POLICY STUDIES SERIES ▸ 2004

DIMITRINA MIHAYLOVA

Social Capital in Central and Eastern Europe

A Critical Assessment and Literature Review

CENTER FOR POLICY STUDIES
CENTRAL EUROPEAN UNIVERSITY

POLICY STUDIES SERIES ▸ 2004

DIMITRINA MIHAYLOVA

Social Capital in Central and Eastern Europe

A Critical Assessment and Literature Review

CENTER FOR POLICY STUDIES
CENTRAL EUROPEAN UNIVERSITY

Copies of the Paper can be ordered by post or e-mail from

CENTER FOR POLICY STUDIES
CENTRAL EUROPEAN UNIVERSITY

Nádor utca 9
H–1051 Budapest, Hungary

cps@ceu.hu
http://www.ceu.hu/cps

ISBN 963 86569 0 5
ISSN: 1785-4377

Printed in Hungary in 2004
Central European University
Copyediting • Sara Svensson

Design and layout • Judit Kovács • Createch Ltd.
Printed by Createch Ltd.

ACKNOWLEDGEMENTS

I would like to thank the Center for Policy Studies, CEU, for entrusting me with such a responsible task and supporting its completion in every way and at all stages. I would also like to thank all those who responded to our call for materials and who helped tremendously in the collection of publications otherwise inaccessible or difficult to trace. I thank also those who provided comments and suggestions during the preparation of the review and the bibliography. I am deeply obliged to Dr. Andrew Cartwright without whose tremendous support, dedication and wide expertise as well as without his thorough and most inspiring editorial work, this review would have been incomplete. I am grateful to one anonymous reviewer for an extraordinary detailed and very insightful analysis with excellent suggestions for improvement. I owe my most special gratitude to my supervisor, Professor Steven Vertovec, who has guided me through academic endeavors in such a way that has prepared me for such work and to Professor John Harriss for his encouragement, and support as well as for all his work that has taught and inspired me. I would also like to thank my colleagues at the Center "International Migrations: Space and Societies" at the University of Poitiers, who took an interest in this review and debated it with me. I am most grateful to Robert Spencer for his friendship, inspiration and support at the most critical stages.

FOREWORD

For the literature reviewer, social capital poses problems. As this work shows, there is a sense that social capital has no real settled meaning, that it is an amalgam of terms and phrases only loosely tied together. For some, this may be a strength and perhaps it accounts for some of the bolder claims made under its banner, but, from a literature review point of view, it is hard to know just what to include. By in large, this review concentrates on social science research concerning social capital, although there are several studies that come from practitioners.

This review of research in Central and Eastern Europe and the former Soviet Union offers a chance to investigate the policy applications of research. As the reviewer points out, in the context of the transition in the 1990s, research into the sources and nature of social capital appeared to be both timely and practical. While economic and political science tended to focus on grand macrolevel models and reforms, social capital directed attention towards the social dimension of development, focusing on questions of trust and collective action. Social capital research seemed to offer scientific support for the burgeoning NGO sector and, as the decade progressed, its application moved into fields such as economic development, education reform and even healthcare. Social capital began to interest more political scientists and economists as well as the sociologists and anthropologists. As the author, Dimitrina Mihaylova, makes plain, there are distinct ideas about what is a proper way to research social capital. Attempts to "colonize" new research fields enjoyed some mixed receptions. Nevertheless, as witnessed by the amount of research and its diversity, there was an increasing belief that social capital could be a "missing link" as well as a potential "cure."

International agencies such as the Organization for Economic Cooperation and Development and more famously, the World Bank, embarked on several major research initiatives. Not only did there appear to be a relative consensus of its definition, there were increasingly innovative approaches to its measurement and potential application. As studies included here demonstrate, social capital has been used to explain everything from the levels of premature death amongst middle aged males to the attitudes of cross border traders towards their extended kin. For many, there is a certain intuitive attractiveness to the idea of social capital and this is especially true for Central and Eastern Europe and the countries of the former Soviet Union. For example, social capital research directs attention to the importance of informal networks as ways of getting things done. Not only does this appear to show things how they really are, it also seems to explain why things don't work out the way reformers said they would.

In terms of drawing the lessons of research for policy work, social capital by no means offers clear conclusions. Over time, there may have been a scaling down of expectations, particularly amongst those who thought social capital could act as a bridge between disciplines and policymakers. For the reviewer here, some of these disappointments are down to methodology, an overreliance on one type of data and an under-appreciation of local context. At the same time, any assessment of the policy implications of social capital has to take into account the fact that it has no natural institutional home. As it crosses disciplines, so does it cross government departments as well. There appears, at least in the later research works, an increasing recognition that the strategic use of social capital has to consider its role in combination with other types of capital. In this regard it implies cooperation and coordination to a degree perhaps beyond the capacity of current governments.

This is not to say that the works included indicate that there is no role for the state in developing social capital. As many authors included point out, there are institutional measures and backgrounds that allow strangers to have trust in each other, there are ways of encouraging the

development of networks that can bridge as well as bond communities and there are increasing recognition of the benefits of joint activities between the public, the private and the civil sector. In this sense, social capital research has a positive heuristic value in encouraging institutional and policy innovation.

The works included in this review are not exhaustive or wholly representative. They were brought together to offer critical reflection of several key themes within the literature. We would like to thank the author for all her hard work in producing this review as well as the reviewers who added constructive comments.

Andrew Cartwright
Violetta Zentai
Center for Policy Studies
June 2004

PUBLISHED PAPERS
IN THE CPS POLICY PAPER SERIES

In Search for Responsive Government:
State Building and Economic Growth in the Balkans
Blue Bird Agenda for Civil Society in Southeastern Europe • 2003

FORTHCOMING PAPERS
IN THE CPS POLICY PAPER SERIES 2004

From the Ground Up: Assessing the Record of Anti-Corruption Assistance in Southeastern Europe
Martin Tisné and Daniel Smilov • July 2004

CONTENTS

1. INTRODUCTION

Is social capital the missing link in development?

Since the early 1990s, the concept of '"social capital" has been widely adopted in both research and development. Popularized by Robert Putnam's book on Italian civic culture (Putnam 1993) as well as by claims from the World Bank that social capital was the "missing link" in development, the phrase has entered public debate and development practices worldwide. Social capital has become one of the most influential concepts in economics, sociology, political science and development studies. As Ben Fine (2001) argues, studying the economic consequences of "membership in groups" or "local associations" has become almost a "cottage industry." Until now, this has been the most influential way in which social capital has been measured (Harriss 2001:89). Yet as Adam and Roncevic (2003: 157) amongst others point out, this broad applicability of the concept has not solved basic problems with definition, operationalization and measurement, notwithstanding disputes concerning its sources, forms and consequences. Adam and Roncevic (2003:158) identify a similar structure to almost all publications on social capital. In the beginning, the author narrates the origins of the concept based on its three main "fathers": Bourdieu, Coleman and Putnam. Secondly, the author defines his or her own position vis-à-vis those traditions and provides one possible definition of social capital. This is usually followed by an examination of a particular case or cases within the theoretical and methodological confines established at the outset. Not to break with tradition then, Bourdieu defines social capital as

> "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition." (Bourdieu 1986:248 in Adam and Roncevic 2003:158)

He also refers to it as "a capital of social connections, honorability and respectability" (Bourdieu 1984:122). Bourdieu's aim was to analyze

If so, what kind of resource is social capital? Is it something that is held by individuals or groups?

different forms of capital such as cultural, social, political, symbolic and economic and how these may convert into each other. In so doing, he sought to explain how social stratification is reproduced and persists over time (Adam and Roncevic 2003). Bourdieu offers a materialist reading of culture through the use of the concept of "capital" and a dynamic, holistic analysis in the study of how different types of capital are transformed (Schuller et al. 2000). Bourdieu is more concerned with social capital as an individual attribute in terms of individual networks or forms of capital. In contrast to this individualist position, the other "father" of modern social capital research, the late American sociologist James Coleman, favored a broader notion of social capital which encompassed social groups, organizations and societies (Adam and Roncevic 2003).

Coleman defined social capital according to its function. He argued that "it is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structure and they facilitate certain actions of actors—whether persons or corporate actors—within the structure" (Coleman 1988:S98, cited in Adam and Roncevic 2003:159). Coleman's research primarily addressed educational achievement and social inequality (Schuller et al. 2000). He measured social capital by the physical presence of parents per number of children in the family so as to determine the amount of attention that children received. Amongst other factors influencing educational performance, he measured the number of times a child had to change schools because the family moved. Coleman argued that social relations (both family relations and relations with the wider community) constitute useful capital because they establish obligations, expectations and trustworthiness. They also create channels for information, and set norms that can be backed up by sanctions (Schuller et al. 2000:6). As Schuller et al. (2000) pointed out, there were striking similarities in the respective approaches of Coleman and Bourdieu although they did not formally acknowledge each other. In contrast to Bourdieu, Coleman approached social capital mainly in functional terms and argues that

social capital is largely an unintentional function. Moreover, he focused on individual behavior and used that to draw conclusions about larger social entities. Coleman's premise was that actors operate according to a single principle of action, that is, to maximize their realization of interests. Thus, he worked within the elementary model of rational choice, influential in current sociology and political science in the USA (Harriss 2001:17). Apart from being criticized by opponents of rational choice theory, Coleman has been criticized for providing rather a vague definition of social capital, one that according to at least one author "opened the way for re-labeling a number of different and even contradictory processes as social capital" (Portes 1998:5).

On the other hand, does social capital refer to certain qualities of social organization such as the prevalence of trust and norms of reciprocity?

The third "father" of social capital, Robert Putnam, is usually credited with introducing trust and civic participation into the field, in particular the role that they play in democratization and development. It was largely due to Putnam's work that "social capital" entered into the development and political mainstream. He defines social capital as those "features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions" (Putnam 1993:167). The definition of social capital adopted by the World Bank is very close to Putnam's. In the Bank's view,

> "Social capital refers to the norms and networks that enable collective action. Increasing evidence shows that social cohesion—social capital—is critical for poverty alleviation and sustainable human and economic development."[1]

Putnam's followers usually apply those measures devised by Putnam. They measure behavioral attitudes and variables: trust, norms, and values. More recently, he has shifted the emphasis from trust to reciprocity in recognition that people can trust each other and yet still remain inactive (Schuller et al. 2000:10). Some authors take only one of Putnam's three elements as the most significant attribute of social

[1] www.worldbank.org/poverty/scapital/index.htm.

capital. For example, Francis Fukuyama, who defines social capital as being identical to trust, compares low-trust (for example France, Taiwan, Italy) and high-trust (for example USA, Japan, Germany) societies in order to investigate the consequences of such differences in levels of trust. He acknowledges that low-trust societies are characterized by having a great deal of social capital (trust) in the family.

How can we measure social capital?

The so-called "Putnam's instrument" measures four indicators of social capital: vibrancy of associative life; incidence of newspaper readership; referenda turnout and preference voting (Putnam 1993: 91–94). Harriss (2001:42) argues that a metaphorical notion of social capital emerges from Putnam's work. According to Harris, Putnam does not provide a theory of trust but rather a confusion of various concepts: interpersonal trust; generalized trust (social solidarity); belief in the legitimacy of institutionalized norms and confidence in their implementation; and cultural traditions. Perhaps some of the strongest criticisms of Putnam refer to his neglect of power and conflict (see Fine 2001, Harriss 2001, Adam and Roncevic 2003). For example, Harriss (2001:42) argues that social capital is very often treated as if it only referred to horizontal voluntary organization. In his view, this obscures the role that state-backed institutions have in creating the conditions for civic engagement. Indeed, this disregard for the state and politics in general offers a reductionist view of "civil society." Harriss (2001:1–92) seeks to demonstrate that local or grass roots social organizations have to be viewed in the context of the overall structure of social relations and of power.

An alternative approach to measuring social capital focuses on those variables, which indicate the position of the individual inside social networks. This is a synthesis of network research and certain aspects of Bourdieu's and Coleman's work (Adam and Roncevic 2003:163). It usually involves the study of networks in commercial enterprises. Burt, for example, has demonstrated how smaller networks, dense networks or hierarchical networks place more constraints on individuals (Burt 1997, cited in Adam and Roncevic 2003:163).

The complexity of social capital is further demonstrated by the fact that it is sometimes identified as a positive phenomenon or a negative one, or even both. Some research stresses its social benefits, some its influence on the individual, other research shows how social capital may restrict opportunities and individual freedom and lead to excessive claims on groups members. The operation of social capital may produce networks that are closed for outsiders (Portes 1998). Thus, social capital has a potential "downside" (Portes & Landholt 1996): communities, groups or networks that are isolated, parochial, or working at cross-purposes to society's collective interests can actually hinder economic and social development. In the context of Central and Eastern Europe, authors frequently point to the existence of a "missing," "negative," "premodern" or "primitive" social capital (for example Paldam and Svendsen 2000, Rose 1999).

"Social capital" could be examined using bottom up or top-down approaches (Adam and Roncevic, 2003). The former refers to the study of social networks and civic associations on the ground (for example Putnam 1993), while the latter tends to refer to the study of the role of the state in creating a state-society synergy (for example Evans 1996). Michael Woolcock (1998) has attempted to link these two divergent approaches by defining three type of social capital: bonding, bridging and linking. Bonding social capital describes strong bonds between people such as family members or members of the same ethnic group; bonding social capital is good for "getting by" in life. Bridging social capital is characterized by weaker but more crosscutting ties for example between business associates, acquaintances, friends from different ethnic groups, friends of friends, etcetera The final form of social capital is linking social capital. This describes vertical (or hierarchical) connections between people in different positions of power.

Social capital is very much a context dependent phenomenon.

The wide range of social phenomena covered by the three main schools (Bourdieu, Coleman and Putnam) demonstrates the difficulties in establishing one definition or one measurement of the concept. Moreover, as Adam and Roncevic argue, social capital is very much a

context dependent phenomenon (2003:161) and this creates further difficulties for the elaboration of a single definition. While there are many writings on social capital, Ben Fine (2001), John Harriss (2001) and Adam and Roncevic (2003) all provide very insightful and useful reviews on the sources, dimensions and consequences of social capital. The principal criticisms of Ben Fine (2001) concerning the utility of social capital as an analytic tool address the lack of possibility for social change, its functional, ahistorical and acultural premises, its misinterpretation of the social as two unrelated and separate entities and its status as a "cure-all" social theory. In the end of his book he leaves open the question why there has been so little criticism of social capital compared to the extensive number of people who utilize the concept uncritically.

The overall aim of this study is to provide a critical introduction into the published English language research on theoretical and empirical issues addressing social capital in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kosovo, Macedonia, Poland, Romania, Russia, Slovakia, Slovenia and Yugoslavia. It is beyond the scope of this review to provide an exhaustive commentary. Instead efforts were directed towards presenting the variety of approaches within the field that could be defined as employing a "social capital approach."

The review is supplemented by an annotated bibliography.[2] The bibliography was created after an extensive search via the web, through correspondence with individuals and various institutions and via various bibliographic and library resources. A lot more literature was gathered and read before the final selection was completed. Some publications not included in the annotated bibliography were either not representative of the field, were of lesser quality, or were discovered at a later time (after the country, the theme or the discipline they address was already reasonably well represented in the annotated bibliography).

[2] Available at http://www.ceu.hu/cps/pub/pub_papers.htm.

This review is organized in several sections that were finalized following the preparation of the annotated bibliography. The main sections are: institutional change, civil society, health, education and economy. Access to public services is included as a topic in various other subheadings while the general fields of health and education were kept separate in order to demonstrate the applicability of the concept of social capital.

Because of the limited period for this mission, the limitations in the number of annotations and the size of the report, some relevant and high quality works will have undoubtedly not found a place in this report. Research published before 1989 was largely excluded on the grounds that it is predominantly in local languages and its inclusion would have undermined the quality of the review by changing the focus to a set of different methodological problems.

In the course of the bibliographic research I found little research in English on social capital and its synonymous concepts in Kosovo, Yugoslavia, Bosnia and Herzegovina, Macedonia and Albania. The spread of research carried out also reflects the general state of social research in the CEE region whereby the most studied country is Russia, followed by the Central European countries, and only then the Balkan countries. In some cases, the lack of academic research was compensated by professional publications.

The spread of research carried out reflects the general state of social research in the CEE region.

Although professional published research has been included, it does not represent all the richness of the published reports concerning the abundant development projects in the region that address the concepts reviewed here (for example civil society). I have given priority to the academic literature, and, then, only to the major developmental agencies and funding bodies (The World Bank, Organization for Economic Cooperation and Development OECD, United Nations Development Program UNDP, United States Agency for International Development USAID, UK Department for International Development DFID, The Open Society Foundations, and some others) as well as to some think tanks in the region. A full assessment of the professional reports on social capital lies outside the purpose of this review and has to be a separate study.

As is widely recognized, "social capital" is a phrase whose definition ranges from individual and specific statements, to badly defined and unclear statements to concepts that encompass many social phenomena. Thus in some cases research concerning other synonymous concepts were also examined. I have included research that covers major themes and concepts defined by various authors as equivalent or part of the social capital concept (cf. Schuller et al. 2000: 1).

I have excluded certain fields, which form part of the social capital debate on the web site of the World Bank. This was because these research themes are too wide in themselves and/or overstudied (for example ethnic and national issues). In Central and Eastern Europe some of these research fields remain unaffected by social capital approaches, as indeed they may be in Western countries, for example, migration and refugee studies.

1.1 The Arrival of Social Capital in Central and Eastern Europe (CEE)

Interest in social capital has largely been stirred by international development agencies and consequently much of the research is related to practical initiatives.

Social capital is a relative newcomer in research carried out in Central and Eastern Europe (CEE).[3] Interest in the topic has been largely stirred by the activities of developmental agencies such as the World Bank and the United Nation's Development Programme. Much of the social capital research published in English is somehow related to practical developmental initiatives, particularly after 1996 when the Bank proclaimed that social capital could be the "missing link in development." For this reason, much of the research on social capital in CEE could be considered a political dimension of the various developmental strategies in the region.

[3] There have been a number of large-scale research projects investigating social capital in the region, some based in the region such as the interdisciplinary program "Honesty and Trust: Theory and Experience in the Light of Post-Socialist Transformation" based at the Collegium Budapest www.colbud.hu/honesty-trust/ and the "Bluebird" project www.ceu.hu/cps/bluebird/proj/proj_open.htm.

The literature on social capital worldwide deals with innumerable aspects of social life. In CEE the academic and practitioner work on social capital addresses the most central debates in CEE "transitology": the relationships between markets, states, formal and informal institutions, and the significance of cultures. To a lesser or greater extent, all of these works address two basic questions: how to improve economic growth and how to achieve successful institutional change.

The World Bank initiatives in the region have undoubtedly provided an important stimulus to interest in the topic. The Bank has organized several workshops on social capital, for example in Croatia, Romania, Bulgaria, and Albania. Leading scholars and practitioners have taken part in order to help train local participants on the use of the concept and carry out effective research. The approach of these studies has been relatively sympathetic and research has tended to have an intermittent engagement with polemics in the social capital field worldwide. I would argue that, in part, this reflects its relatively recent entrance in the field of applied development studies (insightful exceptions are Adam and Roncevic 2003, Tardos 1996, Angelusz and Tardos 2001) and its undeserved reputation as a cure-all option (cf. Portes 1998:2). Some authors who have long studied the region now employ social capital against the background of their extensive experience in CEE. On the whole, they tend to be critical of various assumptions made concerning social capital and of findings that appear to be unjustified considering the methodologies of the research (for example Adam and Roncevic 2002).

At the same time, the theoretical and empirical debates addressed by social capital research exist in numerous other publications that belong to earlier academic and practitioner's traditions in the region. Most of these have not utilized the concept of social capital. For example, one of the largest bodies of social science research on Central and Eastern Europe addresses ethnic and national issues and yet in 2002 the first, and as far as this reviewer is aware, only paper to address social capital

Gender has been largely neglected by social capital studies despite being an important aspect of the postsocialist transition.

and ethnicity appeared: *Social capital, ethnicity and support for democracy in the post-communist states* (Dowley and Silver 2002). In the same period though, research on ethnicity and nationalism in CEE has been prolific. Gender has also been largely neglected by social capital studies despite being an important aspect of the postsocialist transition and development projects in CEE (for example Corrin 1999, 2001, 2002).

1.2 The Definition of Social Capital in CEE

As is the case elsewhere, the definitions of social capital used in CEE differ tremendously not only from discipline to discipline but also from author to author. Some adopt the definition given by Putnam, others subscribe to the rational choice theories of Coleman and a limited number employ the approach of Bourdieu. Others claim to be using mixed approaches. The following are only some examples of the variety:

1.2.1 Social Capital as Networks and/or the Resources Acquired through Them[4]

Social capital or networks or network capital?

Social capital in the sense of being synonymous with networks is used by a number of authors. It can refer to anything from individual to institutional networks. Works on the informal economy, subsistence economy, institutional change, elites, social support, social cohesion, and participation fall within this category. Many authors do not utilize the term "social capital" but rather use "networks" or others such as "network capital" in Sik and Wellman 1999, *blat* in Ledeneva 1998, and "weak and strong ties" in Sik and Wallace 2000. The work by Torsello and Pappova (2003) provides excellent examples of qualitative social network analysis. Angelusz and Tardos (2001) use the concept

[4] See the chapter on "Social Capital and Institutional Change" for more detail.

"social-network resources" as they believe it is more neutral and theoretically less biased than social capital which is defined as having a meaning closer to economic capital with related concepts such as exchange, investment, accumulation, etcetera (p.300). They argue that "through this approach we can get closer to those instrumental types of network resources that may contribute in some fashion to the elevation of one's social status." (p.300). "Social capital" as meaning networks is also prominent in the literature on health where the previously much criticized social support theories or participation theories have found themselves revived with the interest in social capital (Pearce 2003).[5] The world literature on network analysis is extensive and cuts across a number of disciplines and when we analyze social capital as network, this literature cannot be neglected (a range of examples are to be found in the journal *Global Networks: A journal of transnational affairs*, the journal *Social networks*, the anthropological literature since 1970s, e.g. Boissevain and Mitchell 1973, for a brief overview see also: Hilly, Berthomiere and Mihaylova 2004).

"Social capital" as meaning networks is prominent in the literature on health.

The Centre for Policy Research at the University of Strathclyde has produced several publications on social capital based on the growing Barometer databases. Many of these publications also regard social capital as networks. Rose (1999) defines social capital as "the total stock of networks that produce goods and services in a society." However, according to Rose, networks that "reallocate or mis-allocate goods and services do not increase the national product in aggregate" (p.3, footnote 1). He distinguishes between the socialist and post-socialist types of networks and between "premodern," "modern" and "antimodern" social capital. "Premodern social capital" is based on informal, face-to-face ties of family and neighbors. "Modern social capital" involves a structural shift in society's networks of institutions towards more formal institutions and provides a frame for markets and civil society to operate with security. According to Rose, "antimodern

[5] See the chapter on "Social Capital and Health" as well as "Social Capital and Education."

social capital" is the type of social capital most often met in Russia where the informal networks exist at the basis of the formal organizations that promote individual welfare (p.11). The author uses measures of social integration and defines these as forms of social capital. He argues that social integration determines welfare alongside other sources of welfare such as human capital. (p.12).

How do an individual's weak ties shape their life choices?

Mateju (2002) suggests that social capital in CEE should be studied in the first place as weak ties and how they shape the people's choices in life. He suggests that social capital is to be examined carefully at the individual level as it relates to the positions of the individual in the social structure (status, prestige) and to the amount of political capital a person has (members or not of the Communist party, for example). Paldam and Svendsen (2002) add the terms "missing" and "negative" to social capital to describe the gray/black networks after socialism that have transformed from necessary survival strategies to negative networks which fall within the category of corruption. Pahl (2000) also discusses social capital in terms of informal networks but focuses on a different form of it that has some positive results: friendship. While he warns that informal social networks in terms of friendship in Russia and China "is not necessarily to be welcomed…" (for the dangers that it maybe converted into negative networks), he also adds that "conviviality and warmth invariably found there was in marked contrast to the stifling formality and hypocrisy of public life" (p.156). Thus, social capital becomes a particular resource upon which people can rely.

Kolankiewicz (1996) investigates the assets of social capital. He approaches social capital as various networks brought into play by the absence of conventional capital. Studying these networks shows who the winners of transition are, why they are the most successful in adapting to the market situation and how they achieved it. He proposes that social networks are being converted so that certain individuals and groups can exert control and influence during the transition, for example, manipulating or withholding information during privatization. The author argues that success in the transition depends as much on the social networks as it does on the convertibility of assets.

Following Bourdieu, he suggests that the volume and structure of capital determines the advantage in a particular field. In postsocialism, it is crucial how much capital refers to the network and the levels of resources it can mobilize (p.436).

1.2.2 Social Capital as Culture

Some authors place "social capital" within the general field of culture. For example, Stulhofer (2001) states that social capital is "a cluster of cultural characteristics which create and maintain mutual trust and cooperation within a community or a social group." In this sense, social capital is born out of everyday interactions and not through legislation. It stimulates and facilitates cooperation and it is a collective resource that positively influences development (p.27). This author distinguishes it from clan or family loyalty where the benefit to the family group is supposedly at the expense of the community.

Social capital is born out of everyday interactions rather than legislation.

Raiser et al. (2001) describe social capital as a cultural phenomenon signifying the extent of civic-mindedness within a society and very much along Putnamian lines suggest that it is also in the existence of social norms promoting cooperation and trust in public institutions (p.2).

An important argument, if not one of the central themes of this "school" is the difference between the West and CEE in terms of the quantity of social capital (as an attribute of culture). Most authors claim that social capital in CEE is very low and/or even diminishing in comparison with Western Europe or Northern America. Another, very small, group of authors, argue that social capital in CEE is not much different or, in some rare cases, that it is even partially higher than in the West.

The divides between the two regions are occasionally explained by using Huntington's (1993) categorical divisions between the East and the West (e.g. in Bjornskow 2001, Aberg and Sandberg 2003). Although these authors occasionally argue that some countries can "leap across the civilizational divisions" they assume that such divisions are real and accept them uncritically.

For example, Bjornskow (2001) argues that Slovenia looks more like a Western country than an Eastern one unlike Estonia and that this is proof that it is possible to jump across the gap between East and West (p.22). Aberg and Sandberg (2003) describe, similarly to Huntington, democracies as dependent on their historical, social and cultural foundations. The authors believe that a politico-cultural "clash" patterns the initial phases of postcommunist democratization paths.

Is there a deficit of social capital in CEE countries...

Raiser et al. (2001) assume that there is a low level of social capital in Eastern Europe compared to Western countries despite the huge human potential (large numbers of well-educated and well-qualified) in CEE. The authors argue that it has been easier to build a civil society in those countries that are closer geographically to Western Europe and that this has supported the transitional process. One of the policy recommendations they make is to keep alive the myth of return to Europe to help the building of social capital in the rest of the countries (p.22).

A similar logic, although in a completely different situation, operates in the work by Petro (2001). He sees cultural and social capital as mutually reinforcing in the process of reviving the old traditions of Novgorod (of the 12th–15th century). Contrary to the positive attitude to this process in the article itself, the invention of tradition and the essentializing of one's culture may also be associated with some negative effects, or at best be a double-edged sword. For example, the past may also be similarly reinvented to back up regional nationalistic or populist policies (for example in the speech cited in the article calling for the revival of "Lord Novgorod-The-Great where Rus' originated"). Rather uncritically, the author sees cultural and historical myths as contributing positively to social capital because he argues that the past is functioning more as a model and inspiration than a burden.

...or would that be to fall into the trap of cultural misreading?

The idea that there is a lack of social capital in CEE is criticized by Marsh (2000). He argues that in Russia, various regions have different amounts of social capital and thus, it cannot be claimed that Russia as a whole does not have social capital. His empirical research proves that there is social capital in Russia, but the amount and form vary from area to area. The author also questions whether social capital was

missing during socialism as claimed by some researchers. He bases his argument on already existing research on formal networks in Russia during socialism such as the one by Ledeneva (1998).

1.2.3 Social Capital and the Socialist Legacy

In order to explain the current situation, most articles on social capital in CEE begin with a description of social capital during socialism. Within this, there are two different trends. Those who define social capital as informal networks either claim either simply that there was abundant social capital (for example Marsh 2000) or that it was of a type termed generally as "negative" or "primitive" or "premodern" (e.g Rose 1999, Paldam and Svendsen 2000). These authors then debate the various ways in which these networks were converted or not during the transition from socialism to postsocialism[6].

What kind of social capital existed during the socialist period?

For example, Marsh (2000) has acquainted himself with the work of Ledeneva (1998) showing large amounts of social capital in terms of networks and norms. As a result, he provides a critical counter analysis (grounded in historical sources and qualitative data from contemporary Russia) to the propositions by some scholars that social capital is entirely missing from Russia. He suggests that, in contrast, the *blat* relationships (Ledeneva 1998) could be a distinctively Russian form of social capital (involving trust and reciprocity horizontally) and an equivalent of social capital in Northern Italian. The author also questions some of the propositions by Putnam in studying social capital and argues that the Eastern European context needs a more specific understanding of different types of social capital and its regional distribution. It is unclear in his work, though, how *blat* would be useful for civic participation and strengthening of democracy.

Rose (1999) also underlines the existence of social capital networks during socialism. At the same time, he argues that it was premodern economy in which goods and services were produced in households, and informal networks and families sought to isolate them from the

6 See the chapter on "Social Capital and Institutional Change" for more detail.

state. The author believes that this may be peculiar in the West but was rational in the USSR. He describes a socialization theory according to which all adults brought up during socialism in Russia today will have an antimodern social capital. The case is not that there was no social capital, but that there was a particular type of social capital.

Rose and Haerpfer (1994) use the data from the *Russian Barometer* to measure the "individualists" against the "collectivists" in Eastern Europe and conclude that individualists outnumber collectivists. The reason for that they see in the experiences of communist style collectivization, which has made people more individualistic (p.18) (cf. Kideckel 1993). This contradicts some of the anthropological work such as Swain (2000), Burawoy and Verdery (1999), Hann (2002) and Hivon (1998) who demonstrate lasting collectivist identities of rural population in CEE even until today. Creed (2002) adds a different dimension by pointing to the present economic crisis as a major reason for the decrease of communal rituals, and the growing inequalities and the impoverishment of people are outlined as explanations to the increase of noncollective practices in the *Voices of the Poor* World Bank reports (1999).

Socialism has little direct influence on trust in contemporary institutions, rather it exerts an indirect influence via current perceptions of freedom.

Mishler and Rose (1995) criticize the view by Seligman (1992) that the creation of distrust and fear is central to understanding socialist regimes. They argue that this would be a simplistic picture of socialism. They examine how the socialist legacies operate in relation to trust, distrust and skepticism and conclude that the legacy of socialism has little or no direct influence on trust in contemporary institutions, but that it has indirect influence through the individual perceptions of freedom today in comparison to the past. The anthropology of socialist societies has been able to provide an in-depth description of how socialism operated in everyday practice. Buchowski (1996) for example argues that there were civic associations during socialism, such as Solidarity (see also Hann 1990; Hann and Dunn 1996; Burawoy and Verdery 1999)[7].

[7] Some examples of works that contain extremely useful insights on real life society during socialism are those by Chris Hann, Katherine Verdery, David Kideckel and Gerald Creed.

Alternatively there are those who argue that the socialist system all but destroyed social capital and that a main aim of the transition has been to replenish these lost resources.

A further group defines social capital in terms of civic participation, norms or generalized trust (as opposed to trust between individuals). They paint a picture of socialism as a system that virtually destroyed this type of social capital leaving transition societies to start the changes with zero social capital in stock. In this scenario one of the main aims of transition becomes to build social capital. Nichols (1996) for example argues that socialism is the explanation for the today's halted process of democratization in post-Soviet society (p.631). He believes that the Soviet system destroyed social capital – the broad voluntary network of social engagement that breeds trust, reciprocity and "spontaneous sociability" which leads to public associations and, in turn, democracy (p.631). For Nichols it is "clear" that civic networks were destroyed and spontaneous citizens' interaction was replaced by forced association. Seligman (1992) also highlights the crucial role of socialism in the creation of distrust and cynicism.[8] Kideckel (1998), Raiser (1999) and Lovell (2001) add to echo the view that socialism left a legacy of distrust (p.7), which explains today's situation.

A similar approach is found in Holland (1998). She lays the blame for the lack of civic engagement not simply on socialism but on the whole past of the Albanian people. Holland argues that in Albania "…the level of development is considerably lower, while cultural deprivation has prohibited modern forms of civic engagement and stifled social relations. Instead of trust and networks of civic engagement, the history has produced a vicious circle of distrust, reinforcing a form of primitive social capital which resided in the private world of family and clan, not in the networks of the market place where risks could be taken and economic cooperation sought" (Holland, 1998:70).[9] Coulton who

[8] This author is criticized by Mishler and Rose 1995 for assuming that all trust was destroyed by socialism.

[9] An interesting parallel could be found in the study by Christou (2003), which automatically disqualifies the "primitiveness" in Holland's terms of Albanian clan loyalties. Based on extensive empirical research, Christou argues that the social capital of middle to upper-middle class second-generation Greek-American returnees in Greece is based on equally strong kinship loyalty.

claims that history has predisposed Russians to mistrust (cited in Marsh 2000) exposes the same view.

1.2.4 Social Capital as Trust[10]

Distrust or skepticism?

Trust, as synonymous with social capital, has become one of the central themes of research into institutional change and particularly the interaction between formal and informal institutions in CEE. One of the starting points is that trust in institutions in CEE is low. Many authors argue (even though sometimes without much specific evidence) that socialism destroyed most types of trust: either interpersonal or extended, or both (for example Lovell 2001, Nichols 1996, Raiser 1999, Raiser et al. 2001, Seligman 1992); and that previous courses of history (that shaped the culture) of the CEE region contributed to the low contemporary levels of trust (for example Holland 1998). Some authors counter that it is not distrust but skepticism that dominates the transition (Mishler and Rose 1995). Kolankiewicz argues that levels of trust in postsocialist transition societies are actually high. In his view they provide an element of predictability, which is absent in the system that often lacks formal rationality (1996:447). Mateju (2002:7) disagrees and argues that the postsocialist transition is characterized by low trust. On the whole, most authors tend to agree that there is a lack of confidence in the state and limited trust in institutions. This situation is considered to be one of the most salient problems in CEE.

Which type of trust is decisive in the creation of democratic institutions and market economy?

Some of the main debates center on trust production and whether institutional change produces trust or is itself a product of trust. Trust is viewed as being beneficial to economic growth in that it lowers transaction costs. In politics it is seen as a source of legitimacy and collective action (Stulhofer, 2001:27). Although there is widespread agreement that trust is important, there is less consensus on which type of trust (interpersonal trust, trust in institutions, or general

[10] See the chapter on "Social Capital and Institutional Change" for more detail.

trust) is decisive in the creation of democratic institutions and market economy. Often, the definitions of trust combine very different ideas, concepts or social practices such as "motives," "believes," "dispositions," "circumstances," "interests," and "power" (cf. Dasgupta1988, Gambetta 1988, Harris 2003, Harriss and Mihaylova 2003).

The relationship between trust and economic growth is examined in most detail by Raiser et al. (2001). The authors in this volume argue that generalized trust is not related to economic growth in CEE in the same ways that it is in developed market economies. Instead, they argue that it is trust in institutions, what they call "formal social capital," that will lead to economic growth in CEE countries.

1.2.5 Social Capital as Civic Engagement[11]

Many researchers find that levels of civic participation in CEE are considerably lower than in the Western democracies. This is usually blamed on the socialist past or a combination of this and the contemporary socioeconomic and political environment. Some researchers do provide more refined analyses of the complex influence the past has on the present (Buckowski 1996, Spulbeck 1996, Anderson 1996). However, another group of scholars regards contemporary state inefficiencies as being the main explanation for low levels of civic participation (Alapuro 2001). This focus on civic participation has led to an examination of voluntary associations (or forms of civic engagement) as forms of social capital. The relationship between NGOs and local and central governments has been a key issue within this field. At the same time though there is a striking lack of effort (with a few exceptions) on understanding why voluntary organizations may be fewer in number in CEE than in Western democracies.

Letki (1999) examines the nature of citizens' membership in voluntary organizations in CEE and finds that the correlation

[11] See the chapter on "Social Capital and Civil Society " for more detail.

The correlation between social capital, democratization and membership in organisations is very weak.

between social capital, democratization and citizens' membership in organizations is very weak. Scores on an associational index reveal very little engagement in voluntary organizations in each of the CEE countries. At the same time, the difference between the countries of highest and lowest scores is not great. According to Letki, this demonstrates that there are only weak links between organizational affiliation, citizens' satisfaction and social capital. Contrary to Putnam's or Nichols's suggestions, membership in voluntary organizations does not function as a main indicator of a truly democratic system. The author argues that, because membership in associations and the stocks of social capital were unrelated before 1989, they do not exert much influence over each other in the transition (p.11). Although stocks of social capital have been of crucial importance for the success of the political and economic reform, actual levels of civic engagement are not meaningful reflections of them. Any understanding of democratization in Central and Eastern Europe must take into considerations the specific circumstances of the region. Letki concludes that Putnam's approach of linking social capital to democratic legitimacy cannot be used in CEE as it was in Italy (p.12).

This variety of meanings of social capital is largely a result of the different disciplinary approaches. It is striking that there is very little interdisciplinary communication and as a result there are arguably numerous misconceptualizations that might have been considered lack of professionalism in other fields; for example, the way socialism is viewed in terms of its legacies. Similarly, it is vital to consider the practical applications of research on social capital. Often, such research serves to legitimize one line of policies at the expense of others: for example, research on social networks and health (for example Rose 2001) tends to argue that neoliberal policies can be less problematic for the population in their everyday life. There are dissenters, of course, such as Bateman (2003). Whether life styles or structural factors should be prioritized for developing healthcare systems may be an alternative questions for social capital researchers in the healthcare

field. Similarly, how inequalities in general or restrictions on access to public institutions are relevant if slightly neglected subjects in the social capital field. The theoretical and practical dimensions of the role of the state, the ways formal and informal institutions are interweaved and the ways economic relations are socially embedded could all be addressed more directly by research on social capital. The following chapters examine social capital research in several distinct fields: institutional change, health, education, economic activities, and civil society. The conclusion contains recommendations for future research.

2. SOCIAL CAPITAL AND INSTITUTIONAL CHANGE

2.1 Introduction

The relationships between formal and informal institutions has been a key theme.

Institutional change in CEE has predominantly been studied from a macrosocial and structural perspective. It has remained largely a preoccupation of economists and sociologists and there are two main spheres where social capital is set in operation: first, market economy and transformations of economic institutions and, second, democracy building and transformation of political institutions. Traversing these two fields is the research on the relationships between formal and informal institutions in transition societies. Here, a major focus, which will be discussed in more detail below, is given to the multifold role that informal institutions have in postcommunist societies for democracy and market economy building. This is where social capital becomes an important tool of investigation. If one considers the vast body of transitology research, then it would be fair to say that social capital is utilized only in a small number of works. Yet, in order to better understand the utility of the social capital concept, one must situate it within general debates in these larger theoretical fields. Only in this way may its analytical limitations and strengths be assessed. It is important to bear in mind that when some authors use social capital in

a certain field, others who are addressing the same issues do not refer to social capital. In this review only the most general trends in the research in CEE and social capital are outlined. The problem of institutions and the question of the conversion of capital between the social, cultural, political, human and economic fields are the main focus of this section of the study.

In general, research on institutional change where social capital has found or could potentially find application has been concerned with the following questions:

- Is institutional change in CEE a transformation, a consolidation or a transition? Do reformed institutions create values or vice versa? How do people judge institutions? Which arrangement of institutions is most suitable to developing democracies? More specific questions include how do local level institutions function and how can the principle of participation be applied to governance?
- The establishment of market economy, in particular, the question of the social embeddedness or disembeddedness of economic relations. What might be the obstacles to and the shortest ways of building a market economy?
- How can political, human, cultural and social capital be converted into economic capital and vice versa? The interplay between economic, political institutions and cultural institutions has been a major field and some of the main questions have been: What is the reason for existence, the scope and the importance of informal institutions (including informal networks)? What should be the role and the position of the state in institutional change? How do economic and political institutions function in their social and cultural settings?

Social science research has provided numerous answers to these questions and has generated issues for further exploration. The following sections explore some of the main themes where social capital has found an application. The examination of some of the

interdisciplinary debates is presented below and it is followed by four further sections devoted to some of the main themes within the social capital genre: networks, elites, trust, and state and local institutions.

Sociological research related to capital theory falls mainly within two categories: the distributional process ("who gets what") and the institutional mechanisms ("how rules change") (Rona-Tas, 1998:108). This involves studies on the outcomes of institutional change and the changes of the institutions themselves. The first is concerned with gathering and analyzing data on individuals (through surveys) while the latter observes the institutions at mezzo and macrolevel (usually through in-depth case studies) (Rona-Tas, 1998: 109). The dialogue between the two approaches is made possible by the concept of capital, which has become a central concept in stratification research. Institutions determine the utility of capital and set rules for its application. Thus, they influence its value and decide how widely it may be used. One type of capital is social capital (Rona-Tas, 1998:114) and sociological theories have often addressed constraints (both material and symbolic) to social action that have evolved in the past. On the other hand, economic research tends to regard social action as a series of choices made by rational individuals based on their expectations concerning rewards and penalties (Rona-Tas, 1998:130).

Institutions determine the utility of capital and set rules for its application.

While sociologists recommend softer liberal policies and sometimes stress the importance of the state, economists usually argue for self-regulating markets and less state intervention (Rona-Tas, 1998:130). Anthropologists emphasize the importance of informal institutions and culture in the economic and political process in CEE. They often argue for context specific development policies, which may stand against Western models of state, market and society relations (Hann 2002). The relative lack of dialogue between these three disciplines may be overcome through debates on social capital and the process of institutional change.

Despite claims that institutional change has been well documented (e.g in Rona-Tas 1998:117) significant questions remain unresolved,

especially concerning the mechanisms of interaction between political, economic and social capital. Both sociology and economics have produced disputable arguments on this subject, while anthropology, despite some promising results in limited thematic and geographical areas, has made only a limited contribution (Hann 2002).[12]

Whether social capital is flexible or not depends on whether it is divisible fungible, or alienable.

Rona-Tas (1998) provides a useful summary of the main sociological theories of transition: political capitalism; simulated transformation and informality; recombinant property and networks of assets and liabilities; managerialism and merchant capitalism. The problem of path dependence remains central throughout these debates. Does the present or the past or both determine current institutions and in what ways? Some scholars stress the recombinant properties of old and new structures (see Stark 1992, Stark 1996, Stark and Bruszt 1997)[13], others stress the durability of social networks developed under socialism. A third group examines the evolutionary trends that began before 1989 (Rona-Tas 1998:120–121). Despite the apparent continuity of some institutions, some researchers place their stress on the importance of adaptation to new institutional forms and contexts as a prerequisite of economic and political success (Lampland 2002). The acquisition and character of capital is explored in relation to the path-dependence of institutions. According to Rona-Tas, whether social capital is flexible or rigid depends on such factors as its divisibility[14], fungibility[15],

12 The best summary of the anthropological literature is found in the introductory chapter in Hann (2002).

13 The main argument of Stark is that postsocialism will not produce completely new property relations and will instead be characterized by a process of recombination of old and new elements, hence the term "recombinant property" (Stark 1992, 1996, Stark and Bruszt 1997).

14 In Rona-Tas (1998) "divisibility of social capital" refers mainly to social networks (pp.128–129) and how one could choose to cultivate certain blocks of networks and ignore others. The author examines also the divisibility of cultural and human capital (p.128).

15 "The internal structure of networks can be described by the fungibility of their ties. In some networks there are multiple ways of moving among various members. One tie can be substituted for by many other ties. [...] Not only ties but entire networks can be fungible." (Rona-Tas 1998:125–129).

alienability[16], acquirability[17], and whether it is affected by self-reinforcing mechanisms, for example in elite reproduction[18] (1998:125–130). Incongruous complementarity is another important issue connected with the unequal development of institutions, for example, the dynamic interaction between the privatization process and the development of the legal system or various new entitlements and the "lock-in" character of certain economic institutions (Rona-Tas 1998:124–125).

The discrepancies between legal frameworks and social practice have been a main topic for anthropologists working in the region[19] (Verdery 1998; Burawoy and Verdery 1999; Hann 2002; Giordano and Kostova 2002; Creed 2002; Lampland 2002). In their examination of the gap between legal prescriptions and practice, anthropologists question the Weberian approach that sees legality and legitimacy as intrinsically linked. The land reforms and their unexpected results, for example, reveal rifts between legality and legitimacy as the new property framework is under constant challenge by social practice (Giordano and Kostova, 2002).

As mentioned, one theme related to institutional change and social capital is the potential for transferability between economic and political capital. It has been demonstrated, for example, how those who had key positions of power during socialism were able to accumulate capital at the expense of others during the transition. Studies on this theme deal

Those holding key positions during socialism were able to accumulate capital at the expense of others during the transition.

16 It is argued that social capital (as well as cultural capital) is inalienable and cannot be alienated or redistributed between people and anyone who wants to have them must acquire them for themselves (Rona-Tas 1998:127).

17 In order to acquire social capital there are supposedly two strategies to choose from: join existing networks or build new ones. The latter is a difficult route as presented in the literature on collective action by for example Mancur Olson (1965) the logic of collective action, Cambridge: Cambridge University Press (Rona-Tas 1998:128).

18 Self-reinforcing mechanisms could be vicious or virtuous cycles and are based on "positive feedback, which makes processes resistant to external pressures from their environments. Rational adaptation is thus overridden by internal momentum."(Rona-Tas 1998:122)

19 Sociolegal scholarship dealing with similar themes has remained out of the scope of this review.

mainly with elite transformation in politics or in the economic sphere.. They demonstrate both the high potential as well as the limits of social capital in building other types of capital.

Verdery (1998) provides a sound analysis of past and present local institutions in Romania drawing on qualitative data collected through many years of participant observation. She demonstrates how local elites were able to maintain their power as leaders of collective farms and local councils since socialism. The author shows that popular opinion was often against the introduction of exclusive property rights because these would unjustly transform collectively accumulated resources into private hands. Verdery argues that property is about social relations and political processes at the local level. She argues that these considerations are crucial aspects in the practice of property relations. Her paper is a very important contribution to understanding the real life of legislation and institutional transformation as "complex interactions between macrosystemic fields of force and the behaviors and interconnections of people caught up in them." In the view of the author, a special field of political, social and cultural relations has yet to be created so that exclusive private ownership can crystallize.

However, it was their ability to adapt that was key to whether they could maintain such capital.

The comparison between the numerous, mostly anthropological studies, of privatization and land restitution is one way to demonstrate how social capital convertibility is highly situational and how it is hard to isolate a single decisive factor (such as social capital) in determining the transition's winners (cf. Kolankiewicz 1996 discussed further below). Swain (2000) and Lampland (2002) both study how former managers of cooperative farms were able to acquire private farm properties and how their previous contacts gave certain advantages in running their new businesses. While Swain finds sufficient evidence that social capital from socialism has been crucial for the success of the managers, Lampland argues that it was rather their ability to adapt to the new situation that was the critical factor.

Sandu (1999) addresses the problems of institutions and conversions between social, cultural, political, human and economic capital.

He suggests that social capital refers to a stock of accessibility to structures of social life. He argues that, being a relational capital, social capital has the potential to convert into material, human, symbolic or other capital. However one cannot predict the exact values that may be brought about. The reason for this lack of predictability lies in the multifunctional structure of social capital. Social capital can sometimes become material, or sometimes symbolic or affective capital. (Sandu 1999:4–5). The elements of social capital also develop independently from each other: trust does not always become cooperative behavior and generalized reciprocity does not always engender trustworthiness or cooperation; cooperation may be enforced or related to interests or accompanied by very low trust (Sandu 1999:5). However, Sandu (1999:5) defines social capital only as that particular type of productive sociability that has consequences for the increase of stocks of capital such as material, human or even social capital. This issue of convertibility is further explored in the following sections.

The elements of social capital can develop independently from each other.

One set of important problems in the research of transforming institutions stems from comparison between Western institutions and postcommunist institutions. Many researchers working in CEE have been critical of the direct transfer of Western type institutions that have overlooked "the strong threads of continuity that mark even the most dramatic of social ruptures" (Hann et al. 2002:5). Some examples from anthropological research concern the problems with the introduction of the "market principle," the introduction of Western models of consumption, or the development programs of Western development agencies (for example Sampson 2002, Wedel and Creed 1997).

Strong critiques of the neoliberal ideology, policies and institutions' imposition in CEE can be found in the literature (for example Stiglitz 2002, Elster et al. 1998). According to Bateman (2003), the World Bank and the IMF imposed a standard neoliberal policy model as the guide for both postcommunist and postconflict reconstruction and development. In so doing, the international finance institutions (IFIs) paid little heed to the many lessons learned from successful postconflict

So long as it only supports the initiation of weak connections to those in power, the social capital "industry" runs the risk of creating vibrant entrepreneurial ghettos.

and post-system-change reconstruction and development. Nor have the IFIs taken on board the serious failures of the neoliberal policy framework even though it is now becoming clear that the neoliberal policy model has largely failed to lead to sustainable reconstruction and development in south-east Europe (Bateman 2003).

Bateman examines three case studies: the new wave microfinance institutions; the independent Business Support Centers and the social capital development projects whose broad aims were to reduce poverty and strengthen institutions. In practice many of these projects have so far failed to demonstrate any capacity for positive transformation. Moreover, the social capital "industry" can actually restrict efforts to develop greater solidarity/social capital within poor communities. So long as it supports the idea of initiating weak connections to those in power, the social capital "industry" runs the risk of creating vibrant entrepreneurial ghettos (Bateman 2003).

Significant voices within both the research and development fields challenge an ethnocentric, "orientalist" or even neocolonialist nature of transition debates.[20] Girodano and Kostova (2002:74–75) criticize the view of Offe and his colleagues in Elster et al. (1997) that CEE democracies have yet to be consolidated while the Western ones are since long well established and fully consolidated. While Giordano and Kostova reject this view, they do suggest that the study of "democratic consolidation" can highlight the critical issue of the legitimacy of legal power and the state in CEE. Many postsocialist citizens rely more on personalized networks then on a state that repeatedly fails to perform its fundamental duties, especially its responsibility to guarantee a space where they can trust each other through the "rule of law" (Giordano and Kostova 2002:75). The case study from Bulgaria examined by Giordano and Kostova (2002) shows indeed how legal instruments

[20] Similar criticisms can be found on the pages of the journals *Labour Focus on Eastern Europe* and *New Left Review*.

devised by the Bulgarian state to privatize agriculture and restitute land expose the gulf between the political elite and the rural population (p.75).

An additional topic that has generated much comment and controversy is the view that a simple change in institutions will be sufficient to transform economies and remove barriers to international commerce (see Hann 2002; Verdery 1998; Burawoy and Verdery 1999; and Lampland 2002 amongst others). As Lampland makes plain, institutions are peopled by local actors who live within complex social relations (2002:32). Professional and personal networks help structure these new institutions. Institutional change may be instigated or affected by cultural, political and socioeconomic changes. Several of these complex issues are addressed in the following sections through an investigation of the main concepts that link social capital theories to those of transition: networks, trust, elites and formal/informal institutions.

2.2 Networks

Are informal networks conducive to market development and democratization?

The concept of networks is central in the examination of social capital and institutional change. The focus of most works is on the importance of informal networks and whether they were transformed or remained rigid after socialism. The main debates center on the interaction between informal networks and formal institutions and in what ways informal networks could be conducive to market development and democratization. Some authors argue that socialism demolished voluntary social networks and created a sterile social environment. Nichols for example, claims that there is an absence of voluntary social networks (and hence of social capital) that have to be created from scratch after socialism (Nichols, 1996:637). By contrast, other authors argue that informal networks, had and, despite transformations, still have a significant role to play (for example the study on "*blat*" connections by Ledeneva 1998) and could thus be regarded as available

social capital (Marsh 2000). This view has been discussed by other authors who have claimed that these forms of social capital are in fact "negative" or premodern or antimodern (for example Paldam and Svendsen 2002, Rose 1998). The main themes of this debate are explored in the following sections.

2.2.1 Networks: Coping Strategies or Market Obstacles

Rose (1999) demonstrates that there were and are many social networks in former socialist countries but these are of, what he calls an "antimodern" or "premodern" type. He (1999:3) defines social capital as: "the total stock of networks that produce goods and services in a society." However, according to Rose, networks that "reallocate (or misallocate) goods and services do not increase the national product in aggregate."[21] Premodern networks are defined as "primarily informal, face-to-face associations of people in villages or a close knit urban neighborhood."[22] Adhering to the modernization paradigm strictly, Rose argues that modern society is dominated by formal institutions and the rule of law. The author creates a model according to which networks in Russia are classified as modern, antimodern and premodern. According to Rose, reliance on antimodern networks is an obstacle to creating a dynamic and modern society.[23] Networks in Russia are a combination of antimodern, modern and premodern relations. Because of a limited demand for the rule of law, the antimodern ones are becoming dominant. This situation prevents the establishment and functioning of a modern society, and of both market economy and democratic institutions.

A reliance on anti-modern networks is an obstacle to creating a dynamic and modern society.

Raiser (1997) examines one particular subset of institutional change, namely the role of informal institutions in economic transition.[24]

[21] (p.3, footnote 1).

[22] ibid.

[23] (p.29).

[24] (p.2).

He states that, at a practical level, it is less important that informal institutions are constraints or opportunities than the fact that they can fundamentally influence human behavior without being directly amenable to policy (p.2). In a similar vein to Rose (1999), Raiser sees that informal institutions are partly replaced by more formal institutions in the course of economic development. Such replacement is not considered complete even in advanced market economies (in contrast to Rose, 1999, who is closer to the modernization paradigm). He also describes informal networks as an obstacle to the development of a market economy. He believes that the reliance on closed informal networks reduces the availability of economic opportunities (p.8). On that basis, the author argues that the informal economy cannot be a basis for market economy, since its networks are closed for outsiders (p.7). However, if possible or if stirred, the expansion and opening up of existing networks could create extended trust. This process could lead to networks transformation that could allow members to seek outside institutions. The capacity of the state is seen as an important determinant in the process of formalizing informal institutions. These arguments are explored in three case studies of institutional change in transition: China, Germany and former Soviet Union. The conclusion strengthens the views concerning the important role governments can play in building extended (or generalized) trust (that is social capital, in Raiser's view, where "generalized" trust is synonymous with social capital) and contributing to the successful institutional changes.

Paldam and Svendsen (2002) use game theory and the approach of Robert Putnam to investigate how gray/black networks have switched, in their opinion, from being necessary during socialism to being harmful after socialism. Due to lack of control systems that existed during socialism these networks expanded and, according to the authors, this leads to institutional weakening and the creation of "negative social capital," which is a barrier to economic development (cf. Rose 1999). Their research is based on "the dictatorship theory of missing social capital." Communism destroyed what the authors call "normal social capital" and when such regimes are abolished,

the available social capital needs to be transformed from a negative form that may prevent economic development.[25] The pervasive fear and mistrust engendered by the socialist system combined with the destruction of voluntary organizations, may be an explanation for the low gross domestic product (GDP) in CEE compared with the levels of physical and human capital. In conclusion, the authors assume that a couple of decades may be sufficient for building positive social capital and that active interference in the process should be avoided. Instead, governments should provide passive support that could create a "proper enabling environment for social capital generation and fighting the negative social capital."[26]

While some authors mainly see the negative sides to informal networks, others emphasize their everyday significance as a means of survival. Marsh (2000) argues that while, at first sight, vertical patron-client type relations have dominated in CEE societies, studies such as that by Ledeneva (1998) demonstrate that horizontal networks of trust are also very widely spread. At present, the latter are a principal means for survival in the economic crisis. Marsh, however, believes in the crucial importance of generalized trust for economic development. Anthropologists also argue against simplified models of transition that ignore the continuity of social relationships. Despite the convergence of anthropological approaches with some neo-institutionalists and evolutionary approaches in economics (Stark, Grabner and Stark 1997), anthropologists have long been against the strict separation of formal and informal institutions (Lampland 2002:37, cf. Hann 1990, 2002). Lampland (2002:37–36) asks: "Is this division between formal structures and informal networks, routines and practices a helpful one in analyzing the historical impact of socialism?" Her answer is that such divisions may "tell us how people wished to live their lives, but not in actuality how their lives were lived."[27]

Is this division between formal structures and informal networks helpful? Might it tell us more of how people wish to live their lives rather than how they actually live them?

25 (p.2).

26 (p.12).

27 (p.38).

Mateju (2002) compares the situation in CEE and Western Europe and concludes that in CEE generalized trust is not so important as in the West. By contrast, interpersonal trust and the social capital that draws on informal exchange networks play a significant role. This allows people to create successful coping strategies and to accumulate capital. However, he also claims, although without examples, that these may hinder, at least temporarily the development of market mechanisms and consequently of economic growth (p.7). Mateju suggests that scholars who study social capital in CEE should focus on how "weak ties" in Granovetter's terms, or "networks" in Bourdieu's terms, shape people's life chances. This, he suggests, could be achieved through the examination of two sets of indicators: the first one is related to one's position in the social stratification and power hierarchy; the second one is related to one's active involvement in building networks based on mutual recognition of usefulness of various kinds of exchange (as in Mateju and Lim 1995).

When social networks shrink though lack of investment, they close off access to the services that formal institutions provide.

Bougarel (2002) prefers the term social relations instead of networks. He attempts to identify the quality of interpersonal relations, trust, forms of cooperation, and conflict management among individuals and groups (rural/urban; rich/poor, of various ethnic and religious background). Similarly, the reports of the World Bank *Voices of the Poor* (1999) contains extremely useful data showing that the most effective, trusting and supportive institutions are the informal social networks in various forms: connections, patronage, kinship and friendship, neighborhood and workplace relations. The report on Bulgaria demonstrates that the social networks can be both replacements as well as help grant access to formal and informal institutions.[28] However, these networks are also seen to be shrinking for lack of investment (socializing for example can be an expensive activity for the necessary involvement of food and drink). Shrinking social networks close off access to both services that formal institutions can and cannot provide.

[28] (pp.82–84).

One possible successful way to improve the socioeconomic situation could be through investment in social activities that renew the social networks, for example those that could help one find a job (cf. Creed 2002).

In postsocialism, networks of different social strata become more isolated from each other as people tend to interact mostly within their boundaries.

Angelusz and Tardos (2001) prefer to use the term "social network resources" as they believe it is a more neutral term. In their view, social capital is closer to the economic meaning of capital and has a more instrumental use (p.302). The authors examine how the transition to market increases the significance of weak ties. They conclude that in the context of postsocialism, networks of different social strata become more isolated from each other. People from one social stratum tend to move and interact mostly within their boundaries (p.314). As a result, weak ties are modified significantly although the authors contend that this is not the case with kinship and friendship ties. The authors conclude that with growing differences in wealth and political involvement, network resources are more polarized from each other with regards to the assets of broader social relations (p.314), that is, they separate from each other and become increasingly closed in. Thus, access to network resources is diminished and becomes one aspect of the growing postsocialist inequalities.

Regarding closed networks, Ganev (2001) provides an insightful analysis on how closed social networks can be detrimental to institutional development in CEE. The strategic interests and actions of such groups hinder successful implementation of institutional reforms with diminished state capacity and organizational coherence between administrative bodies as a consequence. The author contributes to greater understanding of the mutual effects between a particular type of closed elite network and "state weaknesses." He explores the nature of redistributive conflicts within an historical perspective, illustrating their silent and underreported character to argue convincingly that the strength of the "winners' networks" perpetuates deficits in good governance.

2.2.2 Informal Networks as a Basis for Entrepreneurship

The nature of the informal or second economies in CEE, efforts at formalization and the development of small sized businesses are the principal research themes in the examination of social networks and entrepreneurship. Most prominent in this field are the Hungarian scholars, among whom Istvan Gabor is one of the most highly regarded researchers (for example Gabor 1991, see also the works by Endre Sik). Gabor (1991) examines the networks of small-scale producers and concludes that they provide little basis for cohesion and cooperation. The fact that they tend to be of low density and extensiveness means that they cannot provide much help to form the social and political infrastructure. The fact that they are not clan-like means that they cannot offer much support to the development of the market economy either (Gabor 1991).

Informal networks increased during postsocialism because the culture in CEE favors them and because they are reliable for dealing with decreasing state control, and increasing opportunity and uncertainty.

Using a rational choice approach, Sik and Wellman (1999) argue that network capital under communism was a substitute for deficiencies in the state and market. Under postsocialism, the incomplete shift from state distribution to market exchange has led to the expansion of network capital as an addition to the state and the market. (p.240). The authors suggest that the reasons for the increase of informal networks during postsocialism are many. The main ones are that culture in CEE favors them—"the wheeling and dealing practices of using network capital that developed under communism"(p.243); that they are available; and, that they are reliable in dealing with decreasing state control and increasing opportunity and uncertainty (pp.243–244). The most important sphere for the operation of the informal networksf is the informal economy, where, the authors argue that "trust is everything" (p.245). Due to an inefficient market and bureaucracy, postsocialist "network capital is even more useful to cope [with uncertainties] and grab [opportunities]" (p.250).

The use of network capital cannot only be explained as incomplete transitions from socialist times. People behave rationally by relying on their already existing practices in order to exploit postsocialist

opportunities and cope with economic crisis. The article contains an insightful case study concerning a successful taxi driver strike in Budapest. The informal network that originated as part of the informal economy played a significant role in the establishment of their entrepreneurial business as a quasi-corporate network and of regulating their formal relationships with the state. The government reduced the price increase of gasoline after the successful (quick, well-organized and firm) blockade of the Danube Bridges by striking taxi drivers.

Wallace and Sik (2000) argue that in some postcommunist societies informal social networks constitute a dominant organizational principle (p.754). While most research tends to agree with this, only a limited number of studies actually investigate how networks are constructed and reconstructed for particular entrepreneurial activities. Wallace and Sik demonstrate how investing in social capital can reduce transaction costs, risk and anxiety and create bounded solidarity through kin, ethnic or other social networks (p.752). However, the authors point that too much solidarity can suffocate small-scale trading and for this reason traders have to maneuver creatively among different types of ties and to actively construct and deconstruct even kinship relations. The authors show how different kinds of solidarity are invoked as part of dynamically changing set of relations (p.753).

David Stark (1992) asks whether old networks will promote or inhibit entrepreneurship in the market and, if so what would be the preconditions for these processes? The author suggests that density; symmetry and asymmetry; similarity to old patterns; stability and fluidity of networks should be examined. He argues that the network importance should be revealed through the investigation of how informal networks operate apart from the officially sanctioned ties, whether this is found in the interstices of the bureaucracy or outside it altogether (p.302). In his later work with Grabner, the same author (Grabner and Stark 1997) further develops these ideas in a volume that provides an extremely useful introduction to the network perspective of institutional change in CEE.

Grabner and Stark (1997) combine the latest achievements of network analysis and evolutionary theories to provide an alternative conception of development to neoclassical analysts. As the authors state, the central premises of the volume is that networks linking firms and persons across them provide a more fruitful focus for analysis rather than the individual firm as a discrete economic unit. Networks are seen as active units of restructuring and not only as objects that need to be transformed. The authors argue that usually researchers examine localities as sites where proximity shapes shared meanings. In contrast, these authors define localities as sites where the interdependence of multiple meanings and social action shape shared meanings. Adhering to path dependency theories, the authors argue that legacies are important for the future development of the economies in a dual way – they could either block or support transformations. They argue that the principle of compartmentalization demonstrates the relevance of an organization of diversity in order to recombine organizational forms in Europe. Conceiving networks solely in terms of assets (for example network capital) undermines the relational dimension of networks analysis. Rather than study networks as capital, the authors propose to investigate the properties of different kinds of networks.

Networks are active units of restructuring and not only objects that need to be transformed.

Kolankiewicz (1996) defines social capital as constituting various networks that are brought into play by the absence of conventional capital. Studying these networks shows which groups are the winners from the transition, why they are the most successful in adapting to the market situation and how they achieved it. He proposes that social networks are in the process of being converted so that certain individuals and groups can control and influence the transition (for example some made use of privatization and redistribution). The author argues that success in the transition depends as much on the social networks themselves as it does on the convertibility of assets. Following Bourdieu, he suggests that the volume and structure of capitals determines the advantages held in a particular field (p.436). Kolankiewicz finds a connection between social capital accumulation,

transmission and reproduction and social class formation. He further defines the market situation as network situation and expands the definition of social capital as "trust."

In the postsocialist transformation, it is crucial to find out how much capital refers to a network and how much resources it can mobilize.

The author concludes that for structural as well as for cultural reasons social network capital was prevalent during socialism and that it has been central to the emergence of new entrepreneurs (for the access to foreign relations, inside knowledge, vertical networks and kin ties, cf. Sik and Wellman 2000). These networks today are forming the differences between social classes. The growth paths of entrepreneurial networks have been very diverse. There have been complex networks among young specialists with little old order organizational resources and dense networks among the old routinized bureaucratic apparatus (p.438). Both sets have included successful entrepreneurs. On the other hand, some networks, such as the ones linking managers to workers and they in turn to local communities, have hindered privatization and consequently entrepreneurship because they do not allow for economic units as self-interested bodies free of reciprocal obligations (p.438).

In a critique of Kolankiewicz, Pahl (1996) argues that we know "so little" about the networks of the new financial capitalists. While Kolankiewicz implies that networks themselves are crucial, Pahl argues that it is more important to know what makes one network more powerful than another. Pahl argues that in the postsocialist context power may lie in "guns, thugs and financial linkages," which he does not see as necessarily dependent on previous social capital (for a counter argument see Ganev, 2001, above). Instead, he proposes that in order to become wealthy or provide Western education for their children, the rich in CEE today need to get a secure access to a "diamond mine" or a "well" (p.446). Pahl finds the arguments of class formation out of networks unsubstantiated in the work of Kolankiewicz: it is not clear how what mechanism turns a set of social practices (what Pahl calls the social networks and trust concept in Kolankiewicz) into a social structure of any sociologically enduring significance (p.445). The debate over the convertibility of networks and social capital and institutional change has been the focus of a series of studies and particularly those

on the emerging elites in CEE (see further below). The transmission of social, political and cultural capital is the subject of the next section, which examines the elite formation, reproduction and circulation after socialism.

Some of the recent anthropological studies, for instance, Lampland (2002) and Giordano and Kostova (2002) offer interesting insights into the relationship between networks and entrepreneurship. Giordano and Kostova (2002) rely on extensive ethnographic research and some illuminating case studies. They show how a local winner in the transition owed his success as an *arendator* (leasing land) to the wide social network he possessed at national and local level (p.85). Through his connections he was able to obtain credit at a lower interest rate as well as important information about agricultural policy and market conditions. Locally, his position as patron to members of the old cooperative allowed him to recruit the best workers for his enterprise. In other words, his position before 1989 (as a manager of the farm) brought him payoffs after socialism. A similar albeit more limited success was achieved by another ex-socialist chairman. He relied more on family and kinship ties and was, perhaps because of that, less successful. At the same time, it also attracted less envy and sabotage from others (p.85).

Although, it would be a mistake to exaggerate the importance of personal contacts...

Lampland's (2002) ethnographic study of managers of cooperative farms during and after socialism demonstrates how social networks were very important resources to maintain powers from the socialist to the postsocialist context. She shows how "successful entrepreneurship depends in the first instance on a variety of social relations, often including relations by kin."(p.47). At the same time, she adds, that often there could be strong pressures from family to share profit, although family relations deflect demands from non-kin (for example friends and former colleagues), (cf. Lawson and Saltmarshe 2002).

Lampland defines former cooperative managers' extensive networks of countrywide and national contacts in the agrarian economy as "the most valuable form of social capital" and that "these contacts range from simple friendships to complex bureaucratic and commercial connections" (p.48). The reliance on these relationships is seen as

diffusing some of the uncertainties of the new market economy and giving entrepreneurs an advantage (p.48). Despite this, Lampland convincingly shows that negotiation of a good contract or a fair price for one's goods cannot and should not be attributed to personal contacts alone. Here, the author makes a very important contribution by stressing the greater importance of knowing how to run effectively the business as the most significant factor for success. She illustrates this with several case studies of successful and unsuccessful managers.

Another significant contribution this study makes lies in its warning against exaggeration of a manager's personal or family history as the reason for success or lack of success. This emerges out of an analysis of the current ideologies of success and failure. One could often simultaneously hear self-aggrandizing accounts of managers alongside villagers' charges of corruption. Although this is not a new practice, it may be aggravated in the current context. Thus, the individuation of success and the essentialist claims from both sides disguise the specific and crucial management practices: the expert knowledge and the extensive experience (pp.46–47). This is a useful reminder of the need not to take at face value some answers to surveys that are not measured against a knowledge of the local context. In this way, the advantage of qualitative studies becomes apparent especially when the goal is the thorough understanding of the very mechanisms and processes related to various forms of social capital.

2.3 Elites and Social Capital

...the dynamics of elite formation has been seen as a useful way for investigating the outcomes of reforms.

Some authors argue that understanding the nature and role of elites provides key insights into the process of institutional change in CEE. (Gill 1998; Petro 2001, Adam and Tomsic 2002). Such studies tend to focus on the debate concerning the circulation or the reproduction of elites and, thus, of social capital. Szelenyi and Szelenyi (1995) provide a useful summary of the academic debate on the role of elites in postcommunist countries.

The theory of "elite reproduction" claims that the power of the old elites remains despite their transformation. By contrast, the "circulation of elite" theory recognizes some lasting powers of the old elite while identifying an emerging role for the new, anticommunist elites. These new elites may have less political capital but perhaps more human and cultural capital (better education and technocratic experience). It remains questionable whether they will gain political or economic power (Szelenyi and Szelenyi 1995).

The hypothesis is that where the technocracy was co-opted by the *nomenklatura* there would be a high degree of elite reproduction, as well as in those countries in which there was no counter or dissident elite. Circulation is expected to dominate where co-option of the technocracy did not take place or where the counter elites were strong (p.620).

The survey (interviews and collections of life-histories) was completed by 1994 for six countries: Bulgaria, the Czech Republic, Hungary, Poland, Russia and Slovakia. In each country about 2000 people were interviewed, almost half belonging to the new economic elite and half to the old *nomenklatura*. About 5000 persons in each country were randomly interviewed in order to obtain a baseline comparison of the models of elite reproduction. The special issue of the journal *Theory and Society* is devoted to an analysis of this survey. In their article, Szelenyi and Szelenyi explore in detail the findings of a survey for Russia, Poland and Hungary. The top-level communist elites and bureaucrats mainly gave out powers while the technocrats (managers, specialists, etcetera) retained powerful positions. Some space (mainly in politics but also in culture and economy) was created for the entry of new elites. The results support neither a theory of elite reproduction nor elite circulation. To a certain extent both theories are plausible although in certain cases the authors do argue that the theory of elite circulation is the more plausible of the two.

The top-level communist elites mainly gave out powers while the technocrats retained powerful positions. Some space (mainly in politics but also in culture and economy) was created for the entry of new elites.

Similarly, Adam and Tomcis (2002) argue that a degree of circulation in the sense of rotation and competition between factions

of the political elite, as well as the entry of new actors is a necessary precondition for developing democracy and sustainable economic development. The authors argue that in small social systems like Slovenia, elite formation should not be addressed in a politicized sense but instead through arguments related to the quality of human resource management. This issue should be approached as a matter of rational public discourse concerning national priorities. The role of the old elite is not seen as crucial as the formation of counter elites and the establishment of a dynamic interaction between various segments of the elite. The practical measure suggested is an indirect involvement in elite formation through incentives to increase the educational stratum and through insistence on meritocratic principles as a way of social promotion.

This paper leads into the research of decommunization and the forced political changes of elites. The studies of Letki (2002), Szczerbiak (2002) and Tarifa and Weinstein (1995/6) address the process of lustration, in other words, determining eligibility for public office by screening for past involvement with the communist regimes. They analyze the importance and the lasting popularity of lustration in some countries as well as the relationship between lustration and democratization. The institutional clearance of the old *nomenklatura* is not only related to the past events but is also part of the contemporary power contest between elites. The first author provides a wide comparison between the Central and East European countries in terms of the general mechanisms through which lustration was introduced and its effects. She concludes that while there is no causal link between democratization and lustration, if it is seen and executed as a forward looking justification rather than a punishment for the past (cf. Offe 1996:88), lustration can have more positive than negative effects. In the process of democratizing institutions, it can support the consolidation of a new democratic system. If it used as an "ad hoc political measure" lustration can be harmful or useless. As was the case in Poland, Hungary, East Germany and Czech Republic

where lustration is a planned political measure, it can be valuable in overcoming nondemocratic legacies. Szczerbiak (2002) focuses on lustration in Poland and concludes that more research is needed on the use of lustration as a tool in elite struggles and legitimation. The third author explores the decommunization process in the Albanian society in terms of the associated loss of human capital. As a result of lustration a new autocracy is being created where technical experts from the previous regime are not used. The authors argue that "forgetfulness" is also necessary for a successful implementation of transformation processes that endorse tolerance and an environment that provides an effective foundation for the future.

Comparative studies of elites such as that by Dinello (2001) are particularly useful. She describes two virtually opposite models of transformation in CEE grounded in the different histories of two states and their elites, as well as in the geographical location and international interaction. The metaphors of plan and clan are used to analyze the cases and evaluate the factors, processes and outcomes of the first decade after socialism. The research also explores the patterns of privatization and investment, vertical and horizontal accountability.

The Hungarian model is referred to as clan for market, with a domestic tradition of self-regulation and organization. The Russian model, by contrast is called clan for plan. The first one favors the state as a vehicle for establishing legal order and enforcing universal rules whereas the second model, in contrast, describes a situation when self-imposed rules fail, or have not been attempted at all, and the strong arm of the state is employed to instill norms and discipline. (p.591) The state in Russia is seen as an absolute and "divine" state, and in view of the author, there is a longing for certainty and paternalism, which acts to bolster it. Hungary is a country of different endowments. There is a culture of compromise and adjustment, receptivity of state and society to business and flexibility and the independence of political and economic units, which is nurtured by constitutional reforms (p.591). There was greater degree of consensus amongst the Hungarian

elites after socialism. The smaller privatization stakes help to render superfluous some of the expansive, closed and violent clans found in Russia (p.607).

The author defends the applicability of the term "clan," and then explains the "plan" and the "clan" metaphors in detail, reviewing the major works in the field. The role of informal elite networks in the two countries is detailed. An extensive state history overview supports the main arguments.

Hungarian elite networks are more open, fluid and inclusive due to the tradition of pragmatic profit seeking and bargaining according to the principle "give in order to get."

The Hungarian elite networks are described as being more open, fluid and inclusive due to the bourgeois tradition of pragmatic profit seeking and bargaining according to the principle "give in order to get." They are also more diffuse and while they are coherent, they constantly change members and positions. Concerns are more instrumental rather than primordial considerations of value and identity, something that stands them in contrast to the Russian elites. These Hungarian features are also combined with a higher level of accountability through its well-developed political organization and small but still active civic associations.

Although there can be some positive role for the Russian clans (stabilizing transformations), there are also more dangers in this model than in the Hungarian one, namely, a potential backlash against the failure to enforce a social contract which could lead to social stagnation (suppression of individual freedoms and legal rights) under the pretext of stabilization. The author also highlights the dangers in the consolidation of the Russian elite against the international one, that is, to protect the Soviet legacy of a closed economy in an increasingly open world market. According to the author, this was designed by domestic financial-political clans, which could keep their power only by remaining exclusive and Dinello concludes that this has the potential to be a recipe for disaster (pp.608–609).

Matsuzato (1999) explores the sociological structure of the Russian local elite, their electoral politics, bibliographical profile, and the process of elite reconfiguration and succession. He finds that the continuation

of elites is more significant in Samara than in Tambov. The author sees differences between the two regions in political culture: pragmatic (Samara) versus idealistic (Tambov). The Samara elites profited by the lack of electoral attention concerning their moral or political constituency as long as they were good managers. In contrast, in Tambov, it was important whether the leader was a "defector" or not. Thus, Samara elites have consolidated their position despite radical preferences of the Samara electorate in federal issues, while the Tambov elite is more vulnerable to the federal political situation. The relationship between regional and subregional elites has also been an important factor. In Samara, the relationship is described as "live and let live" or "tutelage and control" in contrast to the sporadic and tactless interference demonstrated by the Tambov elite. The local representative organs in Tambov have greater competence and a higher status than in Samara. This restrains the development of *caciquismo* (one party dominance at the local level based on administrative, informal resources, Matsuzato 1999:1367) and demonstrates a tendency towards competitive electoral politics based on formal party structures.

The author concludes that postsocialist *caciquismo* emerges where the political culture is pragmatic and votes are not cast for programs, but for concrete interests or confidence in leaders, and where the local administration helps local bosses to consolidate their positions (Matsuzato 1999:1393–96).

Petro (2001) examines why local elites give their support to change (p.239) finding that small entrepreneurs were encouraged by local administrations at the same time as traditional industrial elites were forced to accept foreign investment. This is seen as playing a crucial role in this process. Trust in government results from elites and society sharing a common vision that should act as an incentive for reform-minded governments to encourage social capital formation: Apart from "benesfits to administrative efficiency, it also offers the prospect of forging social consensus between elites and nonelites upon which social stability, ultimately, must rest" (p.237). This research opens up

another large field of investigation in the sources of social capital and institutional change—the examination of trust.

2.4 Trust

The predominant view in the research is that trust in institutions in CEE is at a low level.

Trust, as a synonym or as an accompanying concept to "social capital," has become one of the central concepts in research on institutional change and on the interaction between formal and informal institutions in CEE. There is a predominant view in the research that trust in institutions in CEE is at a low level, see for example Mateju (2002:7). Many authors argue (though sometimes with little specific evidence) that socialism destroyed most types of trust: either interpersonal or extended, or both (for example Lovell 2001, Nichols 1996, Raiser 1999, Raiser et al. 2001, Seligman 1992); and that previous courses of history (that shaped culture) contribute to the contemporary dearth (for example Holland 1998). Other authors take issue with such views and argue that it is not distrust but skepticism that dominates transition (Mishler and Rose 1995) today. Kolankiewicz argues that levels of trust in postsocialist transition societies is high and provides an element of predictability which is absent in the system devoid of formal rationality (1996:447).

Most authors agree that there is a lack of confidence in the state and limited trust in institutions. This situation is considered to be one of the most salient problems in CEE: "Trust between the citizen and the state is confined to those situations in which the citizen is certain to achieve personal benefit" (Tilly 1985:170). In terms of distinction between trust and protection it seems undeniable that many postsocialist citizens consider it more reliable, more effective and therefore more rational to be part of a highly personalized network based upon the principle of protection than to rely on the state (Gambetta 1992). This should not be interpreted from a culturalist view that would reduce them to the expression of a presumed "Balkan asociality […] This is a system and representations and rational strategies that actors follow when a state

repeatedly fails to perform its fundamental duties…" (Giordano and Kostova:75). At the same time, people continue to look to the state to resolve their collective action problems. In this regard, an overemphasis on policies that seek to strengthen private property rights may not only be out of place but also potentially harmful (Hann et al. 2002:5, also Verdery 1998).

At the same time, people do continue to look to the state to resolve their collective action problems.

Some of the main debates concerning trust in CEE center on the sources of trust production and on the question whether institutional change produces trust or is itself a product of trust. Overall, trust is seen as being beneficial for economic growth as it lowers transaction costs while in politics it is seen as a source of legitimacy and collective action (Stulhofer, 2001:27). Although there is agreement that trust is important, authors do not agree on which type of trust (interpersonal trust, trust in institutions, or general trust, or another) is decisive for the creation of democratic institutions and market economy. Often, definitions of trust conflate very different ideas, concepts or social practices such as "motives," "beliefs," "dispositions," "circumstances," "interests," and "power" (cf. Dasgupta 1988, Gambetta 1988, Harris 2003, Harriss and Mihaylova 2003).

Several authors find trust to be synonymous with social capital (for example Raiser 1999, Kolankiewicz 1996, Kunioka and Woller 1999). For example, Kunioka and Woller (1999) claim that "social capital defined in one word is trust" (p.579) by which they understand generalized trust: the extent to which people trust their fellow citizens. Further on, the authors claim that trust equals social capital or civic community (p.579). Also, as mentioned in the previous section, Kolankiewicz (1996) defines the market situation as a network situation and social capital as networks. In the second part of his paper he expands the definition of social capital to that of "trust," that is, as a moral resource. Following Putnam, he argues that trust is essential for the emergence of a market order as it enforces contracts and predictability. He divides trust into thick (mechanic solidarity) and thin (organic solidarity) (p.436). Taking sides with Durkheim, he

states that trust eases cooperation and cooperation increases trust. He defines trust during socialism as specific, because networks were used for specific purposes; simultaneous (that is favors to be repaid in the future) and low in generalization because networks were not highly transitive (that is repayment to another group with hope of return was not always followed).

A few highlight the possibility that trust may engender corruption and amoral familism.

Many authors examine how the lack of various types of trust inhibits institutional and economic development (for example Holland 1998). For some, the problem has to do with the lack of generalized trust while for others, only trust in institutions contributes to the institutional strengthening of new democracies. Only a few researchers highlight the possibility that trust may also engender corruption and amoral familism and not necessarily promote cooperation and the public good (for example Sandu 1999a). In the following sections, some of these main arguments are summarized.

2.4.1 Trust and Political Institutions

Kunioka and Woller (1999) use the data from the *New Democracies Barometer Study* in order to test the importance of social capital for popular support to democratic institutions. There was no available data to measure "social trust," that is trust between individuals or between groups in society a la Putnam. For that reason, they examined trust in institutions, which they define as an "important, though distinct, stock of social capital in support of democratic government" (p.584). They use measures of trust/mistrust in institutions, minorities, immigrant, of patience and willingness to resort to measures of law and order, etcetera (pp.582–584). The authors also examine several variables that they see as forms of social capital: church attendance, political patience (the ability to endure the uneven track of democratization), and support of individual freedoms. The presumption is that higher levels of these will show higher levels of social capital. Supposedly, higher levels of social capital will be related to preference for parliamentary government rather than an authoritarian government. Their data confirmed

Are higher levels of social capital related to a preference for parliamentary rather than authoritarian government?

their hypothesis although with the exception of church attendance, which was not found to be statistically significant in preference of parliamentary government. The comparison between social capital and economic considerations shows that social capital outperformed economic considerations as having an effect on voting (p.593). Thus, the authors conclude that social capital measures should be considered alongside economic factors as important determinants of support for the democratic regimes (p.594).

Miller et al. (1997) define trust as being the expectation of fair treatment. They see this type of trust as weakly related to trust in people but as strongly related to trust in state institutions such as the government or the police (pp.600–601). The authors demonstrate how trust in government varied from country to country although they do not seek to explain why. People in the Czech or Slovak Republic who expected fair treatment tended to trust their governments less while people in Russia and Ukraine trusted in government but expected less fair treatment. The conclusion is that expectations of fair treatment reflect more than just general political satisfaction or dissatisfaction (pp.600–601). After a series of focus group studies and individual in-depth interviews in the Ukraine and the Czech Republic, the authors analyze both qualitatively and quantitatively the interactions between citizens and officials and the culture of complaining and gossip about corruption. In their conclusion, they state that a culture of complaining and gossip as well as attention to press reports concerning high-level corruption can obscure immediate personal experiences with corruption. However, the results demonstrate that low-level corruption, or public sector corruption, has a significant effect on trust in state institutions. The differences between the two states reflect the differences in the socialist experience as well as in the postsocialist context.

Lovell (2001) examines trust as a basis for extensive social co-operation, which gives rise to voluntary associations and can lead to economic development within the framework of the rule of law. He argues that building trust can consolidate liberal democracy and

Trust may be understood as part of the political culture but it is both a cause and a result of democratic culture.

create a truly civil society (p.36). Trust may be understood as part of the political culture but it is both a cause and a result of democratic culture. Lovell suggests that researchers focus more on trust rather than on political culture as the latter has been largely contested (p.29): it has been difficult to define not only "political culture" but also what produces it. For example, sometimes even strong democracies do not have a "civic culture." Moreover, there is not one prescribed level of political culture that can qualify one state as a democracy. Trust may be defined as part of political culture yet, in the view of this reviewer (see also Nichols 1996), it does not lead to as much confusion. It is always clear that higher levels of confidence in government leads to confidence in other transactions because laws regulate conduct over numerous areas of the polity (p.30). The author defines trust also as: "a reciprocal social phenomenon, where cause and effect are mutually reinforcing" (p.30). The author examines various empirical studies on trust and discusses the levels of trust in CEE, and the legacies of communism in terms of distrust. He then suggests that good leadership and revaluing politics should be the best ways to build trust in CEE. Revaluing policies here is recommended to include subordinating loyalties of informal groups such as families to loyalty to the state and a public adjustment towards political contest and competition (p.34).

Healthy skepticism predominates in CEE.

Mishler and Rose (1995) examine trust, distrust and skepticism in democratic governments and 15 institutions with the results of the *New Democracies Barometer Survey*. The authors argue that democracy requires trust but too much trust may create apathy (p.5). Skepticism is explored as a middle point between trust and distrust. Healthy skepticism is found to predominate in CEE while the ratio between trust and distrust was 1:2. Popular trust in institutions may be explained in the context of CEE with the expansion of civil rights and representative institutions (p.19). However, economic performance and personal characteristics (such as economic and social status, education, etc) were found to be important determinants for whether an individual held trust in institutions. The ratio between trust and distrust depends

on the perception of the old regime and the new freedoms; on an evaluation of the macroeconomic and individual economic situation; and on the social and economic status of the individual. There was not much trust in current macroeconomic developments but generally people tended to be optimistic about the future. The authors argue that individuals are more likely to evaluate institutions on the basis of the macroeconomic situation rather than according to their individual economic situation.

Stulhofer (2001) attributes the decrease of generalized trust in Croatia mainly as a result of the war. The author argues that trust could be created through bureaucratic transparency and legal activities (p.28). Disrespect of social norms (for example cheating and corruption) creates less generalized trust. Popular beliefs that corruption is a problem may in itself be an obstacle to economic reform and sociopolitical development. The author argues that governments can eliminate obstacles to trust and this must be their major aim in the current situation (p.31).

Popular beliefs that corruption is a problem may itself be an obstacle to reform and development.

Using the *World Value Survey* data, Sandu (1999a) examines (among others) the relationship between tolerance and discrimination as forms of trust and distrust (p.2). He studies "tolerance" (towards marginals or strangers, including other ethnic groups) as "a form of minimal trust." Respectively, "discrimination" is defined as the opposite of "trust" and it is defined as "an attitude or behavior of sanctioning in a negative way persons on the basis of their status or behaviors" (p.8). The author concludes that "religion and ideological experience are significant factors in shaping the social capital map of Europe, and respectively of tolerance and discrimination" (p.16).

In a different and more detailed study, the same author (1999b) defines faith, association and tolerance as forming the nucleus of social capital values. The author distinguishes trust from negotiation and argues that trust is a form of social exchange that, like negotiation also contains costs and benefits, but in contrast to a situation of negotiation, cost and benefit are not directly comparable and the degree between investment and reward is much higher. The author compares it to the

nature of the gift (after Marcel Mauss 1993): a symbolic exchange where one gives something away in exchange in order to conform to norms such as prestige and to derive satisfaction from conforming (pp.69–70). The culture of trust is specific to "open social space." In opposition, "closed social space" is characterized by distrust, which according to the author is found among poor people in poor areas. Trust is a part of culture and equals acceptance of calculated risk, openness to novelty, and cooperation (p.69). In terms of trust in institutions in CEE, Sandu argues that trust in institutions varies significantly in time and is thus very dynamic. He demonstrates how an understanding of the temporality of trust in institutions is crucial for understanding the legitimacy of the postcommunist reforms (p.71). In the first part of the section on trust, he argues that major democratic change is accompanied by the "gift of trust" from civil society to democratic institutions. The second part examines the specific factors that influence the individual variations of trust in institutions. Trust between individuals is signaled out as a root for trust in institutions (see the following section for a comparison with the works by Martin Raiser who rejects the link between interpersonal trust and trust in institutions).

Sandu argues that trust in institutions varies significantly in time.

Bougarel (2002) describes how low levels of interpersonal trust arise out of the uncertainties of the postwar context in Bosnia. The author shows how sociability and mutual help decline. Using the distinction between bridging, bonding and linking social capital (introduced by Woolcock 1998) he demonstrates that, in some cases, this distinction is very difficult to make. He argues that bridging social capital (relationships across bounded groups or communities) has been affected more than bonding capital (interpersonal relations or relations within the same community) but still 43.9 percent of his informants said that there was no decline in socializing with old neighbors of different nationality. The latter demonstrates that there is still a high level of bridging social capital. Bougarel (2002) explores trust as part of local social organization where trust between local people always takes precedence over trust to outsiders. This type of social organization affects civic values and confidence in civic institutions.

2.4.2 Trust and Economic Growth

Van Shaik (2000:13) examines trust at a regional level in Europe and concludes that trust is unrelated to economic growth. He bases this conclusion on a comparison between GDP and how people respond to the following question asked in the *World Value Survey*: "Generally speaking would you say that most people could be trusted or that you cannot be too careful in dealing with people?" While there was no direct relation between levels of trust and economic growth, the author did find that active membership in groups is positively related to economic growth. In contrast to van Shaik, Stulhofer (2001) finds that trust is economically beneficial. He studies trust as one of the three dimensions of social capital (the other two being associatedness and shared values). For Stulhofer, trust is part of the initial motivation for cooperation and it has the consequence of lowering transaction costs (p.27). Following the same logic for coping with risk and diminishing transaction costs in the informal economy, Sik and Wellman (1999) state that "trust is everything" and that it is often drawn from networks of kinship, friends and neighbors or the same ethnic group.[29]

Raiser et al. (2001) examine the relationship between trust and economic growth in most detail. The authors argue that although generalized trust is related to economic growth in developed market economies, this is not the case in CEE. Instead, the authors argue that trust in institutions, what they call "formal social capital" is what will lead to economic growth in CEE countries. They find that trust in institutions is lower than in OECD countries. Trust in friends in the richer countries of OECD is correlated with the level of generalized trust (trust towards outsiders) while in the postsocialist countries social circles appear smaller and more closed and do not suggest such correlation. Civic participation is also found to be lower than in countries with fully developed market economies. Trust in public institutions is found to be a consequence and not a prerequisite for the accumulation of social capital.

Generalised trust is unrelated to economic growth in CEE even though this is the case for developed market economies.

[29] See the chapter on "Social Capital and Economy."

The authors argue that there is no convincing evidence that reforms work more effectively where civic participation or trust in governments is high. At the same time, there is a correlation between civic participation and economic growth. Trust in public institutions such as the legal system and the police is correlated with economic growth while the connection with trust in political institutions is less marked. Their conclusions support Putnam and Coleman's findings in relation to trust. The authors argue that keeping alive the hope of "returning to Europe" may be useful to help build trust in institutions. Another recommendation is that governments should eschew chauvinistic tendencies within their countries, which only serve to exacerbate social divisions and undermine trust.

Would reducing high levels of income inequality help increase trust in others and in public institutions?

Some have suggested that reducing high levels of income inequality could be important to increase trust in others and in the public institutions. However, Adam et al. (2001) question this theory in their investigation of trust in institutions in relation to inequalities in Slovenia. According to the author, while growing inequalities are usually associated with lowering trust, in Slovenia today the existing low levels of inequality parallel low levels of trust in institutions (pp.14–16).

In an earlier article, Raiser (1999) examined the role of informal (interpersonal) trust in transition societies. He provides a brief review of the growing literature in the field and distinguishes between trust among kin, process based trust and generalized trust. He believes that interpersonal trust is important for the emergence of entrepreneurship and that it is a key ingredient of market economy. He sees bilateral trust (trust between individuals) as being different to generalized trust and defines only the latter as social capital. He then searches possible determinants of extended trust and assumes that there is a relationship between trust and the quality of institutions (for a different opinion see Sandu 1999b)

Extended trust can be a result of expanding networks or moral innovations (creation and establishment of new moral norms), the homogeneity of a society and low risk of being cheated, but primarily it is the result of the enforcement of contracts by the state (p.6). A "kick

start" of generalized trust may be produced by the state (p.6). However, the more extended trust there is, the greater the reliance that may be placed on state enforcement only. This in turn can create problems such as stretching administrative resources (p.6). The author also argues that the predominance of ethnic cultures rather than the development of a national culture as well the persistence of clan loyalties will slow down the emergence of extended trust.

Raiser (1997) examines two cases: that of strong states (China and Germany) and of weak states (Russia and Ukraine). He argues that rapid political change as seen in a country like Poland leads to an increase in trust in governments. A separate section examines the role of informal institutions within institutional changes such as privatization. The paper suggests that the strength and legitimacy of the state have to be considered in the design of institutions. The author offers a strong argument that trust in government could be promoted by good political and economic performance.

In contrast to Raiser et al. (2001), Sandu (1999b) argues that interpersonal trust is a root for trust in institutions (p.71). In addition to individual trust, the author adds religious belief as an important factor in determining trust in institutions (p.79). Sandu describes how trust in Romania in the 1990s results from hopes for the success of democratic transition and economic change. He shows how poor government performances diminish trust while good performances always increase trust. The case studies show that trust in government in Romania today is consistently a result of government performance (p.78). However, he suggests that once there is a tendency or trend towards the lowering of trust, this can reinforce itself and further lower trust despite the incidence of good performances.

This theorizing of trust incorporates insightful culture and territorial considerations, that is, communal identity (spatial and historical). The author examines trust between Romanians and Hungarians and finds that in mixed regions there is more trust between the two groups than in regions that are not ethnically mixed. Education was another variable on which trust depends on the type of settlement. Rural

In mixed regions there is more trust between ethnic groups than in regions, which are not ethnically mixed.

people with a higher parameter of useful connections (that is, when a person is a member of different associations and has a larger number of connections to solve problems connected to health, justice, police, administration, banks and finding a job, p. 89) have a tendency to lack trust and have less trust in state institutions at state level.[30] The author believes this is due to the more frequent interaction of rural people with these institutions and thus the higher chance of disappointment if they malfunction. People in cities were found to have a higher amount of trust but the author assumes that it may be the result of well-learnt media clichés, for example by answering questions regarding interethnic tolerance with clichés assimilated though media consumption (p.86).

This author is perceptive as he critically examines the reasons for some answers to survey questions, something that is rarely found in other sociological, economics or political scientists studies on social capital. The case study method is also valuable and demonstrates the importance of distinguishing between different contexts (for example rural/urban) and different segments of population (for example educated/religious/women/aged/well-connected, etcetera) before making generalizations about social capital. The conclusions raise many significant questions that challenge certain prevailing assumptions regarding trust and social capital.

According to Bjornskov (2000) although social capital does have an impact on social and political phenomena, for the economists, the important question is whether it has any effect on individual income. He compares social capital and individual income in Slovenia and Estonia, and then compares both of these with Denmark, taken as a state with very high levels of social capital. Both Estonia and Slovenia are found to have less social capital than Denmark. The author suggests that social capital in CEE may be strengthened through increasing the quality and credibility of national institutions, which should increase trust. Social capital has a very real effect on individual income and civic

[30] To compare conclusions regarding the importance of socializing in rural areas for social capital building cf. Creed (2002).

engagement is the statistical predictor in both countries. For this reason, one of the best ways to increase social capital is to stimulate civic engagement.

The findings about Slovenia suggest that education and trust in institutions exist in a linear relation. In Estonia, people in country towns, older people, students and housewives were found to be more trusting (the author suggest the reason may be that they have smaller social networks). In Slovenia, people in smaller habitats were found to be more trusting of their fellow citizens whereas those who are unemployed are less-trusting (a pattern which is similar to other CEE countries). The results also show that, in Slovenia, trust in institutions is not positively related to civic engagement. In Estonia, trust in institutions is related to civic engagement and trust emerges as a predictor of individual income too (pp.14–16).

One very useful work on trust is by Giordano and Kostova (2002). They examine the social production of mistrust in Bulgaria, describing how the privatization process differed from what was expected and, instead of producing a family run enterprise based on private smallholdings, it has created a host of new social agents (individual and collective: the authors examine the leaseholders—*arendatori*, the cooperatives, and the commercial intermediaries and foreign players) representing specific interests and economic strategies. The winners of the transition, the *arendatori*, preferred to play the role of small-scale rentier capitalists. A discrepancy between social practice and the legal framework highlighted a gap between legality and legitimacy. Public institutions were seen by local actors as foreign bodies and obstacles to be avoided (pp.88–89). The social production of mistrust thrived because of misinterpretations, tensions and conflicts between the state and citizens. Citizens defend their adaptive strategies as "weapons of the weak" (p.89) even if they are not legal. Relations of mutual suspicion between state and society that date from the Ottoman Empire aggravate this situation. The presocialist and the socialist period widened the gap between legality and legitimacy through the clientelistic strategies of elites and their physical separation from citizens. The authors conclude

Mistrust thrived because of misinterpretation, tensions and conflicts between the state and citizens.

that the social production of mistrust, well tested in past performances, seems to be the fitting response to the pernicious effects of the new public institutions" (p.90) and it "is based on specific practices that necessarily stem from past negative experiences, which are reactivated in the present through the group's collective memory" (p.75).

2.4.3 Local Institutions

Can the state create social capital?

Only a limited number of published research papers examine the local level institutions in CEE but these works are growing more significant. They demonstrate that studies on social capital should pay more attention to various contexts and situations, that is, that different geographical and administrative regions may have different trajectories in the development of "stocks of social capital." Social capital research would do well to avoid working at the level of the whole region of CEE and maybe even at the country level. Regional studies (for example Marsh 2000, Sandu 1999) demonstrate significant differences between regions. The studies that focus on just one region and provide case studies of success or failure of institutional change are very insightful because they reveal in detail those mechanisms that are able to contribute to the production of social capital. This is illustrated in the study by Petro (2001). He asks the extremely important question – can the state create social capital? The author divides the two groups in this debate into statist and antistatist approaches. According to the first, the state through its institutions and mainly its governments (central and local) can create social capital through politics and creating a proper environment. Similarly, Raiser (1997) argues that the state can create social capital through third party contract enforcement. The second approach, the anti-statist one, claims that state institutions can destroy but cannot create social capital that exists outside them in the formations of the "civil society" (Petro 2001: 229–231).

Petro (2001) provides a very detailed account of how the local government in Novgorod managed to successfully implement reforms. The article provides a very detailed account of the local government

strategies to develop the region: for example to find foreign investment as an alternative to the lack of government or business investment, to push through an efficient privatization program, to pursue local cost-cutting measures, and others.

Despite some setbacks, the local government has been successful in increasing the number of local jobs. The regional administration has supported the local government. The town has a Social Chamber—where registered social organizations meet once monthly and public involvement and debate is thus encouraged. Civic organizations of various types thrive in this town. Parallels to the Indian province of Kerala can be made in terms of the success of the Kerala local government in facilitating the acceptance of new social rules, codifying them into agreements and using them for conflict resolution. Thus, in regards to the three most oft-stated consequences of social capital: economic development, trust in government and civic activism, Novgorod has developed a high level of social capital. This demonstrates, according to the author, that governments can gain from increasing level of public participation. One particularly interesting section describes the role of the elite and the reasons for their support of the changes. Good governance and foreign investment are seen as major factors in strengthening the elite. It is suggested that local government has thus created most of the social capital in this case.

Governments can gain from increasing level of public participation.

The study by Uhlir (1998) provides a similar case study but makes an even stronger case for the crucial role foreign investment makes in strengthening social capital. He argues that regional change in the Czech Republic can be analyzed as a combination of network restructuring and struggles for the redefinition of symbolic capital. The case of Lanskroun demonstrates that symbolic capital and financial capital of foreign investment may be combined successfully with local pre-1989 networks to invigorate regional economics. This article contributes to the understanding of the highly differentiated outcomes of the internationalization of postcommunist regional economies.

Some studies of the World Bank have been especially perceptive concerning the relationship between people and institutions in CEE.

The *Voices of the Poor* reports for Bosnia, Bulgaria and Russia have a special section on institutional change. The World Bank report on social capital in Bosnia (Bougarel 2002) is also extensive and has useful sections on local level institutions. Bougarel (2002) examines how social capital functions at the level of local institutions. He finds that Bosnians turn to institutions only when they lack rich or influential relatives. Fragmentation of local institutions has been extensive and, according to the author, reveals the higher significance of bonding and bridging social capital in comparison with linking social capital The author describes some of the limits of top-down approaches to institutional reintegration despite the necessary interference of state to overcome deadlocks and deliberate obstructions (p.29). Some efforts to establish cooperation may be destroyed by top-down approaches that neglect local forms of social capital. Moreover, some clientelistic practices (especially with donor agencies) may be installed through certain top-down approaches.

Many other important themes in institutional change and social capital remain unexplored, especially for CEE: gender and institutional change (Hesli and Miller 1993), ethnic relations and institutional change (Csergo 2002), alternative service provisions (Snavely 1996), and labor relations (Mako and Simony 1997).

2.5 Conclusion

Institutional change is one of the most complex fields in research on CEE. The use of a social capital approach has shifted research from transition and structural examinations towards a more dynamic and complex study of transformations around social networks and trust/distrust. Social networks, trust and elite studies are very diverse fields and open up other research spheres that cannot be neglected in the studies of social capital. For this reason, a review of the social capital literature and institutional change cannot be only limited to studies that explicitly utilize the concept of "social capital." Many other works

addressing the same issues must be considered. To the above-discussed research must be added the research of development agencies on how local institutions of power work and on principles of participation. Published research on these topics is very limited in CEE and yet most of the policies and developmental aid are directed towards such initiatives. Many reports remain inaccessible.

The brief review of the literature on institutional change and social capital demonstrates that several important debates all centered on the question: how is the economy and democracy embedded and disembedded in social relations? However, there is rarely an agreement among scholars, neither about findings and analysis, nor about what is the best methodology to use in the study of these questions, despite that this question obviously calls for an interdisciplinary approach. The theories and methods used by scholars from various disciplines: economists, anthropologists, political scientists, socio-legal scholars, etcetera; have remained largely closed within their discipline. In terms of methodological drawbacks, it should be mentioned that some scholars have been tempted to rely solely on large-scale surveys such as the *World Value Survey* or the *New Democracy Barometer*. These instruments have not received adequate critique even though they often muddle into one concept many different ideas, for instance patronage, protection, motivation, incentive, and confidence all being subsumed under the heading of trust. It is arguable that these shortcomings undermine to some extent the credibility of the resulting policy solutions.

Policy solutions based on unreliable data should be treated cautiously.

In contrast, work that draws the combination of quantitative and qualitative methods has produced rather insightful studies. Such studies have been able to show the processes and very mechanisms that social relations operate within. They can also investigate how these may work through institutions in specific contexts and situations. Instrumental and rational choice theories, an uncritical adherence to the modernization paradigm as well insisting on rigid dichotomies between East and West have been characteristic features of many studies of institutional change in CEE. Networks have been studied

as instruments rather than as having special relational and dynamic qualities. Trust has not yet been defined convincingly to allow for the analysis of power relations and interests. A possible criticism of many of the works on trust may be the use of "trust" in a meaning that is incompatible with local meanings. It is important to know if there are any local definitions of "trust" that correspond to the meaning of the sociologists or the economists. If a different meaning is being measured, then the interpretations of the results should also be very different (see the chapter on "Social Capital and Institutional Change", see also Harriss 2003, Harriss and Mihaylova 2003). Such problems could to a certain extent be avoided through nuanced and specific definitions of trust (for example in the works by D.Sandu).

The examination of embeddedness of economic activities in social relations has often relied upon culturally essentialist and even "orientalist" attitudes that describe the "premodern" or "antimodern" character of social networks in CEE. In this view, informal social networks in CEE are treated as obstacles to the market economy and democracy. This is an example of one of many generalizations which, when examined closely at the level of locality and particular case studies, can reveal very different results. Institutional change can be understood better through the concept of social capital, but this would do well to be examined more critically through systematic empirical research and crossdisciplinary fertilization of theory and method.

3. SOCIAL CAPITAL AND CIVIL SOCIETY

3.1 Introduction

Conflict should be treated as both normal and politically beneficial.

The research on social capital and civil society in CEE often seems to have one central question, namely how could we build or consolidate democracy. Lovell (2000) argues that democratic consolidation is crucial and can be achieved through building trust (p.36). The author

argues that conflict should be treated as both normal and politically beneficial. The primary political change in postsocialism is the building of new democratic institutions or adding democratic content to old ones (p.36). The following overlapping questions are the result of this dominant standpoint:

- How can we strengthen democratization through citizen participation?
- If and how does social interaction contribute to building a democratic culture?
- How can civic engagement be stimulated?
- What is the relationship between state and civic organizations?
- What is the role of international agencies in democratization?
- What is best: top-down or bottom-up approaches to participation or a balance between the two?
- How can social cohesion be enhanced?

The following section provides a summary of the main trends in the published research on social capital and civil society.

3.2 Civic Engagement[31]

A majority of researchers find that civic participation in CEE is low in comparison with Western democracies. The main reasons are usually the socialist past or a mixture of socialist legacies and contemporary socioeconomic and political conditions. Some researchers offer refined pictures of the complex influences of the past (Buckowski 1996, Spulbeck 1996, Anderson 1996). Another group refer to contemporary state inefficiencies as blocking greater civic participation (Alapuro 2001). This focus on civic participation has led to examination of

[31] See also the section on networks in the chapter on "Social Capital and Institutional Change," which contains more data on some of the problems related to networks and civic participation.

voluntary associations (or forms of civic engagement) as forms of social capital. The relationship between NGOs and the local and central governments has also been a topic for research.

Researchers should focus on social networks as a key attribute of civil society.

Several scholars share the proposal of Gibson (1998:4) that instead of examining the existence and functioning of formal democratic institutions, researchers should focus on social networks as a key attribute of civil society. Gibson believes that the antithesis of a civil society is atomization – when citizens are disassociated from each other and that a vibrant civil society requires well developed social networks (p.4). Expansive social networks could be the basis for effective and autonomous organizations (p.4). Social networks are means of transmitting information and values in society and those with more networks should be able to adopt more democratic values (p.4).

The aims of Gibson's study were to uncover the density of social networks, to examine how far network members engage in political discussion, and to find out the degree to which these ties cross social groups. The survey was conducted in Bulgaria, Hungary, Poland, Russia, France, Spain and the USA in 1995. The findings reveal that social networks as such are unrelated to existing attitudes towards democratic institutions where the country has recently experienced political transformation. Thus, the author argues that the central hypothesis that social networks are an especially useful means of social learning in transitional regimes must be rejected and that social networks seem to be more politically significant in the West rather than in the East.

Gibson (1998) believes that the findings do not so much point to erroneous assumptions about the nature of social networks. Rather the story might be that there is not much "novelty" to be distributed along those networks, as democratic regimes were well under way in the postsocialist countries. The data also shows that the communist legacy was not an atomized society and that attributes of social networks have little (if anything) to do with political legacies.

The study by Aberg (2000) stands in stark contrast. He examines some limitations of Putnam's social capital theory when applied to CEE

and in particular in Ukraine. He argues that those aspects of culture that create the country's political culture depend on both time and context: "Political culture and historical legacies, institutions, state/agency and structural factors, such as level of socioeconomic development, do as most people would agree, mutually intervene to produce specific outcomes in terms of polities and without following the deterministic model suggested by Putnam's theory" (p.299).

Aberg studies how exactly the noncommunitarian social capital of the former socialist states impedes the building of democratic culture and democratic institutions (p.299). In the section on "political culture" he points to some difficulties identifying which social organizations in Ukraine could be considered as interest organizations of a defined political interest (p.303). People trust less in formal organizations (p.307) but this should not automatically lead to the conclusion that people do not solve practical problems through the mediation of civic networks, interest groups and political parties as may be found in Western democracies (p.307).

The author asks "why the kind of exchange relations this social capital [noncommunitarian] is built from, do not facilitate collective agency and trust in a situation in which nonauthoritarian and less vertical formal institutions are attempted" (p.307). The answer is in the type of social capital: a noncommunitarian one: "the nature and transactions and the mode of reducing social transaction costs typical to *noncommunitarian social capita*" impede trust and action (p.309). This social capital is in the particular type of informal networks and in the informal social organization. Exchanges are limited within closed networks such as those based on family ties, kin and close friendships as created during socialism (p.311). The author believes that as long as institutional design and state policies do not prove to be efficient in collective problem solving, this noncommunitarian social capital will function (p.313)

Non-communitarian social capital' is produced when exchanges are limited to networks based on family ties, kin and close friendships such as those created during socialism.

In a similar vein, Rose (1999) claims that antimodern networks are obstacles to democratization. In his view, the existence of free elections is not enough to understand the democratization process. The absence

of a modern state and strong institutions of civil society or rule of law and accountability also need to be considered. Election winners are not bound by law or accountable by the electorate, nor are they checked by the institutions of civil society (p.30). The author suggests that an examination of the nature of social networks (social capital) is a more useful approach to understand democracies than a more traditional analysis of election behavior.

Networks of civic engagement need to be studied in so far as they can transform into political organisations and market economy institutions.

Nichols (1996) also argues that we cannot use political culture alone to judge the level of democracy. He suggests that democracy should be defined as the numerous and dense horizontal networks of voluntary engagement (p.636). He argues that today Russians see civil society organizations as unnecessary if not dangerous due to their past experiences with the forced associatedness imposed by the state: "the alienation and fear bred by the system meant that the Soviets were individuals bound into groups, not individuals associating in groups—crucial difference from the perspective of social capital" (p.636). He also suggests that networks of civic engagement need to be studied especially concerning how they transform into political organizations and market economy institutions. The author discusses the impact of institutions on society and concludes that only some institutions enhance democracy. These are usually characterized by inclusive political practices (for example proportional representation). The exclusive institutions (for example presidentialism and winner-take-all elections) undermine democratic values and norms (p.640). Stulhofer (2001) also examines the lowering participation rates and argues that strengthening the positive trends in social capital through better working institutions will enhance not only the growing stability of democratic procedures but also economic efficiency.

Lonkila (1998) argues against the view that socialism was detrimental to civil society and social interaction. He examines how, in comparison to teachers in Helsinki, work has more importance as a social milieu for Russian teachers providing an arena for socializing, childcare and access to informal resources. Together with geographically condensed social

networks is linked the strengths of social patterns inherited from the Soviet era. According to Lonkila, people in everyday socialist life were not passive but actively transformed the socialist context and continue to mould the transition today despite transformations in the ways their networks work (cf. Hann 1996 who argues that there was a continuous movement and great diversity among and within each of the East European countries during socialism).

Also in contrast to skeptical views on civic participation in CEE, Alapuro (2001) argues that the claim that civil society in Russia is weak could be a misinterpretation of what is an effective social organization in the context of limited governmental effectiveness. Teachers in Russia for example create inward-oriented networks as a survival strategy. The author argues that democratic development and an increase in the effectiveness of the state would reinforce the integration of teacher networks through organized interest struggle. A further increase in state ineffectiveness could accentuate the importance of the mutual trust networks.

Letki (1999) examines citizens' membership in organizations in CEE and finds that the relation between social capital and democratization and citizens' membership in organizations is very weak. The scores on the associational index show very little engagement in voluntary organizations in all CEE countries but, at the same time, the difference between the countries of highest and lowest scores is not that great. This, according to Letki, proves that the link between organizational affiliation, citizens' satisfaction and social capital is very weak. This also means that membership in voluntary organizations is by no means a principal indicator of a truly democratic system, contrary to Putnam's or Nichols's suggestions. The author argues that, because membership in associations and the stocks of social capital[32] were unrelated before 1989, they do not seem to influence each other in the transition (p.11). Although stocks of social capital have been crucial for the success of

[32] The latter refers to the assumption that everyone naturally wishes to take part in associations if they do associate (for example neglects other types of motivation).

political and economic reforms, the levels of civic engagement does not directly reflect this. Thus, any understanding of democratization in CEE must take into consideration the specificities of the region. Letki concludes that the theory of Robert Putnam cannot be used in CEE as it was used in Italy or in any other Western country (p.12).

Marsh (2000) explores the nature of social capital and democratization. He criticizes research that argues that there is no civil society in Russia (for example Coulton 1995) and demonstrates that there are certain regions that are characterized by their civic community. He achieves this through an index of civic community that he claims is adequate to the Russian context. He tries to develop indicators that are qualitatively comparable where he finds that analogous indicators cannot be found (for example instead of using newspaper readership, he uses newspaper production). Marsh also stresses the importance of crossregional analysis. He finds that different regions have different civic communities. The second measurement he applies is by level of democratization. The comparison of results demonstrates that regions that are more "civic" are also more "democratic."

In his turn, Van Shaik (2002) states that research has not clearly established how associational activity increases wealth of nations, promotes the spill over of knowledge in networks and limit costs (p.13). And, he suggests that the mechanism between active group membership and (regional) economic growth could be explored through social capital as suggested by the World Bank (pp.13–14).

One finding was that urbanization is negatively associated with civic participation.

Bjornskow (2002) argues that civic engagement is the social capital proxi that is most related to individual income. His central finding is that civic engagement is a strong predictor of individual income (p.13). His data shows that levels of civic engagement in Estonia and Slovenia are comparable but only represent one half of the Danish level. The author also found that richer Estonians participate more while age and education were not significant. A concluding policy advice is that civic engagement must be strengthened to move out of the transition process and individual participation must be increased because "this is

known to have beneficial effect at the national level on both stability of democracy and economic growth" (p.17).

Other researchers have found a positive correlation between civic participation and economic growth, this time, economic growth at national level (Raiser et al 2001). Raiser et al. (2001) argue that unlike in market economies, trust in CEE is not positively correlated with economic growth but it is with trust in institutions. The measurement of participation by active membership in organizations finds that participation in CEE is lower than in OECD countries. One of the predictions made in this paper is that people in CEE may remain tied to a subsistence economy and be politically passive and this increases the costs of the transition (p.22). The authors argue that civic participation may increase trust in institutions, while it also can act independently (not through increasing trust) on economic growth.

One of the findings of Raiser et al. (2001) is that urbanization is negatively associated with civic participation. The authors suggest this may be due to the anonymity and isolation of towns. However, other research finds that there is more civic participation in towns. For example, Bougarel (2002) describes how a higher level of membership in voluntary organizations is related to higher levels of economic and cultural capital. The reason is that NGOs attract middle class urban and educated people (p.44). At the same time a decline in associational life is registered. The number of NGOs is dropping but that may be a result of the maturation of the sector. Moreover the number of NGOs tells little about the level of democracy. Many associations do not actually function due to lack of resources. The author also found differences between the forms of rural and urban participation. In general, people in rural areas usually collect money, contribute with work, organize gatherings, and they see themselves as responsible to improve their living conditions. On the other hand, there is a tendency for people in urban areas to more often complain to the media or international organizations and see the municipal services as responsible; and they organize demonstrations and protests. Participation is also related to age and gender.

A large variety of traditional organizations cannot be classified simply in terms of bonding. Nor can bridging and linking capital be entirely attributed to the new NGOs.

Bougarel (2002) finds that poor people participate less in voluntary organizations. He examines collective action as an outcome as well as a source of social capital and as a building tool of trust and cooperation within and across groups. He identifies the frequency of various collective actions (self-organization, public protest, etc) and analyzes their social and institutional determinants. The data shows that there are significant cleavages in society. The most important ones at local level have a socioeconomic dimension but are perceived as cultural, moral or political categories. Thus, collective action must be studied in relation to growing inequalities (see also World Bank 1999b), and in the specific context of Bosnia and Herzegovina, it must also be regarded as a result from the forced population movement (p.13). The scarcity of financial resources in comparison with the actual needs of the population further exacerbates this fragmentation and has negative effects on social cohesion and interpersonal trust (p.22).

This report challenges the separation of social capital between bridging, bonding and linking capital on the grounds that it is sometimes impossible to distinguish between the three in practice. NGOs are often promoted at the expense of traditional organizations, such as neighborhood associations, which are considered as only carriers of bonding social capital. In fact, there are a large variety of organizations and their use, and traditional organizations cannot be classified simply in terms of bonding, nor can bridging and linking capital be entirely attributed to the new NGOs (pp.50–51). Interest based organizations are considered to be bonding, but they can contribute to the creating of bridging and linking capital and even mono-ethnic groups contribute to breaking barriers (p.51) (see also Engberg and Stubbs (1999). The central finding is that impoverishment or lack of responsibilities of formal institutions (some of which abuse their authority but most simply have no capacity to carry it out) diminishes collective action (cf. Alapuro 2001, Lonkila 1998).

This report also challenges the assumption that there is a lack of civic action in CEE. Collective actions related to local public services

were found to occur quite frequently. The findings suggest that 30 percent of people have made contributions, 20 percent have taken part in collective work related to a local infrastructure project and one in five have taken part in a clean-up action of collective space. At the same time collective protest have attracted fewer numbers of people (Bougarel 2002:51).

International donors sometimes create a kind of "anti-political opposition that marginalizes formal political parties and turns social movements into bureaucracies.

The research by Ekiert and Kubik (1998) is another example exploring forms of civic engagement, this time collective protest in postcommunist Poland. This work draws attention forms of collective action that are neglected within the literature, for instance, the role of trade unions (see Kramer 1995, Kubicek 2002). The main reasons for the relative decline in their activity can be found in the wider development of the political and economic order that previously precluded democratic consolidation. As their economic effectiveness shrinks, some unions diminish activities, while others continue to maintain broad social involvement (for example Kubicek 2002). In some cases, the lack of participation in trade union protests should be explained by the apparent political consensus. The latter may positively affect social transformations leading to a genuine "social contract" in CEE (Kramer 1995). This means that lack of social involvement is not always a sign of an unhealthy society.

Engberg and Stubbs (1999) provide a very insightful analysis of local associations. Their report has a section outlining the development of NGOs in Bosnia and Herzegovina. Although very short, it is extremely useful because it analyzes some processes that are rarely commented upon. These are the counterproductive role of international organizations, the relationship of NGOs in formal politics, and the production of mistrust by NGO obsessions, that is that only NGOs could apply for certain funding of development organizations (cf. for example the works by Steven Sampson, Bateman 2003, Cellarius and Staddon 2002, Bougarel 2002). The authors propose that the task of social development should not be the imposition of foreign notions of NGOs. Such notions have already led to the production of mistrust

among people. Instead, Engberg and Stubbs argue that already existing stocks of trust should be identified and efforts given to how these could be rebuilt (p.3).

Engberg and Stubbs make another important observation, which is shared in parts by several authors (Cellarius and Staddon 2002; Bougarel 2002, Sampson 1996). This is that international donors sometimes create a kind of "antipolitical opposition that marginalizes formal political parties and turns social movements into bureaucracies" (p.5). The authors see a danger in the promotion of extremes within the state and civil society rather than encouraging new alliances, coalitions and compromises (pp.5–6).

Cellarius and Staddon (2002) find Bulgarian environmental NGOs to be a mixture of complex and amorphous organizations. According to the authors, arguments about the size or the diversity of the sector often ignore issues of motivation, intention and the structures of opportunity or constraint. The authors criticize the idea that the mere possibility of participation is in itself a sufficient good or that there is an a priori "existential" will to engage which exists in participatory activities.[33] The authors also address in detail the need to reassess the relationship between the state and the NGOs. Numerous informal networks between NGOs and state institutions and para-state (such as international donors) are analyzed to demonstrate the relative lack of independence of NGOs from the state. The authors argue that the concept of "civil society" should be reformulated to better recognize aspects of power within society.

In a similar vein, Hann (1996) argues that certain "Western biases" have contributed to "theoretical distortions of the concept" of civil society. According to him, one problem stems from methodological difficulties in establishing the exact nature of the abundant network of

[33] See Evans (2002) for a counterargument regarding the role of the Russian Orthodox Church demonstrating its closed intertwining with the nation-state and its preference for political action over an ecclesiastical dialogue.

associations outside the state. Hann questions the utility of a supposed antagonism between state and society. He observes that, as a term, the popularity of "civil society" is fading in CEE. It has become clearer that it is more rhetorical than reflecting social reality. Yet, despite its limitations, the notion undoubtedly has a continuing appeal to many people and this is a valid justification for its continuous research.

Hann suggests that "civil society" would be best theorized in the changed context of wider debates such as state, modernity, individualism, pluralism and the boundaries between private and public. The contributors to the volume by Hann (1996) depart from simple dichotomies to explore the complexity of institutions that meditate between self and society and the social relationships that underpin the functioning of both states and markets (p.21). In particular, the contributions on CEE focus on the important role of civil associations, the informal networks, international institutions and the state of (mis)trust during and after socialism. They demonstrate a need to shift debates about civil society away from formal structures and towards and investigation of beliefs, values and everyday practices.

A different theme in this field of research is related to the importance of local and central government for active civic engagement (Engberg and Stubbs 1999, Lonkila 1998, Alapuro 2001, Aberg 2000, Cellarius and Studdon 2002, Hann and Dunn 1996). Detailed case studies provide illustrations of those mechanisms that diminish participation or on the other hand, lead to successful cooperation between civic organizations and NGOs. For example, Krzyszkowski (2000) sees NGOs as key actors in building social capital. Building social capital (activating the State and transferring social assistance to agents, setting up nongovernmental public partnerships, etcetera) is seen as essential to cope with recognized problems. This paper focuses on social capital as an aspect of successful collaboration between governmental, private and nongovernmental institutions at local level. The author concludes that the legal framework for local partnership between public and social partners and the nature of financial support from central government are the most important elements in this process.

A paper by Brunell (2002) also addresses the relationship between local government and NGOs. An example from Krakow shows how the local government cooperated with NGOs in a selective manner by choosing predominantly Catholic ones. Catholic activists had sought an alternative to the secular and feminist organization of the shelter for women in the town. Brunell examines the process of awarding a contract to run the shelter in detail and gives a useful illustration of the importance of local government in shaping civil participation. In this case, as the author puts it, local government views the Catholic charity, Caritas, as being principally concerned with family reunification and less explicit protectors of women. This is perhaps why it does not trust the feminist groups (predominantly members of the intellectual elite). As a result, certain elites within Krakow have abandoned local politics to focus on "outsider" strategies such as protest, seeking alternatives to established public policies, and establishing organizational links with feminist organizations in Warsaw and the West. In the author's view, this demonstrates how a citizens' approach to local policies does not always lead to fruitful partnership with the state but to efforts to circumvent the state.

The case of Krakow is contrasted with that of Lodz, where political polarization prevented one-sided provision of services. Some pre-existing connections between the central state and quasi-public organizations flourished and contributed to local development. The shelter for women provides very high quality services and it is used for training of the social workers. The situation in Lodz also demonstrates the positive contribution of bureaucratic autonomy and political patronage for third sector initiatives. The paper is a useful introduction not only to issues of civil society but also institutional change of local government.

Several authors highlight the importance of a gendered approach to studying civil society and social capital (Hann and Dunn 1996, Bougarel 2002, Brunell 2002). Gal and Kilgman (2000) and Corrin (1999) for example, examine women's participation and decision-making in formal politics. On the whole, these are found to be less

common than amongst men. Women's positions are further weakened by poverty, unemployment, and lack of adequate social services, domestic violence, prostitution and trafficking. Gal and Kligman's book (2000) contains three chapters examining women's activities in NGOs respectively in Romania, Bulgaria and Serbia. NGOs in Romania are depicted as being underinvolved in the specific problems of women, those in Bulgaria promote traditionalist discourses about the position of women in society, and the Serbia case study describes the important links between individual violence against women and violence of the war. The limitations and prospects in front of women's groups are described insightfully for the cases of Slovenia and Albania in Corrin (1999).

Dowley and Silver (2002) provide another perspective to civic participation. They examine social capital, ethnicity and support for democracy in Eastern Europe. The authors base their work on previous research according to which interest in politics and levels of participation may grow due to ethnic polarization of society in the conditions of institutional breakdown and transition (p.506). They ask the following questions: How do the usual makers of social capital (interpersonal trust, political interest and voluntary group participation) correlate to the respective levels of democratization in CEE? Then, they ask what are the effects of ethnic diversity on democratization and levels of social capital? (pp.506–507). The analysis of the *World Values Survey* data show that the most successful cases of democratization are those in which levels of political interest, participation and trust were at or below the average level for CEE (p.518).

This conclusion points to the weak overall correlation between indicators of social capital and democratization in CEE. The analysis of individual data found some evidence of a positive correlation between social capital and attitudes supportive of democracy (p.524). The examination of political interest and membership in voluntary organizations has mixed results. For ethnic majority members greater political involvement was associated with greater support for democracy, the government and regime institutions. Among ethnic minorities, the

Among ethnic minorities, the more mobilized members are, the less supportive they tend to be of democracy.

more mobilized members are the less supportive they tend to be of democracy compared to the more passive members (p.524). These findings suggest that a more refined research hypothesis must be built in relation to the links between civic participation and democracy. Dowley and Silver conclude that it may be more difficult for ethnically plural societies to democratize if there are exclusivist nation-building projects or if ethnic minorities are mobilized against it. They caution against research instruments and social capital theory being directly transported to CEE (pp.524–525).

Social capital and religion is another important field that remains understudied. The works of Luse (2001) and Kharkordin (1998) present two very different approaches that aim to highlight the role of social capital in democracy and civil society. Khakourdin outlines the new forms of social networks in the Russian society and assumes that the role of the Church will only be compromised if it interferes in the civil sphere.[34] An opposing view is presented by Luse (2001) who finds that the church of the Charismatic Christians in Latvia acts as a pool of "weak ties" (in Granovetter's terms) that can be utilized for finding jobs, providing health and social services, friendships, etcetera Thanks to the numerous and regular contacts within and across congregations, the members multiply their ties. In this way, such organizations are instrumental in creating new opportunities for social mobility and personal development.

Research questions on civic engagement have not always been productive as they leave out elements such as gender, ethnic divisions, religion and the state.

The work of Anheier et al. (1998) examines the relationship between civic participation and the state. The authors describe the existence of mass organizations in the GDR as similar in their operations and functions to today's nonprofit organizations, especially at the local level. These cannot be viewed as a third sector as they did not exist independently from state control or party ideology. The authors examine the changes in these organizations with the breakdown of GDR and the

[34] For example Phillis and Kaser 1992, Karsten and Major 1994; Bereford-Hill 1998, Wolf and Sayer 1999, Muckle and Morgan 2001; see also *Journal Education in Russia, the Independent States and Eastern Europe* edited by J. Muckle.

unification with Western Germany (cf. Grix 1999). The East German NGOs seem to have carved out an important political and social space for themselves (pp.2–3). At the same time, participation levels are lower than in Western Germany. The main reason is found to be the bad economic situation and the development of the labor market (p.4). Despite this, the East German nonprofit sector stands out in economic weight and higher growth compared to Poland, Czech Republic and Hungary. While it shares relatively low levels of volunteering with the other countries, it is larger in both relative and absolute size. The authors argue that this is due to the substantial amount of government funding that supports its operations and development. Such a funding source is much less available to organizations in the other countries (p.7).

Thus, the subsidiary principle in Germany reveals the decisive role of the state in the life of civic organizations. There have been two different types of organizations developing: one consists of the societal embedded ones in the areas of recreation, sports and culture, the other, of organizations that are active in welfare and health services (cf. Hassan and Kyle Peters 1996). The later are becoming more business-like organizations leaving behind the ideological roots of the past and growing increasingly similar to their West German counterparts. Membership is related to various political and economic issues of the day. The East German organizations are seen to be more dynamic and more adequate to the local context than the West German extensions of civil organizations.

3.3 Conclusion

Research on social capital and civil society in CEE has focused mainly on the examination of civic engagement and its effects on democratization. Some authors adhere to the neoliberal concepts whereby civil society is seen as constituting a separate sphere from the state. Such works are usually based on quantitative methods. Ethnographic studies find less

such separation and explore the complex mechanisms of interaction between various actors in postsocialist countries. The relationship between the state and nonstate actors is seen as crucial in the production or hindrance of civic engagement.

Most works conclude that the theoretical and methodological instruments for examination for social capital in Western countries should not be transferred directly to the CEE countries. The specificities of the CEE context and past are significant and must be taken into consideration. Moreover, the research questions concerning civic engagement have not always been productive as they leave out important elements such as gender, ethnic divisions, religion and the state.

The anthropological works are a proof that there is a need to shift the debates about civil society away from formal structures and towards and investigation of beliefs, values and everyday practices. These, as pointed out by Hann (1996), are best addressed by a political anthropology (demonstrated in this volume) that overcomes the constraints of liberal-individualism as well as of both relativism and universalism.

4. SOCIAL CAPITAL AND EDUCATION IN CENTRAL AND EASTERN EUROPE

4.1 Introduction

The educational systems in Central and East European (CEE) countries have undergone rapid structural changes in the last decade. Numerous research publications describe the implementation of these changes and suggest policy improvements in the new education in CEE countries: in legislation, curricula, schools, etcetera[35] The reports of the World Bank, UNDP, UNESCO, and other developmental agencies and think

[35] See the section on "Social Capital and Civil Society."

tanks also contain rich accounts of the educational change processes, and register the specific problems and coping strategies in the region as well as in each country.

Researchers have most often been occupied with the macrostructural changes of educational institutions, and the redefinition of their relationship with the state. Generally, their aims are to highlight the ways in which past and/or current cultural, economic, and sociopolitical processes relate to educational change. Poverty, and lack of adequate economic, political and legal environment, and poor infrastructure have been signaled out as the main determinants of access to and inequalities in education. Some of these issues, especially as they are studied in development reports, seem to be related in meaning (often without a specific reference) to the broader definitions of social capital as a force for increasing participation, empowerment and cohesion.[36] "Social capital" could be understood in those works (even when it is not used as a term) as a force for replacing official structures and mechanisms that should be responsible for public education, for example when the central state is very weak financially or politically.

In this context, "social capital" can be understood as a force for replacing official structures and mechanisms that should be responsible for public education.

However, there is still a significant lack of systematic research dealing with the relational definitions of social capital and education. Access and inequalities in education relate to the informal networks in the educational system, such as the schools', teachers', students', parents' and other stakeholders' informal networks, as well as the informal economies based on them. There has been limited research on how schools, parents and other institutions relate (or could relate) in order to strengthen the education environment. This review of

[36] The direct and uncritical introduction of Western educational research as well as Western models of educational structures is largely criticized by many authors on the basis of the unsuitability of Western models to the CEE contexts. For example in Weber and Liikanen (2001). Also, Polyzoi and Cerna (2001) examine the essence and principles of educational change in CEE against the Western models of educational change. They argue that more research is needed to outline the specificities of the CEE context where such change is unprecedentally rapid unlike those in the West. They also pose questions on the effects of the inheritance of the socialist regime, something whicch is often understudied or misconceptualized.

educational research in CEE demonstrates that some insightful research efforts already exist and these usually provide a balance against the so far predominant focus on macrosystemic and structural reforms.

An example of such promising research is that which focuses on informal networks that connect educational institutions to wider society and, as a result, reinforce or diminish educational inequalities and achievements depending on the situation (for example Weber and Liikanen (2001) and Lonkila (1998)). This research could be extremely useful in policy improvements as it demonstrates how schools, teachers, parents and other stakeholders actually operate together or against each other in day-to-day life to strengthen or weaken educational institutions.

Research findings from other regions are also entering the CEE countries.[37] For example, there are numerous "social capital studies" from other parts of the world that demonstrate the important role of parents in the educational achievement of children (for example Hagan et al. 1996). This is relevant to some of the current context of the CEE countries where, for example, busy parents can delegate the entire upbringing obligations to the schools (cf. Hagan and Radoeva 1997–98).

The main area where "social capital" currently enters educational research in CEE concerns the role of educational institutions in the reproduction of inequalities, in particular, the reproduction of elites[38] through education. These works define social capital as networks and the resources acquired through those networks (cf. Bourdieu 1996). This research represents only one possible aspect of studying the diminished access to education in the region.

Another body of research, closely related to the problems of access, deals with education as an exit strategy from poverty where, in theory, the greater the access to education, the greater the chance for poorer

[37] See also the section on elites in the chapter on "Social Capital and Institutional Change" of this review.

[38] See the last section of this chapter for some examples.

people to overcome poverty. This theme is usually examined as a motivation to reinvigorate the educational institutions and it is most often found in the special sections on education in the international developmental agencies reports (for example *The Human Development Reports* or the reports on CEE by the World Bank).[39] The term social capital rarely appears in these sections although, in the view of this reviewer, its broader applications could be relevant here. An underrepresented area of research concerns the training and civic education with which developmental agencies and numerous NGOs throughout CEE have been occupied. It has been difficult to find any research on these issues apart from the often inaccessible evaluation reports on training projects.

The following sections examine the main areas of educational research where social capital or its synonymous concepts (networks, trust, participation, etc) have been applied in CEE countries:

- Elite reproduction;
- Informal networks;
- Education as an exit from poverty.

4.2 Elite Reproduction

One central topic has been the role of education in reproducing inequalities.

The field where social capital entered educational research in CEE the earliest after socialism, relates to the main questions posed by Bourdieu and Coleman (for example see Mateju and Paschar 1990). One central topic has been the role of education in reproducing inequalities. The

[39] Fees are new phenomena in CEE countries and a major factor in creating educational inequalities. In some cases, schools have made efforts to widen access by waving off fees for poorer students in exchange for various contractual engagements by these students after graduation. Such an example was found in a brief report about a privatized school in Tirana (Tooley 2001). It demonstrates how the private school charges very high fees to its students but also accepts children of poorer families who pass the entrance exams. The latter are expected to initiate or maintain school businesses to pay back their fees and employ other poor students. In opposition to this one sided report, one might argue that this practice could become the source of possible maintenance of inequalities.

study of educational institutions as a system that legitimizes power and reproduces old elites is a central feature of this discussion. Wong (1998) demonstrates how, during the socialist period, political institutions were critical for educational attainment. The author defines social capital as one of the four elements of family capital that play an important role in educational attainment (human capital, financial capital, cultural capital and social capital). Social capital includes social relationships and networks outside but accessible by the family.

In a similar vein, Hanley and McKeever (1997) argue that social groups maintain intergenerational social statuses from before socialism and until today. These authors provide a dense and critical summary of the main debates in the field (pp.1–4). They studied the class composition of Hungarian high schools and universities to show that, especially in higher education, the socialist system reproduced old and new inequalities. Furthermore, their results demonstrate that socialist class composition was not transformed significantly after socialism. The unequal distribution of cultural and social capital (in this context, social connections) seems to maintain educational inequalities today. Children of professionals (having more cultural capital, that is higher education) proceed to tertiary education more often than children of administrators (who have more social capital). This article underlines the overriding importance of cultural capital in comparison to social capital.

In contrast Tomusk (2000) argues that socialism did not allow its "predating inequalities" to continue, instead replacing them with elites engineered by the socialist state. He agrees that with the demise of socialism, some old elites were transformed into new ones. The international agencies, such as the European Union, are seen as having a negative influence because they sometimes take an active part in the fight over the monopoly of elite reproduction through the new educational institutions. "Foreign agencies have been given a substantial role in re-establishing the postcommunist field of elite production, where masses of institutions aim at the establishment

of the monopoly…" The author refers to the lucrative accreditation of East European higher educational institutions which has become significant business for some Western agencies or market driven higher educational institutions (p.280).

4.3 Informal Networks

The studies of Russian private schools by Lisovskaya and Karpov (2001) are extremely insightful on the role of informal networks in ensuring the survival of schools in the context of a weak state. Their research broadens understanding of private school realities through studying informal networks as the major coping mechanism. Although these schools are formally independent, in reality, they depend heavily on elites and the manipulation of public resources. An interesting observation is that the better funded the schools are, the more accessible they become in that they require less or no fees (for example the Jewish schools).[40]

The dual economy in which the schools are involved includes transactions based on informal connections, barter exchanges with city officials and other interested groups, and cash flows that are not accounted for in tax reports. Some observations show that the connections of the school principals to the local governments can be crucial for the school's development. The best related principals were previously close to or occupied positions in the *nomenklatura*. Those who did not have such connections had to rely upon connections and networks at lower levels in order to find shelter under the old regime. The creation of good connections with the parents of the pupils has been an extremely useful survival strategy, where support ranging from help with the security protection of schools to help organizing holidays abroad for the students.

Connections of the school principals to the local governments can be crucial for the school's development.

[40] See also White (2001).

The authors argue that the independence of private schools is undermined by economic instability and legal indeterminacy. The paper concludes with a prediction that a large number of these schools will close due to the socioeconomic crises and the competition from elite state schools. According to the authors, this would affect the educational sector negatively as they see the value of private schools in diversification of educational opportunities. It is suggested that private schools can address needs that are beyond the public sectors' responsibilities or capacities.

Another study of informal networks in the changing educational institution broadens our understanding of the special patterns of social cohesion in the postsocialist context. Markku Lonkila (1998) provides a fascinating case study of the social lives of Russian teachers in comparison with teachers in Helsinki.[41] He finds that there are much greater numbers of teachers, pupils and parents in the Russian teachers' networks than is the case amongst their Finnish counterparts. This, he argues, indicates the weaknesses of the professional sphere. At the same time, it compensates for these weaknesses by recreating a social milieu that provides access to informal resources. The conclusion he draws is that this pattern of condensed social and professional networks may be largely inherited from the socialist era but it is not a passive inheritance from the past. Rather, it is an active way to counteract the lack of formalized access to resources and to mould the transition in everyday life.

Continuous government ineffectiveness has made the inward-oriented survival strategies persist.

Alapuro (2001) develops this theme further and argues for the study of everyday experience and interpersonal practices in order to understand preconditions for solidarity or lack of them among teachers. The author challenges the view amongst some scholars concerning the

[41] Another publication (Hagan et al. 1996) deals with this issue both theoretically and empirically in a publication on Toronto's children, migration and parental support. They argue that the loss of the supportive community based social milieu could be replaced successfully by parental support of children. The authors suggest that "parallel analysis of parental occupational and community processes of closure and connectedness may account for outcomes as seemingly diverse as work and crime and at varying levels of aggregation" (Hagan et al. 1996).

weakness of the civil society in Russia and the lack of collective action that is supposedly due to the atomization of society. Rather, the reasons for an apparent lack of collective action are grounded in a completely different social organization in the postsocialist context. The efforts of the Russian state to exercise new forms of governmental control were met with an organized interest struggle. However, the continuous government ineffectiveness has made the inward-oriented survival strategies persist. The author outlines three different modes in which governmental control and degree of effectiveness (that is capacity of the state to implement policies) affect intra and extracommunity ties. The first one is the collective action to sustain pressure on the state while the second is a defensive orientation within the workplace as the basis of solidarity. An example where both modes appear to be mixed is the Union of Workers in Education and Science: it is both an interest organization of teachers and at the same time a provider of social and cultural facilities as was the case during socialism (pp.22–23). The author gives this example to illustrate how there is "a new repertoire in the form of the organized interest activities, but it is imbued by the earlier sociability and copying strategy," that strengthens teachers' informal networks and intercommunity trust (p.23). This fusion of the old and the new is the adequate response to a new situation, in which the state has both democratized and failed to be effective (for example in control of inflation). The author assumes that in this situation, a strengthening of state effectiveness will enhance organized interest struggles and increased state ineffectiveness will accentuate the importance of mutual trust networks (pp.23–24).

The third mode, in the case of return of an authoritarian government, portrays trust networks between teachers not only as survival mechanisms but also "as a vehicle of evasion of governmental detection, and even, in extreme cases, as a source of active defense against the state," not as an interest organization but in the form of a disruptive protest (p.24).

The research by Hagan et al. (1995) highlights a different aspect of the importance of social capital in terms of networks and relations. The

authors study East Berlin youth's delinquency and offer insights into the main factors that could increase social control and social capital. They consider the processes of informal social control as processes of social capital building that can protect youth from drifting into deviance and disorder during adolescence. The findings suggest that in the comparisons between East and West Berlin youth, parental control was less important than educational attainment in schools in explaining differences between the two. At the same time both were found to be very important factors in the control of deviance. Unfortunately, this paper does not discuss the parent-school relationships, which play an important role in control.[42]

Another contribution of educational research and social capital in CEE has been the study of the possible ways to reduce the harmful effects of war. Stovel (2000) analyses the activities of some NGOs in their educational programs in Bosnia and Herzegovina and in Croatia. She demonstrates how education in a postwar environment is a slow and complex process. It is interwoven with the state of trauma, grieving and approaches to resolving the conflicts of participants and their communities.

Education in a post-war environment is a slow and complex process.

One example given was how an NGO attempted to create interethnic mixing,[43] in one case requiring teachers, students and parents to participate in joint decision making in order to receive material assistance. Two schools shared a courtyard but neither the students nor the teachers communicated with each other. They were set a task to produce a common newsletter, but meetings between the two sides were difficult and although it was finally produced, the author doubts there was any significant impact. It seems that NGOs working in divided communities need many years of building trust before they

[42] In opposition to the projects that argue for the importance of mixed ethnically and religiously groups, Bougarel (2002) suggests that, in some cases, even non-mixed groups could create social capital extending beyond their boundaries. For the same argument, see also Engberg and Stubbs (1999).

[43] Contrast this with the more skeptical views of Stovel (2000).

could convince people (who would otherwise meet in homogenous groups) to risk participating in ethnically mixed sessions (Stovel 2000: 9). Instead, multiethnic conferences of young activists were found to be more effective in creating interethnic bridges. These activists were committed to a multi-ethnic Bosnia and it was important that NGOs provided them with an opportunity to meet, share ideas and break their feelings of isolation and form alliances.

This report by Stovel (2000) outlines the limits of education in solving certain social problems. While for example, in Croatia there was more education on tolerance, in Bosnia, education for tolerance was not seen to be in the interest of certain political and educational authorities.

Moreover, Stovel (2000) argues that for education to challenge chauvinism, it has to be psychologically astute. It is unhelpful to simply present lists of rights and moralistic arguments. Education should help individuals to recognize, understand and confront their own biases and the biases of other communities. At the same time, efforts challenging chauvinism that are linked to trauma need to be specific and be part of a dynamic process. They should be individualized to suit each person in their stage in the process (depression, aggression, revenge, etc).

Efforts challenging chauvinism that are linked to trauma need to be specific and be part of a dynamic process.

Another very important set of formal and informal networks is produced in the course of international cooperation inside CEE and between CEE and the West. The TEMPUS Program is one example of a major initiator of crossnational projects that builds social capital along international formal and informal networks. A good example that had a significant impact on CEE context but was also beneficial to the Western counterparts is a project on teacher training for special educational needs. The project is described in detail in Sayer (2002). One chapter refers specifically to the way the educational institutions interacted with parents (Laczik 2002). Laczik (2002) investigates home-school relationships in one primary school in Perm, Russia. The researcher employs qualitative methods to explore the various forms and activities that bring parents into schools such as parental

meetings, establishment of parental committees, informal meetings with one parent or several parents to discuss individual or whole class performances. The author observed that teachers have a leading role in establishing the school-parent relationship and that much depends on their personal attitudes and abilities as professionals. Parents also stressed the importance of communication and cooperation with the teachers. The conclusion suggests that such cooperation can lead to positive results and that both view points should be investigated in future research that seeks to understand how children can profit from better parent-school relationships.

4.4 Education as an Exit from Poverty

Education, together with gender and age, is usually considered as an attribute of human capital and not of social capital. However, it has been demonstrated how education can empower by positioning people in resourceful networks (see the sections above) and it is difficult to separate it from research exploring social capital. On the other hand, higher levels of social capital, in terms of increased participation in educational institutions and processes, have also been seen to contribute significantly to human development. These have been examined in the developmental agencies reports (see further below). When Orazem and Vodopivec (1994) discuss the winners and losers of transition in Slovenia one of their main findings relates to the importance of education in the relative rise of wages and employment. In the development agencies reports, education is considered to be the key for human development.

The deterioration of education in CEE is the "sixth cost" of transition.

The general reports, such as the *Human Development Reports* of the UNDP, contain useful information about the challenges facing the educational sphere in each country. The major issue they deal with is the relationship between poverty and education. When they discuss strategies to exit poverty through education or through improving educational institutions, they often address (even if not directly or

consciously) issues of social capital. Most reports deal with the issues of community empowerment and participation as alternatives to weak state structures and in the context of decentralization of state structures and of education in particular. These themes are dominant in the reports given as examples below.

The *UNDP Human Development Report for Central and Eastern Europe and the CIS* (1999) defines the deterioration of education in CEE as the "sixth cost" of transition. The growing inequalities in access have increased with the rising costs of school attendance, the worsening quality of education, the ineffective privatization of schooling and growing poverty.

The *UNDP Human Development Report on Kosovo* (2002) regards education in the same chapter as arts and culture: Empowering society through education, arts and culture. It stresses the integrative role of education and views arts and culture as contributions to the growth and strength of a tolerant and cohesive society by supporting a network of new ideas, interests and traditions.[44] Here, the role of education in empowerment through capacity building and training is stressed too.

The *World Bank Report on Slovakia* (2001) contains a very good yet short section on education in the section on "Poverty Profiles." The authors argue that poverty risks can be surmounted by educational attainment but still do not find a clear causal link between education and poverty. The most insightful is the section on Roma education where they describe how the social isolation of Roma is reproduced through diminished access to schools. Special schools are examined in detail and described as both institutions of segregation and as institutions that are often preferred by the Roma for their security from discrimination. This section includes some good lessons where teachers' close relations with the community led to increased attendance in schools.

[44] For a critical commentary on such approaches see Harriss 2003 and Harriss and Mihaylova (2003).

4.5 Conclusion

The research on education and social capital in CEE is growing but still very limited. The main achievements of educational research in CEE lie so far in filling the general informational gap about the pace of structural educational reforms in each country. It remains to develop the more challenging aspect of educational research: the study of the actual mechanisms and processes that structure the educational sphere in different situations. Some examples of research on social capital discussed in the previous sections achieve these aims fully or partially by focusing on elite reproduction, informal networks, and education as an exit from poverty. Among the most useful studies in this respect so far are the ethnographic ones – the observation of everyday interactions between different actors. In the view of this author, the problems of classrooms, schools and their links with other institutions, the NGOs' activities, and the interaction between formal and informal networks for education are all best understood through a systematic collection of ethnographic data on specific social processes.

Such studies presuppose an ethnography of the state and its institutions, as the volumes by Weber and Liikanen (2001) and Lonkila (1998) demonstrate. According to Webber and Liikanen (2001) this approach demonstrates the relationship between civic culture and the state rather than assuming the separation between the two. They also argue that Western modes of organization should not necessarily be sought as examples as there are specific conditions and phenomena in the postsocialist world, which cannot be directly translated into Western political or scientific discourses. Webber and Liikanen suggest that the important role of education in influencing patterns of social relations is yet to be recognized. A new kind of social conflict in the postsocialist countries is appearing from the restrictions of children to nonfee paying education.

This discussion can best be studied if the effects of the socialist past are not exaggerated and attention is focused on the current processes.

The breakdown of the societal safety nets, which existed during socialism, has led today to the escalation of social problems, social exclusion and delinquency among students in the postsocialist world. Education policies have not been a sufficient tool to address such issues and this is where the relationship between education and civic culture needs to be studied better: some examples (among many possible ones) could be found among those described in Webber and Liikanen 2001: 4–8: the analysis of how the development of gender and women studies in Russia has been closely linked to women's movements; the study of how differing political traditions and notions of civic identity play a significant role in the interaction between educationalists from CEE and the West but could be overcome in a process of cooperation in an educational project; how the rivalry between those with "cultural capital" (higher education) and those with "political capital" continued in postsocialism; or how to organize teaching of various ethnic groups and about ethnic groups.

This discussion can best be studied if the effects of the socialist past are not exaggerated and attention is focused on the current processes.

5. SOCIAL CAPITAL AND HEALTH IN CENTRAL AND EASTERN EUROPE

5.1 Introduction

The social capital approach in health studies proposes three major arguments: 1. that national mortality rates are determined predominantly by income inequality; 2. that the way this works is by reducing the stock of "social capital" which then leads to poorer health in communities; 3. the most likely reason behind this process is related to psychosocial factors (Pearce 2003:122). Pearce argues that focusing on communities, as social capital proponents in health research suggest, may be ineffective, create resentment, overload community resources and lead to "blame the victim" at community level ignoring the macrolevel social and economic policies (Pearce 2003:122). In

this case, a social capital approach strengthens the lifestyle/behavioral side in its debate with the structural/materialist, or neomaterialist position (Pearce 2003:122). To date, social capital has been mobilized as a concept mainly in the study of the relationship between health inequalities. In most general terms social capital is associated with social networks, and thus, studies in health and social capital often examine the role of social networks and social cohesion for health of individuals and communities. Other themes are related to the role of trust and civic participation in determining health at an individual and community level (Pearce 2003:124–125). Neomaterialist explanations argue that interpretations of health should start with the structural and the material causes of inequalities rather than with just perceptions of inequalities that are studies by the social capital proponents (Pearce 2003:126). Pearce argues that the concept of social capital is only repackaging older notions such as "community capacity," "empowerment," "social support" that have been studied extensively and often criticized. For example, the argument that reduced social networks are in themselves causing ill health is not plausible because it may be that other socioeconomic factors influence both social networks and health. This debate operates within health research in CEE in a similar fashion and the following section addresses this through a review of some of the major academic publications that use "social capital" or some of its synonymous concepts.

To date, social capital has been mobilized as a concept mainly in the study of the relationship between health inequalities.

"Social capital" has also entered some of the action research initiated by the developmental organizations. The actual term "social capital" does not occur very often in the health reports on CEE that will be examined here. For that reason, the review includes some research that focuses on the same issues without using the term. Such research generally examines the reasons for the rapid deterioration of health in CEE, some of which by way of concepts that are close to or synonymous with social capital. Research that utilizes the term social capital is only now becoming established with developmental programs of the World Bank or the UNDP. Independent of whether the concept

of social capital is used, the aim of these studies usually is to suggest possible ways to improve health in CEE.

Thus, the two main themes regarded here relate to social capital as an explanation for poor health (poverty, social cohesion, lifestyles, context, structure, health systems and health reforms); and to social capital as part of the relationship between communities and the health care system. The latter is more often the object of the reports in development and concerns specific health policies or actions that increase the accessibility of the health services.

Specialized or more general health reports (from the WHO, The World Bank, UNESCO and UNDP) contain sections on health where, as it was already mentioned, social capital is implied in the matter discussed even if the term itself is not used. These reports stress the relationship effects of poverty on health and the production of a closed circle of poverty and poor health in CEE among the disadvantaged and marginalized people. However, most authors agree that there is not enough research on health in CEE and, in particular, on how social issues affect or are affected by health. Despite the fact that "social capital" may have brought new life to old debates in health research, many issues still remain a challenge for researchers.

Most authors agree that there is not enough research on health in CEE.

5.2 Mortality and Ill Health

A rapid deterioration in health has been recorded throughout the whole region of CEE with the situation in Russia presenting the most alarming case. Growing mortality rates (especially among the middle-aged men) have become the subject of an increasing number of health analyses. The main research themes address the reasons for the poor health in CEE. As mentioned in the previous section, they relate to older debates within health studies such as the role of "social cohesion," "social support" and "social networks" in health. These three concepts are connected to explanations of the supposed cultural East-West divides, socialist legacies, lifestyles and education (human capital) or of

the salience of the contemporary context (socioeconomic and political crises).

Scholars often approach current mortality rates as a logical consequence of the socialist regime. Their argument is undermined by the fact that, in some cases, mortality was higher before socialism and only stable after socialism. Also, despite certain negative features of socialist health provision and socialist societies in general, there were many improvements in health services and in health during socialism. The study of Nowa Huta in Southern Poland (Watson 1998), for example, shows that specific socialist contexts and not socialism as an undifferentiated force played an important role in health.

5.2.1 Civic Participation and Health

Countries with higher rates of civic participation have better health.

The first group of publications (discussed here) demonstrates a relationship between social cohesion in terms of civic participation (electoral behavior, membership in political or nonpolitical associations), trust in governments and health. According to some authors, low participation together with worsening material factors affects health negatively (Marmot and Bobak 2000). Other authors examine civic participation without investigating the effects of other material factors. For example, Kennedy et al. (1998), Reitan (2003) and Carlson (1998) study participation rates exclusively and reach the general conclusion that countries with higher rates of civic participation (expressed in voting or in membership in nonpolitical organizations) have better health.

Kennedy et al. (1998) attempt to establish particular ways in which individual health is related to social context. They argue that if people do not vote and do not show interest in politics (which prevents good governance), their quality of life and health will worsen. The authors rely on secondary data (that is not on their data but on social capital in the sociological literature) to support their argument about the salience of "social capital" and the assumed "lack of civil society" in Russia. Some of their findings suggest that the mortality rates of isolated people is twice or three times that of more well-connected people.

Bypassing the large field of criticism of the social support theory (see further below) the authors argue that it is a well-established fact that social cohesion enhances well-being.

In a more critical manner, Reitan (2003) examines the relationship between life expectancy and electoral turnout. He concludes that his research has not found a clear causal link between the two despite some existing correlations. Moreover, the author suggest that there will be other factors at play even when regions with relatively higher life expectancy are more likely to produce higher turnout at elections. He names higher income and regional prosperity, both of which are context related factors. The author suggests that there may be an independent path of public health (that is that public health may be influenced by other factors) whose path trajectory (that is the way health improves or deteriorates) just happens to coincide with the electoral turnout's one.

Despite certain self-admitted limitations Carlson (1998) presents more nuanced data than the previously mentioned research. His results show that countries with a higher degree of membership in organizations have better self-perceived health. However, for people in Eastern Europe it was found that life-control matters more than membership in organizations in assessing self-perceived health. The most powerful predictor of self-perceived health in both Western and Eastern Europe remained economic satisfaction. In this way, the author concludes that household economies must be improved first despite the importance of control in everyday life and the need for a stronger civil society. The author argues that processes at both micro (at individual and household level) and macro (for example macroeconomic or political) levels should both be considered in relation to health

Political disengagement can be protective and lead to a better psychological health and, thus, a better ability to cope with post-conflict situations.

Unfortunately, all three publications are concerned with very large areas (Europe as a continent, whole countries, or regions) and their findings tell little about the day-to-day realities and the actual mechanisms through which their findings work. All of them present different evidence about the causal (or other) links between social cohesion (in terms of civic participation) and health. Two of the

authors show that there may be no link at all and that there may be other significant factors affecting health. Rose (2001) demonstrates that most of his indicators of social integration (for example membership in organizations) consistently fail to appear to have a significant influence on health. The work by Jones (2002) even suggests that, in particular situations, such as the postwar one, lack of participation may be more constructive in some respects.

Jones (2002) provides data from an extensive qualitative research on youth and political engagement in Bosnia and Herzegovina. She argues that while political engagement may be useful for health in low-level conflicts (where there is a scope for action), in other cases political disengagement may be protective and may lead to a better psychological health and, thus, to a better ability to cope with the postconflict situation. She points however to one drawback in disengagement in this situation: the risk of ethnic separatism remaining unquestioned.

This study highlights the great importance of context in considering civic engagement and health and the need to address the entire complexity of the society. The author also shows that focusing on individual psychological recovery is important but structural changes (reenergizing the economy, integration and modernization of the education system, political initiatives, etc) have equally important and sustainable results on psychological well-being.

The research on these themes suggests that there might be very limited conclusive evidence about health and civic participation and the only certainty is that there is no clear or solid causal link between the two.

5.2.2 Health and Lifestyles

Did state paternalism promote a false sense of security and careless behavior?

According to some authors in the field, eg (Pearce 2003) work on social capital is advancing a lifestyle hypothesis where individual lifestyles are seen as responsible for poor health. These studies argue that lack of information about health, particular types of behavior, a greater belief in uncontrollable influences (such as destiny) and diminished

emotional well-being all contribute to ill health in CEE (Steptoe and Wardle 2001). The main proponents of the lifestyle theory in CEE (Cockerham 1999; Cockerham 2000) paint a particular picture of socialist health policies and their lasting effects. The regimes are blamed for their patronage orientation and limiting individual responsibility. Individual health was not valued and health care was inadequately funded. The authors argue that state paternalism dominated in CEE, promoting a false sense of security and careless behavior (Cockerham 2000). These features of socialism are seen to a large extent as determining the high mortality of middle-aged men after socialism. Some sociodemographic characteristics (such as working class, or urban) and some unhealthy life style behaviors (such as smoking, heavy alcohol consumption, etcetera) are seen as important or major determinants of high mortality rates.

Thus, while some research (as in the previous section) demonstrates that an exclusive focus on individuals as members of civic associations or participating in civic activities is an unreliable guide to understanding health, other research suggests that a focus on individual attributes is insufficient as well. Thus, it cannot be concluded which one has more impact than the other.

Although lifestyle choices are important for health, a number of other studies argue against the often a-contextual approach of the lifestyle theorists. Alternative approaches stress that lifestyles are significantly influenced by social circumstances and can only be grasped if their context is understood (Kee and Shkolnikov 2001). This approach paints a picture of contemporary societies where people face social and economic disruption on a large scale for which they are not prepared and this results in ill health (McKee and Shkolnikov 2001). Levels of social support, control over ones' life, lifestyles and education, are all very significantly shaped by the general socioeconomic and political context.

Other authors argue that ill health among some groups of population is related to lack of "social support," that is to exclusion and inadequate

participation in a society's structures or opportunities (Siegrist 2000). Some studies have demonstrated that separation, or loss and lack of support, and lack of companionship in informal social networks cause higher mortality risks (Siegrist 2000). Both health damaging behavior and exposure to stressful environment should be considered together to explain the health related problems in CEE (Siegrist 2000). The link between social networks and health is examined in more detail further below.

5.2.3 Inequalities and Health

The polarization of society is an important factor in health deterioration especially among men.

The link between socioeconomic status and mortality is one of the best-documented ones. The greater the difference between poor and rich the higher the mortality rates, in other words, it is not the absolute level of wealth in the society that matters but the economic differences within that society (Kopp et al 2000). The polarization of society is an important factor in health deterioration in Hungary, especially among men. Kopp et al. (2000) find a very close relation between economic deprivation and ill health. The mediation of relative deprivation by subjective, psychological factors is also important, especially in a suddenly and rapidly changing society. Decrease in control at the work place and decrease in perceived social support are one of the most striking changes that also affect health (Kopp et al. 2000).

Some authors conclude that income inequalities lead to increased mortality through disinvestment in social capital. Social capital has been nominated as a possible mediating variable in the relative income hypothesis. Following Putnam, some authors argue that the widening gap between poor and rich leads to higher levels of mortality through the breakdown of social cohesion (cited from Hawe and Shiel 2000). Income inequality exerts influence through psychological and cognitive mechanisms, but social inequalities are equally important. Pearce (2003:126) argues that "we should start by examining the material, institutional and political factors that are major determinants both of community levels of social capital and of health inequalities."

Psychosocial mechanisms (for example perceptions of place in the social hierarchy) may play a role as just one among many other potential pathways between macrolevel forces and health (Pearce 2003: 125). As it was mentioned earlier, research that focuses too easily on the individual or the community without considering the wider context may result in blaming the victim and produce ineffective interventions (Pearce 2003:126).

Some authors take a middle ground between lifestyle and context and argue that acute transition combined with low social cohesion and inequality leads to a decline in health that, at least in part, is mediated by behavioral changes. In this scenario, cohesion can ameliorate the effects of transition on health (Walberg et al. 1998). Such is the work by Bobak et al. (2000) who state that material deprivation may have appeared as powerful predictor of health status in the context of the postcommunist economic crisis. The model suggested by Bobak et al. (2000) describes how the broader social environment (for example income inequalities) leads to immediate socioeconomic circumstances (for example deprivation) that, in turn, lead to psychosocial factors (for example control) that, in their turn, lead to specific behaviors, which lead to health (self-rated health) (Bobak et al. 2000).

5.2.4 Social Support and Social Networks

Social capital has a positive effect on both household economy and household health.

Social capital in terms of social networks and social relations has been the subject of several health focused research projects in CEE. These projects have been focused on individuals and households. O'Brien et al. (1996) and Rose (2001) suggest that people who can rely on networks (formal or informal) have better health (especially mental health) as they receive more support. O'Brien et al. (1996) suggest that larger percentage of kin in the social networks as well as larger total number of ties in helping networks are associated with lower depression scores. The authors study the effects of ties on economic growth and conclude that larger percentage of kin is not associated with economic growth. At the same time, the total number of helping ties and the

degree of integration into the village community is positively associated with economic growth. They conclude that more social capital has a positive effect on both household economy and household health.

Rose (2001) supports these findings and argues that household income influences mental health positively in parallel to reliable networks. The author does not find that education is a significant predictor of health and the results suggests a questionable role for trust as predictor of health. Trust in other people has not been proved to be a significant predictor in physical and emotional health. Also "the importance of the relationship between trusting other people and health is muted by the fact that the Russians are distrustful. The relationship between emotional health and trusting friends rather than newspapers or television for information is less strong and negative. This implies that face-to-face sources of information may be an indicator of "backwardness" or, alternatively, of stress generated by experiencing the gap between Soviet media and everyday reality (p.39). The contribution of his work lies in that he demonstrates that an approach to health that considers only socially significant attributes of individuals is incomplete and that networks between individuals and between individuals and formal institutions matter too.

However, the author does use rather large data sets based on general surveys (the *New Democracies Barometer*) whose reliability is questionable. For example, the author only uses one question to measure trust in institutions and one question to measure trust in other people (How much do you trust most people you meet?) to about 1000 people in each country making it difficult to explore the actual relationship between social networks and health.[45] The effects of health, and specifically of ill health, on social networks are thus only partially explored. For example, is it possible that less social networks are also a product rather than only the cause of ill health?

Moreover, the social support literature (long predating the concept of social capital) has already amassed a huge body of work

[45] See Franks et al. 1992, and for a more critical overview see Harpam (1994).

on the links between social relations and health. This body of work has significant drawbacks already recognized by many authors.[46] The study of networks and health belongs to a wider debate, which needs to be carefully considered before further research is undertaken. Some of the main criticisms refer to the fact that social relationships are not always necessarily beneficial (Franks et al. 1992) or that there may be confusion of social networks (the structure of linkages) with the social support (behavior) (Harpam (1994). While most social support theorists agree that social support is "good," social exchange theorists argue that there is cost to social relationships as well as rewards, and that this is underestimated by social support theorists (Harpam, 1994).

If research is expected to provide advice for effective interventions in social support to enhance well-being, then this would best be addressed by a community level research. A parallel and thorough examination of the cultural and social contexts could be achieved by a number of methods and perhaps most thoroughly through ethnography: for example the descriptions of patterns of shared cultural meanings, behavior and experience (Harpam 1994). Then, there might also be a case for a cost/benefit analysis to help assess the implications for health spending priorities, some nationwide or perhaps region wide surveys to try and assess whether policies inspired by this approach could be drawn up at that level or a more local level, a historical analysis to see whether there are particular organizational innovations which may be picked up, etcetera[47]

5.3 Health Reform Development Reports

The reports of the development organizations add another aspect to the discussion of social capital in health. The implication of their work is that social capital could be understood in terms of community

[46] This last sentence is an incorporated comment by Andrew Cartwright.

[47] See the section on networks and the section on trust in relation to economic growth and entrepreneurialism in the chapter on "Social Capital and Institutional Change."

empowerment and participation in health management and provision. They address the actual health reforms and suggest that in the context of state withdrawal, decentralization must be effectively implemented and based on the principle of participation of all stakeholders in the implementation of the health reform in CEE.

5.3.1 UNICEF (2000) A decade of Transition

This report has a whole chapter (Chapter 3) on health where the following issues are discussed: achievements in health, disturbing trends, health over the life cycle (with a focus on young children, adolescents and women), growing health inequalities, challenges for health policy and conclusions. The report opens up with a definition of health from the World Health Organization: that health is a state of complete physical mental and social well-being and not merely the absence of disease or infirmity (p.47).

A special section is devoted to health as a predictor of economic growth. It is also suggested that countries that revived their economic growth and have made serious economic and political reforms have managed to increase economic growth in a sustained basis. The authors bring attention to the importance of increased life expectancy: for example, for a sample of several countries, the increase of life expectancy with one percent in 1965 has brought up an increase in GDP of three percent per each year for the subsequent quarter century (p.48). The report explores some of the reasons for increased mortality and points out to increased psychosocial stress as a major factors causing cardiovascular disease and hence, mortality. Levels of HIV/AIDS in the region are still relatively low; however, a trend of increase has been detected. The report recommends the implementation of government policies to tackle this problem: making safe behavior less costly, creating awareness and targeting the underlying socioeconomic causes, especially youth unemployment; as well as providing whole population education on HIV/AIDS. Tuberculosis has also been singled out as a growing threat of health in the region.

The report recommends that governments should address the underlying socioeconomic causes of health (for example unemployment) at the same time as stressing heath education programs. According to the authors: "public health initiatives are a classic domain of the government. The private sector does not have sufficient incentives to supply public health programs of general benefit to the population at large (p.65). Access to the health care system and particularly inequalities in access is also pointed as a serious concern that must be targeted by the government: "poor and marginalized groups should benefit like everyone else from public health policies. To these ends, the efficient management of resources and the assurance of an adequate financial basis for the public health system are as important for the poor and the marginalized as they are for everyone else. [...] Improving health care and health outcomes for the disadvantaged contributes to a more cohesive society as well as expanding the capabilities and the productivity of the individuals concerned" (p.66).

Informal payments obstruct access to quality health care for many people.

The report examines the health of children, young people and women from the life-style perspective: A very insightful section deals with the informal payment system as increasing inequalities in access to health care. This topic is studied in much more detail by Balabanova and McKee (2002). They demonstrate how these payments result from the socioeconomic and not from the cultural or traditional situation in Bulgaria. The findings suggest that informal payments after socialism have increased and have thus become less affordable. They have, thus, obstructed access to quality health care for many people. Balabanova and McKee conclude with very specific and affordable policy measures that could be the starting point in reducing the importance of informal payments.

5.3.2 The UNDP Human Development Reports

These reports are prepared annually for each country and contain sections on health. They deal predominantly with the structural changes to the health system and contain useful information about ongoing

health reforms. As the reports are country specific, they provide insights into the particular problems or achievements of each postsocialist country. Without mentioning social capital, these reports deal with most of the issues addressed by the wide definition of the concept. However, despite the fact that they often reference social cohesion as a major issue, they generally pay less attention to the relational sides of social capital. The reason is they are usually general reports and focus predominantly on the material sides of the reform. Access to health care, reducing the effects of poverty and war, inequalities and risk, community participation and empowerment, and decentralization are some of the main concepts used in the reports in general and in the sections on health in particular. The systematic research of such reports could provide a comparative basis between countries but also between different stages in each country.

Treating lifestyles is treating symptoms rather than causes of ill health.

The report on Bosnia and Herzegovina (2002) contains a section, "Health Care Reform," where the effects of war and poverty are seen as the main factors affecting health. This report stresses the importance of decentralization and access to health services. It suggests that socioeconomic determinants of health (employment, income distribution, housing, health policy, etcetera) need to be addressed alongside institutional strengthening. A controversial finding (in the context of various works suggesting widespread mistrust towards institutions in CEE) is that people in Bosnia and Herzegovina espouse an outdated and exaggerated belief in institutions and public systems even while these are currently functioning inadequately.

The report on Kosovo deals with similar issues of war and poverty but it also joins health and environmental issues together in the section of "Ensuring Longer, Healthier Lives and a Clear Environment." Despite the recognition of the effects of war and poverty on health, and the efforts to reduce risk caused by poor social and economic conditions, lifestyles are also targeted. However, it is important to note that often treating lifestyles is treating symptoms rather than causes of ill health. Often, the individual choices of life styles are constrained

by structural factors, by the postwar context and poverty. In this report community mental health services and active participation are seen as the best solution to outstanding problems, which address the importance of social capital.

5.3.3 The World Bank Reports

These reports are a part of a global research effort on poverty and development. It is the first large-scale comparison that draws on a participatory research in a systematic fashion. The value of these reports lies in that they present the situation as ordinary people experience it and use concepts that people use to describe their situation. All reports from postsocialist countries present health as one of the first three everyday life concerns, especially among women and the elderly.

The economic situation is seen as the main reason for increased ill health. Socializing is also described as reduced due to the effects of poverty. The definitions of poverty provided here could be used to operationalize the concept of social capital and study its effects more precisely elsewhere. There is extremely valuable information that may be used to build hypotheses in the sections on coping strategies, pointing to amongst other factors to the importance of social cohesion and family. The report on Bulgaria stands out with its exhaustive and rich material that provides very insightful comparisons between urban-rural populations and between various ethnic and religious groups.

In addition to the above reports, there have been more specific works providing examples for collective community efforts in combating health problems. Such cases studies are very insightful on how social capital (communities together) operates. The study on drug abuse by Kramer (1990) in Russia provides an example of such a case study. He shows how private citizens and institutions have been actively engaged since 1985 in a common effort to support drug addicts and formed the Society of Friends and Parents of Drug Addicts.

Social capital may not bring many new insights on how to build relational ties.

In conclusion to this section, one may argue that social capital would not bring many new insights on how to build relational ties: community development has had a long tradition and has long aimed to strengthen existing networks (Hawe and Shiel 2000). One area where the social capital concept could contribute is related to the need to maintain reciprocity across networks and not to replace culture specific support styles with professional support (Hawe and Shiel 2000). It is suggested that capacity building and empowerment could provide a possible continuum from micro (individual and community) to macro (local and central health care or state institutions) dimensions of social capital. However, both capacity building and empowerment are very context specific and not likely to be transferable from one context to another (Hawe and Shiel 2000).

McKeehan, for example, argues that a preventive health policy should be informed by a multilevel theoretical perspective that can identify those structural conditions that increase the disadvantages experienced by some groups. His research demonstrates that the social context of a community affects the health of people independently of the effects that individual health style or social connectivity (existing social relations) may have. Among the psychosocial factors, it was poor diet, lack of social cohesion and social support that consistently predicted ill health. The author suggests that the increase of relative social inequality may be the causal factor to individual lifestyles that are responsible for ill health. Thus, the lifestyle approach remains highly questionable when it is not contextualized.

5.4 Conclusion

The review of the published research on social capital and health in CEE reveals that the concept has only recently been imported in the region. The import process has led to some unsuccessful as well as to some more adequate efforts to define it and operationalize it for the

specific context of CEE countries. The concept has usually failed to take root in well-established areas of health research and it often only readresses older theories of social relations and social support. The concept of social capital has been utilized with very different meanings that can be roughly divided into relational and material dimensions (cf. Pearce 2003). Social capital may be a useful metaphor to address the need to formulate clear individual and collective responsibilities and the links between the two. The criticisms of the use of the concept should be carefully considered in order to determine if this concept is indeed bringing new insights. As demonstrated above, many authors discuss issues that are synonymous with social capital without referring to it at all and their works do not seem to suffer from this. In this situation, it may be very difficult to introduce "social capital" unless it is the specifically defined use of the concept meaning "networks and the resources drawn from them." However, the extensive experience of network studies should then be considered too.

Existing research often fails to capture the qualitative difference between micro and macro contexts and neglects a realistic assessment of the institutions and environments that promote social capital.

General criticisms of social capital's application in health research are abundant but they are not cited in most of the works discussed above. In a very rich review of the literature and recent debates, Hawe and Shiel (2000) agree that there may be some rhetorical and metaphorical value in "social capital" as well as in the concept's relational approach (including networks and trust). At the same time, they argue that it fails to adequately capture the qualitative difference between micro and macrocontexts and that it neglects a direct (first -hand and realistic) assessment of the social institutions and environments that promote social capital (in families, classrooms, groups, community agencies, etcetera). It is pointed out that there is 25 years of health research in those fields that is not to be neglected and simply retheorized (Hawe and Shiel 2000).

6. SOCIAL CAPITAL AND ECONOMY IN CENTRAL AND EASTERN EUROPE

6.1 Introduction

Social capital has been utilized in a number of different meanings and disciplinary approaches to describe various economic processes in Central and Eastern Europe. This concept or its synonymous concepts (trust, networks, civic participation, social cohesion, reciprocity, cooperation and some others) can be encountered in numerous fields of economic research though always related to one of the following questions:

- If and how does social capital affect the development of a market economy and economic growth?
- How does economic growth, economic crisis or income inequality affect social capital?

The answers to these questions are then translated into suggestions for better policies that would stimulate "more" or "less" of "social capital" depending on how its role is perceived. Some analysts go further and examine the relationship between social capital, the economic situation and democratization. The major debates where "social capital" was introduced are concerned with state interference versus self-enforcement of market rules, shock therapy versus a gradual introduction of market rules and finally, the role of the informal economy.

If one is to include works that do not utilize the social capital concept itself but deal with similar issues, then the research on economic activities and social capital becomes virtually unlimited. Moreover, it overlaps with other large fields such as institutional change and the state or culture and economy. For this review, I focus on the most representative examples of two different trends in which "social capital" seems to be entering the CEE region.

The first approach has a macroperspective and is usually based on quantitative research, examining the relationship between the economic growth of larger entities such as whole countries and social capital (defined mostly along Putnam in terms of trust, civic participation, etcetera). The second examines predominantly smaller geographical areas and focuses on individuals and the household. It combines qualitative and quantitative data and views social capital as interpersonal networks and the resources acquired through them.[48] The research of the informal economy also falls within the second group of works. Further, I present the main arguments of both groups consecutively.

6.2 How to Increase Economic Growth in CEE? The Macroapproach

Levels of trust in institutions and generalized trust are not always significant predictors of individual income.

Raiser et al. (2001), Raiser (1999) and Bjornskov (2002) examine the role of social capital, by which they mean levels of trust and civic participation, in economic growth. Bjornskov (2002) compares economic growth and social capital at the individual level in Slovenia and Estonia. His findings suggest that trust in institutions and generalized trust are significant predictors of individual income only in Estonia (Bjornskov 2002:14). Civic engagement was found to be a strong predictor of individual income in both countries and the author argues that more participation in society is likely to have a positive impact on individual income (Bjornskov 2002:17). The work does rely on large data sets collected using questionable survey questions. Moreover, the results are less certain when read in the light of more qualitative research. For example, Bougarel (2002) suggests that civic engagement in Bosnia and Herzegovina was less widespread among the poor. Although this at first sounds like a similar finding, in fact it

[48] See the section on civic participation in the chapter on "Social Capital and Civil Society" in CEE.

denotes the complexity of the situation. Simply mobilizing the poor "to participate" will not resolve their situation and reduce poverty.[49] Such arguments might be taken as undermining the responsibility of the state institutions and policies in poverty reduction (see Bateman 2003 for extensive criticism of the "social capital industry" and its role in arguing against state "interference").

The state can directly influence the social basis for extended trust.

In contrast, Raiser (1999) defends the importance of state action. He claims that extended trust (trust beyond family and existing business contacts) is a key ingredient in the institutional infrastructure of a modern market economy characterized by a complex division of labor. Based on this, he suggests that distrust in the state is a significant factor behind disappointing economic performance. His paper contains a very detailed discussion of various forms of trust in order to highlight the relevance of extended trust for economic growth. A challenging argument to be further explored is that contract enforcement by the state is a crucial determinant in the emergence and maintenance of extended trust (Raiser 1999:6). The author points out the mutual dependency between extended trust and state enforcement: each one is necessary for the other one to grow. This would mean that extended trust is necessary for both the state to grow and the state's capacity to enforce contracts to grow. The state having to intervene to enforce contracts would be a sign that trust has broken down and the other party has no faith in the other's willingness or capacity to rectify a situation. Raiser also points that the state can directly influence the social basis for extended trust (Raiser 1999:14) and that the state can also directly promote the development of business networks (Raiser 1999: 15). The lack of trust is also seen as the major obstacle in the creation of entrepreneurship.

[49] But note that Raiser (1997) argues: "While governments cannot directly influence trust in public institutions, they can do so indirectly through formal institutional reforms that limit the scope for predatory behavior by public officials and improve political and economic performance." (p.28)

In a later publication, the same author (Raiser et al. 2001) defines more precisely the type of trust that could be related to economic growth. The paper explores the initial conditions for the creation of social capital (in terms of trust and civic participation) so that economic growth is increased. The authors find that, in contrast to the established market economies, the CEE transition economies are not characterized by a positive relation between trust among anonymous individuals and economic growth. After the authors defined trust more specifically as trust in public institutions, they found that this type of trust is positively related to economic growth.

Holland (1998) analyses the successes and failures of a community development project in Northern Albania. She argues (based on Szompka 1993), that trust can substitute for inadequate law-enforcement systems (cf. Giordano and Kostova 2002). She attributes to lack of trust Albanian's little savings, little investment in skill acquisition and little cooperation. Apart from this type of distrust, the local people also distrusted each other as well as the outsiders (for example the community development workers). Adhering strictly to the modernization and neoliberal paradigm, Holland blames the underdevelopment of a liberal market economy in Albania on lack of social capital and trust and on the availability of what she calls (rather strongly and in an orientalist fashion) a "primitive social capital": "…the level of development is considerably lower, while cultural deprivation has prohibited modern forms of civic engagement and stifled social relations. Instead of trust and networks of civic engagement, the history has produced a vicious circle of distrust, reinforcing a form of primitive social capital which resided in the private world of family and clan, not in the networks of the market place where risks could be taken and economic cooperation sought" (Holland, 1998:70).[50] A criticism of such culturalist explanations can be found in Giordano and Kostova

[50] See the section on "Social Capital and Institutional Change" where interpersonal networks and trust are discussed in more detail.

(2002) who examine the social production of mistrust as a result of the interaction between people and state.

The link between civic participation and economic growth is examined in Raiser et al. (2001) and the findings suggest a positive correlation between the two. As a result the authors conclude that there may also be a correlation between trust and civic participation. They assume that the costs of transition may leave people politically passive and locked in sublevels of distrust in society. The authors contend that civic participation increases economic growth because civic organizations have the ability to improve market effectiveness by transmission of information, by lowering monitoring costs, by enforcement and by voicing the position of market participants in the political process (Raiser et al. 2001). In order to assess this argument better, exceptions may be usefully considered. The case study of the taxi drivers' successful mobilization against the government policies described by Sik and Wellman (1999) offers an alternative perspective on the preconditions for economic success and civic participation. It was the taxi drivers' network born out of the informal economy rather than their generalized trust that eased their civic action and consecutive success in confronting the state (Sik and Wellman 1999:246–248).

A qualitative approach to studying trust and the transformation of informal networks into market-players arguable sheds more light than findings solely based on large-scale surveys and country comparisons. For example, The World Bank Report *Consultations with the Poor, Bulgaria* (1999) offers very useful data on the real life mechanisms of conversion or nonconversion of the subsistence economy into market economy. The authors describe in detail two typical case studies of rural people who plan how to produce and sell at the market: one of growing crops and the other raising pigs. These case studies convincingly illustrate the vicious circle of the subsistence economy and why it can be so difficult for it to be transformed into a market economy. The study shows how the current stalemate does not result from a lack of information or lack of desire to go to the market, or to

The current stalemate in the rural subsistence economy does not result from a lack of information desire to go to the market, or to become private businessmen.

become private businessmen. It is clearly shown that people do not lack market consciousness. On the contrary, they show full awareness of economic realities such as interest rates, tax, and borrowing, and they do not disapprove of private business. The real problem lies in the underdeveloped market situation for example ineffective expensive labor due to lack of machines and lack of market mediators; the lack of start-up money (bad lending terms, exorbitant taxes, etcetera); and problems resulting from land restitution or privatization (World Bank 1999). This report also adds to another large discussion on the role of social capital for the household and in the informal economy that is discussed below.

6.3 Economic Growth through Informal Networks

Social capital (in terms of interpersonal networks and trust) is frequently discussed in the literature on economic change and the informal economy in CEE. Most research that uses the term invokes social networks; various forms of social cohesion; reciprocity; interpersonal trust and the resources accrued through all of the above. Contrary to the studies described in the previous section, these focus more on the interpersonal level and on the actual operation and mechanisms of social networks. For that reason, they rely more often on qualitative data gathered through interviews and often participant observation, or at least they combine the quantitative approach with some qualitative data.[51]

Extensive network capital has been central to the emergence of new entrepreneurs.

One of the most often cited works in the transitional literature on CEE is that by Kolankiewicz (1996) focusing on social capital and social change. The author views the market situation as a network situation and explores the concepts of trust. Generalized trust (or extended trust)

[51] See the section on "Social Capital and Health."

is seen to have little importance for asset conversion. This is explained as one legacy of socialism where generalized trust tended to be low. An important insight is that extensive network capital has been central to the emergence of new entrepreneurs. The author argues that the postsocialist conversion of "social capital" (together with its wide range of other capitals political, financial, cultural/symbolic/informational) needs to be examined in order to understand how the market situation has been socially constructed in CEE.

The search for an explanation of the ability to transform political position or educational attainment involves examining the individual and the systemic level. Such research builds into the institutional analysis in both the economic and political sphere[32] and addresses themes of elite transformation, closed elite networks, corruption, and the shadow economy. An insightful example is the study of economic groups in Bulgaria by Ganev (2001). He provides a good example of how those economic groups dominated the early stages of postcommunist restructuring, arguing that their interests have weakened the state and thus inhibited economic development and good governance (see also Bjornskov 2003, Paldam and Svendsen 2000).

The discussion about networks inherited from the socialist regime is a central part of debates on social capital and economic activities. The main question is whether the networks from the socialist period are conducive to economic development or not? This has brought attention to the formation, types and role that such networks played during socialism and to their transformation in the postsocialist period (including the informal economy). An outstanding study furthering the debates is that by Ledeneva (1998) on *blat:* the use of personal networks and informal exchanges to obtain goods and services in short supply and to find a way around formal procedures in Russia. The author argues that *blat* thrived during socialism and continues to function today (Ledeneva 1998).

A central issue in the discussion of social capital and economic activities is the relationship between the state, the market and the

informal economy. Most research in this field discusses the social embeddedness of economic relationships (Hann 2002): it does not aim simply at examining questions of the relationship between state and market, but at demonstrating how this relationship evolves along social networks. As Hann (1990:9) puts it "the opposition between state and market has been a mainstay of political debate for most of the twentieth century" and it is continuing today. Hann (1990) called for a focus on the household as an alternative approach to focus analysis on the state or the market. Ethnographic detail (especially at the level of the household) could demonstrate "how the system works" (Hann 1990:2). The focus of some research on social capital follows this recommendation to change the viewpoint to the household. However, some research is based on unreliable surveys (for example O'Brien et al. 1996) and only few employ more participatory methods, which enable them to present a broader picture of the situation on the ground. Such examples are: World Bank (1999a) World Bank (1999b), Lawson and Saltmarshe (2002); Swain (2000), Hivon 1998 and others.

Studies of households and their networks offer contradictory findings.

While some economists once argued for a "shock therapy" approach in CEE, the more common position today is that the state and state institutions remain very important for economic success. The role of networks, and thus social capital, in between the market and the state has attracted significant attention. However, the studies of households and their networks offer contradictory findings.

The study of O'Brien et al. (1996) supports the neoclassical liberal "shock therapy" measures because their findings suggest that households can and will make adjustments and increase productivity if traditional services and work guarantees are removed. The authors base that argument on the research of Russian households and their networks (household structure, links of households to various areas of life, degree of household integration into the larger village community) against their income and mental health.[52]

[52] In the view of this reviewer, a similar one to the destiny of the concept of "ethnicity," cf. Banks, M. (1996) Ethnicity Anthropological approaches, London: Routledge.

Their findings show that households with more social capital (more household members, more networks and higher levels of integration into the community) were more successful economically (and also had better psychological adjustment to the stress of transition). Unfortunately, the authors do not have sufficient qualitative data to give more flesh to their findings, and their conclusions raise more questions than answers. A more grounded study of the important role of the state is by Swain (2000). He examines how social and cultural capital acquired from activities during socialism is of most significance (more than what was inherited from rich or powerful parents) in determining economic success in the private agricultural business. Through a crosscountry comparison, he demonstrates that those who had less accumulated social capital from the past might nevertheless find a window of opportunity in a well-developed formal state structures and legislation.

Is the informal economy a source for the creation of a "civil society"?

One discussion within debates about the relationship between market, state and people concerns the coexistence of the formal and informal sectors. According to Hann (1990) and Verdery (1999) it would be a mistake to make a clear separation between the formal from the informal economy as usually the two are intertwined in many ways. Despite the fact that many informal economies create obstacles to the development of the formal economy, some forms in the informal economy were found to be promising in economic and political sense (Hann 1990). Moreover, Hann argues that the informal economy may be a source for a creation of a "civil society." In contrast, Raiser (1999) suggests that informal networks must be counteracted through the establishment of new networks and forms of generalized trust through policy and state interference.

Other authors provide descriptions of how the informal economy might be an obstacle to entrepreneurship or how the informal economy and its networks may supplement the state structures or fill their gaps (for example Ledeneva 1998, Sik and Wellman 1999). Some researchers argue that new economic forms and reactions to them are shaped by

the measures introduced by the government (for example Hivon 1998). Privatization and land restitution in CEE have often been cited as some of the main failures of the state. For example, the negative effects of inadequate policies leading to increased inequalities have resulted in local resistance to private farming in the case study presented by Hivon (1998). Swain (2000) describes insightfully this postsocialist paradox when more government resources are directed towards private large-scale farmers and thus antagonize those rural people who depend on agriculture for their subsistence. Both authors show how peasants' protests defend a way of life based on dependence on agriculture and are against some private farming interests threatening their livelihood.

Traders aim to find an optimal balance between strong and weak ties.

Sik and Wallace (2000:710) define social capital as the use of investments in relationships that supplement or substitute financial capital. The main aim of traders is the effort to find an optimal balance of strong and weak ties: they cannot have too many informal relations which can stifle their business by the larger number of obligations for example to family at the same time, the high level of trust supplied by strong ties are necessary to provide both protection and economic opportunities. For that reason people invest also in social capital, that is, in social relations.

Sik and Wellman introduce the term "network capital" (connections with people and organizations (1999) and explore how it can be used as a substitute or an additive to the state and the market. It is a substitute when it operates as an independent institution of the state or the market. It is an additive (mostly in socialism and postsocialism) when it operates within the state and market structures. The authors support the argument that network capital was the only resource available in abundance during socialism and was thus the single way in which people could make the system work for them.

When they examine the postsocialist context, they make the observation that there is more network capital born after the demise of the state markets, weak state and bureaucracy. The latter have increased the economic uncertainties that bring both threats and opportunities.

The authors present four typical case studies from Hungary to demonstrate how people use network capital for coping or grabbing as the only or the best strategy. The reliability of networks as a coping strategy, the authors argue, comes with previous investments in it and already existing behavioral patterns based on it (Sik and Wellman 1999).

The informal economy at household level is analyzed by Neef (2002) in the Romania context and, as mentioned earlier, by The World Bank *Consultations with the Poor* Reports respectively on Bosnia and Herzegovina, Bulgaria and Russia. This research describes the extent to which mass poverty and decreasing formal employment are compensated by informal strategies. While these help household survival, they also place it in a dependency at the margins of subsistence especially in some particular branches of the economy and among some types of household structure (Neef 2002, see also World Bank (1999)a, (1999)b, (1999)c).

The study by Brown and Kulcsar (2001) also addresses the organization of household economic behavior and it is based on Hungarian case studies. Both inter-household exchanges and self-provisioning were also found to play an important role as a coping strategy. The authors demonstrate how these strategies are economically feasible but are also socially motivated, that is aiming to strengthen social networks too. The findings reveal that households with more economic and social resources are involved in more inter-household exchanges. Non-market economic activity in the rural areas had important unbroken historical continuity and as such it has become an institution of village social life. The objectives of such exchanges are to strengthen social networks as well as to provide economic success (cf. Hivon 1998, Swain 2000, Sik and Wellman 1999, Sik and Wallace 2000, cf. World Bank 1999b, Creed 2002). This paper suggests that economic activities are embedded in a particular context and social organization.

Non-market economic exchanges strengthen rural social networks and buttress local economic success.

The article by Lawson and Saltmarshe (2002) demonstrates how economic interests in their turn may affect social relations in a complex way and not just in strengthening or weakening ties. The authors

analyze a case study from Northern Albania and demonstrate how clan loyalties are being transformed in the market situation. When a member of the clan is involved in independent commercial activity, they avoid employing clan members, as they will more be expensive than outsiders. However, in order to be able to continue to draw on the clan's important social functions (if a need arises), the businessman contributes lavishly at clan ceremonies. This gives him the opportunity to preserve his respect in the clan through sharing with the clan while at the same time allows independent space for market activities.

The type of moral ties developing during postcommunism can affect the type of capitalism developing in the region.

A very useful research on the informal networks and the importance of interpersonal trust in such networks is the one by Wallace et al. (2000). In a very extensive account of the small-scale crossborder trade in several Central European countries, the authors bring together most of the debates in the field. The major hypothesis put forward is that the extent of moral obligation or the type of moral ties developing during postcommunism can affect the type of capitalism that will develop in the region. The central characteristic of this type of trade is risk and, consequently, trust is necessary for the construction and maintenance of networks. The article describes in detail the ways in which social, ethnic and family ties are invoked in the course of the crossborder trading. Two specific hypotheses are examined: that strong ties (those of family networks, ethnic solidarity and friendship) are used for securing trust and that the weak ties (wider group and acquaintances) will be used to avoid too much solidarity with dense networks which reduce profit.

The authors find that both hypotheses are valid in different degrees and in different situations (cf. Lawson and Saltmarshe 2002 for the case of strong ties that are transformed but not lost). Strong and weak ties were both utilized to different ends: from reciprocity to a patron client relationship. The authors conclude that indeed market activity can be inhibited by strong networks that exist between parents, children and grandparents. Outside this group, weak ties are built on reciprocity, mutual favors or patronage. Thus, economic activity in the postsocialist

societies is seen as embedded in informal settings where networks are developed out of contacts and reinforced through family or ethnic ties.

6.4 Conclusion

The brief review of the research on social capital and economic activities in CEE demonstrates that the concept of social capital has numerous meanings, some of them complementing each other, and some, of different scale and category altogether. Despite this conceptual diversity, the term appears in studies that search for answers to the same questions: what is the relationship between society and the economy and how can we improve the economic situation of states, households and individuals. The relationship between state, market and people could be approached by various research strategies. Some of the reviewed works do not take us very far by using the term social capital as an explanatory concept, especially when it is not operationalized adequately. Other studies that do not use social capital seem to address in an insightful way some theoretical as well as policy issues. This demonstrates that the use of "social capital" is not necessarily the solution for better research or a development project. However, it is undeniable that the concept seems to have taken a life of its own[53] and in order to be employed in a productive way both academically or in applied projects and policy making, it must be defined clearly and situated in a specific context. There are a variety of answers to the same question about the relationship between economy and social relations. This should not remind only about the differences in context but also question the applicability of the methodological tools and pre-prepared concepts employed. There should be a very clear position why a concept such as social capital must be used to explain and even improve economic life, when there are already concepts such as social networks or social relations. Most

"Social capital" is not necessarily the solution for better research or better development projects.

[53] In the view of this reviewer, a similar one to the destiny of the concept of "ethnicity," cf. Banks, M. (1996) Ethnicity Anthropological approaches, London: Routledge.

works using social capital do not begin with a critique of the uselessness of synonymous concepts. Instead, they begin with an argumentation from secondary sources: the works of Bourdieu, Coleman and Putnam to argue the importance of the concept. However, their analysis and results do not always answer why the author really chose social capital as the most appropriate concept. A disciplinary crossfertilization may well be one of the possible solutions.

7. CONCLUSION AND SOME RECOMMENDATIONS FOR RESEARCH

This review has demonstrated that research and practical applications of social capital are endless in scope and variation and, at the same time, can be very limited. On one hand, these limitations are apparent if one considers only research that explicitly uses the term social capital. Such research has only in recent years become influential in the region. Other limitations stem primarily from the recent entry of the concept in CEE and the attendant lack of systematic experience and insufficient empirical evidence. They are also the result of the glaring lack of real interdisciplinary approaches. On the other hand, if one considers all research that deals more or less with concepts identical or close to "social capital," then the research field appears without boundaries and crosscuts all social science disciplines.

There is lack of real interdisciplinary approaches.

This research often has its own theoretical traditions, methodological tools and audience. It virtually encompasses all the work that examines the importance of social relations for economic and institutional change in the region. It is extremely challenging to uproot a certain study from its position in its own field and reclassify it as research on social capital, for example, to what extent is "network research" the same as "social capital" research? Can we say that research on "elites" is "social capital" research. Moreover, research on "trust" is such a vast field alone (especially in business studies), that signaling out only

those studies that claim links to some of the fathers of social capital (Bourdieu, Coleman or Putnam) may be neither methodologically correct nor exhaustive.

There is a danger that social capital research can depoliticize significant social processes and prevent understanding of how power operates.

This reviewer agrees with the criticisms made by Fine (2001), Harriss (2002), and Adam and Roncevic (2003) towards the use and especially towards the uncritical use of social capital. These criticisms not only highlight how sometimes the use of the term can be pseudoscientific or lead to poor quality research, but how it can depolitizise significant social processes and prevent understanding of how power operates in societies. As Adam and Roncevic (2003: 157) point out, the wide applicability of the concept has not solved the numerous problems with its definition, operationalization and measurement, as well as with determining its sources, forms and consequences. Further, social capital is a context dependent phenomenon (Adam and Roncevic (2003:161) and this creates additional difficulties for the elaboration of a single definition.

> "What could be problematic, from our point of view is the tendency to consider social capital as the only variable that can explain micro- as well as macro-phenomena and is responsible for many positive outcomes, thus seeing it as a cure-all for the maladies of our communities and societies […] The explanatory potential of social capital is limited. Therefore it is time to reduce the overly high expectations some authors have invested in it." (Adam and Roncevic 2003:178).

If research on social capital is to be undertaken, one should bear in mind that a political and not only a scientific choice is being made.

However, it is obvious that social capital has now firmly established itself in scholarly discourse and development practice and has a life (or rather many lives) of its own which cannot easily be dismissed. If one undertakes research on social capital blindfold without understanding its numerous drawbacks and possible misleading tracks, one could easily be trapped by such problems as cultural essentialism, ahistoricism, functionalism, blind rational choice adherence, apolitical attitude and reductionism. In this situation, this reviewer argues, that if research

on social capital is to be undertaken, one should bear in mind that the political context in which scientific choices are being made, including the initial selection of a research problem.

This question is more acute with social capital research because as is evident from the review it has undoubtedly become a central tool within international development policies and practice. It is undoubtedly true that "social capital" has great appeal in social mobilization for change in the rapidly transforming societies of CEE. With an informed responsibility in mind, one could contribute critically and constructively to some of the better achievements in the study of social capital in CEE. "Despite problems with its definition as well as its operationalization, and despite its (almost) metaphorical character, social capital has facilitated a series of very important empirical investigations and theoretical debates which have stimulated reconsideration of the significance of human relations, of networks, of organizational forms for the quality of life and of developmental performance." (Adam and Roncevic 2003:177) These authors argue that social capital, despite its deficiencies could still have some theoretical and applicable meaning for social sciences. They find the concept a very "important theoretical innovation which can facilitate the theoretical integrations within sociology and the inter- and transdisciplinary collaboration of sociology and other disciplines, especially economics" (p.155). "Our conclusion is that social capital should be treated as a part of a broader (multicausal) model containing numerous (sociocultural) variables or factors." (p.178).

Based on extensive criticisms of the applicability of Coleman's rational choice theory or Putnam's instrument and general approaches to the CEE context (for CEE context see for example Letki, 1999; Adam and Roncevic 2003; Aberg 2000; Bjornskov 2002, otherwise see Harriss 2002 and Fine 2001) this reviewer does not recommend replica research based on Coleman's or Putnam's school of thought. The recommendations by Adam and Roncevic (2003:174–177) are to be suggested by contrast and in particular their four possible pathways for conceptualizing social capital and future research (2003:174–178):

1. Social capital as a catalyst for disseminating human and intellectual capital. Here the authors stress the importance of social capital as social networks that can be used to create and maintain some principles of generalized reciprocity, trust and readiness to cooperate and that could become a channel for transfer and dissemination of knowledge and innovations (p.175).
2. Social capital as the basis for greater levels of synergy and coordination. This refers to the results of some studies that already point to the significance of complementarity and embeddedness (for example in the formation of public-private partnerships). The major focus here should be on the "discreet reintegration of individual and collective projects and resources into more complex frameworks of strategic steering" (p.176).
3. Social capital as a "lubricant" of network (project) organizations. This recommendation is linked to the examination of the project based organizations that tend to be less hierarchical and more flexible and require a more demanding form of leadership and communication. Here, social capital as "spontaneous sociability" is important along with specific know-how and a capacity for empathy and cooperation in any type of group from industry to research teams in universities (p.176).
4. Social capital as facilitator of intermediary institutions. This concerns relationships and networks within civil society and with structures that occupy the sphere between small life worlds and big instrumental institutions. This is where the transparency and democratic character of groups is very important otherwise clan-like or clientelistic and rent seeking networks could dominate (pp.176–177).

Other recommendations for research may be based not so much on what could be productive, as this would be an endless list, but on what is to be avoided based on the scholarly and practical experience shown in this review. For example, the blind acceptance of sharp

cultural divisions between Western and Eastern Europe especially in Huntington's terms (1993) usually results from lack of grounding in empirical evidence coupled with uninformed reliance on assumptions. It is however, important to recognize the cultural specificity of each region and see how this is a dynamic rather than a static composition of numerous variables among which stand, for example class, ethnic group, gender, age, or others.

The socialist period did have a tremendous impact on CEE societies and this cannot be underestimated. However, rather than using general conclusions about the effects of socialism on social relations and institutions, it is more constructive to consider the specific effects of socialism in each particular case and be conscious of the potential dangers of generalizations despite similar experiences in CEE. Also, the significance of the current context and the specific circumstances (national, regional—including rural or urban, institutional, or social group) of each case must be examined as it has been proven that social capital is a contextual variable.

Research on trust needs to recognize the various types of trust which so far have been lumped confusingly and unproductively together.

Research on trust is extremely challenging. It demands a confident recognition of various types of trust which so far have been lumped confusingly and unproductively under one concept: "trust." Gambetta (1988) makes distinctions between "belief" and "motive" as sources of trust; and by Dasgupta (1988) between "dispositions" and "circumstances." Note that one of the implications of the distinction between "character assessment" and "incentive assessment" (Harriss and Mihaylova 2003) (Harriss forthcoming); following Moore (1999) is that those surveys in which the attempt is made to measure "the amount of trust around here" probably confuse and muddle together two rather different ideas.

Despite its potential, research on local institutions is at an early stage.

In this case, most research based on a few questions about trust (such as the methodology employed by the *New Democracies Barometer* or *World Value Survey*) has to be read with a lot of caution. However, the examination of the role of various types of trust for economic development and institutional change as well mechanisms for strengthening trust between citizens and state (without distortions

such as populism) are important research problems. These are yet to be developed in CEE as there has been very limited experience so far. Research on local institutions is similarly at an early stage despite its potential to shed light on how localities could be effectively developed as integral parts of the wider society. In terms of developmental projects, as it has been demonstrated by the review, it may be a better option to focus on what the existing forms and pockets of trust are and only then should efforts to strengthen them be developed. It may be less productive to impose projects of trust building in contexts where there is no proof that these may be adequate. The role of government (central and local) should also be examined in this context. How people and state interact in everyday life in particular contexts could challenge some of the culturalist interpretations about the production of mistrust in CEE.

Institutional change in CEE, examined in the first chapter of this report, has been studied predominantly from a macrosocial and structural perspective and has remained largely a separate experience for sociologists and economists. However, smaller case studies based on qualitative research or on a combination of quantitative and qualitative methods could be extremely illuminating for specific development projects. Such case studies could be developed in either of the two main fields of institutional change research in CEE: market economy and democracy. How do people relate to, build, transform and maintain institutions or how do economic and political institutions function in their cultural and social settings; to what extent is the transformation of institutions a transformation of values; how does the social embeddedness of economic relations operate; what are the effects of market economy on social relations and vice versa; what are the informal institutions, how do they work and transform today and what is their role for the political or economic transformation; how do economic, cultural and political institutions interplay and what is the convertibility between different forms of capital. This research has very important consequences for legitimizing either liberal economic policies and self-regulating markets or more significant state intervention. For example, the former has sometimes been backed up by policies based

on social capital research (Bateman 2003) and has had detrimental effect on socioeconomic and political life in CEE regions.

Social networks have been shown to be either coping mechanisms or market and democratization obstacles.

Social networks have been shown to be either coping mechanisms or market and democratization obstacles depending on the type of approach or case study. However, this central concept for understanding social capital remains understudied in CEE. Although it is clear that informal networks do play a very important role in everyday life it has not been demonstrated sufficiently how exactly these operate, what their features, mechanisms and meanings are. Moreover, sometimes, scholars have been trapped by the modernization paradigm whereby modern societies consist only of formal institutions and thus, they have proclaimed the informal institutions as obstacles to modernity. This precludes the possibility of evaluating any possible positive roles of informal institutions objectively.

Efforts in building social capital through increasing the number of NGOs has been reported as problematic.

Civil society and social capital is another underresearched field. It has become obvious that before the formulation of research agendas on social capital and its role for strengthening civil society, one has to adopt a clear definition of "civil society." This reviewer shares the proposal by Gibson (1998) that one should not only examine what the democratic institutions are and how they work, but focus also (if not predominantly) on social networks as a key attribute to civil society. The neoliberal approach to studying civil society has been extensively criticized and thus, the efforts in building social capital through increasing the number of associations (for example NGOs) have been reported as very problematic. Some researchers have suggested focusing on the quality of associations instead, and how they are embedded in their immediate socioeconomic and political contexts through a number and a variety of social relations. The very examination of "civil society" and "society" as separate fields from "the state" could also be addressed critically following examples from other parts of the world, for example, Fuller and Benei (2001), Mitchell (1991), and Navaro-Yashin (2002).

This questions the proposition that citizens' membership in civic organizations is necessarily a road to democratization. It has been demonstrated though that there is a three-way dynamic between

central, local state and civil society, which is politically articulated and its particular forms and mechanisms must be further examined for each particular context (Harriss 2002). Another significant drawback that could be overcome in future research is the uncritical application of Western European models of research and development practice in CEE contexts. Some successful research examples have been proposed in Hann (1996) where authors shift debates about civil society away from formal structures towards investigation of beliefs, values and everyday practices. These overcome the constraints of liberal individualism as well as of relativism or universalism.

If social capital is defined as participation, and cohesion, it has a significant role to play in compensating for the weaknesses of formal structures.

Research on social capital could also contribute to finding practical solutions to increasing economic growth in the region. However, the macroeconomic methods have proven insufficient in providing insight into the relationship between state, market and informal economy. The social embeddedness of economic relationships could be studied through examinations not simply of the relationship between state and market but through examination of how this relationship evolves along social networks (Hann 2002). Ethnographic detail at the household level could indeed demonstrate "how the system works in everyday life" (Hann 1990:2).

There is still a significant lack of systematic research pertaining to the relational definitions of social capital and education. There is very limited research on how parents, teachers, schools and students relate in order to strengthen access to education and educational achievement. So far, the transformation of education in CEE has been studied through descriptions of the macrosystemic and structural reforms. It has been demonstrated that if social capital is defined by participation, empowerment and cohesion, it has a significant role to play in compensating for the weaknesses of formal structures and mechanisms responsible for public education. Educational institutions could be strengthened or weakened by informal networks connecting educational institutions with the wider society and for that reason they should be studied.

The volume by Weber and Liikanen (2001) has demonstrated that the ethnographic approach is one of the most suitable methods to be applied towards such research problems. How could education be an exit from poverty, how does education reproduce elites and what role do informal networks play in the educational environment are all questions that are not widely researched while they have significant practical application too. As it has already been pointed in the review, the breakdown of the societal safety nets, which existed during socialism, has led today to the escalation of social problems, social exclusion and delinquency among students in the postsocialist world. Education policies have not been a sufficient tool to address such issues and this is where the relationship between education and civic culture needs to be studied better: some examples (among many possible ones) could be found among those described in Webber and Liikanen (2001: 4–8): the analysis of how the development of gender and women studies in Russia has been closely linked to women's movements; the study of how differing political traditions and notions of civic identity play a significant role in the interaction between educationalists from CEE and the West but could be overcome in a processes of cooperation in an educational project; how the rivalry between those with "cultural capital" (higher education) and those with "political capital" continued in postsocialism; or how to organize teaching of various ethnic groups and about ethnic groups.

An overpowering focus on communities and health could create resentment, overload community resources and lead to a "blaming of the victim."

Social capital and health in CEE is another underdeveloped research field with tremendous consequences for policy making. It is very important that research on social capital and health in CEE does not lead to what Pearce has described (2003:122). He argues that an overpowering focus on communities and health could create resentment, overload community resources and lead to "blame the victim" at community level ignoring macrolevel social and economic policies. There is a question as to what extent the use of social capital concept brings new light in health research and to what extent it only revives some older concepts and approaches that have been largely

criticized, such as: "social support," "empowerment," and "community capacity." So far, social capital has been little used as a concept in health research and the two main themes addressed have been: social capital as an explanation of poor health (in terms of lifestyles, or social relations, or social cohesion, or social networks, or social support) and social capital as an intrinsic substance of the relationship between communities and the healthcare system.

Taking into account certain drawbacks a vast number of research agendas could be formulated and most of these could have practical application.

The latter has utilized the concept less often and also dominates the development reports that deal with health issues in CEE. Further research could address how people, doctors, health institutions and state institutions and regulations relate in order to improve access to and quality of health care that will improve the general health situation in CEE. It is, however, very important that social capital is not defined as "lifestyle" whereby the lifestyle approach to health is endorsed. This approach often masks the real causal factors of poor health in CEE related to the wider socioeconomic and political context with individual choice. In this way, it proposes to treat the symptoms and not the causes of poor health—something that cannot lead to sustainable results.

In conclusion, I would like to stress that whatever the field of research, social capital studies in CEE lack sufficient empirical evidence. For this reason, comparative work is still not possible while it could be very insightful and suggest possible ways for generalizations based on a significant number of case studies. With the awareness of the major drawbacks of the use of social capital and of its relatively new scientific tradition, a vast number of research agendas could be formulated. Most of these could have practical application especially in view of the growing number of development projects in the region focusing on the "building of social capital." Another line of research of even greater applicability would be to provide analyses of these same developmental projects. These could either be their evaluations or more extended ethnographies of project life and community development. This reviewer would propose that the ethnography of the state could be a central avenue for further research on social capital in CEE.

8. REFERENCES AND FURTHER READINGS

Aberg, Martin (2000) Putnam's social capital theory goes East: a case study of Western Ukraine and L'viv, *Europe-Asia Studies*, Vol. 52 (2) pp.295–317.

Aberg, Martin and Mikael Sandberg (2003) *Social capital and democratization. Roots of trust in post-communist Poland and Ukraine*, Aldershot: Ashgate.

Adam, Frane (1998) The relevance of social capital and intermediary structures for the creation of systemic competativeness, Druzboslovne razprave (in English), Ljubljana and Erlangen, No. 26, Vol. 14.

Adam, Frane et al. (2001) *Sociokulturni dejavniki razvojne uspesnosti* [Socio-cultural factors of developmental performance], Ljubljana: ZPS.

Adam, Frane, Matevz Tomsic and Borut Roncevic (2000) Social, Cultural and political aspects and indicators of socio-economic development, in Pavle Sicherl and Ales Vahcic (eds) *The indicator model for design of development policy and for monitoring the implementation of the strategy of economic development of the Republic of Slovenia,* Lubljana: SICENTER.

Adam, Frane, Matei Makarovic, Borut Roncevic and Matevz Tomsic (2002) *Socio-cultural factors of developmental performance: East-Central European countries and the European Union in Comparative perspective*. Book Manuscrip.

Adam, Frane and Borut Roncevic (2002) Social capital as an useful scientific metaphor, in Nikolai Genov (ed) *Advances in Sociological knowledge over half a century,* Paris: International Social Science Council, pp.207–234.

Adam, Frane and Matevz Tomsic (2000) Elite (re-) configuration and politico-economic performance in post-socialist countries, *Europe-Asia Studies*, Vol. 54(3) pp.435–454.

Adam, Frane and Borut Roncevic (2003) Social capital: recent debates and research trends, *Social Science Information*, Vol. 42(2), forthcoming.

Alapuro, Risto (2001) reflections on social networks and collective action in Russia, in Stephen Webber and Ilkka Liikanen (eds) *Education and Civic Culture in post-communist countries,* Basingstoke: Palgrave in Association with School of Slavonic and East European Studies, UCL, pp.13–27.

Alderman, Harold (1998) Social assistance in Albania. Decentralisation and Targeted transfers, *Living Standards Measurement Study, Working Paper No. 134*. Washington: EBRD/The World Bank.

Aligica, P.D. (2003) Operational codes, institutional learning and the optimistic model of post-communist social change, *Communist and Post-communist Studies,* Vol.36(1), pp.87–99.

Anderson, David A. (1996) Bringing civil society to an uncivilized place: citizenship regimes in Russia's Arctic frontier, in Chris Hann and Elizabeth Dunn (eds) (1996) *Civil society. Challenging Western models*, London: Routledge pp.99–120.

Angelusz, Robert and Robert Tardos (2001) Change and stability in social network resources; the case of Hungary under transformation, in Nan Lin, Karen Cook and Ronald S. Burt (eds.) *Social Capital, Theory and Research*, New York: Aldine de Gruyter.

Anheier, Helmut K., Eckhard Priller and Annette Zimmer (1998) Civil Society in transition: the East German third sector ten years after unification, *Civil Society Working Papers,* No.15, LSE, Centre for Civil Society.

Ashwin, Sarah (1999) Redefining the collective: Russian mineworkers in transition, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the post-socialist world,* Lanham: Rowman and Littlefield, pp.245–272.

Balabanova, Dina and Martin McKee (2002) Understanding informal payments for health care: the example of Bulgaria, *Health Policy*, Vol. 62, pp.243–273.

Bateman, Milford (2003) Imposing ideology as 'best practice': the problems of the international financial institutions in the reconstruction and development of Eastern Europe, conference paper, Dubrovnik Workshop of the PfP Consortium Study Group *Regional Stability in South East Europe*, "Through Economy to Democracy and Security? An Integrated Approach to Stability In South East Europe", 23–25 October 2003, Dubrovnik, Croatia.

Beresford-Hill, Paul(ed.) (1998) Education and privatization in Eastern Europe and the baltic Republics, *Oxford Studies in Comparative Education*, Vol. 7(2), Wallingford: Triangle Books.

Beyer, Jurgen and Jan Wielgohs (2000) On the limits of path dependency approaches for explaining post socialist institution building: In Critical Response to David Stark, *East European Politics and Society*, Vol. 15 (2), pp.356–388.

Bjornskov, Christian (2002) Policy Implications of Social capital in Post-Communist Europe. Is Slovenia different from the rest? www.sigov.si/zmar/conference2002/pdf/bjornskov.pdf.

Bjornskov, Christian (2003) Corruption and social capital, working paper 03-13, Department of Economics, Aarhus School of Business.

Bobak, Martin, Hynek Pikhart, Richard Rose, Clyde Hertzman, Michael Marmot (2000) Socioeconomic factors, material inequalities, and perceived control in self-rated health: cross-sectional data from seven post-communist countries, *Social Science and Medicine,* 51, pp.1343–1350.

Boissevain, Jeremy and J.Clyde Mitchell (1973) Network analysis. Studies in Human Interaction, The Hague and Paris: Mouton.

Bougarel, Xavier et al. (2002) Local Level Institutions and social capital study. Findings and recommendations, *World Bank Report*, Volume II, June 2002.

Bourdieu, Pierre (1980) Le capitale social: Notes provisoires, *Actes de la Recherces en sciences socials,* 31, pp.2–3.

Bourdieu, Pierre (1984) Distinction: A social critique of the judgement of taste, London: Routlege.

Bourdieu, Pierre (1986) The Forms of capital in J.G. Richardson (ed.) *Handbook of theory and research for the sociology of education*, New York: Greenwood, pp.241–258.

Bourdieu, Pierre (1993) *Sociology in question*, Landon: Sage.

Bourdieu, Pierre (1996) *The state nobility: elite schools in the field of power*, Cambridge: Polity Press, first published in French, 1992.

Brown, David and Laslo Kulcsar (2001) Household economic behaviour in post-socialist rural Hungary, *Rural Sociology*, Vol. 66(2), pp.157–180.

Brunnell, Laura (2002) Cinderella seeks shelter: will the state, church or civil society provide?, *East European Politics and Societies*, Vol. 16(2), 265–493.

Buckowski, Michal (1996) the shifting meaning of civil and civic society in Poalnd, in Chris Hann and Elizabeth Dunn (eds) (1996) *Civil society. Challenging Western models,* London: Routledge, pp.79–98.

Burawoy, Michael and Katherine Verdery (1999) Introduction in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition. Ethnographies of change in the post-socialist world,* Oxford: Rowman and Littlefield Publishers.

Care International (2001) *Participatory livelihoods assessment, Kosovo,* http://www.careinternational.org.uk.

Carlson, Per (1998) Self-perceived health in East and West Europe: another European health divide, *Social Science and Medicine*, Vol. 46, pp.1355–1366.

Cellarius, Barbara A. and Caedmon Staddon (2002) Environmental Nongovernmental organisations, civil society and democratisation in Bulgaria, *East European Politics and Societies,* Vol. 16(1), pp.182–222.

Center for Economic and Social Studies (1998) Integrated management for the measurement of social capital. *Albania field test*, Tirana: CESS, found at http://lnweb18.worldbank.org/ESSD/essdext.nsf/9DocByUnid/A3B525557906F89B85256CC40056C7E8/$FILE/AlbaniaFinalRptAug2802.pdf, 2003.

Center for the Development of the Non-Profit Sector and the NGO Policy Group (2001) *The Third Sector in Serbia. Status and Prospects*, Belgrade.

Christou, Anastasia (2003) Idyllic and exilic spaces of interaction; constructing the social along the ethnic in return migrant networks at the ancestral homeland, Conference paper, *Conceptualising social networks and migration: theoretical and empirical challenges*, MIGRINTER, University of Poitiers, France, 26–27 May 2003.

Cockerham, William C. (1999) *Health and social change in Russia and Eastern Europe*, New York: Routledge.

Cockerham, William C. (2000) Health lifestyles in Russia, *Social Science and Medicine,* Vol. 51, pp.1313–1324.

Coleman, James S. (1990) *Foundations of social theory*, Cambridge: Harvard University Press.

Colton, T. (1995) Moscow: governing the socialist metropolis, Cambridge: Belknap.

Corrin, Chris (ed.) (1999) *Gender and identity in Central and Eastern Europe*, London: Frank Cass.

Corrin, Chris (2001)'Post-Conflict Reconstruction and Gender Analysis in Kosova' *International Feminist Journal of Politics*, Vol. 3(1), April, pp.77–103.

Corrin, Chris (2000) Gender Audit of Reconstruction Programmes in South Eastern Europe, *Women's Commission for Refugee Women and Children and Urgent Action, found at* www.womenscommission.org or www.gla.ac.uk/faculties/centres/icgws, 2003.

Creed, Gerald W. (1995) The politics of agriculture: identity and socialist sentiment in Bulgaria, *Slavic Review*, Vol.54 (4), pp.843–868.

Creed, Gerald W. (1999) Deconstructing socialism in Bulgaria, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the fsocialist world,* Lanham: Rowman and Littlefield, pp.223–244.

Creed, Gerald W. (2002) Economic Crises and ritual decline in Eastern Europe, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia*, London: Routledge, pp.57–73.

Csergo, Zsuzsa (2002) Beyond ethnic division: Majority-minority debate about the postsommunist state in Romania and Slovakia, *East European Politics and Society,* Vol.16(1), pp.1–29.

Csutora, Maria (1997) The mismanagement of environmental conflicts, *The Annals of the American Academy of Political Science,* Vol. 552, pp.52–64.

Dasgupta, P (1988) Trust as a commodity, in D. Gambetta (ed) *Trust: making and breaking cooperative relations*. Oxford: Blackwell.

Dawisha, Karen and Bruce Parrott (eds) (1997) *Politics, power and the struggle for democracy in South-Eastern Europe,* Cambridge: Cambridge University Press.

Dawisha, Karen and Bruce Parrott (eds) (1999) *The consolidation of democracy in East-Central Europe*, Cambridge: Cambridge University Press.

Dinello, Natalia (1999) The Russian F-Connection: Finance, Firms, Friends, Families, and Favorites, *Problems of Post-Communism*, Vol. 46(1), pp.24–33.

Dinello, Natalia (2001) Clans for Market or Clans for plan: Social networks in Hungary and Russia, *East European Politics and Society*, Vol. 15(3), pp.589–624.

Dowley, Kathleen M. and Brian D. Silver (2002) Social capital, ethnicity and support for democracy in the post-communist states. *Europe-Asia Studies*, Vol.54 (4), pp.505–527.

Dunn, Elizabeth (1999) Slick Salesmen and simple people: negotiated capitalism in a privatised Polish Firm, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the post-socialist world*, Lanham: Rowman and Littlefield, pp.125–150.

European Bank of Reconstruction and Development 1996 *Transition Reports*, London.

European Bank of Reconstruction and Development 1997 *Transition Reports*, Update, London.

Eijck, Koen van and Paul M. de Graaf (1995) the effects of family stricture in the educational attainment of siblings in Hungary, *European Sociological Review*, Vol. 11(3) pp.273–292.

Elster, Jon, Claus Offe and Ulrich K. Preuss (1998) *Institutional design in post-communist societies. Rebuilding the ship at sea*, Cambridge: Cambridge University Press.

Engberg, Ulla and Paul Stubbs (1999) Social capital and integrated development: a civil society grants programme in Travnik, Bosnia-Herzegovina, *Plymouth International Papers*, No. 11, Plymouth: International Studies Centre, University of Plymouth.

Evans, Andrew (2002) Forced Miracles: The Russian Orthodox Church and Post-Soviet International Relations, Religion, State and Society, Vol. 30 (1), pp.33–43.

European Values Survey, found at http://www.evs.kub.nl, 2003.

Jeleff, Sopphie (1995) *Bridging the gap. The social aspects of the new democracies, Parliamentary Assembly*, Strasbourg Cedex: Council of Europe Press.

Fine, Ben (2001) *Social capital versus social theory. Political economy and social science at the turn of the millennium*, London: Routledge.

Franks, Peter, Thomas L. Campbell, and Cleveland G. Shields (1992) Social relationships and health: the relative roles of family functioning and social support, *Social Science and Medicine*, Vol. 34(7), pp.779–788.

Fukuyama, Francis (1995) *Trust: the social virtues and the creation of prosperity,* New York: The Free Press.

Fuller, C.J., and Veronique Benei (eds) (2001) The everyday state and society in Modern India, London: Hurst.

Gabor, Istvan (1991) private Entrepreneurship and re-embouurgoisement in hungary, Society and Economy (Budapest), Vol. 13, pp.122–123.

Gal, Susan and Kligman, Gail (eds.) (2000) *Reproducing gender: politics, publics and everyday life after socialism*, Princeton: Princeton University Press.

Gambetta, D. (ed) (1988) *Trust: making and breaking cooperative relations*. Oxford: Blackwell.

Ganev, Venelin (2001) The Dorian Gray Effect: winners as state breakers in post communism, *Communist and Post-communist Studies*, Vol. 34 (1), pp.1–25.

Genov, Nikolai (1997) Economic reforms and social integration, the role of the state, in Nikolai Genov (ed) *Human Development Report*, Sofia: UNDP, pp.1–12.

Genov, Nikolai (1999) Managing Transformations, Publications of the 'Personal and Institutional Strategies for management of transformation risks in Central and Eastern Europe' Project, *Regional and Global Development*, Sofia and UNESCO-MOST Paris.

Gill, Graeme (ed) (1998) *Elites and Leadership in Russian Politics*, London: Macmillan.

Gibson, James L. (1998) Social networks and civil society in process of democratisation, *Studies in Public Policy*, No. 301, Centre for the study of Public Policy, Glasgow: University of Strathclyde.

Giordano, Christian and Dobrinka Kostova (2002) The social production of mistrust, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia,* London:Routledge.

Grabner, Gernot and David Stark (eds.) (1997) *Restructuring networks in post-socialism. Legacies, linkages and localities,* Oxford: Oxford University Press.

Granato, Jim, Ronall Inglehart and David Leblang (1996) The effect of cultural values on economic development: theory, hypothesis and some empirical tests, *Journal of Political Science*, vol. 40 (3) pp.607–631.

Granovetter, M. (1973) The strength of weak ties, *American Journal of Sociology*, 78:1360–80.

Hagan, John; Merkens, Hans and Klaus Boehnke (1995) 'Delinquency and Disdain: social capital and the control of right-wing extremism among East and West Berlin Youth', *American Journal of Sociology,* Vol. 100 (4) January, pp.1028–1051.

Hagan, John et al. (1996) New kid in town: social capital and the life course effects of family migration on children, *American Sociological Review*, Vol. 61(3), pp. 368-385.

Hagan, J. and D. Radoeva (1997–98) Both too much and too little: from elite to street crime in the transformation of the Czech Republic, *Crime, Law and Social Change,* Vol. 28(3–4), pp.195–211.

Hadzic, Miroljub (2002) Rethinking privatisation in Serbia, *Eastern European Economics,* Vol. 40(6), pp.6–23.

Hanley, Eric and Matthew McKeever (1997) The persistence of educational inequalities in state-socialist Hungary: trajectory maintenance versus counter selection, *Sociology of Education*, Vol. 70(1), pp.1–18.

Hann, Chris (ed.) (1990) *Market economy and civil society in Hungary*, London: Frank Cass.

Hann, Chris (1990b) second economy and civil society, in Hann, Chris (ed.) *Market economy and civil society in Hungary,* London: Frank Cass, pp.21–44.

Hann, Chris and Elizabeth Dunn (eds) (1996) *Civil society. Challenging Western models,* London: Routledge.

Hann, Chris (1996b) Introduction, in Chris Hann and Elizabeth Dunn (eds) (1996) *Civil society. Challenging Western models*, London: Routledge pp.1–26.

Hann, Chris (1998) Introduction: the embeddedness of property, in Chris Hann (ed.) *Property relations. Renewing the anthropological tradition*, Cambridge: Cambridge University Press, pp.1–47.

Hann, Chris (2002) *Postsocialism. Ideals, ideologies and practices in Eurasia,* London: Routledge.

Hann, Chris, Caroline Humphrey and Katherine Verdery (2002) Introduction: postsocialism as a topic of anthropological investigation, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia*, London:Routledge.

Harriss, John (2002) Depoliticizing development: The World Bank and Social Capital, London: Anthem.

Harriss, John (2003) 'Widening the radius of trust: ethnographic explorations of trust and Indian Business', *The Journal of the Royal Anthropological Institute, Vol. 9, No. 4,* pp.755–773.

Harriss, John and Dimitrina Mihaylova (2003) Breaking out of the vicious circle, trust and economic development in the Balkans, conference paper, From Transiton to Development: Globalisation and the political economy of development in transition economies, The Faculty of Economics, Sarajevo, 9-11 September 2003.

Harter, S. (1998) Stretching the concept of social capital: comment on Peter Kirkow's 'Russia's regional puzzle: institutional change and economic adaptation', *Communist Economies and Economic Transformation*, Vol. 10, pp.271–279

Harpam, Trudy (1994) Urbanisation and mental health in developing countries, *Social Science and Medicine*, Vol. 39(2), pp.233–245.

Hawe, Penelope and Alan Shiell (2000) Social capital and health promotion: a review, *Social Science and Medicine*, Vol. 51, pp.871–885.

Hermochova, Sona (1997) Reflections on living through the changes in Eastern Europe, *The Annals of the American Academy of Political Science*, Vol. 552, pp.107–113.

Hesli, Vicki L. and Arthur H. Miller (1993) The gender base of Institutional support in Lithuania, Ukraine and Russia, *Europe-Asia Studies*, Vol. 45(3), pp.505–532.

Hilly, M-A., W. Berthomiere, and D. Mihaylova (2004) La notion de «réseaux sociaux» en migration", Hommes et Migrations, No.1249.

Hivon, Myriam (1998) The bullied farmer. Social pressure as a survival strategy? in Sue Bridger & Frances Pine (eds.) *Surviving Post-Socialism: Gender, Ethnicity and Underclass in Eastern Europe and the Former USSR*, Rutledge, London.

Holland, Jenny (1998) Does social capital matter? The case of Albania, *IDS Bulletin,* Vol. 29(3), pp.65–71.

Humphrey, Caroline (1999) Traders, 'disorder' and citizenship regimes in provincial Russia, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the post-socialist world,* Lanham: Rowman and Littlefield, pp.19–52.

Humphrey, J. and H. Schmitz (1996) Trust and economic development, *IDS Discussion Paper,* No. 355, Brighton: IDS.

Jones, Lynne (2002) Adolescent understandings of political violence and psychological violence and psychological well-being: a qualitative study from Bosnia Herzegovina, *Social Science and Medicine*, 55, pp.1351–1371.

IDS (1999) Preliminary report – Slovakia, Sussex: Civil Society and Governence, *Comparative Research Under the Auspices of the Institute of Development Studies,* Sussex: IDS.

Inglehart, R. (1990) *Culture Shift in advanced industrial society*, Princeton: Princeton University Press.

Inglehart, R. (1997) *Modernisation and postmodernisation: cultural, economic and political change in 43 societies*, Princepton: Princeton University Press.

Kalb, Don (2002) Afterward: globalism and postsocialist prospects, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia*, London: Routledge, pp.317–334.

Kaneff, Deema (1995) Developing rural Bulgaria, *Cambridge Anthropology*, Vol. 18 (2), pp.23–34.

Kaneff, Deema (1998) State Building and Local Level Resistance, in *State Building in the Balkans. Dilemmas on the Eve of the 21st Century.* G. Schopflin & S. Bianchini (eds), Longo publishers, Revena, Italy.

Kaneff, Deema (1) Work, identity and rural-urban relations, in Deema kaneff and Pamela Leonard (eds) 2002 *Post-Socialist Peasant? Rural and Urban Constructions of Identity in Eastern Europe, East Asia and the Former USSR,* Palgrave, pp.180–199.

Karsten, Sjoerd and Dominique Majoor (eds.) (1994) Education in East Central Europe. Educatoinal changes after the fall of communism, *European Studies in Education*, Vol.1, Amsterdam: Waxmann.

Kennedy, Bruce P., Kawachi, Ichiro and Elizabeth Brainero (1998) The role of social capital in the Russian mortality crisis, *World Development*, Vol. 26(11), pp.2029–2043.

Kharkhordin, Oleg (1998) Civil society and Orthodox Christianity, First Europe-Asia lecture, *Europe-Asia Studies*, Vol. 50(6), pp.949–968.

Kideckel, David A. (1993) *The solitude of collectivism: Romanian villagers to the revolution and beyond,* Ithaca: Cornell University Press.

Klugman, Jeni (ed.) (1997) Poverty in Russia. Public Policy and Private Responses, *Economic Development Institute of the World Bank*, Washington; The World Bank.

Kolankiewicz, George (1996) Social capital and social change, *British Journal of Sociology,* Vol. 47 (3), September, pp.427–441.

Kopp, Maria S., Arpad Skrabski and Sandor Szedmak (2000) Psychological risk factors, inequality and self-rated morbidity in a changing society, *Social Science and Medicine,* Vol. 51, pp.1351–1361.

Kramer, John M. (1990) Drug abuse in Eastern Europe: an emerging issue of public policy, *Slavic Review*, Vol. 49(1), pp.19–31.

Kramer, Martin (1995) Introduction. Blue-collar workers and the post-communist transitions in Poland, Russia, and Ukraine, *Communist and Post-communist Studies*, Vol. 28 (1), pp.3–11.

Krastev, Ivan (2002) The Inflexibility trap. Frustrated societies, weak states and democracy, *UNDP Issues Paper*, UNDP: Bratislava.

Krastev, Ivan: A *moral Economy of anti-corruption sentiments in transition*, Sofia, Centre for Liberal Strategies, found at http://www.wiiw.ac.at/balkan/files/krastev.pdf, 2003.

Krumov, Krum, Snejana Ilieva, Sonya Karavelova and Lyudmila Alexieva 91997) Conflict resolution strategies in the transition to market economy, *The Annals of the American Academy of Political Science,* Vol. 552, pp.65–74.

Krzyszkowski, Jerzi (2000) Determinants of building social capital in Poland, The Third Sector for What and for Whom, *Conference paper*, ISTR Fourth International Conference, Trinity College, Dublin, 5–8 July 2000, found at www.jhu.edu/~istr/conferences/dublin/workingpapers/krzyszkowski.pdf, 2003.

Kubicek, Paul (2002) Civil Society, trade unions and post-soviet democratisation: evidence from Russia and Ukraine, *Europe–Asia Studies*, 54(4), pp.603–624.

Laczik, Andrea (2002) Aspects of Home-school relationships in a Russian School in John Sayer (ed.) Opening Windows to change. A case study of sustained international development. *Oxford Studies in Comparative Education*, Series Editor David Phillips, Oxford: Symposium Books, pp.103–120.

Lagerspetz, Mikko (2001) From 'Parallel Polis' to 'The time of the Tribes': post-socialism, social self-organization and post-modernity, *Journal of Communist Studies and Transition Politics*, Vol. 17(2), pp.1–18.

Lampland, Martha (2002) The advantages of being collectivized: cooperative farm managers in the postsocialist economy, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia,* London: Routledge.

Lawson, Colin W. and Douglas K. Saltmarshe (2002) The psychology of economic transformation: the impact of the market on social institutions, status and values in a northern Albanian village, *Journal of Economic Psychology*, Vol. 23, pp.487–500.

Ledeneva, Alena V. (1998) *Russia's economy of favours. Blat, Networking and Informal exchange*, Cambridge: Cambridge University Press.

Letki, Natalia (1999) Social Capital in Central-Eastern Europe: a Puzzling finding, *Conference Paper*, Between the Block and the Hard Place, SSSES, London.

Letki, Natalia (2002) Lustration and Democratisation in East-Central Europe, *Europe-Asia Studies*, Vol. 54(4), pp.529–552.

Letki, Natalia (2003) Explaining political participation in East Central Europe. Social capital, democracy and the communist past, *Nuffield College Policy Working Paper,* 2003-W2, University of Oxford.

Lisovskaya, Elena and Vyacheslav Karpov (2001) The Perplexed World of Russian Private Schools: findings from field research*, Comparative Education* Vol. 37 (1), pp.34–64.

Lonkila, Markku (1998) The social meaning of work: aspects of the teaching profession in Post-Soviet Russia, *Europe-Asia Studies*, Vol. 50 (4), pp.699–712.

Lomax, Bill (1997) The strange death of 'civil society' in Post-communist Hungary, *Journal of Communist Studies and Transition Politics*, Vol. 13(1) pp.41–63.

Lovell, David W. (2001) Trust and the politics of postcommunism, *Communist and Postcommunist Studies*, Vol. 34, pp.27–38.

Luse, Agita (2001) paper "Enlivenment through networking: charismatic Christians in Latvia" *Conference paper*, International Conference "The Spiritual Supermarket: Religious Pluralism and Globalization in the 21st Century: the Expanding European Union and Beyond", London School of Economics, 19–22 April 2001.

Makarovic, Matej et al. (2003) Razvojna vloga socialnega kapitala [Developmental role of social capital], Ljubljana: ZPS (forthcoming).

Mako, Csaba and Agnes Simony (1997) Inheritance, Imitation and Genuine Solutions (Institution building in Hungarian labour relations), *Europe-Asia Studies*, Vol. 40(2), pp.221–243.

Mandel, Ruth (2002) Seeding civil society, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia,* London: Routledge, pp.279–296.

Marmot, Michael and Martin Bobak (2000) International comparators and poverty and health in Europe, *British Journal of Medicine*, Vol. 321(4), pp.1124–1128.

Marsh, Christopher (2000) Making Russian democracy work. Social capital, economic development and democratization, *Studies in Russian History*, Vol. 4, Lewiston: The Edwin Mellen Press.

Mateju, Petr and Jules L. Peschar (1990) Family Background and Educational Attainment in Czechoslovakia and the Netherlands, in Max Haller (ed.) *Class structure in Europe. New Findings from East-West comparisons of social structure and mobility,* London: M. E. Sharpe, pp.121–145.

Mateju, Petr and Nelsin Lim (1995) Who has gotten ahead after the fall of communism. The case of the Czech Republic, *Czech Sociological Review*, Vol 3, pp.117–136.

Mateju, Petr (2002) Social Capital: problems of its conceptualisation and measurement in transforming societies, *Conference Paper*, OECD/NNS Conference on Social Capital Measurement, September 26–27, London.

Matic, D. (2000) Democracija, poverenje I sotcjalna pravda [Democracy, trust and social justice], *Revija za sociologiji*, Vol. 31(3–4), pp.183–195.

Matsuzato, Kimitaka (1999) Local elites under transition: county and city politics in Russia 1985-1996, *Europe-Asia Studies*, Vol. 51(8), pp.1367–1400.

McKee, Martin and Vladimir Shkolnikov (2001) Understanding the toll of premature death among men in Eastern Europe, *British Journal of Medicine*, Vol. 323(3), pp.1051–1055.

Mestrovic, Matko and Aleksander Stulhofer (eds) (1998) *Sociokulturni kapital I tranzicija u Hrvatskoj,* Zagreb: Biblioteka Revije za Sociologiju [Socio-cultural capital and transition in Croatia].

Miller, William L., Tatyana Koshechkina and Ase Grodeland (1997) How citizens cope with the Postcommunist officials: evidence from focus group discussions in Ukraine and the Czech Republic, *Political Studies*, XLV, pp.597–625.

Miller, William L., Aring Grodeland and Tatayana Koshechkina (2001) Confessions: a model of official's perspectives in accepting gifts from clients in post-socialist countries, *Political Studies*, Vol. 49(1), pp.1–29.

Mintrop, Heinrich (1996) Teachers and changing authority patterns in Eastern German schools, *Comparative Education Review*, Vol. 40(4) pp.359–376.

Mirimanova, Natalia (1997) Democratisation and conflicts in Russia and the Newly independent States, *The Annals of the American Academy of Political Science,* Vol. 552, pp.86–106.

Mishler, William and Richard Rose (1995) Trust, distrust and skepticism about institutions of civil society, *Studies in Public Policy Working Paper,* No. 278, Centre for the Study of Public Policy, University of Strathclyde, Glasgow.

Mitchell, Timothy (1991) The limits of the state: beyond statist approaches and their critics. American Political Science Review, Vol.85. pp.77–96.

Mondak, Jeffery, J, and Adam F. Gearing (1998) Civic engagement in a post-communist state, *Political Psychology*, Vol. 19(3), September, pp.615–637.

Moore, M. (1999) Truth, Trust and Market Transaction: What Do We Know?, *Journal of Development Studies*, 36, 1 74–88.

Moser, Caroline and Cathy McIlwaine (1997) *Household Responses to Poverty and Vulnerability,* Vol. 2, Confronting Crisis in Angyalfold, Budapest: Hungary Urban Management Programme, The World Bank.

Muckle, James (ed.) *Education in Russia, the independent states and Eastern Europe.* Journal Affiliated to the School of Slavonic and East European Studies, University College, London, Study group of education on Russia, the independent states and Eastern Europe.

Muckle, James and W. John Morgan (eds.) (2001) *Post- School education and the transition from State socialism***,** Nottingham: Continuing Education Press.

Nanetti, Raffaella Y. (2002) 'Social capital, community development and local government performance', *Conference presentation,* Workshop on social capital, The World Bank, Zagreb, March 6–7, 2002.

Navaro-Yashin, Yael (2002) Faces of the state: secularism and public life in Turkey, Princeton: Princeton University Press.

Neace, M.B. (1999) Entrepreneurs in emerging economies: creating trust, social capital and civil society, *The Annals of the American Academy of Political Science,* Vol. 565, September, pp.148–161.

Neef, Rainer (2002) Aspects of the informal economy in a transforming country: the case of Romania, *International Journal of Urban and Regional Research*, Vol. 26(2), pp.299–322.

Nichols, Thomas (1996) Russian democracy and social capital, *Social Science Information,* Vol. 35(4), pp.631–64.

O'Brien, David, Valeri V. Patsiorkovski, Larry Dershem and Oksana Lylova (1996) Social Capital and Adaptation to Social Change in Russian Villages, *Studies in Public Policy*, Working paper no. 263, University of Strathclyde, Glasgow.

Offe, Claus (1996) Varieties of transiton. The East European and East german Experience, Cambridge: Cambridge University Press.

Ondrusek, Dusan and Vladimir Labath (1997) Conflicts in Transforming society and the non-governmental sector: the Slovak example, *The Annals of the American Academy of Political Science,* Vol. 552, pp.40–51.

O'Neil, Patrick (1996) Revolution from within. Institutional analysis, transitions from authoritarianism, and the case of Hungary, *World Politics*, Vol.48, July, 579–603

Pahl, Ray (1996) Comment on Kolankiewicz, *The Birtish Journal of Sociology,* Vol. 47(3), Special Issue for Lockwood, pp.443–446.

Pahl, Ray (2000) *On friendship*, Malden: Blackwell.

Paldam, Martin and Gert Tinggaard Svendsen (2000) Missing social capital and the transition in Eastern Europe, *Journal for Institutional Innovation, Development and Transition,* Vol. 5, pp.21–34, found at http//www.hha.dk/nat/WPER/00-5_gts.pdf, 2003.

Palosuo, Hannele (2000) Health-related lifestyles and alienation in Moscow and Helsinki, *Social Science and Medicine*, Vol. 51, pp.1325–1341.

Parsons, Robert and Cody Strong (2002) Kosovo: Peacekeeping meets local government, *Public Management*, Vol. 34(3), pp.26–48.

Parrott, Bruce (1999) Perspectives on post-communist democratisation, in Dawisha, Karen and Bruce Parrott (eds.) *The consolidation of democracy in East-Central Europe,* Cambridge: Cambridge University Press, pp.1–39.

Palvolgyi, Rita and Istvan herbai (1997) Public participation in cooperative planning: a local tax issue in Nagykanizsa, Hungary, *The Annals of the American Academy of Political Science,* Vol. 552, pp.75–85.

Pearce, Neil (2003) Is social capital the key to inequalities in health, *American Journal of Public Health*, vol. 93(1), pp.122–129.

Petro, Nicolai N. (2001) Creating social capital in Russia: the Novgorod model, *World Development*, Vol. 29(2) pp.229–244.

Petro, Nicolai (1995) *The rebirth of Russian democracy: an interpretation of political culture,* Cambridge: Harvard University Press.

Petrovic, Mina (2001) Post-socialist housing policy transformation in Yugoslavia and Belgrade, *European Journal of Housing Policy*, Vol. 1(2), pp.211–231.

Polischuk, Leonid (1997) Russian Civil Society, *Working Paper,* No. 202, Center for Institutional Reform and the Informal Sector, University of Maryland at College Park, http://www.inform.umd.edu/IRIS/.

Polyzoi, Eleoussa and Marie Cerna (2001) A dynamic model of forces affecting the implementation of educational change in the Czech Republic, *Comparative Education Review*, Vol. 45(1), pp.64–84.

Portes, Alejandro (1998) Social capital: its origins and applications in modern sociology, *Annual Review of Sociology*, Vol. 24, pp.1–24.

Putnam, Robert D., Robert Leonardi and Raffaella Y. Nanetti (1993), *Making Democracy Work. Civic Traditions in Modern Italy,* Priceton University Press.

Putnam, Robert (2000) Bowling alone, New York: Simon&Schuster.

Reitan, Therese C. (2003) Too sick to vote? Public health and voter turnout in Russia during the 1990s, *Communist and Post-communist Studies*, Vol. 36(1) March, pp.49–68.

Raiser, Martin (1997) Informal institutions, social capital and economic transition: reflections on a neglected dimension, *European Bank for Reconstruction and Development Working paper* 25: http://www.ebrd.com-pubs-econ-workingp-25.pdf, 2003.

Raiser, Martin (1999) Trust in transition, *European Bank for Reconstruction and Development Working paper 39,* www.ebrd.com/pubs/econ/workingp/main.htm—55k—8 Dec 2003.

Raiser, Martin, Christian Haerpfer, Thomas Noworthy and Clare Wallace (2001) Social Capital in transition: a first look at the evidence, *European bank for Reconstruction and Development, Working Paper 61 WEB.*

Rona-Tas, Akos (1998) Path dependence and capital theory: sociology of the post-communist economic transformation, *East European Politics and Societies*, Vol 12(1), pp.107–131.

Roncevic, Borut (2002) Path from the (Semi) periphery to the core: on the role of socio-cultural factors, *IES Proceedings*, 1.1 (November)PP.

Rose, Richard and Christian Haerpfer (1994) Mass response to transformation in post-communist societies, *Europe-Asia Studies*, Vol. 46 (1) pp.3–28.

Rose, Richard, William Mishler and Christian Haerpfer (1997) Getting real: social capital in post communist societies, *Studies in Public Policy Working Paper* No. 278, Centre for the Study of Public Policy, University of Strathclyde, Glasgow.

Rose, Richard (1998) Getting things done in an anti-modern society: social capital networks in Russia, *Social Capital Initiative*, *Working Paper* No. 6, Washington: The World Bank, Social Development Family, Environmentally and Socially Sustainable Development Network.

Rose, Richard (1999) Modern, pre-modern and anti-modern social capital in Russia, *Studies in Public Policy Working Paper* No. 324, Centre for the Study of Public Policy, University of Strathclyde, Glasgow.

Rose, Richard (2001) The impact of social capital on health, Centre for Policy Studies, *Studies in Public Policy Working paper* No. 358, University of Strathclyde, Glasgow.

Sabbat, Jolanta 91997) International assistance and health care reform in Poland: barriers to project development and implementation, *Health Policy*, Vol. 41, pp.207–227.

Sampson, Steven (1996) The social life of projects: importing civil society to Albania, in Chris Hann and Elizabeth Dunn (eds) (1996) *Civil society. Challenging Western models,* London: Routledge, pp.121–142.

Sampson, Steven (2002) Beyond transition: rethinking elite configurations in the Balkans, in Chris Hann (ed.) *Postsocialism. Ideals, ideologies and practices in Eurasia, London: Routledge*, pp.297–316.

Sandu, Dumitru (1999a) Structure of Social Capital in Europe.

Sandu, Dumitru (under review1999b) Chapter Three: Productive Sociability, in *The Social Space of Transition*, Budapest: CEU [First Print (1999), Spatiul Social al Transitiei, Iasi: Polirom (in Romanian)].

Sandu, Dumitru (2002). European differentiations of social tolerance Sociologie Românească/ Romanian Sociology . Annual English Electronic Edition, found at http://www.sociologieromaneasca.ro/eng/aeee-issues/aeee2002.htm, 2003.

Sayer, John (ed.) (2002) Opening Windows to change. A case study of sustained international development. *Oxford Studies in Comparative Education*, Series Editor David Phillips, Oxford: Symposium Books.

Schaik, Ton van (2002) Social capital in the European values study survey, Country paper, *Conference Paper*, OECD-ONS International Conference on Social Capital Measurement, September 25–27, London, found at http://www.oecd.org/document/240,2340,en_2649_34543_2380248_1_1_1_1,00.html, 2003.

Schuller, T., Baron, S. and Field, J. (2000) 'Social capital: a review and critique', in S. Baron, J. Field and T. Schuller (eds) *Social Capital: Critical Perspectives*, Oxford: Oxford University PressSedatis, J.B. (1997) Network Dynamics of new firm formation: developing Russian commodity markets', in Gernot Grabner and David Stark (eds) *Restructuring Networks in post-socialism: legacies, linkages and localities,* Oxford: Oxford University Press.

Seligman, Adam (1992) *The idea of civil society*, New York: The Free Press.

Shapiro, Ilana (1997) Beyond Modernisaton: conflict resolution in Central and Eastern Europe, *The Annals of the American Academy of Political Science*, Vo. 552, pp.14–27.

Shuey, Dean A., Fatime Arenliu Qosaj, Erik J. Schouten, and Anthony B. Zwi (2003) Planning for health sector reform in post-socialist situations: Kosovo 1999-2000, *Health Policy*, Vo. 63, pp.299–310.

Siegrist, Johannes (2000) Place, social exchange and health: proposed sociological framework, *Social Science and Medicine*, Vol. 51, pp.1283–1293.

Sik, Endre and Barry Wellman (1999) Network Capital in Capitalist, Communist and Post communist Countries, in Barry Wellman (ed.) *Networks in the global village. Life in contemporary communities,* Boulder: Westview, pp.225–253

Sik, Endre and Clare Wallace (2000) The development of open-air markets in East-Central Europe, *Journal of Urban and Regional Studies*, pp.697–714.

Snavely, Keith (1996) 'The welfare state and the emerging non-profit sector in Bulgaria', *Europe-Asia Studies*, Vol. 48(4), pp.647–662.

Spannring, Reingard, Care Wallace and Christian Haerpfeer (2000) *Civic participation among young people in Europe,* htpp://www.alli.fi/nyris/nyris7/papers/Wallace.htm.

Spulbeck, Susanne (1996) anti-semitism and fear of the public sphere in a post-totalitarian society: East Germany, in Chris Hann and Elizabeth Dunn (eds) *Civil society. Challenging Western models,* London: Routledge pp.64–78.

Stiglitz Joseph (2002) *Globalisation and its discontents*, London: Allen Lane.

Stovel, Laura (2000) Confronting Ethnic Chauvinism in a post-war environment: NGOs and Peace Education in Bosnia, *Working paper* 7, Centre for Conflict Resolution, Department of Peace Studies, University of Bradford.

Stubbs, Paul (1998) 'Conflict and cooperation in the virtual community: email and the war on Yugoslav succession', *Sociological Review online*, Vol. 3(3), found at http//www.socresonline.org.uk/socresonline/3/3/7.html, 2003.

Stulhofer, Alexander (2001) Chapter Two, in Nenad Starc (ed.) *Human Development Report,* UNDP, Croatia.

Stulhofer, Alexander (2001) *Nevidljiva ruka tranzicije* [The invisible had of transition] Zagreb: Hrvatsko sociolosko drustvo.

Szelenyi, Ivan and Szonja Szelenyi (1995) Circulation or reproduction of elites during the post communist transformation of Eastern Europe: Introduction, *Theory and Society,* 24(5), Special Issue on Circulation vs. Reproduction of Elites during the post communist transformation of Eastern Europe, pp.615–638.

Szelenyi, Szonja, Ivan Szelenyi and Imre Kovach (1995) The making of the Hungarian post communist elite: circulation in politics, reproduction in the economy, *Theory and Society*, Vol. 24(5), pp.697–722.

Szczerbiak, Aleks (2002) Dealing with the communist past or the policies of the present? Lustration in post-communist Poland, *Europe-Asia Studies*, Vol. 54(4) pp. 553-572.

Szompka, P. (1993) Civilisational incompetence: the trap of post-communist societies, *Zeitschrift fur sociologie*, Vol. 22(2), pp. 85–95.

Szompka, P. (1996) Trust and the emerging democracy. Lessons from Poland, *International Sociology*, Vol. 11(1), pp.133–148.

Stark, David (1992) The great transformation? Social change in Eastern Europe. From system identity to organizational diversity: analysing social change in Eastern Europe, *Contemporary Sociology*, Vol. 21(3), pp.299–304.

Stark, David (1996) recombinant property in East European Capitalism, *American Journal of Sociology*, No. 101, pp.993–1027.

Stark, David and Laszlo Bruszt (1997) Postsocialist pathways: transforming politics and property in East Central Europe, Cambridge; Cambridge University Press.

Svendsen, Gert Tinggaard (1998) Social capital, economic growth and transition economies, Working Paper 98–2, Aarhus School of Business, Department of Economics, Aarhus, Denmark, found at www.econ.au.dk/vip_htm/MPaldam/papers/soka3.pdf, 20003.

Tardos, , R. (1996) Some remarks on the interpretation and possible uses of the social capital concept with special regard to the Hungarian case, *Bulletin de Methodologie Sociologique* Vol 53, pp.52–62.

Tarifa, Fatos and Jay Weinstein (1995/6) Overcoming the past: de-communization and reconstruction of post-communist societies, *Studies in Comparative International Development*, Vol. 30 (4), pp.63–77.

Tomusk, Voldemar (2000) Reproductions of the 'state nobility' in Eastern Europe: past patterns and new practices, *British Journal of Sociology of Education*, Vol. 21(2), pp.269–283.

Tooley, James (2001) Privatisation of education Albania style, *Economic Affairs,* Vol. 23(1), p.54.

Torpey, John (1995) The abortive revolution continues: East German civil-rights activists since unification, *Theory and Society*, Vol. 24(1) pp.105–134.

Torsello, D., and M. Pappova (2003) Social networks in Movement. Time, interaction and interethnic spaces. Dunajska Streda (Slovakia): Lilium Aurum.

Torsello, D. (2003a) History, trust and property in the relation between villages and the agricultural cooperative. The case of Kiralyfa, Southern Slovakia, in Chris Hann (ed) The postsocialist agrarian question, Frankfurt: Lit Verlag.

Torsello, D. (2003b) Time, values and social roles in a Southern Slovakian village, Eastern European Countryside Vol. 9 (2).

Uhlir, David (1998) Internationalisation and institutional and regional change: restructuring post-communist networks in the region of Lanskroun, Czech Republic, *Regional Studies*, Vol. 32(2), pp.673-685.

United Nations Development Programme (1998) *National Human Development Report*, Bulgaria, The state of transition and transition of the state.

United Nations Development Programme (1996) *Human Development Report,* Yugoslavia UNDP (1999) Human Development Report, Macedonia.

United Nations Development Programme (1999) Transition-1999, *Human Development Report for Central and Eastern Europe and the CIS.*

United Nations Development Programme (2000)a *Human Development Report*. Bulgaria. The Municipal Mosaic.

United Nations Development Programme (2000)b Vulnerability Trends and Perceptions, *The challenges of social cohesion, Special Edition, Report* No.2 (Serbia) of the Early Warning System for FRY, Federal Republic of Yugoslavia, Republic of Serbia.

United Nations Development Programme (2001–2002) *National Human Development Report*, Romania, A decade later: understanding the transition process in Romania.

United Nations Development Programme (2001) *National Human Development Report*, Bulgaria, Citizen participation in governance from individuals to citizens.

United Nations Development Programme (2002)a *Strategic round-table on governance transition in the Federal Republic of Yugoslavia*, Serbia and Montenegro 19–20 July, Belgrade.

United Nations Development Programme (2002)b *Human Development Report*, Albania. Challenges of Local government and regional development.

United Nations Development Programme (2002)c *Human Development Report*, Bosnia.

United Nations Development Programme (2002)d *Human Development Report*, Kosovo. Building Bridges to a better future.

United Nations Development Programme (2002)e *The inflexibility trap, frustrated societies, weak states and democracy,* Bratislava: UNDP.

United Nations Children's Fund UNICEF (2000) *A decade of transition*, The UNICEF Innocenti Research Centre, Florence, Italy, www.unicef-icdc.org.

Verdery (1995) Faith Hope and Caritas in the land of the Pyramids: Romania, 1990 to 1994, *Comparative Studies in Society and History*, Vol. 37(4), pp.625–669.

Verdery, Katherine (1995) 'Caritas': and the re-conceptualisation of money in Romania, *Anthropology Today*, Vol. 11(1), pp.3–7.

Verdery, Katherine (1998) Property and power in Transylvania's decollectivisation in Chris Hann (ed.) *Property relations. Renewing the anthropological tradition,* Cambridge: Cambridge University Press, pp.160–180.

Verdery, Katherine (1999) Fuzzy property: rights, power and identity in Transylvania's decollectivisation, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the post-socialist world*, Lanham: Rowman and Littlefield, pp.53–82.

Verheijen, Tony (ed) (1999) *Civil service systems in Central and Eastern Europe. Civil Service systems in comparative perspective*, Cheltenham: Edward Elgar

Volker, Beate and Henk Flap (1999) Getting ahead in the GDR. Social capital and status attainment under communism, *Acta Sociologica*, Vol. 42, pp.17–34.

Walberg, Peder, Martin McKee, Vladimir Shkolnikov, Laurent Chenet, David A Leon (1998) Economic change, crime, and mortality crisis in Russia; regional analysis, *British Journal of Medicine*, Vol. 317 (August), pp.312–318.

Wallace, Clare, Oksana Shmulyar and Vasil Bedzar (2000) Investing in Social Capital: the case of small-scale, cross-border traders in post-communist Europe, *Journal of Urban and Regional Studies*, pp.751–770.

Wasilewski, Jacek, and Edmund Wnuk-Lipinski (1995) Poland: winding road from the communist to the post-communist elite, *Theory and Society*, Vol. 24(5), pp.669–696.

Watson, Peggy (1998) Health difference in Eastern Europe: preliminary findings from the Nowa Huta study, *Social Science and Medicine*, Vol. 46(4–5), pp.549–558.

Webber, Stephen and Ilkka Liikanen (2001) Introduction in Webber, Stephen and Ilkka Liikanen (eds) *Education and Civic Culture in post-communist countries*, Basingstoke: Palgrave in Association with School of Slavonic and East European Studies, UCL, pp.1–9.

Webber, Stephen and Ilkka Liikanen (eds) (2001) *Education and Civic Culture in post-communist countries,* Basingstoke: Palgrave in Association with School of Slavonic and East European Studies, UCL.

Wedel, Janine and Gerald Creed (1997) Second thoughts from the second world: interpreting aid in post-communist Eastern Europe', *Human Organisation* 56(3):253–64.

Welsh, Helga (1994) Political transition processes in Central and Eastern Europe, *Comparative Politics*, Vol. 26(4), pp.379–394.

White, Anne (2001) Teachers in Contemporary Provincial Russia, Education in Russia, the independent states and Eastern Europe 19(1), Spring pp.2–13.

Winkler, Jan (1990) Can one stop the pendulum? Higher education in the Czech Republic since 1990, Issue 2.2 *Papers from Danbury*, Centre for Higher Education management, Anglia Business School, Anglia Polytechnic University, Danbury, Essex.

World Health Organization (1995) Investing in Women's health: Central and Eastern Europe, WHO Regional Publications, European Series, No.55.

Wolf, Kees van der and John Sayer (eds) (1999) Opening Schools to all, No. 4 (39), *Issues in European Educatio*n, published by DSTE (Developing Services for Teaching in Europe).

Wong, Raymond Sin-Kwok (1998) Multidimensional influences of Family Environment in education: the case of Czechoslovakia, *Sociology of Education*, Vol. 71(1), pp.1–22.

Woodruff, David (1999) Barter of the Bankrupt: the politics of demonetization in Russia's Federal State, in Michael Burawoy and Katherine Verdery (eds.) *Uncertain transition: ethnographies of change in the post-socialist world*, Lanham: Rowman and Littlefield, pp.83–124.

Woolcock, M (1998) Social capital and economic development: toward a theoretical synthesis and policy framework, *Theory and Society*, Vol. 27, pp.151–208.

World Bank (1997) *Albania—Growing out of Poverty.* World Bank Report No. 15698-ALB

World Bank (1999a) *Consultations with the poor. National Synthesis Report*, Bosnia and Herzegovina.

World Bank (1999b) *Consultations with the poor. National Synthesis Report*, Bulgaria.

World Bank (1999c) *Consultations with the poor. National Synthesis Repo*rt, Russia.

World Bank (1999d) Former Yugoslav Republic of Macedonia. Focusing on the poor (in two volumes) Vol.1: *Main Report*, Report No. 19411-MK of the Human Development Sector Unit, Country Department IV, Europe and Central Asia Division, The World Bank.

World Bank (2000) Trust, social cohesion and economic development in Romania, *World Bank Workshop Background Reading,* January 2000.

World Bank (2000) Understanding and building social capital in Bulgaria, *World Bank and UNDP Workshop*, Sofia, Bulgaria, June, 2000.

World Bank (2000) Transition—The First ten years. Analysis and lessons for the Eastern Europe and the Former Soviet Union.

World Bank (2001a) Croatia. Economic Vulnerability and Welfare Study, Report no. 22079-HR of the Poverty Reduction and Economic management Unit, Europe and Central Asia Region.

World Bank (2001b) Slovak Republic. Living Standards, Employment and Labor Market Study, Report no. 22351-SK, Poverty Reduction and Economic Management Unit, Europe and Central Asia Division.

World Bank (2002) Understanding and Building social capital in Croatia: a development imperative, World Bank Workshop, Zagreb, Croatia, 6–7 March 2002.

Wroblewska, Wikoria (2002) Women's status in Poland in the transition to a market economy, Social Science and Medicine, 54, 707–726.

Ymeraj, Arlinda (1999) The role of social protection to social exclusion and social capital, Robert McNamara Fellowship Program, Albania.

Zbierski-Salameh, Slawomira (1999) Polish peasants in the 'Valley of Transition': responses to post-socialist reform, in Michael Burawoy and Katherine Verdery (eds.) Uncertain transition: ethnographies of change in the post-socialist world.

The Center for Policy Studies is an academic unit within the Central European University dedicated to identifying and analyzing policy issues. Our belief is that the experiences of post-socialist transition can be usefully shared with countries enduring great social transformation, but that the translation of these local experiences requires a sound appreciation of policy contexts. We are committed to strengthening local capacity for critical policy analysis and pursue research that is interdisciplinary and carried out with partners in the wider policy community. We work closely with institutes and researchers from the region, develop education programs in public policy, and, in conjunction with the Open Society Institute, provide an annual fellowship program.