



Evolution of the concept of social capital

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Abstract

While modern use of the term ‘social capital’ dates to the 1980s, the term has existed and been used in limited contexts with a similar meaning as early as 1900. From the 1990s, the term exploded in popularity to become one of the most commonly used concepts in the social sciences. Many authors have searched for the concept’s intellectual origins. However, early use of the term prior to the 1980s was almost completely without conceptual development, suggesting there is no early intellectual history to find, at least not prior to the 1980s. The early conceptual development is generally credited to Pierre Bourdieu, James Coleman, and Robert Putnam, each drawing on existing related or relevant theories. Much of the early work on social capital was explicitly attempting to resolve many of the shortcomings of neoclassical economics, specifically the exclusion of social, relational, and cultural factors. This article outlines and explores the evolution of the concept of social capital.

Introduction

The term ‘social capital’ was virtually unknown until the 1990s, since which time it has rapidly increased in popularity and spread throughout academia and beyond to become a familiar term in community development, business, and politics, and is even entering popular language.

Usage of the term social capital (with similar meaning to today) has been traced to Karl Marx in 1867 and John Dewey in 1900 but it was not until the 1980s that it started to be used more frequently in academia and the 1990s that it gained popularity and spread beyond academia (Farr, 2004). Throughout the 2000s and 2010s the concept has continued to gain popularity, spreading from popularity in sociology and economics to politics, business, health, environmental science, and virtually every other area of the social sciences and even some areas of the physical sciences.

Despite some authors suggesting the imminent demise of the concept, such as Ferragina & Arrigoni (2016), there is no indication the concept is waning in popularity overall, although it should be noted it has lost some favour in some specific areas of inquiry although this has been counteracted by growth in the strongholds of business and public health and expansion into new areas. Farr (2004, p.6) suggested that “social capital is one

of our trendiest terms, heard with increasing frequency by professors, pundits, and politicians worldwide”.

It can be useful to consider the history of social capital in phases:

1. **Pre-term foundations** (17th century to early 20th century) – the period prior to the first use of the term when the core themes of social capital were discussed, particularly in classical political economy, without using the term social capital.
2. **Early use of the term** (early 20th century to early 1980s) – the period when the term was infrequently used by several different authors without much conceptual development.
3. **Early conceptual development** (early 1980s to early 1990s)– the period when scholars were developing the conceptual basis of social capital, but the term was still unknown outside of select pockets of academia.
4. **Popular use** (early 1990s to current) – the period when the term became popular and well known within and outside of academia .

Pre-term foundations of social capital

The core ideas of social capital relate to common themes of the classical political economy that date back to the Enlightenment of the 17th and 18th centuries. Classic theorists of the social sciences have long been concerned with the connection between the “social” and the “economic”, including theorists such as Max

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Weber, Karl Marx, Adam Smith, Emile Durkheim, Thorstein Veblen and David Ricardo (Forsman, 2005). These scholars emphasised the role of culture in economic development, which is implicitly related to the idea of social capital (Yasunobu & Bhandari, 2009).

Ideas linked with social capital have also been associated with the work of scholars such as Tocqueville (associative activity), John Stuart Mill (civic engagement), Tönnies (community value), Durkheim (forms of solidarity), Weber (hierarchy and power), Locke (civil society), Rousseau (network of relations), Simmel (group identity) and Marx (social class) (Membiela-Pollán & Pena-López, 2017).

This suggests that the core intuitions of social capital are linked to very old sociological ideas and that the ideas related to social capital are not new and have existed in various forms since the beginning of the economics and sociology disciplines (for example, Bankston & Zhou, 2002; Brewer, 2003; Knack, 2002; Lazega & Pattison, 2001; Portes & Sensenbrenner, 1993). This led Kawachi et al. (2004) to suggest that some approaches to social capital are little more than pouring old wine into new bottles.

Woolcock (1998, p.160) stated that “the Durkheimian, Weberian, and Marxist traditions within classical sociology were all heavily influenced by the economic debates and issues of that period, and much of what we now refer to as ‘social capital’ lay at the heart of these concerns”.

These ideas, emphasising the importance of social relationships in the functioning of the economy, have been progressively sidelined by changes in economic theorising over the last 150 years. I argue that this omission of social factors eventually created the need for a concept such as social capital to correct for the deficiencies of neoclassical economic theorising and to reintroduce the important role of social and cultural factors in the functioning of the economy. Many of the early uses of the term social capital identified in the next section were attempts to communicate the importance of social relationships and as will be discussed in a following section, early theorists were explicit about the corrective role of the concept.

Early use of the term social capital

Various authors have explored the early uses of the term social capital. One of the most thorough investigations was James Farr’s (2004) *Social Capital: A conceptual history*. Farr (2004) credited the first use of the term to Karl Marx in 1867 and identified John Dewey as a central figure around the turn of the 20th century.

Despite these earlier uses, much of the social capital literature attributes the first documented use of the term to Lyda Judson Hanifan in 1916, a state supervisor of rural schools in West Virginia, USA (Conrad, 2008). This is because Michael Woolcock (1998) identified Hanifan as the first to use of the term, leading to

widespread citation of Hanifan’s publications by scholars attempting to demonstrate an understanding of the conceptual origins of the concept.

Early uses of the term that are often cited in the literature include:

- Lynda Hanifan in 1916 to communicate the importance of community involvement in schools (Hanifan, 1916);
- Canadian sociologists John R. Seeley, Alexander R. Sim & Elizabeth Loosley in the 1950s to characterise club memberships (Seeley et al., 1956);
- Jane Jacobs in the 1960s to highlight the importance of neighbourliness in modern cities (Jacobs, 1961);
- Exchange theorist George Homans (1961) ;
- Political scientist Robert Salisbury (1969) ;
- Anthropologist Ulf Hannerz (1969) who used the term in his book on ghetto cultures; and
- Glenn Loury in the 1970s to analyse the social legacy of slavery (Loury, 1977, 1987).

Prior to the 1990s the concept failed to generate widespread interest in research or practical application. The early uses of the term were infrequent and associated with limited conceptual development (Forsman, 2005). Until the 1990s there were at most a few dozen publications using the term, suggesting little interest. The concept failed to capture the hearts and minds of academics, policy makers, or business leaders.

While clearly some authors, such as James Farr (2004) thought social capital had an intellectual history to be discovered, others, such as Fine (2010), suggested that beyond the last 20 years or so the conceptual history is a fairy tale of pure invention. This discussion of the early uses of the term adds little to our conceptual understanding of social capital but it can help to understand the emerging need for the term and concept that eventually found a footing and flourished.

Early conceptual development of social capital

Social capital does not have a consistent meaning with several different interpretations to be found in the literature. These are often attributed to the early conceptual development by different scholars, namely Pierre Bourdieu, James Coleman, and Robert Putnam (Harriss & De Renzio, 1997; Moore et al., 2006; Portes, 2000).

It should be noted that although Putnam took the concept in a new direction, his work was explicitly based on Coleman (Tzanakis, 2013). This leaves two major conceptual threads, with many other variations and sub-threads. The major approaches are most commonly categorised as the critical or Marxist thread associated with Bourdieu and the economic or rational choice thread associated with Coleman and Putnam

(Lewandowski, 2008).

Although citation counts would suggest similar popularity, the Coleman/Putnam thread dominates the literature. A close examination of the literature reveals the majority of the citations for Bourdieu's work on social capital is more an acknowledgement of the variety of conceptual approaches than adoption of his conceptual approach.

Another trend that appears to have emerged in the last decade is for 'network' conceptual approaches to social capital to cite Bourdieu, particularly for the definition of social capital, but to adopt a form of methodological individualism that is incompatible with Bourdieu's underlying theoretical apparatus. This leaves the orthodox approaches to social capital firmly, although often implicitly, grounded on the technical apparatus of economics (Naughton, 2014).

Popular use of social capital

Before the 1990s the term and concept of social capital was generally unknown but after Putnam's 1993 book *Making democracy work* the concept rapidly gained popularity within academia and beyond. In short time, social capital became one of the most popular and widely-used concepts in social sciences (Forsman, 2005).

There are various reasons cited in the literature for why social capital became popular at this particular time, including the dual retreat from the excesses of both neoliberalism and postmodernism (Fine, 2010), as a response to the perceived deficiencies of mainstream neoclassical economic theory (Coleman, 1994), a revival of interest in the political economy (Fine, 2001), and as corrective to Thatcher's idea that "there is no such thing as society" (Arneil, 2012).

Gearin (2017) supported this last point by suggesting that the concept of social capital was a direct response to the predominant economic theories and policies of the 1980s. There are different views in the literature about the role of neoliberalism, with some authors suggesting that the political prominence of neoliberalism in the 1990s contributed to the rising popularity of social capital (Ferragina & Arrigoni, 2016) by allowing for a form of revisionist neoliberalism (Mohan & Mohan, 2002). Other authors, such as Mayer (2003, p.113) have suggested that social capital is a countermovement against neoliberalism. She stated that "the 'social capitalists' succeeded in placing themselves in the vanguard of the swelling reaction against both neoliberalism and excessive statism" (emphasis added).

Coole (2009) suggested that social capital building could be an important tool to combat the problems of social unrest generated by neoliberalism. Grenfell (2014, p.21) stated that social capital offers "an alternative to the rampant individualism of contemporary culture, from postmodernism to neoliberal economics". This is supported by Gearin (2017) who suggested the history of social capital suggests that there are alternatives to neoliberalism and that it is not "necessary, inevitable, and

unquestionable" (Hursh, 2007, p.498).

For Bowles & Gintis (2002) social capital gained rapid popularity because for those on the right it corrects market imperfections and for those on the left it emphasises that the market is not enough. Ferragina & Arrigoni (2016) identified that social capital has the unique potential to appeal to people with vastly different political views. This suggests that the concept of social capital is a tool that can be used to reinforce or sidestep neoliberalism or as countermovement against it.

Several authors have suggested the role of the retreat from the extremes of postmodernism in providing a suitable intellectual context for the popularisation of social capital (for example, Fine, 2003; Mayer, 2003). Fine (2003) suggested that amid the retreat, social capital allowed for the carefree disregard of the attentions of postmodernism. In the intellectual climate of growing distance to postmodern, approaches to social capital gave the appearance of engaging with the real world which was perceived as attractive (Mayer, 2003). Woolcock (2010) stated that "there was no shortage of sociological theories in the abstract (modernization theory, world systems theory, poststructural accounts), but they offered little tangible guidance for anxious policy makers or public intellectuals". Social capital was seen as a concept capable of drawing attention to the effects and consequences of human sociability and connectedness within the context of the individual in social structure (Tzanakis, 2013).

Coleman (1990, p.300) considered social capital as corrective to the "fiction that society consists of a set of independent individuals, each of whom acts to achieve goals that are independently arrived at, and that the functioning of the social system consists of the combination of these actions by independent individuals". But in so doing, he employed a rational choice conception of human experience that started from methodological individualism (McClenaghan, 2003). This is not surprising considering Coleman was a professor of sociology at the University of Chicago, the home of the 'Chicago School' which was the best-known proponent of economics imperialism (Hodgson, 1994). One of Coleman's earliest publications on social capital was a 1987 book section titled *Norms as Social Capital* published in *Economic imperialism: The economic method applied outside the field of economics*.

Fine (2010) discussed how social capital emerged just as economics imperialism entered a new phase involving a shift away from narrowly conceived economic rationality. Huysman & Wulf (2004) suggested that social capital emerged in political science and sociology as a critique of the narrow analytic approach that dominated neoclassical economic thinking.

It is common in the literature to find reference to the failures of neoclassical economic theorising as justification for the need for social capital theory. For example, Woolcock (2002, p.21) stated "faced with the glaring evidence that orthodox theories had neither

anticipated these difficulties nor offered safe passage through them once encountered, attention returned to the social and institutional aspects”.

This highlights how social capital was used in the hope of resolving the shortcomings of neoclassical economics but in most approaches, including those of Coleman and his followers, they did not stray far from economic orthodoxy. Coleman attempted to capture aspects of social experience that are traditionally neglected by mainstream economics with an extension of rational choice theory (Ferragina & Arrigoni, 2016). This, according to critics, did little to resolve the underlying shortcomings of neoclassical economic theory and has been interpreted as a form of economics imperialism.

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