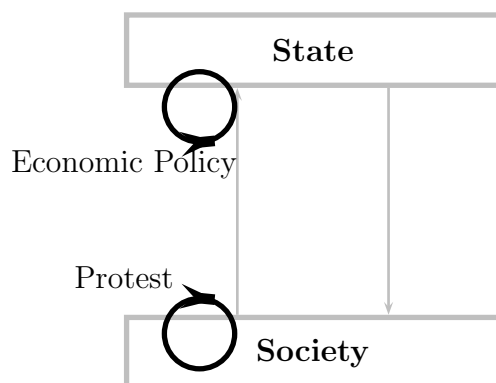


Lecture Outline: Social Capital

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Introduction

- We started this course three month ago by asserting that there is a need for collective action to organize societal living.
- There is scarcity, not everybody is a nice person so we need some law, some public goods are needed, etc.
- We talked about many forms to set-up institutional frameworks to solve collective action problems:
 - On the macro-level: regimes
 - On lower-levels in democracies: Political systems, electoral systems and their associates party systems, voting behavior
- We usually asked: What kind of institutions do you need for a stable, efficient, democratic, representative democracy → **Livonia Game**
- So we set the discussion up like



Institutional Design:
Presidential vs Parliamentary,
PR vs Plurality

Intermediary Institutions:
Parties

Citizens:
Voting

- Coming back to our definition of democracy we said that there are more dimensions to a democracy than only an **institutional** one but also a **behavioral** and an **attitudinal** one.
- What is the glue, what is holding everything together? It could be pure hierarchical enforcement (Hobbes, dictatorship)

Putnam

- Putnam's "Making Democracy Work" is stepping in exactly at this point. The concept of **Social Capital** aims on describing exactly what we only touched at the periphery so far: **Behavior** and **Attitudes** of Individuals and of Individuals in societal networks enabling a democracy to flourish. The **Grease, engine oil** in between state and citizenry if you will.
- Why is that? What is Social Capital? **Let's begin where Putnam starts out.**
- Putnam's **main finding**: Democracy as a solution to our collective action problem works in the North of Italy but not in the South. The North is ...
- Putnam's **main question**: Why is that? In the same country! Regions not that far away from another?
- Putnam's **main answer**: Social capital?
- What is social capital, and how is it a fertilizer for a flourishing democracy?

Research Design

- Putnam says **institutions matter** but **social context** determines success
- He looks at regions with similar institutional setup but obviously different performance.
- Y is institutional performance, what are the x (**draw that!!!!**)
- Three schools:
 1. Institutionalism/Institutional Design (Livonia)
 2. Socio-Economics (Think Economic Reform unit)
 3. Socio-Cultural (Machiavelli, de Tocqueville, Almond/Verba, now Putnam)
- If we think in terms of Livonia, both regions should do equally well
- If we think in terms of socio-economics, North should do better but was not always the case.
- What about socio-cultural aspects? What is the X in socio-cultural aspects Putnam covers? It's **civic life** and for high performance a democratic society needs a **civic community**, a community with abundance of social capital.

Civic Community

- What does civic community mean? →← Putnam: Amoral familism (Mafia)
- **Civic Virtues:** Political participation, Interest in Politics, Civic Engagement (Running for Office); moving up the arrow from bottom to top; Tocqueville
- **Equality** (not only institutional but also behavior and attitudinal)
- **Civic, community spirit:** solidarity, trust, tolerance
- **Societal participation** (secondary associations); creating a social structure of cooperation

How does Putnam measure civic community?

- Civic Virtues: turnout, newspaper readership, interviews (politicians)
- Equality, civic spirit: surveys, interviews (politicians)
- Societal Participation: associational life

How does social life look like in a society with a civic community?

- **Politicians**

- are programmatic not clientelistic oriented
- support civic community values themselves

- **Society**

- Highly organized society, large and dense networks
- High levels of trust, honesty, law-abidingness, system satisfaction
- Individuals not only participate, contribute, they also accept and respect outcomes
- Fun fact: More particular high union membership but low church membership (church alternative, **mention WVS**), party membership about the same but is similarly programmatic not clientelistic

What is the mechanism connecting civic community with performance? Why is there strong performance in the North?

Still, why does that work? Why does social capital allows a democracy to flourish?

- Existence of a civic community does not immediately translate into higher performance in all areas. But **social capital enables high performance of institutions in a democracy.**
- **Social Capital means functioning horizontal networks of cooperation and mutual trust** → Democracy requires voluntary voluntary cooperation, voluntary engagement, consensus, etc. →← Other solutions to the collective action problem exist but are **less efficient** than voluntarism-based solutions.
- Collective action works in North, why doesn't it work in the South?
- Established social capital nurtures performance of democratic system over and over again. Institutions work without to much need of enforcement. Why? It is a classical game theoretic setting. It is a PD. Why does the North settles on cooperation?
 - Increases cost for defectors.
 - Fosters robust norms of reciprocity (Commitment technology)
 - Facilitate communication and thus trust (Information on compliance behavior)
 - Embodies past success in collaboration (Almost Evolutionary Argument, **Mention History**)

⇒

- **Two social equilibria!!!!**, two ways to solve collective action problem actually. Both might be equivalent in terms of economic success but not in terms of democratic performance in a modern world (**That is what Putnam actually measures**).
- One solution uses third-party enforcement (Dictatorship, Mafia)
- One uses reciprocity which is in need of social capital (Democracy)