SPECIAL SECTION

Government Action, Social Capital and Development: Creating Synergy across the Public–Private Divide

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Introduction: Development Strategies across the Public–Private Divide

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Summary. — Recent movement toward more comprehensive institutional perspectives on development has been stimulated by two distinct challenges to narrow development theories. Theorists of "social capital" have highlighted the degree to which norms of trust and the interpersonal networks on which they are based constitute economic assets. Revisionist theories of the "East Asian Miracle" have emphasized the central role of public institutions in capitalist development. This introduction and the articles that follow attempt to bring these two disparate traditions together by examining the potentially positive role of relations which join state and civil society in shared developmental projects. Copyright © 1996 Elsevier Science Ltd

Contemporary development strategies focus attention on macroeconomic results without contributing very much to the understanding the microinstitutional foundations on which they depend. Too often development theory has operated, *de facto*, on the premise that the only institutions that mattered were those directly facilitating market transactions. Narrowly focused theories fail to incorporate the importance of informal norms and networks that make people collectively productive. They also distract attention from "soft technologies" of institutional change, which can produce results well out of proportion to the resources required to implement them. Without denying the necessity of exploiting the incentive structures and flexibility that markets provide, it is clearly time for a broader definition of the institutional bases of improved human welfare and enhanced productivity in poor countries.

The beginnings of a broader institutional conceptualization of development are already well underway. New theories of social capital and revisionist perspectives on the role of state constitute two distinct challenges to the "market as magic bullet" view of development that was hegemonic for most of the 1970s and 1980s. Stimulated by disparate sets of empirical evidence and divergent conceptual visions, these two challenges still have the common consequence of expanding prior definitions of what institutions are relevant to development.

Renewed interest in the norms of trust and reciprocity and the networks of repeated interaction that sustain them forces thinking about development outside old molds. Such norms and networks operate interpersonally and within communities and obey a logic quite different from that of "arms length" exchange. By labeling such norms and networks "social capital" contemporary theorists such as Robert Putnam (1993a and 1995b) project primary ties as potentially valuable economic assets.

Interest in social capital was provoked primarily by analysis of advanced industrial countries rather than poor developing ones. The acute consciousness of the globally affluent that, not only were incomes stagnating, but their lives were somehow "poorer" in ways that could not be solved through increased consumption, begged for a response. Social capital was a good candidate for the lacking input. Once the issue had been raised, it was hard to contest its relevance to poor countries.

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Informal ties do not necessarily promote improvement in material well-being any more than wealth or technology is necessarily used to promote human betterment, but if people can't trust each other or work together, then improving the material conditions of life is an uphill battle. When sustainable improvements in the welfare of ordinary Third World citizens are the aim, social capital is a crucial ingredient. Without social capital, physical and human capital are easily squandered. Other features of social capital are even more intriguing from the point of view of countries where other sorts of capital are scarce: social capital does not necessarily require expenditures of scarce material resources in its creation and its stock accumulates with use instead of depreciating.

The other push for a broader institutional theory of development came from a very different direction. By the beginning of the 1980s it was clear that East Asia represented the only 20th century example of capitalist industrialization sufficiently successful to rearrange the global hierarchy of nations. Over the course of a generation, Japan became the chief economic rival to the United States. In a similar time span, Korea and Taiwan had moved from African levels of per capita income to outdoing most of Europe in many high-tech sectors. Conventional economists made every possible effort to contain this history within the "market as magic bullet" model of development, but did not succeed. Revisionists such as Johnson (1982), Amsden (1989) and Wade (1990) were eventually joined by the World Bank (1993) in admitting that state bureaucracies had played a central role in the "East Asian Miracle."

The reintroduction of the state as a central actor in capitalist development and the new willingness to treat community norms and interpersonal networks as "social capital" both forced a broadening of the developmental framework, but the two movements were, to say the least, not very well integrated. Theorists of the state as a developmental agent had little to say about social capital. Theorists of social capital often portrayed the state as one of the culprits in the demise of community. For many theorists of social capital, the expansion of the formal bureaucratic organization of the state "crowds out" informal networks without providing the same range of value and functions, leaving communities worse off. Coleman, for example, suggests (e.g., 1990, p. 321) this kind of "zero-sum" relation between state-sponsored activities and social capital in which government involvement leads to atrophy of informal networks, diminishing social capital.

Others, however, take the opposite position. Putnam (e.g., 1993b, p. 42) argues for synergy. The idea of "synergy" implies that civic engagement strengthens state institutions and effective state institutions create an environment in which civic engagement is more likely to thrive. The actions of public agencies facilitate forging norms of trust and networks of civic engagement among ordinary citizens and using these norms and networks for developmental ends. Engaged citizens are a source of discipline and information for public agencies as well on-the-ground assistance in the implementation of public projects., Like Putnam, Nugent (1993, p. 629) comes down on the side of the "synergy hypothesis," arguing that

> there is evidence that the existence of the state and the rules it establishes and enforces can strengthen and increase the efficiency of LOI's [local organizations and institutions] and that, at least in coalition with other urban-based groups, LOIs can give rise to collective action increasing the power of the state.[1]

The synergy hypothesis offers the tantalizing prospect of a unifying theme for currently divided efforts to build a broad institutional approach to development. Even unified, the two themes will not, of course, supplant conventional concerns with markets and incentives. Since both bureaucratic public institutions and informal community ties must operate in a global political economy dominated by market relations, work on synergy cannot afford to become the mirror image of "market as magic bullet" theories. Those who would deal with states and communities must, of necessity, also deal with markets.

The five papers that follow this introduction explore the relation between government and civil society in a variety of different developmental contexts. They allow us to assess the extent to which state involvement facilitates developmentally effective collective action by common citizens in a diverse collection of settings around the globe (both in the Third World and in what used to be called the Second World). They chronicle the impact of state-society synergy, or its absence, on several different kinds of outcomes. Some, such as Lam, focus on the institutional arrangements designed to produce a quite tangible and specific set of economic consequences. Others, such as Fox, are primarily interested in political development. Still others, such as Heller, examine a combination of economic and political outcomes.

None of this work denies that there are numerous instances in which relations between state and society are characterized by zero-sum conflicts rather than synergy. State intervention sometimes destroys developmentally promising social networks and undermines developmentally useful social norms. The papers in this special section contest the idea that some inescapable structurally logic makes zero-sum relations between the state and civil society necessary or normal. These authors certainly don't take synergy for granted, but they do explore the conditions under which it can become a reality.

The set of five articles begins with Wai Fung Lam's report on a well-known case — the unusually effective organization of irrigation on the island of

Taiwan. Lam argues that developmental success depends on the interaction of highly bureaucratized government agencies and self-organized local communities. His analysis constitutes the most straightforward vindication of the proposition that state-society synergy lies at the heart of developmental success. After reading Lam's detailed depiction of the intricate institutional foundations of Taiwan's irrigation system, it is clear that without their symbiotic relation to the highly bureaucratically organized "irrigation associations" local communities would not be able to organize the delivery of water with the same effectiveness, even at the local level. It is equally clear, however, that government irrigation bureaucracies could not be effective in delivering water without the participation of local communities.

In the second article, Patrick Heller offers an equally compelling validation of the effectiveness of mutually reinforcing state-society ties using a more unconventional case. Kereala is well known among aficionados of welfare-oriented development strategies but existing accounts of the Kerala case tend to focus on its redistributional successes in agriculture. Heller focuses instead on the industrial sector. His article explores the positive cycle of interaction between a highly mobilized industrial workforce and a deeply engaged government. Government action not only supports mobilization but offers institutional resources that hold the promise of making militancy compatible with capital accumulation.

Elinor Ostrom reminds us in the third article that, however developmentally effective state-society synergy may be, it can by no means be taken for granted. She starts from the position that effective delivery of services ostensibly produced by government — such as primary education and city sewer systems — depends in fact on the joint activity of citizens and government, which she calls "coproduction." If we look more closely at cases where public services are most effectively delivered, Ostrom argues, what we are likely to find is that they are "coproduced" with government and citizens acting jointly as producers. In her paper she illustrates this idea by taking two contrasting cases. In Recife, Brazil, coproduction has enabled poor neighborhoods to get the sewer systems they need. In Nigeria, a centralized bureaucracy's failure to realize the obvious opportunities for coproduction hamstrings primary school education.

Jonathan Fox expands the scope of the discussion in the fourth article by looking at a case in which there is overt, often violent conflict between government and citizenry. Fox is less concerned with the coproduction of particular services than with the coproduction of social capital itself in the form of autonomous peasant organizations. By focusing on the rise of autonomous peasant organizations in authoritarian rural Mexico, he has chosen a case in which a zero-sum model between state power and civic organization seems more appropriate than a synergy perspective. Nonetheless, even in this case, he still finds that "reformists" working within state apparatus are one importance source of support for the construction of social capital among poor peasants.

Finally, Michael Burawoy offers a vision of what happens when institutional foundations for state-society synergy are lacking. In his principle case, Russia, reformers explicitly set about dismantling the state apparatus. They assumed that nothing could be worse than the stagnant, corrupt set of ties that connected the old Soviet party-state to the society it ruled. They hoped that if state power could be destroyed, market relations would replace perverse state-society ties, generating productivity and prosperity. Burawoy's analysis of "economic involution" in the coal and timber industries of Northern Russia shows how trying to construct markets without simultaneously reconstructing public institutions produced results that were as perverse, at least in economic terms, as those produced by the old system. To reinforce his point he uses the case of China, where synergistic relations between the state apparatus and village and county enterprises have provided the basis for a very dynamic transition to a market-oriented economy.

By setting out examples of state-society synergy, and illustrating how such synergy can contribute to developmental goals these five papers help make the empirical reality behind the concept come alive. The articles also use a diversity of analytical approaches to explore state-society relations. The array empirical settings and the diversity of approaches make the argument for synergy all the more convincing, but they do not generate an obvious set of shared propositions about the nature and dynamics of synergy. Beyond the idea that synergy is a valuable developmental tool, what kind of generalizations can be extracted from such a diverse set of studies?

In my concluding essay I highlight some of the insights that emerge from reading the five articles together.[2] I focus on two general questions. First, "How are synergistic relations structured?" Are there some structural properties of positive state-society relations that run across the various cases? Second, "How does the surrounding sociopolitical context constrain or facilitate the emergence of synergy? Do contexts which generate positive examples of state-society relations share identifiable properties?

In the search for a general response to the question of what forms of state-society relations lend themselves to synergy, two contrasting conceptualizations help frame the debate. The first builds on the conventional view of a healthy relationship between the public and private sphere. In this view, synergy depends on complementarity. Possibilities for civic action are enhanced by the provision of public goods, but easily threatened if public agencies become more intimately involved in community affairs. A more radical view of synergy focuses on "embeddedness." It questions the assumption of distinct public and private spheres and sees trust and productive informal networks not only as a property of civil society but as spanning the public-private divide.[3]

Wai Fung Lam's earlier (1994) work on irrigation in Nepal offers a good example of a complementarity argument which is very much in line with conventional emphasis on the state provision of lumpy collective goods. Lam's analysis contrasts the value of the state's role in providing complementary goods (dams, main canals etc.) with the negative consequences of state involvement in irrigation operations at the local level. Systems which the farmers manage for themselves are more effective than ones in which the state becomes directly involved in the day-to-day delivery of water to the fields. The combination of complementarity and a "hands off" relation between the state and self-organized communities implies a very different vision of synergy than the one suggested by an "embeddedness" vision.

Ostrom's vision of "coproduction" can be interpreted as an example of the more radical "embeddedness" approach. Coproduction implies that public and private actors are enmeshed together in the process of production. Judith Tendler's recent (1995) work on "blurred public and private boundaries" makes a similar argument, emphasizing the potential benefits of networks that span the divide between state and civil society. In both cases, synergy is produced by the intimate entanglement of public agents and engaged citizens. This view of synergy flies in the face of both a market-based logic of development and traditional theories of public administration. Neoliberal and statist views of the world can be reconciled to synergy as complementarity, perhaps even to the possibility of occasional positive influences flowing across the public-private divide, but the idea of ongoing public-private intimacy offends everyone's sense of propriety. Public administration purists see it as threatening the insulation necessary for clearheaded decisions that are in the public interest. Market advocates see it as hopelessly muddying the logic of individual incentives and rational resource allocation.

In my conclusion, I try to reconcile these two contrasting visions of how effective state-society relations might be structured. Reviewing the material from all five articles, I argue that complementarity creates objective grounds on which cooperation between government and citizens can be built but that embeddedness generates the normative and interactional basis for realizing the potential joint gains.

Providing a better understanding of the forms of synergy is only one of the contributions of the five articles. The concluding essay also tries to summarize the collective insights they offer into the circumstances that facilitate the emergence of synergy. In exploring this theme I focus on what the individual articles have to say on the issue of "endowments" versus "constructability."

An "endowments" view would emphasize the extent to which positive state-society relations depend on preexisting features of the society and polity that are relatively difficult to change in the short run. The most obvious example of a potentially important endowment would be the prior stock of social capital. If it takes a long time (decades or centuries) to accumulate the necessary stock, then only those communities that are already well endowed are likely to be able to enjoy the benefits of synergy. Other features of society that tend to change very slowly, levels of inequality, for example, might also be relevant "endowments." Even the form of political regime or the character of bureaucratic institutions might have to be treated as endowments which constrain the possibility of initiating synergistic state-society projects.

A "constructability" perspective focuses on the possibility of building synergistic relations in the relatively short run. It assumes that prior distributions of sociopolitical endowments are not the primary constraint. Instead, the imaginative application of "soft technologies" of institution-building and organizational change can produce synergistic relations even under unlikely circumstances.

My concluding essay culls the five articles looking for evidence as to what kind of endowments seem to facilitate the emergence of synergy and how much their scarce supply limits the possibility of constructing productive state-society ties. The essay tries to offer a realistic assessment of the ways in which the sociopolitical contexts that prevail in most Third World countries make it hard to develop positive ties between state and society without ignoring the potential for constructive change even under adverse circumstances.

If the five articles in combination serve to support a set of general conclusions, the value of each individual article is all the more enhanced, but it would still be a serious mistake to short-circuit the analysis by focusing too much on crosscutting generalizations. Each of the five articles offers, not only an rewarding set of empirical evidence to be digested, but its own original analytical frame to be considered. Lam and Ostrom use the idea of "team production" to explore problems of state-society relations. Heller focuses on mobilization and class relations. Fox develops the idea of the "political construction" of social capital. Burawoy explores the way in which the transition to market relations can produce "economic involution" instead of increasing productivity and output. Careful consideration of the distinctive theoretical contribution of each article in its own right is a prerequisite to evaluating their collective contribution to our understanding of synergy.

NOTES

1. Nugent actually postulates a three way synergy, arguing (1993, p. 630) "... because of the potential complementarity between the state and both markets and LOIs, all can be strengthened by developing appropriate linkages among them." Three-way synergy is certainly as plausible as bilateral synergy between the state and social capital, but it raises an additional set of complex questions. Looking at the relation between the state and social capital is a sufficiently daunting task.

2. I also draw on related work discussed at the conference where the original versions of the five articles were presented, but pulling together ideas from the five articles is the primary aim of the essay.

3. The language echoes Granovetter's classic work on the embeddedness of market relations as well as my own (Evans, 1995) characterization of the institutional configurations that lie behind the "East Asia Miracle."

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