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Is Social Capital Really Capital?

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Abstract Social capital has emerged as a paradigm capable of bridging across various social science disciplines. However, its adoption by social scientists from different disciplines has led to multiple and often conflicting definitions. Besides conflicting definitions, some social scientists have argued that social capital lacks the properties of capital and should be called something other than capital. This paper resolves many of the problems created by conflicting definitions by pointing out that the differences have arisen primarily because scientists have included in the definition expressions of its possible uses, where it resides, and how its service capacity can be changed. This paper argues that these applications of social capital should not be included in its definition. This paper also defends the social capital paradigm against the claim that it lacks capital-like properties by pointing out that social capital, when defined as sympathy, has many important capital-like properties including transformation capacity, durability, flexibility, substitutability, opportunities for decay (maintenance), reliability, ability to create other capital forms, and investment (disinvestment) opportunities. Finally, this paper compares social capital to other forms of capital including cultural capital and human capital.

Keywords: sympathy, social capital, cultural capital, organizational capital, human capital, physical/financial capital, transformation capacity, durability, flexibility, substitutability, decay (maintenance), reliability, investment (disinvestment)

INTRODUCTION

The term social capital has taken on so many meanings and enlisted to fight so many battles that it is at risk of becoming the ether that fills the universe. Commenting on the need to refine the definition of the term social capital, Castle wrote: "Unless the social capital concept is used with some degree of precision and in a comparable manner, it will come to have little value as an analytical construct." In what follows, we suggest that social capital's alternative definitions lack precision because they have included expressions of its possible

uses, where it resides, and how its service capacity can be changed. We recommend that the definition be limited to what social capital is. Then, in the main part of this paper, we defend the term “social capital” as appropriate and useful to describe resources associated with interpersonal relationships involving sympathy because these relationships can claim nearly all of the properties commonly associated with other forms of capital. Other forms of social capital not linked to sympathetic relationships, while equally important, are not illuminated as well by the capital metaphor.

We can enhance communication and cooperative research across academic disciplines by limiting the definition of social capital. Within a particular discipline, scientists may want to focus on social capital’s applications, residence, or (dis)investment possibilities unique to their field of study. However, these discussions unique to a field of study should not be confused with the definition of social capital, a statement of the form *A* equals (is) *B*.

It is our hope that a properly limited social capital definition will save social capital from battles it should not fight and uniforms it should not wear. The capital metaphor should be taken seriously. If what economists have learned about capital is to be useful in new applications, then its use must be limited to those social relationships that are most capital-like in character.

DIMENSIONS AND DEFINITIONS

While there is some commonality in the meaning given to social capital in the literature, there are considerable and confusing differences. Perhaps one reason that researchers have not generally agreed on a definition of social capital is that the definitions are not limited to answering the question: what is social capital? Past definitions have included answers to such questions as: where does social capital reside? How can social capital be used? And how can social capital be changed? For example, one definition of social capital is: “. . . the expectations for action within a collectivity that affect the economic goals and goal-seeking behavior of its members, even if these expectations are not oriented toward the economic sphere” (Portes and Sensenbrenner 1993). This definition appears to combine *what social capital is* (the expectations for action within a collectivity) with *what social capital can be used to achieve* (affect the economic goals and goal-seeking behavior of its members).

Coleman (1990) defined social capital as a variety of different entities having two characteristics in common; namely, some aspect of social structure and ability to facilitate certain actions of individuals who are within the structure. These entities include obligations, expectations, trust, and information flows.

This definition, like the one suggested by Portes and Sensenbrenner (1993), combines *what social capital is* (a variety of structures) with *what social capital can be used to achieve* (facilitate certain actions of individual members of the group where the group is defined by some aspect of social structure). Coleman (1990) assumes a rational actor calculating individual advantage.

Narayan and Pritchett (1997: 3) define “capital” as something accumulated which contributes to higher income or better outcomes. The “something” is only described as horizontal connections and linkages without further definition. Then, they describe five processes in which social capital changes outcomes for the better by facilitating greater cooperation (what it does).

Narayan and Pritchett argue first, that increased social capital improves governments. Second, increased social capital leads to increased community cooperative action and solves local “common property” problems. Heller (1996) provides a specific example of how horizontal solidarity contributed to the economic development of the state of Kerala in India. Third, increased social capital strengthens linkages among individuals that speeds the diffusion of innovations. Fourth, increased social capital improves the quantity and quality of information flows and reduces transactions costs. Finally, increased social capital pools risks and allows households to pursue more risky and higher return activities. Narayan and Pritchett’s list is a helpful discussion of the possible benefits that may accrue from increased social capital. They do not, however, associate with social capital the essential properties of capital as defined by economists. Likewise, Heller speaks of the high density of civic organizations, vigor of associational life and communal and caste organizations, but little of what motivates them.

Burt (1992: 9) defined social capital as: friends, colleagues, and more general contacts through whom you receive opportunities to use other forms of capital. This definition of social capital combines a statement of *where social capital resides* (with friends, colleagues, and more general contacts) with *what it can be used to accomplish* (receive opportunities to use other forms of capital).

Another example of a definition that combines a statement of what social capital is with where it resides is Portes (1995: 12). He defined social capital as the capacity of individuals to command scarce resources by virtue of their membership in networks or broader social structures. This definition can be separated into a statement of *what social capital is* (the capacity of individuals to command scarce resources) with a statement of *where social capital resides* (networks or broader social structures).

Sometimes a definition of social capital combines statements about what gives rise to social capital with what social capital can be used to achieve. For

example, Putnam (1993) defines social capital as features of social organizations such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions. In this definition, the *basis for social capital* (trust and norms) can be separated from statements of what *social capital can do* (improve the efficiency of society by facilitating coordinated actions) and *where social capital resides* (networks).

Woolcock (1998: 18) investigates social capital within the context of economic development policy. He suggests that bottom-up development depends on intra-community ties labeled “integration” and extra-community networks labeled “linkages.” Top-down development involves state-society relations labeled “synergy” and institutional coherence, competence, and capacity are called “organizational integrity.” The latter is related to what others call organizational capital. This conception involves a mixture of what capital is and where it resides. How the content of ties and networks and other institutions is illuminated by the capital metaphor is not elaborated. All understandings which coordinate action in a particular way are not capital even if they are “productive” in the broad sense of the word. Social scientists do not need another word for all institutions that further economic and social development, especially if that word implies characteristics of capital that not all institutions have.

Once social capital is deconstructed into what it is, where it resides, what it produces (how used) and how produced, it can be seen that “what it is” is conceptually weak. Can it be clarified by reference to capital goods? Consider a definition of capital generally accepted by economists. Capital is: “. . . a commodity itself used in the production of other goods and services. It is a human-made input, such as plant or equipment, created to permit increased production in the future” (Smithson 1982: 111). Capital in this sense represents an accumulation of foregone consumption, an amount saved for later use. The capital metaphor has been extended to human capital, organizational capital, and cultural capital. Human capital has many of the same properties as physical capital. Fundamentally, human capital emphasizes a surplus value and represents an investment in education and skills that resides in individuals (Schultz 1961, Becker 1964). Human capital is not destroyed by use and when combined with other capital goods, it transforms inputs into outputs.

One important difference between social capital and some other forms of capital is that social capital exists in a social relationship. In contrast, human capital can reside in the individual alone. This is not to say that human capital creation is not collective. Even physical capital is in large part a collective phenomena as Veblen (1908) emphasized. It is created in such institutionalized

collectivities as corporations, universities, governments, and informal associations of people wherein knowledge and visions are formed and transferred (O'Hara 1998).

Organizational capital is described in terms of where it resides: "organizational relationships, particular members of organizations, the organization's repositories of information, or some combination of the above (Tomer 1999: 1049)." Organizational capital can be combined and "embodied in workers in the form of attitudes and knowledge created through the socialization processes."

Cultural capital includes "language and linguistic style, values, definitions of basic knowledge and assumptions . . ." (de Bruin 1998: 169). Cultural capital can be combined with human capital. "Embodied cultural capital can be understood as the ability, talent, style, or even speech patterns of people in a group." These characteristics are acquired "through the socialization process and tend to be the marks that distinguish one group from another (de Bruin)."

Obligation, trust, information flows, organization, friends, membership, culture, norms, networks, and civic engagement constitute a mixed bag that is only partially sorted out by distinguishing what social capital is, does, and where it resides. *If the capital goods metaphor is to be useful to analyze social relationships, it must take seriously the transformative ability of capital to turn one thing into another.* What is it about social relationships that functions as a factory and puts things in motion? Economists have primarily focused on the motive of individual utility maximization (greed, for short). If people trust each other, honor obligations, follow norms, and befriend others only to maximize their own utility, then these things are just additional commodities to be exchanged.

If economics is to be broadened to work with other disciplines, other motives must be acknowledged, such as sympathy and caring. The literature has been vague about what social capital is. It speaks of ties and linkages which are suggestive, but imprecise. A "tie" could be two people having each other's phone number or being in love. Just what is doing the transforming surely makes a difference to what happens next. Sympathy sets in motion one-way goods movements which are not necessarily calculated with the expectation of a return. Sociologists and psychologists emphasize that much behavior following norms and obligations is not strictly calculated, but is learned in socialization and partly unconscious reinforcement. Interacting individuals shape and are shaped by these cultural processes.

A definition of social capital consistent with the Smithson definition generally accepted by economists would substitute for "commodity" the word

sympathy.¹ It would emphasize motive as the foundation of what social capital is.

Social capital is a person's or group's sympathy toward another person or group that may produce a potential benefit, advantage, and preferential treatment for another person or group of persons beyond that expected in an exchange relationship.

This definition separates what it is (sympathy) from what it does (potential benefit) and focuses on the transformative capacity of capital residing (embodied) in human relationships. What it is constitutes a motive that differs from greed. Adam Smith, who wrote *The Wealth of Nations*, foreshadowed the concept of social capital when he employed sympathy to differentiate social preferences. Smith (1976: 219) wrote:

Every man feels his own pleasures and his own pains more sensibly than those of other people . . . After himself, the members of his own family, those who usually live in the same house with him, his parents, his children, his brothers and sisters, are naturally the objects of his warmest affection.

Social capital involves a social relationship of a provider and a recipient. The *provider* of sympathy may be (1) an individual; (2) all members of a category such as an age, gender, racial, or alumni group acting individually on the basis of social custom and not necessarily aware that others are doing the same; or (3) it may be generated explicitly by the conscious interaction of people in an organization. The following are examples of each: (1) a mother is sympathetic and gives preferential treatment to her child; (2) graduates of a certain school are sympathetic toward all other grads of the same school and give them preferential treatment; and (3) a number of people feel sympathy for starving children and contribute to a scholarship fund administered by a foundation for the benefit of qualified applicants, or church members are sympathetic to all human kind and make a Christmas offering and the church board decides on the recipients.

Likewise, the *recipient* (object of the sympathy) may be (1) an individual (e.g., a child); (2) all or some members of a categorical group (e.g., graduates); or (3) some categorical group may be the ultimate recipient, but the intervening recipient may be an organization which in turn has a process for deciding which particular individuals qualify for the offered benefits. A collective decision may be required by the recipients to apply for or accept the benefits of others' sympathy. In the latter case, an organization provides the link between

¹ Sympathy as used here is consistent with the definition found in *Webster's Ninth Collegiate Dictionary*; namely, sympathy is an affinity, association, or relationship between persons or things wherein whatever affects one similarly affects the other.

individual sympathetic donors and individual recipients. In the mind of the provider, the organization may constitute a symbolized representation of the ultimate recipients (e.g., Boys Town or CARE). In the latter case, the hungry child has social capital from their relationship to sympathetic donors (who may not be known to the child), and CARE is only the administrative conduit for preferential treatment.

THE CAPITAL METAPHOR

Economists use the word capital in two quite different ways. They speak of financial capital and capital goods as in the Smithson definition above. Financial capital is the symbols and rights associated with credit and money. For example, when a person receives a loan from a bank, money is created which gives the recipient the power to direct real resources. In this regard, financial capital is a social relationship and functions as any other institutions to structure opportunities. In this sense, any of the varieties of social, organizational, and cultural capital are similar to financial capital. But, if our purpose is to say that all the social sciences are interested in human relationships, i.e., institutions, we don't need the new word "social capital." So, in what follows, we shall limit ourselves to exploring the usefulness of the capital goods concept.

Not everyone accepts the metaphor of capital goods to describe relationships of sympathy that may produce potential benefits.² Reflecting on a social capital workshop sponsored by the World Bank, economist and Nobel laureate Kenneth Arrow (1999) urged abandonment of the metaphor of capital and the term "social capital." He emphasized that the term "capital" implied a deliberate sacrifice in the present for future benefits that he claimed was inappropriate to describe social networks organized for reasons other than economic value for the participants. As will be seen below, however, social capital may indeed involve a saving and investment today to obtain future benefits and Arrow's objection seems misplaced.

In the same World Bank conference described earlier, Robert Solow (1999) criticized social capital as an attempt to gain conviction from a bad analogy. He argued that "capital" stands for a stock of produced or natural factors of production that can be expected to yield productive services for some time.

² Woolcock (1998) has identified several other names for a concept similar to social capital including "intangible assets" (Veblen 1908); "social energy" (Hirschman 1958); "social capability" (Ohkawa and Rosovsky 1973); "sociability" (Hirschman); and "moral resources" (Hirschman), to name a few. See also Durlauf (1999).

Baron and Hannon (1994) raise another objection to the metaphor of social capital. They argue that to qualify as “capital” an entity must possess an opportunity cost, something that social capital lacks. Woolcock (1998:46) responded to this objection: “. . . much of one’s social capital stems from an inherited endowment over which one has little influence—but it is also the case that people can and do make deliberate, hence costly, efforts to increase their social capital . . .” The point can be illustrated by a homely example. Imagine a person who has been spending each day harvesting apples by hand. Apples are the person’s only food supply. To have time to build an apple picking machine, the person must save by eating fewer of the harvested apples today in order to eat tomorrow while creating the capital good. Similarly, the person can eat fewer apples today in order to give them to a friend and thus create a stock of social capital that is capable of producing emotional and physical goods in the future. Foregone consumption today creates capital for tomorrow.

The social capital metaphor may suffer because economists and sociologists typically use the term “capital” in slightly different ways. Quoting again from Castle (1998: 625): “Capital in any form qualifies as capital only if it makes humans more productive when they use it in combination with other forms of capital. Sociologists may refer to social capital as ‘bad’ or ‘good’ depending on whether it is useful to humans in a given context. The economist probably would not refer to a ‘bad’ social arrangement as social capital, although it might qualify as an economic institution.” In this regard, requiring capital to be used for productive compared to destructive purposes is not helpful. Most productive processes involving capital produce both goods and bads. A plant may produce steel (a good) and smoke (a bad). Would you say the plant is not capital because it produces smoke along with steel?

Regardless of whether one agrees or disagrees with the objections to the metaphor of capital and the term social capital, Arrow’s recommendation that the term social capital be abandoned comes too late. The calves are out of the barn and into green pastures and not likely to return soon. The term social capital is now firmly entrenched in the language of social scientists. Thus, for now and for some considerable time in the future, the term “social capital” will be in common use among most social scientists, if not most economists, and the task will be to make the most of it.

CAPITAL-LIKE PROPERTIES OF SOCIAL CAPITAL

With the term social capital firmly entrenched in the social sciences, it may be appropriate to ask: what does social capital or sympathetic relationships have in common with capital goods? To answer this question: “is social capital really

capital?" several properties of capital are examined next and compared with properties of social capital as defined earlier in this paper.

The essential properties of physical capital goods are: transformation capacity, durability, flexibility, substitutability, decay, reliability, ability to create one capital form from another, opportunities for (dis)investment, and alienability. In what follows, we intend to point out that social capital, as defined in this paper, shares all of these essential capital-like properties.

Transformation Capacity

Transformation capacity relates to the essential characteristics of capital goods; i.e., goods to make goods by transforming inputs into outputs and is itself not necessarily transformed. Capital goods, like factories and machines, transform raw material inputs into other forms including both consumption goods or additional capital goods. Of course, a capital good's service potential depends on the presence of other inputs. Examples of physical capital include heating plants with their potential to produce heat from coal; cars, buses, and planes with their potential to provide travel services; surgical equipment with its potential to supply medical services; and housing with its potential to provide shelter services. This conceptual separation of capital from its service flows and other resources required in the transformation processes allows us to ask what are the processes that transform the inputs into outputs, and how do capital and nondurable inputs substitute and complement each other in the production of services and goods? These are the questions and perspective provided by apt use of the capital metaphor.

Social capital, like other forms of capital, requires not only sympathetic relationships but other inputs to provide preferential treatment and benefits. Social capital can be combined with other inputs to provide services that meet human needs in four essential areas of human experience: economic services, social services, validation services, and information services. A description of human needs and the importance of relationships in meeting these needs is a subject for long discussions. The main point emphasized here is that human relationships are required to meet our most basic emotional needs. Human relationships can be prized in themselves and directly utilized much as a refrigerator or other durable good are used by a consumer. Or, relationships can be used to produce other goods much as a machine is used to produce consumer goods. Thus, the services can be both immediate and in the future. Consider the following four service categories supplied by social capital.

(1) *Economic* services provided directly by social capital are distinguished from economic services motivated by selfish preferences. Social capital that

meets economic needs requires feelings of caring or sympathy that transform and vicariously link the consumption of one person to the utility of another. Obligation, norms, and rule following cannot do this. (2) The *social* needs to experience caring and regard from others and for others is at the root of human nature and requires sympathetic personal relationships. Again, obligation and norm following cannot produce this good. (3) The need to be *validated* is also a foundation need that is fulfilled through interpersonal experience. Only communication from those you respect and who respect you can provide supportive feedback to one's self-image. Apparently similar feedback seen as motivated by obligation and habit or ingratiation with expectation of future favors does not provide the same transformation. (4) Finally, there is the need to see yourself through the eyes of others and to receive encouragement, moral support, and acceptance.

It is sympathetic relationships that have capital's transformative potential to provide economic, social, validation, and reflective services. This capacity is its main characteristic that identifies it as a form of capital. The capital metaphor provides less insight to understanding the role of other kinds of social relationships. This is not to say that other forms are less important, just that the capital metaphor is less useful there.

Durability

Durability associated with physical capital refers to capital's ability to retain its identity after and during the process of providing services. A tractor, after delivering pulling services, is still recognized as a tractor with potential to pull and provide transportation. A cow, after producing offspring and milk, is still recognized as a cow with milk and offspring producing potential. In contrast to durables are *expendables* that lose their identity during their provision of services. For example, seed and fuel are most of the time considered expendables because while providing growing and energy services, they lose their identity. Seeds become plants and fuel becomes energy and neither expendable is recognized for what it was before it provided services.

Social capital possesses different degrees of durability. There may be weak affinity ties capable of producing only a limited amount of services before disintegrating. A causal friend may be willing to provide free transportation a few times but then later be unresponsive to requests. Some forms of social capital are durable almost to the point of being indestructible. These extremely durable forms of social capital are often associated with family connections that remain unchanged even when repeated service extractions are made. (How

many dinner and laundry services can children expect before further services are refused by their parents?)

Capital whose service potential is nearly indestructible is called *endurables*. Endurables are little affected by time or use. A fine jeweled watch may keep time for generations. Land, for example, has its service potential nearly unaffected by reasonable use. So it is with social capital. Social capital that resides in family members may be nearly indestructible, an *endurable*, while social capital embedded with friends with whom you attend sporting events may be of limited durability and needs continual maintenance.

How does the capital goods attribute of durability facilitate analysis of social capital? It focuses attention on making continuous use of such capital; e.g., keep the factory going night and day. It calls attention to the possibility of economies of scale (volume) once the initial investment is made. It suggests that the return to a relatively expensive durable be compared to a cheaper, but expendable, form of social capital.

Flexibility

Flexibility refers to the range and number of services available from a capital source. Some capital forms are designed for a specific use and not applicable to others. In this category, one might think of a specialized medical instrument used to remove cataracts. Or, one might think of keys that only work in one lock. Capital forms whose services can only be used to meet highly specialized needs are called inflexible capital forms. In contrast to inflexible capital forms are flexible capital forms whose services can be used to provide a wide range of services. For example, electric ranges are used mostly for cooking services, but in emergencies may be used to provide heating services in the confined space in which they are located. While cars provide transportation services, they can also be used to pull trailers, carry groceries, and provide shelter from the elements. Cars not only may be used to produce a wide range of services, but the rate at which transportation services may be varied often ranges from nearly zero to 120 miles per hour.

Like physical capital, social capital may be either flexible or inflexible. Some forms of social capital, such as might be available from a sibling, can be used to obtain a kidney donation, financial resources such as loans, transportation, information, favorable reviews, support for awards, and companionship on otherwise lonely occasions. One would not expect such a range of services from the bank teller who greets you by name when you conduct your financial business. The teller might provide some preferential treatment, but these would

likely be related to the services she or he does in the routine course of her/his work at the bank.

Substitutes and Complements

The economic way of thinking asks about complements and substitutes. Tractors provide pulling services in most developed countries, but animals may substitute for these services in many less developed agricultural settings. Barns and silos provide storage services, but trees and tents may substitute for these services in emergencies. Tractors and plows are complements. Each one enhances the productivity of the other.

Sympathy is a substitute for monitoring. A person who has sympathy for you will not be opportunistic. Commitment and obligation are also substitutes for monitoring costs. Worker cooperatives can reduce monitoring costs if self-determination enables employees to identify with the corporation and then avoid shirking (Lutz 1997).

Sympathy can substitute for greed and obligation and the several motives are often mixed in practice. But, greed and obligation are not substitutes for sympathy in providing validation or creating utility for Alpha from Beta's consumption; i.e., in providing emotional services. Sympathy is not expected to be found alone, but rather in complementary combinations with motives of self-seeking and fulfilling obligations.

Decay (Maintenance)

Decay (maintenance) refers to the manner in which the service capacity of durables is reduced (maintained). Physical capital's service potential decays mostly through use, the passage of time, and the absence of maintenance. Wear is a natural feature of nearly all forms of physical capital. One might think of a barn that provides storage services. The service capacity of the barn is related to the physical dimension of the facility and the condition of the structure. In this instance, the barn's decay depends on the passage of time and the application of maintenance rather than use, since its decay is unrelated to the number of objects stored. On the other hand, the increasing number and frequency of engine revolutions directly alters the potential of many mechanical durables whose decay depends on use. Finally, some durable's service capacity varies little with time or use, like paintings in a museum (if properly maintained), while other durables, such as paper cups, may have rapid decay functions.

Social capital, like physical capital, is subject to decay from use, the passage of time, and lack of maintenance. One might develop social capital within a

neighborhood that provides valuable services. But when a member of the community moves, at first there are efforts to maintain contact, but eventually the lack of maintenance in the form of face-to-face contacts soon diminishes the strength of the ties and the potential to extract services. In other cases, in enduring relationships such as might exist between family members, the passage of time and the absence of regular face-to-face contacts does very little to diminish the social capital service potential. Finally, sometimes the too frequent request for services may exhaust one's social capital or potential to receive preferential treatment. On the other hand, some social capital may require use to be sustained. A friend who is never called on for help may feel ignored and become less friendly.

Reliability

Reliability concerns the predictability of capital's service delivery. Will it perform as expected (as it did previously)? Dependability has two dimensions. These two dimensions include longevity and intensity. For example, a light bulb provides lighting services at a particular intensity. Its reliability mostly deals with its longevity—how often will the light bulb light up? Its wattage intensity, however, is not generally in question. The longevity of light bulbs is particularly important for traffic lights and lights in other sensitive areas.

Professional football players may also be considered to have a form of capital (human capital). One important quality of a skilled football player is his intensity in a particular game. A player whose intensity is widely variable is less valuable than one who continues to provide predictable levels of high performance each game.

Unpredictability of intensity or duration usually reduces the value of capital. Moreover, capital forms that are reliable are generally recognized and rewarded in the marketplace. Diehard batteries and Honda cars are generally recognized and rewarded for their reliability.

Social capital clearly has a reliability dimension. Some social capital invested in close friends and family members is highly reliable and its performance predictable. Other forms of social capital may be situationally dependent. For example, a person who has achieved some new significant success may become more sympathetic and more willing to provide preferential treatment than previously. Sometimes a relationship "gone bad" may unexpectedly end one's social capital or make it fluctuate unpredictably. In any case, conversations that begin by asking: "can we ask Jane or Jon for a favor?" are recognizing that social capital has a reliability dimension.

Ability to Create Other Capital

Ability to create other capital forms refers to capital's ability to be used to create the same or different kinds of capital. For example, metal presses are used to create metal products for consumption or to create parts for still other metal presses or used to create new forms of capital such as a lathe. We recognize, however, that what is created is distinct from the original capital used in the creation process. Likewise, social capital can be used to strengthen existing levels of social capital or be used to create new forms of social capital. For example, person *A* might have social capital with person *B* who introduces him/her to person *C*. Then, because of their friendship with *B*, persons *A* and *C* develop social capital. These persons may be in corporations, education, or government as well as in families or communities. Sympathy motivates preferential treatment, which in turn may create more sympathy. Sympathy may deepen to empathy and caring to loving.

Social capital, like other forms of physical capital, can also be used to create forms of capital different from itself. For example, at some point in time publicly elected officials approved the Morrill Act that resulted in the creation of the Land Grant Universities. Those responsible for creating the Land Grant System were undoubtedly influenced in their action by sympathy for others. However, what they created was something different from social capital. What they created was an institution with resources, rights, and responsibilities and the ability to grant preferential treatment to many individuals. In addition, it became a setting in which much social capital has been and will be created; e.g., students forming bonds of friendship. Yet, saying that social capital is embedded in the university would not be correct though its resources and rules create advantages and disadvantages for individuals. Social capital continues to reside in networks of individuals, individuals who are capable of caring and experiencing vicarious sensing of another person's well-being. Sympathy makes it easier to accept the property claims of others as legitimate.

Sometimes sympathetic individuals develop feelings of attachment toward an object whose significance increases because of social capital among these individuals. For example, a picture of a friend has special meaning because of social capital while the picture of someone unknown has little significance. Yet, we would be careful to say that the picture has attachment value, not social capital. Some individuals may have special experiences with hospitals, service groups, and religious or ethnic organizations for which they develop attachment values. They may endow these with funds or other resources to help them in their missions. Nevertheless, the hospitals, service groups, and religious or

ethnic organizations are not endowed with social capital, although the charitable act may create social capital in some individuals.

A collection of students may initially form because of a common selfish interest in a subject matter leading them to register for the same class. Then, because of group projects and synergistic group studies, the class members may develop social capital for each other that may also meet some sociability needs. Another group may form around a common interest in an activity to meet a sociability need. For example, one such group may organize to play bridge. However, this group may strengthen its ties and its social capital by agreeing to form an investment club. Now their group meets their needs not only for sociability but also provides a useful activity (investing) that may further their economic interests (earning returns on their investments). Most service clubs, such as Rotary or Kiwanis, organize not only to meet their social needs but to provide service to their communities. It is unlikely that these clubs would prosper if their only purpose was to advance their social needs.

Investment (Disinvestment) Opportunities

Investment (disinvestment) opportunities refer to one's ability to create new capital (or destroy existing capital). Alienation of existing social capital will be discussed in a separate section below. Investment (disinvestment) opportunities associated with new physical capital are generally recognized. Inputs of cement and steel are combined to make a building. Like physical capital formation, one can invest in getting closer. One can combine inputs like gifts, entertaining, and communication to produce sympathy by others for you. Social capital is produced in a similar way that a machine is produced, by combining inputs (in a production function). The capital metaphor helps to conceptualize this production process. Social capital is created through acts of service, gifts, mutually beneficial interactions, and discovered and created kernels of commonalities. Kernels of commonality may be shared traits, qualities, life-styles, beliefs, and values which often distinguish "us" from "them."

Is there a contradiction between individual or collective investment in social capital that implies calculation and the emotive non-calculating response of persons for persons? Alpha can consciously try to get closer to Beta and acquire social capital. If *A* is aware of it and calculates her response, we have the usual process of exchange. But, if *B* is unaware of *A*'s intent (or *A* is not really consciously trying to create social capital), there are elements of emotion and the dynamic is in part unconscious. Social scientists, labor mediators, and politicians may consciously create an environment in which the emotive elements are directed in a certain way even if the participants are partly or

wholly non-calculating in their response. While the source of sympathy may be emotive and non-calculating, it can lead to calculation of how to be of most use to the recipient of one's sympathy.

The investment (disinvestment) processes used to create (destroy) social capital vary in intensity and durability. The intensity of the social capital investment depends on the intensity of the human relation experience and is related to communication. Intense communication would be face-to-face contacts that occur on a regular basis. Less intense communications are those that occur periodically through a medium. Communication by phone, mail, e-mail, and messages passed through a third party illustrate this later form of communication. The intensity of communication may also depend on the relationship between those communicating. Face-to-face communication between strangers is likely less intense than face-to-face communication between a husband and wife, a priest and penitent, and a parent and child. Finally, the intensity of social relations may be a function of the purpose for the communication. When the purpose of the communication is to produce, i.e., enhance one's economic position, validate or be validated, to exchange information, or to express caring, the intensity of the communication is different.

Alienability

Existing capital may be transferred from its creator to others by gift, inheritance, sale, or rental. One may inherit some forms of capital goods such as factories and houses. Indeed, most families have determined an inheritance plan to pass on its capital to heirs upon the death of the capital's owners. Like physical capital, one may inherit social capital created by one's family members or friends. For example, friends of my parents may become my friends because of the efforts of my parents. A baby is born into a particular social structure and in particular to a family and may immediately "own" social capital. This capital is inherited because the parents identify the child as belonging to them. Despite many service withdrawals, social capital benefits accrue to the young child without any effort. But, as the child ages, he/she must invest to maintain the social capital.

Physical capital goods can be rented or purchased from their original creators or subsequent owners. But, since existing social capital is a relationship, it cannot be transferred by its beneficiary without the consent of the benefactor(s). In that sense, it is misleading to speak of owning social capital. Alienation is not essential to the definition of capital or we could not speak of human capital. Human capital is embodied in a person and cannot be alienated separately from

the person. I can teach others my skill for a fee, but I cannot transfer it directly to another by ceasing to use it as in the case of a factory.

In summary, when we say there are different forms of social capital or that social capital has changed, what do we mean? We mean that some social capital can be used for economic advantages, some for social fulfillment, some for validation, and some for information. When we say it has changed, we may mean that social capital's service potential, flexibility, ethical use, decay pattern, reliability, or its ability to create other capital forms has changed.

CULTURAL AND ORGANIZATIONAL CAPITAL

Reference has already been made to the complementarity and partial substitutability of capital goods, social capital, cultural capital, and organizational capital. Some further elaboration may be useful. In some cultures, parents teach their children to return lost objects and always to tell the truth. In addition, because of the parents' social capital with their children and the reinforcement from the community, the children may also adopt the values of returning lost objects and always telling the truth. Visitors to this culture might find this form of cultural capital particularly helpful in setting up a business and if pressed could even place a dollar value on the cultural capital to which they have access.

It is useful to distinguish these learned and internalized behavioral norms from social capital. A person can return lost objects from a learned sense of commitment without any (or much) sympathy with the owner. Amartya Sen (1982) distinguishes sympathy from commitment. The person enmeshed in cultural capital may not even consider alternative behavior and be little influenced by thoughts of what would happen if the norm were not implemented. (See also Minkler 1999.) Behavior contrary to the norm would destroy the person's image of their ideal self. When cultural capital is widely shared, it increases the opportunities for reinforcement and the generality of benefits or what Fukuyama (1995) calls the "radius of spontaneous cooperation."

When groups of individuals form certain cultural norms accepted by the population, that is they have cultural capital, these may sometimes substitute for personalized social capital. When a person has access to cultural capital that gives him/her honest answers and the return of lost objects, the person may not need to depend on personalized forms of social capital to gain access to reliable information and lost objects. When these facilitating cultural norms are absent, individuals may need to depend on more personalized forms of social capital.

The same honest behavior might also be produced by formal legal institutions and sanctions. Again, this might be valuable to those contemplating investment in a business. In addition, the nation-state is not the only source of governance. Organizations make rules which apply to their members/employees. Some become learned habits in which case we speak of business culture, and some are honored because of sanctions within the organization including expulsion.

Cultural capital and organizational capital may also provide the experienced kernels of commonality essential for the development of social capital. Agreement on cultural values and norms suggests an absence of conflict between persons in a relationship. Beginning with an agreement on cultural norms and values, cultural capital may provide the opportunities to find other kernels of commonality and develop synergistic activities which increase sympathy and individual and collective investments in social capital. Class, gender, and race constitute affinity groups and kernels of commonality—sometimes for good and sometimes for disadvantage (Egerton 1997).

The main point here, however, is that social capital can be used to create more of itself and create still different forms of capital, including cultural and organizational. In addition, social capital and other forms of capital can substitute for and complement each other in varying degrees.

CONCLUSIONS

The capital metaphor is not needed to show that institutions make a difference, and little will be gained by calling all institutions capital. Our purpose in this essay is not to assert guardianship of the term “social capital.” We have our preferred definition which places social capital within a particular group of social relationships which are emotive. The main purpose of the essay is to explore the utility of the capital metaphor by asking if social capital has the following features of physical capital: transformative capacity, durability, flexibility, substitutability, decay, reliability, capacity for investment and disinvestment, and ability to create other forms of capital. The capital metaphor seems to have the most suggestive power when applied to sympathetic relationships. This is particularly the case with respect to transformative capacity—that which puts things into motion. Only sympathy, for example, can transform one person’s consumption into the utility of another.

We offer several distinctions which may facilitate study of where social capital comes from and what it does. These include the following: separation of the source or motive of social capital from its services (what it does) and where it resides; separation of the motive capacity of sympathy from that of

commitment (cultural capital and norms) and from formal legal institutions; and separation of the motive derived from sympathy from the motive of narrow self-enhancement.

How the capital metaphor is conceptualized will impact empirical measurement. Most surveys, to date, have focused on intermediate or final products rather than on what motivates and drives production. For example, the World Values Study asks if people trust others or the government. See Knack and Keefer (1997) and also Sudarsky (1999). There has been little investigation of where trust comes from. Trust could simply be the result of previous non-opportunistic behavior by others or it could be based on affinity. There are various surveys of membership in organizational and civic participation (outcomes), but again little attention to the driving force behind participation. Getting serious about the capital goods metaphor would suggest digging into motivation behind trust and participation (Schmid 2000).

We close with our preferred definition of social capital which calls attention to a heretofore much neglected motive for behavior:

Social capital is a person's or group's sympathy toward another person or group that may produce a potential benefit, advantage, and preferential treatment for another person or group of persons beyond that expected in an exchange relationship.

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