

# TABLE OF CONTENTS

Acknowledgements .....	vii
Introduction .....	ix
Joseph D. Lewandowski & Milan Znoj	
<b>I. Trust and Transitions: Social Capital in Theory and Practice</b>	
Chapter One.....	3
Coping and Social Capital: The Informal Sector and the Democratic Transition	
Eric M. Uslaner	
Chapter Two .....	29
Economizing on Transaction Costs: The Role of Social Networks in Transition	
Iva Božović	
Chapter Three .....	63
Deliberative Social Capital and the Politics of Transition	
Gregory W. Streich	
Chapter Four .....	83
Transition, Amnesty, and Social Trust: Lessons from South Africa	
Max Pensky	
Chapter Five .....	105
Elites without Borders: Reflections on Globalization, Stratification, and Social Distrust	
Joseph D. Lewandowski	
Chapter Six .....	123
Sources of Civic Solidarity: Rethinking Neo-Tocquevillean Political Theory	
Pavel Barša	

## **II. A Velvet Transition? Social Capital in the Czech Republic**

Chapter Seven.....	157
Interpersonal Trust and Mutually Beneficial Exchanges: Measuring Social Capital for Comparative Analyses Petr Matějů and Anna Vitásková	
Chapter Eight.....	183
Where Does Social Capital Come From? Arnošt Veselý	
Chapter Nine.....	213
Social Trust and Civic Participation in the Czech Republic Markéta Sedláčková and Jiří Šafr	
Chapter Ten .....	237
The Paradox of Post-Communist Civil Society: Reflections on the Czech Experience Milan Znoj	
Chapter Eleven .....	259
Two Faces of Civil Society in Post-Communist Countries Marek Skovajsa	
Chapter Twelve .....	277
Social Capital in the Contemporary Sudetenland Ondřej Matějka	
References .....	295
Contributors .....	315
Index .....	319

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Prague



# INTRODUCTION

Trust has repeatedly been identified in a wide variety of disciplines in the humanities and social sciences as a key factor in human flourishing. More specifically, individual beliefs about the shared moral horizons of others and the fairness of institutions have been singled out as crucial not only to the normative health of democratic societies but also to the efficiency of market economies. Indeed, it is often argued that without such beliefs the formation of the broader social networks, cooperative norms and associational ties that make markets and democracies work is undermined.

In the contemporary literature, such networks, norms and ties are generally conceived of as “social capital.” Yet what, precisely, is social capital? As it turns out, the answer to such a question has proven—and continues to prove—somewhat elusive. The generic definition of social capital is networks of trust, social norms and associational ties that are valuable insofar as they enable individual and collective actions of various kinds. In contrast to capital proper, where value is stored in physical objects, or human capital, where value resides in the skills and abilities of individual human beings, social capital is value accumulated in relations between and among individuals. What makes capital “social”, in other words, is that it is value laden in social connections, reciprocal ties, shared norms, trust networks, and so on. Unlike economic capital or human capital, social capital appears to be a distinctly “we” phenomenon.

It is often said that theories of social capital are simply variations on the everyday intuition that “it is not what you know, but whom you know” that matters. We would not necessarily reject such an intuition. But in the context of social scientific theory and research, we would try to formulate it with greater methodological precision. In the social sciences, the overarching goal of social capital studies is to measure and explain the effects that social connections, ties and trust have on specific individuals and their behaviors, the behaviors of others to whom such individuals are connected, and the society in which all those individuals are embedded. Broadly construed, social capital research provides empirically based explanations of the enabling and limiting conditions of human action at the micro level of individuals, the meso level of groups and associations, and the macro level of the state.

In its work, the Social Capital Research Group has sought to identify and scrutinize three prevailing threads in contemporary social capital theory and research: 1) an economic or rational thread, found most notably in the rational choice theory of Gary Becker and James Coleman, and central to policy-oriented theories of growth and economic development such as those pursued at the World Bank; 2) a critical or Marxist thread, exemplified by the work of Pierre Bourdieu, in which theories of social groups, stratification, and conflict are applied in the empirical study of socio-cultural practices; and, finally, 3) a political or democratic thread, first intimated by Alexis de Tocqueville and made popular by the work of Robert Putnam, in which civil associations are considered crucial to making democracy work.

Unavoidably, of course, the Research Group has also devoted considerable time to discussing the nature and functions of some of social capital's closest conceptual cousins, especially those of "civil society", "community", and "solidarity." In fact, as the contributions to this collection make clear, analytically distinguished threads in social capital theory and research quickly become intertwined in such familiar conceptions. This is particularly the case in periods of socio-economic and political transitions, when structural changes impact the webs of human relations in complex and often contradictory ways. Needless to say, in the course of the Research Group's work specific attention was given to the theoretical and empirical issues arising from the transition to a market-based democracy in the Czech Republic. To be sure, we also endeavored to develop comparative perspectives, in and through which the emergence of democratic institutions and market relations in different historical and cultural contexts of transition could be fruitfully analyzed.

Most generally, our aim in this volume is to extend a dialog, begun in the Research Group, about what appears to be two opposing tendencies in the nature and function of social capital. On the one hand, we want to explore the economic and democratic threads in contemporary social capital theory that characteristically argue for a causal link between high levels of social trust and associational memberships and prosperity and democracy. Indeed, the productive role that social capital has played—and may continue to play—in the economic, political, and moral health of market-based democracies is one of the central themes pursued by the contributors to this volume.

On the other hand, we have also sought to emphasize the critical thread in social capital theory—one that foregrounds problems of socio-economic and political stratification and the unequal effects of exclusive networks, in-group and out-group distinctions, and related issues of elitism and

clientism in market-based societies. In fostering and re-enforcing the stratification of civil society, social capital often appears to corrode democratic ways of life—in both existing market-based democracies and newly transitioning ones. This democratically counterproductive tendency toward stratification in social capital (re)production and circulation is the other core theme addressed by our contributors.

Hence this volume seeks to raise, but not resolve, fundamental questions about social capital in theory and practice. What role does trust play in relations of exchange and the forms of reflexive social cooperation that appear to be the pre-conditions for market-based democracies? How does trust, or social capital more generally, function both as a mechanism of civic participation and social justice as well as a source of inter-group conflict and stratification? Do transitioning market-based democracies continue to be the locus of the development of basic liberal values and social solidarity? How does trust promote or—depending on contextual variables—polarize economic development? What is the relationship between such development and newly emergent conditions of distrust, such as the globalization of elite networks and ties? What, if anything, can or should market-based democracies do to cultivate and redistribute social capital? How, precisely, is social capital created and transferred?

Employing a range of theoretical and empirical approaches, the authors of the twelve chapters collected in this volume explore such questions in specific ways. In the first section, Eric Uslaner opens with an analysis of the role of informal networks under conditions of widespread social distrust. Drawing on his pioneering work on corruption and trust, Uslaner focuses on the legacy of largely instrumental and non-generalized informal connections that were essential for getting on in daily life under Communist rule. As Uslaner points out, such informal networks were often “as close to ‘social capital’ as most people were likely to get.” In fact, with its heavy reliance on strategic networks and “gift” payments to doctors and government officials, the informal sector during Communist times fostered a culture of corruption that continues today. Indeed, the informal sector has become a fact of life—a way of “coping”, as Uslaner puts it, with everyday existence and corrupt government in the post-Communist period. To what extent, Uslaner’s chapter asks, do the citizens of a transition country evaluate the success of their market-based democracy by the prevalence of a strong informal sector? The question is pursued in the context of rich empirical data, including a 2003 survey of the Romanian public in which questions about the role of informal connections in obtaining medical treatment, employment, business transactions and bank loans, as well as in dealings with police, courts, and

local government agencies. In light of the evidence, Uslander concludes that coping in the informal economy “neither builds nor destroys social capital.” Rather, it is market and policy failures, caused by large-scale corruption, that undermine the creation of social capital.

In Chapter 2, Iva Božović similarly inquires about the contemporary legacy of informal systems of exchange in post-Communist countries. Focusing on Serbia and Montenegro, Božović investigates the use of personal relations in such systems, and considers their ramifications for economic performance. Specifically, Božović aims to clarify how managers and owners of small and medium size enterprises (SMEs) use social networks in periods of transition. Based on in-person interviews with SME managers and owners in Serbia and Montenegro, Božović employs a transaction cost framework to understand an individual manager's decision whether to transact within his or her social network or in the impersonal market. The result of the analysis is that, in transitioning to a market-based economy, “a complete shift from personal to impersonal exchange is not desirable.” Indeed, Božović argues that “personal exchange can successfully complement impersonal exchange by providing an alternative form of contract enforcement that can lower enforcement costs even when disputes can be resolved in inexpensive and efficient courts.” Of course she recognizes, in keeping with Uslander's findings, that while the use of personal relations in exchange may have insignificant social costs, the use of connections in conducting network exchanges can have negative implications for market principles, as well as foster a culture of corruption and distrust in institutions.

Moving from analyses of the political economy of the informal sector to an account of “deliberative social capital” in Chapter 3, Gregory Streich breaks new ground in the theory of social capital and democracy. Here Streich brings together recent work in social science and political philosophy in an attempt to explain some of the problems and challenges facing countries in transition to market-based democracy. Specifically, Streich seeks to give analytic clarity to the notion of deliberative social capital, and then to operationalize that notion in a consideration of the extent to which such capital promotes processes of democratization. In the context of post-Communist countries, Streich argues that certain forms of deliberative social capital—normative networks and ties based on social solidarity and cross-group mobilization, for example—played a crucial role in ending Communist regimes. Yet he also suggests that while historically necessary, such forms are no longer sufficient. Indeed, additional stocks of deliberative social capital are crucial to making the constitutional, social, and institutional dimensions of democracy work

over the long term. Moreover, Streich argues that transition countries face a difficult future—one in which the democratic potential of deliberative social capital will be tested. In fact, and as Streich points out, in many ways this future has already arrived, as transition countries now must deal with the increasingly polarizing socio-economic effects of market liberalization, issues of ethno-racial divisions between dominant groups and various minorities, as well whether, how and on what normative basis to hold members of previous regimes accountable for their actions.

This last point is the explicit focus of Chapter 4, in which Max Pensky probes the complex relationship among transition, justice and trust in the context of South Africa's emergence from apartheid. Developing an empirically informed normative argument, Pensky examines South Africa's "brave experiment" in truth and reconciliation, in which amnesty for crimes against humanity during the apartheid era has been offered. Specifically, what interests Pensky in amnesty-based forms of justice is the tension between the normative demand for retributive justice and the pragmatic need for political stability in democratically transitioning nation-states. Understanding how and why amnesty does and does not work in such contexts requires, as Pensky says, taking seriously "the role of nationhood, national identity, and the dynamics of national solidarity in calculating what counts as success in transition." How a nation deals with past injustices in times of transition is in no small way bound up with its collective experiences, joint narratives and shared self-understandings as a nation. In other words, civic trust and national solidarity are, Pensky argues, "not just functional requirements for social integration" within a nation-state, but also, and more fundamentally the normative basis for what counts as transitional justice for that nation-state. Consequently, repairing broken civic trust and fractured national solidarity in periods of transition inevitably entails reconstructing the bases for national identity. One of the lessons to be learned from South Africa, Pensky suggests, is that such a reconstruction is best accomplished in a pincer-like approach to creating social capital. From the top-down, there must be an administrative effort to create solidarity and institutional trust, understood as rights-protected inclusion in the institutions of democratic deliberation. At the same time, and from the bottom-up, ordinary citizens must cultivate a street-level social trust in one another and the legitimacy of good governance.

The remaining two chapters in the first section pursue decidedly more skeptical arguments about the democratic potential of social capital and trust. In Chapter 5, Joseph Lewandowski develops the critical thread in social capital theory in a discussion of the political economy of

globalization and the effects of that economy on contemporary civil societies. In particular, Lewandowski argues that globalization has opposing effects on elites and populaces. On the one hand, globalization characteristically disembeds elites, producing networks of elite social capital and “elites without borders.” On the other hand, globalization tends to re-embed everyday populaces, producing impoverished networks and “peoples without power.” The resultant problem is that transnational elites characteristically evade popular democratic control. In highlighting the functional emergence of elite social capital and the global rise of class-based social distrust, Lewandowski draws skeptical conclusions about claims for “democracy without borders” and the prospect of transnational popular democratic control of elites. Indeed, for Lewandowski, finding ways to tame existing globalized mechanisms of stratification and social distrust is decisive for realizing the democratic potential of contemporary civil societies—both those long-established and those still in transition.

In Chapter 6, Pavel Barša concludes section I in a related skeptical vein as he pursues a theoretical archaeology of some of the cornerstones of contemporary neo-Tocquevillean research with an eye toward rethinking the theory of social capital and the nature of trust. In particular, what interests Barša here is not simply social capital and trust, but rather the existential sources of civic solidarity. In extended treatments of the work of Putnam, Uslander, Alexander and Tilly, Barša argues that one of the methodological conclusions to be drawn from these recent discussions of trust—and social capital more generally—is that a social science of human sociability can only be had by erasing “the radical contingency of social life.” Indeed, Barša maintains that the source of civic solidarity cannot be adequately conceived as attitudes and beliefs to be measured in opinion polls and surveys, but rather must be rethought as creative actions and practices of “radical or pure trust.” The core of Barša’s methodological claim, in other words, is to suggest that, in the face of contingent lifeworld contexts, what is needed is an existentially-informed social philosophy—rather than a social science—of trust and social capital.

Section II focuses exclusively on social capital theory and research in the Czech Republic, and in doing so it constitutes a unique interdisciplinary kaleidoscope of contemporary perspectives on trust and transition in the wake of the “velvet revolution.” In Chapter 7, Petr Matějů and Anna Vitásková seek to conceptualize and measure social capital in the context of post-Communist societies. The authors argue for a measurement model that identifies and distinguishes two distinct dimensions of social capital. The first dimension is understood holistically, as generalized trust attributable to a given society that in turn promotes

reflexive social cooperation. The second dimension, understood in the terms of methodological individualism, involves individuals' capacities to participate in informal networks in ways that enable mutually beneficial exchanges. This conceptual measurement model is then operationalized in an analysis of data taken from the Social Networks survey in the Czech Republic (2001). Based on the results, Matějů and Vitásková argue that while social capital understood as generalized trust has only a weak link to social stratification, social capital understood as an individual's involvement in mutually beneficial exchanges does in fact show significant variation among groups defined by relevant stratification variables.

In Chapter 8, Arnošt Veselý examines the complex processes in and through which social capital is created in the Czech Republic. In response to much of the current research in social capital theory, which fails to explain the nature of intergenerational differences in social trust and civic engagement, the origins and long-term development of such differences, and their interconnections over time, Veselý develops a trans-generational perspective on social capital, focusing especially on the development of social capital in Czech youths. He identifies four forms of social capital: social trust, civic engagement, participation in extra-curricular activities, and, in line with Matějů and Vitásková, informal networks based on mutually beneficial exchanges. Veselý then elaborates the different mechanisms that produce each form, develops a comparative analysis of all four forms, and examines the relative levels of such forms of social capital in Czech parents and their children. His analysis reveals significant but modest intergenerational transmission of social capital. In particular, Veselý identifies participation in extra-curricular activities as the strongest mechanism for civic participation in the Czech Republic.

In contrast to Veselý, Markéta Sedláčková and Jiří Šafr reconsider the role of generalized interpersonal trust in the Czech Republic in Chapter 9. They aim to test the hypothesis that interpersonal trust should be linked not so much to formal membership in voluntary organizations but rather to non-institutionalized participation based on collective action. The effects of non-institutionalized participation, in contrast to conventional participation, are examined using survey data. Sedláčková and Šafr assess the structure of generalized trust using regression analysis with three additive models: the first model applies to different types of institutionalized participation, such as voluntary organizational membership in a church, sports clubs, or union; the second model applies to non-institutionalized political participation, such as social and political action in demonstrations, contacts with media, or donations; while the third model indexes trust in

political institutions, and levels of satisfaction with political and economic performance. The authors find that there is in fact a link between interpersonal trust and non-institutionalized participation. Indeed, the strongest predictors of social trust are satisfaction with the political and economic situation combined with trust in state institutions. Such a finding casts new light on contemporary studies of civic participation in the Czech Republic, which typically focus only on conventional forms of participation, and view low levels of participation in such forms as confirmation of the decline of civil society.

In Chapter 10, Milan Znoj provides an historically informed analysis of recent socio-political developments in the Czech Republic as he seeks to characterize “the uncongenial paradox” of post-Communist civil society. Put bluntly, that paradox lies in the fact that the very civil society that serves as a catalyst for the fall of Communism characteristically becomes inert in the post-Communist period. Focusing on the Czech Republic, Znoj explores why and how such inertia besets the initially democratic transformative force of civil society. One reason, according to Znoj, is that even before democracy has taken hold, civil society in post-Communist countries is “thrashed by a neo-liberal state and capitalist economy.” In such cases, transition countries become globalized market societies at the long-term expense of their democratic potential—in this regard, the shortcomings of democracy in post-Communist transition countries are more acute than those in more robustly developed democratic societies, as Znoj points out. Moreover, in his analysis of the paradox of civil society, Znoj highlights three additional factors that have conspired to deflate the democratic power of post-Communist civil society: the rise of populism, the (re)emergence of nationalist struggles for independence, and the degrading of the emancipatory narratives of civil society prominent during the Communist era. With its probing contextualization of the concept of civil society and reflections on the “velvet revolution” and its aftermath of social distrust, populism, and corruption, Znoj’s analysis stands as a cautionary analysis of the democratic potential of social capital in the Czech context.

Chapter 11 adopts a similarly measured tone, as Marek Skovajsa examines what he calls the “two faces” of civil society in post-Communist countries. Taking aim directly at neo-Tocquevillean and Putnam-style arguments in social capital theory, Skovajsa shares with Znoj the argument that the effects of civil society-based associations cannot be studied independent of the broader social and political settings and histories in which they operate. Here Skovajsa examines not only the associational history of the Czech lands, but also that of Germany during the

Wilhelminian and Weimar era. In this way, Skovajsa scrutinizes the generic assumption that civic associations are the generators of positive social capital and schools of democratic virtues necessary for the functioning of successful and stable democratic systems with a more detailed account of context-dependent variables—in particular the nature, degree, and history of connectedness between civil society and the state. Indeed, for Skovajsa, civil society and the state must create “the necessary setting in which citizens’ associational activism can effectively contribute to the development and strengthening of democracy.” Applying this insight, Skovajsa finds that civil associations are, on balance, no more or less likely or equipped to foster democracy than they are to stratify society and give rise to nationalist tendencies.

By contrast, in Chapter 12 Ondřej Matějka uses the history and present of the Sudetenland as a context in which to examine the necessary and sufficient conditions for the growth of social capital. With its complicated history, the Sudetenland constitutes, according to Matějka, a kind of “laboratory” for the study of social capital creation. Working within the neo-Tocquevillean framework in social capital theory, and drawing on ethnographic research, Matějka outlines three mutually related preconditions for the successful development of democratic social capital. These are: the existence of a reliable order for the functioning of society; the existence of local patriotism (i.e., a conscious and positively experienced relation to place); and the existence of enterprising individuals (“activists”) who can initiate and organize social life.

In many ways this last chapter brings us back full circle to a consideration of the productive role that social capital may play in contexts where the transition to a market-based democracy remains unfinished. Of course it does so here only against the backdrop of several more guarded analyses of such a consideration—analyses such as those of Znoj and Skovajsa in this section, and Lewandowski and Barša in the previous one. In this regard the work gathered in this collection—when taken as a whole—highlights a kind of dialectic of the democratizing and stratifying tendencies of social capital in times of transition. Indeed, if there is an overarching conclusion to be drawn from the essays collected here, it is that democratization and stratification constitute the mutually opposing tendencies characteristic of social capital. The extent to which this dialectic of social capital can be resolved is a question not only for future work in social capital research, but also for everyday citizens, civil associations, and policy makers who, for better and worse, continue to live in a changed and changing world.