



Social Capital and (Community) Development: A North/South Perspective

Margit Mayer

JFK Institute, Freie Universität Berlin, Berlin, Germany;
mayer@zedat.fu-berlin.de

Katherine N Rankin

Department of Geography/Program in Planning, University of Toronto,
Toronto, Ontario, Canada; rankin@geog.utoronto.ca

The recent flourishing of social-capital theory and attendant approaches to poverty alleviation manifest a convergence across the North and South that we feel is crucial, not only for understanding the recent career of social capital theory, but also for re-igniting a more radical potential for community development in both contexts: namely, the similar trajectory from solidarity movements and their “accord” with Keynesian macroregulatory structures to community development organizations seeking to harness “grassroots empowerment” for the competitive workfare state and the global neoliberal project.

In both contexts, this transformation of social movements into post-Fordist and postcolonial forms of poverty alleviation has taken place largely under the rubric of social capital. The World Bank, the Ford Foundation, the European Union (EU), and national governments around the world now champion the social and cultural bases of economic growth, banking on local associations, trust and common values—stocks of social capital—to empower marginalized groups on the one hand and correct for state and market failures on the other. Thus we now have in the South a rapid proliferation of microfinance programs substituting social for physical forms of collateral through women’s “solidarity groups” (as well as widespread replications of such strategies for promoting “microenterprise” across North America). Both in the US and Canada, growing numbers of community-based development organizations and other locality-based associations wedding group solidarity to economic or welfare purposes have become key institutions in the delivery of housing, (self-) employment, training,

and social services. In Britain, third-sector organizations have been delivering New Deal programs locally, usually connecting employment creation with other commitments such as education, community building, or environmental protections. In France, *régies de quartier* and *entreprises d'insertion* draw on French social-economy traditions while seeking to rehabilitate neglected neighborhoods. And in Germany, local partnerships and “neighborhood management” have sprung up to activate and integrate different resources and actors in and for disadvantaged inner-city as well as peripheral areas, helped along by recent national legislation as well as a variety of EU programs.

These initiatives and programs share two crucial characteristics. First, in their claims of “solidarity,” “empowerment,” and “inclusion,” they evoke histories of transformative movements that tended to challenge (rather than accommodate) dominant cultural and political ideologies. For example, microfinance programs seeking to promote women’s entrepreneurship draw on feminist, anticolonial, and union traditions when they coin the expression “solidarity groups” (for the collectives women form to qualify for credit collateralized by group guarantee). These programs mark a sharp departure from the Basic Needs programs of the 1960s and 1970s that subsidized credit on redistributive grounds. The implication here is that women’s associations through microfinance programs generate not just social and economic capital (hence no need for subsidy) but also collective consciousness of, and resistance to, oppression. In practice, however, microenterprise models advocated by mainstream donors such as the World Bank respond more to lenders’ concerns with financial sustainability than to traditions of fostering radical collective action. In this context, solidarity groups function foremost to cut costs and introduce financial discipline through peer pressure. The health of the financial system, rather than social transformation or social welfare, has become the core objective.

In the metropolises of the North, many of these local initiatives, community (development) organizations, and alternative-service delivery agencies hark back to the wave of mobilization in the 1960s and 1970s, when the mushrooming of community activism, squatting movements, and tenant organizing was linked to broader movements for social change. These and following generations of community-based organizations (CBOs) were often based on different movement struggles and solidarities that built on the intersection of place and identity, coming as they did from places of poverty, unemployment, and cultural domination. After years of cuts in traditional welfare state programs (especially during the 1980s), these older organizations and scores of new ones flourished again, thanks to new types of foundation and municipal programs providing widespread official validation for

territorially based, local capacity-building efforts. Supralocal programs such as the Empowerment Zone/Enterprise Community Program in the US, a variety of regeneration policies in Britain, *Quartiers en Crise* in France, and—as a national latecomer—the “Social City” in Germany helped transform the local groups and organizations into service providers that would integrate economic development with job training and social service delivery. In the context of “Third Way” workfare states, their importance for enhancing democratic vitality as well as economic performance is generally stressed by pointing to their empowering and solidarity-creating capacities. In fact, however, while mobilizing this “social capital,” many of these groups exhaust themselves by having to work as repair networks against the intensifying trends of economic and political disintegration. They scarcely achieve the hoped-for sustainability and indeed often end up creating ghetto economies that merely recycle welfare monies, and the few that succeed in creating jobs or marketing their services become competitive, market-driven firms or agencies with hardly a trace of the former transformative agenda.

Second, each of these approaches to poverty alleviation advocates a specifically *entrepreneurial* role for the marginal and disadvantaged. However, the “capital” in this social capital is not innocent (Walters 2002). It constructs a zone within society yet beyond politics, subject to laws of economic rationality, and as such provides some ready answers to the architects of the New World Order who wish not only to manage the social costs of neoliberalism but also to extend market rationality to regions formerly beyond the reach of global capitalism. Embedded in the microenterprise model, for example, is a social identity of the self-maximizing entrepreneur, gendered specifically female (Rankin 2002). It looks as if the World Bank has suddenly begun to absorb the lessons of three decades of feminist research on agrarian economies of the South—showing that women in agrarian societies perform the bulk of productive labor, contribute more of their income to household well-being than men, and have a higher propensity to pay back their loans. However, the dominant “financial services” or “minimalist” approach to microfinance (which pares back social or “empowerment” dimensions) suggests that women’s participation has been solicited primarily on efficiency grounds, to enhance financial sustainability. From the point of view of neoliberal capitalism, there are even more expansive “efficiency” gains: the subjectivity of “rational economic woman” marks a change in the subjects of development, from male beneficiaries with social rights (under the old “small farmer” credit programs of the Basic Needs era) to female clients with responsibilities to themselves and their communities. When poor women are construed as clients in this way, the onus for development falls squarely on their shoulders,

and the state is released from considerable civic obligation (Rankin 2001).

Similarly, the CBOs in the “disadvantaged” areas of the North, while encouraged to activate local self-organization and participate in new governance strategies along with market and state representatives, find themselves restricted to certain forms of local capacity-building. The design of the programs and governance networks within which they now function makes it their task to identify and mobilize the resources within “problem neighborhoods”—not to analyze or resist the structural causes of new forms of exclusion. For example, the “comprehensive” programs now implemented everywhere throughout the North all feature “work first” initiatives that aim to turn “underutilized assets” of urban residents into entrepreneurial activity or flexible labor. Like microfinance solidarity groups, CBOs in the North can deliver the hoped-for “social glue” and activation because they are embedded in informal exchange and reciprocity networks, equipped with local knowledge and skills, and accorded some legitimacy by marginalized populations. It is their very embeddedness—their social capital—that enables these organizations to manage the social costs of neoliberalism and extend market rationality to areas hard to reach by other agents of global capital (Mayer 2001).

So far, social capital theory as applied within (community) development has mostly played an accommodationist—indeed, ideological—role vis-à-vis the neoliberal project in both the North and South. But what if the concept of social capital were to reflect on the political-economic conjuncture and the reconfiguration of state-society relations that first propelled its career? And what if it were to admit within its purview contemporary oppositional movements—antiglobalization protest, union organizing, poor and homeless people’s campaigns, mobilizations against workfare and structural adjustment—all of which also build trust, coordinate action, and often establish their own economic base? Such adversarial mobilizations offer crucial democratizing pressures: they help hold politicians accountable, raise neglected issues, and challenge the social costs of macroeconomic policy. Equipped with more self-reflexivity and openness to the role of political and oppositional movements as much as to CBOs and microenterprise groups, social-capital theory might usefully highlight the *contradictory aspects* of collective social action as much as the contradictions surrounding the recent fortunes of social capital as a theory of community development. If social-capital theory could account for state and market power at multiple spatial scales, as well as distinguish between progressive and regressive forms, it might actually help us understand the preconditions for enhancing democratic and civic community in the North and South.

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