Social Capital – the basis of sustainable long-term development

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Declaration

Hereby I, Johannes P Landman, declare that this study project is my own original work, that all sources have been accurately reported and acknowledged, and that this document has not previously been submitted in its entirety or in part to any university in order to obtain an academic qualification.

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J P LANDMAN DATE

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Introduction

The aim of future studies work is, *inter alia*, to improve our understanding of what is happening in a society – what forces are shaping it and what social changes are taking place. From that understanding, views can be formed on how society could develop. It is also about developing strategies for shaping the future. In short, future studies is about "measuring" and "making" the future.

The concepts of "measuring" and "making" the future refer, respectively, to the prognostic aspects of future studies, and the envisioning and future design aspects (Spies, 2003).

The concept of social capital may support the futurist in both these endeavours. It can serve as an indication of future trends, as well as a tool with which to influence or affect those trends.

Social capital deals with the resources inherent in networks and relationships and the ways in which members of such networks may gain advantage from it (a comprehensive definition is developed in chapter 3). The advantage may be at an individual or micro level where individuals could use social capital to enhance their careers, their remuneration or their business prospects; or it may be at a societal or macro level, where social capital enables societies to co-operate for mutual advantage. Such co-operation for mutual advantage brings about social cohesion, or bind-in, thereby facilitating development and sustainability.

It is important for all societies to generate social cohesion or bind-in to facilitate development and sustainability, but especially for a society in transition like South Africa. New values need to be developed, different norms and standards must be aspired to and new reciprocities need to be established. The new must be developed whilst the good from the old has to be retained. Above all, growth and development need to be achieved

to relieve the oldest pressure of all – the pressure when resources are not enough to meet basic needs.

This is a collective problem requiring a collective resolution. To arrive at such a solution, one has to get all, or at least a critical mass of individuals involved in seeking it.

Some writers refer to this as solving the "tragedy of the commons" or "the free-rider problem" (Putnam, 2000: 288). If all the people in the village let their sheep graze on the commons in an unrestrained manner, the commons will soon be depleted and no sheep will be able to graze there. An asset belonging to all will then be of no benefit to anyone. This tragedy is resolved by using the commons in a sustainable manner. Free riders use (and abuse) collective resources without contributing to their upkeep.

Social capital is, therefore, about co-operation in order to solve collective dilemmas.

1.2 **The aim of this study**

1.2.1 **Definition of the problem**

Intuitively, it seems clear that low levels of social cohesion will limit the ability of a society to solve collective dilemmas, and that, in turn, will limit growth and development.

Could social capital therefore support the internal evolution of a society towards a point where collective dilemmas can be solved, thus promoting growth and development? Could social capital assist in what Sachs (2000: 42-43) calls the "interaction between politics, economics and culture" that enables social evolution to take place?

If it can, it will help to explain the phenomeno that some societies progress and develop quite successfully, whilst other cannot achieve take-off.

1.2.2 **Subordinate problems**

A related problem is identifying exactly what is meant by social capital. Currently, the term is used quite loosely for a number of applications, as will be seen from the overview

of international and domestic literature. A clear definition needs to be developed for use in this study.

1.2.3 **Hypothesis & assumptions**

The hypothesis of this study is that social capital has an influence on the nature and direction of social change in that it helps societies to achieve internal evolution, enhancing the capacity for solving collective problems and leading to increased growth and development. Social capital may therefore serve as a barometer for the futurist in judging the probable trajectory of growth and development in any given society.

This hypothesis is based on the assumption that societies with a high level of social capital will provide a supportive environment for various "tipping points", which will promote their internal evolution.

1.2.4 **Delimitation of study area**

Social capital is currently applied on a collective, or society, level where it covers areas like health, education and governance. Simultaneously, it is also applied in individual or micro areas such as organisational behaviour, management development and career or remuneration advancement for individuals.

This project will be limited to social capital in a collective, or societal, context. The focus is on improving our understanding of society and how it may change.

1.2.5 **Definitions and concepts**

A secondary aim of the research project is to find a useful definition of social capital. The term is used quite loosely in literature and public discourse, varying from investment in human resources to community involvement in housing projects. A full definition of social capital is developed in chapter 3; here it should be noted that it consists of relationships between people (networks) that create resources, which may be used to mutual advantage. It includes the degree of trust between members of networks. The key elements are relationships, networks, and resources, such as reciprocities and trust.

An essential part of the inquiry into social capital will be to see whether the concept can be expanded to include the way in which societies organise their governance, achieve development and in general improve the standard of living of their citizens. This expanded definition is of particular relevance for future studies. The focus is on a better understanding of the developmental role of social capital and help futurists to improve their understanding of social change.

1.3 **Methodology**

This enquiry is based on a review of literature, personal interviews and website searches.

1.4 **Framework for the study**

The rest of the report is structured as follows:

Chapter 2 states the basic global developmental problem, i.e. the growth and development conundrum and how it relates to social capital. Social capital is distinguished from culture and placed in the context of network societies.

Chapter 3 traces the development of the concept of social capital, overviews the international and local uses of the term and develop an appropriate definition. The relationship between trust and social capital is explored and the resources embodied in social capital analysed. These insights are then applied in chapter 5.

In Chapter 4 the focus falls on how societies change internally, i.e. how they achieve evolution. Two examples, South Africa and Zimbabwe, are compared.

The factors that may facilitate evolution, the "Tipping Points", are discussed in Chapter 5. We explore how the elements of social capital reinforce the Tipping Points for social evolution. Social capital will thus be examined as a possible support or reinforcement of the basic forces shaping internal evolution.

Chapter 6 enquires how social capital can be developed in order to ensure social evolution. It begins with a discussion of the sources of social capital, followed by the preconditions for achieving it and the actions governments may take to develop more social capital.

Chapter 7 summarises the main conclusions.

CHAPTER 2

THE ELUSIVE QUEST FOR GROWTH

2.1 The Growth And Development Conundrum

The end of Soviet-style communism, the advent of globalisation, and the technological advances that have made information easily and cheaply available, have combined to highlight a clear dichotomy in human development – while some societies fail to prosper, others achieve astonishing success in economic and social growth.

On the negative side of the balance sheet**:** Peace is threatened by terrorism; civil wars and rebellions in many countries are stunting development; genocide is still being committed, even in this enlightened age; the rich/poor divide is intense and deteriorating; the poorest countries are experiencing the highest population growth and have little chance of feeding and clothing all their citizens; two million people are migrating globally every year[1], causing social tensions in recipient countries[2]; homogeneity is being replaced with heterogeneity, thus creating the challenge of diversity; and crime is on the rise in most societies. It is like staring into the abyss.

At the same time, mankind is producing more wealth and technology than ever before. Achievements in technological innovation, economic growth and development in industrial societies have been truly remarkable. Even some developing societies have done quite well – millions of people have been lifted out of poverty in China, to name but one. The success of the South-East-Asian economies is well documented. More than ever before in history, we have the means and the knowledge for social progress and development.

It is as if achievement and abyss stand next to each other.

What lies at the root of this dichotomy? It cannot be ascribed simply to failed attempts at centralised economic control. Even after moving away from various degrees of

[1] Forecast by the UN Population Division published in the Financial Times of 27 February 2003.
[2] Witness the rise of right wing political parties in Europe.

socialism, many societies still fail to take off. These include examples in Africa and Latin America. On the other hand, a country such as China, which has retained many of the ideological characteristics of socialism, is experiencing extraordinary growth and development.

It is also evident that technology and innovation are not sufficient to ensure growth across the globe. With more technology at our disposal than ever before, the dichotomy is sharper than at any other time in modern history.

Clearly, the way forward is to promote development for all, but development that is sustainable. Sustainability will only be achieved if the majority of the world population has a stake in that development. Currently the opposite is true. About 1,3 billion of the world's more than 6 billion people live in the rich countries; five billion live in the poorer countries – and the latter largely under conditions of extreme poverty (UN, 2003).

The means are certainly available to give more people a stake in the global society. Why is it not happening? It seems that humanity cannot achieve globally what some people have managed to do on a smaller scale – solve the tragedy of the commons, i.e. achieve sustainable development to the mutual advantage of all concerned. [1]

How can that be done?

There appears to be no integrated, universally valid theory of sustainable growth and development. Neither the Washington Consensus [2], nor De Soto (2001) with his important work on the role of property and collateral in development [3], nor the anti-globalisation lobby, nor, for that matter, any other group or individual has put forward a comprehensive theory of globally sustainable growth and development.

However, two issues have emerged as possible co-producers underlying the success/failure dichotomy, namely the roles of social capital and culture respectively in human development.

2.2 Social Capital: a bridge between cultures

Culture:

The Oxford Dictionary defines culture as: "the arts and other manifestations of human intellectual achievement". The cultural anthropologist Richard A. Shweder calls it "community specific ideas about what is true, good, beautiful and efficient" that are "socially inherited and customary". (2000: 163). Thus culture refers to common language, history, shared experiences, symbols, art and the like. To a greater lesser extent these are based on common values. And it can regulate behaviour. Cultures in transition may have greater difficulty in spelling out such values, but they exist.

Culture has been placed on the agenda as an important variable in determining economic growth. For example, Harvard University's Academy for International and Area Studies facilitated formal research and a seminar on the issue of culture and development in 1999, culminating in a seminal publication: "Culture Matters" (Harrison, 2000).

Other important contributors include Joseph Stiglitz (2002), who, although he engages in a sharp critique of current multilateral economic institutions and approaches, allows for "cultural biases" as a reason for poor economic performance. David Landes (1998: 516) is decidedly outspoken: "If we learn anything from the history of economic development, it is that culture makes all the difference."

Not quite, says Jeffrey Sachs (2000: 42-43), the architect of transitions to market economies for many Eastern European and Latin American states. He takes the opposite view and argues: "Controlling for such variables (geography, politics, economic policy) sharply reduces the scope for an important independent role of culture." Sachs concludes that considerable work remains to be done on the nature of the interactions between politics, economics and culture and their possible impact on social evolution.

Social capital:

Sachs's more holistic perspective on the role of culture, and specifically on the interaction of politics, economics and culture fits closely with the concept of social capital. Social capital can help us understand how societies organise their governance, achieve sustainable development and improve the standard of living of their citizens.

Globally, social capital may also help to resolve the modern tragedy of the commons – i.e., the growing divide between the rich and the poor in the world.

Recognition of this can be found in the fact that the World Bank ran a seminar series in 1997 focusing on social capital and its role in growth and development. Contributions were published as a collection of research papers in 2000 (Dasgupta: 2000) and the bank now runs a web site on social capital as a resource in poverty alleviation projects. [4] Social capital has clearly been accepted as one of the variables to be managed in achieving development and growth.

In short, the concept of social capital is useful to understand or "measure" the factors and conditions promoting sustainable development, while the development of social capital may support the "making" of a desirable sustainable future.

2.3 **A bridge transcending cultural differences**

Values, sanctions and norms of reciprocity are key elements of social capital. They are also key elements of culture. What are the similarities and differences between social capital and culture?

Social capital deals with networks and relationships – which may be formed along cultural lines, but not necessarily so. In fact, in societies that are growing increasingly diverse, social capital will enable people to straddle different cultures. The success of such societies is partly determined by their ability to transcend one culture and establish networks into other cultures – thus the ability to ensure social cohesion in spite of different cultures.

Viewed from this perspective, social capital appears to have a wider, more systemic reach than culture.

The challenge for social capital is to bind different cultures into networks that enable co-operation and decision-making for mutual benefit. This is a major challenge. The informational world is a "global village", but this proximity has not produced the social instruments for managing the "village" effectively. Observing this problem, US

president Lyndon B. Johnson noted in the 1960s that the world had narrowed into a neighbourhood before it had grown and developed into a brotherhood. Social capital is the missing element that would enable the formation of a brotherhood.

2.4 Social Capital: The capital of network societies

Although social capital first appeared on the radar screen in the late 1950s and then in the 1960s in work published by James Coleman and Pierre Bourdieu, it has only become prominent since the 1980s (Lin, 2002: 21); and in fact only really since Robert Putnam put it into the public domain in the 1990s with his two seminal books, *Making Democracy Work: Civic Tradition in Modern Italy* (1993) and *Bowling Alone* (2000). A search and scan of books on social capital on Amazon.com reveals that many books on the subject were published only since 1999.

From the above discussion on the growth and development conundrum and the possible role social capital may play in resolving it, it is no co-incidence that social capital is coming to the fore at this point in history. But more than the growth conundrum is involved. Over the past twenty years or so, the services and information sectors have taken over from agriculture, mining and industry as the main drivers of the South Africa economy. As a result, the structure of the economy has changed considerably.

Economic change does not take place in isolation; it impacts on the broader society around it. And so, as the national household is changing from an industrial to a post-industrial economy, South African society is also changing to a post-industrial or network society.

In the sphere of social relations, these changes have motivated citizens and employees to move from being directed to working and thinking more independently; and from exercising duties to accepting responsibility for rights and obligations.

In the sphere of economics, these changes have resulted in the shift from comparative advantage (typical in primary and manufacturing economies) to competitive advantage (typical in a network and informational society) where human competence, innovation, intellectual capital and social capital play key roles as factors of production.

Today these intangible factors are economically more important than an endowment of natural resources and physical capital – typically items which supported the industrial economy. Thus many resource-rich countries are still underdeveloped and cannot consolidate democracy (Zakaraia, 2003: 59-87). It can be surmised that if these countries were able to progress further down the road of social network evolution, their non-endowed resources (people) would be able to contribute more, meaning democracy would be more consolidated and incomes would be higher. [5]

The need for competitiveness and the nature of a network society combine to create a new social dynamic, putting social capital at the heart of progress in the modern information economy.

The implication is quite clear: whereas financial and physical capital formed the backbone of primary and industrial economies, the capital of a network society is formed by social capital, human competence, innovation and the like. It is no longer good enough to have oil or gold deposits. What matters increasingly, is what a country can do with its intangible assets (human competence, innovation, intellectual and social capital). This will determine its growth and development.

Today progress is not possible without social cohesion and effective institutions. Some oil-rich states, for example Angola, are good examples of very well endowed states that are not achieving growth and development.

This alignment is made all the more important by the fact that many people remain on the fringes of network societies – they are redundant and unemployable because their skills are not required in an information economy. They are outsiders in a new economy that is creating more wealth for some, while others cannot participate and benefit from the process. They are being left behind while the global rich/poor divide worsens and poverty increases. These "losers" have to be brought into the mainstream of society, and the development of social capital is the vehicle for doing so. The existing networks of churches, local communities and NGOs are, for example, excellent starting points to getting this process on track.

CHAPTER 3

DIMENSIONS OF SOCIAL CAPITAL

3.1 International uses of the term

A survey of international literature shows a very divergent use of the term social capital. So much so that a clear definition has to be developed.

Adler & Kwon (2000: 91-92) provide a useful summary of the various uses of the term by a variety of writers – most of them from the English-speaking world. They list some 20 definitions from more than 23 different writers. These definitions do not all contain common or standard elements. Some refer to the benefits of social capital for society, others stress the benefits to individuals only; most stress the importance of networks, but not all do; some stress the importance of resources in social capital, most do not; some refer to relationships, most do not; some refer to structures, other to relationships; some stress trust and use it as a substitute for social capital, many do not.

To this variety of definitions one could add the multiple applications of the term "social capital". Baron, Schuller and Field (2000: 25) list some fifteen fields in which the term has been used. These range from crime to community development to sanitation, economics, finance, trade, urban development and the like. All are macro or society-level fields of interest.

However, Lesser (2000: 3-16) also uses social capital to discuss employment, remuneration, corporate culture; how firms may use it to become more competitive; and how individuals may promote their own careers and remuneration by using social capital. Here the emphasis is clearly on micro and individual level-interests. Given the delimitation set earlier for this research project (paragraph 1.2.4) this latter aspect will not be investigated further, but it should be noted.

It is thus not surprising that Baron, Schuller, and Field (2000: 24) conclude, "social capital has aroused suspicion because of the huge range of social issues on which it has been deployed".

3.2 Current uses of the term in South Africa

A survey of South African literature shows equally divergent uses of the term in South Africa. Different people use "social capital" in different ways.

Thus, some use it to describe "human capital" – the stock of human skills a society may have. The South African trade union movement Cosatu regularly justifies its calls for higher social spending on education and health as necessary to build "social capital". It seems what they actually have in mind is more "human capital". The two concepts are not the same. Coleman (1988: 19) provides a good description of the differences:

Physical capital is embodied in equipment, tools, buildings and the like and is formed through changes in material. Human capital is less tangible, embodied in the skills and knowledge people have and formed through changes resulting in people having more skills and capabilities. Social capital is even more intangible and exists in the relations between people, i.e. in networks.

Others (Spies: 2000) use the term to describe the "sense of purpose and mood" in a society. This relates to a kind of national vision binding a community; a common goal sought by all.

A third use of the term (Pinglé, 2001: 5-26) is as an indication of membership of associations. This will be in line with international practice – Robert Putnam has given this particular aspect prominence in his writings.

A fourth use (Koegelenberg, 2003) is to describe social development projects undertaken by community or church organisations, specifically not-for-profit ventures benefiting society at large. In this context social capital is meant and used as a tool for development.

In passing it should be noted that "development" has different meanings for different people. Bell defines it as doing more with less (Bell, 2001). Spies refers to it as "unlocking potential". (Spies, 2003) This comes quite close to Amartya Sen's (1999) definition of "unblocking constraints" or removing "unfreedoms". Spies's and Sen's definitions

underpin Koegelenberg's description of social capital as a tool of development. All these definitions imply a beneficial impact on productivity.

Furthermore, many use the terms "social capital" and "trust" interchangeably, implying that they are the same. (This writer does not think they are, and will submit the argument in paragraph 3.5 below).

These examples indicate a lack of precision in South Africa literature on what is meant by "social capital". In fact, Esterhuyse (2000: 1-3) quotes with approval the comment "that the concept has not been nailed down sufficiently to be used in quantitative research into the character of societies".

3.3 Tracing the development of the concept "social capital"

To arrive at a clearer definition, a brief history of the term's development is useful.

The reference to social capital predating most is a 1957 report by a royal commission in Canada that defined social capital as "schools and universities, churches and related buildings, hospitals, roads and streets, airports, sewer and water systems, and other buildings and installations appertaining to public institutions and departments of government". (Baron, Field & Schuller, 2000: 2)

This is clearly a reference to physical infrastructure, all of it for public use. Not much intangible here. But the commission did try to move beyond the physical realm and referred to a more intangible element: "social capital … relate … to what is meant by civilisation in its highest sense". Well, that is as clear as mud, but the Commission does not get more precise.

Pierre Bourdieu developed the term in a series of publications between 1968 and 1987. In the latter year he defined social capital as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition … which provides each of its members with the backing of a collectively-owned capital". (Baron, Field & Schuller, 2000: 4)

With this definition, Bourdieu has clearly moved social capital from the physical to the intangible.

And the elements appearing are *networks and relationships* ("a durable network of more or less institutionalised relationships of mutual acquaintance and recognition"), *advantage* ("provide each of its members with the backing") and *resources* ("collectively-owned capital").

A contemporary of Bourdieu, James Coleman, produced some useful insights to social capital. He argued that social capital had a profoundly beneficial impact on educational performance. From research, he concluded, "social capital is a set of resources that inhere in family relations and community social organization that are useful for cognitive or social development of a child or young person". (Baron, Field & Schuller, 2000: 6)

Coleman did not describe "resources", a vagueness that could be regarded as a weakness of his definition. Nevertheless, he confirms Bourdieu's description: networks (i.e. family relations and social organisation) constitute resources (undefined) that bring advantage (i.e. educational development).

Bourdieu was French-speaking and probably for that reason he enjoyed much less recognition for his contribution than Coleman. The latter is quoted in almost every work on social capital, whilst Bourdieu is mentioned less often – although he did make a huge contribution.

From the work done by Bourdieu and Coleman, three elements may be distilled:

- networks;
- resources; and
- advantage / benefit.

The man who did more than most to popularise the term "social capital" and introduce it into general discourse (at least in the English-speaking world) is Robert Putnam. In an article published in 1996 (Baron, Field & Schuller, 2000: 9) he described social capital as

"features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives".

The three elements already identified appear again: networks, resources ("act together more effectively") and advantage ("pursue shared objectives"). At this stage he also includes "trust" and "norms" and lump them together with networks as "features of social organisation".

However, in a significant development in 2000, Putnam narrowed the definition down to networks, dropping the reference to trust. In his best-selling book *Bowling Alone*, he wrote, "social capital refers to connections amongst individuals. It is most powerful when there is a network of reciprocal social relations". (Putnam, 2000: 19). The emphasis moves from trust (and norms) to reciprocity as the critical element.

This view is confirmed by Francis Fukuyama, who defines social capital as "a set of informal values and norms shared amongst members of a group that permits co-operation among them." (Fukuyama, 1999: 16). He also believes that reciprocity will exist first, and from that will develop trust: "If members of the group come to expect that others will behave reliably and honestly, then they will come to trust one another." [6].

He works with a network ("members of a group"), resources ("informal values and norms shared amongst members") and reciprocity ("co-operates"). Thus he reinforces the central concepts developed by Bourdieu, Coleman and Putnam.

A significant, and for purposes of future studies an exciting extension of the term occurred in 2001 when Greene (2001: 153-171) described social capital as "… the entire range of institutions, practices, devices and learned behaviour that enable collectivities and individuals to render physical spaces productive and social and cultural spaces agreeable". This extended definition gives the futurist an instrument to work with, i.e. the "… range of institutions, practices, devices and learned behaviour …" that can facilitate evolution to a different future.

All of these reinforce the central theme that social capital (on the societal as opposed to the individual level) is about collective behaviour to achieve mutual advantage.

3.4 Social capital and Social Systems Theory

Whereas human capital refers to the skills and competencies acquired by individuals, social capital refers to the relationships between people and the resources they contain. It also includes the institutions within and through which these resources are applied to produce desirable outcomes.

What is so special about relationships and networks? The historian Arnold Toynbee puts them at the heart of what a society is: "The components of a society are thus not human beings, but relations between them." (Toynbee, 1972: 43). Relations and networks have the ability to help societies function better – by binding citizens into aligned behaviour and creating institutions that facilitate progress.

This is why Greene's extension of the definition (2001: 153-171 quoted on page 16) is so useful. It places social capital squarely in the realm of a social system: "… the entire range of institutions, practices, devices and learned behaviour that enable collectivities and individuals to render physical spaces productive and social and cultural spaces agreeable".

The social systems theorist and practitioner Gharajedaghi (1999: 83) defines a social system in terms of the relationships between its members. Social capital is thus a special type of social system that can be reviewed in terms of systems thinking and social systems theory.

From the above discussions one can summarise the essence of social capital as *the productive resources residing in networks and relationships, enabling people who subscribe to them to work together for mutual benefit.*

The emphasis is firstly on "networks" – the more effectively connected people are, the higher the level of social capital. Effective networks imply the existence of desirable outcomes, values, sanctions and norms of reciprocity underpinning those networks.

The pursuit of desirable outcomes implies working together for mutual benefit. Putnam calls it the (collective) ability to avoid the tragedy of the commons (2000: 288). A high level of social capital in the ("global") village will enable its people to act in a mutually beneficial way – by using the commons (natural resources, the environment, society) in a manner that will sustain it as a common resource.

However, strong social networks in small groups that are mobilised for self-centred actions to the detriment of the broader society are clearly destructive to the community within which they function – for example, criminal gangs and secret societies such as the Ku Klux Klan. They represent "negative social capital" (Fukuyama, 1999: 19). Thus mutual benefit is an essential the precondition for the presence of social capital.

The complexity of effective human networks increases from the smaller units of social association, such as the family, clan and community, to the more expansive associations such as national, regional and global communities. It is therefore a particularly difficult challenge to create "positive social capital" at the global level – i.e., to escape from self-centred "negative social capital" focused on national or regional interests to the detriment of the rest of the world. It may be surmised that one of the main problems of the global commons lies to some extent in the dominance of "global gangs" in global governance.

3.5 Trust and social capital

Some references to social capital treat trust as an essential part of social capital. The two concepts are closely related but not identical. An element of the whole is not the whole. Trust is an element of social capital but it is not the whole.

Although conceptually different, they are closely linked – in fact, they are mutually reinforcing. Networks create trust. Trust can also help to create social capital. Thus a mutually reinforcing relationship exist between trust and social capital.

This mutually reinforcing relationship makes it possible for relationships to exist without much trust. This is confirmed by the Fukuyama's opinion (1999: 16) that trust flows from reciprocities – first the one, then the other: "*If* members of the group come to

expect that others will behave reliably and honestly, *then* they will come to trust one another." (own emphasis)

South Africa's political transition is an example of Fukuyama's sequence. In the beginning there was no trust between the main protagonists. But linkages were established and then relationships formed. From this the parties slowly developed trust. When a party felt let down by the behaviour of another party (e.g. after the Boipatong massacre for which the African National Congress blamed the ruling National Party government), trust suffered and negotiations experienced a setback, but the relationships were not terminated. This enabled a new beginning to be made, new reciprocities to be developed and trust to be generated. Eventually that helped to conclude the political transformation successfully. The networks protected the parties against the lack of trust – they were not the product of trust.

The networks and reciprocities constituted the social capital, even when there was little or no trust. As trust developed, it reinforced the social capital. But it was quite possible for some social capital to exist without trust.

3.6 **Resources embodied in social capital**

The resources of social capital are discussed here and applied in Chapter 5. [7]

3.6.1 **Reciprocity**

The first is reciprocity or an expectation of obligations. Members of a network, bound together by relationships, are expected to behave in a certain manner. This depends on common values and norms of behaviour. If this is accompanied by strong sanctions, the norms become even stronger. But even in the absence of sanctions, norms and common values create obligations and expectations and thus they may dictate behaviour. This constitutes social capital and is also a manifestation of it.

The Business Trust (Whittaker, 2002) found confirmation for the power of expectations in pilot projects in hundreds of South African schools. They discovered that the mere

expectation of performance was an important determinant of success by both teachers and learners.

Reciprocity implies that you put in because you have the expectation of getting something back, not necessarily now but some time in the future; and the expectation is non-specific. In an anti-crime project, for example, people will give time and resources in the expectation that at some point it will make their neighbourhood safer. De Geuss (2001) phrases it as follows: "I act in a certain way because I trust that at some point in the future you are going to act in a way which will benefit us both." He describes it as a process and attitude of *"gooi jou brood op die waters",* i.e. put in now and at some (unspecified) point in the future, you will get something (unspecified) back.

Putnam (2000: 21) has identified reciprocity as the most important norm, as that will lead to trust in relationships and networks. "Generalised reciprocity leads to trust." Fukuyama (1999) argues that trust is the most important norm and he also argues that it is generated by reciprocity. Spies (2000) refers to a sense of fair play. Esterhuyse (2000) sees relationships that lead to trust as a critical element of social capital.

Reciprocity also implies certainty. A behaves is a certain way, and B will reciprocate by acting (or not acting) in a certain way.

In this context corruption will be a huge destroyer of social capital. It undermines the certainty that comes with reciprocity.

It seems from the above that one can regard "reciprocity" – the notion amongst members of a network to put in something now, in exchange for something else later – as the resource that networks generate and that can be used to mutual advantage.

3.6.2 **Information**

The second resource is the flow of trustworthy information. The research quoted by Adler & Kwon (2000) indicates that firms and even multinational corporations benefit from networks that transfer knowledge and information. Access to information is a vital part of growth and business success (Sandefur & Laumann, 2000). Research in the

apparel industry, for example, indicate that networks between apparel companies enabled all businesses to forecast future demands better and anticipate customer preferences more accurately. This has clear implications for economic growth and innovation.

However, it is not only to the benefit of business. Parents in a closely-knit school community, for instance, may likewise benefit from knowledge on how their children act, relate to others and adhere to school norms of behaviour. (Coleman, 1988)

Information is, of course, often biased and biased information slants behaviour. Extreme brainwashing by Hitler and Goebbels created a social capital for the Nazis. That is why it is important to progress information through the "cone of knowledge" – where data, statistics and opinions make up information, forming the bottom layer of the cone. Knowledge, strategic insight and wisdom follow from there upwards. One starts with information at the bottom but subject it to other knowledge, insight and so on to arrive at a clearer understanding of what information actually means.

3.6.3 Norms and sanctions

Norms, backed up by effective sanctions, can be a powerful outcome of social capital. These may vary from strong norms that inhibit crime through to schools where there are norms and effective rewards for high achievement.

Generally accepted norms and sanctions enhance reciprocity, predictability (of particular importance to the futurist) and lower transaction costs.

3.6.4 Power

Power generates externalities, in the opinion of Adler & Kwon (2000). It facilitates the completion of tasks; leads people towards a common goal and facilitate collective action. Essentially it is the power to mobilise others to achieve common goals. By using this benefit one can achieve the "sense of purpose and mood" that Spies (2000) refers to or develop a national vision that binds and inspires a community or entire nation.

3.6.5 Solidarity

The distinguishing feature of this benefit is that it is independent of a specific transaction. This is the best example of generalised reciprocity – doing a helpful deed now not with the specific expectation of getting something back now, but in honour of the relationship. It links up with De Geus's (2001) *"gooi jou brood op die waters"*. It provides support in dealing with crises, e.g. when members of a church congregation help one another to repair houses after flood damage. It also enables issue-driven campaigns to be organised, such as that undertaken by Aids activists in South Africa to change government policies on HIV/Aids. Generalised reciprocity creates social solidarity. And as illustrated by the Aids campaigns, it may also lead to civic engagement.

3.7 Social Contract

Combined, these elements (information, power, solidarity backed up by reciprocity, norms and sanctions) will create a social contract (see figure 3.1), which will manifest itself in citizens' duty of reciprocity and their acceptance of norms and standards of behaviour. It will also manifest itself in the rules and institutions citizens create to enforce these duties and norms. It is a vital element of "binding in". Understanding the social contract and its strength will assist the futurist to understand (or measure) a society.

Thus social capital constitutes the "binding in" of all members of society through common networks, values, beliefs, rules and institutions.

In a dictatorial, autocratic or very traditional society, the social contract will be driven by power – laws controlling movement, harsh police action or severe sanctions against those who step out of line. In a traditional society, that power will come from group thinking, traditionalism and the like. In a democratic and more modern society, that "power" option is weaker. The power to get people to adhere to norms and agree to reciprocity – i.e. to act in a way that will avoid the tragedy of the commons – largely resides in the social contract. It confirms Spies's reference to social capital as a "sense of purpose and mood" in society.

Thus a constant education or aware-making of people around the consequences of their actions or omissions and how that will impact on the "commons" is the most important "power" to ensure adherence to reciprocity and common norms. For a society in transition, like South Africa, a concerted effort to make citizens aware of the social contract would be resources well spent. South Africa can learn from the German example – since the aftermath of World War II, considerable public funds have been spent on courses, workshops, training sessions and the like. These are conducted through publicly funded institutions like the Konrad Adenaur Foundation and the Friedrich Ebert Foundation. In South Africa, after 1994, considerably less trouble was taken to teach, disseminate and instil the values, duties and obligations of South African citizens. This aspect is discussed further in Chapter 6.

All of these elements add up to the definition developed in paragraph 3.4 above: *the productive resources residing in networks and relationships, enabling people who subscribe to them to work together for mutual benefit.*

The social contract is the bridge from networks and relationships to Greene's sweeping view of social capital as "… the entire range of institutions, practices, devices, and learned behaviour that enable collectivities and individuals to render physical spaces productive and social and cultural spaces agreeable".

3.8 Should the term be used at all?

The Nobel laureate and economist Robert Solow (1988) doubts whether the term "social capital" should be used at all. He argues that social capital is so distinctly not capital, that the term should be avoided. "Capital" normally belongs to its owners and it can be located. It can also be measured and depreciated. Social capital is difficult to measure and that depreciation or appreciation is difficult to track. Monetary capital is in the owner's bank account; human capital is found in a person's abilities and competencies; but social capital resides with other people in the network.

However, the same criticism can be levelled against items of physical capital that belongs to the society at large: hospitals, schools, roads. And intellectual capital is also intangible,

yet it renders huge rewards to the people who can use it. The same observation can be made of the value of brands.

Also, a suitable and credible alternative term has not been coined. Also, the term is now used so widely in literature, workshops and general discourse that to discard it, would be unproductive. Better to stay with the term and help develop a more concrete definition that, in due course, can be reinforced with proper measurement.

A summary of the main features of social capital, as applied in this project, is given in figure 3.1 on the next page.

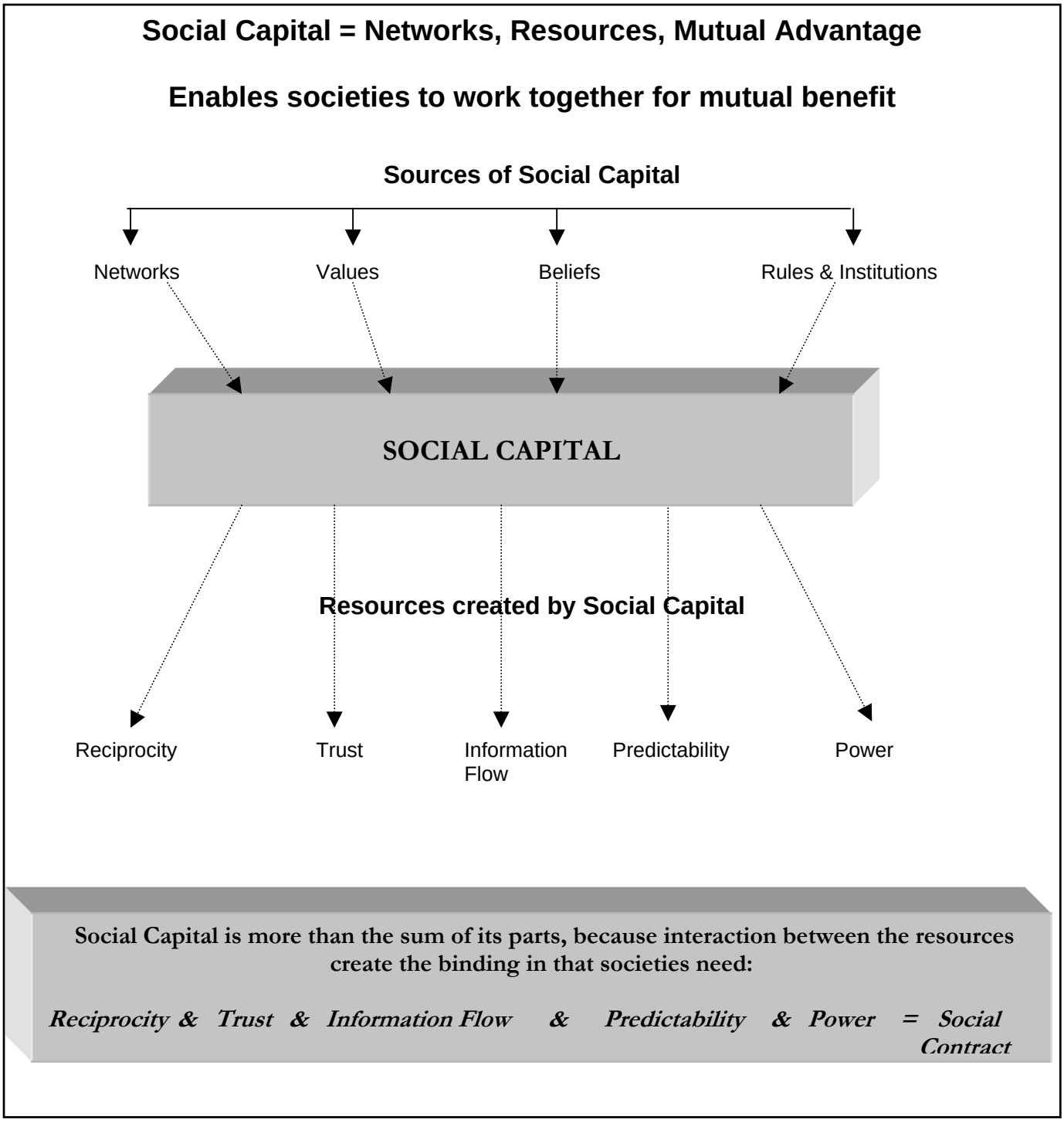

FIGURE 3.1 Schematic Representation of Social Capital

CHAPTER 4

HOW SOCIETIES CHANGE INTERNALLY: CHANGING THE CULTURE

The inquiry now turns to the role of social capital in producing social evolution and sustainable development. First, the factors driving social evolution must be examined. Then, in Chapter 5, the link between these factors and social capital will be explored.

4.1 Default decisions

As a point of departure this writer postulates that stable relationships between members of a society (forming the basis of social capital) are products of culture and history. Culture creates the mental image and worldview of members of a community and influences the default decisions taken by them (Gharajedaghi, 1999: 83). Gharajedaghi notes that while emotions and rational thought both play a role in creative decision-making, default decisions are also powerful – arguably even more powerful. Default decisions come from the cultural worldview and mental image that establish the conventional wisdom; it forms the values that shape decisions and it gives expression to the bonds holding people together.

What is the relevance of default decisions?

Default decisions propel social systems to replicate themselves: the future is an anticipation of the past. Rather than deviating or evolving towards a different social system, the old largely gets repeated. This leads to inertia.

Without the influence of emotional and rational decision-making, default decisions will produce stagnation. Somewhat like a car spinning in the mud or snow, it produces no forward movement, instead spinning itself into a deeper hole. Any system caught in inertia will eventually collapse on itself. As Toynbee (1972: 132-140) asserts, such a society is "arrested".

Understanding this dynamic helps the futurist immensely. It is instructive, for instance, to note the reflections of Margaret Thatcher on Russia (Thatcher, 2002: 71). In

discussing how many of the predictions about the old Soviet Union turned out to be wrong, she observes that the best analyses on that society came from the historians, not the economists or even Sovietologists.

The historians were more capable of understanding that the system had the tendency to replicate itself through default decisions. It was thus defying many developments in the wider world and domestically and did not adjust in the way the pundits predicted. It was this inability to adjust, a failure to come to terms with the world around it, that caused the Soviet system to slowly grind to a halt and eventual collapse.

Perhaps the high point of default decision-making or national arrest will be extreme nationalism in the nation-state. The conventional wisdom and worldview will be very strong. Over time the result will be stultifying. Of course, nationalism may at some point provide the impetus for non-default decisions and thus contribute to renewal and evolution. But once a new paradigm of default decision-making is imposed, the same cycle re-asserts itself. Eventually, political and social innovation fall by the wayside, inertia takes over and the system collapses. The Russian revolution would be an excellent example.

From a system's point of view, any society must "fit" into its circumstances. When the circumstances change, either for internal or external reasons, societies must also change. Thus the forces of continuation (inter alia culture) are confronted by the forces of change. How the society then reacts at this point of confrontation is quite critical for its future course. Default decisionmaking will tend to favour the forces of continuation with atrophy that sets in.

External forces can play a role in breaking default decisions and forcing societies into new directions. Thus, paradoxically, globalisation may save many societies from themselves. Despite current claims that globalisation will destroy societies; it may instead help to rejuvenate them. But if a society has lost the ability to adapt to external forces, such an adjustment will not take place, stunted or arrested evolution is the consequence of inertia and self-destruction may follow. In short, evolution does not take place.

Jeffrey Sachs (2000: 34), in analysing why sustainable growth is so difficult to achieve, observes: "…history suggests that there is no strong tendency for societies to develop such institutions (that are market-based and support an extensive and complex division of labour) *through internal evolution*". (Own emphasis.) Again, the notion is that culture provides more support for default decision-making than for the process of adaptation and evolution.

4.2 Internal evolution

How could a society then move away from default decision-making and achieve internal evolution?

Both Garadejaghi and Karl Popper (1995: 203) provide the answer. Popper describes the open society as a society that has *escaped from tribal constraints and evolved to where the individual is regarded as more important than the tribe.* (Own emphasis.) In such a dynamic, the magical powers of tribal society are exchanged for more rational thinking and man's critical powers are set free. In contrast, a closed society is one where "the tribe is everything and the individual nothing".

Open societies set humankind, and not the tribe, at centre stage and emphasise the essential humanity of all people – "the brotherhood of all people". This links back to Lyndon Johnson's observation, quoted on page 10 above, that "the world has narrowed into a neighbourhood before it has grown and developed into a brotherhood". It also implies that man has responsibility for his own decisions and for determining his own fate.

In essence, the tribal or traditional values must be unlearned and new values learned or acquired. This unlearning/learning is the best way to avoid inertia through default decision-making and achieve evolution.

A social system will start to take different, non-default decisions when it becomes conscious of and starts to unlearn some of its own cultural assumptions, challenge conventional wisdom and change values. In short, when its own culture has been transformed, a system is on the road to renewal.

As David Landes (2000: 12) says: "The heart of the matter lay indeed in the making of a new man – rational, ordered, diligent, productive." This is a person who will take decisions oriented towards the rational, because the cultural bias has moved towards reason, so that default decision-making favours reason. From this will flow different decisions, and from the different decisions a different future (see figure 4.1).
Perhaps the best example, certainly in the English-speaking world, of creating a different future by unlearning and new learning was the adoption of the Magna Carta on 15 June 1215 at Runnymede in England (although most of the barons who confronted King John were French and not English-speaking). They demanded, and got, equal treatment before the law, the recognition of "freemen" and limits to the power of the king. This embodied the move from a kind of tribal authority based on magical considerations (the king was ordained by God, with divine status), to the recognition of the authority of the individual. (Thatcher, 2002: 469). Although King John afterwards did try to wriggle out of these Magna Carta commitments, he did not take the fateful step of trying to arrest change in England. Grudgingly, he went along with the forces behind the Magna Carta and a new society was born.

Social change may be a very lengthy process, as is illustrated by the fact that it took another 445 years and Cromwell's beheading of Charles I for the values of the Magna Carta to be instilled in British life.

4.3 Refusing to unlearn (or, "arresting" evolution)

A society always has the option of choosing against unlearning. Like King John, it can choose reluctantly to go along; or like the old Soviet Union it can choose not to unlearn and eventually collapse.

The cost of resisting change may be immense, as powerful forces normally drive the need to unlearn/learn. These forces may be contained, but usually at great expense and with no guarantees.

Popper describes how demographic change, specifically population growth (1995: 188) and the development of sea-communications and commerce (1995: 190) prompted new

learning in ancient Greece. In today's perspectives one would call these forces globalisation. They bore down on society and to resist them would have required a force that would result in "… the Inquisition, secret police and romanticized gangsterism. Beginning with the suppression of reason and truth, we must end with the most brutal and violent destruction of all that is human" (1995: 214). So, either a society accepts the reality of change and adapts, or it destroys much in trying to control events and avoid change.

South Africa's own steady decline into a cycle of violence and repression confirms Popper's construction. Demographic (especially urbanisation) and commercial changes turned traditional white rule on its head. In an effort to arrest that change, more and more control had to be exercised. In the end, more violence took an increasing toll on the humanity of South Africa society.

The experiences of latter-day Zimbabwe also confirm Popper's conjecture. More and more people, less opportunity and a desire for new politics expressed through the referendum and parliamentary elections of 2000, were followed by the Mugabe government's attempts to arrest these changes; with the ultimate repression, bloodshed and general degeneration that followed.

The price of refusing to unlearn and learn anew is high.

4.4 Finding a balance

In the process of unlearning and learning new things, the challenge is to find a balance between change and stability – between preserving the old and discovering the new. This prudence is particularly important for societies in transition. If the change is too fast, valuable skills, capital and experience may be lost and institutions may be undermined. If the change is not fast enough, the same old networks will dominate, default decisions will be taken and inertia may set in. A balance needs to be found between creating valuable new social capital and preserving valuable old social capital. Invariably the right balance will not always be struck.

Internal evolution is therefore not only about unlearning the old, learning the new and the transformation that results from that – it is also about the pace of learning and unlearning, while maintaining the efficiency of institutions. For social capital to be sustained and grown, it is vital to retain networks while expanding them and to preserve network resources while transforming network members.

4.5 South Africa and Zimbabwe: Two contrasting examples

The above conjecture on social evolution may be illustrated by means of two contrasting case studies, South Africa and Zimbabwe.

4.5.1 Unlearning in South Africa

Realising that the cost of its reluctance to transform was becoming too high, the National Party committed itself to political negotiations in 1990. The party had to unlearn its adherence to group rights and ethnicity and move to the point where it accepted individually based liberty as the basis for society. The African National Congress, on the other hand, had to unlearn its adherence to central control and accept the curtailment of powers brought by a Bill of Rights and a Constitutional Court. Both had to unlearn some of their beliefs and abandon some aspects of their worldview. Significant unlearning took place – and the results are better than most pundits expected.

The economy brought another significant unlearning experience for the ANC. Between its unbanning in 1990 and its adoption of the GEAR macroeconomic policy in 1996 (the Government of National Unity had by then come to an end and GEAR was in its totality ANC policy), its economic thinking had undergone significant change, i.e. significant unlearning had taken place. In the years following 1996, the party committed itself more and more to an open economy, culminating in a formal decision in this regard at its 51st national congress at Stellenbosch in December 2002.

4.5.2 Scenarios as learning tools

During the South African transformation process, essentially from the mid-eighties to the mid-nineties, scenarios played a prominent role in the process of unlearning.

The Anglo American Corporation, SA largest company and biggest mining house, constructed its "high road, low road" scenarios in the late Eighties and presented these in road shows to literally thousands of South African citizens in all walks of life. They spelled out the consequences for the future of the country of not engaging in dialogue with political opponents (Sunter, 1987). At the time it had quite an impact on the public discourse in South Africa.

In the early Nineties this was followed by the Nedcor-Old Mutual Scenarios, which exposed the long-term implications of then established wisdoms (Tucker, 1992). The National Party and South African business discussed these in a lot of depth and they helped the process of unlearning along.

Also in the Nineties, African National Congress decision-makers were presented with the Mont Fleur Scenarios, which spelled out the long-term implications of populist socio-economic policies (Le Roux, 1992). Strong individuals like Derek Keys (part of the creative minority) played a critical role in getting the ANC to re-visit its basic assumptions about the economy [8]. In the end, these scenarios helped South Africans to discover some of the key assumptions about their common destiny as a nation – and helped to rid decision-makers of the fallacies of groupthink.

4.5.3 Zimbabwe – the failure to unlearn

Zimbabwe provides an opposite example.

The creation of Zimbabwe from Rhodesia in essence involved the transfer of power from white to black and brought everybody the right to vote. But it created neither an open society nor an open economy. No significant unlearning and new learning took place. Maybe on the level of individuals, but certainly not on a policy-making level.

Thus, political opposition was ruthlessly crushed and the main opposition leader fled, only to return on being co-opted into a unity government with little room for dissent and unlearning. Thousands of people were massacred in Matabeleland. Radio and TV remained under government control; newspapers were nationalised and controlled by a

trust ran by government; the economy retained all its pre-independence characteristics as a closed system with exchange control, no independent central bank, subsidies and protection, excessive government control and the like. The executive remained the final authority in public decision-making, just as it was under Ian Smith. It was constrained by neither a Bill of Rights nor a Constitutional Court.

The result of this closed social systems was that little unlearning and little new learning took place. Over the next twenty years the system replicated itself, becoming weaker and eventually facing collapse.

At the time of writing (September 2003), the Mugabe government was still ruling, but that should not be equated with an absence of collapse. Famine was widespread, per capita incomes had imploded, growth and investment had come to a virtual halt. It would be a mistake to deny the collapse simply because the government causing it was still in power.

Had Zimbabwe at the point of independence chosen to become an open society, both economically and politically, unlearning could have taken place and a different culture may have developed, leading to different decisions with different outcomes.

One similarity between Zimbabwe and South Africa is that both countries are run by black governments who have taken power from white minority governments. Some people infer from this that the history of Zimbabwe will be repeated in South Africa. From the social evolution approach advanced here, it is evident that the deciding factors are related to unlearning and learning; and creating a different future from that, rather than to such superficial comparisons.

The thesis advanced in this chapter on social evolution is illustrated in figure 4.1.

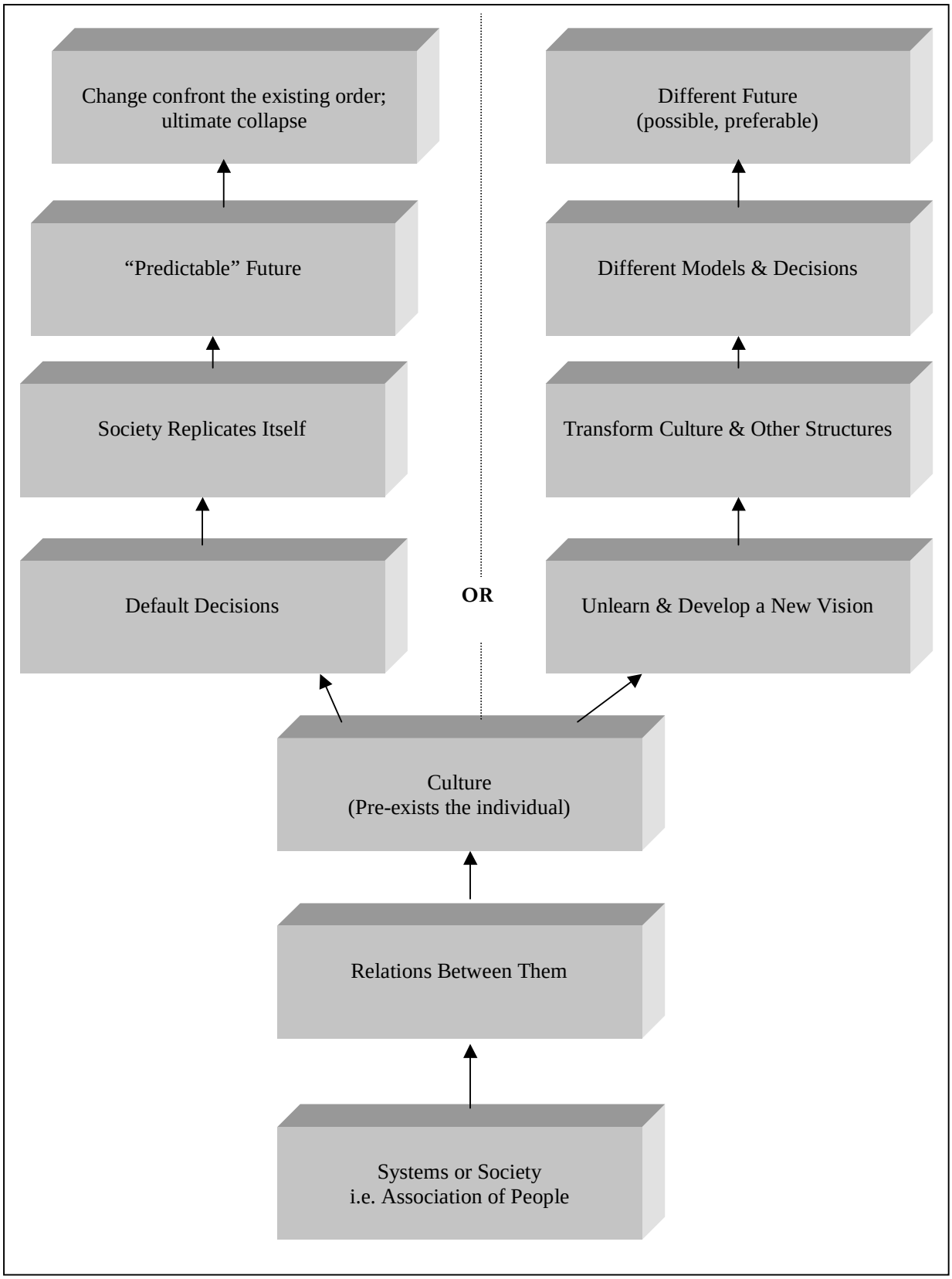

FIGURE 4.1: How Social Systems Change

CHAPTER 5

TIPPING POINTS

What will cause a culture to renew itself continuously – i.e. what will cause it to unlearn accepted values, transform itself and move towards different, recreative decisions? Or what will tip a culture to develop in a different direction? Literature and history seem to indicate three decisive sets of circumstances – three tipping points:

- Open societies;
- Economic development; and
- Creative minorities (leadership and entrepreneurship).

These three 'tipping points' are discussed in turn. Then the relationships between each and social capital is explored.

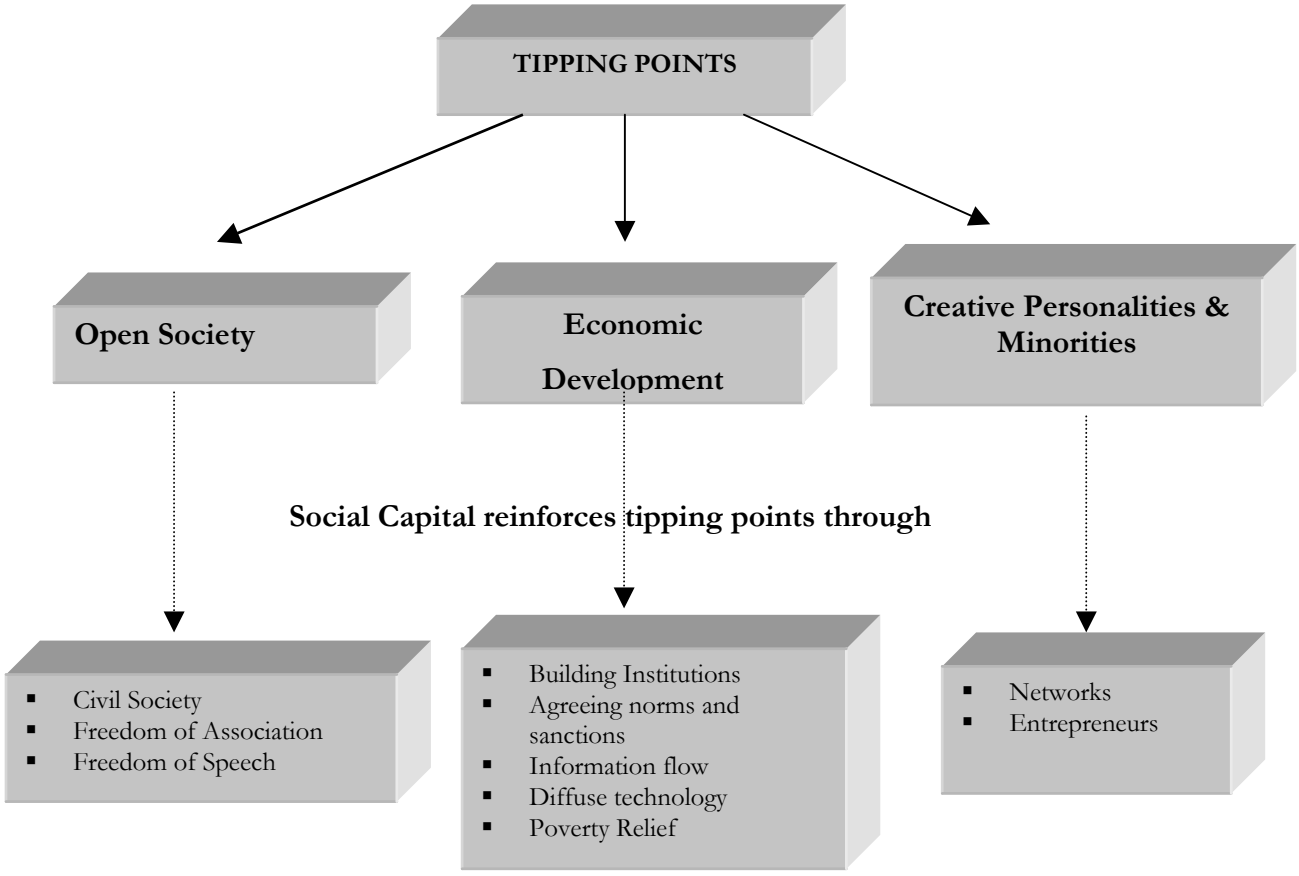

FIGURE 5.1 Tipping Points and Social Capital

5.1 Creating open societies

A culture's ability to transform itself, to take different decisions and thus to create different outcomes, depends on how open or closed it is. An open society (or open social system) can change course more easily and move faster in a different direction. (Gharajedaghi: 1999). There is ample authority to corroborate Gharajedaghi's viewpoint that open social systems can change direction.

Toynbee (1972: 132-140) gives a description of what he calls "arrested societies", whose growth and development were stunted and who, in due course, either faded or simply ceased to exist. The common denominator was a closed system: the stifling of independent thought; intractable and inflexible institutions; energy focused on efforts to maintain control over a hostile population [9] – to maintain control over the *status quo*. Toynbee works with a recurrent cycle consisting of:

- A challenge;
- Successful response;
- The development of a disequilibria, leading to
- A new challenge, and so on.

Using Toynbee's approach one can postulate that successful responses are only possible in open, dynamic societies – or open systems, as described by Gharadejaghi. This is because closed societies tend to develop habits of defensive avoidance to perceived threats (i.e. changes requiring adaptive behaviour), rather than social learning and renewal capabilities.

Kennedy (1989: 4-30) discusses this defensive avoidance behaviour as it emerged in Ming China, the Muslim World, Russia and Japan – all of them ultimately losing some of their initial awesome power and going into long-term decline. In contrast, Western Europe (referred to dismissively by some as the "peninsula of Eurasia") came from nowhere to overtake these once mighty and advanced civilisations to the East. The decisive difference was open as opposed to closed societies. The latter went nowhere; the former (even by default as appears to be the case in Western Europe) developed, progressed and prospered.

Studying ancient mariner charts, Gavin Menzies (2002: 47-56), a submarine commander turned historian, made the most remarkable discoveries on how far ahead of Western Europe China actually was in the 15th century. The Chinese fleets circumnavigated the globe long before the Portuguese. He describes a combination of over-reaching and turning inward (or closing up) which stunted the growth and undermined the superior position of the Chinese empire.

The conclusion is clear: open social systems – i.e., open societies – are capable of generating their own momentum, tipping them away from one cultural destiny towards another.

5.2 Characteristics of an open society

Karl Popper (1995: 197 - 202) lists the unique characteristics of open societies:

- Freedom, including democracy and individual freedom.
- Equal justice for all before the law.
- Reason and critical thinking (rational decision-making and thinking).
- Responsibility of the individual for his own decisions and fate.

Popper developed his argument in the context of Athenian and Greece history. In a modern-day context one can elaborate on these basic characteristics to include more manifestations of the same principles. Thus, "freedom" can be expanded to include economic freedom, including property rights; "equal justice for all" to include a Bill of Rights subjecting the state itself to judicial review and control; critical thinking to include access to information, transparent debate and self-expression.

Some of this expansion has been articulated by an admirer of Popper, George Soros, who described an open society as freedom, democracy, rule of law, human rights, social justice and social responsibility as a universal idea. (Soros, 2000: 120)

Soros then translates these principles into seven specific conditions for an open society. (Soros, 2000: 133) It is characterised by:

- Regular, free and fair elections;
- Free and pluralistic media;
- The rule of law, upheld by an independent judiciary;
- Constitutional protection for minority rights;
- A market economy that respects property rights and provides opportunities and a safety net for the disadvantaged;
- A commitment to the peaceful resolution of conflicts; and
- Laws that are enforced to curb corruption.

These expanded manifestations form part of the characteristics of a modern open society. An open society is, therefore, much more than the right to vote or even replace a government. Its essence is to what extent the state allows its citizens to act without coercion; and the corollary, the extent to which citizens themselves accept responsibility and exercise control.

These characteristics are further investigated in the next section.

5.3 Open societies and social capital

5.3.1 Civil society

As discussed in chapter 3, social capital is the productive capacity created by effective social networks and relationships, which enable network members to work together for mutual benefit. Many of these networks and relationships find expression in organisations and institutions, some for profit (like business, newspapers, broadcast companies); some not for profit (like NGOs, voluntary associations, lobbying groups, churches and religious organisations, activist pressure groups and the like). Combined, all of these constitute civil society.

Civil society is a very special category of social capital: it binds people together, in networks, in their quest for objectives, which are perceived to be to their mutual advantage. A vibrant civil society is the strongest indication of the state of social capital in a nation. The more there is of it, the stronger the indication that a society is indeed open.

Such organisations do not have to concern themselves only with politics or public affairs. In his *Civic* or Civic Community Index, Putnam (Dasgupta, 2000: 255) specifically measures the depth of civic society by looking at newspaper readership, sport and cultural associations.

5.3.2 Interdependence

Openness and social capital are interdependent. For civil society to flourish, the basic principles of freedom of association and speech need to be respected (Popper's first characteristic above) – especially when civil society takes a stance contrary to what the government or other power groupings would like (Popper's third characteristic). These basic freedoms allow civil society to prosper. The latter in turn reinforces the freedoms, thus reinforcing openness and democracy. The result is a self-reinforcing creative cycle of human development.

The Aids campaign in South Africa is a remarkable example of this self-reinforcing dynamic. The Treatment Action Campaign (TAC) used the rules and institutions of South African society (the Bill of Rights and Constitutional Court); the networks provided by churches, NGOs and trade unions; and the beliefs and values of society around human dignity and the role the state should play in promoting dignity as leverages to conduct a successful civil-society campaign [10]. As a result, the government was forced to do an about-turn on its Aids policies. Civil society and democracy have been enormously enhanced. But it was possible for the TAC to do so because the Constitution (and executive authority) respects the freedoms of association and speech. After this policy about-turn, those freedoms are now even stronger. Thus civil society and an open system can reinforce each other.

But the successful Aids campaign also highlights Popper's fourth characteristic: responsibility by individuals for their own fate. The Aids activists took responsibility for their own political fate. Even when confronted with political vilification and enormous political pressure, they simply carried on with their campaign. A civil society is not handed on a platter to a network – it has to be earned, built and established. This was done by the Aids activists.

5.4 Economic development

A second influence capable of causing a tipping point is economic development.

Inglehart, after analysing the results of the World Values Survey – which covers some 65 countries and about 75% of the world's population – concludes that economic growth causes a society to develop new norms, i.e. a new culture: "The worldviews of people in rich societies differ systematically from those of low-income societies, across a wide range of political, social and religious norms and beliefs." (Inglehart, 2000: 80). These norms are increasingly rational, tolerant and trusting. Economic development means that society must develop new social norms, i.e. it must develop a new culture by unlearning and learning anew.

But at the same time Inglehart also found culture to be very path-dependent, meaning that a social system will replicate itself (unless economic development pushes it in a different direction).

Inglehart also specifically concludes that democracy has a better chance of taking root and surviving in richer societies.

Inglehart's conclusions are supported by Michael Mazarr's research at the Centre for Strategic and International Studies (1999: 104), which shows a clear correlation between the probability of democracy and per capita income – the chances for democracy improve with the level of per capita income. At an annual per capita income of $1 000, the probabilities are below 20%; at $3 000 it sits at about 40%; between $4 000 and $5 000 it improves decisively towards 60% and beyond $6 000 the probability is rated at 80% and rising.

Zakaria (2003: 70) comes to the same conclusion with his "zone of transition" – the chances of success decline with the levels of per capita income. He places the critical point, where the odds move in favour of democracy, at about $3 000 per capita annually.

It is instructive to note that South Africa embarked on its transition to democracy when it had a per capita income of about $3 000. Even at an exchange rate of R8 to the US dollar, the per capita income in 2003 was just above $3 000 p.a. This implies that democracy has a reasonably chance of surviving in South Africa (developments like the success of *The Daily Sun* tend to confirm the observation – see Chapter 6).

These theories are in line with intuitive thinking. In a richer society, with higher levels of sustainable growth, more people will make a living for themselves in the private sector, in industries independent of the state. Private-sector operators may be very dependent on the state. for gambling and broadcasting licenses, state subsidies, protection against imports, defence contracting and so on. But in many other sectors people go about their business independent of the government. This enables people to challenge, disagree and organise opposition in ways that can never happen where people are much more dependant on the state.

As a society and an economy become more open, diverse and wealthy, the conditions for independence improve. With independence, chances improve for unlearning and learning anew.

The implication for idealised future design is unambiguous: economic development can help to tip a society in a new creative direction.

5.5 Economic development and social capital

Social capital contributes in a number of ways to economic development.

5.5.1 Building institutions

It is common course that a modern economy cannot function properly without effective and appropriate institutions. As the economics writer John Kay notes: "Rich countries are not rich because they are specially blessed by their environments. If you were leading a mission to find the economic Promised Land, you would probably not stop in Finland, Switzerland or Minnesota. But all these areas are affluent. It is not terrain that matters

but people, culture and institutions." (Kay, 2003: 13). For "people, culture and institutions" one can read social capital.

In a free-market economy, institutions constitute the framework and enabling environment for market participants to function. Without them, there can be no effective market economy. And without social capital, institutions cannot function and flourish.

Effective institutions are also indispensable to service delivery by public authorities. The basic services are health, education, security and the administration of justice; but also required are support services for business development, the issuing of travel documents, screening migrants and so forth. Trust between government and citizens are vital to social capital in society (see paragraph 6.6 on page 53). Effective service delivery contributes to that; corrupt and inefficient delivery will detract.

What does this have to do with social capital? Effective institutions are above all else dependent on the core elements of social capital:

- Reciprocity (I apply for a passport, you issue it quickly without a bribe);
- Norms of behaviour (services are rendered on acceptable standards);
- Sanctions for compliance and non-compliance (the corrupt will be punished and the honest rewarded);
- Information (people know where to ask for help and they are indeed helped); and
- Power or the ability to get things done.

In addition, trust is a vital part of all these interactions.

Again, there is a reinforcing, circular relationship: the more effective and responsive institutions are to those who need them, the more trust and reciprocity is built; thus more social capital is created. For example, an effective police force protecting people against crime; or an efficient education system will help to strengthen the sense of reciprocity and trust amongst citizens and between citizen and state. Trust is bound to grow in societies where the citizens feel they are properly serviced by their government.

5.5.2 Agreeing on norms and sanctions

The social networks and relationships forming social capital provide a forum where society can tackle collective problems and find mutually acceptable trade-offs. Social change is never uncomplicated – especially in transition societies. Compromises need to be negotiated and struck. Social capital provides the capacity and supportive environment to agree on norms and sanctions. It creates the capacity to transcend conflict between position and alternatives.

In South Africa, for example, the issue of growth and transformation has been on the national agenda for discussion between various interest groups, and compromises were negotiated by means of industry charters. Negotiated charters have so far proven to be much more effective in dealing with particular socio-economic problems of the commons (economic growth and redistribution) than unilateral government action. This was illustrated when government plans for mining was leaked and the consequent uproar wiped nearly R60 billion off the Johannesburg Stock Exchange in a week.

In terms of social capital, negotiated charters set mutually agreed norms and standards of behaviour. From these flow reciprocity, certainty and predictability. If the norms and standards are torn up and the reciprocities discarded, then these benefits will simply evaporate. But getting agreement and establishing the basic rules (i.e. negotiating trade-offs) are clearly a beginning. Sticking to those rules would require more social capital – reciprocity and an adherence to norms and standards.

5.5.3 Information flow

Social capital contributes towards a societal infrastructure for information exchange.

A free flow of information is of particular importance in a diverse and divided society such as South Africa, where networks could help to distribute such information and knowledge. Thus Mbeki (2003) proposes wide-ranging networks as a vehicle to distribute information and develop contacts that will overcome the "uniformity of social structure" that, in his opinion, is hampering entrepreneurship in South Africa. In short, mixed black and white networks will do more to bring blacks into the main stream of the economy and empower them.

Within a South African context, this brings to the fore the issue of prescriptive racial transformation (specifically Affirmative Action and Black Economic Empowerment) and its contribution to the formation of new networks and social capital. Such networks will certainly bring many more people into the mainstream of economic thinking and could produce more understanding at both sides of the racial divide. The issue is explored further in paragraph 6.7.

5.5.4 Diffusing technology

Information flow around the diffusion of technology in an economy should be noted, simply because technology is so vital for growth and development. To benefit from technology, a society has to be an integrator and adaptor. That requires the larger part of society to have access to technology (telephony, internet, electricity and computers), enjoy relevant education (more children at secondary school; more mathematics, science and engineering students) and engage in appropriate commercial activities (more technology exports) (Soltynski, 2001).

Although some of these elements refer to physical aspects, others refer to more intangible but very measurable items such as education. However, they all point to social capital, specifically the ability to bring people together for mutual advantage, with respect to:

- Access to technology, education and job opportunities;
- Networks enabling a variety of connections;
- Reciprocity (no good will come if all the newly qualified simply emigrate); and
- Rules and effective institutions to facilitate integration and adaptation.

5.5.5 Poverty relief

Poverty relief is not the same as economic growth. But economic and social development may be kick-started on a basic level through the activities of a vibrant and well-organised civil society, e.g. housing associations, small business development projects, savings and loan associations and the like.

Religious organisations are special "centres" of available social capital, well placed for poverty relief but also capable of development in general. These networks contain enormous quantities of social capital: common beliefs, a strong sense of trust and reciprocity, clear sanctions and norms, definite rules and institutions to shape behaviour; and operating networks taking care of many common logistical problems. These benefits can be used for social and even economic development. (Koegelenberg, 2003)

In the United States, the Rockefeller Foundation has combined forces with religious organisations to conduct two conferences on utilising the networks and resources available in the religious communities for social welfare work that the state is either not getting to do or not doing very efficiently. (Koegelenberg, 2003)

These are examples of networks (also civil society institutions) contributing to growth and development by pulling people together for mutual advantage.

Organising the poor through religious and other networks create new networks (e.g. a housing association, a stokvel, a co-operative), which will build reciprocity, trust, and norms of behaviour – thus social capital.

5.6 Creative minorities, leadership and entrepreneurship

5.6.1 Creative minorities and individuals make history

Malcolm Gladwell (2001), who described and popularised the notion of tipping points, identifies the role played by small numbers of people in creating as well as solving "epidemics" – health, social and otherwise. It is the small minority that creates a tipping point one way or the other.

This accords entirely with Toynbee's view of the difference between "arrested" societies and those that continue to grow and develop. Toynbee refers to a "creative personality". He argues: "A society is not a collection of persons, but is a network of relations ..." Thus it is "human individuals, not human societies that 'make' history". These individuals provide the leadership, vision and energy enabling a society to transfigure itself. (Toynbee, 1972: 140)

The influence of individuals and the transfiguration (or making of the future) that they bring can of course be positive or negative. Ghandi versus Lenin, Mandela versus Mugabe. The point is, it is the creative minority that provides the tipping point – either way.

Nelson Mandela is an obvious "creative personality" – his personal crusade in favour of racial reconciliation has probably made the transition in South Africa possible. But there are other, less obvious, examples. In the discussion on how scenarios were used to unlearn/learn in the South African transition (paragraph 4.5.2), reference was made to Derek Keys as a creative personality who played a major role in helping the new rulers to unlearn some of their thinking. People like Thabo Mbeki, in getting the ANC to change its economic thinking, played the same role. (Keys left government in October 1994 and the ANC government in 1996 endorsed the GEAR policy document, widely credited to Thabo Mbeki's efforts).

These examples could be included under the heading of "leadership". At critical junctures in the process of social change in South Africa, these individuals played a pivotal role in pushing social change in a new direction.

Creative personalities are also found in business (especially those entrepreneurs who play a role in modernising the economy), in arts, journalism, education and other fields.

5.6.2 Creative minorities and social capital

Creative minorities and exceptional leaders exist in any society, but can they link up with enough people to ensure impact? It is all about social networks and two of the resources that reside in them: power and solidarity.

5.6.2.1 Networks

Gladwell uses the example of Paul Revere and his colleague who rode from Boston in the 18th Century to warn the American colonists about the impending British strike. Revere made a difference; his colleague disappeared into oblivion. The distinguishing

element was a network. Revere's network was much more effective and had more impact.

During South Africa's constitutional negotiations it became quite common to refer to "the channel" – the networks where chief negotiators Roelf Meyer and Cyril Ramaphosa took apparently intractable disputes to find solutions. And it worked every time, contributing significantly to the success of the negotiations which characterised the transition to democracy in South Africa. Both Ramaphosa and Meyer are creative personalities, but it was their respective networks that enabled them to have an impact.

Another example is the leaked government plan for a South African mining charter in 2002, which destroyed more than R60 billion on the South African stock exchange in a week. When the situation exploded, it was taken to a network of mining and government interests and resolved.

The learning and unlearning done in South Africa through the three scenario exercises in the critical decade between the mid-eighties and the ANC's assumption of power in the mid-nineties (see paragraph 4.3) illustrate the importance of networks. If Keys was not part of the Mont Fleur network or the Government of National Unity, he could not have had the impact that he had. In this case the network was created by the scenario exercise; and it was used to great effect by Keys. In the Mbeki example (see paragraph 5.6), the latter could use the network created by the ANC to do his creative work.

5.6.2.2 Entrepreneurs

Networks bring impact and power. But creative personalities must also have the space in society to do their work. A specific breed that is important in the context of this study, dealing with growth and development, is the entrepreneur. Entrepreneurs bring modernisation into an economy through new products, technology, ideas and markets.

An example will illustrate. It is possible for South Africa to double and treble the contribution tourism makes to the economy (currently running at about 3,5% of GDP), provided the necessary infrastructure and services are in place. This requires a strategy based on four elements: big enough game and nature parks; trained personnel (game

wardens, guides, hotel personnel etc); accommodation (bed & breakfasts, hotels); and flights to and from South Africa with the infrastructure that implies.

The South African entrepreneur Dr Anton Rupert is almost single-handedly pursuing this four-pronged strategy with his Peace Parks initiative; a guest house training school in Graaff Reinet run by the Free State University; the Wildlife College in Mpumalanga run by Pretoria University; and his lobbying of Pres Mbeki for more flights to and from South Africa (Rupert, 2002).

The full impact will probably only become clear over the next decade or so, but Rupert's efforts do have the potential to change South Africa. Sixty million tourists visit some European countries every year, compared to less than two million visiting South Africa. The growth potential for South Africa is still enormous.

If a creative and entrepreneurial personality like Rupert were not given the space to pursue his creative energies, an important tipping point would be lost to society.

5.8 Summary

The essence for future studies is to measure and make the future. In Chapter 4 the argument has been developed that societies' ability to unlearn old values and cultures and develop new ones, are critical to evolution and thus creating a new future..

In this Chapter the factors that will help a society to achieve this evolution (unlearning and learning anew) have been identified. Called Tipping Points, they are the factors that will help a society to move (or tip) from an old culture and values to a new culture with concomitant values. These Tipping Points are crucial for measuring and making the future. They help the futurist to understand his/her environment better.

The relationship between each of these Tipping Points and social capital is explored and it is shown how social capital can reinforce the Tipping Points and thus assist a society in achieving internal evolution.

CHAPTER 6

HOW TO DEVELOP SOCIAL CAPITAL

The following creative influences have been identified in the literature as sources of social capital:

- Networks, which include family, workplaces, ethnic, racial and gender groups, civil society groupings and the like;
- Common values, which include reciprocity and trust;
- Beliefs, and
- Rules and institutions that set norms and enforce sanctions.

6.1 Networks

Networks constitute the most important basis for the development of social capital. That is where relationships have already been formed, trust created, reciprocities developed and where information flows.

Pinglé (2001: 5) found in field research done in South Africa that people's "identity landscapes" will determine the kind of associations they enter. Thus urban black women with the same kind of "identity landscape" will be drawn together in networks. Afrikaans-speaking people who share the same identity landscape will do likewise and so forth.

However, there is clearly something beyond "identity landscapes". For example, many Afrikaans-speaking people with similar identity landscapes also belong to networks with people who have completely different identity landscapes.

So it appears that networks will be formed for any variety of reasons: religious, political and social beliefs; personal and commercial interests which may range from having Aids to seeking profit; family; work and professional reasons. Putnam specifically uses

membership of sport and cultural associations, amongst others, as an indication of social capital. These are plainly networks, formed on the basis of common interests in sport and culture.

Networks also differ in their shapes and sizes. Smaller networks will be formed by family and workplace links. But then there are bigger networks covering an entire country. They may be formal and highly organised (churches and political parties) or more ad hoc, like many AIDS and environmental activist groupings in South Africa today.

6.2 For the greater good: Transcending networks

Is it possible to transfer the social capital in networks and use it in other networks? Pinglé (2001) found that members of some networks succeed in transcending their networks with people sharing similar identity landscapes, forming networks with people exhibiting different landscapes. However, crucially, she also found that such transcending does not always happen.

She does not ascertain why some groups transcend to people with other identity landscapes and some not. One possible explanation could be that such transcending will occur where the promise of mutual advantage, or a vision of hope, encourages a person from one identity landscape to engage in relationships with others and spend energy on the reciprocity it requires in order to achieve a higher goal. This is the main purpose of envisioning exercises, and also of the interactive idealised redesign planning processes of the Ackoff scholl of systems thinking (1981).

More field research is required to understand this phenomenon better.

But the writer is convinced that this is a fairly crucial aspect of social capital that futurists need to understand. Would it be possible, for instance, for Aids networks to transfer their social capital into a network mobilised to prevent a president from amending the constitution to allow a third presidential term? It seems this can happern if there is an overarching goal or vision for which the aids activists are prepared to reactivate their energies and networks. This can also happen if the basic reasons for the existence of the original networks are again addressed by the activities and goals of new networks.

6.3 Preconditions for developing networks

However, forming networks is only one side of the coin. The other side is that there are pre-conditions that must be met for networks to be formed.

6.3.1 Maintain an open society

Networks are formed through voluntary association. And voluntary association is only possible with freedom of speech. Undermine any of these two and network formation will be compromised.

The creation of social capital depends on openness. Interest groups must be able to congregate around their own interests, create networks and relationships, and generate outputs. Driven by needs and own motives, small networks may feed into bigger ones and social capital will be created as needed. But all of this is only possible if societies are open and democratic enough to respond to challenges, *inter alia*, by creating new networks and relationships. Two South African examples serve to illustrate the point:

Firstly, there is the example of the Aids pandemic in South Africa and the way civil society reacted to it. A few activists, starting off with nothing more than an electronic network, was transformed into a broad-based societal movement that forced the South African government to make an about-turn on its Aids policies. A precondition was freedom of speech and freedom of association, allowing the Aids activists to form a network and generate outputs. In due course these outputs forced the South African government to change its policies. In neighbouring Zimbabwe these two freedoms were not sufficiently respected by the Zimbabwe government to allow its opponents to effect a change in government. Also in this example, common need and self-interest were the driving forces in the formation of the network.

A second example is presented by newspaper publishing. A minority of South Africans read newspapers, and most newspaper markets in the country are hugely overtraded. Margins are under pressure, advertising income is dispersed amongst many media products and the industry is feeling the pinch at all levels. Matters seemed very stagnant and cast in concrete. But suddenly a tabloid, *The Daily Sun*, appeared in Johannesburg –

unambiguously aimed at the lower income market. It became the biggest success story in SA newspaper publishing history by selling more than 200 000 copies per day within one year. Thousands of people who had never read newspapers have become avid readers. This success has now led to one and perhaps two similar initiatives in other markets. The end result will be a much-enlarged newspaper reading society.

In terms of Putnam's *Civic* index, newspaper readership is an important index of social capital (Dasgupta, 2000: 255). In this example, the profit motive was an instrument for generating considerable social capital.

6.3.2 Individual responsibility

Individuals must take responsibility for joining associations and participating in networks. (see paragraph 5.3.2). This links up with the fourth of Karl Popper's characteristics of an Open Society outlined in paragraph 5.2 above. Networks do not come ready-made; people have to form them. It is quite conceivable that creative minorities will play a disproportionate role in creating and maintaining networks, but it is still incumbent upon individuals to join and participate.

It is for this reason that Putnam includes membership of associations and clubs as a measurement of social capital in his *Civic* index.

This is an important measurement. For futurists to work with social capital as a tool to measure and make the future, they will have to have a firm grasp on the propensity of a group or society to form networks and participate in them. In the Aids example above, it was the willingness of individuals to form a network and work for their mutual benefit that produced a network and an outcome. In Zimbabwe, two activists told this writer that the failure of people to engage in networks is one of the reasons for the limited success of the Movement for Democratic Change (MDC) against Zanu-PF [11].

6.4 Beliefs

Beliefs are practically and conceptually different from normative values. Although not widely discussed, Adler & Kwon (2000) note that belief – in the form of shared strategic visions, interpretations and systems of meaning – play a crucial role in developing social

capital. People who do not understand each other and who do not share goals, will probably not co-operate – and co-operation for mutual advantage is an essential characteristic of social capital.

Common beliefs and shared experiences also create a sense of community and solidarity, which, as is discussed below, is one form of social capital.

6.5 Common values and norms of behaviour

Where common values and norms exist, predictability is enhanced and transaction costs lowered. The norms of behaviour are clear, understood and enforced by sanctions. Norms include trust, honesty, reciprocity, meeting obligations and a sense of fair play. People who share the same values and adhere to the same norms of behaviour will relate easier with one another. Members may also give one another support.

6.6 Rules and formal institutions

Rules and institutions are important in the formation of social capital. Firstly, they may impact on the development and shaping of networks. Secondly, they may also shape norms and beliefs (e.g. norms of behaviour in a network or strategic intent in a community or organisation).

But perhaps the most important influence of rules and formal institutions is that they determine the roles government play. Governments are important institutions in any society, with wide-ranging powers to make rules and shape other institutions.

Futurist Daniel Bell argues that trust is vital to change in public policy. Once a government starts cheating and acting disrespectfully, the population will become distrustful. The way governments behave and exercise their powers may create or destroy social capital. A trustworthy and responsive government will create more of it. A regime like Zimbabwe president Mugabe's is no doubt destroying a lot of it. His behaviour stands in sharp contrast to the behaviour of the South African leader Nelson Mandela – who created a lot of trust, opening the way to the formation of social capital.

Effective institutions can also play a huge role in enhancing government delivery to the citizenry. And, as discussed in paragraph 5.5.1, that builds social capital and enhance values.

6.7 Synthesis: Nine ways to develop South Africa's social capital

The above discussion can now be applied to explore ways of developing social capital in the South African society.

6.7.1 Government should allow the forces of an **open society** to take their course and not block them. Primarily this means government should respect and actively support the freedoms of association and speech. The corollary would be to support and protect institutions that promote openness.

Freedoms of speech and association also include commercial freedom – allowing markets to develop, fostering new commercial relationships, the formation of institutions needed to serve those markets and above all, allowing entrepreneurs to develop and operate. The big advantage of an open economy is that it creates networks independent of the state and government.

This approach will facilitate the formation of new and constantly changing networks that will generate and apply social capital.

6.7.2 Effective **anti-corruption measures** should be in place, because a corrupt society is the exact opposite of an open society. Corruption destroys the effectiveness of social networks, and thus the very basis of social capital. Effective anti-corruption measures censure those individuals who transgress the norm; promote reciprocity; ensure predictability and certainty; develop trust and in general enhance social capital. More is at stake than punishment for those who take bribes. Effective policing, fair tax collection, enforcing user charges where applicable – these are examples of norm reinforcement, which in turn fosters reciprocity and ensures bind-in.

6.7.3 **Effective service delivery** by the state is linked to effective anti-corruption measures. This is probably the single most important action government can take to

build social capital. It builds trust, enhances reciprocity, creates generally accepted norms and sanctions; and contributes to building institutions that serve people efficiently.

Effective service delivery covers several sources of social capital:

- building or maintaining *institutions* with
- clear *rules* and
- *norms of behaviour* that have as main aim service delivery to the citizens of a society.
- It also requires that proper *sanctions* must be put in place to enforce the rules and norms of behaviour.

6.7.4 Government can foster the development of social capital more actively through its **budget rules**. If money donated to civil society organisations is tax-deductible for the donors, it will stimulate the development of more civil society organisations, and thus of networks and social capital. Networks outside and independent of the state are, as explained above, the very essence of an open society.

The South African government has introduced the category of "public interest" organisations, in respect of whom donations are tax-deductible. This is a useful start and naturally the Treasury has to be prudent in ensuring that the tax base is not unduly undermined. Butm ore civil society organisations will build more networks and social capital; and perform useful public functions as well.

6.7.5 Government should **use existing civil society organisations** like churches and development NGOs to distribute and administer the spending of state funds. This may be a controversial subject as it affects the separation of State and Church. In the US, this issue has become a hotly debated topic. However, channelling state funds via religious networks may be a more efficient way of getting aid money to the poor. Churches are ready-made vehicles for poverty relief and aid spending. These networks will not necessarily be wholly independent of the state (depending on the nature of the state and the religious networks) but links will be created across different groups in society, thus helping network formation.

6.7.6 In South Africa a particular question arises as to the ability of **racial transformation** polices, mainly black empowerment and affirmative action, to assist in

the process of network creation, specifically networks benefiting the whole of South African society. More experience and field research are required, but conceptually the prospect exists – simply because racial transformation means that new networks are formed that cross cultural, ethnic and racial boundaries, moving from clan and culture to nation. The process of creating social cohesion is thus reinforced and extended.

The late Harry Oppenheimer, former chairman of Anglo American Corporation pursued some of these objectives when he supported the formation of an Afrikaans mining house. He famously argued that if the Afrikaners, who fromed the government at the time, understood the issues involved in running a mining house, they will be more sympathetic to the problems experienced by the English dominated mining industry. Fifty years later Marinus Daling, former chairman of the South African life insurance company Sanlam, probably had the same intention when he facilitated the formation of a black insurance company. These actions may very well have prevented the nationalisation of mining and insurance houses by respectively the Afrikaner and African nationalists.

Excessive transformation may have the effect of destroying valuable networks and social capital. An extreme example would be the late dictator Idi Amin's deportation of all Indians from Uganda or mr. Robert Mugabe's land reform policies in Zimbabwe. In both cases networks of productive individuals were destroyed that were to the disadvantage of the economies of both countries.

6.7.7 Racial transformation links up with a further factor that may generate social capital**: managing change prudently**. Harman (2001: 148) refers to the goal-seeking of societies. He states that societies seek goals even when they are not explicitly proclaimed: "In short, social change is not aimless." This would correspond with Gharadjedaghi's (1999) principle of Purposefulness in open systems.

Thus, societies are pursuing change in a purposeful manner and leaders have a special duty to manage this change carefully, in a manner which will give expression to society's desire for change, but also take cognisance of the constraint in change. For example, a desire for more land by the poor and landless must be balanced with a respect for property rights, adequate compensation where appropriate and the general application of

the rule of law. A government acting in such a way will create social capital, whereas a government going the way of Zimbabwe will destroy social capital.

A similar example would be the Aids pandemic and the provision of public funds to treat the disease. There is no doubt that South African society is pursuing such a goal – everybody from Aids activists to business, churches and trade unions want some form of government-supported treatment for Aids. A perceived "heartless government" that is not seen to care, will have a different impact on social capital than a government that is perceived to reach out in a sympathetic manner. Nevertheless, the financial constraints of treating the pandemic must be balanced with the desire for public spending on Aids medicine.

Prudent management of society's desires for change has a direct bearing on the values according to which a society lives – is land reform lawless or in accordance with the rule of law? Is Aids treatment just a governmental concern or do people take individual responsibility as well? Values play a critical role in forming or destroying social capital, and prudent management shapes values.

6.7.8 Linking to purposefulness is the concept of **strategic intent**. Intent is much stronger than goal-seeking in that it is a directed, organised push for a particular outcome. It crosses the line from ambling movement to purposeful action. De Jouvenel (2001:59) writes that action comes from a representation of how one would like to see things. This representation and desire to make it real, leads to action. Without representation, there is no action. Or as De Jouvenel phrases it, the end comes before that which is done to reach the end. Strategic intent is the end picture of where one would like to go.

It is possible, for example, to contrast the general notion of transformation as a goal of South African society with the more purposeful and strategic intent of government to complete all land claims by 2005. (Mbeki, 2002) Land reform is clearly part of the general goal of the transformation of South African society. However, there is a much clearer intent in the case of land reform than in the general notion of transformation. The budget allocation for land reform increased considerably in February and October 2002, suggesting that the president's intent is being translated into action. This is in sharp

contrast with the more general and almost fumbling nature of transformation, as regularly handled by ministers.

A society should have clarity on the goals it is pursuing, ensuring a critical mass of citizens who buy in and support the process.

The South Africa of 2003 presents two examples of failure to line up South African society behind issues of strategic intent. The first is racial transformation, where considerable differences of opinion still exist between especially black and white citizens on how much transformation should be done how quickly. Regular outbursts between, for example, the sports minister and some sport administrators highlight the differences of opinion in the broader society.

Likewise, government's adherence to policies in line with an "open economy" regularly excites considerable opposition. There is general resistance to these economic polices amongst sections of the community and, depending on whose vested interests are affected, also in business.

The clash between strategic intent and the purposefulness and desires of significant sections of society will inevitably lead to the destruction of some social capital. Citizens may begin to feel alienated and marginalised – and reciprocity and trust may be undermined. Of course, if those citizens so aggrieved organise themselves and mobilise support, their actions may generate new networks with new social capital. The Aids activists of South Africa present a good example of that.

This tension between strategic intent and its opposition raises the question: Should government hold back on pursuing its strategic intent to accommodate the opposition? Should Margaret Thatcher's government in the United Kingdom not have pursued its policies for the sake of social capital? Should racial transformation in South Africa not take place because of the high price in social capital? In both these cases one could argue that new networks and new social capital would replace that which has gone down.

How aggressively to pursue strategic intent? The answer essentially depends on political judgement, specifically how to balance and manage thje forces of change and continuity.

A social capital perspective amongst decisionmakers can add the awareness that such tensions may have the destructive effect described above; and thus the awareness that the pursuit of strategic intent may destroy social capital.

Destruction of social capital might be the inevitable price to be paid for changing a culture. Unlearning values and learning new ones, as discussed in chapter 4, can hardly be a smooth and painless process.

6.7.9 Following the German example, specific **training and education** activities should be launched to instil the values and obligations of a social contract (see paragraph 3.7). A few million rand a year spent by the Treasury can provide a lot of formal training on what it means to be a citizen in South Africa; what the values and goals of the Constitution are; what the typical rights and obligations of citizenship imply. What is at stake here is a systematic and comprehensive education programme that is sustained over a period of time to ensure consolidation and follow through. At the moment in South Afrtica more money is spent on aids education, than on what is involved in citizenship. Awareness about aids is of course important and vital – but so is awareness about the social contract without which no society can exist.

CHAPTER 7

CONCLUSION

Not all nations succeed in the universal quest for a better life. This research project shows that economic planning based on the exploitation of natural resources, technology and capital are not enough to ensure growth and development. Despite abundant supplies of these three production factors, the current human condition is still characterised by severe inequalities and the absence of sustainability. This is graphically demonstrated by the fact that 5 billion of the world's approximately 6,3 billion people live in the poor countries of the world – four out of every five people on earth.

Of course, not everybody living in the poor countries is poor, but this simply adds to the rich/poor divide.

To change this state of affairs, the human and social capital of societies will have to be harnessed to facilitate sustainable long term growth and development. In a network society, financial and physical capital are not enough. Equally important is the stock of intellectual and human capital; and the extent to which this can be harnessed for mutual advantage in social capital. Without doing so, no nation will gain sufficient competitive advantage in the 21st century.

Social capital is the productive resources residing in networks and relationships, which enable people to work together for mutual benefit. These productive resources include reciprocity, trust, information, norms and sanctions, power and solidarity. Part of working together is to build institutions capable of facilitating growth and development. Working together also implies a bind-in of all, or at least a critical mass of citizens.

But achieving sustainable growth and development is about more than working together and binding in. It is also about creating a different future for society. To create a different future, a society's culture has to change. – as discussed in chapter 4. Changing culture is not an easy business. Societies have to unlearn some values and learn others anew; they have to change certain default values; develop new worldviews; and in some cases walk away from traditional values and worldviews to more modern ones. From a changed or different culture, a new future will unfold.

This process involves not just culture, but also politics and economics; values and beliefs; the rules that apply in society; the institutions that are built and maintained. Old networks need to change and adapt; new ones must be formed.

This study identifies three tipping points, which help societies to change their cultures. These are crucial inflection points, which push a society in a different direction. The tipping points identified in this project are**:** establishing an open society, achieving economic growth, and the presence and role of creative minorities in society.

Social capital is pivotal in reaching these tipping points and thus pushing society onto a different path. In other words, facilitating social evolution. Each of these tipping points can be reinforced and boosted by social capital. Figure 5.1 summarises ten areas where social capital may help the tipping points along. These ten areas provide a useful, but very modest, checklist for measuring the impact of social capital on social evolution.

Thus social capital is not just about binding-in and co-operating for mutual benefit. It also supports the evolution of societies towards the stage where their culture is changed, different decisions are taken and a different developmental path is pursued.

Governments are the largest and strongest players in any society or economy. Their size brings responsibility. They can play a crucial role in generating and sustaining social capital. The research project identifies some nine actions governments may pursue to enlarge the stock of social capital in society.

Finally, the inter-dependency between an open society and social capital is noted. Social capital can only really grow and have an impact if the basic principles of freedom of speech and freedom of association are practised and protected. It is a mutually reinforcing cycle – practice these two principles, and more social capital is generated; and with the generation of more social capital, these two principles are reinforced.

In line with the characteristics of an open society, citizens have to take responsibility for themselves. Without their active involvement, initiative and commitment, social capital cannot be generated and applied. Unlike financial and to some extent human capital,

social capital cannot be presented on a platter from the outside. It has to be generated internally.

Regarding its application to future studies, social capital enables the futurist to analyse and understand (to measure) a society in terms of the relationships between people, their interactions, the values and beliefs they express and the institutions in which all these manifest themselves. From this point of view, the futurist measures society and its future as the sum total of its social capital; and analyses its making as the outcome of the forces of social capital – the forces shaping its cultural change and thus its future path.

NOTES

1. See paragraph 1.1 above for a description of the "tragedy of the commons".
2. The term coined by John Williamson in a 1990 paper and used as a general description of pro-free-market policies: privatisation, deregulation, fiscal and monetary discipline and the like.
3. De Soto has done groundbreaking work on getting property rights to poor people and the informal sector into the formal economy, in that way enhancing economic growth.
4. http://www.worldbank.org/poverty/scapital/index.htm
5. The way to achieve that is discussed under Tipping Points.
6. The relationship between social capital and trust is explored in paragraph 3.5.
7. The sources of social capital are discussed and applied in Chapter 6.
8. Based on personal discussions with Alec Erwin, Derek Keys and Johann Liebenberg, a participant in the Mount Fleur scenario exercises.
9. The comparison with modern-day Zimbabwe in Southern Africa is quite chilling.
10. The levers used by the TAC also constitute sources of social capital: rules and institutions; networks; beliefs and values. The TAC approached the Constitutional Court on more than one occasion to get orders against the government on how the latter should respond to the aids crisis. Their success in doing so, as well as a highly effective media campaign resulted in government changing its position on the provision of neverapine to babies and pregnant mothers, and later on the provision of antiretrovirals to HIV persons.
11. Personal discussion with Zimbabwean activists Malcolm Davidson (2003) and Shenillha Mohamed (2001).

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