

**THE IMPORTANCE OF TRUST-BUILDING IN
TRANSITION: A LOOK AT SOCIAL CAPITAL AND
DEMOCRATIZATION IN CENTRAL AND EASTERN
EUROPE**

by

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ABSTRACT

This paper uses data from the 1995 and 2000 World Values Survey to examine and compare the relationship between social capital, education and democratisation in Western and Eastern Europe. The concept of social capital is measured using indicators of trust and membership in voluntary organizations, while the concept of democratisation is operationalized using indicators of democratic action. The research uncovers clear indicators showing that social capital is a factor in democratisation in Eastern Europe and that the existence of general social trust is a characteristic of the most successful transitions. The paper concludes that a trust-building mechanism based on reciprocity is indeed at work in the democratisation process and that social capital is an integral part of transition for the Eastern European states.

DEDICATION

For my parents.

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CHAPTER ONE: INTRODUCTION

Following the 1989 meltdown of communism, the states of Eastern Europe and the former Soviet Union were confronted with the daunting task of liberalizing their political and economic systems. Faced with countless difficulties in identifying and implementing suitable reforms, many of the states in the region found themselves struggling as their economies collapsed and their political systems teetered between authoritarian and democratic. Despite the difficulties these states have faced, several have managed remarkable transitions. Hungary and the Czech Republic, for example, have made great strides in their transformations to democratic and market systems, moving well ahead of some of their eastern brethren.

There has been no lack of scholarly work examining the democratisation process. An approach common to many authors has been to use successful transitions of Central European countries, such as Hungary and the Czech Republic, as models for evaluating the transitions of other post-communist states. In these evaluations, one variable that is often discussed as a causal factor in speedy transitions is political culture. These authors point out how the political culture of Eastern Europe is clearly divided; Central European states, whose political history is rooted in the Austro-Hungarian Empire, have more of a

participatory political culture, while the farther east states have an authoritarian political culture rooted in the Ottoman and Russian Empires.¹

In the 1990s, political culture theory was used as a jumping off point for authors interested in exploring related concepts within the democratisation framework. The relationship between political culture and democratisation was elaborated upon by the work of scholars examining the concept of *social capital*. These scholars posited that social capital is primarily a function of culture, and that the presence (or lack) of social capital has direct consequences for the effectiveness of democracy.² Social capital is generally defined as the networks, norms and trust³ surrounding social relationships; however, variations on this definition exist and will be discussed.

Social capital became popular in the academic world with amazing speed in the early 1990s and remains hotly debated even now, a decade later. The concept has been the rising star of the social sciences and has been used in a wide range of research, including democratisation studies. However, social capital research has not been without its problems and criticisms. Due to the concept's wide conceptual reach, it has been critiqued for attempting too much and foraying into conceptual space already occupied by civil society research and network analysis. One of the most pervasive critiques is that many studies *a priori* cite social capital as a prime causal factor in democratisation even though there is no agreement in the literature over social capital's correlation with

¹ James Gow and Cathie Carmichael, *Slovenia and the Slovenes: A Small State and the New Europe* (London: Hurst and Company, 2000).

² Francis Fukuyama, "Social Capital, Civil Society and Development," *Third World Quarterly* 22, no. 1 (2001), Robert Putnam, Robert Leonardi, and Rafaella Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993), Tom Rice and Jeffrey Ling, "Democracy, Economic Wealth and Social Capital: Sorting out the Causal Connections," *Space and Polity* 6, no. 3 (2002).

³ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

democratisation, much less its role as a causal factor. In reaction to this commonplace *a priori* assumption, research has been conducted that has attempted to disprove the link between social capital and democracy.⁴ There is currently enough doubt in the literature as to the validity of the link between social capital and democracy that it can be treated as a disputed hypothesis.

Social capital research has most often focused on case studies of single states or a small group of states, leaving open the question of how the concept compares across regions and countries and how it fits into a bigger picture. This study presents an important contribution to the field in that it will attempt to fill this gap by comparing the nature of the relationship between social capital and democratisation across Eastern Europe and the industrialized democratic West. This relationship and its cross-national comparison has not yet been tested elsewhere and represents an attempt to move beyond the small case studies of social capital in order to situate the concept within a more global arena. The study will do this using data from two waves of the World Values Survey.

In order to operationalize the concept of democratisation on an individual level, this study will substitute the concept of “willingness to take democratic action”. Democratic action has been linked to democratic functioning by many scholars in the research area. In On Democracy, Robert Dahl explains that in order for democratic institutions to function, citizens must support democratic practices.⁵ In the democratisation literature, democratic action is used as an indicator of the progress of

⁴ Kathleen Dowley and Brian Silver, "Social Capital, Ethnicity and Support for Democracy in the Post-Communist States," *Europe-Asia Studies* 54, no. 4 (2002), Natalia Letki, "Explaining Political Participation in East-Central Europe: Social Capital, Democracy and the Communist Past," (Oxford: University of Oxford, 2003).

⁵ Robert Dahl, *On Democracy* (New Haven: Yale University Press, 1998).

transition or the level of democratisation achieved.⁶ In order for democratisation to progress, the process must engage its citizens in numbers large enough to be meaningful and widespread. Active participation of citizens is the underpinning of democracy; without it, not only elections but also all other manners of civic life are inherently unsustainable.⁷ This study will examine the relationship between indicators of social capital and indicators of democratic action, to establish whether or not social capital as a concept is truly useful in the democratisation debate.

Several questions must be answered in order to determine the nature of social capital's importance for democratic action. First, is social capital positively related to a person's democratic action and are the aggregate levels of social capital higher for democratic nations? In other words, how do the levels of social capital compare between Eastern Europe and the West and among the states of Eastern Europe? Evidence will be presented that shows that social capital and democratic action are indeed positively related at the individual level and that in cross-regional and cross-national comparisons the relationship is stronger in the West than in Eastern Europe and stronger in the leading reformers of Eastern Europe than in the other transition states. Most important of all, it will be demonstrated that the strength of the relationship increases across the waves in Eastern European states that have successful transitions.

The second question explores the nature of social capital and whether or not social capital can explain a person's willingness to take democratic political action. Also, how do models of democratic action vary cross-nationally? Evidence will be presented

⁶ Anirudh Krishna, "Enhancing Political Participation in Democracies: What Is the Role of Social Capital?," *Comparative political studies* 35, no. 4 (437), Christopher Marsh, "Social Capital and Democracy in Russia," *Communist and Post-Communist studies* 33 (2000).

⁷ Adam Przeworski, *Sustainable Democracy* (Cambridge: Cambridge University Press, 1999).

examining the nature of social capital and will conclude that social capital is indeed an important factor in predicting democratic action; however, certain components show more importance than others. It will also be shown that the relationship varies cross-nationally in a predictable trend. Other theories on democratic action will be incorporated into the model to show that the link between social capital and democratic action survives in the presence of other variables such as education.

The presentation will proceed as follows. Chapter Two provides a review of the literature on social capital and democratisation. Chapter Three explains the methodology used to examine the relationship between social capital and democratisation using the 1995 and 2000 waves of the World Values Survey while the findings will be presented in Chapter Four and discussed in Chapter Five. The final chapter will provide conclusions and suggestions for further research on this important topic.

CHAPTER TWO: LITERATURE REVIEW

Social Capital

A large part of the social capital debate centres on the definition of the concept. Social capital has been defined in all manner of ways, including support networks, inter-relational structures, trust, norms and information resources. Due to the interdisciplinary nature of the concept, the definition used has most often varied by the field of the researcher. In the political sciences, the concept has been polarized between two conceptions: on the one hand there is Putnam's seminal interpretation of the concept, and on the other hand there is Foley and Edwards' response to Putnam's usage of social capital. This polarization will be discussed in more detail below.

The Origins of Social Capital in Political Science

The use of social capital as a method of explaining democratisation originates with two of Putnam's studies. His first piece, Making Democracy Work, examined the impact of history and culture on Italian regional political institutions while his second, "Bowling Alone", looked at the effect of the decline in civic associations on American democracy.⁸ Putnam's Italian research concluded that the presence of social capital was positively correlated with the effectiveness of democratic political institutions, while his American study found that a decline in "civicness" had grave implications for the effectiveness of American democracy. It is from these studies that Putnam created his

⁸ Robert Putnam, "Bowling Alone: America's Declining Social Capital," *Journal of Democracy* 6, no. 1 (1995), Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

theory of social capital, which states that without “norms of reciprocity [trust] and networks of civic engagement”⁹, democracy is unlikely to sustain itself. Essentially, the theory maintains that social capital creates social cooperation and without this cooperation, democracy is overwhelmed by its own inefficiency.

However, the concept of social capital predates Putnam in sociological and economic discourses, where authors such as Coleman and Bourdieu pioneered its use. Bourdieu looked at social capital in terms of social interests and power relations and probed the economic uses of social capital.¹⁰ Coleman examined social capital as a contextual aspect of social structures. He posited that social capital functioned as a resource in a rational actor framework.¹¹ Both of these authors brought social capital into wider use in several academic fields, most notably economics, sociology and political science. However, it was really Putnam’s work in the 1990s that gave the concept its pervasiveness in political science.

Putnam became interested in the concept in the early 1990s; he defined social capital as “networks, norms and trust.”¹² The publication of Putnam’s research spawned heated debate surrounding the concept of social capital and its varying aspects, and since then social capital has become the rising star of democratisation literature. Scholars are still examining the empirical foundations of social capital, the mechanism by which it is generated, and its potential use as a public policy tool.

⁹ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* 183.

¹⁰ Pierre Bourdieu, “The Forms of Capital,” in *Handbook of Theory and Research for the Sociology of Education*, ed. John Richardson (New York: Greenwood Press, 1986).

¹¹ James Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 (1988).

¹² Robert Putnam, “The Prosperous Community,” *The American Prospect* 4, no. 13 (1993).

Initially, studies focused on social capital and democracy in contemporary western states and thus Putnam's research was easily replicated. However, in the late 1990s more and more studies appeared examining social capital in nations undergoing transitions to democracy around the globe, from Eastern Europe to Asia and Africa.¹³ The cumulative results of these studies have proven to be inconclusive: empirical evidence has been used to both validate Putnam's theory, as well as discredit it.¹⁴ Despite a decade of debate, the question is unresolved and the confusion is spurred by scholarly disagreement over a host of issues, such as how to measure social capital and even how to define it correctly. Obviously, the usefulness of this concept to democratisation studies is still under scrutiny.

Two schools of thought have polarized from the wealth of evidence linking social capital and democratisation: the "cultural" school led by Putnam's research, and the "rationalist" school led by scholars such as Foley and Edwards.

The "Putnam" School

As mentioned above, this school defines social capital as "features of social organization, such as networks, norms and trust, that facilitate coordination and cooperation for mutual benefit."¹⁵ Scholars ascribing to this school perceive social capital to be exogenous to the individual; it is an attribute of society, originating from cultural characteristics, not from the individual. According to Putnam, social capital can influence

¹³ *Social Capital Homepage* [Internet site] (World Bank, [cited March 28 2003]); available from <http://www.worldbank.org/poverty/scapital/index.htm>.

¹⁴ Dowley and Silver, "Social Capital, Ethnicity and Support for Democracy in the Post-Communist States.", Letki, "Explaining Political Participation in East-Central Europe: Social Capital, Democracy and the Communist Past.", Kenneth Newton, "Social Capital and Democracy," *The American Behavioural Scientist* 40, no. 5 (1997), Kenneth Newton, "Trust, Social Capital, Civil Society and Democracy," *International Political Science Review* 22, no. 2 (2001).

¹⁵ Putnam, "The Prosperous Community."

democratisation in several ways. First, social capital enhances community life; the more interconnected personal relationships a person has, the more likely that she will actively engage in voluntary organizations, while individuals who are isolated and do not have interpersonal relationships will not engage in the community. Community engagement translates into active participation in societal and political life, upon which democracy depends.¹⁶ This is the idea of social capital as the “glue”¹⁷ binding society together.

Second, without norms of trust and reciprocity, it would be impossible for many economic or political transactions to take place in different societies. Our society, for example, depends on trust for mundane, ordinary things, as well as for more important affairs. We must “trust” that our pizza will indeed be delivered to us when we pay by credit card over the phone and we must also “trust” that our checkmark on the electoral ballot will be counted correctly by an unknown individual, without us physically being there to oversee the actual counting of our ballot. This aspect of social capital is described as the “lubricant”¹⁸ which facilitates transaction flows in society. Social capital theorists argue that in order to thrive, democracy depends on active participation by its citizens as well as on the free flow of societal transactions.

Fukuyama finds that social capital is cultural, path-dependant and impossible to create; a culture either possesses it or not. Fukuyama defines the concept as “an instantiated informal norm that promotes cooperation.”¹⁹ The conclusion drawn by both Fukuyama and Putnam is that western democracies consolidated as a function of their

¹⁶ Robert Putnam, *Democracies in Flux* (Oxford: Oxford University Press, 2002).

¹⁷ Xiangming Chen, “Both Glue and Lubricant: Transnational Ethnic Social Capital as a Source of Asia-Pacific Sub-Regionalism,” *Policy Sciences* 33 (2000): 267.

¹⁸ *Ibid.*: 269.

¹⁹ Fukuyama, “Social Capital, Civil Society and Development,” 7.

social capital, which stems from specific attributes of western culture (which are curiously left undefined by both authors). This judgement hearkens back to Weber's "protestant work ethic" or de Tocqueville's civil society thesis; and indeed Putnam alludes to such roots in his work.²⁰

An interesting array of scholarly work has been done supporting Putnam's approach to social capital. Rice and Ling undertook an analysis of the causal connections between democracy, economic wealth and social capital. They contend that culture is the foundation for social capital; that culture (and thus social capital) is difficult to change over time; and that culture is extremely influential in a society's political arena.²¹ Essentially, what Rice and Ling are arguing is that a society's social capital is constant, and that it is so influential on the political landscape that without social capital a society has relatively little hope of democratising. The implications of this theory are that transitional states cannot hope to make speedy transitions because their cultural conditions are not appropriate.

Other authors make similar arguments. Hefron argues in his work that the existence of social capital relies on "well-developed cultural patterns" and that the use of social capital requires "historical and structural support."²² Inkeles argues that social capital needs to be measured by focusing on society-wide levels of attitudes and values. Inkeles uses data from the World Values Survey to conclude that social capital is a

²⁰ Putnam, *Democracies in Flux* 6.

²¹ Rice and Ling, "Democracy, Economic Wealth and Social Capital: Sorting out the Causal Connections," 307.

²² John Hefron, "Beyond Community and Society: The Externalities of Social Capital Building," *Policy Sciences* 33 (2000).

stronger predictor of democracy than economic development or so-called “human capital” (the set of education and skills a person can acquire).²³

Although Putnam’s theory takes a culturalist approach to social capital, in some of his early research he did attempt to forge a rationalist explanation of how social capital might be generated. In one of his earliest pieces, Putnam discussed social capital as a collective action problem. He uses the well-known rational actor games of “Prisoner’s Dilemma” or “Tragedy of the Commons” to illustrate that everyone would be better off if they trusted each other to cooperate.²⁴ Putnam believes that this dilemma can be solved if a vibrant civic life exists because it provides actors with information used to manage cooperation and networks used to coordinate actions. The resulting social capital is “self-reinforcing and cumulative.”²⁵ Under this formulation social capital is the explanation, or cause, for vibrant democracy. In the rationalist school, the cultural fixity of social capital is rejected in favour of more rationalist approach, which treats social capital as a dependent variable (in other words the effect), of some other factor.

The “Rationalist” School

Putnam’s research on social capital in Italy was heavily critiqued by authors such as Foley and Edwards, Jackson and Miller and Portes,²⁶ all of who disapproved of Putnam’s moving away from the approach to social capital traditionally taken by

²³ Alex Inkeles, “Measuring Social Capital and Its Consequences,” *Policy Sciences* 33 (2000): 245.

²⁴ Putnam, “The Prosperous Community.”

²⁵ *Ibid.*: 4.

²⁶ Michael Foley and Bob Edwards, “Escape from Politics? Social Theory and the Social Capital Debate,” *American Behavioural Scientist* 40, no. 5 (1997), Robert Jackson and Ross Miller, “Social Capital and Politics,” *Annual Review of Political Science* 1 (1998), Alexander Portes, “Social Capital: Its Origins and Applications in Modern Sociology,” *American Review of Sociology* 24 (1998).

sociologists and economists.²⁷ These authors disagree with the fundamental premise that social capital is a critical factor for the health of democracy. They point out that if social capital relies on culture, and culture is steadfast and unchanging, then no mechanism of change exists to explain how social capital can be generated. Instead, they argue that social capital is endogenous, originating within individuals, based on their rational perceptions of the costs and benefits to interpersonal relationships, cooperation and reciprocity.²⁸ These authors view social capital as an asset that can be used for obtaining desired results. Social capital is not dependent on culture, but rather it is an independent attribute, varying from situation to situation and across different societal contexts.²⁹ Beyond just disagreeing with Putnam's definition, this school also critiques Putnam's methodology. These authors argue that measuring social capital through general social trust; trust in political institutions; and prevalence of civic associationalism is misleading, as these are all at best only indirect indicators of social capital.

The most prominent critics of Putnam's approach to social capital are Foley and Edwards, both of who have written extensively on what they perceive to be Putnam's abuse of the concept. Foley and Edwards main problem is that first, they believe social capital should be researched as a dependent, not an independent variable, and second, they find that Putnam's formulation of social capital makes it indistinct from the concept of civic or political culture, which also focuses on "trust, norms and values."³⁰ Most of all, Foley and Edwards criticize Putnam for being unable to describe the mechanism of change in his conceptualisation of social capital, or in their words: "under what

²⁷ Foley and Edwards, "Escape from Politics? Social Theory and the Social Capital Debate," 550.

²⁸ Miller, "Social Capital and Politics," 50.

²⁹ Coleman, "Social Capital in the Creation of Human Capital," 96.

³⁰ Michael Foley and Bob Edwards, "Is It Time to Disinvest in Social Capital?," *Journal of Public Policy* 19, no. 2 (1999): 142-5.

conditions [can] face-to-face interaction be thought to generate the desirable civic traits?"³¹ They argue for a context-dependent, social-structural view of social capital that explains individual and organizational social ties instead of the lofty goal of trying to explain democracy.

This school adds several important criticisms to the social capital debate. First, accepting social capital as cultural has perhaps led to certain ethnocentric biases in the social capital/democratisation literature. For example, Fukuyama's implicit assumption that non-democratic societies are somehow inherently incapable of "owning" social capital³² makes little sense in the face of many case studies done in wide ranging societies showing social capital to be present. By rejecting social capital as entirely cultural, as the critical school does,³³ we can accept that non-democracies can indeed have social capital.

Second, the critical school draws attention to Putnam's inability to construct a mechanism of change for social capital. If social capital is cultural and culture is inflexible and relatively steadfast, how can social capital be generated or changed? Even if social capital is attributed to a rational actor framework, what is the specific mechanism? Critical authors provide a mechanism of change and creation by arguing that social capital is endogenous, originating within the individual, and that given the right incentives and knowledge, social capital can be created in any type of community.³⁴

³¹ Ibid.: 145.

³² Fukuyama, "Social Capital, Civil Society and Development," 7.

³³ Bob Edwards and Michael Foley, "Civil Society and Social Capital Beyond Putnam," *American Behavioural Scientist* 42, no. 1 (1998): 133.

³⁴ Coleman, "Social Capital in the Creation of Human Capital," 96.

Third, Putnam largely ignored the question of “positive vs. negative”, or “bridging vs. bonding”, social capital.³⁵ The critical school is quick to point out that high levels of trust, networks and cooperation exist among organized criminal organizations and other highly exclusive groups. These types of “negative” or “bonding” social capital can be very damaging for democracy whereas “positive”, or “bridging”, social capital is inclusive and supports democracy. Thus social capital’s effect on democracy largely depends on its context; it is not unilaterally “good” for democratisation. The implication of this is that choosing data which measures only select proxy indicators of social capital (as Putnam does) is inadequate because it cannot measure the extent to which social capital is positive or negative.³⁶ Authors working with Coleman’s definition of social capital (an immeasurable entity existing within the structures of interpersonal relationships³⁷) have rejected using indicators of trust and networks as measurements of social capital. However, Putnam’s wider definition of social capital means he accepts the use of proxy indicators and allows for their limitations.

Alternative Views on Social Capital

Given the heated and wide-ranging debate between the two schools of social capital, it is no surprise that several alternative strands of inquiry can also be identified. Several authors have done interesting work on social capital, removing the debate from the traditional dichotomous framework of the Putnam school vs. the Critical school. These authors have critiqued social capital theory for a wide range of issues. Smith and Kulynych, for example, criticize the social capital debate for its misuse of the term

³⁵ Martin Paldam and Gert Tinggaard Svendsen, “Missing Social Capital and the Transition in Eastern Europe,” (Online Journal of Economic Literature, 2000).

³⁶ Foley and Edwards, “Is It Time to Disinvest in Social Capital?,” 145.

³⁷ Coleman, “Social Capital in the Creation of Human Capital,” 98.

“capital”. Their Marxist/social constructivist critique suggests that the economic connotations of “capital” lead readers to make inappropriate assumptions about the usefulness and nature of trust and networks.³⁸ Molyneux critiques the gendered view of the current social capital debate and points out that it often ignores the different manifestations and importance of social capital for men and women’s lives.³⁹

One of the most interesting perspectives to come out of the alternative views is that given by Krishna in his work on social capital. Krishna uses empirical data from his studies of Indian villages engaged in watershed development projects to demonstrate that social capital is clearly not path-dependent, or culturally dependent. He finds that social capital, in the form of trust, cooperation and interpersonal relationships, can be created and learned. Krishna is among the few authors studying the theory of social capital to draw attention to the importance that elites can play in its generation and effective use.⁴⁰

Social Capital in Eastern Europe

A clear relationship between social capital and the health of democracy in the West has been identified by many scholars and studied intensively; the authors discussed in the previous section are only a small sample. Several authors have since taken the theoretical leap of applying social capital to non-consolidated democracies. Authors of Eastern European transitions imported the concept into their own discourse and social capital became the main culprit in slow transitions everywhere. Unfortunately, the importation of the concept occurred without any significant analysis of how social capital

³⁸ Stephen Smith and Jessica Kulynych, "It May Be Social, but Why Is It Capital? The Social Construction of Social Capital and the Politics of Language," *Politics and Society* 30, no. 1 (2002): 150.

³⁹ Maxine Molyneux, "Gender and the Silences of Social Capital: Lessons from Latin America," *Development and Change* 33, no. 2 (2002): 177.

⁴⁰ Anirudh Krishna, *Active Social Capital* (New York: Colombia University Press, 2002).

translated into the new political context of Eastern Europe. These authors theorize that if social capital demonstrates a positive reinforcing relationship with democracy in the West, then it must also be a factor for the newly democratising states. None of these studies have attempted to prove a relationship between social capital and democratisation; that is where this study will attempt to fill the gap. Nevertheless, these authors have, in studying Eastern Europe, drawn interesting conclusions and implications on the potential of social capital to enhance democratisation and some of this research will be discussed below.

In his article "Markets, Democracy and Social Capital," Nowotny looks at the low level of economic and political development in Eastern Europe and concludes that a lack of social capital, most importantly trust, is the culprit for these slow transitions. He argues that because the states of Eastern Europe have very low levels of general social trust, their political institutions are ineffective and the lack of democratisation is due to a cultural lack of social capital.⁴¹ However, Nowotny's analysis of the relationship between social capital and political development relies on only two questions of political trust (trust in police and trust in justice system), both of which are arguably measuring the outcomes of social capital and NOT social capital itself. The methodological problems tied to measuring social capital in such a way (using the outcome of an event as its measure) will be discussed in the following section on methodology. Thus Nowotny's study does not address the actual issue of demonstrating the nature of the relationship between social capital and democratisation in Eastern Europe.

⁴¹ Thomas Nowotny, "Markets, Democracy and Social Capital," *Osterreichische Zeitschrift für Politikwissenschaft* 31, no. 2 (2002): 217,27.

Marsh uses Putnam's methodology to study the impact of social capital on Russian democratisation. His first study looks at Russian democratisation in general and his second focuses on Russian gubernatorial elections in 2000.⁴² Marsh's first article is a general case study of the Russian transition process in which he uses Putnam's methodology (creating indexes of social capital and democracy) to examine the relationship between social capital and democracy. Marsh finds that stocks of social capital exist and that they are positively correlated to an index of democratisation. However, because the case study focuses on Russia, there is no way to generalize Marsh's findings and deduce what they might mean for democratisation in Eastern Europe in general. Also, the question remains of what the implications are of transferring Putnam's methodology from the West to Eastern Europe.

Marsh's second study follows the methodology of the first, except that it focuses on comparing social capital and gubernatorial elections in certain Russian regions. He concludes that republics with more social capital have more democratic elections. However, again we find that this type of case study does not help with the objective of situating social capital's importance within a bigger picture since we cannot generalize beyond the situation of Russia.

In their study of trust in post-communist Eastern Europe, Rose, Mishler and Haerpfer look at the implications of distrust for civic democracy in the post-communist states.⁴³ They argue that the legacy of mistrust bred by the communist regimes created an "hourglass society" in which there exists a rich social base that completely isolates itself

⁴² Marsh, "Social Capital and Democracy in Russia.", Christopher Marsh, "Social Capital and Grassroots Democracy in Russia's Regions," *Demokratizatsiya* 10, no. 1 (2001).

⁴³ Richard Rose, William Mishler, and Christian Haerpfer, "Social Capital in Civic and Stressful Societies," *Studies in Comparative International Development* 32, no. 3 (1997).

from the repressive state at the top. This base is consisted of strong face-to-face networks, which may be informal, but are nevertheless crucial for day-to-day survival. Since the end of the old regime and the new process of democratisation, Rose *et al* conclude that these informal networks are not likely to be very conducive to the democratisation process because they further ingrain the impulse to avoid contact with and distrust government institutions. The authors hypothesize that this informal social capital is a “negative” form of social capital and it explains the prevalence of mistrust in government regardless of progress in democratisation.⁴⁴

Using data from the New Democracies Barometer, Rose *et al* try to identify sources of trust or distrust. Possibilities taken into consideration include socialization during school years, the legacy of communism, political and economic performance, and national traditions/culture. After testing each of these sources, the authors conclude that sources of trust include an individual’s environment (those people living in rural areas with lots of contact with neighbours and friends are more trustful) and economic performance, while education and national culture are not significant sources of trust. The authors end their analysis with those conclusions but do speculate that in the future, the new regimes that make the transition most quickly should be the ones to demonstrate more trustworthiness as sceptical citizens have more and more positive experiences which eventually displace their feelings of distrust.⁴⁵

After the above-described research, Rose went on to study post-communist social capital more in-depth in Russia with a specially designed survey. Rose focused on the idea of positive vs. negative social capital and the idea that negative, or informal, social

⁴⁴ Ibid.

⁴⁵ Ibid.

capital had extremely negative effects for democracy. Based on this study, Rose described East European social capital as “situational”; individuals would use the government institutions until they could no longer satisfy their needs and at that point would fall back on their informal networks to get their goals met.⁴⁶ The implication of Rose’s research is that trust is not a significant predictor of democratisation in Eastern Europe. General social trust can be used both to support government institutions and to work around them, rendering them inconsequential. Parallel to this, civic associations could just as easily be anti-democratic as they could be democratic; there is no guarantee for Rose that social capital in Eastern Europe works for or against democracy. When government institutions work, citizens will use them, and when the institutions fail people will fall back on their informal networks. Trust is a factor in both cases, but there is no way to distinguish between the trust that supports institutions and the trust that works against them.

Rose believes that Eastern Europeans will not readily, any time in the future, let go of their safety net of informal social capital. According to Rose, the solution to this dilemma of trust is not to focus on changing the attitudes of individuals, but rather to fix the effectiveness of institutions so that individuals will be forced to fall back on their informal networks less and less often, thus rendering them obsolete.⁴⁷ What makes Rose’s research so interesting is that his approach and his conclusions open up a completely new direction in social capital. By focusing his research on “situational social

⁴⁶ Richard Rose, "Getting Things Done in an Anti-Modern Society: Social Capital Networks in Russia," in *Social Capital: A Multi-Faceted Perspective*, ed. Partha Dasgupta and Ismail Serageldin (International Bank for Reconstruction and Development, 2000), 166-8.

⁴⁷ *Ibid.*, 167.

capital”⁴⁸ Rose has formed the belief that reforming the public sector is the only way to promote democratisation and that public attitudes and values are unimportant and cannot affect the transition process.

Although Rose’s results are interesting, his inclination to put too much emphasis on situational aspects of social capital may be a fault. He may too readily be ignoring the importance of a bottom-up approach to democratisation, in favour of a top-down. He does not explain how institutions in Russia will be reformed without any push from the citizens. There certainly does not seem to be any imperative in either the rent-seeking bureaucracy or the quasi-authoritarian executive in Russian politics to reform institutions at the moment. Rose does not explain what the mechanism of change would be in a top-down process where the government has no benefit from changing the system. Unless public attitudes evolve and begin to push for reforms, why else would the government take action? These are certainly important questions, which Rose leaves open to the reader to contemplate. Despite any criticism of Rose’s approach to social capital, the importance of his research to the field must not be diminished. Rose has melded the two approaches in a “third way” of his making. Rose formulates his own context-dependent “situational” social capital and uses this original conceptualisation in relation to democracy and democratic functioning. The new wave of social capital research might very well follow Rose’s lead and combine the ideas of both Putnam and his critics.

There is some evidence contradictory to Rose’s belief that trust and civic associations in Eastern Europe are predominantly anti-democratic. Guerin, Petry and Crete have examined political activism in Eastern Europe and have presented evidence

⁴⁸ Situational social capital refers to the “networks [people] use to compensate for organizational failure in different situations.” See *Ibid.*, 147.

that those individuals who are more active in society display more tolerance. This is significant because political tolerance is certainly one of the most important attributes of a democratic society. Further, the authors found no correlation between membership in voluntary organizations and intolerance. The authors speculate that the organizational power of voluntary organizations, such as unions, political parties, or environmental organizations, is the driving force behind political protest and mobilizing membership.⁴⁹ This would mean that there is an indirect link between membership and tolerance, in that membership promotes action, which in turn promotes tolerance.

Dowley and Silver have done an interesting study on social capital in Eastern Europe that contradicts the work of authors such as Marsh.⁵⁰ Dowley and Silver use a similar methodology (creating indicators of social capital and democratisation) as Marsh, yet find only a very weak relationship between social capital and democratisation. This leads them to conclude that social capital theory as formulated by Putnam is not easily transplanted into the context of Eastern Europe and that certain circumstances unique to Eastern Europe must be taken into account, such as the presence of strong ethnic minorities, weak civil rights and a lack of state-building.

Dowley and Silver found that the impact of social capital depends on whether an individual belongs to a titular or minority ethnic group. Although at the country level they find little evidence of a link between social capital and democracy, at the individual level they find that social capital is very important for democratic attitudes, but only among members of the titular ethnicity. Based on these findings, Dowley and Silver

⁴⁹ Daniel Guerin, Francois Petry, and Jean Crete, "Tolerance, Protest and Democratic Transition: Survey Evidence from 13 Post-Communist Countries," *European Journal of Political Research* 43 (2004): 383.

⁵⁰ Dowley and Silver, "Social Capital, Ethnicity and Support for Democracy in the Post-Communist States."

conclude that the social capital theory may not be able to make the transition from Western states to the post-communist transition states.⁵¹

Dowley and Silver are the first in the literature to raise the issue of ethnicity and the difficulties it might pose for social capital's effect on state building. However, the social capital created by the minority group is not necessarily undemocratic; for example, a minority group may be discriminated against by the government and use their social capital to make in-group ties stronger and thus unite themselves in a fight for equality. The authors are correct in their conclusion that majority ethnic groups can control the transition process and ignore the needs of minorities; however, what this really seems to be an issue of is positive vs. negative social capital as discussed earlier in the literature review. Social capital is negative if it is bonding, not bridging, and social capital that is exclusive to an ethnic group is of the bonding type. But really, bonding can occur in many circumstances, not exclusively in ethnic groups. Bonding social capital is also the type of social capital the mafia has, or the Ku Klux Klan, and these are all situations Western democracies have been faced with. Thus it may be premature to state that ethnic groups represent a new type of group that might make social capital's tie to democracy ineffective.

Another study done on social capital in Eastern Europe concurs with the results set forth by Dowley and Silver. Letki uses data from a 1993 survey carried out in ten Eastern European countries by the Economic and Social Research Council to look at the relationship between social capital and democratisation.⁵² She concludes that the concept

⁵¹ Ibid.: 525.

⁵² Letki, "Explaining Political Participation in East-Central Europe: Social Capital, Democracy and the Communist Past."

of social capital only has limited usefulness in the context of explaining democratisation in Eastern Europe. She sums up by warning against attaching much importance to social capital as an explanatory variable in transition. Letki believes that civil society theory already encompasses all that is important for democratisation and that trust is shown to be irrelevant for democratisation in her data. Thus she believes that social capital theory has nothing new to add to the democratisation debate.

Bjornskov carried out a unique study on social capital and democratisation.⁵³ Bjornskov recognized the lack of comparative research in social capital studies and attempted a cross-national comparison in Eastern Europe to identify the nature of social capital in different transitions. Bjornskov compared results from a previous survey carried out in Estonia and Slovenia. He concludes that Slovenia has had a speedier transition than Estonia due to its higher levels of social capital and education.

Another study to find mixed support for the link between social capital and democracy is Warner's recent analysis of social capital in new democracies. Warner looked at transitional states in Eastern Europe and Latin America and asked the question whether or not social capital could explain the democratisation these states had undergone. She finds that the relationship between social capital and support for democracy is strong at the individual-level but becomes weaker when region is controlled for. In a second model, Warner finds that social capital explains institutional support at the individual and at the regional level. She concludes that further research should focus on social capital's effects on specific government institutions as opposed to support for abstract democratic ideals. She also hypothesizes that civic associations in newly

⁵³ Christian Bjornskov, "Policy Implications of Social Capital in Post-Communist Europe: Is Slovenia Different from the Rest?," *Online Journal of Economic Literature* (2002).

democratising states may be perceived by the populace as ineffective if they are still in any way connected to the old regime.⁵⁴

Trust-Building: Bottom-up or Top-Down?

In the research on social capital the idea of trust building is a key concept. Some authors, such as Rose, believe that trust is built through a top down process where either institutions sponsor and nurture trust in citizens or cultural traditions perpetuate trust. Other authors, such as Putnam, flirt with the idea of a bottom-up, tit-for-tat trust reciprocity mechanism. These two opposed concepts are embodied in the debate between the cultural “fixity” vs. the cultural “malleability” of social capital. Social capital is fixed if it depends on a slow process of cultural evolution to form, and it is malleable if the individual can form it independently in a shorter period of time. If social capital displays cultural fixity then it cannot be an effective tool for use in promoting democratisation as it evolves over too long a period of time. However, if social capital can display cultural malleability then it can be harnessed as a tool in democratisation. In that case, it is important to identify the mechanism of trust building, most importantly whether it is a bottom up or top down dynamic. This section will examine the literature regarding the cultural malleability of social capital and its generation.

A study recently done by Fisman and Khanna looks at the controversial issue of what causes trust: is it historical factors or the result of repeated interactions with other individuals?⁵⁵ If it is historical factors that are most influential, then trust has a high

⁵⁴ Alison Warner, "Social Capital as a Societal Resource for Building Political Support in New Democracies," *European Political Science* 2, no. 3 (2003).

⁵⁵ Raymond Fisman and Tarun Khanna, "Is Trust a Historical Residue? Information Flows and Trust Levels.," *Journal of Economic Behaviour and Organization* 38 (1999).

degree of cultural fixity, whereas if trust is a product of certain repeated interactions the it is malleable. Fisman and Khanna test this proposition by empirically examining the relationship between trust and information flows. Their results find that there is a cross-national, robust positive relationship between levels of trust and two-way information flows (as measured by statistics on the number of phones per capita). The authors conclude that this relationship gives strong support to the theory that trust is not a historical residue or fixed cultural property, but rather that trust will build in the presence of information. Fisman and Khanna identify several different theories of trust creation through reciprocity; however, their results are limited in allowing them to distinguish between the mechanisms. These theories include deterrence-based trust, knowledge-based and identification-based trust.⁵⁶ The authors believe all of these types of trust are generated through reciprocity and account for the creation of trust in societies across the world.

Offe explains the concept of trust reciprocity, for which Fisman and Khann find supporting empirical evidence, in more detail. Offe describes trust reciprocity (the bottom up approach to trust building) as arising out of two factors: a person's concrete experiences and a sense of obligation. The first factor arises out of "past experience [that] develops a present orientation concerning the anticipation of future behaviour."⁵⁷ The second, a sense of obligation, regards a person's "reflexive awareness" of a history

⁵⁶ Deterrence-based trust is trust sustained by the threat of punishment. Knowledge-based trust arises in situations where both parties have enough information to predict behaviour. Identification-based trust results when both parties have "fully internalised" each other's preferences and have complete confidence in each other. *Ibid.*: 80.

⁵⁷ Claus Offe, "How Can We Trust Our Fellow Citizens?," in *Democracy and Trust*, ed. Mark Warren (Cambridge: Cambridge University Press, 1999), 50.

of interactions and the reasons to uphold that continuity of trust: breaking continuity carries a stigma of betrayal or exploitation.

Although Offe does not believe trust reciprocity is an important factor of trust creation in the West, he does believe it must be considered in post-communist states. Offe believes that in the democratised West, trust is maintained through the shared normative meanings institutions carry with them. Institutions promote participation and trust through the shared expectations they create for citizens. However, Offe recognizes that this theory cannot be applied in the post-communist states due to a lack of efficient, functioning institutions. In an attempt to explain trust building in Eastern Europe, Offe widens his approach. He proposes that in the post-communist states, trust building may take the form of either a bottom up approach (trust-reciprocity) or a top-down approach (institutions) or a combination of the two; however, Offe concludes that not enough evidence exists to confirm or reject either mechanism and that more research must be done in the area to establish which is more likely.⁵⁸

Riedl and Van Winden test the theories of knowledge-based trust reciprocity and deterrence-based trust reciprocity in a behaviour observation experiment.⁵⁹ They conclude that reciprocal behaviour increases under conditions where information and knowledge are present and that trust is used to create future benefits for an individual. This study has gone a step beyond Fisman and Khanna in not only establishing that trust reciprocity exists, but by also examining the nature of that reciprocity and upon what it depends. Ultimately, both sets of authors found evidence to support the idea that trust

⁵⁸ Ibid., 70-85.

⁵⁹ Arno Riedl and Frans Van Winden, "Information and the Creation and Return of Social Capital: An Experimental Study," in *Creation and Returns of Social Capital*, ed. Henk Flap and Beate Volker (London: Routledge, 2004).

exists independent of cultural and exogenous factors and can be created through a “circle of trust” mechanism fuelled primarily by information. In terms of social capital, this information and knowledge is obtained through associational ties, or in other words, membership in organizations. This second aspect of social capital will be discussed later.

There is a stream of research that argues that trust is not at all related to social capital and that social capital is not related to democracy. One of these most vocal critics is Newton. Newton argues that while there may be patchy and weak statistical relationships between trust and membership in voluntary organizations they are not robust or substantial enough to support a major theory such as social capital.⁶⁰ Newton stresses the well-known critique of social capital research: that there is no way of knowing how each individual interprets questions about general trust, and thus uniformity across responses cannot be assumed. Newton believes that answers to the question on general trust are dependent on the social world an individual lives in.

Newton argues that instead of analysing social capital at the individual level as a property of individuals, it should be aggregated and analysed at the societal level, as a property of societies. He believes trust is not generated through individuals, but rather through social systems, although he does not explain the exact mechanism. For him, trust influences good government and supports democracy in both a bottom-up process (by creating cooperative social relations) and in a top-down process (good government creates social conditions conducive to social capital). Newton makes a valid point when he states that analysing social capital at the cross-national level is most important; however, his biggest gap is in his failure to explain his mechanism of social capital

⁶⁰ Newton, "Trust, Social Capital, Civil Society and Democracy," 202.

creation. Other than some vague comments on “bottom-up”, “top-down” and “societal” influences, Newton does not venture into the question of trust building.

The Connection Between Trust and Civic Associationalism

Paxton conducted extensive research on the relationship between associational life and democracy across the world. Paxton believes that associational life is beneficial for the creation and maintenance of democracy because it has the ability to mobilize and create opposition to non-democratic governments and disseminate discourse critical of authoritarian regimes, while in democracies groups can provide information, facilitate communication, force government accountability and breed good leaders.⁶¹ Groups can also enforce reciprocity and form an organizational basis for a democratic political culture. Paxton tests the theory using a cross-national empirical test based on data from the WVS, the Union of International Associations and a measure of democracy called Bollen’s Index.⁶² She finds that there is a reciprocal relationship between social capital and democracy. Social capital appears to cause democracy in the beginning and then in the later stages, when democracy has matured, it in turn enforces social capital. Paxton also finds that different types of associations have different implications for democracy. The most important associations are those that have the most crosscutting membership, and the least influential are those that have an isolated membership. Those associations with a connected membership have a positive correlation with democracy and those with an isolated membership have a negative correlation.⁶³

⁶¹ Pamela Paxton, "Social Capital and Democracy: An Interdependent Relationship," *American Sociological Review* 67, no. 2 (2002): 254.

⁶² *Ibid.*: 255. Bollen’s Index is a measurement of liberal democracy on a scale ranging from 0 to 100.

⁶³ *Ibid.*: 272.

Paxton raises sufficient evidence to confirm that social capital influences democracy; however, she does not venture into explaining how trust or membership are created or increase. Because she focuses her research at the aggregate level (of which Newton would approve) she states that she cannot ascertain what might be the most important factors affecting social capital and imparting it to individuals.⁶⁴ Built into this statement, is the implicit assumption that social capital is the property of individuals (something Newton would not approve of). Thus, Paxton's research confirms that social capital is important for democracy and supports the idea that a mechanism of trust creation based on the individual must be found.

Curtis, Baer and Grabb carried out research that looked at what characteristics explained civic associationalism at the aggregate-level. Their research looks for explanatory factors in country-level characteristics and attributes while controlling for independent factors such as age, education and marriage. Curtis *et al* find that three factors are correlated with high levels of membership in voluntary associations: the level of economic development, the number of years of continuous democracy, and the type of religious tradition, with mixed-Christian being the strongest.⁶⁵ The authors conclude that membership is highest in countries which have religious diversity, separation of church and state, economic prosperity and strong democratic institutions. This research is interesting but the authors have done nothing to go beyond just proving a correlation, like Paxton they are unable to comment on what factors promote joining an association at the individual level. As a result, there is not much in the way of advice for democratising countries on how to promote the rise of voluntary organizations.

⁶⁴ Ibid.: 273.

⁶⁵ James Curtis, Douglas Baer, and Edward Grabb, "Nation of Joiners: Explaining Voluntary Association Membership in Democratic Societies," *American Sociological Review* 66, no. 6 (2001).

Newton's article reveals some interesting insights in light of the research done by Curtis *et al.* Using the 1990 WVS, Newton examined the relationship between membership in voluntary organizations and certain individual characteristics. Based on his results, Newton concluded that there is no evidence to suggest that civic associationalism is connected to political trust or general social trust. He points out that people who join groups are higher in income, social class and education than those who do not.⁶⁶ Just as Curtis *et al* found a relationship between social, economic and political variables at the aggregate-level, so did Newton at the individual level. However, neither of these authors is able to comment on causality. Just because an individual's background influences their propensity to join associations, this does not necessarily mean that other mechanisms of influencing membership are not possible.

Brehm and Rahn conduct an analysis of the individual level effects on social capital using the General Social Survey (1972-94) in America. They find that demographics, such as education and income, are important predictors of a person's social capital and that a person's level of interpersonal trust is very much tied to her personal experiences. People who are satisfied with life are trustful; while those who have experienced some form of crime or live in fear of victimization have much less trust. The authors conclude that trust is strongly influenced by both demographic characteristics, such as education, as well as concrete experiences.⁶⁷

Brehm and Rahn's conclusion that concrete experiences are important to the measurement of trust supports the trust-reciprocity theory discussed above. Where Brehm

⁶⁶ Newton, "Trust, Social Capital, Civil Society and Democracy," 206-7.

⁶⁷ John Brehm and Wendy Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital," *American Journal of Political Science* 41, no. 3 (1997).

and Rahn differ from other authors though, is their conclusion that the reciprocal relationship between trust and civic engagement is asymmetric and that civic engagement causes trust more than the other way around.

In conclusion, a review of the social capital literature identifies two main lines of debate that are open to strong contention and are unresolved. First, there is the question of social capital's nature, is it malleable or culturally fixed? The second line of debate surrounds the question of whether social capital should be used as an independent or dependent variable, in other words is it a cause or an effect? This study will focus on testing the assumption of social capital's relevance to democratisation and it will attempt to resolve the first line of debate, which addresses the nature of social capital and its formation.

Democratisation

The definition of democratisation, or democratic consolidation, has classically been referred to as "regime survival." According to this definition, a state has consolidated its democracy when it becomes unlikely that the regime will revert to authoritarianism. The main goal is continuity and maintenance of democracy and reducing the fragility and vulnerability of the regime. Some authors point out that not only is regime survival important, but preventing regime "erosion" is also crucial. Democratic consolidation must constantly fight the gradual or intermittent weakening of democracy. This "erosion" may be a more pressing issue for some transitional states than survival.⁶⁸

⁶⁸ Andreas Schedler, "What Is Democratic Consolidation?," *Journal of Democracy* 9, no. 2 (1998): 95-6.

New factors become important when the concept of consolidation is expanded from regime survival to include regime erosion. Factors in preventing erosion include: an increase in regime legitimacy, a shift towards democratic political values, eliminating anti-system actors, gaining civilian control of the military, creating a strong party system, decentralizing state power, instituting judicial reform, and spurring economic growth.⁶⁹ Social capital is hypothesized to have an influence on several of these factors, including economic growth, shifting values, and increasing legitimacy through the creation of trust.⁷⁰

Democratisation and Education

Within democracy studies, alternative theories exist on the origins of democratic participation. An important and competing hypothesis to that of the political culture/social capital approach concerns the importance of education as a causal factor. Educated people are more likely to be instilled with values such as equality, tolerance and freedom while also being socialized to accept democratic norms and are more likely to question government authority, both of which are important to democratic functioning.⁷¹

In their research, Duch and Taylor set out to disprove Inglehart's thesis that economic conditions are the most important causal factor for establishing democratic consciousness. Instead, they hypothesize that education is the causal factor predicting support for democratic values. They argue that education makes an individual an independent thinker willing to support libertarian values. Using three decades worth of

⁶⁹ Ibid.: 91.

⁷⁰ For more on social capital and economic growth see Paldam and Svendsen, "Missing Social Capital and the Transition in Eastern Europe."

⁷¹ Kenneth Newton, "Social and Political Trust in Established Democracies," in *Critical Citizens: Global Support for Democratic Governance*, ed. Pippa Norris (Oxford: Oxford University Press, 1999), 246.

Eurobarometer data, Duch and Taylor show that GNP, inflation and unemployment are relatively unimportant causal factors when compared to education. They conclude that education is important for democratic values in both an indirect manner (by increasing a person's cognitive capabilities) and an indirect manner (socializing individuals to accept official norms).⁷²

This research is empirically supported by Warwick's examination of the link between education and democratic participation using data from the WVS and Political Action Survey.⁷³ Like Duch and Taylor, Warwick also finds fault with Inglehart's post-materialism thesis and its attempt to explain democratic functioning. Warwick uses the survey data to show that education is the true causal factor explaining support for democratic values (or what Inglehart calls "post-materialism"). The mechanism by which education influences democratic values is theorized to be either through the direct indoctrination of norms or through a more indirect process of socialization.⁷⁴

As discussed earlier, Newton makes it quite clear that he doubts the link between trust and civic associationalism on one hand and between social capital and political capital on the other. The alternative Newton proposes is that trust is built up not in associational life but rather in the arenas where people spend much more of their time: at work and in school.⁷⁵ If school is one of the primary locations of trust generation, then it is not necessarily trust-reciprocity that is the main mechanism of trust creation, but rather socialization through an education that promotes certain values, which in turn promote

⁷² Raymond Duch and Micahell Taylor, "Postmaterialism and the Economic Condition," *American Journal of Political Science* 37 (1993), Raymond Duch and Micahell Taylor, "A Reply to Abramson and Inglehart's 'Education, Security and Postmaterialism.'" *American Journal of Political Science* 38 (1994).

⁷³ Paul Warwick, "Dispute Cause, Disputed Effect: The Post-Materialist Thesis Re-Examined," *Public Opinion Quarterly* 62, no. 4 (1998).

⁷⁴ *Ibid.*: 603.

⁷⁵ Newton, "Trust, Social Capital, Civil Society and Democracy," 207.

social trust. Some authors have theorized that education positively affects trust because it broadens a person's viewpoints, frame of reference, and experiences, which in turn create tolerance, and lessen suspicion of people who are different.⁷⁶ Alternatively, school may not even address trust, but rather directly support democracy by instilling democratic values and political awareness.⁷⁷

This concludes the review of social capital and democratisation in the literature. The next chapter will present the study's methodology.

⁷⁶ Brehm and Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital."

⁷⁷ Warwick, "Dispute Cause, Disputed Effect: The Post-Materialist Thesis Re-Examined," 588.

CHAPTER THREE: METHODOLOGY

Introduction

This study is designed to examine the relationship between social capital and democratisation in Eastern Europe and the West using data from the 1995 and 2000 World Values Surveys.

Social capital will be measured through two proxy indicators, generalized trust and membership in voluntary organizations. Democratisation will be reduced to an individual level variable by creating an index of democratic action. This allows the study to analyse social capital and democratisation at the individual level and thus compare at the universal level as well as cross-nationally.

The methodology will be presented in several sections. The first section will discuss the instrument and sample, the second section will explain the construction of the democratic action index and choice of variables for measuring social capital, and the third section will describe the structure of the analysis and the models used.

Instrument and Sample

The World Values Survey (WVS) is an international project designed to track changes in social, cultural and political attitudes. The survey has been carried out in four waves (1981, 1990, 1995, and 2000) with nationally representative samples in over 80

states. The surveys are locally funded and are conducted by local social scientists cooperating within an international network.

The WVS offers the opportunity to test both individual level and country level effects on democracy and social capital. Each national survey was conducted with between 1 000 and 2 500 individuals. The countries included in each wave from Eastern Europe and the West are displayed in Table 1. Although none of the WVS questions is designed specifically with measuring social capital in mind, it is nevertheless possible to draw out variables that match up with different components of social capital and use them as indirect measures of social capital, or in other words, proxy indicators. A precedent exists for creating and using these proxy indicators in the social capital research as to date only a few surveys exist that are specifically designed to measure social capital directly. Surveys designed specifically for measuring only social capital include Richard Rose's social capital survey in Russia and the World Bank's Social Capital Survey, which thus far has only been pilot-tested in a few countries and has not yet been released into wider use. Thus, until better instruments are put into use, the study of social capital must work through surveys such as the WVS. The biggest advantage of the WVS is its large sample size, which allows the researcher to generalize from conclusions.

Table 1 Countries in Eastern Europe and the West in the 1995 and 2000 Waves of the WVS

West 1995	West 2000	East 1995	East 2000
Australia	Austria	Armenia	Albania
Britain	Belgium	Azerbaijan	Bosnia and Herzegovina
Finland	Britain	Belarus	Bulgaria
Norway	Canada	Bosnia-Herzegovina	Belarus
Spain	Denmark	Bulgaria	Croatia
Sweden	Finland	Croatia	Czech Republic
Switzerland	France	East Germany	Estonia
USA	Germany	Estonia	Hungary
West Germany	Greece	Georgia	Latvia
	Iceland	Latvia	Lithuania
	Ireland	Lithuania	Macedonia
	Italy	Macedonia	Moldova
	Luxembourg	Moldova	Montenegro
	Netherlands	Montenegro	Poland
	Portugal	Poland	Romania
	Spain	Russia	Russia
	Sweden	Serbia	Serbia
	USA	Slovenia	Slovakia
		Ukraine	Slovenia
			Ukraine

This study has chosen to work with the WVS data over other survey data for several reasons. The New Democracies Barometer data, which has five waves spanning 1991 to 1998, was one alternative; however, these data are extremely expensive and thus unobtainable. Their advantage was having more precise questions for social capital inquiry; however, their limitation is that they include no western states, hence precluding cross-group comparisons between East and West.

The second alternative was the Central and East European Barometer (CEEB) survey data. The advantage of this data is that it spans six years, from 1992 to 1996; however, its use is limited because few questions were repeated across waves. Similar to

the NDB, the CEEB includes few western states, thus limiting the scope of possible comparison.

This research will proceed with a “most different systems” statistical approach as outlined by Przeworski and Teune.⁷⁸ Przeworski and Teune argue that it is necessary to examine causal patterns starting at the individual level, using a universal sample. Analysis should subsequently move to a system level to examine if system interference exists and whether or not causal heterogeneity needs to be assessed. Following this methodology, the relationships between the social capital, education and democratic action will be examined first at the individual level, basing the analysis on all respondents in the survey. The relationships found at the individual level will then be tested at the system level (both regional and in Eastern Europe from country-to-country) to examine if these same relationships hold and thus whether or not there is system interference.

Indexes and Variables

Dependent Variable: Democratic Action Index

For the purposes of this research, in order to operationalize the concepts of democracy and democratisation at the individual level, an index of “willingness to take democratic action” will be created. As discussed in the introduction, theory holds that democratic action is tied to the level of democracy in a given country. Democracy scholars, such as Dahl, theorize that without an appropriate level of democratic action by its citizenry, transitions to democracy will inevitably fail and consolidated democracies will erode. Thus democratic action can be used as an indicator of the health of democracy or the progress of democratisation.

⁷⁸Adam Przeworski and Henry Teune, *The Logic of Social Inquiry* (New York: Wiley, 1970).

This index is based on three variables in the WVS that look at the respondent's willingness to take democratic action. The question reads:

Variables 118-120: I am going to read out some forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it. 1) Sign a petition. 2) Joining in boycotts. 3) Attending lawful demonstrations.

These three variables are first recoded so that the highest response, with a value of three, is "have done" and the lowest response, with a value of one, is "would never do." This is done so that higher values are those corresponding to the "more" democratic characteristics.

The three variables are then factored to examine their mutual relationships: all load strongly on one component. See Table 2 for factor analysis results using all responses and for analyses broken down by region. The factor scores from the factor analyses now become the index of democratic action used as the dependent variable. The scores in each region have good variation and are close to a normal distribution.

Table 2 Factor Loadings of Democratic Action Variables By Wave and Region

	1995	2000	West1995	East1995	West2000	East2000
Petition	.788	.808	.780	.832	.769	.817
Boycott	.818	.813	.829	.825	.784	.825
Demonstration	.805	.806	.771	.782	.792	.805

Independent Variable: Social Capital

How to measure social capital is perhaps the most controversial area of the field. There are almost as many different approaches to this question as there are researchers.

The most widespread methodology is certainly that originally used by Putnam. Research styled after Putnam traditionally includes two main components: generalized trust and “civic associationalism”. The latter concept incorporates the idea of membership in voluntary organizations. The theoretical framework behind this methodology is well explained by Uslaner. Uslaner has written extensively on the topic of social capital and its measurement. He argues that trust is the most important component of social capital because it is the prime factor in creating interconnectedness and cooperation in civic life. Those who trust are more likely to participate in civic life, as a positive feeling of trust is believed to influence a person’s sense that their participation will have a real impact on their community or political system.⁷⁹ This sense of empowerment is key to the functioning of democracy, if citizens become alienated from the system and doubt they can have an impact, the health of democracy suffers.

Those authors who disagree with Putnam’s methodology of using trust and civic associationalism to measure social capital argue that it dilutes the concept since there is no guarantee that the proxy indicators are really measuring social capital and not something else. After all, trust may have different meanings across cultures and across individuals. These authors argue for a more qualitative measurement system comprised of in-depth studies of an individual’s relational structures. While the depth of this qualitative research is formidable, its usefulness in terms of situating social capital within a larger arena and drawing valid generalizations is limited. In order to obtain generalizations and situate social capital within the wider discipline of political science, the limitations of using proxy indicators must be accepted.

⁷⁹Eric Uslaner, “Democracy and Social Capital,” in *Democracy and Trust*, ed. Mark Warren (Cambridge: Cambridge University Press, 1999), 122.

In following with Putnam's model, this study will use two variables to measure social capital: the first is generalized trust and the second is membership in voluntary organizations. The 1995 and 2000 question on generalized trust reads:

Variable 27: In general would you say that most people can be trusted or that you can never be too careful when dealing with people? 1) Most people can be trusted 2) Can't be too careful/Have to be careful

The question on membership in voluntary organizations in the 1995 survey reads:

Variables 28-36: Now I am going to read off a list of voluntary organizations. For each one, could you tell me whether you are an active member, an inactive member or not a member of that type of organization?

Whereas the democratic action variables and the trust question are identical in the 1995 and the 2000 waves of the survey, the question on membership in voluntary organizations is worded slightly differently in the 2000 survey. In 2000, the voluntary organization question reads:

Variables a064-a079: Now I am going to read off a list of voluntary organizations. For each one, could you tell me whether you belong or not?

In 2000 the question wording has become simpler, making only two responses possible. In order to make these two questions comparable, the 1995 responses are recoded into two categories; 'active' and 'inactive' are collapsed together into 'member' and the other category remains 'not a member'. This mirrors the 2000 structure of 'belonging' or 'not belonging' to a voluntary organization. Based on these responses, a dummy variable is created to use in the regression analysis in which individuals are coded as "members" if they belong to ANY of the organizations used in the analysis and "not a member" if they are NOT a volunteer of ANY organization. After this recoding,

the responses to the differently worded questions from 1995 and 2000 display similar variation and distribution and both show the same correlations to other variables, so they are deemed comparable. An alternative was to look at the total number of associations an individual belonged to; however, in both the West and in Eastern Europe there was little variance in such a variable as most individuals belonged to zero, one or two associations. For more details on how the voluntary organization dummy variable was created see Appendix A.

The 2000 question has more types of organizations listed to choose from; however, only organizations duplicated from the 1995 question are included in the analysis. Those organizations are: (1) Church or religious organizations, (2) Sport or recreation organizations, (3) Art, music or educational organizations, (4) Labour unions, (5) Political Parties, (6) Environmental Organizations, (7) Professional Associations, and (8) Charitable Organizations.

The choice of variables used in this study to measure social capital was based on Putnam's model of social capital, which is comprised of trust and "civic associationalism". However, it is important to note that alternative models of measurement have recently been developed. One example of such a model is the World Bank's "Integrated Questionnaire for the Measurement of Social Capital" (IQSC).⁸⁰ The authors of the IQSC identify six dimensions of social capital. These dimensions are: Groups and Networks; Trust and Solidarity; Collective Action and Cooperation; Information and Communication; Social Cohesion and Inclusion; and Empowerment and Political Action. These six dimensions are designed to measure several facets of social

⁸⁰ Christian Grootaert et al., "Integrated Questionnaire for the Measurement of Social Capital," (World Bank Social Capital Thematic Work Group, 2003).

capital. The first two dimensions refer to the two components of social capital: a structural component (groups and networks) and a subjective-cognitive component (trust and norms). The second and third dimensions refer to the ways in which social capital operates (cooperation and information). The last two dimensions refer to social capital's outcomes (social cohesion and empowerment/political action).⁸¹ As a result, this questionnaire is measuring much more than just the components of social capital; it is also measuring the outcomes of social capital.

This type of methodology (where the measurement of the independent variable includes the variable's outcomes) may be appropriate for the World Bank's research; however, using their model of social capital in this study would be self-defeating. It would be faulty methodology to include the dependent variable (the outcome of social capital) within the measurement of the independent variable (social capital). The objective of this research design is to establish the effects of social capital on democratic action, so the measurement of social capital must not include variables of democratic action. For this reason, the methodology employed in this study measures social capital in a basic manner using only the components that the IQSC authors identify in their first two dimensions: groups/networks and trust. In this manner we can test our hypothesis that social capital, broken down in its two main components, has an effect on democratic action.

Other Variables: Education

A third variable that will be examined in relation to democratic action is education. As discussed earlier, an existing theory which contends social capital's

⁸¹ Ibid., 7.

importance to democratisation is that concerning education. This theory argues that a much more important factor for democratic action is education since education is what predicts a person's democratic consciousness. Consequently, education will be brought into the research model in order to determine whether the link between social capital and democratic action can withstand another variable in the equation.

The variable measuring education in the WVS is a nine-point ordinal variable, measuring degrees of education from "no formal education" to "university level education with degree". The variable has good variation and distribution in both regions and in both waves.

Models of Democratic Action and Analysis

The model used to test the hypothesis that social capital is important for democratic action is built on the theoretical framework of social capital theory discussed earlier. The hypothesis will be tested using multivariate Ordinary Least Squares regression analysis. The models will consist of the two social capital dummy variables (trust and membership in voluntary organizations) and the nine-point education variable. The dependent variable is the democratic action index, which is a continuous variable with a normal distribution. The model will be run in each wave at the individual level, the regional level and the country level in order to establish regional and country trends across the years.

CHAPTER FOUR: FINDINGS

Before presenting the results of the regression models, it is necessary to comment on the statistical relationships of the variables under analysis. The two scale variables, education and the democratic action, display a linear relationship that is statistically significant at the .000 level in both waves (see Table 3). In other words, as an individual's level of education rises, so does their propensity for democratic action.

**Table 3 Correlations Between Education and Democratic Action
by Year and Region**

	1995	2000	West1995	East1995	West2000	East2000
Pearson R-sq	.212**	.256**	.404**	.116**	.358**	.221**

* = Significant at .05 level ** = Significant at .01 level

The relationship between the dichotomous social capital variables and the democratic action scale are analysed using an independent samples t-test. For the purposes of these tables, where the analysis is directly comparing levels of democratic action, the test will use a simple summation variable instead of factor scores. This summation variable ranges in value from 3 to 9, with the higher values meaning more democratic. In both waves, people who respond as “trusters” and people who are a member of at least one voluntary organization have higher means of democratic action than non-trusters and non-members. The variance in means between groups is statistically significant at the .000 level (see Table 4). Table 5 breaks down this analysis by region; the results show that trusters and members still have higher means of democratic action

regardless of the region they live in. An interesting point to highlight is that the mean levels of democratic action for trusters in Eastern Europe took a steep increase from 1995 to 2000, which means the relationship between trust and democratic action is stronger in 2000 than it was in 1995.

Table 4 Mean Democratic Action Levels for Trust and Membership by Year

	1995	2000
Trusters	5.7	5.5
Non-trusters	5.1	5.0
Member	5.6	5.7
Non-members	4.9	4.9

For both groups the results are significant at the .01 level

Table 5 Mean Democratic Action Levels by Region and Year for Trusters and Members compared to Non-trusters and Non-members

	West1995	East1995	West2000	East2000
Trusters	6.4	4.9	6.4	5.2
Non-trusters	5.6	4.7	5.8	4.9
Members	6.1	5.1	6.4	5.5
Non-members	5.0	4.4	5.5	4.7

For both groups the results are significant at the .01 level

Analysis of the social capital variables across regions reveals that in the 2000 wave, in the West, 36% of individuals responded as “trusters” while in Eastern Europe only 20% did. The membership variable evinces a similar pattern; in the West 53% of people belong to some type of voluntary organization while in Eastern Europe the number is only 34%. Figures 1-4 break down the data by country and wave. In both waves for both trust and membership we see that the Western countries generally have higher percentages of people who are trusters and are members of voluntary organizations.

Figure 1 Percentage of Overall Respondents who are Trusters by Country in 1995

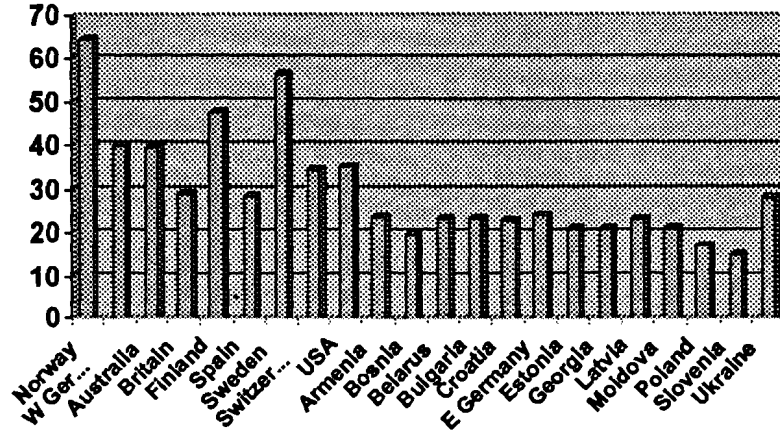


Figure 2 Percentage of Overall Respondents who are Trusters by Country in 2000

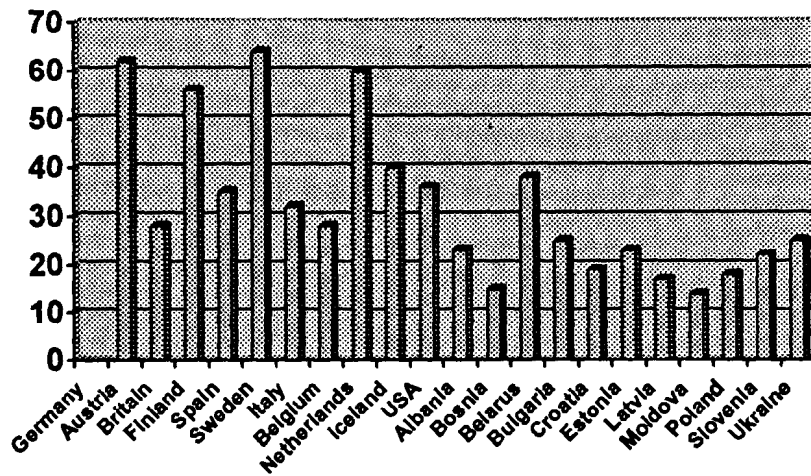


Figure 3 Percentage of Overall Respondents who are Members in a Voluntary Organization by Country in 1995

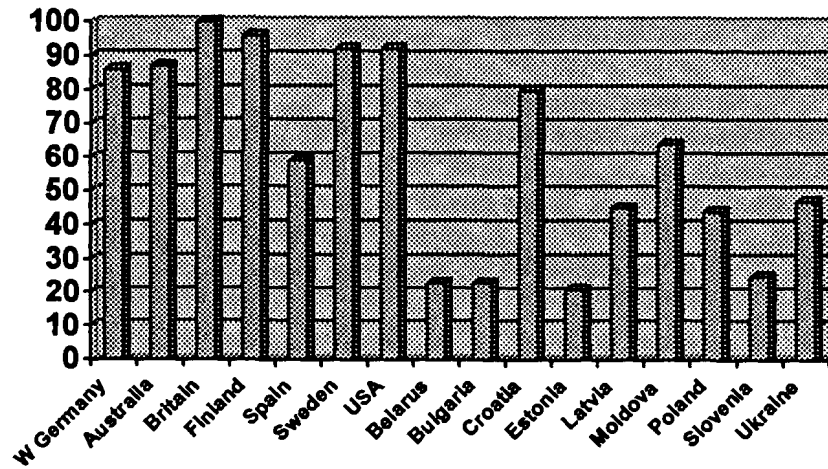
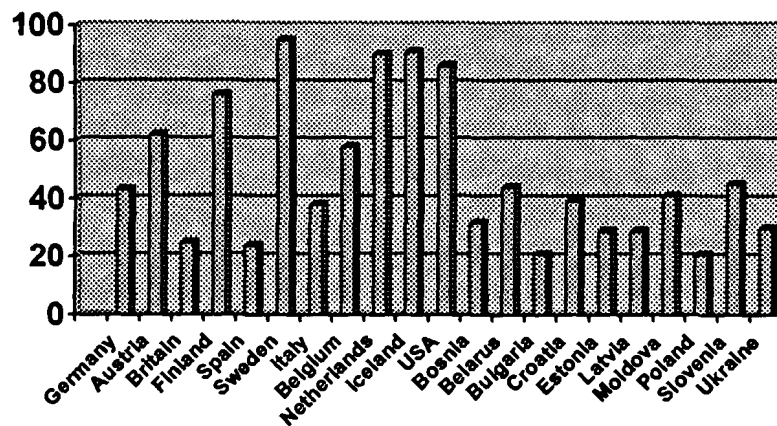


Figure 4 Percentage of Overall Respondents who are Members in a Voluntary Organization by Country in 2000



The following section will present the results of the regression model run at various levels. As discussed in the methodology, regression analysis is used to identify potential predictors of the dependent variable. In this particular study, the dependent variable is democratic action, while the independent variables being tested are social

capital (trust and membership) and education. The social capital variables are dichotomous dummy variables and the education variable is measured on a nine-point scale. The democratic action variable is produced from a factor analysis and the values range from -1.5 to 2.5. The first step is to test the components of the model independently to assess if either knocks the other out of the equation, in which case we would conclude that the relationship was a spurious reflection of the other component. In other words, if education knocks out social capital, the conclusion would be that social capital does not have an independent effect on democratic action from that of education. Table 6 below shows that not only does social capital remain statistically significant upon the addition of education to the model but also the coefficients remain strong and are not weakened by the addition of education.

**Table 6 Breakdown of Components in Regression Model
Dependent Variable is Democratic Action Scale**

	1995			2000		
Adj R-sq	.063	.045	.101	.059	.066	.109
Intercept	-.354 (.007)	-.492 (.010)	-.756 (.011)	-.208 (.004)	-.508 (.007)	-.630 (.007)
Trust	.300** (.009)		.281** (.009)	.275** (.007)		.238** (.007)
Member	.430** (.008)		.403** (.008)	.431** (.007)		.382** (.007)
Education		.009** (.002)	.007** (.002)		.113** (.001)	.009** (.001)

Coefficients are unstandardized. * = Significant at .05 level.
**=Significant at .01 level. Numbers in parentheses are standard errors.

The results of the regression model at the individual level for the 1995 and 2000 waves are produced in Table 7, which shows unstandardized coefficients. The results are strikingly close, both waves have similar R-squared values and all three independent

variables are statistically significant factors in predicting democratic action. Thus we can confirm the hypothesis that social capital has an independent effect on democratic action from that of education.

**Table 7 Regression Model by Wave;
Dependent Variable is Democratic Action Scale**

	1995	2000
Adj R-sq	.101	.109
Intercept	-.756 (.011)	-.630 (.007)
Trust	.281** (.009)	.238** (.007)
Member	.403** (.008)	.382** (.007)
Education	.007** (.002)	.009** (.001)

Coefficients are unstandardized.
 *=Significant at .05 level **=Significant at .01 level. Numbers
 in parentheses are standard errors.

The subsequent analysis moves from the individual level to the regional level, displayed in Table 8. Because we are interested in social capital's effect on democratisation, the regions that will be compared are the consolidated democracies of the West and the newly democratising states of Eastern Europe. In both the 1995 and the 2000 waves, the model will confirm the hypothesis that there is indeed system interference when it comes to social capital's effect on democratic action.

For both waves, Eastern Europe shows comparatively lower R-squared factors than the West. In 1995, Eastern Europe has an R-sq of .054 and the West of .213 and in 2000 the East is at .080 and the West is at .168. These results tell us that social capital and education are much more important factors in predicting democratic action in the

West than in Eastern Europe. Obviously, other factors not considered in this model have an impact on democratic action in Eastern Europe.

Table 8 Regression Model by Wave and Region; Dependent Variable is Democratic Action Scale

	West1995	West2000	East1995	East2000
Adj R-sq	.213	.168	.054	.080
Intercept	-1.17 (.023)	-.875 (.014)	-.487 (.019)	-.577 (.018)
Trust	.291** (.017)	.201** (.013)	.006** (.015)	.009** (.017)
Member	.404** (.020)	.341** (.013)	.349** (.013)	.372** (.014)
Education	.144** (.003)	.137** (.003)	.004** (.003)	.008** (.003)

Coefficients are unstandardized. *=Significant at .05 level
 **=Significant at .01 level. Numbers in parentheses are standard errors.

The most significant result at the regional level is the difference between the relative strength of the three variables in the West compared to in Eastern Europe. In the West we see two things happening; first, the strongest predictor of democratic action is education and second, the unstandardized coefficients for the two social capital variables are quite close in value. In other words, in the West, both trust and membership are equally important for predicting democratic action.

In Eastern Europe, on the other hand, education is not as strong a predictor as in the West and we also see that the importance of the trust aspect of social capital is far below that of the membership aspect. Thus we can conclude that education and trust act as important predictors of democratic action in the West, although they are not as important predictors in Eastern Europe. Keeping these two patterns in mind we now turn

to a cross-national comparison within the region of Eastern Europe to see how the model behaves at the country level.

Table 9 displays the country level results for Eastern European states in the 1995 survey. The table reveals an interesting trend: some Eastern European countries show results that are closer to the pattern displayed by the West. In Poland, East Germany, Slovenia and Bulgaria, education is a strong factor in predicting democratic action, and trust and membership have close to equal effects based on their unstandardized coefficients. For the other countries in Eastern Europe (Lithuania, Latvia, Estonia, Croatia, Bosnia, Ukraine, Russia, Moldova, Georgia, Armenia, Azerbaijan, Serbia, Montenegro and Macedonia), the most striking characteristic is the weak and often insignificant coefficient for trust. From this data we can conclude that the effect of trust on democratic action appears to be the key factor in differentiating between the two patterns.

Table 9 Regression Model in Eastern European Countries in 1995 Wave; Dependent Variable is Democratic Action Scale

	Adj R-sq	Intercept	Trust	Member	Education
Poland	.135	-.883 (.075)	.190** (.096)	.300** (.094)	.160** (.015)
E Germany	.138	-.008 (.082)	.169** (.065)	.174** (.062)	.126** (.013)
Slovenia	.132	-.685 (.089)	.199* (.084)	.128** (.066)	.158** (.015)
Bulgaria	.188	-1.12 (.088)	.188** (.075)	.338** (.078)	.151** (.015)
Lithuania	.078	-.675 (.114)	.002 (.087)	.239** (.078)	.134** (.018)
Latvia	.076	-.306 (.104)	.170* (.069)	.416** (.060)	.006** (.016)
Estonia	.054	-.553 (.091)	-.005 (.071)	.251** (.059)	.008** (.015)
Ukraine	.045	-.705 (.062)	.0004 (.042)	.229** (.040)	.007** (.010)
Belarus	.063	-.786 (.064)	.003 (.049)	.329** (.042)	.006** (.010)
Russia	.061	-.725 (.064)	.127* (.048)	.277** (.041)	.006** (.010)
Moldova	.043	-.766 (.079)	-.113 (.054)	.129 (.052)	.007 (.012)
Georgia	.046	-.601 (.084)	.003 (.051)	.485** (.049)	.003** (.013)
Armenia	.006	-1.19 (.638)	-.009 (.060)	1.01 (.628)	.004** (.016)
Azerbaijan	.062	-.733 (.080)	.008 (.052)	.435** (.042)	.002 (.012)
Serbia	.165	-.882 (.068)	.005 (.062)	.393** (.058)	.132** (.012)
Montenegro	.080	-.659 (.194)	-.111 (.157)	.414** (.150)	.009** (.033)
Macedonia	.058	-.371 (.093)	.005 (.124)	.122 (.068)	.106** (.016)
Croatia	.193	-.867 (.097)	.008 (.060)	.199** (.062)	.560** (.038)
Bosnia	.038	-.220 (.102)	.150* (.068)	.284** (.067)	.006** (.016)

Coefficients are unstandardized. *=Significant at .05 level
 **=Significant at .01 level. Numbers in parentheses are standard errors.

When the model is repeated in the 2000 wave it gives further corroborating evidence to this trend (see Table 10). In 2000, we see an expansion in the number of Eastern European countries for which trust is an important factor in predicting democratic action. Now Bulgaria, Slovenia, Czech Republic, Lithuania, Estonia, Hungary, and Slovakia all follow the Western trend, while Ukraine, Belarus, Russia, Moldova, Romania, Serbia, Macedonia, Albania, Poland, Latvia, Croatia and Bosnia retain the Eastern European pattern of low or even negative coefficients for education and trust and strong coefficients for membership.

Table 10 Regression Model in Eastern European Countries in 2000 Wave; Dependent Variable is Democratic Action Scale

	Adj R-sq	Intercept	Trust	Member	Education
Poland	.069	-.708 (.062)	.005 (.073)	.363** (.070)	.007** (.014)
Slovenia	.115	-.415 (.076)	.129* (.073)	.134* (.060)	.149** (.017)
Bulgaria	.195	-1.29 (.102)	.344** (.073)	.430** (.080)	.169** (.018)
Czech Rep	.072	-.146 (.059)	.179** (.053)	.205** (.045)	.009** (.011)
Hungary	.117	-.998 (.060)	.213** (.067)	.008 (.061)	.126** (.013)
Slovakia	.080	-.447 (.080)	.246** (.074)	.306** (.056)	.002** (.016)
Lithuania	.084	-.627 (.110)	.212** (.079)	.354** (.093)	.111** (.019)
Latvia	.073	-.697 (.080)	.008 (.080)	.188** (.066)	.111** (.016)
Estonia	.076	-.778 (.073)	.164* (.073)	.238** (.068)	.008** (.014)
Ukraine	.039	-.783 (.104)	.108 (.068)	.219 (.068)	.008** (.018)
Belarus	.057	-.905 (.083)	-.001 (.059)	.190** (.059)	.009** (.016)
Russia	.032	-.606 (.055)	.122** (.044)	.235** (.042)	.005** (.010)
Moldova	.055	-.780 (.085)	-.102 (.089)	.332** (.066)	.005** (.015)
Romania	.144	-.923 (.060)	.007 (.086)	.288** (.064)	.114** (.012)
Albania	.110	-.603 (.107)	-.004 (.094)	.522** (.084)	.007** (.018)
Serbia	.203	-.740 (.077)	-.119 (.089)	.541** (.078)	.186** (.015)
Montenegro	.174	-.252 (.074)	.227** (.074)	.630** (.075)	.007** (.015)
Macedonia	.066	-.228 (.079)	-.001 (.099)	.441** (.070)	.006** (.016)
Croatia	.039	.009 (.085)	.008 (.068)	.190** (.055)	.006** (.015)
Bosnia	.021	-.175 (.077)	-.007 (.080)	.202 (.062)	.005 (.016)

Coefficients are unstandardized. *=Significant at .05 level
 **=Significant at .01 level. Numbers in parentheses are standard errors.

The model shows a rise in the regression coefficient of trust for certain democratising states between waves. Based on this trend, the strength of the trust coefficient appears to be the defining difference between the two patterns. Interestingly, not only does the ability of trust to predict democratic action increase in certain states but the absolute levels of trust also increase. We see that those states with an increase in the coefficient for trust overlap to a large degree with those states experiencing an increase in absolute levels of trust between waves. Unfortunately, not all the 1995 East European states appear in the 2000 wave, and the 2000 wave includes states not previously appearing in the 1995 wave. For this reason, the analysis cannot examine changes in all the states the model was run in. However, for the states that are repeated between waves there emerges a clear trend. All of the states that follow a western pattern in 2000 have experienced a rise in absolute trust levels, while most of the states that continue to follow the Eastern European pattern do not. There are several cases that do not fit the trend (such as Macedonia, Montenegro and Belarus); however, the predominant number do and a trend is visible (see Table 11).

Table 11 Percent of Respondents who are “Trusters” by Country and Wave

	1995	2000	Change
Poland	17	18	↑
Slovenia	15	21	↑
Bulgaria	23	25	↑
Lithuania	21	25	↑
Latvia	24	17	↓
Estonia	21	22	↑
Ukraine	29	26	↓
Belarus	23	38	↑
Russia	23	23	=
Moldova	22	14	↓
Serbia	28	18	↓
Montenegro	30	33	↑
Macedonia	7	13	↑
Croatia	23	20	↓
Bosnia	27	15	↓

It is also interesting to look at the absolute levels of democratic action. Absolute democratic action is measured by the simple summation variable mentioned earlier. Figure 5 shows the mean level of democratic action first by region, and then by country in Eastern Europe. On average, countries in the West have a mean score one point higher than countries in the East in both 1995 and 2000. The graph also shows that by 2000 there has only been a very limited increase in absolute levels of democratic action in some countries in Eastern Europe. Most countries have not seen an increase in democratic action levels. So while the trust increased and the relationship between trust and democratic action strengthened, there was not a simultaneous increase in levels of democratic action.

Figure 5 Mean Level of Democratic Action by Year, Region and Country

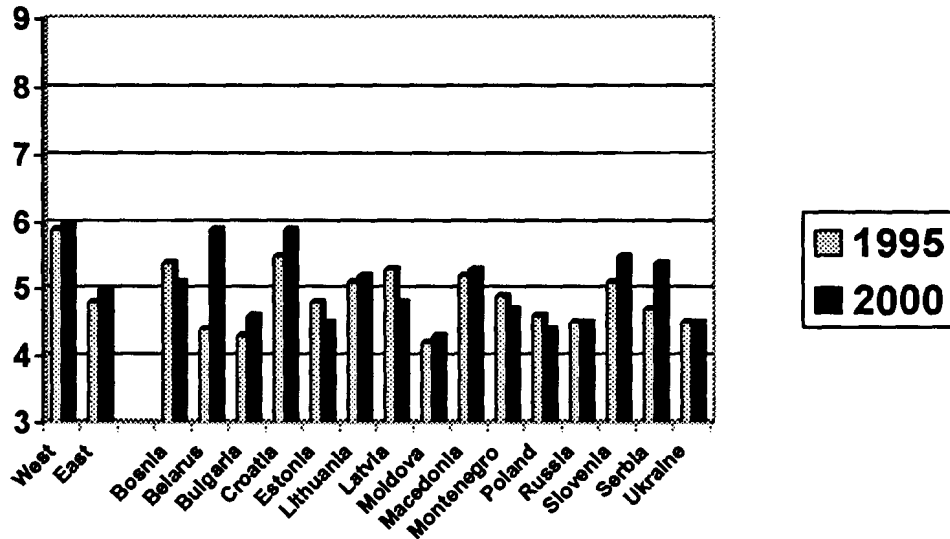
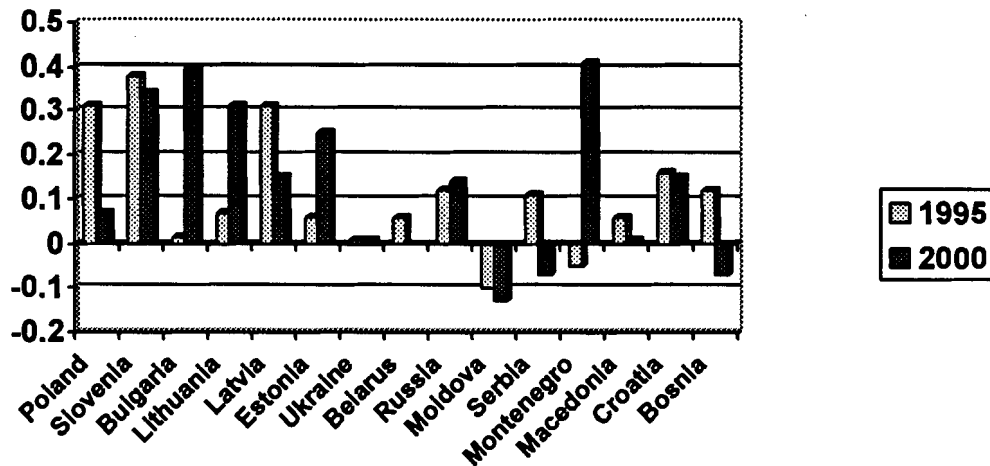


Figure 6 is a graphic depiction of the change in the relationship between trust and the factor scores for democratic action from 1995 to 2000 by country (again including only the countries which were included in both waves). It plots the difference between mean levels of democratic action for trusters and non-trusters by country from 1995 to 2000. For example, in 1995 trusters in Slovenia had a mean level of democratic action 0.4 points higher than non-trusters. This difference went down slightly in 2000. Overall, the graph shows that the relationship between trust and democratic action strengthened or stayed the same in Slovenia, Bulgaria, Lithuania, Estonia, Ukraine, Russia and Montenegro. This data shows that other than Poland, all the countries that followed the western pattern in the regression model experienced a strengthening of the relationship between trust and democratic action from 1995 to 2000.

Figure 6 Difference in Mean Level of Democratic Action Between Trusters and Non-trusters by Country and Year.



To conclude, the main results of the analysis are as follows. We find that social capital explains more of the variation in democratic action in the West than in Eastern Europe. In the West, the model shows that education is the strongest predictor of democratic action while trust and membership are relatively equal in strength. The pattern in Eastern Europe is quite different, here we see that education is not as comparatively strong as in the West and that trust is far weaker a predictor than membership. Thus we have confirmed our hypothesis that there is system interference in social capital's effects on democratic action. Analysis at the cross-national level further reveals an insightful trend: several countries of Eastern Europe have moved away from the Eastern European pattern and towards the pattern of the West from 1995 to 2000. For these countries the coefficients of trust and education gained in strength between waves. However, it is crucial to note that not only did the coefficients increase, but so did the absolute levels of trust and the relationship between trust and democratic action, while

there was no simultaneous increase in levels of democratic action. These trends and their importance will be further discussed in the next section.

CHAPTER FIVE: DISCUSSION

Social Capital and Democratic Action

We can now attempt to answer the questions posed in the introduction to this study. First, is social capital positively related to an individual's democratic action and are the levels of social capital higher for democratic nations? The answer to this based on the data is yes. We see that at the individual level, in 1995 and 2000, both of the social capital variables are positively related to democratic action. Those individuals who responded as trusting or as members of voluntary organizations were more likely to score higher on the democratic action index. This tells us that social capital and democratic action are related, but it does not tell us the nature of that relationship nor its causal direction.

The data also confirms that levels of social capital are higher in the democratic West. Once the analysis is broken down by region we see that the consolidated democracies of the West have higher levels of trust, membership in voluntary organizations and democratic action. Evidence of higher levels of social capital in the consolidated democracies supports the basic premise of Putnam's thesis, which argues that social capital is a primary causal factor in democratic functioning.

Examining Causality

The question of social capital's ability to predict democratic action raises the important issue of causal direction. While social capital may be able to predict

democratic action that does not mean it causes it. There are two questions to ask here: first, is there any evidence which shows that increases in the levels of trust preceded increases in levels of democratic action, and second, did those post-communist countries that developed a western pattern in their regression model do so before or after the bulk of their reforms? In other words, did the change in trust precede democratisation, or follow it?

Regarding the first question, it is difficult to address this issue in a comprehensive manner since the data is not longitudinal. But based on data from the two waves, the findings do show that while absolute levels of trust increased and the relationship between trust and democratic action strengthened, absolute levels of democratic action stayed relatively the same for most countries. Since no rise in democratic action is observed the data seems to be showing that an increase in trust has preceded an increase in democratic action. Presumably, in the next wave after 2000 we would begin to see increases in democratic action. So the results would be more conclusive if there were more waves of the survey from which to track the changes in trust and democratic action against one another. Alternatively, what might be happening is that democratic action levels already reached some acceptable level in a wave previous to 1995 and we are now seeing the resulting rise in trust. These possibilities highlight the fact that causality is extremely difficult to prove without extensive longitudinal data; barring that, it is only possible to speculate on causation.

While it is certainly likely that social capital and democratic action arise simultaneously, fostering and reinforcing one another, this study will extrapolate from the data available and posit that some critical level of social capital may be necessary for a

successful democratisation to begin; in other words some level of trust must precede a successful transition and only once a successful transition has been initiated, can trust and democratic action begin to strengthen each other. This conclusion is made based on the confluence of data showing that a) trust increases in importance as a predictor of democratic action in successful transitions b) absolute levels of trust are increasing in successful transitions and c) there is no evidence that a rise in democratic action levels precedes a rise in trust levels or occurs simultaneously, while there is some, albeit limited, evidence that increases in trust precede increases in democratic action since trust levels rose in certain Eastern European countries while their democratic action levels did not.

In regards to the second indicator of causality mentioned earlier (whether those post-communist countries that developed a western pattern in their regression model did so before or after the bulk of their reforms) it is also only possible to speculate on this. In 1995, the East European states were largely still battling economic and political woes. Poland, for example, was still having problems working out the division of powers between the president and parliament. Then president, Lech Walesa, was committed to putting more and more power in his own hands at the expense of the parliament. Walesa's attempts to undermine the system eventually led to his downfall in 1995.⁸² Slovenia, also part of Rose's "first flight," had made good progress on its transition by 1995, but was still dealing with outstanding issues of corruption and parliamentary deadlock due to the formation of non-viable coalitions. Political parties in Slovenia had trouble making the switch from oligarchic practices of favouritism and nepotism towards

⁸²Attila Agh, *The Politics of Central Europe* (London: Sage Publications, 1998) 152.

openness and transparency, as a result, irregularities in parties' financial affairs abounded. After dealing with many of these problems, Freedom House labelled Slovenia, Poland, Hungary, the Czech Republic and Estonia as "Free" in 1997.⁸³

Countries in the second flight, such as Slovakia and Bulgaria, were generally recognized as making significant headway in their democratisation only in the late years of the 1990s and early 2000s. Throughout the 1990s, Slovakia was criticised for its lack of democracy, nationalistic policies and corrupt privatisation. Much of this can be attributed to one man, Vladimir Meciar, who held power in Slovakia as Prime Minister from 1993 to 1999. Only when Meciar was arrested in 2000 did Slovakia begin to turn around its democratisation and begin its path to the EU.⁸⁴ Bulgaria, as another example, struggled to establish democracy throughout the 1990s. Economic decline, inflation, lawlessness, corruption and institutionalised ethnic discrimination abounded until the end of the decade.⁸⁵

It appears that in each of these cases, Poland, Slovenia, Slovakia and Bulgaria, the rise in absolute levels of trust, and the rise in the importance of trust in explaining democratic action, preceded the point in time when each countries' democratisation process stabilized and the transition was deemed successful. Based on these few case studies it does appear that there is a trend supporting the view that trust, as a vital component of social capital, preceded the successful democratisations. The countries that are experiencing difficulties with getting their transitions off the ground are those that have not yet had an increase in their levels of trust. Countries such as Belarus, Ukraine,

⁸³ Anton Bebler, "Slovenia's Smooth Transition," *Journal of Democracy* 13, no. 1 (2002): 135-8.

⁸⁴ Michael Roskin, *The Rebirth of East Europe*, Fourth ed. (New Jersey: Prentice Hall, 2002) 151.

⁸⁵ *Ibid.* 155-6.

and Moldova had non-existent democracies in 2000. Ukraine has recently appeared to reach a turning point in 2004 with its presidential elections; however, Belarus' President, Alexander Lukashenko, consistently and openly derides democracy as the path for his country.

It could be argued that those countries that are having trouble getting their transitions of the ground do not experience an increase in trust because an effective democracy is what creates trust, and not a bottom-up trust reciprocity mechanism. This view is arguing for a reversal of the causal direction; instead of trust causing democracy, effective democracy creates trust, which subsequently supports democracy. While this is certainly true (that effective democracy breeds trust and the two reinforce each other) this argument cleanly sidesteps the question of what causes the rise of an effective democracy in the first place. Effective democracy does not rise out of a vacuum, and certainly any factor that is in a proposed reciprocal relationship with democratic institutions (such as trust) is also capable of causing a rise in democratic institutions.

The Nature of Democratic Action

One of the main concerns of researchers examining political action in Eastern Europe is whether or not that political action is indeed democratic. If individuals take political action based on extremist political views then that action is likely to be non-conducive to democracy and perhaps even a threat. Political action as measured in this survey by the three variables asking about democratic action (petitions, boycotts and legal demonstrations), appears to indeed be measuring political action conducive to democracy. The democratic action variable correlates positively with support of democratic values and tolerance of minorities.

Table 12 Pearson Correlation Coefficients Between Democratic Action, Democratic Values, Tolerance by Year for Eastern Europe

	1995		2000	
	Tolerance	Democratic Values	Tolerance	Democratic Values
Democratic Action	.062**	.167**	.073**	.201**

*=Significant at .05 level. **=Significant at .01 level.

The Nature of Social Capital in Eastern Europe

The second question posed in the introduction explores the nature of social capital and whether or not social capital can explain a person's willingness to take democratic political action. From the analysis of the models presented in the findings we concluded that social capital is indeed a relevant factor in predicting democratic action. The model confirms that social capital is not knocked out of the equation when education enters, and shows that there is a social capital effect that is not just an effect of education. However, in Eastern Europe the components of social capital seem to have a varying degree of importance. Whereas in the West both trust and membership are important for predicting democratic action, in Eastern Europe, trust has less of an effect on predicting democratic action than membership. This leads us to question how the nature of trust in Eastern Europe differs from that in the West.

In Eastern Europe, the model varied cross-nationally in a predictable trend: the countries that adopted a Western-style pattern were overwhelmingly those that had successful transitions culminating with their accession to the European Union in 2004. What is truly significant about this trend is that all the countries that follow the western

pattern in their relationship between social capital, education and democratisation are those that were considered to be in the leading ranks of reformers in the late 1990s.

In 1999, Rose identified ten Eastern European countries as being the leaders in reform. The “first flight”, as he termed it, was composed of Slovenia, Poland, Hungary, Czech Republic and Estonia, while the “second flight” consisted of Bulgaria, Latvia, Lithuania, Romania and Slovakia.⁸⁶ These two “flights”, as Rose termed them, correspond to the Eastern European countries that follow the Western pattern. We get a glimpse of the “first flight” in those countries following that pattern in the 1995 wave and the “second flight” leaders correspond closely with those in the 2000 wave. It appears that from 1995 to 2000, almost all the countries that would eventually accede to the European Union in 2004 developed certain characteristics already held by consolidated democracies.

Fish further supports this categorization of democratising states. Countries such as Slovenia, Hungary, Poland and the Czech Republic he considers to be “progressive reformers.” The second category encompasses so-called democratic “backsliders.” This category refers to states that have made progress but are continuously running into difficulties that have the potential to threaten the transition process. This includes states such as Croatia and Romania, which have made fitful progress in their transitions. The third category refers to stalled transitions where the democratisation process never fully

⁸⁶ Richard Rose, “Europe Transformed,” in *Democracy after Communism*, ed. Mark F. Plattner (Baltimore: Johns Hopkins University Press, 2002), 110.

got off the ground. States that fall under this category include Serbia, Belarus and Azerbaijan.⁸⁷

These results raise the question of why trust is not initially a strong indicator of democratic action in Eastern Europe. One might conclude that the trust in Eastern Europe is of a different nature or that the variable is measuring something other than generalized trust. However, upon a closer examination of the nature of trust it is found to be similar to the trust being measured in the West. In both 1995 and 2000 the trust variable in Eastern Europe correlates with what we would expect if it was measuring generalized trust as opposed to socially exclusive trust. Those individuals who respond “most people can be trusted” are more tolerant of minorities⁸⁸, have a higher level of confidence in government⁸⁹ than non-trusters, and have a higher level of democratic values.⁹⁰ This refutes the argument that trust in Eastern Europe is some type of xenophobic, negative trust and for that reason is not an important predictor of democratic action. In fact, while levels of democratic values were relatively close for trusters and non-trusters in Eastern Europe in 1995, in 2000 trusters display an important increase in democratic values.

⁸⁷ Steven M. Fish, *Dynamics of Democratic Erosion: Post-Communism and the Theory of Democracy* (Princeton: Princeton University Press, 2001) 56.

⁸⁸ This variable is created using a question asking, “On this list are various groups of people. Could you please sort out any you would not like to have as neighbours?” The relevant groups are people of a different race, religion and immigrants/foreign workers. The attitudes of the respondents towards these three groups were put into a factor analysis. The resulting factor scores are the variable making up a scale of tolerance.

⁸⁹ This scale is also created from factor scores. In this case variables measuring respondents’ confidence in four government institutions are put into a factor analysis. The institutions include the legal system, the government, the parliament and the civil society.

⁹⁰ Four variables were used to create a scale of democratic values. The variables asked the respondents to rate a statement on a scale of 1 -4, Very Good to Very Bad. The four statements read as follows. (1) Having a strong leader who does not have to bother with parliament and elections. (2) Having experts, not government, make decisions according to what they think is best for the country. (3) Having the army rule. (4) Having a democratic political system. The resulting scores from a factor analysis of these four variables are the scale used to measure respondents’ democratic values.

Table 13 Mean Levels of Tolerance to Minorities and Democratic Values for Trusters and Non-trusters in Eastern Europe by Year.

	1995			2000		
	Tolerance	Government Confidence	Democratic Values	Tolerance	Government Confidence	Democratic Values
Trusters	.07	.12	-.01	.26	.12	.11
Non-trusters	-.02	-.04	-.05	-.06	-.03	-.03

Independent Samples T-test significant for all groups

Although the nature of trust in Eastern Europe proves to be the same as that in the West, the question remains why trust is not as important of a factor in explaining democratic action. The answer to this question can perhaps be found by looking at the history of Eastern Europe and its people's mindsets and attitudes prior to democratisation.

One of the most profound legacies of communism in Eastern Europe was the effect years of repression had on the attitudes and mindsets of the population. The state, and politics in general, was an object of fear for most ordinary citizens. State repression for acts of suspected dissension left citizens perpetually fearful of informers and fatigued by paranoia. In such a climate, trust was limited to one's close circle of family and possibly a few friends. The concept of generalized trust was dangerous for the citizen, as one could never know who was an informer or true believer in the Party and who was just feigning allegiance to the Party to get by. In many ways, much of life under communism was extremely theatrical; intimidated citizens competed to see who was a better *comrade* and who would have a bigger red star in their window for Mayday. Consequently, generalized trust was almost non-existent under communism and was a very foreign concept to Eastern Europeans. This put the post-communist states in a difficult position

once democratisation was underway and it became necessary for governments to engage citizens in the transition process. Distrustful citizens shied away from participation, mobilization and government.

The data findings on Eastern Europe show us that generalized trust of the kind in the West exists, however it exists at much smaller levels. Extrapolating from these findings, it is possible to theorize that if general societal trust is too diffuse then it cannot be beneficial in a transition. Perhaps only once absolute levels of trust increase and become sufficiently widespread (at some critical mass) can an effect on democratisation become perceptible. Many social capital theorists argue that social capital depends on culture and that it changes through a long, slow and painful process.⁹¹ Since increases in trust appear to precede increases in democratic action, a non-cultural mechanism of change appears to exist, one that is based on the concept of trust reciprocity.

Trust reciprocity is the idea that trust depends on an individual's past experiences, information and communication. Trust is created through concrete experiences with other people, the more trusting individuals a person encounters, the more likely they are to reciprocate with trust themselves. So after reaching a certain critical level of trusting people, one would expect to see these trusters begin to have an effect on other citizens and levels of trust would begin to rise as others began to reciprocate. The model in Eastern Europe seems to support this theory since the states for which trust became an important predictor of democratic action in 2000 were those that experienced an absolute rise in levels of trust. So plausibly, it is not that the nature of trust changed and caused it to become an important factor, but rather the absolute numbers of people who self-

⁹¹ See, for example, Fukuyama, "Social Capital, Civil Society and Development."

identify as trusters changed and as trust became more widespread this caused a change in the effect of trust on democratic action.

The implications of this research for social capital theory suggest that trust is an integral component for democratisation and perhaps more important than membership in voluntary organizations. This conclusion is reached based on the evidence that shows that while membership may have a strong effect across all countries, it is only in the successful transitions that trust has a strong effect. Almost all the Eastern European states had similar levels of membership in voluntary organizations and but only those progressive reformers that would eventually accede to the EU had an increase in the level of trust and the strength of the trust coefficient.

There are two possible implications of this conclusion. Either social capital does not function when either component (trust or membership in voluntary organizations) is missing, or trust is a more important component than membership when it comes to influencing democratisation. These two possibilities will be considered separately.

If we assume that social capital requires the presence of both components (trust and membership) to function the resulting implication is that trust-reciprocity does not fully function in the absence of voluntary organizations. This idea is supported by the research of Brehm and Rahn, discussed earlier, who concluded that trust and civic associationalism had to coexist in a symmetrical relationship to function and that membership was the stronger factor. This paper lends credence to Brehm and Rahn's conclusion since the results of this paper's regression models show that membership was a strong variable in Eastern Europe before trust was. But it is very difficult to draw conclusions on causality with this type of data and really the question of what

environment facilitates trust-reciprocity is secondary to the question of whether trust-reciprocity is evidenced in the data on individual trust, and clearly Brehm and Rahn have found evidence of this reciprocity.

Putnam perfunctorily describes trust building as a rational actor game, using the form of reciprocity found in a "tit-for-tat" Prisoners Dilemma situation, but he avoids an in depth consideration of what the implications of such a mechanism might be.⁹² But if a simplistic "tit-for-tat", person-by-person, mechanism were at work, we would expect a very slow increase in levels of general social trust. The trusters of society would find it extremely slow progress to convert one person at a time from a non-truster into a truster. As we know from tit-for-tat experiments, it often takes many reiterations of the experiment to establish trust and cooperation in a dyad. Consequently, the assumption that trust-building happens solely through a rational actor framework is an extremely labour intensive and difficult proposition. Societal trust would be created and would increase much slower than the actual rise in trust the data shows in the five year period from 1995-2000.

Perhaps an alternative to the exclusively rational actor framework of trust-building that Putnam describes is at work here. Reciprocity may take the form of tit-for-tat early on in a society's attempts at building trust, but to bring about a substantial increase in the number of trusters there must be another process at work. A more likely mechanism is that trust-building starts off with simple tit-for-tat dynamic but at some, as yet undetermined, point when a critical mass of trusters is reached, it is no longer necessary for people to trust only those with whom they have had specific past

⁹² Putnam, "The Prosperous Community."

experiences. Instead, people start to trust based on an expectation that there are now “enough” trustworthy people out there to make it worth the risk to trust strangers. The critical mass is the point where people stop using simple rational choice and start to cultivate general social trust and expect their trust to be returned by strangers. Trust moves from an intensely personal “thick” form to a more loose “thin” form with the creation of the thin social trust spurred by and rising out of the thick. This trust-reciprocity mechanism explains how the trust in family and friends that existed in Eastern Europe, could eventually evolve into a general social trust. This situation is especially plausible for Eastern Europe as there is no reliable top-down mechanism since government institutions are weak.

Trust and membership represent two different facets of the social capital theory; the first is the attitude side and the latter is the activity side. If trust is the more important of the two components, it is possible that without a positive attitude of generalized trust accompanying civic associationalism, the activity becomes ineffective in terms of the expectations social capital theory has. If trust reciprocity is the mechanism of building social capital, then a civic association with no trusting members will not build social capital until some critical mass of trusters arrives and instigates the mechanism of change. To draw on Putnam’s example, a bowling league full of edgy individuals who consistently cheat on the scorecard because everyone else cheats, will not instil members with social capital. The league requires a critical mass of individuals who will stop cheating in order for other cheaters to start reciprocating the trust. Without that attitude of trust, the civic association only breeds more mistrust, which is hardly useful in promoting democratic functioning.

Conclusion

The conclusion extrapolated from the data analysis of this study is to argue for the existence of a bottom-up trust-reciprocity mechanism of change for social capital. The significance of this for the literature is that without evidence of some type of change mechanism, the concept of social capital is useless for examining and explaining democratisation. If we cannot explain how such a factor evolves and changes then we cannot fully explain how it acts as a force upon other phenomena and we cannot explain how it might be fully utilized as a tool to improve democratisation. By attempting to identify how social capital is generated, we can begin to examine more in depth how social capital influences democratisation in Eastern Europe.

CHAPTER SEVEN: CONCLUSION

This research was started with questions about the use of social capital in democratisation studies. Many authors in the research area have been using the concept without a sufficient understanding as to whether or not it can be applied to a context outside of the West. There is nothing necessarily wrong with making *a priori* assumptions in political science; however, it is important that authors recognize their own assumptions and this has often not been the case. This study has set out to test the assumption, implicit to much of the research in the field, that social capital is an important factor, in either a causal or reciprocal manner, to the democratisation of the post-communist states. Based on the quantitative research of this study, it is safe to conclude that social capital is indeed connected to democratisation both at the individual level and the country level.

It is important to recognize the slipperiness of the social capital concept, as there continues to be a heated debate in the discipline over the use of social capital and its potential importance for democracy. Despite the “slipperiness” of the social capital concept, this research has discovered clear indicators that there is a meaningful dynamic between social capital and democratisation. This is by no means conclusive proof; however, to get such clear findings from a dataset as large and varied as the WVS constitutes a significant achievement, and for this reason we cannot disregard the results.

Because social capital is such a relatively new concept in political science we know very little about how it is created. There is a wealth of theorizing on its properties and its generation, but with little concrete knowledge or empirical research resulting. It is not enough to know that social capital exists and positively correlates with democratisation, we must also know how it is generated, otherwise social capital is useless as a tool in improving transitions to democracy. This research has found preliminary evidence that a “circle of trust” mechanism may be at work in post-communist Europe. This study synthesized existing literature on social capital with the findings of the empirical research to assess the plausibility of a trust-reciprocity mechanism and found there exists sufficient qualitative and quantitative support for this dynamic to bring it to the forefront of future research agendas.

Lessons for Transitional Governments

Not only should the concept of trust-reciprocity be important for academic research, but it should also be a consideration for post-communist governments. One of the most important aspects of studying democratisation is to establish how governments can improve their transitions in order to raise their citizens’ standard of living. If governments can effectively harness social capital it could become an important tool in achieving democratic policy objectives.

The question remains of how governments should intervene in social capital development. Possible methods include funding support for community associations that are bridging as opposed to bonding, and keeping open channels of dialogue with associational life so that citizens are made to feel that their participation is meaningful. Paldam and Svendsen seem to think that governments should avoid overt active methods

of supporting social capital formation and instead should focus on passive support.⁹³ It is not clear why they believe this to be an important distinction, but it may have something to do with the belief held by many Eastern Europeans that anything the government is involved with is to be avoided. Their idea of passive support includes creating “enabling” environments and fighting negative social capital. Although Paldam and Svendsen do not elaborate on how either goal could be achieved, it seems that fighting negative social capital is best accomplished by improving government institutions so that they function more effectively and with less rent-seeking, bribes and corruption. If public institutions were more effective, there would be less of a need for individuals to fall back on their negative social capital.

There is one big problem with relying on governments to promote change; focusing on a top-down process presupposes a will to change by the government and that is not always the case in many post-communist states. Many Eastern European governments, especially the post-Soviet ones, are stuck in a quagmire of corruption and rent-seeking, making it extremely unlikely that a top-down approach to social capital will work. These governments are so corrupt that they have no interest in reform. An example of bottom-up reform occurring is that of the recent 2004 presidential elections in Ukraine. Change there occurred not due to government actions but rather *in spite* of government action. A change in regimes and government attitudes came through mass protest and the changing attitudes and expectations of the population.

Rose brought up an important caveat to the bottom-up approach. Rose warned against the situation in which a corrupt government becomes so unresponsive to changing

⁹³ Paldam and Svendsen, "Missing Social Capital and the Transition in Eastern Europe," 18.

attitudes that the democratisation process gets caught in a vicious cycle wherein people become so disillusioned with a corrupt, unresponsive government that they simply give up on pushing for change and the government, under no pressure, stops pursuing reforms. Rose believes this vicious cycle between the bottom-up and top-down approaches may be the dynamic at work in countries such as Belarus and Russia.⁹⁴ In these cases, democratisation becomes in limbo as neither side has any interest left in the process.

Of course we cannot forget the other conclusion to come out of this research; that of the importance of education to democratisation. One of the lessons for transitional states certainly seems to be the importance that must be attached to a democratic education. Whether education directly or indirectly instils democratic values and trust, there is certainly an established link. To that end, governments should seek to update their curricula in an appropriate manner and train teachers to be sensitive to particular values. By focusing on education and supporting civic organizations, hopefully the government will be creating an environment conducive to building a tolerant, trustful society.

Conclusion

In conclusion, this research has provided evidence supporting a link between social capital and democratisation and suggesting that such a link may be strengthened through a trust-reciprocity dynamic. The study has attempted to synthesize these results with the existing literature on social capital and democratisation and draw implications from the conclusions. In terms of state building and the uses of social capital for transitional governments, this study has attempted to identify positive ways in which

⁹⁴ Rose, "Getting Things Done in an Anti-Modern Society: Social Capital Networks in Russia."

governments might use social capital as a tool in their democratisation process. In the future, good directions for the research in this field lie in deepening our understanding of the process by which social capital is created. Without knowing how to concretely create social capital, it is difficult to fully implement it as a tool. A very useful research agenda also lies in creating more finely tuned instruments to measure social capital. A good example of such a direction is Rose's research on social capital in Russia. By creating and implementing his very own survey instrument with specific questions measuring the different types and uses of social capital, Rose has been able to delve more in depth into the nature of social capital than any other researcher. These types of surveys on a wider scale have a lot of potential to shed light on how social capital is created and how best to implement it as a tool in democratisation.

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