
Social Capital, Trust and vulnerability in Social Interaction

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Overview

- (I) Social Capital
 - Definitions
 - Positive and negative effects of SC
 - Culture of gift
 - (II) Trust and vulnerability
 - Definition
 - Social impact of trust
 - (III) Alliances – Norms
 - (IV) Conclusion: the meaning of SC and trust for Social Interaction
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(I) Social Capital

Definition: SC is roughly understood as the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action

(1) PUTNAM: "SC=features of social organization, such as trust, norms (of reciprocity) and networks that can improve the efficiency of society by facilitating coordinated actions." = Civic Community

- ❑ **Trust:** Putnam does not deal with mistrust. Social Trust can arise from 1) norms of (generalized) reciprocity and 2) network civic engagement
- ❑ **Alliances or social networks:** Voluntary associations is the most important form of horizontal interaction and reciprocity
- ❑ **Social Norms and obligations:** prescriptions that specify what actions (outcomes) required, prohibited, or permitted, and that sanctions authorized if the rules are not followed.

(I) Social Capital

Positive effects of SC:

- ***Information***

Using networks for promotion purposes

- ***Influence and control***

Mobilize others for action

- ***Social Solidarity***

Solidarity exists in circumstances of 'generalized reciprocity' when a helpful act is performed, not in response to any specific benefit received, but in honor of the social exchange relation itself'.

(I) Social Capital

Characteristics

Negative effects of SC:

- *The same forces that enhance bounded solidarity, restrict those effects for outsiders*
- *Cozy intergroup relations of the kind found in highly solidarity communities can give rise to a gigantic free-riding problem*
- *Demands for conformity and privacy and autonomy of individuals were reduced accordingly*
- *Embeddedness in social structures can be turned into less than socially desirable ends (e.g. Gangs etc)*
Reinforce existing cleavages in communities and lead to social cartels prone to corruption

(I) Social Capital

(2) **COLEMAN:** *SC is accumulated history in the form of social structure appropriable for productive use by an actor in the pursuit of her interests.*

(3) **BOURDIEU:** *"SC= social relations that increase the ability of an actor to advance his/her interest."; Group Membership and Social Networks*

- **Conflicts** - Habitus: a set of dispositions, reflexes and forms of behaviour people acquire through acting in society. It reflects the different positions people have in society, e.g. brought up in middle class or in working class suburb. It is part of how society produces itself.

Conflicts is built into society.

- **Power function**

- Whereby Trust as a potential component of Symbolic Capital can be exploited in the practice of symbolic power and symbolic exchange

(I) Social Capital

Characteristics SC (BOURDIEU):

The main components of social resources whose control defines the social position of actors are economic, cultural and social capital

- *Social and symbolic "profit" that follows from belonging to the association establishes a concrete base for growth of solidarity*
- *To possess SC, a person must be related to others, and it is those others, not himself, who are the actual source of his/her advantage.*
- *SC is based on mutual cognition and recognition. That is how it acquires a symbolic character, transforming into Symbolic Capital (= "capital in whatever form, when perceived by an agent endowed with categories of perception arising from the internalization (embodiment) of the structure of its distribution, i.e. when it is known and recognized as self-evident")*

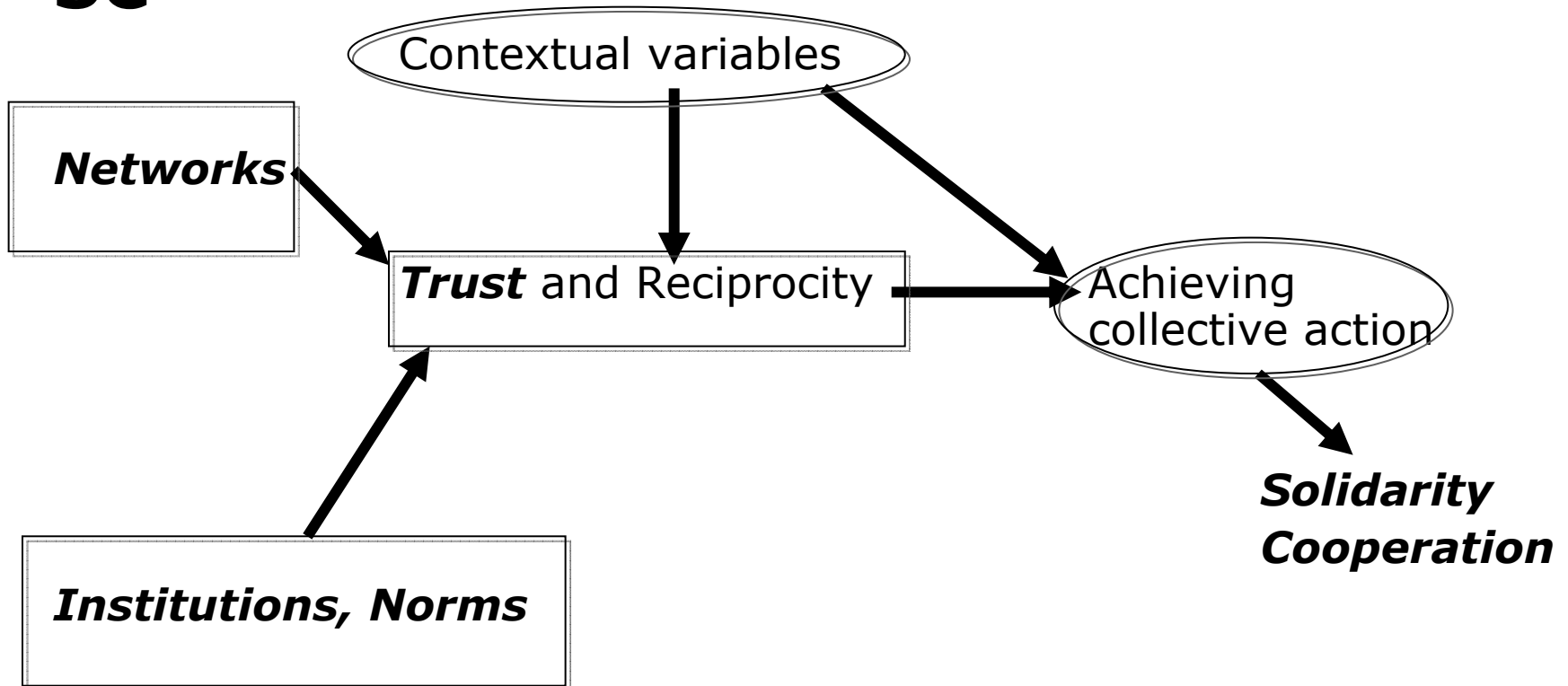
Social Capital

How to measure SC?

- *The density of voluntary associational activity*
 - *Levels of trust and mutual cooperation*
(FUKUYAMA, 2000)
 - ***Ethic of Mutual cooperation*** seen as a measure for SC
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Social Capital

SC



Example: *Prisoner's Dilemma*

Social Capital

Research on SC in Indonesia:

- Typical expressions of SC = **Arisan** (assuming high levels of mutual support and reciprocity) and **Gotong Royong** (ideology of mutual assistance)
 - Individuals choose not to invest in SC when they are likely to out-migrate before reaping the return of that I, or when transaction partners are likely to out-migrate before repaying implicit loans.
 - Initial levels of SC do not predict subsequent rates of industrial development or income growth for Indonesian districts versus SC as critical determinant for econ growth development.
 - Local industrial development led to higher densities of community groups (=SC) in Indonesia versus SC promotes income growth
 - More ethnic diversity is negatively related to SC, collective action, and public goods
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Social Capital

Research on SC in Indonesia:

- “Local” industrialization boosts income and reduces the probability of out-migration, and both of these factors lead to unambiguously higher I in community groups;
 - Industrialization in “nearby areas” has an ambiguous effect on SC, due to offsetting income and migration effects. The income effects from nearby industrialization are weakly positive, leading to SC investment. However, industrialization in nearby areas also increases the probability of out-migration, and this has a negative effect on SC, since individuals who leave will not receive a return on their SC Investment. Thus the overall effect of industrialization in nearby areas may be either positive or negative.
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Social Capital

Research on SC in Indonesia:

- Whether or not cooperation takes root will depend on pre-existing set of social and political relations in the community and on the degree of inequality and polarization suffered by society
- Thus far, SC theory has not specified the logic of the microlinkages that tie a community's cooperative capacity to the achievement of good government
- 5 Models to describe relationship between Cooperative capacity and Performance of its political institutions:
 - Rational voters and competitive elites
 - Bureaucratic efficiency
 - Rule compliance
 - Civic Virtue
 - Elite accomodation

(II) Trust and vulnerability

■ **Definition:** (1) someone forming expectations about those actions of others which have a bearing on her choice of action, when that action must be chosen before she can observe the actions of those others.

(2) Trust is a psychological state of comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another.

(1) Plato-Glaucon / Machiavelli / Hobbes' self-interest and they cannot even conceive of genuine trust since their picture of human nature does not allow it.

(2) HUME's sympathy

KANT's assumption of shared sense of morality

(3) We can trust others without believing that they love or sympathize with us at all= Trusting others can be perceived as a leap of faith

(II) Trust and vulnerability

■ Types of Trust:

- Generalized trust
- One-sided reliability (Confidence)
- Two-sided reliability or Reciprocal Trust

■ The institutional and cultural frameworks that foster trust may be different in different countries.

■ The cost of commitment is then the price that has to be paid for each party to trust the other to fulfil the terms of the agreement.

■ Reputation = trust

■ Trust is a “public good”, a social lubricant which makes possible production and exchange

■ Trustworthiness is a virtue

(II) Trust and vulnerability

■ Social impact of trust

- ❑ Trust is an optimization problem avoiding too much risk and not falling into the trap of excessive risk avoidance
- ❑ Experiential (anthropological) trust versus Moral trust
- ❑ Trust is a phenomenon of social reciprocity. Without a social norm (sometimes strengthened by rational interest) being observed prescribing that trust must be honored, not betrayed by whoever is being trusted, trust relations would be overly risky to the truster and bound to evaporate.
- ❑ To be trusted equals to be worthy of credit
- ❑ Conditional versus unconditional trust
- ❑ Trust in Individual actions – Interpersonal relationships – Economic transactions – Social structures

(II) Trust and vulnerability

■ Emergence of the mafia (GAMBETTA)?

- ❑ The absence of credible or effective systems of justice and law enforcement
- ❑ Economic distrust: the desire to prevail over one's peers, outdoing rivals.
- ❑ *Le pouvoir de la faveur* prevails over justice and merit
- ❑ Costra Nostra stresses inclusion and tolerates no competition whereby the use of violence enforces the monopoly of otherwise legal goods

■ How to undermine or override vicious circles?

- ❑ The emergence of a predicable environment
- ❑ The emergence of a power which is independent of the interests that maintain them
- ❑ Any attempt to eradicate the mafia is caught between two extremes: that of using too little force and thereby remaining ineffective, and that of using too much, putting civil liberties at risk.

(II) Trust and vulnerability

- Mafia eradication:
 - Relationship of substitution of violence by
 - Values
 - Interests
 - Personal bonds
 - Mutual reinforcement
 - Contradictory relationship between coercion and cooperation
 - Trust can be defined as a device for coping with the freedom of others.
 - The higher the trust, the higher the likelihood of cooperation, but does not rely on trust only.
 - Confidence is blind trust
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(III) Alliances - Norms

Alliances or social networks:

a group of individual agents that share informal norms and values beyond those necessary for market or gift exchanges.

Networks are “personal” and exclusive and give rise to “communitarian institutions”

All societies rely on a mix of impersonal markets and communitarian institutions.

(III) Alliances - Norms

Norms

A sense of duty and trust in government is more important than deterrence in explaining compliance.

Relativistic – Cultural – consensus – universal – absolute values or norms?

(IV) Conclusion: SC – Trust and Social Interaction

- What : without trust, and its inherent characteristic of vulnerability - almost like a unilateral gift – no social interaction would be possible.
 - Unconditional + conditional trust // Generous + reciprocal gift exchange
 - SC = Social Contract making interaction with good outcome possible and less insecure.
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