

**Collective Action Dilemmas And Social Capital:
With Reference To Robert Putnam's 'Making Democracy Work'**

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Abstract: *The purpose of this paper is to examine and explain how social capital helps in resolving the collective action dilemmas with reference to Robert Putnam's 'Making Democracy Work: Civic Traditions in Modern Italy'. In his seminal work, Putnam argued that social capital has an impact on political capital as it brings a high stock of civic traditions in a community. It helps in resolving collective action dilemmas by increasing the civicness in a community. Putnam in his study found that northern Italian regions were civic but southern Italian regions were uncivic. Northern and southern Italian regions owed two different communities and two different social and political cultures. The people in northern Italian regions were the members of networks of civic associations and they believed in the shared norms of reciprocity and mutual trust. The civic community of northern Italy was based on horizontal ties and incorporated a substantial amount of social capital that enabled the people of community to resolve the collective action dilemmas by diminishing the potential for defection and free-riding. On the other hand, people in uncivic southern Italian regions were neither the members of civic associations nor they believed in shared norms of reciprocity and mutual trust. Community in southern Italian regions was vertically designed and lacked in social capital that increased the potential for defection and free-riding. So, the collective action dilemmas were not resolved but were sustained in southern Italian regions. Putnam concluded that a substantial stock of social capital is highly correlated to the resolution of collective action dilemmas in a community.*

Key Words: Social Capital, Collective Action Dilemmas, Civic Community, Robert Putnam, Defection, Free-riding, Making Democracy, Work.

Preamble

Robert D. Putnam is a renowned contemporary American political scientist and political theorist. He in his renowned book *Making Democracy Work: Civic Traditions in Modern Italy* developed an argument that social capital is a key to making democracy work.¹ He studied the twenty newly-established Italian regions with respect to their civicness and institutional performance.² He found that in southern Italian regions the regional governments were ineffective and on the other hand, in northern Italian regions, the regional governments were effective even when their institutional designs were similar. To explain the reasons for the differences in performance of the regional governments in northern and southern Italy, he maintains the argument supported by empirical data and statistical analysis that northern Italian regions were rich in social capital and their citizens were more civic (cooperating and trustworthy) which helped them in overcoming the collective action dilemmas. On the other hand, southern Italian regions were poor in social capital and their citizens were uncivic (non-cooperating and distrusting) which restrained them from overcoming the collective action dilemmas. By providing examples, Putnam showed how social capital helped in overcoming collective action dilemmas. He also elaborated the concept of social capital by providing its forms and how it can be increased.

Putnam states that the third party enforcement is not as efficient in resolving the collective action problems as social capital is.³ According to him, social capital helps in resolving collective action dilemmas by sustaining the equilibrium of 'brave reciprocity' that is to always help and cooperate with each other within a community. Greater amount of social capital helps in resolving the collective action dilemmas.

Collective Action Dilemmas

Putnam found from his empirical analysis that vertical relations and clientalism were the major causes of poor and ineffective institutional performance in southern Italy. He asked the question that why the citizens of these troubled and unfortunate regions had learnt and done little to come out of their problems and to make their government

¹ Robert D Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (NJ: Princeton University Press, 1993), 185.

² Here by institutional performance Robert Putnam means the performance of representative regional governments.

³ Putnam, *Making Democracy Work*, 167.

better. Why the people in the uncivic regions do not cooperate with each other? He took the help of game theory to respond these questions.

The theme of game theory is that the failure to cooperate voluntarily is not mainly due to ignorance or irrationality. Rather, people may be inclined to defection and free-riding. The fear of defection and free-riding forbids them from making voluntary cooperation.⁴ Putnam provides the examples of collective action problems that can be efficiently resolved only with the help of social capital. As the first example, in *the tragedy of the commons*, the herder cannot limit or stop the others' flock for grazing but if limits his own flock from grazing, he will suffer. Similarly, if all herders allow their flocks to have unlimited grazing, there will be nothing left for anyone and all will suffer. As a second example, a *public good*, like safe neighborhoods or clean air, can be enjoyed by everyone even if one does not add to its provision. But if all stop the creation of public good, all will suffer.⁵

As a third example, in the *logic of collective action*, workers will benefit as a whole if all go on a strike together. But if some workers decide to defect and to become free-riders at the expense of the other on-strike workers, the strike may not be successful due to the lack of unity and all will suffer. As a final example, in *the prisoner's dilemma*, two prisoners are held in a crime and each one is told that he will be free if he incriminates his partner but he will get severe punishment if he keeps silence and his partner tells the truth. Obviously, both the prisoners will be better off if each one of them keeps silence and does not defect. This way, both of them will be free. But, because they are unable to cooperate and coordinate their stories, each one will prefer to defect and incriminate his partner. Both will defect, both will speak out, and both will be punished.⁶

One option to resolve the collective action dilemma is to have third party enforcement. Hobbes presented this third party enforcement solution to collective action dilemma in his social contract theory.⁷

⁴ Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (New York: Cambridge University Press, 1990), 6.

⁵ Putnam, *Making Democracy Work*, 163.

⁶ Putnam, *Making Democracy Work*, 163-164.

⁷ According to Hobbes, the state as a third party will be responsible to enforce laws and norms in order to protect the public and to overcome the anarchy. For example, it

Hobbes states that if two parties agree to the third party—which may be the state (Leviathan)—to have the power to enforce cooperation between the two agreeing parties, this will help them gain mutual confidence.⁸ But, according to Piotr Kropotkin, this third party solution to resolve collective action problems may not be feasible for being too neat, impractical and inapplicable in the real socio-political world.⁹ Putnam also rejected the third party enforcement as a solution of collective action dilemma for being too costly, time consuming, and the partiality of the third party. According to Putnam, instead of third party enforcement, the substantial stock of social capital in a community will be more effective solution for resolving the collective action dilemmas.¹⁰

Social Capital: Forms and Functions

How does social capital help in the resolution of collective action dilemma? To get the answer of this question it is necessary here to go through the idea of social capital, its forms and its functions. The term social capital is a wide-ranging concept that deals with economic, social and political problems. Therefore, the concept of social capital has been used by various social scientists, political theorists and economic researchers. Social capital is a key explanatory variable for explaining social injustice and underdevelopment. The idea of social capital enjoys global appeal for resolving political, social and economic problems. The idea of social capital is rooted in social relationships. The concept of social capital was first introduced in two parallel theoretical works by Pierre Bourdieu and James Coleman.¹¹ They showed the necessity of social connectedness and shared norms for societal wellbeing and economic development.

Pierre Bourdieu, a French sociologist and philosopher (1930-2002), used the expression of social capital as a fundamental concept, but only a component of larger theory of cultural, economic and symbolic capital. His idea of social capital was further linked to other key concepts such as field, habitus, misrecognition and symbolic

is the duty of the state to enforce neighbor's rights in case they do not cooperate with each other. For details, see also Hobbes, Thomas. 1909. *Leviathan*. Oxford: The Clarendon Press.

⁸ Piotr Kropotkin, *Mutual Aid: A Factor of Evolution* (London: Heinemann, 1902), 15.

⁹ Douglass C North, *Institutions, Institutional Change and Economic Performance* (New York: Cambridge University Press, 1990), 58.

¹⁰ Putnam, *Making Democracy Work*, 167.

¹¹ Gestur Gudmundsson and Piotr Mickiewicz, "The Concept of Social Capital and its Usage in Educational Studies," *Studia Edukacyjne* 22, (2012): 57-58.

violence. Bourdieu's theory of capital explains the social status and power dynamics in human societies. He analyzed class system in human communities and tried to understand the mechanism by which a society is replicated and in knowing how dominant classes uphold their status. Bourdieu noted that social capital is rooted in social relations. Who we know is social capital. Amount of social capital is determined by the density of social network. We will have higher volume of social capital when we are linked to a wider network and when the members of the network are also rich. Inherited relationships help in producing social capital. Social capital can also be increased by spending time together, exchanging gifts, celebrating holidays and birthdays.¹²

Bourdieu introduced three types of capital which are cultural capital, economic capital and symbolic capital. Bourdieu described cultural capital as what we know and what we have. Cultural capital has three forms: embodied cultural capital, objectified cultural capital, and institutionalized cultural capital. Embodied cultural capital is related to the qualities of mind and body. It consists of the talent, abilities and credentials and includes mannerism, posture, accent and skills obtained by one by investing time. Singers, painters, football players etc have high embodied cultural capital. Objectified cultural capital consists of objects, materials, and belongings that are used to signify social class. It includes paintings, monuments, writings, books, pictures, dictionaries etc. As an example, Rolls Royce car or Rolex watch signifies the objectified cultural capital of a person in the society. Institutionalized cultural capital includes academic qualification and credentials like doctorate, medical or engineering degrees. Doctorate degree gives more social prestige to its holder over the master's degree holder. Cultural capital is not economic capital but it can be transformed in money. If cultural capital is what we know and what we have, then social capital is who we know.¹³

James S. Coleman (1926-1995) was a sociologist and an American philosopher. Coleman presented social capital as a feature of social structure of the relationship between and among agents within network. He considers it as an asset of public good and according to him it is formed by individuals' actions. He terms it as a shared asset of a group.

¹² Xiaoying Qi, "Social Capital," in *The Willey Blackwell Encyclopedia of Social Theory*, ed. B. Turner et al. (London: Wiley Blackwell, 2018), 2125-2127.

¹³ Pierre Bourdieu, "The forms of capital," in *Handbook of Theory and Research for the Sociology of Education*, ed. J. Richardson (New York: Greenwood Press, 1986), 241.

Coleman noted that individuals will remain engaged in relationships, social interactions and networks only as long as this helps them in deriving benefits out of these. As per rational choice theory, human behavior is based on rational grounds. Coleman proved social capital as a fundamental explanatory variable for social mobility.¹⁴ Coleman defines social capital by its functions and scope. Social capital is an accumulation of social structures and actors within the structures. Social capital has a productive value as it helps the actors within the groups in attaining their particular goals that otherwise may not be possible without social capital.¹⁵

Coleman presented six forms of social capital which are obligation and expectations, informational potential, norms and effective sanctions, authority relations, appropriable social organizations, and intentional organizations. If X helps Y, then X expects Y to help him in future. X's expectation is Y's obligation. These obligations may represent credit slips held by X. More credit slips represent more social capital X has created for himself. Success of obligation and expectations depends upon two things: level of trustworthiness and number of actual obligations held by Y. A high degree of trustworthiness is required for social structures such as neighborhoods, couples, farmer's associations, friendships, legislature and rotating credit associations and without the high level of trustworthiness these social structures cannot exist. Social capital can also be used as a source of information. Social relations provide this information. Social scientists, women, farmers, legislators and others will be able to remain up-to-date if they are able to get accurate, relevant and time information from their social relations. This way they will be able to save their time and to use their saved time for other high-priority tasks.¹⁶

Norms and sanctions are also a form of social capital. It becomes easy and secure to live in a society which has effective norms. Children, women, senior citizens and others can walk freely and fearlessly outside of their homes in a society which contains effective norms to control crime in the city. Effective norms promote useful common actions and restrict harmful and selfish actions. Authority relation is also a form of

¹⁴ James S Coleman, *Foundations of Social Theory* (New York: Cambridge Harvard University Press, 1990), 317.

¹⁵ James S Coleman, "Norms as social capital," in *Economic imperialism: The economic approach applied outside the field of economics*, ed. G. Radnitzley and P. Bernhoz (New York: Paragon Press, 1987), 55-133.

¹⁶ James S Coleman, "Social capital in the creation of human capital," the *American Journal of Sociology* 94, (1988): 94-95.

social capital. Authority comes with social capital and anyone having authority can use this social capital and contacts to resolve collective action problems for the mutual benefit of general public. Similarly, appropriable social organizations which are originally formed for specific purposes are also a form of social capital as these organizations can also be used to resolve collective action problems. Lastly, intentional organizations like business organizations, chambers of commerce etcetra are also a form of social capital and can be used to safeguard, protect and promote the interests of its members.

After Bourdieu and Coleman, the theory of social capital was later expanded and developed by Robert Putnam in his works 'Making Democracy Work' and 'Bowling Alone'. Robert Putnam gave wider meaning, functions and measurement of the notion of social capital. He linked the concept of social capital to civic society and political capital. It is actually Putnam's contribution to the concept of social capital that made it as a widely recognized concept, a component of global policies, and a remedy of all social, political and economic problems. In his 'Making Democracy Work', Putnam did the quasi experimental study of sub-national governments in different regions of Italy. In 'Bowling Alone', he analyzed the declining social capital in America and presented its causes. Putnam concluded in his works that social capital helps in producing political capital. Robert Putnam is of the view that social capital has significant impact on political culture. That is to say, civic life has profound effect on the performance of government. He showed that an effective government and a vibrant democracy were strongly linked to the idea of social capital—networks of civic engagements, norms of reciprocity and social trust. He also noted that social capital facilitates coordination and cooperation for common good. It reduces the risks of defection and free-riding. It also reduces opportunism.¹⁷

According to Robert D. Putnam, social capital is the "framework of networks of civic engagement, norms of reciprocity, and social trust". It represents connections among individuals.¹⁸ Social capital incorporates the sense of 'We' in the citizens, provides accurate information about the participants of a network, and enhances cooperation among the citizens for mutual benefit and collective good.

¹⁷ Putnam, *Making Democracy Work*, 167-173.

¹⁸ Robert D Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000), 19.

Social capital has three components which include trust, norms of reciprocity and networks of civic engagement.¹⁹

Putnam states that trust promotes cooperation. Trust helps in anticipating the behavior of a member in the community. Trust plays the same role in the civic community as oil plays in the motorcar engine. It lubricates the community and encourages transactions among the citizens. Greater trust and cooperation also helps in reducing the burden on law-courts. Kenneth Arrow observes that trust is the key ingredient of every commercial transaction and lack of cooperation and trust is also the key reason for backwardness of third world countries.²⁰ Similarly, due to the absence of trust, laws lose their strength and contracts face uncertainty.

How does personal trust become social trust? Norms of reciprocity and networks of civic engagement play an important role in converting personal trust into social trust. A norm is a standard of conduct that is deeply held and widely shared by the citizens of a social community. Modeling, sanctions and socialization help in incorporating and promoting norms among the members of a community. Norms emerge because they reduce transaction cost and enhance cooperation. One of the norms is reciprocity which is of two types i.e. 'specific reciprocity' and generalized reciprocity. In specific reciprocity, favor done by one party is returned back with favor by the second party at the same time. Exchange of gifts by the workers is an example of specific reciprocity. On the other hand, in case of generalized reciprocity, the favor done by one party is not immediately returned back by the second party at the same time. Rather the favor is returned at some future time. Help me today and I will help you tomorrow is an example of generalized reciprocity. Norm of generalized reciprocity helps in reducing opportunism and resolving collective action problems.²¹

Like norms of reciprocity, networks of civic engagement also help in increasing cooperation and mutual good. Networks of civic engagement represent concentrated horizontal relations. These networks include neighborhood associations, choral societies, sports clubs, mutual aid societies, cooperatives and the like. Networks of civic engagement help in reducing opportunism and defection and in facilitating

¹⁹ Robert D Putnam, "Bowling Alone: America's Declining Social Capital," *Journal of Democracy* 6, no.1 (1995):223-234.

²⁰ Kenneth J Arrow, "Gifts and Exchanges," *Philosophy and Public Affairs* 1, no.4 (1972):357.

²¹ Putnam, *Making Democracy Work*, 173-175.

communication and exchange of information about reputation and trust worthiness of individuals which ultimately leads to the creation of cooperation and mutual trust. Networks can be of two type i.e. vertical civic networks and horizontal civic networks. Vertical civic networks are based on inequality, patron-client relationship, and mutual distrust, lack of cooperation, self-interest and asymmetrical obligations of the members. On the other hand, horizontal civic networks are based on equality, cooperation, mutual trust, and symmetrical obligations among the members of the community. According to Putnam, horizontal networks sustain and promote cooperation and social trust, whereas vertical networks lack the ability to sustain cooperation and social trust.²² These three components of social capital i.e. trust norms of reciprocity and networks of civic engagement help in the formation of a civic community where citizens trust each other and cooperate to increase collective good and to reduce the collective action dilemmas.

Characteristics of Civic Community

An ideal civic community is free of collective action dilemmas. It incorporates high level of social trust, widely held and deeply shared norms of reciprocity, vibrant horizontal networks of civic engagement, public-spirited citizenry, social solidarity, and cooperation and trust among its members. Civic community also has low level of isolation and fragmentation. A real community may be less civic or more civic.

A civic community has several characteristics. In civic community, citizens take active part in community affairs. Leaders and followers are equal and leaders are answerable to their followers. Horizontal ties of reciprocity and cooperation exist among the members of a civic community rather than the vertical relations of authority and dependency. Similarly, in a civic community, citizens trust each other and are tolerant, helpful, and respectful. In civic communities, associations like industrial associations and commercial associations foster mutual help. Citizens in a civic community feel powerful, cared for and united. Moreover, there is no room for political corruption and mafias in a civic community. A civic community has high stock of social capital which helps in resolving collective action dilemmas.

Collective Action Dilemmas and Social Capital

Social capital helps in overcoming collective action problems. For example, in case of rotating credit associations, Putnam observed that mutual aid practices and rotating credit associations were possible only

²² Putnam, *Making Democracy Work*, 173.

due to the presence of social capital. In a rotating credit association, each member deposits a sum into the fund which is returned back to each member in rotation. In a typical fifteen-member rotating credit association, each member deposits a sum every month to the fund and this accumulated amount is given to one member. After receiving the accumulated amount only once, that one member continues making monthly contributions to the fund till each of the fifteen members has received the accumulated amount. Each member makes fifteen monthly such payments and receives the accumulated amount only once in that fifteen-month period. Rotating credit associations work based on trust, sanctions (norms) and networks and thus help in creating small-scale capital. In rotating credit association, social connections are pledged as security by the members rather than the physical assets.

Like rotating credit associations, mutual aid societies and cooperatives also exist in the communities. Rotating credit associations as well as mutual aid societies and cooperatives are all stocks of social capital. Similarly, several other mutual aid practices like reciprocal gift giving, exchange of labor, neighborly assistance in illness, death, and personal crisis and communal house rising also fall under the umbrella of social capital. Norms, networks and trust are also the key components of these mutual aid practices. These practices help in strengthening the solidarity of a community.

A particular example from Pakistan (a third world country) is also presented here to support the connection between social capital and resolution of collective action dilemmas. During 1970s to 1990s, in Pakistani communities, groups of elders used to sit in the street corners or open areas of neighborhood to share information, to play cards, and to have fun while telling telltales. Meanwhile, they also used to keep an eye on what is going around them. They knew each other well and were able to identify the strangers wandering around in their area. They were also able to suspect and detect suspicious and negative activities around them and to take action to mitigate those activities. They actually acted as the guards or watchdogs of their area and kept their neighborhood protected and secured for everyone and especially for women and children. These groups of elders were the networks of civic engagements and a stock of social capital that produced protection and security for everyone in neighborhood particularly for women and children. In this way, that stock of social capital happened to resolve the collective action dilemmas of unsecured and unsafe neighborhood between 1970s and 1990s.

However, after 1990s, these groups have mostly disappeared especially in big cities in Pakistan and as a result, due to the decrease in social capital, street crime has increased manifold and the neighborhood has become unsafe especially for women and children. Residents are facing a collective action problem of unsafe and insecure neighborhood. As an ideal solution to this collective action problem, the residents of a neighborhood can hire a security guard and his salary can be shared by all the residents of that neighborhood. This way, all of them will enjoy safe neighborhood by cooperating with each other and contributing their share towards the salary of the security guard. But this ideal solution may not be achieved because of defection and free riding. Some residents may initially enter into the contract with other residents to share the salary of the security guard but once the security guard is hired, they may refuse to pay their part of the contribution towards the salary of the guard and defect. Still, some other residents may not initially enter into the contract for hiring the security guard on knowing that they can free-ride. They can get the benefit of secured neighborhood once other residents have hired the security guard. The free-riding residents and defecting residents will get the benefit of secured neighborhood at the expense of the others and without incurring any cost. Now, if majority of the residents are free-riders or defectors, the security guard will never be hired and the neighborhood will remain unsecured. Everyone will continue to suffer the problem of unsecured neighborhood due to the lack of cooperation, free-riding and defection. Hence, due to lack of stock of social capital, collective action problem of unsecured neighborhood will sustain and will never be resolved.

In his study *Making Democracy Work*, Putnam used empirical data to support his argument that social capital is an ultimate solution to collective action dilemmas. Putnam found that southern Italian regions were lacking in social capital whereas the northern Italian regions had a substantial stock of social capital. The civic northern Italian regions were characterized by horizontal ties, social trust, widely held norms of reciprocity, networks of associations and mutual aid societies which helped in reducing the potential for defection and free-riding. Therefore, the citizens in civic northern Italian regions enjoyed public goods like better schools, better hospitals, paved roads, clean air, safe neighborhoods, responsive bureaucracy and effective government. The northern Italian regions, hence, were found relatively free of collective action dilemmas.²³

²³ Putnam, *Making Democracy Work*, 181-183.

On the other hand, he found that the uncivic southern Italian regions were characterized by vertical ties, social distrust, relationships of dependency and authority, lack of associations and mutual aid societies, existence of mafias and political corruption which led to non-cooperation, self-interest, defection and free-riding. Therefore, the citizens in southern Italian regions were lacking public goods. Neighborhood was unsafe, roads were unpaved, performance of schools and hospitals was poor etc. Consequently, since the southern Italian regions were lacking in social capital, the collective action problems remained unresolved in those southern Italian regions.²⁴

Conclusion

Social capital embodies social trust, widely held norms of reciprocity, and networks of engagement that promote cooperation and help in overcoming collective action problems. Civic communities enjoy high stocks of social capital whereas uncivic communities lack in social capital. People in uncivic communities which fail to resolve collective action problems due to the lack of social capital, there people get poor public services like poor education system, poor health system, unpaved roads, poor public order, and poor institutional performance. Putnam concluded in his research that in order to resolve collective action problems, a community must be made more civic by increasing the stock of social capital.

²⁴ Putnam, *Making Democracy Work*, 183-184.

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