital comes from two directions. First, it implicitly counters the crude economic political fashion of the 1980s and the early 1990s, especially characteristic of the USA, UK and New Zealand. It returns to “the social,” articulating concerns that were absent in past paradigms. It also gave a name to something that many came to feel was missing.2 It is also important to mention that social capital as a concept also is related to the revival of center-left parties during the mid-1990s across the Western world. Second, the interest in social capital comes from a variety of scholarly studies on the important outcomes of the form and quality of networks in social relations. Such outcomes are said to impact positively the economy, public health, education, and the efficacy of governments combating crime, delivering goods and strengthening democracy.3

Although Adam Smith, Tocqueville and Durkheim have indirectly referred to social capital, the mainstream interest in the concept can be dated to the late 1980s. Thus I will refer to part of the analysis of Bordieu, Coleman and Putnam in this respect.

In his book Reproduction, Pierre Bordieu talks about different forms of capital: economic capital, cultural capital, linguistic capital, scholastic capital, and social capital. It was impossible, Bordieu argued, to understand the social world without acknowledging the role of capital in all its forms, and not solely in the one form recognized in economic theory. Bordieu “had initially adopted the concept of cultural capital in order to explain the unequal academic achievement of children from different social classes and from different groups within social classes.”4 Bordieu’s interest in other forms of capital was based on his

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2 Tatcher once mentioned that “there is no such thing as society.”
3 Halpern, 2
concern that the economy was neglecting the importance of huge areas such as social and economic life. Finally, he developed a theory of social capital, which was in turn defined as “the aggregate of the actual or potential resources which are linked to possession of durable network of more or less institutionalized relationships of mutual acquaintance and recognition… which provides each of its members with the backing of collectively-owned capital.” Bordieu was especially concerned with inequality that is produced by incapability of people of accessing social networks.

James Coleman has had a much wider influence than Bordieu. In a series of investigations of educational attainment in American ghettos, “Coleman was able to show that social capital was not limited to the powerful but could also convey real benefits to poor and marginalized communities.” In Coleman’s view, social capital is positive because it entails expectations of reciprocity and because it goes beyond any given individual to involve wider networks whose relationships depend on trust and shared values. As Coleman puts it “[s]ocial 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 on some aspects of social structures, and they facilitate certain actions of actors – whether persons or corporate actors – within that structure.

Above all, Robert Putnam has popularized the concept of social capital and can claim responsibility for its entry into mainstream political discourse. Whereas Bordieu and Coleman are best known in the worlds of sociology and social sciences, Putnam’s

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5 Halpern, 7
7 Field, 20
9 Schuller, Baron and Field, 8; Halpern, 7; Hoogue and Stolle. 2003. Generating social capital: civil society and institutions in comparative perspective New York: Palgrave. P. 4
contribution has reached a far wider public.\textsuperscript{10} Putnam analyzed different regions of Italy and found that the differential effectiveness of the regional governments (their speed of action, the efficiency with which they worked and their perception by the public) depended not on the size of public budgets but on civic engagement and associational life of citizens. Strong social capital in certain regions, he found, also contributed to economic development. Thus, differential in social capital across different regions made the difference and made the north of Italy more developed than the south. Robert Putnam defines thus social capital as “features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives.”\textsuperscript{11}

Putnam, like Coleman, has been criticized for functionalism and for failing to address issues of power and conflict. “However, Putnam rejects these criticisms and has recently made strong claims for an intrinsic and universal link between social capital and egalitarian policies.”\textsuperscript{12} Fukuyama’s contribution to social capital is also noteworthy as it is linked to Putnam’s argument. Fukuyama argues that economists have grossly underestimated the importance of social capital in general, and trust in particular. He also pointed out that the traditional juxtaposition of the North American liberal model at the one extreme and the Asian interventionist model at the other was misleading because it missed similarities in their social capital. Said similarities, in his view, have allowed Japan and the USA to obtain high levels of growth because of similar levels of social capital despite being “extremes.” In contrast, he said, economic underperformance in Russia and Africa is explainable because of lack of trust among their own people.\textsuperscript{13}

\begin{thebibliography}{9}
\bibitem{Field} Field, 29
\bibitem{Schuller} Schuller, Baron and Field, 9
\bibitem{Ibid} Ibid, 10
\bibitem{Harper} Harper, 8
\end{thebibliography}
As Schuller, Baron and Field explicate, there are five merits of social capital: (1) it shifts the focus of analysis from the behavior of individual agents to the pattern of relations between agents, social units and institutions; (2) it develops empirical research of diverse kinds to act as a link between micro, meso, and macro levels of analysis; (3) it is multidisciplinary and interdisciplinary; (4) it reinserts issues of value into the heart of social scientific discourse by including terms such as trust, sharing and community; and (5) it has a heuristic quality.\textsuperscript{14}

Although the perspectives of the main theorists are varied, they all coincide in their contribution to the understanding of social relations, as pointed out by Schuller, Baron and Field. Yet, the consistency of this research depends first of all on making sense of a good definition (one that incorporates the nature of the classic theorists’ concepts) in relation to the topic of inequality in Latin America.

For that reason, based on Albert O. Hirschman’s idea of social energy, which was inspired by efforts of groups of poor people in Latin America to better their condition; and supported by the studies of Durston, Flores and Rello,\textsuperscript{15} I would like to treat social capital as those networks that compose the essence of certain social relations in which attitudes of trust combine with behaviors of cooperation and reciprocity, such that whoever possesses this capital is more likely to better his/her condition. Mainstream political discourse implies that “the existence of networks gives additional advantages to the individuals that have access to them, in comparison to what they could obtain if they acted individually and without the support of these social relations.”\textsuperscript{16} Conversely, as will be

\textsuperscript{14} Schuller, Baron and Field, 35-36
\textsuperscript{15} Durston, John. 2003. Social Capital: Part of the Problem, Part of the Solution: How it can Perpetuate or Deter Poverty in Latin America and the Caribbean. In Social Capital and Poverty Reduction in Latin America and the Caribbean: Towards a New Paradigm. ECLAC. P. 133
\textsuperscript{16} Flores Margarita; Rello, Fernando. 2003. Social Capital: Virtues and Limitations. In Social Capital and Poverty Reduction in Latin America and the Caribbean: Towards a New Paradigm. ECLAC. P. 190
explained later, “bettering someone’s position” may mean diverse things to different people.

3. Social Capital and Development

The World Bank states that “social capital has important implications for development theory, practice and policy. Conventional prescriptions for enhancing the economic prospects of communities and nations include improving education and health facilities, constructing competent and accountable political institutions, and facilitating the emergence of free markets able to compete in the global economy. Social capital contributes to each of these aspects.”17

Such a statement implies that social capital is important for development and that social capital can be constructed. With regard to social capital formation, Uphoff has explained that “social capital is increased when there are roles, rules, precedents, and procedures for carrying out what can be considered as the four basic functions of social organization: decision making, resource mobilization and management; communication and coordination; and conflict resolution.”18

Thus, when there is capacity to perform each of these functions, social networks of reciprocity and trust may produce benefits for the people who compose certain group. Now it is appropriate to review those areas in which the World Bank states social has a positive influence.

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17 World Bank’s website on social capital http://www1.worldbank.org/prem/poverty/scapital/scwhyrel1.htm
With regard to education, “[t]he evidence is now beyond dispute. When schools work together with families to support learning, children tend to succeed not just in school but throughout life… When parents are involved in their children’s education at home, their children do better in school. When parents are involved at school, their children go further in school, and the schools they go to are better.”

Concerning health, “doctors and nurses are more likely to show up for work and to perform their duties attentively where their actions are supported and monitored by citizen groups.” In addition, as Halpern explicates, “individuals with supportive personal relationships are generally less likely to suffer from depression; show less cognitive decline in older age; and are in several times less likely to die prematurely than the socially isolated.”

In relation to political institutions, “there is a considerable body of evidence showing that high social capital, and particularly social trust, is associated with more effective and less corrupt government.” In this context, building upon Putnam’s work, Boix and Posner suggest that social capital might: (1) make citizens sophisticated consumers of politics and offer channels through which their demands can be articulated; (2) make bureaucrats better at co-operating with one another – in other words, bureaucrats would carry the same facilitating skills as other citizens in a high-associational, high-trust society; (3) foster virtue among the citizenry – in other words, shift tastes from the particularistic to the community-oriented, leading to citizens who are more law-abiding and

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21 Halpern, 110
22 Halpern, 192
therefore generally facilitating the implementation of policy; and (4) make consociation democracy possible.\textsuperscript{23}

Authors like Putnam and Fukuyama have explained that social capital is determinant of macro-economic performance.\textsuperscript{24} As Halpern states, social capital affect economic performance because “[t]he effective functioning of markets requires a good flow of information to connect buyers and sellers, and the ability to enforce contracts or other negotiated arrangements easily and cheaply.”\textsuperscript{25} Also, “it has long been known that personal contacts furnish job seekers with a highly effective way of finding new positions and gaining promotion, while since the 1990s dense networks of firms, researchers and policy makers have been often a decisive factors in enabling innovation and improving competitive performance.”\textsuperscript{26} Finally, because the poor lacks connections into the formal economy including material and informational resources, the positive impact of social capital on poor sectors of society is widely recognized. Social capital helps the poor to transcend their closed networks in to access additional resources.

Finally, it is also important to mention something in relation to the praxis of increasing social capital. Based on his studies and large experience on social capital in poor regions, Uphoof has concluded seven important points that social capital is something that can be increased. However, he states that when trying to build up social capital, particularly among poorer households and in poorer communities, it is advisable to emphasize or at least begin with informal institutions and relationships. To guide and accelerate these processes, he says, “the most effective option is to use catalysts, individuals either from the

\begin{thebibliography}{99}
\bibitem{24} Tonkiss, Fran; Passey, Andrew. 2000. Trust and civil society. New York: St. Martin's Press. P. 84-85
\bibitem{25} Halpern, 43
\bibitem{26} Field, 50
\end{thebibliography}
communities or from outside, who can encourage and assist in the creation of new roles, rules, precedents and procedures and in the articulation and deepening of normative and cognitive support for these efforts.” Also, Uphoff mentions that this effort to build up social capital should be undertaken as a learning process; should not be regarded as purely instrumental; and should be valuable for economic benefits.27


Even though increases of social capital may be helpful for development, its distribution (like in the case of economic capital) in Latin America entails elements of conflict. Thus, depending on who holds social capital and the way it is channeled, it might or might not be an important tool to combat inequality.

I agree with Field in the sense those who use the social capital concept have tended to overemphasize its positive outcomes.28 In the same line, Howell and Pearce state that “like the associations of civil society, trust and reciprocity can contribute negatively or positively to a variety of outcomes.”29 Moreover, Flores and Rello point out that “[m]ost studies assume that social capital generates socially positive outcomes that are distributed equally among the members of rural organizations, which is often not the case.”30

In the Latin American context I distinguish three essential elements of conflict of social capital: distribution of social capital within society, use of social capital by the state in its relations with society, and potentially criminal social capital.

27 Uphoff, 126-129
28 Field, 71
30 Flores and Rello, 195
Within society, social capital can promote inequality because access to different types of networks is very unequally distributed in Latin America in economic, political, and ethnic terms. This is a reality at the international, the national, the local, and the community level. Social capital may also produce inequality because it reinforces relations of power. In Latin America, a region where economic and political power is distributed very unevenly, social capital involves calling these structures into question. Thus, the usefulness of social capital is more relative in this region than in others, where inequality is not so marked. As Narayan puts it: “… the same ties that bind also exclude... Groups and networks only work by including some and excluding others… In socially differentiated societies… social capital can help preserve the status quo of exclusion.”\(^{31}\)

Howell and Pearce formulate the following questions regarding associational life in the context on unequal economic and social power. “[I]s it possible to have parity of association and participation in civil or political society? How can the poor and those on the margins of society find a voice in civil society? How can they finance organizations and campaigns when the resources of corporate capital and privileged social groups are so much greater? Whose interests do donors promote in their civil society strengthening programs?”\(^{32}\)

Everyone can use their connections as a way of advancing their interests. However, some peoples’ connections are more valuable than others. As Edwards and Foley explain, “[a]ccess to social capital depends on the social location of the specific individuals or groups attempting to appropriate it… the social location of the social capital itself affects its value, regardless of who appropriates it.”\(^{33}\) Distribution of social capital depends on

\(^{31}\) Durston, 155
\(^{32}\) Howell and Pearce, 86
income, but particularly on the education and ethnicity of the individual. As Corrochano explains for the case of Mexico, a segregationist mentality “determines the restricted course of social capital flow.” Bordieu, who saw social capital as a property of privileged groups alone, thought that it could have particular importance in determining the position within the elite strata of individuals and groups whose financial capital alone was relatively modest.

What is even more problematic is that social exclusion within poverty also exists in Latin America. “Subaltern communities are heterogeneous and marked by inequality, with personal agendas impinging on the informal relationships that permeate collective institutions… Because of these power differentials among the poor, dominant groups and factions are able to seize and distort social capital and its precursors.”

Cultural variables are also important. Warde and Tampubolon found in a study of Britain that being male, being white, having more education, being of a higher social class and having greater personal income all significantly increase the likelihood of membership of more organizations. In the USA, survey data showed that levels of trust are much higher among the well-educated and the rich than among high school dropouts and the poor. Similar gaps exist between ethnic groups. Thus, for the case of Latin America, where higher degrees of exclusion and cultural differentiation exist, we can expect more stratification of social capital.

There is also a distinguishably unequal distribution of social capital between state and society. In Latin America long history of clientelism has meant that who has had

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35 Field, 76
36 Durston, 158
37 Field, 75
more social capital has also had the power to limit, destroy, cover, and divert the social capital of other people.\textsuperscript{38}

In this context, Philip Oxhorn has explained Latin America’s history as a struggle of elites to conserve their economic and political power. He argues that social forces which might otherwise have generated strong civil societies were contained through limited forces of controlled inclusion, especially in authoritarian bureaucratic states like Mexico and Brazil. What is more, Oxhon states that Latin America is experiencing a new phenomenon: coerced marginalization. This happening “is characterized by the extreme political and economic exclusion of the popular sectors. Its marginalization in the most fundamental sense: subordinate classes are denied basic citizenship and economic rights as a result of state policies.”\textsuperscript{39} In the same line, Bresser Pereira and Nakano explicate that Latin America lacks the basic social contract between the state, labor, and capital under which democracy and the economy are fueled in successful European cases.\textsuperscript{40}

These relations between state and society can be analyzed in the context of social capital in the sense that politicians and economic elites have had the capacity to better their condition through social relations established within certain social groups by using networks of trust and reciprocity to perpetuate relations of power. This, of course, has happened at the expense of others. In the present, for instance, lobbying and patronage in Latin American countries are part of the problem with perpetuation of inequality and social exclusion not because they are bad in themselves but because they are bad distributed. That

\textsuperscript{38} Durston, 156  
is, not everybody has the same capacity to be represented, which talks about both more social capital for some groups than for others and differences in quality of social capital.

Lastly, social capital can also be potentially criminal. As I have explained, social capital is not bad in itself. Nonetheless, its distribution can produce inequality and, in this case, it can be directed towards malevolent purposes. In this context, Mark E. Warren explains the interesting case of Antioquia, Colombia. This region, characterized by a strong system of social networks, based on the family but open to outsiders, combined with strong shared values and high levels of trust, was the perfect ground for the emergence of the Medellín drug cartel.\footnote{Warren, M. E. 2001. Social Capital and Corruption. Paper presented at EURESCO Conference on Social Capital, University of Exeter. P. 15-20} Thus, strong networks of trust and reciprocity can also be the basis of social relations within terrorist groups like Shining Path in Peru; guerrilla movements like the FARC in Colombia; gangs in Brazil; and organized crime in Mexico.

Furthermore, in the same criminal line, people’s connections inside governments can both exclude outsiders and allow network members to advance other interests. This is the most common form of corruption, especially nepotism. In addition, the same trust that eases economic cooperation (by reducing transaction costs associated with more formal mechanisms such as contracts, hierarchies, and bureaucratic rules)\footnote{Fukuyama, F. 2001. Social Capital, Civil Society and Development. \textit{Third World Quarterly}, 22, 1. P. 10} can represent an opportunity for those that engage in fraud and other kind of related crimes.

In sum, under certain circumstances social capital may benefit groups of people. However, it may also produce inequality, perpetuate clientelism, and provide the bases for criminal behavior. Hence, it is fundamental to be conscious that social networks of trust, cooperation and reciprocity can cut both ways.
5. The role of institutions in making social capital work positively

Now that we know that social capital can be produced, destroyed and misused, it is important to understand the role of the state and its public policies in all this for the Latin American case.

In his book “Social Traps and the Problem of Trust,” Bo Rothstein argues that variations in the supply of social capital in a society are rooted mainly in the design of political and administrative institutions. If institutions are fair, efficient, and impartial, he argues, the likelihood that citizens will overcome social dilemmas will increase. This argument is extremely different from that of Putnam. As I have pointed out, the essence of Putnam’s argument is that what makes democracy work is social capital, or trust, and this is produced if citizens engage in horizontal voluntary organizations such as choral societies, PTAs and charities. “In this Durkheimian notion of the social order, it is a vibrant civil society where citizen’s engage in local grass roots organizations, that they learn the noble art of overcoming dilemmas of collective action.” Thus, we can distinguish that Rothstein emphasizes a “from above” approach and Putnam underlines a “bottom up” approach.

While I would agree with Putnam’s view if this paper were about Italy or the United States, I cannot sustain that associational life and networks of trust alone can make the difference to overcome underdevelopment in Latin American countries. Priorities for each region must be diagnosed taking into account particularities in patterns of distribution of wealth. According to ECLAC’s flagship report “Social Panorama 2005,” there are in Latin America 213 million of people in poverty (40.6%,) of which 88 million (16.8%) are

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indigents. Thus, since these statistics imply great social conflict, I agree with Rothstein’s
top down approach in which efficiency, fairness, and impartiality of public institutions are
the bases to overcoming lack or misdistribution of social capital.

Uslaner has suggested that one of the strongest predictors of social trust is
economic equality because it increases feelings of optimism since individuals will feel they
have a chance for improving their situation. In countries with high levels of inequality
“there will be less concern for people of different backgrounds.”45 This is the case of
Brazil, a country in which the distribution of wealth is highly unequal. Consequently, in
such a society, the rich and the poor do not intersect their lives. On the one hand, the rich
are well educated, are protected by private and public guards, and have access to health
services of high quality. On the other, the poor attend to the worst schools, are repelled by
the force of money and power, and have access to “another” category of health services. In
Latin America, “neither the rich nor the poor have a sense of shared fate with the other, and
this makes both groups to stick to their own.”46

Rothstein has a negative view on civil society as a factor that increases social
trust. In this context, he states that the notion of civil society and voluntary associations has
suffered three reverses: (1) it has proven impossible to find a working distinction between
the kind of organizations that produce social trust and those that produce the opposite; (2) it
has not been possible to prove any correlation between involvement in voluntary
associations and high social trust; and (3) if civil society produces the kind of beliefs
necessary for a stable and working democracy, the newly established democracies should
have a vibrant voluntary sector.

45 Bo 2001, 100
As regards the last point that Rothsein refers to, Encarnation analyzed the
democratization processes in Spain and Brazil and concluded that neither of these countries
rates high on civil society indicators. Moreover, he demonstrates that civil society has been
overrated as the main source of social capital. Instead of civil society, he points to the
importance of “the constitution and political institutions.”

Thus, maybe social researches have confused means with ends when they talk
about social capital as an instrument of development. Maybe it is well being what produces
social capital and not social capital what produces well being. Furthermore, it is perhaps a
particular type of political institution (those that generate results) that produces social
capital. Therefore, political institutions and public policies matter. In this context, Marcur
Olson has gone beyond this by stating that “the great differences in the wealth of nations
are mainly due to differences in the quality of their institutions and economic policies.”

The implementation of such institutions’ policies must be first of all impartial.
“That is, there is nothing to stop the political majority from choosing to favor certain
groups (families with children, farmers, senior citizens, union members, small business
owners) when formulating a policy, but when the policy is to be implemented, impartiality
as one component of the rule of law implies that individual citizens must be treated
according to the principles of equality before the law.” Societies where trust in the legal
institutions is high, Rothstein has found, enjoy also higher levels of social capital. This
creates a virtuous circle: a state that is efficient in finding and punishing criminals will not
only create trust in government but also create incentives to avoid criminal behavior.

47 Encarnation, Omar G. 2003 The Myth of Civil Society: Social Capital and Democratic Consolidation in Spain and Brazil. New York:
Palgrave Macmillan. P. 8
Underdevelopment: The Political Economy of Global Inequality. Edited by Mitchell A. Seligson and John T. Passé-Smith. Boulder,
Colo: Lynne Rienner Publishers. P. 398
49 Bo 2005, 109
50 Ibid, 112
Institutions’ policies must also be fair. As I have pointed out in the previous section, interactions among individuals in Latin America are to a great extent based on ethnic, economic, and gender considerations, which does not encourage people to engage in social interactions outside their own group. This fact also demonstrates that social capital is very unevenly distributed. However, “institutions oriented towards working by rules that prohibit any consideration of those characteristics or affiliations may break such a pattern.”51 The principle of impartiality mentioned before along with the principle of fairness should act against discrimination and the idea that the government should act as agents of someone’s special interests. This in turn would influence the way people perceive the government and the way different groups interact.

Institutions must be participatory and anti-clientalist. When people cannot rely on the existing system of rules, they have to count on personal contacts, which reinforce the relations of controlled inclusion and coerced marginalization that I have referred to in the fourth section. Clientelism is a system built on political bossism. It is a strongly hierarchical system affording few opportunities for the exertion of influence from below.52

The case for policy intervention by impartial, fair and participatory institutions rests on the key argument that “in so far as the state is expected to intervene in the distribution of resources more generally, in areas such as health or education, social capital represents a tool of policy.”53 Policies of such a nature are likely to ferment a more democratic environment and avoid the negative uses of social capital I have explained in section four. As Warren suggests, “the more political, economic and cultural democracy

51 Ibid, 128
53 Field, 121
exists, the less likely sources of social capital with negative potentials are to function in negative ways.”

6. Conclusions

As I have explained in preceding pages, social capital understood as social networks of trust, cooperation, and reciprocity is a central factor for development. Quantity and quality of social capital are important for economic performance, effectiveness of political institutions, education, health, among other aspects. Indeed, social capital might help the poor to transcend their closed networks in order to access additional resources.

However, the positive side of social capital is often overemphasized. Like any other kind of capital, social capital is unequally distributed in Latin America and there is not abundant literature or policy action in such an area. The way social capital is both possessed and channeled has an impact that can be either positive or negative. For example, political and economic elites use their networks of trust and solidarity in order to perpetuate their position; state officials belonging to a clientalist state can limit, destroy, cover, and divert the social capital of others; and gangs, mafias, terrorist groups, and other organized crime organizations can use their connections of reciprocity and trust to commit crime. Furthermore, even among poor communities dominant groups and factions are able to seize and distort social capital.

Therefore, focusing merely on social capital to combat underdevelopment involve the risk of attributing to both networks and relations the ability to compensate for the shortage of economic opportunities resulting from the lack of natural or financial

54 Warren 2001
capital. Hence, associational life and civic engagement is not enough. Rather, political institutions that are fair and impartial might have the potential to redistribute social capital by not giving especial treatment to powerful groups and providing services to vulnerable groups. In the policy arena, this is translated into attacking monopolies, fighting corruption, enforcing the law, eliminating tax exemptions, and above all, proving the poor with education and health services to enable them to rescue their capacity to interact with the rest of society. In other words, while a society that discriminates and excludes could unfortunately exist for many reasons, there is no reason why institutions should be of such a nature as well.

Only if political institutions consider the principles of fairness and impartiality as the bases of their policy action will they have the capacity to transform the collective memory of society. If people perceive institutions in a different way, the state might obtain the institutional credibility it needs to obtain cooperation and thus more financial resources through taxes. Also, if people perceive that rules are universally and effectively applied, common people and state officials are less likely to engage in corrupt behavior. If at the end this works, political institutions may also obtain the political support (popular vote, party support, congress support) that would permit it to hold effective power to govern and, in the end, increase civic engagement.

This scheme entails a top-down approach in which change within political institutions could be translated into a chain of consequences that could impact the positive redistribution of social capital. This, in my opinion, is a more feasible option than solely fostering associational life among the poor without a real transformation of structures of power that allow changes in the people’s capacity to cooperate, reciprocate, and trust.
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World Bank’s website on social capital