

# ***Social Capital***

## ***– One Element in the Battle against the Poverty of Societies –***

*Study by the Group of Experts on "World Economy and  
Social Ethics"*

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Social Capital. One Element in the Battle against the Poverty of Societies. Study by the Group of Experts "World Economy and Social Ethics"

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## About the publisher and authors of this report

### *The Publisher*

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The group of experts on "World Economy and Social Ethics" is a specialist committee of the Research Group on Universal Tasks of the Church at the German Bishops' Conference. It was appointed in 1989 to advise institutions of the Catholic Church on questions of global economic development. In terms of objectives and members, the committee strives to combine economic and social ethical expertise.

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## 1. Introduction

Over recent decades, people in poorer parts of the world have benefited to varying extents from national and international development efforts. While some countries have seen living conditions improve noticeably across all levels of the population, the situation which the absolutely poor face in other regions has actually even deteriorated. This raises the question as to which factors are not only decisive for broad social development, but would also benefit more than one billion absolutely poor people.

In the early years of development policy following the Second World War, poverty and underdevelopment were mainly explained by a lack of savings and therefore investments (*physical capital*, production facilities, infrastructure), because such a lack produces low productivity and hence a "vicious circle of poverty". As a logical consequence, development aid focused primarily on these few factors. In practice, however, it became apparent that imported physical capital frequently remained unused and infrastructure projects failed to produce sustainable effects. Blame for this was attributed to the mentality and above all lack of specialist knowledge in the developing countries. This led to an expansion of those development-economics theories in which the concept of *human capital* became a key factor in the global battle against poverty. The essence of this approach involved using education and better health care to "invest in people" and create "human capital". Despite substantial efforts in these fields, the desired improvements were not achieved. For some time now, this has above all been explained by the inadequacy of political institutions, which occasioned the international donor community to call for *good governance* within the framework of "political dialogue" and to tighten the conditions attached to the receipt of public development aid. But even these efforts, which above all targeted the general macro-economic conditions, continue to lag far behind the expectations attached to them.

This then draws attention to a new factor in the development debate whose relevance has long been emphasized by non-governmental organizations and Church development agencies and which extends beyond purely economic and political concepts, namely the ability of a society to engage in cooperation and social networking. In the current social scientific discussion, this dimension of development is called *social capital*. However, the underlying concept continues to be quite vague, demonstrated, among other things, by the fact that the term is used for very wide range of aspects from traditional social networks and all the

way through to the various demands for good governance. In addition, it has proven very difficult to empirically record this concept – up to now at least. On the one hand, there is a fundamental problem of measurability, since social capital not only encompasses quantitative elements, but also and above all qualitative ones. On the other hand, substantial knowledge gaps continue to exist, since the concept is still quite new and hardly any suitable empirical methods have yet been available for it. Thus, a great deal of research still needs to be done in this area. However, although the human capital approach faced similar problems thirty years ago, it has meanwhile developed the necessary methodological instruments with which it can also empirically substantiate the important contribution made by human capital.

Despite these deficiencies, there are enough reference points which show that this approach has substantial *epistemological value*, because it indicates contexts which are extraordinarily important for advancing comprehensive development and overcoming poverty. This has already been evidenced by the experience gained by practically all development organizations and agencies, including Church agencies. Namely that a lack of social ties and the disintegration of networks are to blame for many of the failures which have been experienced in the battle against poverty. The poor, in particular, not only lose their traditional, handed-down security systems when this happens, but also their ability to effectively and sustainably improve their situation by organizing themselves and jointly representing their interests. Where they fail to link up to old social ties or to replace these with new ones, they risk being excluded from their societies, for example, by having access to basic social services or connections to formal institutions denied. This is why measures to alleviate poverty should, if they are to remain permanently effective, not be restricted to combating poverty *within* societies, but also attach central importance to combating the poverty *of the* societies themselves.

The following report aims to draw attention to these previously neglected factors of development and to contribute to a better understanding of the concept of social capital. Seen from the perspective of the Catholic Church, this also happens because Christian Churches have always been organisations which have exercised a great deal of influence on the creation of social capital in the respective societies. For example, in proclaiming the central precept of compassion they called for concrete solidarity. Christian communities and religious orders have translated this proclamation in a wide range of actions in their institutions. Last but not least, Church educational institutions have,



through their educational goals, contributed much to communicating cooperation and trust building values as well as social behaviors.

## **2. Understanding the Concept and Method**

### **2.1 About the concept of social capital**

#### **2.1.1 Differentiating the term**

Where the *terms* human capital and social capital or even human resources are used in this report, they have been taken from the field of economics. This economic perspective is certainly legitimate, although it might suggest that people and social relations are only being considered in terms of their economic usability. By contrast, this report intends to use the terms of human capital and social capital to express that human freedoms of action can be extended and that, in the final analysis, the economy depends on people and how humans choose to form it.

Economics usually differentiates between three production factors, namely natural resources (soil), labor and *capital*. The latter was traditionally viewed as the totality of produced, permanent means of production. Today, however, capital is understood in a broader meaning and so the terms natural capital and human capital are used. This is based on the realization that not only the physical capital stock, but also the natural resources and human ability to work need to be maintained, multiplied and improved, something which calls for savings and investments. The term financial capital is used to denote the funds required for this. Empirical economic growth models make it possible to examine the contribution made by physical and human capital to the process of economic development. Analogously, when we attempt to include social capital into such calculations, then, in its capacity as a residual economic value, it will only indicate the contribution made by those factors which influence economic growth, besides physical and human capital.

In a broader sense, however, the term social capital extends beyond the view that sees capital as a production factor, as is usually assumed by economics, and also encompasses important non-economic meanings and functions. In very general terms, this term describes the totality of norms, mentalities, social relations and institutional networks which promote lasting cooperative behavior

and solidarity in a society. This means that social capital is not just a residual value, but rather, for its part, influences physical and human capital as well.

Analysis of the *capital nature of social capital* shows that clear differences can be identified in comparison to the other forms of capital. While physical capital is highly and human capital at least in principle moveable, this only applies to a very restricted degree to social capital. Moreover, it is neither an "asset" which can be traded on a market, nor can it be viewed as individual property. Much as human capital, social capital contributes to multiplying individual and social prosperity. It is a "social" potential which serves each individual as well as all people. Finally, in contrast to physical capital, social capital is not exhausted by consumption. Indeed, the contrary is true, namely that it threatens to deplete itself, when it is not constantly activated and cultivated.

### **2.1.2 Social capital from a normative perspective**

The totality of norms and mentalities which promote cooperation and social networking represent a potential which can be used for quite *various purposes* and which consequently may have very differing effects. Thus social relations and networks can advance development processes, but also obstruct them. Close social ties in extended families or ethnic groups can provide their members with material or non-material security and thereby facilitate social integration. Yet, the traditional values and norms of such communities may also hinder personal initiative by individual members or may result in complete disassociation from other social groups. Neither should we overlook the fact that family structures, in particular, are occasionally governed by power and authority structures and may "shelter" violence and suppression. Finally, certain patterns of group behavior may form a basis for corruption and nepotism extending all the way through to crime, where, for example – generally authoritarian – "social" ties, such as family clans, gangs or drug cartels, cooperate closely in the pursuit of their own interests and against the public good. Since such phenomena obstruct or misdirect social or economic development, a differentiated examination of the functions of social relations and networks is required.

This report aims to illustrate the contribution which the cooperation-oriented norms and social networks can make to overcoming poverty and promoting human development. This is why the report understands social capital or the collective wealth of a society in a *normative sense*. So, it is not about increasing the number and density of social networks for their own sake, but rather about

achieving an optimal balance between individual freedom and social integration in terms of "more" human development. In other words, this report follows on to the socio-philosophical core assertion which states that people's social and individual natures are dependent on each other and seeks to put this fact to productive use.

### **2.1.3 Elements of a definition**

There is still no standard definition of social capital in the socio-scientific discussion, since this term encompasses *various aspects with differing functions* and effects. Generally speaking, the term relates to the quality and quantity of social networks in a society on the micro- and meso-levels all the way through to the macro-level. The core of this is formed by the norms of mutual relations (behavioral reciprocity) which support trust and therefore citizens' willingness to join forces in mutually-coordinated ways to benefit the personal interests of the partners involved, such as increasing the general welfare of society.

Close social ties in the form of family, friends or neighborhood help groups represent a fundamental type of social capital (*bonding social capital*). This "communitarian" dimension is essentially important to the individual members of the community, because it promotes integration and creates identity. Individuals support each other through joint action; each person views his or her social environment as trustworthy and can assume that obligations that have been made will indeed be honored by all involved.

However, this form of social capital alone will not manage to sustain the development process. To achieve this, social networks are needed that are capable of bridging the various social dividing lines arising from differences in socio-economic status, gender-specific classifications or membership of religious or ethnic groups. Generally this occurs through "weaker" social networks which facilitate reciprocal contact and exchange between the various close-knit communities and thereby make social borders more permeable (*bridging social capital*). Without such ties, the poor will hardly be able to succeed in extending their economic activities beyond that of pure subsistence or in achieving access to formal markets.

Indeed, the contacts which individuals and groups in society and their social ties have with the official institutional framework (*linking social capital*) constitute an important component of social capital. This includes legal certainty and

protection of human rights through the constitution, the general administration and the administration of justice, plus all political and other structures which contribute importantly to the creation of norms and confidence factors in a society. This third dimension does not mean that the development of civil society should be understood as the result of political, legal or other institutional framework conditions in the sense of a "top-down" approach. Rather, supporting top-down framework conditions and social "bottom-up" development are mutually reliant on each other. Particular significance in this respect attaches to the institutional safeguarding of constructive collaboration between government, market and civil society. The ability of informal and formal players in civil society to perform at the micro through to the macro level, to contribute to the development of society as a whole, is, after all, based very essentially on them being given the necessary freedoms for their activities by the framework conditions which the government sets. Conversely, the stability of the institutional structure of a society depends on broad public support and at least a minimum of social stability.

The report at hand will continue on the basis of this multidimensional concept of social capital. The stability of social collaboration depends on the *reliability* of all participating partners: it must be possible to rely on agreements being honored. Indeed, such cooperation agreements are jeopardized by individuals not complying with the rules which have been agreed and so gaining individual advantage at the expense of others. For example, "free riders" make use of an "asset" which is based on the principle that all the cooperating partners commit themselves to paying for this asset. The following definition can be proffered in respect of overcoming such problem scenarios: Social capital describes the totality of all social behavior patterns as well as of formal and informal networks in a society which contribute to resolving problems of social interaction and permanently stabilizing the returns which social cooperation offers. Within this process, formal networks, constitutional rules and procedures as well as shared values and norms on informal social ties are mutually reliant on each other.

Social capital cannot be simply stored; rather, it has a *process-like nature*. The institutional structure (social norms, rules, institutions and facilities, organizations) and the social areas of action in which the rules take effect are subject to constant change. Those developments deserve particular attention which lead to a shift of focus within the individual dimensions of social capital and to a transition from traditional to modern forms.

The type of social capital, its density and diversity plus its specific forms differ quite substantially from one culture, ethnic group, religion and region to the next. Presumably, the same applies to the significance respectively attributed to it (for example, in community – in contrast to – individual-oriented societies). To this extent, there will always be close correlation between *social capital and culture*.

## **2.2 On the measurability of social capital**

The multifaceted perspective on social capital on which this report is based and the diversity of its dimensions not only produce not inconsiderable *problems for achieving verifiable measurement*. Since only inadequate empirical surveying procedures and evaluation methods have been available to date, hardly any comprehensive long-term studies have been produced, meaning that this approach is (still) based on a relatively weak empirical basis. Even in the future, it is likely that it will never be possible to quantify all the factors of influence. Nevertheless, it remains to be hoped that suitable methods and procedures for better empirical recording of social capital will be developed. These can contribute towards extending the understanding of the effect of social capital in its various dimensions and achieving broader acceptance for this approach, also in the empirically-oriented sciences.

Despite the current deficits in the research, it certainly is already possible to draw some empirical indications from the positive effects which individual sections of social capital have. These findings are based on studies which analyzed aspects such as trust in the government and other public institutions, membership in clubs and associations, participation in elections or the willingness to engage in concrete social activities.

*Quantitative studies* generally summarize the individual characteristics of their studies to produce an overall indicator as a basis for evaluating social capital. For example, an indicator for social capital at community level was produced in Tanzania on the basis of a broad survey of the rural population, taking into account the density and quality of memberships in informal and formal social networks. Comparison of this indicator with the household income in the individual villages revealed that this is noticeably higher where the statistic of social capital is also high. Another study uses a similar indicator. This shows that there is a clear correlation in Swiss cantons between various levels of unemployment and the disproportionate distribution of social capital. Another

survey carried out in various sub-Saharan African countries uses the membership of ethnic groups, social mobility and the distribution of modern communication means as criteria for the density of social networks. From this, the survey produces an index on the ability to form social ties (*social capability*) and proves that there is a clear correlation between this index and economic growth rates.

*Comparative studies* attempt to estimate the social capital of various regions, ethnic groups or population strata by directly comparing individual indicators. A well-known example of this approach is represented by surveys carried out in northern and southern Italy using the following criteria for social capital: how often Church was attended and the number of club memberships, the circulation and distribution of newspapers, trust in the government, electoral behavior as well as the existence of community interests. In all these categories, Italy's north proves to be superior to the south, which the author of the study attributes to the greater efficiency of the government and administration as well as the superior status of development in the north. Such comparative studies are also suitable for at least approximately determining the access which various population groups have to public institutions and facilities or their successful participation and sharing in social capital – which is also an important distribution-policy aspect. And so, studies examine the living standard of various immigrant communities in the United States and come to the conclusion that certain groups, such as the Koreans in Los Angeles or the Chinese in San Francisco, enjoy a higher standard of living than the Mexicans in San Diego, for example, because they have certain social structures which allow them to be better integrated into the communities. The ability to help new arrivals quickly acquire English-language skills or enter the formal labor market seems to play an important role.

Other studies examine *qualitative characteristics* which are of significance for the social cohesion of a society and then attempt to draw conclusions from this for the social capital. An important aspect of this is represented by the relationship between the state and civil society. An examination of the historical development of this relationship in India's regional state of Kerala sees this as a possible explanation for the relatively favorable values of the individual development indicators, such as literacy levels, average life expectancy and child mortality. Furthermore, this study points out that Kerala had introduced suitable framework conditions which created the requirements with which social networks could organize themselves in accordance with their collective interests.

Neither does it withhold the government's failure, however, to create the same degree of incentives for investment, meaning that the comparatively high level of human and social capital has so far failed to precipitate down to comparative economic growth.

### **2.3 The interaction of social and human capital**

Social capital does not grow on its own. It is actually formed and developed in processes which frequently take a long time. That calls for people with social and cultural competence who have been given the best possible training. This applies in particular in times of far-reaching and radical social change, as can be seen all around the world today. The ability to act cooperatively, to consider the interests of others or to cultivate a group culture is acquired in learning processes in which appropriate knowledge, as well as necessary values and convictions, are passed on and practiced. Any absence of good education and training – at least under the current trend towards individualization – will lead to deficits, at least in certain areas of social capital. However, since business and industry also depend on social capital, any educational concept restricted solely to economic concerns would actually be short-sighted from a purely economic perspective.

On the other hand, decisive support is given to all measures aimed at creating human capital through certain forms of social capital (e.g. the high regard for education, in general). Comparative education-sociological studies show very clearly that societies with a long educational tradition, expressed through a wide range of symbols and rituals and forms of acknowledgment, also have a better and more effective education system (e.g. the Confucian cultural sphere). The significance of "social capital in the creation of human capital" is confirmed by studies carried out at US high schools which conclude that active parental support is an essential factor for the learning success of pupils. Over and above this, integration into social networks beyond the family sphere, such as into religious communities, positively influences learning results. The greater efficiency of Church schools is put down to the cohesion within these networks and the consequent uniformity of the values conveyed.

Hence, social and human capital must not be viewed separately from each other, for they are – mutually complementarily – closely interlinked. This is why their benefit can often not be unequivocally assigned to the one or the other of these two capital forms. Even though human capital initially benefits the individual, it

nevertheless has an indispensable social function as well, meaning that it is an elementary requirement for the creation of social capital. Conversely, although social capacity is primarily a public asset, it does, on the other hand, increase the options open to all members of such social networks and therefore also exhibits an important individual component.

There is a close causal correlation between the individual and societal dimensions of social capital. Only people can create social capital, namely by establishing or maintaining traditions and making social ties. And to a certain extent, they are this social capital themselves, albeit not alone, but rather together, in community. The creation of social capital is therefore primarily an achievement of society which mostly tends to be planned unconsciously rather than strategically. It is at the same time an investment in the future which not only opens up opportunities for the collective development of society, but also for each and every individual growing up in it. Thus, social capital can also create a counterbalance to the exclusion of people, because it benefits all in its capacity as the collective prosperity of society.

Christian social ethics as well as various socio-philosophical trends today emphasize the importance of promoting personal and social responsibility with the aim of creating balance and cooperation in social relations. In the final analysis, it is about the interdependence of social bonds and individual freedom. Indeed, personality is not curbed by social terms of reference and experiences. Rather the contrary is true and it is enriched by them. Seen from this perspective, democracy is not only an institutional guarantee for plurality and pluralism, but rather also an instrument of jointly developing an informed opinion with which common goals can be formulated and binding decisions asserted.

### **3. Functions of Social Capital**

Social capital performs various functions which are closely tied to a normative perspective. Generally, it promotes *joint action* in all its dimensions. Informal and formal social networks, whose members trust in each other and collaborate, do provide more than this, however. Trust in the reliability and workability of arrangements which have been made is therefore considered a key factor for their efficiency. The closer the trust in each other's behavior and the networks of civil societal commitment are tied, all the more willing will citizens be to join



forces to the mutual good. Such reciprocity can contribute much to orientating one's own behavior to that of fellow citizens, since it promotes the realization that solidarity forms the basis for being able to secure one's own interests in the long term. The reciprocity of the behavior can be supported by a suitable structure of incentives and consolidated by a relevant catalogue of sanctions. Positive incentives can be provided, for example, by the prospect of acknowledgment and reward or the lower costs which arise through cooperation. Sanctions can range from the micro level through to the threat of exclusion from the community. On the other hand, formal institutions can secure observance of the rules in general through law and order.

### **3.1 The socio-cultural function**

In a very fundamental sense, social capital is related to the socio-cultural heritage of a society, to safeguarding and developing its traditions. For example, these are values, norms and a mature legal culture which provide security and trust within the social order, as well as the ability to secure social peace in a society through social networking and at least a minimum of social balance. However, this also includes traditions of self-help, a constructive culture of disputation and traditional, handed-down forms of conflict regulation and compromise, which are of very great significance indeed for the protection for minorities and for cooperation between various religions and ethnic groups. Finally, in a world which is growing ever closer together, experience in connecting global and local cultural elements plays an important part in preserving cultural traditions by engaging in further development.

When societies are no longer able to secure and pass on their often highly diverse cultural heritage or to create the appropriate requirements, then they will almost inevitably fall into deep crisis. However, we must be on our guard here against engaging in a culturalism which equates culture with the preservation and establishment of traditions, rejecting all change, because it can only view this as the decay of values and institutions. The essential conditions for the preservation and development of the identity of a society include the education and formation of its members.

### **3.2 The political function**

Social capital has an important political function to perform, since community-building values and social networks are indispensable for the integrative

capacity of a political system and good governance. After all, the legitimacy of a government is based essentially on the trust people have in the political institutions and in the workability of social relations. For example, social networks can demand that state or government authorities account for their actions. In its capacity as social capital, a civil public spirit is rightly seen as a fundamental component of and prerequisite for a representative democracy, a plural society and a market economic order. Quite differing theories of order and socio-philosophical trends, such as communitarianism, the guiding principle of a social and ecological market economy, or concepts of socially-controlled and ecologically cushioned capitalism refer to this requirement to which, under the conditions of the individualization of modern societies, even greater importance probably attaches. All these political aspects are based both on the legal relations between individuals as well as on those binding community values whose interaction guarantees solidarity.

There is far-reaching consensus today that it will only be possible to change unjust conditions and introduce a human-oriented development, which is both socially and environmentally compatible, if the civil society and consequently the participation of the broadest possible circles of the population can be strengthened. This is the only way in which the pressure from below which is needed for further-reaching reforms can develop. The forms of cooperation which are necessary for the function of a civil society, the willingness and capacity for this, are not simply given, however, and can only be partially learnt. To an important extent, they are a tradition of society, i.e. they are based on common values, experiences and institutions. All trust and confidence in the personal initiative and self-help of humans, on which development policy is rightly based today, is therefore little more than wishful thinking, if it is not possible to link up to such preconditions. The same applies to goals such as democratization, observance of human rights or good governance.

### **3.3 The social function**

For the poorest of the poor, social capital often represents the only social security system, since institutional social security is not yet available in most developing countries.<sup>1</sup> Family ties, neighborhood help and village communities constitute a kind of insurance, based on mutual solidarity, against existential risks, and in times of famine and drought often continue to ensure the provision

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<sup>1</sup> cf. the study on "Social Security Systems as Elements of Poverty Alleviation in Developing Countries" by the Group of Experts on "World Economy and Social Ethics", Bonn 1997.

of food and water. The less this access to the basic social services in a society is secured by institutional arrangements, the more important the insurance function of social capital becomes for the poor. Conversely, institutional social security systems, which also have to be aspired to in developing countries, will presumably be all the more easier to realize, the stronger the social cohesion and the ties between the various social groups are.

The provision of basic social services (e.g. basic health care, basic education) or infrastructure (e.g. water supply, traffic routes) is a responsibility of the state in many countries. However, many governments cannot or only very inadequately fulfil this important prerequisite for the prosperity of a society due to political or administrative weaknesses or financial restrictions. This is why sometimes the privatization of these services is put forward as a possible solution. However, for ethical reasons this can only be justified when access to the basic social services has been secured for the poor or remains to be so through appropriate state measures. Empirical studies show that the trusting cooperation between state government authorities (public sector), the private sector and the civil society can contribute to improving the provision of these basic goods. However, social capital also exerts a positive influence on the efficiency of public institutions and facilities. For example, schools work more effectively when they are supported by the communities and parental networks. The parents' visible interest in the education of their children which this demonstrates has a positive effect on the motivation of pupils and teachers alike. Similarly, the long-term success of the radio schools depends on listeners discussing the school material together and passing on their questions to the editorial board. In much the same way, the efficiency of basic health centers rises when they are maintained by local communities and when medical and nursing staff cooperate closely with the families and local organizations.

### **3.4 The economic function**

The modern economy is essentially based on ever longer chains and more complex interactions being built up in the production and trading sectors. This kind of division of labor makes it possible to better utilize the creative skills of people and thus raise the welfare of a society. Admittedly, such complex relations are somewhat susceptible to problems, for example, if individual actors use the work performed by others to gain unilateral personal gain. This is why the success of modern labor-divided societies is based on their interactions, which exceed the limits of "communitarian" social ties, being safeguarded by

actors being able to rely on the arrangements that have been agreed actually being honored. Social capital is therefore increasingly proving to be a locational and competitive advantage and thus a decisive factor for economic development. Economically-speaking this leads to a reduction in transaction costs.

This is why many of the aspects which are named in connection with the socio-cultural and political function of social capital are also economically significant. For example, a stable legal culture encourages personal initiative in business and industry (starting up companies) and belief in agreements and contracts being honored. Good governance and an administration with low corruption levels strengthen trust and confidence in the state and raise citizens' willingness to pay taxes as a means of funding public services. Conversely, a positive stance by citizens towards the state reduces the misuse of social services, subsidies or the award of state and government contracts. Property rights and the responsibility which arises from the social duty of property strengthen social peace, which for its part is an important prerequisite for investments.

This also applies to the significance which a cooperative leadership style and group or team working concepts have in the context of corporate culture. Social competence and skills are not only demanded from leading executives, but also increasingly from employees and staff members who work in teams. Reverting to staff and customer contacts can help the employer lower the costs of finding and employing new staff. Through social contacts, employees can obtain more detailed information on what is expected of them. Many companies view such a corporate culture not only as an aspect of their social responsibility, but also hope that this will make a positive contribution to raising productivity and the corporate image. All this emphasizes that the social capital of a society is also an important economic resource whose significance for the economy is generally completely underestimated, because its value can only be identified once it is no longer there.

In respect of combating poverty, it is also relevant that many of the poor in the countries of the Third World can at least substitute the lack of real capital to a certain extent through social capital. For example, functioning social networks strengthen the potential for self-help among the poor, such as when they support each other by making small credits available or join forces to form cooperatives. For these people, this often forms the basis of their economic activities, especially in the informal sector and in accessing the formal markets.

## **4. Dynamics of the Development of Social Capital**

### **4.1 Fundamental sources of social capital**

The creation and constant renewal of social capital are closely tied to those processes through which *human societies* form and develop. No human can live alone or even simply survive. This begins as early as with the infant's need to be fed and cared for by others. Yet even far beyond this, each and every person is reliant on learning that language from others with which he or she can communicate and receive the responses and acknowledgment from others needed in order to be able to form his or her own identity. Social capital forms and develops because humans have the need to be together with others and need to organize this cohabitation. For thousands of years now, learning processes have led over generations to the development of fundamental forms of social culture. A decisive developmental step was taken with the division of labor: this calls for a higher degree of mutual communication, understanding and coordination, of knowledge about and trust in each other. At the same time, by offering the prospect of more affluence, it creates incentives to invest in these more complex forms of social capital. The social processes referred to do not mean, however, that the individual does not also contribute substantially to the creation of social capital. In the course of history it has repeatedly been charismatic individuals, such as the founders of religions, religious groups and orders, whose special ideas or establishment of movements and communities have made a particular contribution to social capital.

The social capital and culture of a society broadly coincide in many areas. *Culture* (view, philosophy and conception of the world, values, knowledge) manifests itself in individual terms in the mentality, i.e. in the attitudes, behaviors and social roles of humans. At collective level, culture is encountered in the social structure, for example, in the relations between the sexes, social strata and ethnic groups or in how labor is divided in a society. The cultural traditions which have evolved in a generally very long historical process will always be adopted and consequently cannot be created quickly at will. In this sense, a substantial part of all societies live from conditions which they have not created themselves. The various and diverse forms of art and literature represent an important form of the transmission and cultivation of cultural traditions. From an aesthetic perspective, they create particularly impressive forms of recollection and shape the cultural memory of a society. Painting, sculptures, symphonies, poetry or drama address the material, sensual world, step beyond

the realm of immediate everyday life and therefore have their very own meaningfulness.

There are cultural patterns which support the development of social capital more than others do. For example, cultures in which social relations with fellow humans have priority over values of self-realization and self-determination generally display a denser network of social ties at micro level. Conversely, a predominance of community-focused structures can substantially hamper the formation and function of formal rules and institutions. For this reason alone, encounter and exchange between differing cultures are of great importance. This is also proven by the historical fact that it is above all the great cultures which have obtained a wealth of decisive impulses from just such contacts.

On the one hand, *religions* are always integrated into culture, while, on the other, they do extend beyond these cultural boundaries when they represent messages with a universal claim. Through their respective sacred sources and traditions, they promote and disseminate community norms and values. Particular significance attaches here to the process of conveying and communicating such views through symbols and religious rituals. Within them, a process of comparison and mutual confirmation of the lifestyle of a people and its conception of the world is taking place. In this way, moral and aesthetic models are "objectified", while, handed-down concepts on the meaning of the world and the duties of humans are confirmed. This is why religious symbols have always had a quality of referring to a metaphysical reality as well as a quality of providing a model for an ethics-oriented formation of reality. Symbols and rites therefore shape the philosophy and conception of the world as well as the moral concepts of humans, with substantial moral-practical consequences for their everyday behavior and their social order.

#### **4.2 Providers and representatives of social capital**

The foundation of the social capital of a society is formed by *family ways of life*, including the family ties involved. The family is the primary location at which fundamental physical and emotional needs are satisfied and at which elementary educational work is performed. Over and above this, the family is the place in which an inner-family balancing of risks occurs, something that is of great significance in traditional societies, in particular. Within the (extended) family, the old, the ill and those in need of nursing care are provided for, income is shared and, frequently, material and financial resources are made available with

which a livelihood can be established. The experience of mutual emotional and material assistance and support in family relations provides a special kind of encouragement for developing the ability to trust and the norms of fair and reliable contacts and dealings with each other, which also play a decisive role in all social relations outside the family.

However, when the relations within a society are unilaterally dominated by family elements, there is danger of a split developing in society. Individual family clans which are internally bonded by a high degree of mutual cohesion can outwardly deny constructive forms of cooperation and in so doing obtain an unreasonably high degree of influence and prosperity. In most cases, this occurs to the detriment of those who are not integrated into such family ties.

This is why the social capital of a society should be structured in such a way as to allow family-related and other social formations to mutually complement each other. The incorporation of family ties into *social units at local level*, such as circles of friends, village communities, neighborhood help groups or clubs not only promotes communal networking and collaboration, but also has a supportive function for individual families and their members.

The *civil society*, which evolves broadly between family and state by means of self-organization within various groups and associations, is an elementary force of social capital through its wealth of relationship structures. On the one hand, civil society groups promote the personal competence and skills which their members need in everyday life, while, on the other, they form the foundation for a growing and ever more tightly networked relationship structure, especially in countries experiencing rapid social change. This applies to the urbanization and industrialization processes in most developing countries as well as to the transition countries in the new political and economic order.

In the struggle for a climate of tolerance and non-violent conflict management and resolution, civil society initiatives play a key role – both in good and bad terms. In their capacity as strategic groups capable of dealing with conflicts, they can provide decisive incentives for political change and contribute to the development of informed political opinion and decision-making all the way through to the organization of political parties. No less important is their contribution to empowering people to engage in political and economic participation, in social balance and political competition. Admittedly, this always also presupposes constructive participation on the part of the state, the

representatives of public opinion and of business and industry, for civil society can only fully unfold the potential of its relationship structure, which one can also describe as social prosperity, within such a combination.

In all the above mentioned arenas, special attention needs to be placed on the role of *women*, since their social competence means that they contribute in particular to the formation of social capital and play an indispensable role for development processes. In actuality, they bear the main responsibility not only for bringing up the children, but also for the number of children, because they are the primary addressees for family planning measures – responsibilities which men unfortunately often withdraw from. The initiative and reliability of women is a key to the success of self-help projects and for economic developments which start from the grassroots upwards. This is proven, for example, by the experience gained by the Grameen Bank in Bangladesh, which has above all enabled landless women to gain access to capital for small business enterprises. The clarity and comprehensibility and the mutual trust existing in the networks connected here provide the guarantee for the very low loan loss rate.

In developing countries, the structure of the social relations of women differs greatly to that of men. While men are more formally integrated through regular employment or membership of political and economic associations, the social contacts and networks of women largely operate in the informal sector. There are several reasons for this. Firstly, many societies obstruct or even deny women access to the formal institutions by means of cultural traditions. Secondly, women are so strongly preoccupied with securing the family livelihood and bringing up the children that they often have no time left for taking on formal activities or commitments in formal institutions. In addition to this comes the fact that – not only in modern societies, but also in traditional ones – the number of single mothers is increasingly growing. In such cases women are all the more dependent on family ties or neighborhood help if they are to secure their livelihoods and perform their responsibilities of bringing up and educating children.

Shared values and traditions as well as behavior patterns of mutual solidarity are essential elements of social network relations within *ethnic groups*, which is particularly significant when these represent social minorities. In many cases, the cohesion in these groups and the generally close family ties form the basis for their economic activities. In this way they are able not only to gain access to important information, but can also reduce the costs for the provision of capital,



such as labor. In some cases this has even resulted in such groups dominating the whole economy or at least important markets. After all, the social capital of ethnic groups is also one of the most important resources for migrants who, following their arrival at their target place (in multiethnic societies) or target country, not only have to establish a material basis, but also have to adapt to a new cultural setting.

The various *educational institutions* of a society are important facilities for communicating values and behaviors which encourage collaboration and solidarity. At the various levels of the formal education sector, various educational objects are given priority which each contribute to the formation of social capital in their own specific way. While the primary school focuses on the teaching of elementary cultural skills (such as reading, writing, arithmetic) and socializing behaviors, the secondary school sector concentrates on the learning of factual knowledge, and the tertiary education stage centers on training and educating a capacity for analytical and critical thinking. Therefore great importance attaches to the advancement of basic education. Yet an important, albeit often underestimated role in this respect falls to many other, often informal education providers. Religious communities, clubs and societies, trade unions and political parties contribute to the maintenance and creation of social capital via a diverse range of education-related activities. Over and above this, they open up spaces in which social behavior and cooperation can be learnt and cultural and religious activities experienced and passed on.

The *public institution structure* of a society, such as government, administration or jurisdiction, is a force of social capital when it creates an atmosphere of trust and cooperation in the population and promotes a public spirit. On the other hand, the public sector can also be a source of bureaucracy, mismanagement and corruption. To prevent this it is necessary that state and government authorities are controlled by a self-confident and strong civil society. Empirical studies prove that there is close correlation between the social cohesion of a society and the effectiveness of the public sector and thus of good governance. For example, one study demonstrates that citizens who engage in local (including non-political) organizations have a greater political interest than others who do not. On the one hand, trustful cooperation between state offices and civil society movements provides the government with a better insight into the needs of the society, while, on the other, it strengthens the openness in the population for necessary political reforms.

*Business and industry* can make a long-term contribution to comprehensive development when their activities also encourage the willingness for cooperation and an atmosphere of trust in society. By contrast, guidelines in which companies and corporations face their social responsibility raise the acceptance for business actions. A corporate culture with leadership principles which encourage cooperation between individual staff members and departments not only increases the efficiency of the company or corporation, but also exerts a positive influence on other areas of society. In development cooperation, the collaboration of public sector, private sector and civil society (*public-private partnership*) is taking on ever greater significance. This raises the efficiency of the aid and constitutes an important contribution to the better utilization of scarce human and financial resources.

### **4.3 Social capital in changing times**

It is particularly families with their family ties and bonds, village communities, plus religious and ethnic groups which are primary forces of *traditional social capital*, which is of inestimable value for less developed societies, especially in times of crisis. People grow into these communities which offer protection and security through many phases of life from childhood to entry into employment through to illness and the need for nursing care in old age. The moral concepts which form the reasoning for the cohesion and mutual assistance in these communities do, however, not infrequently also lead to the exclusion of people who do not belong to these groups. For example, Hindu castes have deep-rooted moral concepts relating to human dignity within the caste and, in principle, also in the relationship structure between the castes themselves. However, there is still a long way to go before they can also view the casteless with the same dignity and above all treat them with this dignity in the cohabitation of practical everyday life – despite a Mahatma Gandhi and a constitution which actually makes this into law.

The unavoidable social change, triggered by technological, economic and public-administrative developments as well as by socio-cultural changes, is leading in practically all societies to an *erosion of traditional social capital*. With the dissolution of traditional social ties, for example, as a consequence of the adoption of more individual and commercial values and moral concepts in the wake of urbanization, the traditional protection which social cohesion used to offer is also lost. When such changes are accompanied by growing general affluence, such as was and is the case in the industrial and threshold countries,

state systems of social security can be introduced or the majority of the population can make material provisions by taking out private insurance. However, if both are not available, then poverty and want are practically unavoidable consequences. It is above all the growing numbers of single mothers, singles, old people no longer in or capable of employment as well as (in some regions) the victims of AIDS (orphans, etc.) who are affected by this poverty. Apart from this, a person's removal from familiar social ties can also have negative psycho-social effects when new contacts fail to substitute these ties and relations.

The dismantling of traditional social ties can also have positive effects, however. On the one hand, there are inhumane traditions which are not worthy of preservation, while, on the other, *new forms of social capital* often develop as a response. These are frequently much better adapted to the new general conditions in society and in some cases can certainly link up with traditional forms. For example, this can be observed in many industrial societies where an honorary commitment in associations is losing significance due to falling membership numbers, although this is being countered by a growing number of hours of voluntary labor being performed in time-limited projects not involving membership. It is not always possible, however, to link up to traditional social capital, because certain forms require direct contact between people. For example, cooperative associations, such as in the case of irrigation projects or micro-credit systems, only function in clearly-structured small units and can only be partly transferred to large anonymous institutions. At this level, however, other, generally formal forms of organization and sanctions for violations of the rules are required.

In the countries of the South a gradual change (depending on the development status) can be observed in the social capital of family, ethnic and all the way through to new social ties. In the first phase of removal from the origins, social capital formation through *self organization of those affected* plays an important role. Not infrequently, this will begin in small groups of adolescents who join forces in order to seek out opportunities for earning income and an economic future, for which they will often not receive the permission of their traditional community. Even when such groups enjoy economic success, they are generally not immediately independent, but must rather frequently still "pay their dues" to their parents and clan leaders. In much the same way, the landless and casteless can prize themselves out of their traditional environment by jointly representing

their interests and thus gradually overcoming the image of inferiority and dependence on the rankings of the caste system.

International development cooperation frequently encounters such self-help organizations which have evolved in response to great existential need and distress, such as persecution or flight and which replace traditional communities based on solidarity. However, people are also increasingly organizing themselves for the pursuit of goals which extend beyond that of merely securing a livelihood. This includes action to achieve safe access to basic social services, such as education and health care, to advocate environmental concerns or to gain political and cultural rights.

When citizens join forces and stand up for their interests, this constitutes the foundation for the *development of a civil society*. In authoritarian regimes, self-organization of the population occurs at local level, frequently opposed by the social elites and political authorities. Self-help groups which often face repression and persecution by the state or government in such systems will join forces to create networks and interest groups at national level. However, where the role of the civil society remains limited to criticizing state and government institutions without offering convincing alternatives or where such groups even revert to force, then this represents a serious set-back for the legitimacy and credibility of the associated social capital.

However, if an atmosphere of constructive cooperation develops between the state and the civil society, then joint options for action are opened up for lasting social and economic development. If the civil society actors not only control the state measures and the ruling authorities, but also support and critically and constructively complement them, then the legitimacy both of the government and of the civil society will be strengthened and new social capital formed. In countries which find themselves in the process of transition from authoritarian regimes to democratic structures, this constitutes the condition for the *establishment of workable formal institutions* of political, legal and economic mode.

#### **4.4 Social capital at global level**

In view of the advancing worldwide economic, political and social interdependencies, shared values, trust and the willingness to engage in peaceful cooperation, including across national borders, are taking on ever greater

significance. The solution to global problems, such as poverty and environmental destruction, which is impossible if extensive and comprehensive development in the countries of the South and the East is not encouraged, calls for *international cooperation between peoples and states*.

The endeavors for such cooperation can build on the *existing social capital*. For example, the development of international law with its principles such as "pacta sunt servanda" is an important component of the social capital of the global community. In this respect, mention must also be made of the modern human rights tradition which in 1948 led to the "Universal Declaration of Human Rights". This not only covers the rights of political protection and freedom, but also economic, social and cultural rights as were enacted in 1966 in the International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights. The system of the United Nations, which was established after the Second World War, and the so-called Bretton Woods institutions – International Monetary Fund (IMF) and World Bank – are, despite all their indisputable weaknesses and the reforms they need in many respects, the first important components of an international institutional structure which has meanwhile been developed and complemented in the form of additional international regimes. In recent years, the rules of the World Trade Organization (WTO), especially its arbitration services, have gained outstanding significance. All these are necessary, although certainly not adequate on their own, foundations on which we can and must continue to build.<sup>2</sup> On the one hand, there still exist unregulated areas, such as environmental protection, on the other hand, the poorer countries not only need to have access to these institutions, but must also have more of a say via co-determination in the decision-making processes. Finally, we should not forget the numerous disarmament agreements which establish trust and exert a positive effect on the whole international community.

The *international civil society*, which has formed over recent decades through the cross-border networking and cooperation of Non-Governmental Organizations (NGOs), is gaining ever greater influence in forming and shaping international politics. Through new and constructive forms of political commitment these not only exert a certain degree of pressure on state actors, but

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<sup>2</sup> cf. the study on "The many faces of globalization. Perspectives for a humane world order" by the Group of Experts on "World Economy and Social Ethics" and the Church agencies Adveniat, Caritas international, Misereor, missio Aachen, missio München and Renovabis, Bonn 1999.

are meanwhile often also more or less directly involved in negotiations on multilateral treaties. This is above all of great significance for the fields of international development cooperation and the combating of poverty. Indeed, through their projects which are carried out in cooperation with local partners, these NGOs not only themselves contribute to development and democracy-building, but also politically advocate the establishment of development-promoting framework conditions at international level. The campaign for the banning of landmines, the debt relief campaign or the critical accompaniment of negotiations on reforming the world economic order and the international financial system may serve as examples.

Ever greater global significance also falls to *transnational corporations*. As their power grows so too do the options and opportunities which are open to them and with these their responsibility for encouraging and supporting constructive cooperation in the international arena. Alone on grounds of their own self-interests, they have to see the world as a whole, must organize their production processes worldwide and invest in the capacity of people to work together for the corporate goals across national and cultural borders. Over and above this, corporations need to be encouraged to improve intercultural communication and to develop an appropriate corporate ethic. This includes advocating a policy of fair global trade, for example, through the commitment to observe minimum social and ecological standards. This process can be supported, promoted and encouraged by consumers, if these use their power when it comes to buying products and specifically favor those corporations which credibly represent and implement these objectives. Within the framework of development promotion, cooperation with state and civil society actors on the basis of partnerships not only offers an opportunity to open up new labor markets, but also to effectively contribute to combating poverty and so facing the social responsibility which the corporation has.

Even the mere existence of *global communication means* constitutes a significant factor for the development of the international civil society, because these can contribute essentially both to the formation as well as to the decline of social capital. The modern media (TV, Internet, etc.) greatly accelerate the process of exchange between cultures and can thus contribute to the creation of a world culture under the heading of "unity in diversity" in a capacity of global social capital. However, they can also – for commercial or other reasons – unilaterally decide to only disseminate certain culture patterns which could lead to the gradual disappearance of weaker cultures and consequently their social

capital. This applies to art (music, drama, literature, etc.) as well as to lifestyles (fashion, leisure activities, etc.). Moreover, the question as to what motivates media makers and what values they primarily communicate is not immaterial. Corporations in this industry, for which no international body of laws yet exist, therefore bear a specific responsibility. Yet, this also applies to consumers, for example, TV viewers or Internet users, who through their choice of programmes and their contents of global intercultural communication share in determining whether social capital grows or declines at the hands of the media.

## **5. Ethical Reflections**

### **5.1 Tensions and conflicts between particular and universal values**

The dynamics of socio-cultural development and the change of social capital involved in this plus the evolution of new forms of social capital at global level indicate that particular attention needs to be directed towards the tensions and conflicts between particular and universal values and the relevant influence exerted by globalization. If we assume that under normative considerations *each culture is fundamentally ambivalent*, then each form of cultural essentialism, viewing cultures as invariable values, must be rejected, just as must every form of arrogance which may be expressed, for example, by western culture being made into a universal benchmark under the cloak of a world culture.

This is why all systematic interventions which aim to build up or modify social capital need to be examined in terms of whether the intended *change* and the new social networks can link up to existing traditions or are capable of connecting with these. This does not mean that all traditions have to be preserved at any cost. However, if massive changes with far-reaching consequences are foreseeable, then a public discussion must take place in which all the social strata involved as well as the religious and ethnic groups must be given a say and allowed to participate.

Certain institutions are probably *cross-culturally* indispensable for social cohesion in all societies. For example, these are institutions which create social balance. Equally significant is the legitimate monopoly of state or government authority, without which no peaceful social order could be implemented. This is the only way in which many conflicts can be constructively managed and overcome. This monopoly on the use of force needs the constitutional control of

law and order so that citizens are protected against state arbitrariness and despotism. The legal culture and the rule of law guarantee the freedom and security of each and every citizen and the right to active participation in developing informed political opinion and in decision-making processes.

In connection with the tensions and conflicts between particular and universal values, the question needs to be asked as to what extent we can and should speak of a *competition of the cultures* in this respect. An answer would have to consider both the positive as well as the negative aspects which are associated with the term competition. Whatever the case may be, we must not misunderstand it in the sense of a "battle of the cultures" or of some cultural-Darwinist "law of the jungle", a process of selection which, in the long term, will lead to the disappearance of smaller cultures. However, competition can also be positively interpreted when it is taken to mean intercultural exchange and motivation to find the best possible solutions, for example, in the search for institutions which aim to guarantee a balance between economic efficiency, social justice and ecological potentials for the future. However, such competition presupposes the existence of fair frameworks and rules and must absolutely not result in minority rights being disregarded in any way.

## **5.2 On the ethical dimension of social capital**

If social capital is an important instrument with which to stabilize the returns on human interaction and to multiply social prosperity, then, under ethical-normative considerations, it is primarily about allowing all people to participate in these opportunities, and especially the poor. Nobody must be excluded from the requisite development of their personal abilities and skills or from the potentials offered by society. This is the only way in which the model of a *comprehensive development* – both in personal and in community terms – of all people can be turned into reality. The battle against poverty, participation (bottom-up development), especially of women, solidarity and subsidiarity all are the yardsticks which are needed for this. On the one hand, these and similar values can be attributed to social capital itself, while, on the other, they also represent the indispensable requirement for preserving and adapting the existing and creating new social capital.

A comprehensive human development perceives *poverty* not only as absolute income poverty, but even more as a lack of development opportunities and participation as well as exclusion from social terms of reference, including basic



social services. The loss of social values and ties, for example, social networks borne by active solidarity, can be circumscribed as social suffering, because people cannot live a humane life as social creatures without at least a minimum of social integration and can probably not even survive. To this extent, this integration has the status of a basic need. In any case, serious deficits in this field certainly are the cause of other forms of human suffering. When people want to liberate themselves from tutelage, dependence and exploitation, then the presence of social capital represents a necessary, although, on its own, certainly not adequate condition.

It is the *minorities*, often seriously disadvantaged on grounds of ethnic or religious membership, which are very particularly threatened by social exclusion. But even groups of society, such as children, women, the aged or the disabled, which in most cases are clearly underrepresented in formal institutions and whose interests frequently fare badly in political decision-making processes, are easily overseen. For these people it is important that they receive secured legal rights and a right to be heard and involved in social decision-making processes. After all, this is the only way in which they will be able to gain attention for their interests.

Both for political-practical as well as ethical reasons, *participation* has a key role to play. After all, sustained development is only possible when it not only occurs *for*, but also *with* and *through* the people themselves, especially the poor. To do this, they must be given the opportunity to actively share in determining and forming political measures and aid programs, and consequently their own living conditions – and this must already be made available to them during the decision-making process itself. However, this responsibility cannot be managed by the population groups in question; rather, they need a favorable and beneficial social environment, the active involvement of others as well as institutional forms on which they can lean for support.

The principle of the *gender justice* is of very great importance for a comprehensive and self-determined human development. Women basically pay more attention to social ties, which explains why they generally have greater competence than men in such questions. They have a central role to play in the creation of workable social networks and in overcoming poverty. In many countries, however, women continue to be largely excluded from those decision-making processes which directly affect them. This is why the role of women needs to be strengthened, above all, by means of education and more legal

certainty (*empowerment of women*), so that they can assume responsibilities at all levels of society, just as men can. Only when they can introduce their specific talents, insights, values and experiences will sustainable development advances become possible. Conversely, men also have to involve themselves much more than has been the case in elementary questions of survival, such as securing food, bringing up and educating children, so that a contribution is made to a more just and equal gender relationship.

The implementation of the ethical principles listed so far presumes that all political measures are directed towards providing *help for self-help* and encouraging the generally abundant stock of personal potential as the real forces or representatives of development processes. It is above all human enterprising or economic initiative that often proves to be an unexploited potential which needs to be utilized. However, to be able to do this people must be given a fair chance of participating in market-economic processes of competition. This calls for improved access, particularly by the poor, to basic social services (education, health care) and social security systems, as well as to opportunities with which they can save and borrow money, get legal assistance and have their human rights protected. The social capital of a society, such as practiced forms of solidarity, can provide important assistance in this respect. However, such social capital can also represent a certain counterweight to mechanisms which are purely determined by competition, but which often tend to result in the exclusion of weaker parties who are only partially capable of participating in market processes.

Under structural considerations, the principle of solidarity corresponds to the principle of *subsidiarity*. The right to participation as well as the duty to provide help for self-help, both reliant on each other in their capacity as the two sides of the coin of true subsidiarity, must be secured by means of institutional arrangements and must not be left to the chance goodwill of the state authorities and the elites. Particular importance attaches here to cooperation between state (public) sector, civil society and private economy actors as well as decentralized power structures. Corresponding reforms can and should promote personal initiative, both of the people directly affected, as well as of the local and regional authorities and intermediary non-governmental organizations. Yet, subsidiarity also means that the respective state and government levels must not withdraw from their responsibility for those duties which only they can perform, especially when it is about helping those who cannot help themselves.

Especially in the formation of social capital, the application of this principle is of great significance.

The principle of *intergenerational justice* not only calls for the natural resources to be secured for coming generations, but rather also incorporates responsibility for preserving and further developing cultural and traditional norms which represent the foundation of the social capital of a society. The fact that social capital has evolved in a long historical process and requires constant use underlines how important it is that trust and cooperation building values and behaviors are preserved, developed and passed on to coming generations. This is all the more important today, since globalization has resulted in a worldwide expansion of individualistic and commercial values becoming noticeable, leading to a tendency for traditional norms and social forms to lose their significance.

## **6. Religious Communities and Social Capital**

### **6.1 Religions and development**

With their *close value-related and social ties*, religions can both be a provider as well as a representative of social capital, which is especially important in respect of the formation and communication of social behaviors. Namely, all religious communities display deeply-rooted social-charitable values which are passed on in religious traditions and rituals and motivate members of these communities to serve their neighbors. At local level, this is expressed through direct mutual support and caring for those in need. For the poor themselves, their faith and its religious and ethical concepts is also a source which gives them the power to survive and hope for a better future.

A specificity of all major religious communities is their *universal orientation*. Indeed, a potential for solidarity grows out of the religions which although initially oriented towards the direct living environment of their own community, essentially and according to the circumstances and opportunities not only incorporates all the members of their own religious community, but in most cases extends far beyond that as well. Thus, it is not only Christianity, but other religions as well, which emphasize the duty of supporting all the poor and of people living on the fringes of society. This is why religious communities can take on a fundamental role in overcoming worldwide poverty. Trusting in the

communion with members of one's own and other religious communities and in solidarity with them, they can also stand up for people in far-removed areas of the country or the world. Cooperating as partners for social as well as pastoral goals, in many cases institutionalized across religious borders, with a worldwide radius and through associations and organizations, this represents a social capital whose value can hardly be estimated greatly enough.

For all this, however, we must not overlook the *socially destructive potential* of religious communities. Partly misused by political leaders, partly instrumentalized by fundamentalist movements, they can also obstruct social cohabitation, indeed they can even stir up animosity between people. Only when they are prepared to enter into open dialogue with other religious communities and to encounter each other in mutual tolerance can constructive forms of cohabitation and cooperation develop. One problem is not seldom found in the lack of the right to have a say and to participation in religious communities, which may be rooted in evolved traditions or may be caused by deficits in the internal structure.

*State and religion* can support each other in the formation of social capital when they build relations based on trust and cooperate institutionally in differing fields and forms. A positive example of this is to be seen in the cooperation between the German government and the two Christian Churches in Germany in the field of development aid, a system which has grown and proven itself over decades. Elsewhere, too, good cooperation between the state and the civil society, which is rooted in religious communities in many developing countries, can contribute to combating poverty and to advancing human development. Self-help organizations and other civil society groups which have often developed into important social actors against the resistance of the state are meanwhile being ever more frequently accepted and supported by their governments. In this way, the wide range of various experiences gained on site can be introduced into the social capital of the society as a whole, beginning with forms of non-violent conflict solving through credit loan cooperatives and basic health services all the way through to street children projects.

The *human right to religious freedom* – primarily a basic right of each and every person and not of the religions – is the prerequisite for the peaceful coexistence of the religious communities and for the social cohesion of a society. The poor, in particular, must not be denied this right. Religious freedom is thus part of the social capital and strengthens the ability to cooperate across borders which often

divide. Conversely, the obstruction of free religious activity, in as far as that activity is not directed against the freedom of others, not only endangers religious but also social peace.

Religions have *structured their social capital in various ways* and differ in their potential for forming new social capital. In this, each religion has its specific strengths and weaknesses. For example, the universally-oriented major religions have a structure which facilitates global cooperation and support for communities in poorer regions. However, such assistance will only work like a partnership when the independence of the receiving communities is preserved and the local people are involved. Very generally it can be said that the more a culture of internal participation has grown in a religious community, the better this can become effective as a provider and representative of social capital. For similar reasons, religions can only credibly stand up for the observance of human rights when these are fully applied in their own areas of responsibility. This applies in particular to how they deal with diverging opinions within their own ranks and with minorities from other religions. Only when they themselves advocate and practice tolerance can they make a positive contribution to creating understanding and building mutual trust.

*Women* play a particular role in the life and shaping of religious communities as countless experiences from grassroots communities, in particular, prove. The people in such communities live by sharing problems and concerns, but also joy and hope in a process of exchange within their direct living environment. Strong cohesion often arises out of communally shared distress. It is women, in particular, who have learnt in this environment to express themselves freely and self-confidently and to voice their concerns. In a new way they have become subjects of community life and of action within the community – not least in the joint battle against poverty. This new feeling of self-esteem on the part of women is also beneficial to their children. For these and similar reasons, religious communities can contribute all the more effectively to the formation of social capital, both in their own arena as well as in society in general, the more they strengthen the role of women and give them opportunity to actively partake.

All the above-mentioned aspects show that the challenge of forming social capital in certain respects guides the religious communities out of their institutions and into society. Yet, at the same time, it also leads them back inwardly, namely to their responsibility to continue developing their own

religious community and to strengthen their own social capital in order to deploy it as *social capital in the service of people*.

## **6.2 The Churches as providers and representatives of social capital**

### **6.2.1 The Churches as a community of common values**

If we ask about the role of the Christian Churches in and their significance for the formation and preservation of social capital, a number of specific aspects can be named. For more than two thousand years now they have been a community of values which form and bring to life the religious and moral concepts which its founder Jesus Christ taught and lived absolutely by example. The core of Christian ethics is made up of the commandment to give compassion, the invitation to turn to help the poor and people living at the fringes of society. This commandment, doubtlessly the central common point of reference for the whole of the community of values, constantly raises the question as to Christian life and action. The Churches in their capacity as world-encompassing communities thus offer good prerequisites for an identification of their members with values which claim to have universal validity and which are suited to linking up with an ethos which encompasses all people.

### **6.2.2 Development and change**

The whole Christian tradition pervades the service of compassion, the *diakonia*, as an indispensable component of Christian life. Caring for one's neighbor as a normative value therefore plays a key role as a source of motivation for each and every Christian. Compassion, however, is not only a fundamental Christian value in respect of the individual ethos, but even in the early Church already led to its own institutions developing. In the Middle Ages, countless Church institutions devoted themselves to caring for the aged, the ill, the poor and social outcasts, albeit originally in a purely charitable sense. Maintained by religious orders, parishes and charitable Church organizations (e.g. Caritas and Diakonie) many areas of Europe were fully covered by a system of poor and health care which continues to function to this very day and, in its subsidiary capacity, has become an important supporting pillar of the state social welfare system. With the arrival of the social question since the mid 19th century, the battle against the causes of social crises also became ever more important for the Churches. They participated in a wide variety of ways to legislative procedures on pension, unemployment and health insurance which laid the foundation stone for the

modern welfare state. Social welfare institutions, above all for the sick, orphans and people in similar distress were – besides the schools – also a central part of the work of the missionaries right from the very beginning.

The further differentiation and pluralization of Western European societies towards the end of the 20th century has presented the Churches with *new major challenges*, not only from ideological considerations, but also in the social arena. A consequence of this change is that the specifically-denominational institutions have entered into an unaccustomed competitive situation. Although they continue to represent the social commitment of the Churches, the traditional forms of solidarity in parishes and associations are declining in the face of secularization. However, at the same time new forms of solidarity are also emerging which extend the view to "distant neighbors", for example in other religious communities, forcefully underlining the political dimension of the international social question and bridging traditional borders in "alliances of solidarity". Thus, recent decades in Germany have seen the development-policy education work and the political-structural commitment to development cooperation, which was focused on the poor, also move strongly into the forefront in the Churches as well.

The *worldwide network of the Churches* has good prerequisites at its disposal with which it can convincingly advocate the encouragement and advancement of global ethical standards and can implement these in dialogue and cooperation with other religions. Thanks to their wide-ranging distribution, they can fall back almost everywhere on local, regional, national and even transnational forms of social commitment based on the biblical-ethical foundation of caring for one's neighbors through compassion. This is the foundation they share and is their foremost social capital.

## **7. Modes of Action**

### **7.1 Measures to create social capital for the poor**

Social ties and networks originate and change in the interaction between old and new groups or institutions. The process of change and the development of social capital is essentially influenced by *specifically-targeted interventions*. For example, the state sets the legal order and other framework conditions for the development of the civil society and the economy. Interventions "from outside"

are generally very much more difficult and are consequently judged in quite differing ways. They can take on a wide range of forms, beginning with everyday development projects which aim to improve the living conditions of the poor, via actions of solidarity for people or minorities whose human rights are under threat all the way through to interventions by supranational organizations to protect the rights of suppressed population groups or resolve armed conflicts. Development cooperation work which understands the multitude of its projects as "minor interventions" as well has learnt from its practical experiences that the success of interventions from outside depends on a series of principles being observed in all cases.

Priority should always be given to *measures of partnership* which are socially anchored in the target country and therefore enjoy a high degree of acceptance. This means that the main responsibility for the intervention – even for the preparation and planning stages, but above all for the implementation – should lie with the actors on site. Where these are still too weak, work must be done towards ensuring that future partners acquire the necessary skills and resources at the earliest possible convenience. Indeed, interventions without competent partners not only fail to succeed in most cases, but can also result in or intensify conflicts. Interventions without such counterparts can always be no more than stop-gap solutions with which "humanitarian disasters" are repulsed, be they famines or imminent genocide. Even in cases such as these, partners must be sought, otherwise neither disaster relief nor political-military interventions can have permanent success.

The *identification of existing social capital* is just as indispensable. Where interventions are made from outside we will always have to make sure that the existing stock of social capital is not destroyed, but rather is used as a foundation for cooperation and the creation of further social capital. Analyses of the structure of the social capital of the poor in rural areas as well as in urban areas prove that there is generally a relatively high degree of close social contact among the poor which allows them to rescue themselves in the face of crisis situations. However, they often lack social ties and access to formal institutions which extend beyond the family. Yet, these ties and access actually constitute a prerequisite for economic activities which let them permanently overcome their poverty. This includes, in particular, social networks which facilitate the acquisition of non-material resources (basic education, health care) and material resources (land, loans), plus legal certainty and market integration. In plural societies, the help and assistance received from institutions, which contribute



towards preventing conflicts or towards non-violent solutions is also of great significance to members of religious or ethnic minorities.

A further important condition for the formation and preservation of social capital is the *permeability of a society*. On the one hand, this calls for all population groups, and especially the poor and the minorities, to have access to basic social services and to be able to participate actively in social processes, because otherwise they face the threat of permanent exclusion from society. On the other hand, social mobility within a society must also be promoted by the creation of appropriate framework conditions. Not least, these may be created through an education system which allows entry to further levels of education for all children and youths – as long as they are appropriately qualified. However, it is also necessary to dismantle social borders, which – such as in the Indian caste system – are prescribed by cultural-religious traditions and are therefore deeply rooted.

Essentially, it is possible to distinguish two *types of intervention*. On the one hand, these are measures which are oriented along value, attitude and behavior focused lines and promote the individual willingness to engage in cooperation. This above all requires a holistic upbringing, education and training which promotes social and cooperative behavior. On the other hand, social cooperation can also be supported by institutional reforms, in particular incentive structures. Within this, a key role falls to the above-mentioned principle of subsidiarity. The prime responsibility of the state and government is to create an environment which makes it easier for people and groups to share and exchange with each other and to cooperate to their mutual benefit.

## **7.2 Development policy consequences**

In the field of practical development cooperation, it will be increasingly important in the future – in view of the key role which social capital has for the development process – that forces are joined with partner countries to jointly improve not only the competence and knowledge of the target groups with which they can implement various life strategies (*human capital*), but also enhance their social resources in order to facilitate the participation of these target groups in networks, their membership in groups and their access to institutions (*social capital*).

*Institutional framework conditions* which guarantee a stable political, legal and economic order can contribute decisively to allowing social capital to originate in its various forms. This is why the task of supporting the establishment of such an institutional order is a prime responsibility for development cooperation. Thus, for example, citizen participation in political decision-making processes and the activities of parties is hardly possible without constitutional guarantees for the freedom of electoral choice, speech and assembly. A reliable judicial system which guarantees legal certainty and a just property order is not only a foundation for the observance of human rights, but also for lasting and sustainable economic development. In respect of the poor and the minorities, special measures of legal assistance are needed so that these groups can also assert their rights. Moreover, appropriate measures must be implemented to provide them with access to social institutions. This applies in particular to the institution of the market, since access to the markets and fair conditions of competition within it are absolutely essential for sustained development.

Mass poverty can only be overcome by raising the productive powers of the poor and their participation in development processes. This is why it is important that development cooperation concentrates on supporting the willingness and ability of target groups to *organize themselves*. This above all includes the strengthening of organizations in which population groups can join forces in order to be able to better stand up for their social, economic and political interests and rights. Examples are the countless organizations for women, street children, small farmers, rural workers and the landless or associations of slum inhabitants and the unemployed which have formed in most developing countries over recent decades. In a next step, the individual self-help organizations must be supported as they network with each other, because this is the only way in which they can establish effective representations of interest. The promotion of cooperatives and measures of community development is also an important activity field. The encouragement of personal initiative and self-help – including new approaches and paths – must therefore be given even greater weight in the future work of the provider organizations.

The many years of experience gained in the field of development cooperation have shown that the planning and implementation of projects involving *participation by the affected population* represent direct investments in social capital. A participative approach generally proves to be not only more effective, but also creates greater acceptance and strengthens mutual trust. Cross-sectional evaluations of previous projects meanwhile prove that the target groups are

frequently only inadequately integrated into the planning of projects and programs. This is why stronger efforts are needed in order to provide information on these deficits and to mediate appropriate approaches with which these deficiencies can be counteracted. Moreover, the development cooperation of the industrial countries should in future preferably support such organizations which have good access to self-help groups, local initiatives and effective regional coordination networks.

## **7.3 Selected action fields**

### **7.3.1 Basic social security**

A policy oriented towards the poor must both direct its attention to enabling the poor to participate in the development process by raising their productive forces as well as promote and support *systems of social security*. In this way, poverty can be reduced and the increase in poverty as a result of future distress and crisis can be avoided. In many developing countries, social security is based on traditional security systems and on bonding social capital, such as the (extended) family or neighborhood help. However, these reveal clearly recognizable limitations, on the one hand, because they can restrict individual initiative, and, on the other, because such forms of social security are increasingly being lost through radical social changes, for example, through the long-distant separation of families due to migrant work or the general relaxation of family ties.

As a result of these perceivable deficits, institutional forms of social security must be preferred which benefit the poor. In so doing, the diversity of organizational forms, systems and strategies needs to be taken into consideration.<sup>3</sup> Besides state (public sector) systems, it is above all private sector *security systems based on self-help* which offer a highly promising strategy. These need to be encouraged by means of appropriate social, legal and political framework conditions. Within this process, development cooperation – besides promoting appropriate projects – will be duty bound to enhance the awareness for these important areas of responsibility among the poor in question as well as among the elites who are responsible for establishing the social policy framework conditions.

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<sup>3</sup> for details cf. the study on "Social Security Systems as Elements of Poverty Alleviation in Developing Countries" by the Group of Experts on "World Economy and Social Ethics", Bonn 1997.

### 7.3.2 Education

Education policy should not limit itself to promoting classical forms of school institutions, as indispensable and as important as these are. Since the poor only have limited access to schools in many developing countries, it would seem sensible to give consideration to other, in some cases very modern forms of education delivery, or even to give these priority. These other forms include radio schools, the media, perhaps distance studies universities for which the Internet may offer completely new options. Moreover, there are important education providers in many countries, for example, religious schools, such as the Islamic Koran schools, which in some cases provide informal education. It would be important to attempt to incorporate these schools into the education system, despite some obvious deficiencies which they may have. However, *education outside the schools sector*, which today very essentially includes life-long continuing learning, is probably only possible where an adequate level of social capital is present to be used for this.

A dilemma which is difficult to solve, above all in the schools system, consists of combining the quantitative expansion of educational facilities with enhanced quality and, what is more, doing this with very limited financial resources and pronounced and ongoing increases in the number of pupils in most countries. A poverty-oriented development policy should attach *priority to elementary education*, not least because the primary school is the primary place for the formation of social capital. This requires appropriate teacher training, since the latter is the requirement for achievement of at least a minimum degree of quality standards. Counter-illiteracy programs are also needed for youths and adults who were unable to attend any kind of school. This not only raises their own chances, but is also important, because it puts them in a better situation from which they can support the schooling of their children.

Seen against the background of the diverse functions of education, such as the close links with social capital, it is clear that the *educational contents* should not remain unilaterally restricted to delivering factual knowledge. What is needed is an extensive education which, on the one hand, is necessary for managing the challenges posed by globalization and its rapid change, but which, on the other hand, also communicates those religious and ethical values plus cultural and social views without which no society is capable of surviving long term. It is above all measures such as these which benefit the cognitive *and* social development of children and which deserve to be encouraged and supported.

In many developing countries, the education system all the way up to university level frequently focuses essentially on the reproduction of given knowledge. However, the rapid pace of social change increasingly calls for creativity, flexibility, mobility and a long-term willingness to learn. This is why a far-reaching reorientation of the education system is needed all the way through to the forms in which knowledge is delivered and communicated, a reorientation which should concentrate on the *learning process* itself or on teaching people the ability to continue learning themselves. Among other things, this calls for massive change in the school authority structure, dialogue-based teaching methods, creative exercises and much more practice-focused work.

Particular importance attaches to *vocational training* – especially the training of crafts and industrial arts – for advancing human and social capital in developing countries. However, the development policy adopted by leading donor countries only inadequately takes this into account. The establishment of vocational qualification profiles, which must give particular attention to creating a willingness and ability to be flexible and engage in "life-long learning", also benefits the improvement of social skills and abilities which, for their part, strengthen people's potential to engage in cooperation in their neighborhood, at the workplace, in self-help groups and in the community.

### **7.3.3 Women and equal opportunity**

Even though most constitutions have meanwhile enacted the equal gender opportunity, women do continue to be structurally disadvantaged in practically all parts of the world. However, since women contribute in particular ways to the formation of social capital through their outstanding role in social networks and by communicating social values in education, an *improvement of their role in society* contributes indirectly and decisively to multiplying social capital. It is above all important in this respect that the self-help organizations of disadvantaged women who stand up and fight for their rights, and all institutional measures which contribute to dismantling their cultural, social, economic and political discrimination, are encouraged.

In many regions of the Earth, the living conditions of women continue to be worse than those of men – this is why some speak of a "*feminization of poverty*". An essential cause of this lies in the fact that women frequently have a lower educational level, because it is much more difficult for them to gain access to

the education institutions. Consequently, the development chances of girls are restricted right from the beginning. Little basic education as well as no vocational education or training are the prime reason why more and more women in developing countries are forced to work in the informal sector, jobs which are characterized by worse working conditions, lower income levels and social insecurity. This is why specifically-targeted educational policy measures are needed which seek to overcome this disadvantaging; and this would not only benefit the personal development of girls and women, but would also benefit the social development processes.

The family in its capacity as a living community made up of parents and children continues to be the most important lifestyle for reliable human relations, for the upbringing and education of coming generations and for the provision of care to all family members. In this respect, it should be remembered that almost everywhere in the world, the number of single-parent households has increased sharply. In 90 per cent of the cases, these are single mothers who not only bring up their children and manage a domestic household, but also have to earn a living. Yet, the employment rate of women has even increased under traditional family conditions, because one income no longer manages to cover a family's cost of living or because women's life and career prospects have changed. This calls for social framework conditions which promote the *compatibility of employment and family*. Women will presumably continue to be responsible for the latter, despite all changes needed in the assignment of inner-family roles. This is why it is all the more pressing that legal provisions are focused on protecting mothers and on parental leave, social measures which improve the opportunities for child care and encourage business, industry, employer and employee organizations to follow the principle of compatibility mentioned above.

#### **7.3.4 The media**

The rapid development and dissemination of *modern information and communication media* with their worldwide scope not only exercise growing influence on the global, but also on the local social capital. Television and the Internet are currently the central providers and representatives of global communication and knowledge transfer. However, this must not distract us from seeing that a large proportion of people in developing countries only have very limited access to these media for various reasons (lacking infrastructure, illiteracy, foreign languages). This is why we have to fear that both at global and

local level the gap between those who have access to knowledge and those who are excluded from it will deepen further. This is why all measures which facilitate the connection of the poorer countries to these modern media are an increasingly important area of responsibility for development cooperation. Thus, the World Bank's "Information for Development" program aims to integrate the developing countries into the global knowledge society, for example.

However, modern media also lead to far-reaching changes in traditional forms of communication and interaction. They are becoming ever more important sources of the *perception of reality* in the good and bad sense. On the one hand, for example, the Internet advances the worldwide cooperation of social networks in the battle against poverty, human rights violations and authoritarian regimes, while, on the other, it also facilitates the spread of ethically questionable (e.g. violence, xenophobia) and even criminal contents to an extent which was previously unknown.

In recent years, the international media sector has been largely privatized and thus subjected to the laws of a more or less unregulated market. As a consequence, the communication and delivery of information is increasingly being determined by economic interests. The concentration process which is taking place at the same time has resulted in this area being dominated by only a few globally active corporations of which practically all have their registered offices in industrial countries. An exclusively commercially oriented media environment is hardly beneficial to the formation of social capital, however. This is why it is all the more important that suitable measures are taken to ensure that a diversity of media contents, products and services are offered. In this respect, it is also necessary to examine whether and how *worldwide rules and regulations* can be enforced which put a stop to the advancing concentration in the media industry and open this market up to competition. It seems to be ever more important that an internationally coordinated process is also undertaken against organized crime on the Internet, although the fundamental right to freedom of opinion must not be jeopardized.

A further opportunity for ensuring that there is more diversity and openness of content in the media sector is offered by the programs of *small, non-commercial providers*, especially local radio stations, open channels or cooperative media projects run by NGOs. Such organizations, not primarily focused on making a profit, treat local topics that are frequently neglected and are an important medium for the poor, in particular, enabling them to acquire information and

articulate their interests. Such local initiatives, generally making do with low level technical and staff resources, should be supported by the state or should be included into a development cooperation context. Accompanying this, civil society organizations, in particular, should be strengthened in their efforts in the field of media education in order to empower people with the ability to differentiate in their use of the media. However, this does not absolve the major media corporations in any way from their social and ethical responsibility for making a greater contribution to a humane development in the products and services they offer.

### **7.3.5 Rule of law and the protection of human rights**

Among other areas, the rule of law encompasses protection through the law, the opportunity to gain legal remedy and appeal, protection against arbitrary arrest, the guarantee of fair court hearings, freedom of thought, conscience and religion, freedom of assembly and association, plus freedom of opinion and information. *Rule of law structures*, including a jurisdiction which is independent of the executive and its agencies, are therefore of great significance as guarantees of elementary human rights as well as being important for the social cohesion of a society. The establishment of such structures, which generally includes constitutional reform as well as the development of an appropriate legal structure or legal awareness, are a priority responsibility for the formation of social capital in many countries in transition from authoritarian regimes.

This is why governmental as well as non-governmental *development cooperation* should increasingly endeavor to promote and encourage the rule of law and the protection of human rights. Support for civil society groups in partner countries which stand up for reforming the rule of law represents an important instrument in this process. One area on which development cooperation should concentrate is that of promoting social human rights, since these are of particular significance for the formation of social capital. This includes, inter alia, protection of the family, the right to education, the certainty of medical care, the right to establish trade unions, the right to strike and a right to social security. An additional area for encouragement and promotion is that of securing access to the legal system for all population groups, including, above all, the poor and the minorities. An approach that has proven itself in practice involves legal aid projects for the poor and other fringe groups in society.



### 7.3.6 Crisis prevention and conflict resolution

Conflicts which in the worst case scenario involve the use of violence substantially threaten the social interactions in a society and thus also social prosperity, since they destroy existing networks or prevent them from being formed in the first place. This is why crisis prevention and non-violent conflict resolution are high priority aspects for a working and just society.<sup>4</sup> It is becoming ever clearer in this respect that the traditional type of international war has substantially lost its significance and has been replaced by *increasing numbers of domestic conflicts* in which it is not so much the armies, but rather paramilitary troops and militia, guerrilla groups and band-like gangs which face each other in bloody conflicts to gain influence and economic resources. Not infrequently, scrupulous elites will instrumentalize national, ethnic or religious differences and loyalties for the sake of such conflicts in order to give their battle for power a semblance of legitimacy.

Everything needs to be done nationally and internationally to prevent violent conflicts and the almost indescribable suffering which they bring to the civilian population, above all for women and children, arising in the first place. *Conflict prevention* must not, however, only begin once violent conflict can hardly be avoided any more, because in most cases the real, underlying reasons will prove to be much older. They are to be found not only in an insufficient respect for human dignity and human rights, but also in a lack of democratization and rule of law in the countries in question. An indecisive international peace and security policy, a world economic system which is shaped by mutual mistrust and suspicion and which offers the poor countries only little opportunity on the world market, as well as the inadequate protection of the natural resources all take a share of the responsibility for this as well. A far-sighted peace and development policy, which is above all aligned to the needs of the poor, can consequently contribute considerably to crisis prevention and thus to a social environment in which social capital can form and multiply.

Absolute priority tasks after the *settlement of violent conflicts* include the reconstruction of the administration and of civil society institutions as well as the repatriation and reintegration of refugees. How difficult it may be is currently shown by the situation in the former Yugoslavia or in East Timor. Yet

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<sup>4</sup>for details cf. the peace statement issued by the German bishops "Gerechter Friede" (Just Peace) on 27 September 2000, Secretariat of the German Bishops' Conference, Bonn.

the process of conflict appraisal and analysis includes psycho-social help for victims of war and flight (e.g. traumas), the prosecution of war criminals and reconciliation between victims and perpetrators, for example, through efforts to create balance between them. Trust must build again in order to create a new basis for reliable social interactions.

In the discussion on peace policy, recent years have seen *civil approaches* to crisis prevention and conflict handling increasingly come to the fore. A new, promising path could be offered by the civilian peace service to which the German Church development aid agencies and specialist peace services have been devoting themselves for years. This involves sending "peace specialists" who act on the basis of their qualified training and in close coordination with partner organizations on site. However, the civilian peace service will presumably only be able to make an effective contribution when it – without being the mere executor of government policy – is embedded in an overall political strategy which encompasses mutually coordinated foreign, security and development policy measures. The successful peace mediation of the Christian community Sant' Egidio in Mozambique shows that even individual initiatives can achieve a great deal.

#### **7.4 Aid agencies and universal Church social capital**

With the foundation of the Church agencies, the international pastoral and development policy commitment of the Catholic Church gained institutional forms which extend beyond the existing activities of the religious orders and missionary agencies. In this way, *services and institutions which divide and share labor* have been created for universal Church cooperation, both in fields of social cooperation, emergency relief aid and development cooperation, as well as in fields of evangelization, pastoral cooperation and the establishment of local and provincial Churches. The partners of the Churches in the countries of Africa, Asia and Latin America as well in the transition countries in the East have developed similarly-structured organizations, e.g. diocesan and national technical offices responsible for "Human Development", "Charity" or "Peace and Development". The Catholic Church has complemented this universal Church structure of cooperation with institutions, such as "Justice and Peace", which are active in practically all local and provincial Churches, in order to exert influence on political decision-making at national and international level.

Universal Church cooperation provides *mutual assistance*, above all financial and human resource support by the industrial countries of the North, for social and pastoral projects in the countries of the South and the East. However, it also wants to promote exchange and dialogue and exert an influence on the political, economic and social framework conditions at international level. This occurs, for example, by participating in campaigns aimed at the debt relief of the poorest countries, at establishing social and ecological standards for the world economy or at bringing about peace and the non-violent settlement of conflicts. This form of worldwide social capital of the Church is broadly anchored in society in most of the countries and cultures of the world, is organized in subsidiary structures at national and international level, and is devoted to the goals of solidarity and public welfare and the common good. The establishment of such partnership-based structures has also become an essential area of support provided by Church agencies. Since the other Christian Churches and other religions have established similar cross-border networks, ecumenical and interreligion cooperation is becoming an ever more important factor.

The *ecclesiastical social teaching* of the universal Church (papal social statements) and of the local and provincial Churches (pastoral letters) has been developing principles for a humane order of human cohabitation for more than a hundred years and is therefore a component of the social capital of many societies which must not be underestimated. The principle of personal and public welfare as well as the principles of solidarity and subsidiarity have been largely accepted in their ethical claim, even beyond the Catholic region, and are capable of connecting to philosophically neutral ethic discourses, for example, on human rights.

However, only inadequate attention has been given in some local and provincial Churches to the social teaching, in which the Church professes to its social responsibility. Thus, and especially in countries with a strong or dominant Catholic community, Christian social ethics have often been little known, even among office bearers, and only play a minor role in theological training. This is why it is necessary to bring the rich tradition of social teaching stronger into the public awareness again and to provide impulses for its further development, in order to be able to find appropriate answers to the new challenges, such as ecological issues or the problems of globalization and so, in future too, to be able to make a contribution to the promotion of social cohabitation.

Universal Church cooperation is focused on the comprehensive and sustained development of humans and the support of local and provincial Church communities. The individual universal Church institutions and aid agencies have adopted principles for this based on the principles of Catholic social teaching, which are beneficial to the establishment of human community and the development of groups and networks. In the establishment of the Church and ecclesiastical "communio", the guiding principles of an "evangelization in dialogue" form the basis for coming to a "self-determined" religiosity, both in various cultures and their societies and in cohabitation with other religions. In development policy respects, too, the principle of "self-determined development" stands in the forefront. The Church agencies therefore perceive of their "projects" as the *"exertion of the influence of partners"* on development processes in society and religion, whereby prime responsibility for these "interventions" lies with the respective local partners. To this extent, each of the many projects worldwide is to be seen as a step towards more trust, more partnership and more cooperation with all people "of goodwill".

## **8. Closing Remarks**

Social capital is a relatively new concept which is being extensively discussed in the current social-scientific and development policy debate. It describes the ability of a society to cooperate and to socially network. Thus, it points to factors which are neglected in an exclusively economic perspective, although it is actually particularly important for the economy. Despite all the methodological difficulties of recording and measuring it, there are adequate indices which point to the fact that social capital in its various dimensions is of outstanding importance for overcoming poverty and encouraging comprehensive development. After all, the development of society is essentially based on trust and belief in its institutions, on the workability of its social ties and on cooperation to the mutual benefit of all sides involved, not least between state and government institutions (the public sector), the private business sector and the civil society. In this sense, the promotion of social capital is an important component in the battle against the poverty of societies and thus against poverty in societies.

In view of the key role which social capital plays in the development process, it will become increasingly important in the future that not only the lack of investments (*physical capital*) and specialist knowledge (*human capital*) are

remedied in cooperation with partner countries, but that social resources are also multiplied, the capacity for social networking is promoted and access to institutions is facilitated for all groups in society, especially the poor (*social capital*). On the one hand, this calls for institutional reforms, supporting cooperation and social networking by means of particular incentive structures, and, on the other, by means of extensive education which besides providing the necessary specialist knowledge, also delivers those religious and ethical values plus cultural and social views without which no society is capable of surviving long term.

# **The German Bishops' Conference Research Group on the Universal Tasks of the Church**

## **Brochures**

- Poverty and Demographic Trends in the Third World (1991, also available in German, French and Spanish) by Franz Böckle, Hans-Rimbert Hemmer and Herbert Kötter
- Gutes Geld für alle. Sozialethische Überlegungen zur Geldwertstabilität (1991, also available in Spanish). Study by the Group of Experts on "World Economy and Social Ethics", presented by Franz Furger and Joachim Wiemeyer
- Christians and Muslims Facing the Challenge of Human Rights (1992, also available in German and French) by Johannes Schwartländer and Heiner Bielefeldt
- From Dependency to Interdependency. Impulses and Limits of the Dependency Theory (1994, also available in German and French). Study by the Group of Experts on "World Economy and Social Ethics", presented by Franz Furger and Joachim Wiemeyer
- Global and Ecological Aspects of Economic Activity. Deliberations on the conservation of natural resources and environmental protection (1994, also available in German and Spanish). Study by the Group of Experts on "World Economy and Social Ethics", presented by Franz Furger and Joachim Wiemeyer
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