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# Social Capital in the Balkans: The Missing Link?

*Workshop organized by the  
Blue Bird Social Inclusion Group and the Center for Policy Studies, CEU*

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## Introduction

This workshop was held over two days at the end of January 2003 in Cluj-Napoca, Romania. Organized jointly by the Department of Political Science, University of Babes-Bolyai, Cluj-Napoca and the Center for Policy Studies, Central European University, Budapest, the meeting was an opportunity for researchers and practitioners to consider the conceptual and practical utility of social capital in central and eastern Europe. There were four sessions addressing questions of definition, policy application, negative dimensions of social capital and its role in governance reform.

The opening remarks from the Vice-Rector of the university underlined the widespread interest in social capital as a resource for development. Following the years of socialist rule in Romania, stocks of social capital, or in other words, people's propensity to co-operate, were at a low level and in need of being built up. He wished delegates every success in trying to better understand how this process might work in practice. **Gabriel Badescu**, from the Blue Bird Social Inclusion research group and one of the organizers, stressed how it was true that for some types of social capital, the countries of the region did suffer from shortages. However, he stressed that there were other types of social capital that the region was not short of, indeed, it was well-stocked with high levels of interpersonal trust for example. This theme was taken up in later sessions, but it was sufficient at this stage to introduce the idea that social capital can be expressed in various ways—trust between people who know each other, willingness to trust in strangers and trust in formal institutions.

**Andrew Cartwright**, from the Center for Policy Studies and another of the organizers, asked why social capital seemed to have such promise for both researchers and policy makers. He argued that part of its appeal is that the application of the concept fits within a currently popular view of development—one that stresses the importance of participation, inclusion and the critical role of civic associations in promoting development. A second reason was that social capital draws attention to the function of social networks and it went without saying that the study of formal, informal and illegal networks was an important theme in central and eastern European research. In terms of the challenges that the region poses to orthodox social capital research, Cartwright argued that there would be problems in applying the usual methods for measuring levels of social capital, for example, the number of registered civic associations. In Romania, for example, there were an unknown number of NGOs which were simply fronts for individuals to obtain personal benefits. Similarly there were numerous informal ways in which people co-operated that might be a basis for future collective action but which might be overlooked if the 'model' was not adapted to local circumstances.

## Session One: Understanding Social Capital

### *Chair:*

**Eric Uslaner** (University of Maryland, USA)

### *Presenters:*

**John Harriss** (London School of Economics, UK), "Is there value in Social Capital?"

**Roman Novojilov** (American University, Washington, D.C., USA), "Social Capital in International Development: Remedy or Illusion"

**Dimitrina Mihaylova** (University of Oxford, UK), "Defining Social Capital and Civic Engagement in Eastern Europe—A critical Assessment"

**Eric Uslaner**, the chair of this first session, urged that the workshop did not spend all its time looking for that elusive consensus on what exactly was social capital. With a concept that is relatively new, debates over meanings and central elements could go on and on. Instead, what was more important was to recognize the faith that had been placed in the concept and then to unpack certain ideas in order to test whether that faith was warranted. Uslaner argued that trust for example, one of the central ideas within social capital, had to be broken down into trust in strangers and, as he put it, trust in people who were like you. In terms of understanding the progressive potential of social capital, the former type of trust was more important than the latter. One of the recurring themes in the literature on social capital was the relation between these different types of trust. If I am willing to trust someone who is like me, does it follow that I will be willing to trust someone who I don't know? The short answer, according to Uslaner, was no. There was little empirical evidence that people who were members of civic associations, and here he used the example of the choral society, were more likely to be willing to extend trust to strangers than those who were not members. The main group who are actually affected by being a member of a civic association, are those who are 'activists', a group who, as he pointed out, constitute a tiny share of the total membership. No, in terms of factors influence the levels of generalized trust in a society (i.e. trust in strangers), for Uslaner, income inequalities were far more important.

This was one of the themes addressed by **John Harriss**, from the London School of Economics. He introduced several critical ideas into the discussion, to begin with, the tendency for advocates of a social capital approach to ignore questions of power and politics and to downplay the importance of the state in development. As a concept, he argued that social capital had 'limited' analytical power but that when it came to the policy applications of social capital that was when the real 'dangers' appeared. Harriss argued that, the application of social capital to development projects could be 'useless and actually destructive'. Using an example from a 'rain-fed farming' project in East India, he demonstrated how well meaning attempts to encourage community organization ended up inadvertently increasing social inequalities and, following on from Uslaner's warning, this had undermined local social capital. He gave another example from the UK where in the context of the urban regeneration movement in the east end of London, researchers had found that while there was a great deal of social capital, it was highly fragmented. Their conclusion was that projects that tried to mobilize local social capital would achieve little unless they addressed the material needs of an area. For Harriss, those wanting to incorporate social capital into their development projects had to take into account the fundamental principle of inequality. He recommended three questions to ask—who is organizing, for what purpose and what are the social consequences of their actions.

Harriss's presentation provoked some debate. For example, he was challenged that his portrayal of community organizing was only one story and that different methods could have different effects. There was some agreement with the point that mobilizing social capital alone would be insufficient to bring about major changes, although several speakers rejected the idea that its policy application was very limited. One speaker compared the concept to the earlier notion of community pointing out that while that had various analytical and methodological shortcomings, it served a useful function in furthering debate. As for social capital undoubtedly, it would almost always have to be linked with other forms of capital, for example, human capital in order to make a difference. In response, Harris brought up an example from India of the breakdown of trust between the Hindu and Muslim communities in various cities. The fundamental difference between these places plagued by violent outbreaks and those that were relatively peaceful was that in the latter intercommunal links were deliberately built over time by political parties and movements. For Harriss, this had the crucial role in maintaining civil relations between different religious groups.

**Roman Novojilov**, from the University of Washington, was commissioned by the Center for Policy Studies to write a critical review of the theoretical literature on social capital. In a wide ranging presentation, he showed how in the context of international development, social capital was the latest offering that sought to find that missing link which would explain why certain states, regions, cities etc developed and others didn't. Broadly, its role has been to draw attention to the importance of social dimensions in economic development and, in this sense, it may recall Max Weber and the importance of the protestant work ethic or Emile Durkheim and social solidarity. One significant question was why the interest in social capital here and now. Novojilov focused on the work of the most well known exponent of social capital, Robert Putnam. His view of organized civil society as reinvigorating liberal democracy fitted well with various structural needs in the industrial democracies. With programs to challenge uneven development by mobilizing communities and encouraging active citizens, Putnam's prognoses seemed an attractive model both for policy makers and politicians. However, it was never quite clear whether social capital was a product of economic development or a condition for it. This was an ongoing theme in the literature as different commentators tried to determine whether social capital was a public or a private good. Novojilov argued that there were elements of both within it; that there might well be positive public spillovers where there were high levels of interpersonal trust.

**Dimitrina Mihaylova**, from the University of Oxford, was similarly commissioned to carry out a literature review focusing on the region. She noted a stream of favorable assessments of social capital positing it as a force for improving living standards and for speeding up changes. Often such views were from authors who endorsed a Putnam approach towards social capital. Mihaylova noted that there were very different ways of approaching the topic, although there were more quantitative than qualitative studies and despite the claim that social capital was a cross-disciplinary concept, there were almost no examples of interdisciplinary research on social capital in the Balkans. In terms of measuring tools, the more economics inspired studies for example, tended to focus on levels of trust and public participation in a society. By contrast, the more sociologically inspired works drew attention to the importance of social structures and the individual's position within them. The latter approach appeared to be a particularly useful of measuring social capital in central and eastern Europe. It opened up a social world of informal networks and ties; where levels of involvement (or the density of networks) might be predictable according to ideas such as 'usefulness'. One lesson from the literature was the critical importance of being sensitive to context, that in order to be credible indicators, ideas about the degree of civic engagement had to go beyond a focus on the numbers of formal bodies to try to understand specific types of collective action and their effects. She also drew attention to the particular cleavages that marked contemporary central and eastern Europe, for instance, the sometime mutual resentment between towns and rural areas.

With a fair proportion of anthropologists in the room, it was not surprising that the discussions that followed emphasized the importance of ground level qualitative studies. One speaker for example argued for a complex anthropology that would highlight the 'muddying' effects that external actors, including social researchers, can have on a situation or a place. Well-intentioned projects that seek to improve conditions may perpetuate or even exacerbate existing divisions. One speaker gave an example from Slovenia where the middle class dominates civil society, effectively blocking the poor and the refugees from meaningful participation. Such realities, she argued, were commonplace in central and eastern Europe. Another speaker urged the meeting not to over-emphasize the importance of Putnam and his approach. Agreeing with the materialist analysis of Novojilov, she argued that its initial success may have been linked to a widespread distrust of the central state as an agent of benign development, but that its shortcomings were well-known now and that the important step was the next one. Echoing an earlier intervention, she argued that 'fuzzy' concepts can have their place

especially where they provoke thinking that can sharpen analyses. Within post-socialist studies, social capital may have a life to come, especially if it can engage more deeply with history. One contributor proposed that social capital could be considered as a basic equation where the dependent variable was co-operation and where the predicators were the existence of networks (and what kind), the degrees of tolerance (and to whom) and the levels of trust (what kinds). Clearly how these elements would be defined would vary across societies and naturally the answers to the question would also vary. However, the suggestion did demonstrate how social capital can inspire the harder as well as the softer edges of the social sciences.

## Session Two: The Centrality of Trust? Integrating Social Capital into Development Projects

### *Chair:*

**Nigel Swain** (University of Liverpool, UK)

### *Presenters:*

**Paul Stubbs** (University of Sheffield, UK and Zagreb, Croatia), “Social Capital versus NGOisation”

**Levente Salat** (University of Babes-Bolyai, Romania)

**Crisanta Lungu** (Romanian Social Development Fund)

The second session took the discussion to certain concrete applications of social capital. **Nigel Swain** from the University of Liverpool, introduced the session by reminding those present that social capital was not a new concept. However, the post-socialist environment was a critical test bed for emerging ideas about social capital, in particular, the role that civil society might play in reform and reconstruction. Swain argued that it was important to try and distil the essences from one context-bound situation in order to understand its potential elsewhere.

**Paul Stubbs**, from the University of Zagreb, gave some examples from his own experience in the field of NGO development. Focusing on the situation in former Yugoslavia, he began by highlighting the huge amounts of money that has gone into democratization programs. The US alone had spent over \$1 billion on projects that promoted, in one way or another, an active citizenry. Using various case studies from social welfare, Stubbs offered a critical assessment of social capital inspired projects that he knew personally. He started off by pointing out some general points about civil society and democracy, for example, how high numbers of civic associations could flourish under non-democratic conditions such as inter-war Italy. Then there was the fact that civil society projects often seemed to be blind to the impacts they had on existing gender divisions. In the case studies, Stubbs echoed some of the warnings that John Harriss had given in the morning session—those who applied for grants to set up this or that kind of social organization were bitter if they were rejected as were the local public authorities who saw the NGOs and the civil society programs as ignoring both their authority and their expertise. He noted a certain ‘playing of the game’ whereby successful applicants tended to be those who repeatedly visited the advice centers asking for the assistance of the program advisers and managers. Then there was a crude application of certain beliefs without real investigation, and here he gave the example of the practice of rejecting all applications that came from single ethnic groups. In relation to a similar civil society program in Bosnia, he noted how the administrative costs had a tendency to be very high, with long chains of command and employing evaluative criteria of doubtful usefulness (for instance, how many people were on the board of the NGO). In a final case study that seemed to combine high grants with good methods for identifying issues, there was still a tendency for

the projects supported to be largely urban and professional. In conclusion, he again referred to the difficult relations that sometimes existed between NGOs and the public sector and argued for a flexible and strategic approach that acknowledged the real constraints that practitioners worked within.

The idea that social capital approaches led to a NGOisation of civic engagement provoked a lively discussion. There were pleas for a more sympathetic understanding of the constraints that civil society groups themselves worked within, for example, the fact that in some situations, international funders were one of the only sources of funding and that a certain game playing was inevitable at the same time as it was not naïve. Speakers drew attention to the ways in which these initiatives made important contributions to the reshaping of decision making powers, whether it was in terms of the power of one generation over another or in renegotiating the relations between the (local) state and civil society. Whilst it was important to highlight the unintended consequences of such projects and the extent to which there were losers, a number of speakers spoke of the importance of recognizing the weakness of states and their inability to provide basic services. In addition there was also recognition of the significant mutual interests between NGOs and the public sector, something which could be seen in the increasingly importance of partnerships between the two groups. From an anthropological point of view, Stubbs, suggested that a new brokerage class had come into existence, one which acted as cultural translators between the international agencies and the grassroots bodies.

**Levente Salat**, from the University of Babes-Bolyai, gave the workshop a series of case studies from the field of multi-ethnic community development. With the overall aim of contributing to the improvement of ethnic relations in south-eastern Europe, three donors had joined forces to sponsor various community based initiatives. Starting off with nine different countries in 1996, the program had increased its coverage to support projects in 15 countries by 1998 and then concentrated all efforts on those five that had shown themselves to be most active. In terms of the instruments used for measuring success, Salat, stressed how social capital was very much seen as an output of the projects, that there had to be convincing proof of involved decision making and peer monitoring of projects. The emphasis was on fostering greater co-operation and trust between ethnic groups, including co-operation across national borders. The program drew upon some of the ideas of Grootaert and his emphasis on horizontal relationships, so for example, there was a strong element of peer monitoring in these projects to encourage local involvement. In addition he noted how the importance of relationships with outside bodies was not overlooked, and acknowledged the contribution of the late American sociologist, James Coleman and his emphasis on the role of partnerships in building social capital.

Romania, Salat argued was a good case study to examine the premises and practices of such efforts. On the one hand, there was the historical legacy of privatism and the lack of a standard idea of legitimacy, secondly, there were the somewhat contradictory role of NGOs and foreign aid—their contributions to alleviating suffering existing alongside a certain ‘organizational opportunism’. In the case studies Salat offered, there were two levels of assistance offered—facilitators who would help in identifying local leaders and encourage the establishment of associations and mentors who would provide on-going support to the projects. All those projects aimed to improve local levels of social capital within multi-ethnic communities. In terms of examples of cross ethnic group co-operation, he stated that the most successful cases tended to be those addressing environmental issues.

One question that arose in discussion was the degree to which it was legitimate or useful to identify stocks of social capital amongst certain ethnic groups. There was some resistance on the grounds that this would pander to ethnic stereotypes. On the other hand there were those who argued that such labeling and group assessments already takes place throughout the region. In this sense, the horse has long bolted.

The final presentation on the first day came from **Crisanta Lungu** from the Romanian Social Development Fund. A Romanian public authority, the RSDF was set up with funds from the World Bank in 1998 and had funded over 600 projects since then. As with the initiatives introduced by Salat, this program is based on community driven initiatives designed to improve living standards and enhance social capital. Funding is allocated only to projects that can demonstrate that there has been local identification of problems, leaders, the projects to be carried out and effective ways of ensuring participation have been created. Beneficiaries are encouraged to contribute to the project with their skills and labor for example. The Fund provides support in the form of training that can be adapted to local needs. In terms of the projects it supports these have to be ones that show a clear community benefit rather than just for certain individuals. It is based on assessments of community poverty rather than individual or household poverty.

Discussion over the measurements that would be used to assess changes in social capital provoked a lively debate. The RSDF had earlier commissioned several academics, some present at the meeting, to construct a set of key indicators that would help measure changes in social capital. This was still in the process of creation but the importance of these indicators was highlighted in the use to which they were put. After a piloting stage, community initiatives would be assessed for possible further funding and in this sense, their types and quality of co-operation would figure largely in the decisions to allocate further funds. Some criticisms were offered that there did not seem to be too much flexibility within the system, so for example, the local community itself might not be too involved in assessing the success of the project. One of the academics involved in the advisory committee noted some of the difficulties in relying upon the opinions of beneficiaries, preferring instead to concentrate on actual behaviors and events, so for example, was there evidence that the community organization met up regularly?

### Session Three: Negative Social Capital? Open and Closed Networks and Anti-corruption

*Chair:*

**Cornelia Sorabji** (Central European University, Hungary)

*Presenters:*

**Endre Sik** (TARKI Institute, Hungary)

**Dumitru Sandru** (University of Bucharest, Romania)

**Gabriel Badescu** (University of Babes-Bolyai, Romania)

**Eric Uslaner** (University of Maryland, USA)

The third session of the workshop began the following morning and was introduced by **Cornelia Sorabji**, a visiting fellow at the Centre for Policy Studies at the Central European University. The aim of this session was to focus on the more negative dimensions of social capital, in particular its ability to impede progress towards effective and legitimate institutions. In contrast to earlier social capital debates which tended to downplay the importance of the state, drawing attention to how high trust societies can exclude and maintain privilege within closed elites, brings the state back into the foreground of analysis.

The presentation of **Endre Sik** was the first in the workshop to use history to try and explain the characteristics of networks in central and eastern Europe. Network analysis has become increasingly popular in the social sciences as a way of accounting for both continuities and changes. Sik noted how there were those who claimed that networks had a cultural dimension to them, that they reflected as



well as helped shape the mentalities of those who belonged to them. Within the Balkan region the emphasis was on the inbuilt inertia of networks, that they seemed very hard to avoid or get rid of because they were so embedded in everyday life. Sik offered a historical analysis to show how this had come to be. In the pre-Communist societies where settlements were smaller, labor was more intensive and mobility low, investing in networks could be seen as more of a rational response than cultural. With an inefficient infrastructure and very hierarchical relationship to authorities, it made sense to maintain close relations with neighbors and kin. During the Communist period although there was a massive shift to urban settlements and mass employment, the inefficiencies and everyday shortages of the Communist economy maintained the importance of personal relations as a way of getting things done. Sik gave the example of middle level managers who faced with excessive demands under the five year plans, would draw on their networks for support, for goods and for allowances. For individuals, investing in personal relations by doing favors was again a rational responses to scarcity. In the post-Communist environment, these personal networks proved to be important for all kinds of people. For those with lower level networks or with fewer stocks of economic or human capital, the personal network developed during Communist days helped them cope with some of the shocks of transition. The informal economy in central and eastern Europe is a prime example of how personal networks uphold economic structures. In the current climate, it made every sense to strengthen these ties and observe certain informal or implicit codes. Being outside of the law, the informal economy relies upon a certain degree of trust between parties.

For those with greater stocks of social capital, privatization offered a great opportunity to engage in what Sik called ‘grabbing’. Well-placed individuals could find out not only what the best bits of the cake were, but how they could acquire them in the confusion of privatization, restitution and market development. Sik showed how in the early stages of transition, those who acquired properties often spread risks by creating wide portfolios, thereby remaining in close contact with other members of the network.

With such a background in central and eastern Europe, Sik asked the question can people be persuaded to abandon their networks? In short his answer was no. They still provide an important resource for all kinds of people and investment in such personal contacts remains a rational course of action. He noted how there was a greater interest in western economies in the importance of networks as ways of getting things done. In central and eastern Europe, minor everyday needs can still be met by drawing on the favors of a friend or acquaintance. In western economies, such problems are more solved by buying services or goods. Sik finished by provoking the question what is so bad about network capital? Understandably there were some who took exception and highlighted how these networks may produce high levels of trust between those who take part in them, they tended to produce particularized rather than generalized trust, in other words, trust in those who are like me rather than trust in strangers. Another question was whether the picture was as stable or inert as Sik maintained. Had not the market reconfigured the importance of these networks? Did not accession to the European Union challenge this self-image of a network reliant society?

The second paper in this session offered a good follow on to the discussion that Sik’s paper had generated. The basic question that **Dumitru Sandu** from the Department of Sociology at the University of Bucharest offered was whether trust in institutions was a good or a bad thing. At a general level he conceded that such a question was impossible to answer, so his specific focus was on accessing to public services from the mayor’s office. In contrast to the approach of Transparency International and their well-know indexes of perceptions of corruption, Sandu’s data focused on individual’s actual orientation towards corrupt behavior and the degree to which their contacts with the mayor’s office had helped shaped that attitude. He notes how the surveys show that those who can afford to access services such as a building permission through gift giving do so, that these tend to be

people with a more entrepreneurial attitude or who display characteristics of what Sandu called ‘positive status inconsistency’, in other words, having more income than their ‘education stock’ might have suggested. Sandu also showed high levels of distrust in the institution does increase the probability of corrupt behaviors but that it is not the most important predictor of behavior. Others might include the desire to access services quicker or at enhanced rates, or the fact that there is an absence of real alternatives for the individual. Sandu contrasted attitudes towards accessing services from hospitals and courts and demonstrated how the surveys show how less than one-third believed they could access hospital services on a rule basis, while over three quarters said that is how they would approach courts.

Sandu sought to distinguish those types of trust in institutions which were developed when an individual accesses public services through personal connections. Successful access in this sense does produce greater trust in the institution, although as Sandu points out this tends to be egotistic trust—I trust the institution because I have someone in it—and it also tends to reinforce a clientelistic culture of public administration. He was keen to stress the importance of context in the analysis. It was vital, for instance, to distinguish between these actions in the rural areas and in the urban areas and between the different ‘social worlds’ of the young, the mature and the old. Here the evidence pointed to importance differences in attitudes towards accessing public services. Amongst the rural young for example, there was a slightly greater general belief in rule based access than with their urban counterparts, yet, the rural young almost twice as likely to draw on contacts rather than gifts when accessing town hall services. The urban young on the other hand drew on gifts almost as much as they drew on contacts. Perhaps surprisingly given their experiences with the shortages and networks of the Communist economy, the most trusting group in terms of believing in rule-bound access to town hall services were the elderly. Almost 80% believed that they could access services according to the rules.

In the discussion, attention was drawn to some of the more sinister sides of network capital in the Balkans. One participant urged that the operation of criminal network be taken seriously. Using graphic examples from Romania as well as Bulgaria, he argued that these networks are very threatening not only because of their criminal activities, but because of their implication and involvement in apparent legal networks. He gave the example of NGOs and Foundations set up to act as fronts for criminal activities. The connection of these networks with those in positions of political power gives them further strength. He argued that it was more important than ever to know how these networks functioned. Other contributors pointed towards the subtleties of corruption and the different meanings and consequences between for example offering coffee to a doctor and offering whisky. Sandu completed his presentation by highlighting the importance of changing mentalities. While recourse to this seemed to offer a perfect explanation for social action (or inaction) when others had failed, Sandu cautioned against overstressing the permanency of mentalities.

The final presentation in this session came from one of the organizers, **Gabriel Badescu**, University of Babes-Bolyai and Eric Uslaner from the University of Maryland. Taking a political science approach and drawing on extensive survey data, they focused on some of the conditions for generalized trust in societies, in other words, under what kind of conditions may individuals be prepared to place trust in strangers. Following on from Sandu, Badescu and Uslaner were keen to examine the relationship between corruption and trust. Uslaner noted that there were different metaphors which were commonly used to characterize the phenomena of social corruption, for example, the ‘fish rots from the head down’. Surprisingly though, in countries in the Balkans where there were significant amounts of high level corruption, the surveys showed that it did not follow that individuals saw corruption as a significant problem. This contrasted with societies with objectively lower level of corruption but high levels of generalized trust, for example Sweden, where any public

scandal concerning dishonest officials tended to produce a reaction that was wholly disproportionate to the actual scale of the problem.

The main conclusion of the surveys carried out in Romania and elsewhere was that there was no correlation between levels of trust and perceptions about corruption. Societies could be both corrupt and highly trusting. However the types of trust maintained under such conditions tended to be the particularized version of trust referred to by others. In other words, trust might be extended to members of the kin group, neighborhood, school friends or ethnic group, but it was unlikely to be so disposed in formalized stranger relations. As both speakers pointed out, this has its greatest impact on the functioning of civil society for there is a demonstrable and strong correlation between more (generalized) and better civil society. In Romania, the civil sector suffers from very low levels of volunteering (between 1-2% of the adult population) and a relatively poor public image. NGOs might have a high dependency on foreign funds and the sector is seen (and in some respects is) home to various illegal and criminal activities.

In discussion, both speakers were asked to specify where they believed generalized trust could come from. Badescu noted that the surveys they had carried out on reveal any immediate source of generalized trust, but drawing on earlier work he pointed out that levels of generalized trust tended to be very stable while trust in institutions went through frequent changes. And partly to counter the belief that the socialist state undermined public trust, he quoted from surveys in modern Germany where levels of generalized trust were significantly higher in the eastern part of the country than they were in the west. For Uslaner, the main source of generalized trust is a sense of optimism combined with a sense that the world could be changed for the better. In turn that came from an individual's upbringing and the values taught to them by their parents. And to go one stage further, an individual's parents might get their beliefs from living an equitable society. If there was a relatively equal distribution of resources then it was possible for someone to see the common bonds between people who are different from each other and hence be more willing to have generalized trust.

## Session Four: Social Capital and Governance / Administration

*Chair:*

**Viola Zentai** (Central European University, Hungary)

*Presenters:*

**Gabor Soos** (Tocqueville Research Center, Hungary)

**Calin Hinte** (University of Babes/Bolyai, Romania)

**Bogdana Shopova** and **Christina Kovacheva** (Foundation for Local Government Reform, Bulgaria), "Partners for Local Development: Building Social Capital in Small Cities in Bulgaria"

The final session of presentations was introduced and chaired by **Viola Zentai** from the Center for Policy Studies, Budapest, the session explored the relationship between democratic forms of governance and social capital. Although she agreed with the last speakers in the previous session that the relationship was by no means straightforward Zentai argued that there is at least a belief that democratic governance could enhance trust in a society. She noted the strong link between trustworthy institutions and democratic legitimacy and, as had other speakers, reminded the participants of the importance of remembering the history of the region with its experience of repressive regimes, weak or fragile institutions and larger rural populations who tended to invest in informal networks in place of governing institutions. In addition, Zentai drew attention to two other

characteristic of governance in the region. The first was the fascination in decentralization as a tool for promoting democratic governance. Partly as a reaction to the top-down, centralized planning of the previous regime, Zentai noted that this interest predated that of the World Bank, but on the whole, the experience of decentralization experiments in the 1980s was that the more power to the local did not necessarily mean more or better democracy. As second feature which was perhaps less distinctive for the region and more telling of development politics in general, was the common use of corruption as an explanation for the weakness of institutions. While undoubtedly, this played some part in undermining public confidence, Zentai cautioned against explaining all weakness by this measure.

The first presentation of the session was by **Gabor Soos** from the de Tocqueville Institute in Budapest. Its basis question was to examine the impact of politician's membership of civil society groups on democratic rule. The work was based on studies carried out amongst local politicians in Hungary. According to the politicians Soos interviewed many of the population held jaded attitudes towards local politics and they were often unwilling to get involved in community projects. Soos's questions explored how far these attitudes might change with the everyday connections between local politicians and ordinary members of the public. In other words, membership of civil society groups could be used as a proxy to investigate democratic reform and changes in political culture. For example, are politicians who get involved in local groups more inclined to encourage citizen participation in decision-making? Are they more likely to support particular political values such as social equality. Perhaps surprisingly, Soos found that membership of civil society groups had little impact on the political culture. There was little correlation for example between support for egalitarian positions and membership of civil society groups and there was no evidence from the data that those involved in such groups had a different attitude towards involving the local population in decision making. Having said that, there were other dimensions to the relationship beside its impact on political culture. It could be argued for instance that in relatively small communities (and Viola Zentai pointed out that in Hungary there were over 3000 municipalities), membership of civil society groups might enhance the overall accountability of local politics by giving citizens an opportunity to challenge their local representatives decision making. In this regard there was some evidence from the data to support such a argument.

Finally in an echo of the findings of Robert Putnam in *Making Democracy Work*, Soos showed how there was a link between the performance of local government and social capital. Where civil society was denser, where politicians were involved and where there were greater numbers of media then the survey showed that the performance of the local government was higher.

**Calin Hinte**, from the University of Babes-Bolyai and the President of the Institutes of Public Administration in Romania spoke about some of the problems of administrative reform in Romania. He began by noting how the reform of the public administration has for some time received significant amount of attention by governments, international organizations and the wider policy community. Romania, he argued, was a good example of the difficulties in putting some of these fine ideals into practice. In his view the administration inherited from the Communist period was a pre-bureaucratic structure and the aim of administrative reform should be to take the country to a post-bureaucratic stage of transparent management, contracting services, and a participatory citizen involvement. There were several aspects of the current environment that made such a move difficult, in particular the need to ensure the stability of public officials and maintain political influence to 'decent' levels. There was also the fact that a great deal of the pressure to change the administration comes from external sources, whether this is the EU, NATO, the World Bank etc. This has meant that reforms that have been talked about for some years may suddenly reach the statute books, for example, the passing of the Law on the Status of Civil Servants immediately in a matter of days so as to be presentable at an important accession conference.

The dilemma that all those addressing issues of administrative reform is that while there is some consensus on the problems associated with weak implementation of laws and strong personal networks, there are significant portions of the political class that do not make distinguish between administrative and ruling structures. Here Hintea gave the example of the regular ‘tsunamis’ that hit the administration after each general election when the incoming parties clear out the old officials and replace them with those supposedly more loyal to the new government.

As regards the role of networks within administrative reforms, Hintea highlighted the fact that there are both strong internal networks of resistance to reform as well as networks between the administration and the citizenry that undermine the development of an alternative standard based system. The practice of solving problems by personal connections within the administration can create low expectations for those who are not able to draw on such social capital. On the other hand, Hintea gave an example of his own university and professional based network which for the past seven years has managed to introduce alternative methods of teaching public administration. By making contacts with professional and academic teaching and research bodies in Europe and in the United States, it has been possible to bring about a transformation in the education of public officials. While of course there remain many difficulties, such networks offer a strong positive resource to help firmly establish administrative reform.

The final presentation of the workshop was by **Bogdana Shopova** and **Christina Kovacheva** representing the Foundation for Local Government Reform (FLGR) from Bulgaria. In brief, the projects carried out by their association are designed to encourage partnerships between local authorities and formal and informal civic groups. They concentrate on the smaller cities and promote knowledge sharing between these different groups. As members of the local authorities are only to ready to admit, in the smaller cities co-operation and partnerships are limited. Small cities may not know of the work of their neighbors. In this environment, FLGR has produced various mechanisms that will facilitate the sharing of knowledge between authorities. Their innovative practice database is one of the main ways in which local authorities can learn about development work that might be suitable for their situation. Yet not only is it open to the local authorities, NGOs and local citizen groups can get access and can submit their best practice examples. As the database has grown, so has interest in gaining access and recently the regional administrations have shown interest in contributing. The program has attracted international attention. Large development agencies from eight other countries now make regular submissions concerning best practices. In short, the database is ‘a powerful tool for making people known to each other’. It is a good basis for peer learning and the expansions of networks. Through various initiatives, such as recognizing Innovative Youth Work through annual awards, the FLGR can encourage users to take the knowledge from the database and co-operate.

There are many examples of the projects impact on governance in Bulgaria. Just to give one, the establishment of ‘one-stop shops’ where citizens can get advice and information about local authorities services is a recent innovation, one that may allow for better relations between local authorities and their population. FLGR also furthers partnership by providing advice and training on accessing international funds. Not only does it make know these opportunities, it also gives practical assistance in how to secure funds.

In the discussion, initial attention focused on the technological and linguistic dimensions. How could something that so depended on computer technology benefit communities that had very few such resources and secondly, what as the proportion of information on best practice in Bulgarian and what in English. The speakers acknowledged that access to computers was uneven, but they pointed out that the weekly newsletters, the updates and other information on the database was often transmitted through other media such as by faxes, by telephone calls and made available in Citizen

Information Centers. Their efforts were to promote a collaborative, sharing information culture and for that they carried out regular surveys to see how information traveled between the different groups and users. One survey for example showed how local authority officials put down personal communication as their preferred method of communication with browsing and reading secondary. As for the language dimension, it was true that a significant proportion of material was produced in English but the majority was in Bulgarian. This was a project with an international dimension, but FLGR was not set up for the international community, its principal beneficiaries are Bulgarian. Having said that, the involvement of other partners from overseas has meant that there has been some spontaneous translation into languages other than English. In this sense, best practices initially created to deal with Bulgarian problems of local governance and economic development, may find their way to any number of other ‘small cities’.

## Conclusions

The final session, getting into early evening, gave an opportunity to return to some questions and to consider some broader ones about the ties between research and policy. Viola Zentai opened discussions by asking why we should try to enhance the dialogue between academics and policy makers. Social capital, despite the reservations that were expressed about it, had become an inescapable part of policy thinking. As one of the participants had earlier mentioned, doing a web search on Google on social capital would see that it is linked to an extraordinary array of things. On the World Bank site, there was a whole section that linked social capital to health, to housing, to crime, even to the organization of water supplies. Given this interest, Zentai urged that critical research on social capital should not only focus on the contradictions and the ambiguities of the concept, but it should also engage with some of the positive developments that social capital approaches bring.

As the participants were from a range of backgrounds, there was some discussion on the importance of mutual understandings, in particular, the place of ambiguity in the policy and academic world. So, while the latter could ‘live with this’ and enquiries could be open-ended, for policy makers, there was a greater need to bring discussions to a conclusion, or as one participant put it ‘to decide by the end of the day’. Policy makers work under time and institutional pressures very different from those faced by academics. As to the role of academics in policy debates, some stressed how academics could offer warnings of possible consequences, that they could widen the range of options considered available, they could provide some rough guidelines for directing the construction and implementation of policies or they could simply raise some more questions to ask.

Unsurprisingly given the subject of the workshop, there was a feeling that social capital did provide a useful medium through which this academic/policy dialogue could develop. As one participant remarked, it was not enough to say that the concept was a dangerous one for policy making, the onus was to think of how it could be bettered. For one participant from an NGO background, the problem was to think how to get the academic and research knowledge about social capital to those NGOs who are at present carrying out social capital projects.

Although the organizers promised to try and come up with innovative ways for sharing some of the workshop’s discussions, Gabriel Badescu offered another illustration of the ways different social worlds can be bridged. Since the last major conference on social capital in Romania in 2000, five of the academics participating had left their university positions for politics. One had even made trust and the importance of developing social capital the centre of his election campaign. At the first attempt, he was elected.