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**“The Non-State-Non-Market
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the Production of Social Capital”**

Raymond Breton

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**The Non-State-Non-Market Component of the Social Order
and the Production of Social Capital**

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Western Ontario, February, 1991.

There seems to be a growing interest in recent years with the non-state-non-market component of the social order: the identification of its parameters, its organization, its mechanisms and driving forces, and its relation to state and market institutions. This interest may be due to the feeling that the shifting from state to market and vice versa has led to an impasse. There may be dissatisfaction with the bureaucratization of life brought about by the growth of the 'welfare state', a certain disappointment with the quality of services,¹ or a concern with the rising costs of expanded public services. Yet, this feeling appears to coexist with the sentiment that institutions organized on market principles generate their own uncertainties and externalities (i.e. costs shifted to individuals not involved in the transaction or to society as a whole), and that they themselves depend on an extensive infrastructure and even substantial (direct or indirect) subsidies from the collectivity (via the state).

The experience of Eastern Europe also contributed to this growing interest. In these countries, 'civil society' had been considerably reduced by the all-encompassing role of the state in the organization and control of life. It was not only that market institutions had been abolished, but also that social and cultural institutions had lost all or a significant part of their autonomy. The Solidarity movement in Poland, for example, was not so much a labour movement or a demand for market institutions as the articulation of civil society, as the expression of its aspirations, and a 'prise en charge' of the social order.

The interest in the non-state-non-market component of society may, however, stem simply from the realization that reducing society to these two sets of institutions misses a large segment of public life and of the forces that drive the social order.

A. Dimensions of the non-state-non-market component.

The analysis that follows deals with three manifestations of this interest found in the social science literature. One focuses on the political, another on cultural, and a third on social dimension of the non-state-non-market segment of society. After a brief discussion of each of these dimensions (which, it will be seen, are interrelated), the essay will concentrate on the third.

1. The political dimension: civil society.

The expression 'civil society' has a definite political connotation. It focuses attention on the relation between citizens and state institutions. The concern is, on the one hand, with the social and organizational conditions for the formation of autonomous interest groups and for the articulation of their views; and, on the other, with the conditions for the exercise of influence on centres of power--primarily on political centres of power.

Much of the literature on civil society seems to postulate an opposition between state and civil society--a postulate made explicit in certain instances. The underlying view is that agents of state institutions pursue their own interests and that civil society (or parts of it) comes into play when these are at odds

with those of the citizenry as a whole or of particular categories of citizens. Thus a vital civil society will necessarily involve confrontations with state institutions. In other words, an autonomously organized civil society is a necessary condition for democracy as, almost inevitably, state and citizen interests will diverge on a number of issues. In this sense, civil society refers to that component of society that makes possible Hirschman's "Voice" (1970).

But, as Bratton (1989) points out, such an opposition or confrontation is not a necessary feature of state-civil society relationships. In fact, interdependence--which entails both divergent and shared interests--is a better way to characterize the relationship. This interdependence is captured, for example, by notions such as "policy communities" (Pross, 1986) and "interorganizational networks or systems" (Pfeffer and Salancik, 1978; Aldrich, 1979)--which refer to the network of groups, agencies, firms, government departments, or community associations involved in a particular policy field.

It is also central in the notion of coproduction or coprovision of public goods and services, a process involving collaboration between government agencies and community groups or individuals. The impetus for collaborative arrangements and practices is that in a given policy field, each organization or group of individuals possesses distinctive resources and that these can be profitably pooled (Salamon, 1987; Brudney and England, 1984; Litwak, 1985).

The socio-political dimension is not only found in relation to state institutions; it is also a dimension of the relationship between a variety of publics and their respective centres of power, such as economic enterprises, churches, and labour unions. Thus, from this perspective, a central issue of civil society concerns the organization of publics and the character of their relationship with the centres of power that manage the field of activity in which they operate, either in the society as a whole or in some of its regions or localities.

Organizationally, the socio-political dimension of the non-state-non-market segment of the social order consists of political parties, interest group organizations, advocacy groups, social movement organizations, groups and organizations involved in joint ventures with state agencies or departments, and the information media through which public opinion is articulated and expressed.

2. The cultural dimension: creation and expression.

In addition to being viewed as the arena which makes possible the articulation of interests and organization for the exercise of influence on centres of decision, the non-state-non-market component of society is also seen as an arena for cultural creation and expression. This include the various forms of artistic expression, the pursuit of ideas and knowledge and their diffusion, and the experimentation of new life styles.

In this approach, the focus is on the conditions and organizational means for autonomous creative activity by

individuals and groups. In societies under socialist regimes, this was largely regarded as an element of civil society, no doubt because of its close links with political expression. And, indeed, in those societies, the political authorities controlled not only political expression but cultural production as well. But, although related to it, the cultural dimension goes beyond the political sphere.

In his study comparing cultural production in Poland and the United States, Golfarb (1982) points out that it is inaccurate to view state-directed societies as the only ones imposing constraints on cultural creation and expression. Constraints also exist in liberal democracies where market institutions predominate. While in the former types of regimes, control is at the level of production, in market economies, constraints are found primarily at the level of distribution.

In one case, an individual may not be allowed to produce what he or she wishes; but, if approval is granted, there are few distribution problems. It is by and large assured by state agencies. In the other situation, individual creativity is unrestricted; but constraints or limitations may be experienced in the distribution not because prohibitions are imposed, but because a limited market makes particular cultural products unprofitable.

Hence the importance, in any type of society, of an arena that is more or less independent from state control and from market processes. Organizationally, this dimension of the social

order is found in universities, in agencies for the 'arms-length' funding of the arts, literature, and research in various domains, and in various associations established to facilitate and promote autonomous cultural creation. Academic researchers, authors and artists can easily understand the importance of such institutions.

3. The social dimension: community.

A third approach to the non-state-non-market component of society is found in the literature dealing with issues such as community development; economic development in Third World countries; self-help groups and practices. It also underlies certain analyses of the limits of the Welfare State; critiques of the individualistic culture of market-dominated societies; and interest in the 'third sector' (also called the 'independent sector', the 'nonprofit voluntary sector', the 'social sector', the 'intermediary sector', and the 'communal sector').

The focus here is primarily on the resources and social organization that makes it possible for groups and communities to manage their own affairs. This may require organization to influence centres of powers since those centres frequently control resources and make decisions that have an impact on the organizational capacity of the group or community. But the main focus is on the internal organization of the community and on its capacity to deal with collective problems and to pursue collectively valued goals.

Cottrell (1983: 403) defines a 'competent community' as one

"in which the various component parts of the community: (1) are able to collaborate effectively in identifying the problems and needs of the community; (2) achieve a working consensus on goals and priorities; (3) can agree on ways and means to implement the agreed-upon goals; and (4) can collaborate effectively in the required actions." Such a capacity for corporate action requires an organizational structure and a normative system. It depends on organizational forms and mechanisms and on value-based norms for the pooling of resources, for generating a working consensus, for the management of conflicts, for the coordination of efforts, and so on.

More fundamentally, it depends on networks of mutual obligation and support, on generalized trust² in the community, and on the social integration of individual members. It depends on the "institutionalization of social ties within a moral economy", that is on "a set of normative obligations to provide assistance to others so that they can carry out their projects." Such redistribution is a rational act whenever a balance in the quality of life between the members of the collectivity is perceived as necessary for the maintenance of the community and the stability of the social order (Cheal, 1988: 15-16).

The collective capacity of the community depends on a system of social norms and sanctions (positive and negative) for the channelling of individual behaviour; norms and sanctions making possible activities that are socially desirable but not directly in the self-interest of individuals; norms and sanctions for

controlling the negative externalities of action, that is, the costs imposed on those who are not involved in the decisions and their implementation. In such instances, social norms "allow the actors affected by externalities to gain an appropriate level of partial control of the action" (Coleman, 1987: 153).

The social basis of the organizational capacity of a community has been called an "invisible organization" or a "hidden resource" for a collectivity and its members (Hyden, in Bratton, 1989). It has also been called "social capital" (Bourdieu, 1980; Coleman, 1988).²

B. Importance of the communal dimension.

Basically, the communal dimension of society constitutes the social and normative infrastructure of the society and of its institutional system. Institutional transactions and processes are embedded in systems of social relations and of social norms formed in and sustained by the communal order. They depend on the social capital generated in the communal sphere.

The functioning of democratic institutions, for instance, depends on a robust social and normative structure. In the words of Almond and Verba (1965: 105) "the great secondary components of the democratic infrastructure--political parties, interest groups, and the media of communication--are analogous to the veins and arteries of a circulatory system. Unless they are connected effectively with the primary structure of community--family, friendship, neighborhood, religious groups, work groups, and the like--there can be no effective flow of individual

impulses, needs, demands, and preferences from the individual and his primary groups into the political system...In an effectively functioning democracy a substantial proportion of its members are involved in the political system through the meshing of the more diffuse structures of the community with the more differentiated ones of the polity."

An effective democracy assumes the existence of "diffuse community structures," an "invisible organization" into which individuals are integrated. These social and normative structures are a resource that individuals can use in order to influence governmental decisions (Almond and Verba, 1965: 219-220). Of course, these "hidden resources" may not be mobilized for political purposes. In other words, a social and moral infrastructure is a necessary but not a sufficient condition for a healthy democratic institutions.

Social and political movements are important instruments of cultural and institutional change. But such movements are usually based on existing solidarities and social norms (Oberschall, 1973; Pinard, 1968; Tilly, 1978). It is not, as 'mass society theory' suggests, the socially isolated and uprooted who participate in movements. On the contrary, it is those who are integrated in a cohesive social structure--a structure that can be either primary (i.e. "based on kinship, village, ethnic, ties, or tribal organization") or associational (i.e. consisting of a "network of secondary groups based on occupational, religious civic, economic, and other special interest associations")

(Oberschall, 1973: 119).

The social organization and culture of the communal order also have a significant impact on the functioning of the economic system. Economic activity and transactions are socially organized; they take place through structured networks of social relations. Much thinking about economic activity seems to assume atomized individuals making decisions and acting independently of each other. In fact, individuals are part of families and kinship systems, of ethnic and religious groups, of ideological groupings; they are members of occupational associations, of communities, regions, and nations.

Such affiliations affect their conceptions of the society and of the economy and their attitudes towards them. They identify those to whom one should be loyal, those one can exploit and those one should trust and distrust. From them emerge sub-cultures carrying values and norms of importance for economic activity. Indeed, they affect the exercise of authority in enterprises, saving and spending patterns, the notions of fairness in business transactions with individuals and with organizations, and the views concerning the distribution of the benefits of economic activity. In order to function effectively, market institutions require a "moral infrastructure" to "help ensure that minimum of honesty and trust without which the calculation of profit is only erratically reliable" (Walzer, 1986: 93). This moral infrastructure is partly provided by the family and by communal institutions.

The embeddedness of economic action in a social structure and culture (Granovetter, 1985) is manifest in the variations in economic patterns across societies and even across regions in the same society that all function under the capitalist mode. The importance of networks of primary relationships and of cultural resources have been observed, for instance, among economic elites (Cohen, 1974); in the formation of enterprises in ethnocultural communities (Light, 1972; Ward and Jenkins, 1984); in the informal and formal organization of economic production and development (Lockhart, 1985, 1987; Bratton, 1989); in the functioning of labour markets (Granovetter, 1985); and in consumer behaviour (Katz and Lazarsfeld, 1955).

Hirschman (1970) has convincingly argued that enterprises may not react rapidly enough to the 'exit' behaviour of customers and as result may end up in serious trouble. The isolated actions of individuals may not be sufficient to communicate the messages that would lead the enterprise to modify its service or product. 'Voice' is required in such circumstances usually through some form of collective action. This "negative feedback...with regard to the directions taken by the major institutions of society such as government and business...is provided by "cause-oriented, advocacy, and issue-oriented groups" located in the communal sphere (Smith, 1988: 2.7-8).

The importance of the communal system has also been documented in relation to the control of delinquency and crime. The police is, of course, important in this connection, but

because of fiscal constraints and especially because the police cannot be everywhere, the search for alternative solutions has led to "the rediscovery of community" (Hunter, 1985: 238). "The private order of the family, Hunter notes, is often mentioned as the cause of social disorder. But he argues that "the failure to deal adequately with adolescents reflects more of a break in the link between parochial⁴ and private social orders than a breakdown of the private social order itself.

It is the interlocking institutions of the local community that have generally provided for social control of teenagers...institutions that rely upon the voluntary contribution and labour of one's fellow neighbors." Hunter goes on to indicate that such "voluntary activity is difficult to elicit and maintain in the face of increasing expectation that the state should provide many of these services. Rising social disorder in urban communities would therefore appear to be more the result of a disarticulation with the parochial order than a failure of the state to provide social control in the public order" (Hunter, 1985: 238-9).

The importance of the communal component is also seen in community organization, as manifest, for example, in the network of voluntary associations and of mutual aid. This organization, incidentally, is not simply a response to market or state failure. It does not emerge only because "of inherent limitations of both the private market and government in producing collective goods (Weisbrod, 1978). It should not, as Salamon points out, be

"seen as derivative and secondary, filling in where other systems fall short." Indeed, Salamon suggests that it may be better to reverse the relationship and regard the voluntary sector as the preferred mechanism for providing collective goods and to consider government and market as residual institutions "needed only because of certain shortcomings of the voluntary sector" (Salamon, 1987: 111).

The central argument of this approach is that collective action ultimately depends on a sense of social obligation supported by a communal system social relations and norms and that, if this system is not systematically sustained, the sense of social obligation will eventually weaken. This, in turn, will make it more difficult to provide collective goods even through state mechanisms.

The communal dimension of the social order constitutes a source of "social capital" essential for the effective functioning of society and of a wide range of institutions. It "represents a tremendous reservoir of potential energy that can be mobilized under appropriate circumstances" for various kinds of collective goals (Smith, 1988: 2.10). Social capital refers to particular type of resources, namely those that reside not in finance and material inventories nor in individuals (e.g. human capital), but in the organization of social relations and in the normative environment (Bourdieu, 1980; Coleman, 1988). Social capital "inheres in the structure of relations between and among actors"; in the norms and organization of the social units (e.g.

families, groups, workplace) to which individuals belong (Coleman, 1988: 598). Social capital is generated not by transient but by enduring social units.

Relevant characteristics of enduring social units can be shared understandings and definitions of reality, a common vocabulary and system of symbols, socially approved motivations for action, cohesiveness, the flow of particular kinds of information, trust, networks of mutual obligation, guarantees of reciprocity over extended periods of time, and norms seeking to prevent behaviour detrimental to other members or to the group as a whole or that compel beneficial action (Coleman, 1987: 138-139).² Like money, technology, and skills, features of social and normative systems can permit or facilitate action in the economic, political, and cultural spheres.

In short, the communal sphere is where social capital is in significant part generated and maintained. It is where the social and normative infrastructure of society is constructed and sustained.

C. The creation and maintenance of social capital.

Three approaches to the emergence and maintenance of social capital as the social and normative infrastructure of society will be discussed. In addition to positive factors, these approaches also identify factors that, directly or indirectly, impede the creation of social capital or lead to its erosion. In these approaches, social capital is alternatively seen as:

- the result of direct investments in the social and

normative infrastructure;

- the unintended outcome of the actions of individuals independently pursuing their own interest;

- the by-product of the functioning of societal or community institutions.

1. The result of direct social investments.

Because of the 'public good' quality of social capital, individuals are not likely to invest in the creation of social capital. A reasons for this underinvestment is the fact that "the benefits of actions that bring social capital into being are largely experienced by persons other than the actor." Another is that individuals do not have the necessary means at their disposal: "The capability of establishing and maintaining effective norms depends on properties of the social structure (such as closure) over which one actor does not have control yet are affected by one actor's action (Coleman, 1988: S117-8).

But there is not an absence of direct investments. There are individuals who, under favourable circumstances, invest enormous personal resources in order to mobilize others toward the creation of some form of social capital. This may be because they value particular norms or pattern of social relations or because of their loyalty to a particular group or community. They act as social or cultural entrepreneurs. In fact, entrepreneurship is a critical factor in the creation of almost any form of capital (physical and human as well as social).

Direct attempts to create social capital can take at least

two forms. One process occurs in situations where the pursuit of collective interest is consistent with self-interest. In such situation, the individual who takes the initiative may induce others to cooperate. "The activist who sweeps up trash on several city blocks may contribute more than her fellow residents do to the cause of public sanitation, but she does so to influence the conduct of her neighbors, many of whom may not be so concerned about cleanliness as she is" (Crenson, 1987: 266; emphasis added).

Crenson suggests that what is involved in this type of incident may go beyond the voluntary provision of a collective good. Through his or her individual highly motivated behaviour, an individual may seek to influence the behaviour and ideas of others. To the extent that such attempts are successful, processes leading to the establishment of new norms or the reinforcement of existing ones may be set in motion. This may also be the outcome of the cooperative behaviour itself: "Once group members begin to expect cooperation from one another, norms of cooperation and fairness are likely to develop" (ibid.: 274). In fact, the end result may be the progressive transformation of a collectivity into a community. There are no doubt external circumstances, such as a natural disaster or a political crisis, that facilitate the unfolding of such processes. But the appearance on the scene of an individual with entrepreneurial talent and drive may be sufficient under 'normal' circumstances.

The formation of social movement organizations can also be

direct attempts to create social capital. Indeed, the creation, transformation, or enhancement of social capital tend to be the main objective of what Smelser (1963: 270) has called "norm-oriented and value-oriented" movements. Such movements "attempt to restore, protect, modify, or create norms or values in the name of a generalized belief." Movements concerned with values (e.g. messianic and nationalistic movements, religious and political revolutions) deal with "all components of action; that is it envisions a reconstitution of values, a redefinition of norms, a reorganization of the motivation of individuals, and a redefinition of situational facilities" (ibid.: 313).

As Fireman and Gamson (1979: 36) point out, "the production of social movements (should be seen) as the production of social order (rather than a symptom of disorder)." As in the previous instance, entrepreneurship is critical. It is the process through which objectives and their ideological bases are defined; communication channels established, resources mobilized, action coordinated, and so on (Moe, 1980).

2. The work of an "invisible hand."

In addition to his theory of market relations and of the economic order, Adam Smith (1759) had a theory of social relations and of the moral order. This theory is based on the universal mechanisms of sympathy rather than exchange. Sympathy "makes possible the creation and coordination of moral action in an individuated society no longer morally governed by prince, clergy, and landlord" because people direct and control their

behaviour so as to attract the sympathy of others" (Cropsey, quoted in Silver, 1990: 1482). Silver notes that in Smith's theory, "the moral order is generated by means precisely analogous to the system of market exchange...The moral order, like the wealth of nations, is continuously created by an indefinitely large number of acts as people encounter each other in a field defined, not by institutions or tradition, but their own interactions...The causal texture...is identical: desirable aggregate outcomes are the unintended result of an infinity of small-scale exchanges and interactions by ordinary persons... Self interest in a market increases the wealth of all; sociability sustains a universal morality from which all benefit" (Silver, 1990: 1492).

The analytic strategy is to account for macrosociological phenomena through microlevel social processes. The idea is that, to a significant extent, the properties of the social structure and of the moral order are not directly and intentionally constructed, but rather emerge from the operation of spontaneous social processes in day-do-day interaction (Blau, 1964; Coleman, 1986; Collins, 1981).

The modern version of Smith's notion of 'sympathy' is social approval, that is, the positive reactions to one's actions on the part of significant others. Individuals, it can be assumed, seek a positive image of themselves. One strategy to enhance or maintain one's self-image is to engage in behaviour that yield social approval, such as assisting others in the pursuit of their

interests or in collaborating in the production of a collective good. The sheer fact of supporting group values and of conforming to group norms, however, may yield approval.

Thus, the yearning for social approval as an anchorage for one's self-esteem, leads individuals to engage in actions that are beneficial to others as well as to themselves or that are in harmony with those of others. In the process, social relations are created, norms are established, mutual obligations are instituted, and trust is generated. If the group already exists, its cohesion is strengthened, collaborative patterns are more securely grounded, trust is validated, and social values and norms are reinforced.

If the boundaries of the group are very tight, the social capital created will remain within the group. If, however, individual relations extend outside the group, so will the social resources created. Thus the social capital could eventually become available to the community and the society as a whole. This is, incidentally, a variation of Granovetter's (1973) propositions concerning the role that weak social ties, seen from a macroscopic vantage, play in effecting social cohesion, in the diffusion of influence and information, and in community organization, generally.

3. A by-product of societal institutions.

The functioning of institutions such as those of state, market, and community can have, at least indirectly, a profound impact on the social and normative structure of society. This

impact can be either positive or negative: it can be such as to reinforce or undermine the existing structures of social relations and/or the system of norms. It should be noted that since these constitute the underpinnings of the institutions themselves, institutions can operate in such a way as to reinforce or undermine their own social and normative infrastructure. A few hypotheses on this question will be discussed.

a) The Welfare State.

It has been suggested that the importance of the communal component of the social order has decreased considerably in recent times. This decline would, in part, be due to the growth of the Welfare State: as social functions previously carried out at the community level have been taken over by state institutions, much of the communal organization became progressively obsolete (Nisbet, 1962; O'Brien, 1975). In the process, the social and normative infrastructure of society has been eroded.

By transferring functions carried out by individuals and groups at the community level to state agencies, opportunities for the creation of social capital--e.g. networks of mutual obligation; trust; norms regarding the public interest--have been reduced. This is because the production of public goods, social assistance, and mutual help has been to a considerable extent assumed by professionals operating within bureaucratic structures.

Thus, social responsibility has become bureaucratized. Over time, it is hypothesized, this has weakened the sense of obligation to the collectivity and, thus, eroded a component of social capital. Wolfe (1989: 10) writes that "when government collects my taxes and distributes the money to others, it not only assumes a responsibility that would otherwise be mine, but it also decides to whom my obligations ought to extend. I am therefore not obligated to real people living real lives around me; instead my obligation is to follow rules, the moral purpose of which is often lost to me."

Ignatieff (1985: 10) makes a similar observation: that responsibilities towards those in need are mediated through a vast division of labour. The mediation is through professionals and technicians acting as agents of organizations. "The mediated quality of our relationship seems necessary to both of us. They are dependent on the state, not upon me, and we are both glad of it. Yet I am also aware of how this mediation walls us from each other...It is this solidarity among strangers, this transformation of needs into rights and rights into care that gives us whatever fragile basis we have for saying that we live in a moral community" (emphasis added).

In addition, the growth of the welfare state has contributed to the trend in Western liberal democracies towards giving relative priority to rights over obligations. While the "original meaning of citizenship made reference to a balance of rights and citizen obligations...the long-term trend has been to emphasize

and elaborate citizen rights without simultaneously clarifying the issues of citizen obligation" (Janowitz, 1980: 1). Thus, the emphasis on rights would have eroded the norms obligating individuals and groups to each other and prescribing collectivity-oriented behaviours and contributions.

There are, however, counter hypotheses suggesting that the welfare state has not decreased but, on the contrary, increased the opportunities for collective action and individual participation in communal activities. It would have done so by stimulating the growth of communal organizations and associations providing complementary services. Pifer (1987: 124-5), for example, notes that the "independent sector" consists of a surprisingly large proportion of organizations established in the past twenty-five years--the period that also saw the burgeoning of the welfare state. "In fact, he suggests, there is a close connection between the two phenomena. Contrary to popular belief, the growth of government spending did not make the nongovernmental sector redundant and anachronistic but, in fact, stimulated its growth and led to the development of a broad partnership between the two..."

Another hypothesis would be that the growth of the welfare state has had virtually no effect on patterns of communal organization; that the world of formal organizations is somewhat disconnected from that the networks of informal relations: "people's familial and informal group relations...can be thought of as their microsocial relations. These are set off from

people's ties to formal organizations, which may be called their macrosocial relations" (Gans, 1988: 64). Contrary to upper-middle-class and upper-class people, those in the middle "are more likely to follow a pattern of organizational avoidance" (p. 43). Their "microsocial relations are clearly at the centre of middle American life, while macrosocial ones, however crucial the unavoidable ones may be, are largely at the periphery" (p.64).

Gans' analysis suggests that the two sets of hypotheses may have to do with processes taking place simultaneously, but in different segments of the population. Thus, the growth of the 'Welfare State' would have contributed to as well as undermined the social and moral infrastructure of society. Clearly, more empirical evidence is required on these questions.

b) Market institutions and processes.

Market institutions can also create or destroy social capital. Their impact is primarily cultural: through its functioning, it reinforces a particular set of values which tend, over time, to permeate other domains of individual and social activity.

This cultural impact can be positive. Wuthnow (1987: 81), for instance, indicates that "the marketplace is fraught with moral connotations. This is true not only in the sense of economic behaviour being surrounded by moral injunctions to act honestly, ethically, and with integrity. The marketplace is one of the arenas in modern society in which persons have an opportunity to participate in public life...Buying and selling,

working and consuming link individuals to one another and to the overall collective purposes of the society. The market, therefore, provides an important means of discharging moral responsibilities to the society in which we live."

The hypothesis is that the cultural construction surrounding the functioning of the market could be such as to symbolically link economic activity to the public good and not only to individual gain. In this way, the culture of the marketplace would underscore collectivity-oriented moral values and concerns. Individuals would see the moral relevance of their behaviour for the community as a whole. They would see that, as workers and consumers, they contribute to the well-being of society (e.g. economic growth; the provision of services; technological improvements) as well as to its problems (e.g. pollution; excessive waste). "As we go about our business, we (would) think of ourselves neither as conniving utilitarians nor as evil capitalists, but as moral persons engaged in socially useful activity" (ibid.: 89). Thus, participation in the marketplace would be seen as carrying a moral responsibility and its discharge by individuals would reinforce the moral basis of the social order.

Wuthnow, however, emphasizes that the hypothesis assumes "that the market actually provides opportunities to demonstrate convincingly that we are fulfilling our moral obligations" (ibid.: 85). He suggests that such opportunities are less present under present-day market conditions than would have been in

previous times. Indeed, the cultural construction surrounding the operation of the market has been eroded by a number of developments in modern societies. First, "the growing complexity of the marketplace makes it increasingly difficult for individuals to sustain the idea that their participation contributes in any significant way to the public good" (ibid: 92). The complexity is a matter of size, technology and bureaucratization (in its legal and organizational dimensions).

It was mentioned earlier that the relationship between individuals and the public domain is mediated by a large organizational apparatus with its complex division of labour and centralized decision-making structure. As a result, in the same way that it is difficult for citizens to see the link between their taxes and the contribution they make to the collective good and to the well-being of others who are strangers to them. For similar reasons, it is also difficult for workers and consumers to see the connection with and the moral relevance of their economic activity for the public good.

Other hypotheses suggest that the cultural impact on social capital is direct and negative. Specifically, that because it is based on self-interest, the market detracts individual energies from public concerns. This was the view of early analysts such as John Stuart Mill and Tocqueville. Mill wrote that the private money-making operation tends to fasten attention and interest upon individuals themselves and to make them "indifferent to the public, to the more generous objects and the nobler interests..."

Balance these tendencies by contrary ones; give him something to do for the public, whether as a vestryman, a juryman, or an elector--and, in that degree, his ideas and feelings are taken out of this narrow circle" (quoted in Waltzer, 1986: 89).

Tocqueville also saw the emphasis on self reliance and on utilitarian individualism as generating a tendency for people to isolate themselves from the public domain: "Immersion in private economic pursuits undermines the person as citizen... (Accordingly), Tocqueville is particularly interested in all those countervailing tendencies that pull people back from the isolation into social communion"--into involvement in public affairs (Bellah et al., 1985: 38).⁶

In this perspective, the marketplace is seen as based on a system of values that justifies the pursuit of individual gain and indifference to the public good. Hirschman (1982: 67) points out, for instance, that this system of values is embedded in a more or less explicit ideology:

the dogged pursuit of happiness along the private road is not, as we often tend to think, 'what comes naturally;' rather, it is presided over and impelled by an ideology which justifies it, not only in terms of its beneficial results for the individual pursuer, but as the surest and perhaps only way in which the individual can make a contribution to the common good. The ideological claims made for the private life thus sustain the individual's quest with two messages: one, the promise of satisfaction and happiness; and two, the assurance that there is no need for guilt feelings or regrets over the neglect of public life.

The hypothesis is that the ideological emphasis on self-interest and satisfaction subverts the elements essential for communal and public life such as cooperation, interest in other

people's welfare, and the voluntary contribution of personal resources to the creation of public goods. The two messages mentioned by Hirschman "are interrelated so that the experience of disappointment in the pursuit of private happiness directly rehabilitates and reawakens the desire to share in the public life."

The individualistic emphasis also undermines the moral infrastructure by, implicitly if not explicitly, denying the moral relevance of the contributions to individual success of the social and moral resources drawn from family, the local community, and the larger society (as well as previous generations). Indeed, the cultural definition of "success in terms of the outcome of free competition among individuals in an open market" underscores individual effort and "hard work" (and the laziness or lack of motivation of the unsuccessful) and plays down the determining role of the social and economic structure and of the publicly provided facilities and supports. "The limit set by individualism is clear: events that escape the control of individual choice and will cannot coherently be encompassed in a moral calculation" (Bellah et al., 1985: 198, 204).

In short, the individualistic system of values that underlie the functioning of a market economy can be a factor in the erosion of some elements of the social and moral infrastructure of the social order.

c) The non-profit voluntary sector.

Another range of organizations through which social capital

can be created consists of voluntary associations, social and political movement organizations, mutual aid and other informal groups devoted to the provision of collective goods to more or less inclusive publics. Self-interest and necessity are forces behind involvement in these types of organizations, but concern for the collective interest and for the well-being of others appears to be of prime importance, although not equally for all participants.

The distinctiveness of these organizations is that they depend almost entirely on the voluntary, unpaid contribution by individuals. It is not that their effectiveness would be reduced without such contributions, but that they would collapse entirely or change character. It is not assumed that they are the only ones providing benefits to individuals or to the society-at-large. State and market institutions also make such contributions. However, these three categories of organizations differ in many ways: e.g. the nature of the activities they carry out; the kind of social relations that predominate in each of them; and the type of organization in which these take place. Perhaps the most important difference, however, concerns the content of the norms that orient and regulate the activities and relations of participants.

Thus, in addition to contributing directly to the explicit goals of the activities, individuals who are involved in these organizations also contribute indirectly to the production of social capital; to the construction and maintenance of the social

and moral infrastructure of society. Whether it is service to individuals or the provision of public goods, participation represents a concern for the community as a common project; an immersion in public affairs rather than private pursuits (although the two are not necessarily in contradiction with each other). It thus can have an impact on the social and normative underpinnings of the social order; it can improve or maintain the existing stock of the social capital necessary for the functioning of other institutional spheres.

D. Conclusion.

Three dimensions of the non-state-non-market component of the social order were identified and discussed: the civil, cultural and communal dimensions. These, it should be emphasized, are not separate sectors; they are facets of the social organization of society. They are distinguished for analytical purposes, but, in reality, they are intertwined in complex ways.

In addition, even though it appears to make sense to view state and market institutions as distinct from other components of society, these are all interrelated. They are sometimes referred to as sectors. But these sectors, to the extent that this is a useful conceptualization, are not clearly demarcated from each other. First, the boundaries between them are far from being clear-cut. Second, some organizations may be seen as part of one sector in some regard and part of another in other respects. This is the case, for instance, of political parties, the media, and the defense-related industry). Third, there are

intricate patterns of exchange, collaboration, competition, and conflict among the organizations and groups that are classified under each of the three components of society,

But this essay did not adopt the sectoral perspective. Rather, the attempt was to identify various dimensions of the social order. In particular, it was emphasized that the communal dimension refers to the social and normative infrastructure of society; it is not a separate sector. The institutions in the various domains of activity depend on this infrastructure for their effective functioning. This is the case for the transactions of the market economy, democratic processes in politics, creativity in cultural expression, the provision of physical security, and so on. No institution functions independently of the communal dimension of the social order; that is, of the networks of social relations, of the content and character of these relations, and of their underlying system of values and norms.

The functioning of institutions can, in turn, sustain, reinforce, erode, or transform the social and moral infrastructure. To the extent that the impact is negative, institutions undermine the very structure on which they depend. It may be worthwhile asking whether some of the problems associated, for instance, with the Welfare state, with the functioning of democratic institutions, with economic processes, with the level of trust in institutions can be traced to an erosion of the social and normative infrastructure which, in

turn, is the result of the structure and practices of the institutions themselves.

Notes.

1. The quality may be low because of the rapidity of the growth in the supply of various kinds of services. Thus the 'Crisis of the Welfare State' could be the result of growing pains, rather than of "fundamental contradictions", as Hirschman suggests (1982: 42-3).

2. "Trust must be conceived as a property of collective units, not of isolated individuals. Being a collective attribute, trust is applicable to the relations among people rather than to their psychological states taken individually. Therefore, we may say that trust exists in a social system insofar as the members of that system act according to and are secure in the expected futures constituted by the presence of each other or their symbolic representations. It is the mutual 'faithfulness' on which all social relationships ultimately depend" (Lewis and Weigert, 1985: 968).

3. This notion is discussed in more detail later.

4. Hunter's expression for the communal or social order.

5. The behaviours in question are those that individuals would either not avoid or not carry out on their own, driven by their self-interest. Indeed, norms would be unnecessary if individuals would spontaneously avoid actions detrimental to others or carry those that are beneficial to others.

6. On this question, see also Wolfe, 1989.

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