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Social Capital and Development: The Coming Agenda

Francis Fukuyama

This article addresses the concept of social capital: in particular, where social capital stands today, how it interacts with other factors in international development, and how it will contribute to economic growth and poverty alleviation in the future.

The term “social capital” reentered the social science lexicon in the 1980s. According to sociologist James Coleman, social capital refers to people’s ability to work together in groups. I prefer to define the concept more broadly to include any instance in which people cooperate for common ends on the basis of shared informal norms and values. Furthermore, many now regard social capital as a key ingredient in both economic development and stable liberal democracy.

Over the past decade, most research on social capital and its relationship with economic development has been conceptual, focusing on its definition, where it comes from, and how it functions. Future research, however, should move away from historical cases to a more pragmatic agenda, examining issues such as where social capital has successfully been created; the legal and institutional conditions that underpin its growth; its correlation to political corruption; and the impact of cultural changes (such as religious conversions) on social capital. First, we need to understand how social capital fits into the broader development agenda.

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Rethinking of Development

A major rethinking of the problem of development took place during the latter part of the 1990s, including a new appreciation for the importance of incorporating cultural factors into economic growth and development models. Social capital, after all, is simply a means of understanding the role that values and norms play in economic life.

The 1990s began, in a sense, with the so-called “Washington consensus” as the dominant approach to the discourse on developing and transitional economies. Applied primarily by international financial institutions, the Washington consensus was a series of economic policies that sought to free developing and transitional economies from the dead hand of the state. These were applied with varying degrees of success to countries in Eastern Europe and the former Soviet Union, Latin America, Asia, South Asia, and elsewhere in the developing world.

In many cases these policies failed to produce sustained economic growth, prompting a backlash against what is derisively called “neoliberalism.” Nowhere is this more apparent than in Latin America. The charge that the Washington consensus has been an across-the-board failure is nevertheless inaccurate; there were, in fact, some key successes in countries like Poland, Estonia, Mexico, and, before the Washington consensus was formulated, Chile. The failure of the Washington consensus was one of omission, rather than of policy. Privatization of inefficient nationalized assets, reduction of trade and investment barriers, phasing out of subsidies that distort market prices, industry deregulation, and market integration into the global economy are all unexceptionable policies that, in the long run, are necessary for economic growth. Any rethinking of the development problem should not reject these policies as long-run objectives.

The problem with the Washington consensus was not that it was misdirected, but rather that it was incomplete. One of the ways in which it was incomplete was its failure to take account of social capital. The ability to implement liberalizing policies presumed the existence of a competent, strong, and effective state, a series of institutions within which policy change could occur, and the proper cultural predispositions on the part of economic and political actors. Nevertheless, the Washington consensus was implemented as a blueprint for development in many countries lacking the proper political, institutional, and cultural precondi-

tions to make liberalization effective. Eliminating capital controls, for example, can lead to serious financial instability if implemented, as in the case of Thailand and Korea, in countries without adequate regulation of the banking sector. Similarly, privatization of state assets can delegitimize the entire reform process if carried out by state agencies that are corrupt and prone to cronyism.

What we have learned over the past decade, then, is not that liberalization does not work, but that economic policy by itself is not sufficient to induce development. Economic policy of any sort must be carried out by a state; one that is limited in scope but strong in its ability to enforce the rule of law, competent and transparent in the formulation of policy, and legitimate enough to have the authority to make painful economic decisions. The development agenda, in other words, cannot abstract from politics or from political institutions.

Most economists fully accept the importance of institutions for development. Only very few, however, are convinced that cultural factors like social capital play a critical role as well. In the past, cultural explanations for poverty or underdevelopment have been abused because what was lacking was not the right values, but rather the right set of institutions, such as the rule of law or a system of commercial courts, allowing growth to occur. Institutions can be changed, whereas cultural values are much more difficult to manipulate through policy; hence, appeal to cultural factors often seemed like a counsel of despair.

The relationship between culture and institutions, however, is much more complex, since institution-building, in and of itself, requires social capital. Not every society is capable of building state bureaucracies that are equal in terms of efficiency, transparency, and professionalism. Furthermore, few developing countries are capable of establishing a public agency like Japan's Ministry of International Trade and Industry, or Korea's Economic Planning Bureau, to manage a highly complex and politically sensitive industrial policy. In fact, some analysts argue that East Asia has achieved higher growth rates over the past two decades than other parts of the developing world, not so much because of the kinds of economic policies selected (e.g., market-oriented versus protectionist), but because of the quality of the institutions.¹ Societies in which people are accustomed to cooperating and working together in large organizations are much more likely to develop strong and efficient state institutions.

In the process of development, social capital also acts as a critical support for democracy. In recent years we have witnessed a dramatic change in opinion about the relationship of democracy to development, as the writings of figures like Amartya Sen and Joseph Stiglitz attest.² A generation or two ago, many observers argued in favor of the so-called “authoritarian transition,” in which a “technocratically” enlightened dictatorship used its power to enforce unpopular but necessary economic policies, while deferring any short-term transition to democracy.

Today, it is much more difficult for a developing country to emulate authoritarian transitions like those of Chile, Korea, or Taiwan. This is not because democracies are inevitably good for economic growth, but rather because few alternatives provide the same degree of legitimacy to governments in developing countries. Much of the power of a state comes from the popular support it breeds among its citizens. Many states that looked strong on the outside proved weak because they lacked legitimacy—the former Soviet Union and Indonesia under Suharto are both good examples. Conversely, a surprising number of democracies, like Poland or South Korea since 1997, have successfully undertaken painful economic reforms. Democracy is now a fact of life for most developing countries: political development will parallel economic development, not follow it.

Social capital is critical for successful democracy. The sociologist Ernest Gellner put it bluntly: no civil society, no democracy.³ Social capital is what permits individuals to band together to defend their interests and organize to support collective needs; authoritarian governance, on the other hand, thrives on social atomization. If liberal democracy will be the context in which most developing countries try to enact economic policy and stimulate growth, then social capital is critical to the strength and health of that political framework. Stronger and well-consolidated democracies are better able to confront the challenges of development.

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Thus, while social capital is not the only factor missing from the Washington consensus, it keeps popping up in several dimensions of development. Social capital directly affects the ability of people to organize for economic ends; it supports the creation of institutions and the rule of law; and is a vital underpinning of democracy, which is the source of legitimacy for the political framework in which development increasingly takes place.

What is Social Capital?

One of the weaknesses of the concept of social capital, as we will see, is that there is still no general agreement as to what it is. Here I will use my own definition—that social capital is shared norms or values that promote social cooperation, instantiated in actual social relationships.⁴ Social capital in this view is a utilitarian way of looking at culture. Culture tends to be seen as an end in itself (which it is) or as a form of creative expression. However, it also plays a very important functional role in any society, being the means by which groups of individuals communicate and cooperate in a wide variety of activities. While it is difficult to quantify culture as an end in itself, the functionality of culture in economic terms is much more measurable. Not all norms and values, and hence not all cultures, are equally equipped to foster economic growth. Or to put it in economics jargon, not all societies have equal stocks of social capital.

Latin America's experience illustrates this point well. Throughout numerous visits to the region, I have seldom encountered a Latin American audience that did not think that their society suffered from a severe crisis of trust. This crisis manifests itself in a variety of forms. Economically, the greater part of gross domestic product (GDP) in most Latin American countries is produced by family-owned businesses—the large majority owned by a relatively small circle of ten, twenty, or thirty prominent families. Furthermore, the businesses are frequently interconnected in sprawling conglomerate networks, which link disparate businesses in sectors like retailing, manufacturing, insurance, and banking that do not have any obvious synergies. These networks are based on kinship; as family businesses expand, they draw on sons, daughters, cousins, and nephews for staffing.

Business life in most of Latin America remains, in other words, familistic: the strongest and most reliable bonds of trust are among family members, or else among relatively small circles

of close personal friends. Social capital, thus, resides primarily in kinship networks, and in many respects such networks constitute an important social asset. When societies that lack a well-developed, state-funded social safety net (e.g., Mexico in 1995 or Argentina today) suffer recession and high unemployment, family networks pool resources to serve as a cushion against hard times.

Nevertheless, as Edward Banfield explained more than 40 years ago, familism also constitutes a liability, since it denotes a lack of trust among strangers.⁵ It implies, moreover, that family businesses frequently have trouble growing into large, impersonal, professionally managed corporations with dispersed public ownership. This ultimately puts limits on economic growth. It also limits business transparency: it is often difficult for outside investors or business partners to understand the Byzantine ownership structures and relationships among family-owned businesses. Keeping one set of books for the family and another for the tax collector or for outside investors is a prevalent practice in low-trust societies.

The political ramifications of familism are perhaps even more consequential. A deficit of trust toward outsiders means that one's strongest relationships of trust are reserved for family and close friends, creating the cultural conditions for a two-tiered moral system in which one feels few compunctions in behaving opportunistically toward others. Under these cultural conditions, a politician elected to public office, for example, often feels a positive obligation to pad his accounts on behalf of his family, or to promote family and clients over more qualified people chosen by objective criteria. Much of the crisis of political corruption from which Latin American countries suffer is grounded in this kind of two-tiered moral structure. While important gains have been made in recent years in creating institutions to combat corruption, the best institutions will not function if those at the top of the political hierarchies that manage them feel entitled to steal from the public purse.

Latin America is not the only part of the world that suffers from familism. As I argued in my book *Trust*, distrust of non-kin is pervasive in the Chinese parts of Asia as well, and indeed was probably a general condition of mankind for much of human history up until a few hundred years ago in northern Europe.⁶ Familism can actually be seen as a rational response to a society in which the state is arbitrary and rapacious. For example, the Chinese family and the Chinese family firm have both been seen as a defensive bulwark against a corrupt and dishonest state in traditional China. In modern China, some observers have actually ar-

gued that the family has grown stronger despite the efforts of Maoism to weaken it; the lesson of China's twentieth-century history is that you can trust no one but your relatives. In this respect, familism can be seen as an imperfect substitute for the rule of law—one that was strong and flexible enough to support the postwar East Asian economic miracle, but in the end self-limiting in a globalizing world.

Where Does the Concept of Social Capital Stand Today?

Up to now, social capital has been most important in a negative sense. That is, it has served to enhance our understanding of cultural factors in development, and the reasons why identical institutions in different societies often have completely different impacts. The concept of social capital puts both policies and institutions in their proper cultural context, and guards us from certain naive expectations that a relatively simple policy formula will lead inevitably to economic growth.

A frank review of the social capital literature, however, reveals a number of weaknesses in the concept. The first is methodological. Today, as noted earlier, there is no broadly accepted definition of social capital, and therefore no commonly accepted standard for measuring or incorporating it into conventional economic models. I have stated my own, broader definition of social capital as shared norms or values that promote social cooperation. For some people, though, social capital is coterminous with civil society or the non-governmental (NGO) sector; for others, it is a matter of networks. Some observers, meanwhile, consider either the family or the state to be sources of social capital, while others do not.

Even if there were agreement on the definition of social capital, there would still be severe problems in measuring and using it as physical and human capital are now used, as an input in economic models. Economist Robert Solow once complained that the use of the term "capital" in social capital is misleading: he was willing to concede the importance of "social relationships" to economic life, but asserted that capital implies a homogeneous, fungible, and consequently measurable commodity—

Social capital is not a public good, it is a private good that produces extensive positive and negative externalities.

which social capital manifestly did not.⁷ Solow is right; social capital includes an important qualitative dimension that is critical to its effectiveness in promoting social cooperation. A family, an ethnic community, a garden club, and an Internet chat room may all involve social cooperation, but the ends and purposes they can serve differ dramatically.

A second problem with the social capital concept concerns externalities. Partha Dasgupta once noted that while social capital is not (as some have maintained) a public good, it is a private good that produces extensive positive and negative externalities.⁸ Social capital within a particular group or network can produce positive externalities by teaching people social virtues such as honesty, reciprocity, and dependability that they can then apply to relationships with other people. Modern professional education, for example, produces an abundance of social capital as a byproduct of the training of doctors, lawyers, and electrical engineers. On the other hand, human beings have a tendency to build ‘in-group’ solidarity at the expense of outsiders; thus, societies with many tightly bonded groups or networks may be fragmented and rife with conflicts and hostility when viewed as a whole. Even innocuous groups that do not produce clearly negative externalities may be self-regarding and cut themselves off from information, innovation, or ideas.

Physical capital and human capital, of course, also produce negative externalities. Physical capital can be used to manufacture assault rifles, toxic wastes, and other social “bads”; the human capital embodied in a chemistry degree can be used to build bombs. However, as a whole, social capital tends to produce more externalities than these other forms of capital do; furthermore, these externalities often overwhelm the utility of the social capital underlying them.

For example, a traditional clan or tribe in a developing country clearly constitutes a form of social capital; it will achieve greater social cooperation than a comparably sized number of disorganized individuals. On the other hand, this clan or tribe may be at war with its neighbors; it may fiercely resist the import of new technologies; or it may embody a system of social hierarchy and discrimination that prevents equal distribution of collective benefits. Simply tallying the number of such groups will provide a misleading aggregate view of the larger society’s stock of social capital, specifically because the negative externalities are so pervasive.

Sociologist Mark Granovetter has observed that it is often the heterogeneous member of a network, or the individual within it with weak ties and broken affinities, who serves as the conduit for new ideas and information into a closed group.⁹ A society with many loose and overlapping networks may be more economically efficient than one with many static, self-regarding ones. A tightly bonded workplace like the Japanese corporation, with its practices of lifetime employment and seniority wages, may produce high levels of cooperation and efficiency in one time period and under a certain set of technological conditions, but serves as an insuperable obstacle to economic reform and progress in another.

We encounter this problem constantly in democratic politics. While it may be true that democracy is not possible in the absence of civil society, too much civil society can often be the bane of democracy. Interest groups can protect weak individuals from an oppressive state, but they can also lead to paralysis, logrolling, and cynicism about politics.¹⁰

Given the heterogeneous nature of social capital, the qualitative dimensions of social relationships, and the pervasiveness of positive and negative externalities, it should not be surprising that it has proven difficult to come up with a single accepted metric of social capital, or an agreed-upon means of incorporating it into formal models. This applies even to the most ambitious study of social capital to date, Robert Putnam's *Bowling Alone*; despite an impressive effort at data collection, he has still not convincingly demonstrated the coefficient of the rate of change in U.S. social capital over the past 40 years, or even whether its sign should be positive or negative.¹¹ If these kinds of uncertainties exist about the most data-rich country in the world, the problems of analyzing poorer, developing societies with scarcer information are likely to be severe.

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Social Capital and Policy

One of the greatest difficulties in working with the concept of social capital is knowing how to weave it into policy. Consistent with

the discussion above, the concept has been most useful in broadening our understanding of the cultural context of the problem of development, and in identifying obstacles to institutional reform. However, it is less clear how to generate social capital in societies where it is lacking. This, of course, is understandable: social capital understood as norms and values promoting cooperation frequently originates in phenomena like religion, shared historical experience, and other deeply embedded cultural traditions that can be shaped only with great difficulty.

The single most difficult situation to deal with, from a policy standpoint, is a society that is thoroughly lacking in social trust. In some cases, such as in Colombia, this is the result of conflict and social breakdown. In the former communist world, Marxism-Leninism deliberately targeted and sought to undermine civil society and to atomize individuals; hence, it is not surprising that the vacuum of a collapsed state (i.e., the Soviet Union) has been filled with distrust and cynicism. In other areas like the Balkans, the Middle East, and many parts of sub-Saharan Africa, ethnic and sectarian conflicts have undermined the effectiveness of social capital as well.

In these cases, economic failure has clear cultural roots; thus it would be extremely naive to think that a relatively simple set of economic policy interventions, or even efforts at institutional building and reform, could reverse deeply rooted habits and modes of thought. There is virtually nothing an external funding agency or government can do to mitigate the *cultural* dimensions of the problem—indeed, it is wrong and misleading to even try.

In these cases, the only possible approach to building social capital on a society-wide basis is to strengthen the rule of law and the basic political institutions on which it rests. The problem that most low-trust societies face is not a total absence of social capital, but rather the fact that the average radius of trust of cooperative groups tends to be small. The kind of familism noted earlier that characterizes much of Latin America and the Chinese parts of Asia is one manifestation of this; so is the ethnonationalism of the Balkans. What is needed in these cases is to increase the radius of trust among individuals in the various small, inward-looking groups that comprise these societies, and to facilitate the building of cooperative relationships, in both economic and political spheres, between groups that typically have had little to do with one another.

A uniform and transparent rule of law historically allowed modernizing societies in the West to extend the radius of trust and,

thus, breed cooperation among strangers. No one will volunteer to work for a neighborhood organization if the police cannot guarantee public safety; no one will trust the government if public officials are immune to prosecution; no one will sign a business contract with a stranger in the absence of tort law and enforceable contracts.

If we look back historically at how this came about in countries like Great Britain and the Netherlands, we find that the causal links between culture and institutions was actually quite complicated. It is not simply the case that these societies decided one day to build modern legal institutions; these institutions were themselves culturally rooted in traditions like Roman law and common law, and as Max Weber explained, grew also out of a Protestant religious impetus to “break the fetters of the sib” or the family.¹² The formal institutions, once established, then reinforced cultural tendencies toward a greater radius of trust. Whatever the complexities of their historical evolution, we now know what such formal institutions ought to look like, and their construction and reform is a project that is well understood conceptually (if difficult to execute in practice). Only by establishing such institutions can a society create a broader radius of trust.

The more realistic ways of building social capital through policy lie not at the macro, but at the micro level. At the level of a village, bureaucracy, firm, or department, there are many cases of organizations deliberately and successfully creating social capital. One of the most successful instances of the building and exploitation of social capital is in the area of microfinance.

Finance of all sorts is an information-based service in which credit is allocated to borrowers based on criteria such as trustworthiness, collateral, and an evaluation of business prospects. The problem with finance in poor countries is that credit allocation benefits from economies of scale: it can take the same amount of time to do a credit check or due diligence on a large corporation with an extensive public record as on a poor family with no credit history. Enforcement of credit obligations suffers from similar problems. Even if a poor family is deserving of a loan and is able to pay it back, lenders will not have the information or the resources to gather sufficient data to make such lending worthwhile.

This is where social capital comes in, since social networks are extremely effective at disseminating precisely the kind of information that determines creditworthiness. A great deal of microfinance in the recent past has targeted women, who in many

societies are bypassed in the formal legal structure and do not have access to the same credit institutions as men. Networks of women, however, harbor social capital, and microfinance exploits these networks to gain information with which to make microfinance decisions. Many outside microfinance organizations also help their clients create what are in effect rotating credit associations that can make and collect loans, thereby building social capital.

At an organizational level, the creation of social capital is not all that different from the creation of human capital: it is done through education, and therefore requires investments in training and an institutional infrastructure within which the training can take place. Unlike conventional human capital, which involves the transmission of certain specific skills and knowledge, social capital requires the inculcation of shared norms and values, and it is often brought about through habit, shared experience, and leadership. As noted earlier, conventional education often produces social capital as a byproduct (for example, when engineers or accountants are taught shared professional standards), but organizations can seek to produce social capital as a primary output.

What this implies when applied in a development context is complex. It is not sufficient to go into a village, note the existence of networks, label it social capital, and pronounce it a good thing. Most developing countries actually have an abundance of social capital in the form of kinship groups or traditional social groups like lineages, tribes, or village associations. What they lack are more

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modern, broad-radius organizations that connect across traditional ethnic, class, or status boundaries and serve as the basis for modern political and economic organizations.

Seen from this perspective, many traditional groups embodying one form of social capital can actually be obstacles to development, because they are too insular or resistant to change. What is often needed, therefore, is some creative destruction of social capital, and the gradual broadening of the radius of trust on the part of the more modern organizations.

Future Issues

The concept of social capital is clearly advancing from an academic concept to a practical policy objective. There are, however, several important areas where further progress would be welcome.

We need, in the first place, greater sharing of information about cases where social capital has been successfully created, and where it has not. Many developing countries have in fact experienced what Lester Salamon has labeled an “associational revolution,” with modern NGOs supplementing and in some cases replacing traditional social groups.¹³ On the other hand, there are other cases where external funding agencies have sought to stimulate civil society, but created nothing more than a thin layer of professionals adept at writing grant proposals to western foundations and aid agencies. In other words, civil society “takes” in some societies more readily than in does in others; hence, we need to better understand the environmental conditions that foster its growth.

Second, we need to better understand the formal legal-institutional conditions for promoting social capital. As mentioned earlier, promoting social capital on a macro or aggregate level overlaps substantially with the existing agenda of implementing the rule of law. However, there are several policy issues that are specifically related to the promotion of social capital. For example, many countries do not have laws mandating rules of accountability for the NGO sector, such as auditing and transparency requirements. In some countries, criminal organizations or groups promoting fraud have been able to masquerade as NGOs, undermining the legitimacy of the NGO sector as a whole. This is a problem with a relatively straightforward solution.

Third, we also need to look more closely at the question of social capital and political corruption. There has been an admirable amount of attention paid to the problem of corruption in recent years, and a number of countries including Argentina and Peru have taken courageous steps in holding political leaders accountable. Most of the research on combating corruption has gone into institutional solutions and administrative reforms. But there is, as indicated earlier, an important cultural component to corruption. Many corrupt officials do not seek to transgress social rules; rather, the rules of their society demand that they help family and friends *before* they see to the general public interest. Nepotism is in many ways one of the most natural of human impulses. Hence we need to consider a broader agenda of cultural change that can be achieved solely through education, training, and the reinforcement of norms.

Fourth, we need to better understand the relationship between social capital and cultural change. One of the biggest cultural revolutions taking place today is also one of the least recognized: it is not Islamic fundamentalism, but rather the spread of evangelical Protestantism, particularly throughout Latin America. While this is obviously a politically sensitive issue, it is also one with large implications for Latin America. In the words of the prominent sociologist Peter Berger, "Max Weber is alive and living in Latin America."

Finally, we need greater clarity concerning the intersection of social capital, democracy, and economic reform. As noted earlier, social capital has historically been critical to the success of democracy, and likewise democracy has been an inevitable feature of political life for most developing societies. This does not, however, mean that these different dimensions of social life always fit together neatly or necessarily serve to buttress one another. Economic reform is often politically painful, and it can be the case that a society with a stronger civil society and more highly developed interest groups will resist necessary reform more effectively than an atomized one. This is not an argument for reviving the authoritarian transition, for, as noted earlier, democracy should be seen as a good thing in itself and conducive to development. It does mean, however, that we need to think through what kinds of democratic institutions are best suited for making tough policy choices. There are some important questions of institutional design in democracies, such as electoral rules, the choice of presidential versus parliamentary systems, independence of bureaucracies, campaign finance reform, and the like which can serve to minimize the potential dysfunctions of democratic politics and maximize its legitimacy.

This is just a preliminary list of issues that need further study, reflection, research, and, most importantly, action. Undoubtedly, the continuing discourse on international development will provide new directions for understanding and cultivating social capital.

Notes

¹ I have argued this case at greater length in Francis Fukuyama and Sanjay Marwah, "Comparing East Asia and Latin America: Dimensions of Development," *Journal of Democracy* 11, no. 4 (October 2000): 80-94. See also *The State in a Changing World* (Washington: World Bank, 1997), 32.

- ² See Amartya K. Sen, *Development as Freedom* (New York: Knopf, 1999).
- ³ Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals* (London: Hamish Hamilton, 1994).
- ⁴ For a more comprehensive discussion, see Francis Fukuyama, *The Great Disruption: Human Nature and the Reconstitution of Social Order* (New York: Free Press, 1999); and Fukuyama, "Social Capital, Civil Society, and Development," *Third World Quarterly* 22 (2001): 7-20.
- ⁵ Edward C. Banfield, *The Moral Basis of a Backward Society* (Glencoe, IL: Free Press, 1958).
- ⁶ Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1995).
- ⁷ See Solow's chapter in Ismail Serageldin and Partha Dasgupta, *Social Capital: A Multifaceted Perspective* (Washington, DC: World Bank, 2000).
- ⁸ Dasgupta in Serageldin and Dasgupta (2000).
- ⁹ Mark S. Granovetter, "The Strength of Weak Ties," *American Journal of Sociology* 78 (1973): 1360-80.
- ¹⁰ For an analysis of American politics along these lines, see Jonathan Rauch, *Demosclerosis: The Silent Killer of American Government* (New York: Times Books, 1994).
- ¹¹ Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000). See also the critique of Putnam (and the assertion that he got the sign of the coefficient wrong) in Everett C. Ladd, *Silent Revolution: The Reinvention of Civic America* (New York: Free Press, 1999).
- ¹² Max Weber, *The Religion of China* (New York: Free Press, 1951).
- ¹³ Lester M. Salamon, "The Rise of the Nonprofit Sector," *Foreign Affairs* 73 (1994): 109-122.