Chapter II

Globalisation and Social Development
A Conceptual Framework

The key aspect of a theoretical understanding of globalisation and social development in the developing countries is the shifting priorities from state to market and to social capital in the social development debates at different times. The post colonial state had played an interventionist role in the economic and social development of developing countries, roughly from 1950s to early 1980s. Compared to the subsequent waves in social development, this period was rather big, lasted long for about four decades. But this state- led development pattern has undergone severe criticism by 1980. This led to a new wave of development in line with less state participation and more participation of market and private sector. Though this started in the 1980s, it is intensified by 1990-91 and lasted until late '90s. Gradually, market has dominated the economy and the participation of private sector has become predominant in the economic activities of the states under this study. State was forced to cut short its social expenditure and limit its intervention in the social sector under structural adjustment. This was a clear shift in the role of state from ‘interventionist’ to ‘facilitator’ in social development. This has raised certain fundamental questions on the traditional institutional understanding of state sovereignty.

The philosophy behind liberalisation was that it would lead to economic growth and automatically to social development. Paradoxically, liberalisation and privatisation had deteriorated the social condition of the poor in the developing countries. Market has failed to achieve social development and it is realised that economic growth alone cannot offer social development. Therefore the third model based on social capital became dominant in the development debates by late 1990s. This was projected as a novel tool for social development - a people centred state supported - in which development intermediaries like NGOs also play a key role. It is important to mention that the same proponents of market economy and neo-liberal globalisation - World Bank and IM2F - were the promoters of this model. Overall, while discussing the major theoretical positions on globalisation, development/social development and the paradigm of social capital/community based development the chapter formulates a theoretical framework of this study.
Introduction

The debates on globalisation and social development have drawn serious attention of the social scientists during 1990s, as the society was poised to enter the third millennium. The rapid spreading out of western civilisation to the rest of the world, especially in the latter part of the twentieth century, has brought the human species into a single unified political, economic and cultural system (Scholte 2000: 18). This quick spread of western technology, institutions, values and practices have created a common space among a section of society who actually represents the state and link it with international sphere. Thus, the study of globalisation has become the study of the political and the social life of our time. More than a study of trade and commerce, it links political, social economic and cultural interaction of humanity in a wider global sphere and remain a dynamic component of human experience.

Globalisation can be considered as a process (or set of processes) which represents the modern-day shift in the spatial organization of societal relations and dealings, expressed in transcontinental or interregional flows and networks of activity, interaction and power (Held et al. 1999). These spatial shifts are directly linked to the stepping up of crucial forms of social activity. Trends towards a greater global interaction have, in fact, gained momentum radically as they have developed along with the emergence of local, national and continental interaction and power.

Alongside financial integration, the operations of Multinational Corporations (MNCs) have created a system of production by integrating national and local economies into global production networks. In this context, national economies no longer function as autonomous systems of wealth creation since national borders are no longer significant hurdles to the organisation of economic activity. Therefore it is observed that the distinction between domestic economic activity and worldwide economic activity is becoming increasingly difficult to sustain (Woods 1998).

In short, globalisation should be understood as a multi-pronged process since de-territorialisation, social interconnectedness, and acceleration of human activities manifest themselves in different arenas - economic, political and cultural. Although these aspects of globalisation is linked to the above mentioned core components, each consists of a complex and relatively autonomous series of empirical developments

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that requires careful examination to release the causal mechanisms specific to it (Held et al. 1999).

As we have seen in the introductory chapter, globalisation represents the growing integration of economies and societies around the world. The process is apparently very complex and variously affecting different countries, regions, and their populations. Obviously, it has far-reaching implications on every facet of human life. Territory, in the traditional sense of a geographically restricted location, constitutes the whole of "social space" in which human activity occurs. But, as a significant move, globalisation has reconstituted this notion by facilitating an array of social activities irrespective of the geographical location of participants (Ruggie 1993; Scholte 2000). In this sense, globalisation indicates the spread of new forms of non-territorial social activity.

Globalisation and social capital are two closely related elements in the current social development debates. More specifically, social capital is the product of the search for a more effective strategy to address the challenges of globalisation in the social arena. Such a philosophy has spread in connection with liberalisation especially in the late 1990s that social development is equal to and an integral part of economic development (National Conference on Social Development, Cairo: 2000). The fulfilment of the basic needs of people, achieving fair distribution of wealth gained as a result of economic growth, development of human resources and expanding the scope of options before the people with emphasis on social justice, equal opportunities and eradication of poverty and illiteracy has been accepted globally as the basic tenets of social development.

That is, the social impact of globalisation created a demand for substitute strategies in social welfare/development and consequently led to the popularisation of the concept of social capital. The debates generated by Post Washington Consensus very much popularised the idea of social capital by late 1990s and the 'social' in it actually represents the non-market responses to market imperfections. This represents a fundamental shift in the development debates - initiated by World Bank - from Washington Consensus to Post Washington Consensus.

Globalisation and social capital are defined by different scholars in different ways. The concepts are interrelated because most of the definitions on social capital
highlight the role of government, market and the individual in maximizing social
development/welfare within the globalisation paradigm. Theoretically, social capital
develops in a society with the formation of social connections and networks among
people/groups based on principles of trust, mutual reciprocity and norms of action. It
facilitates social development through exchanges of resources and skills across
sectors.

i 1. State, structural adjustment and social development

As we understand it in the current study, SAP is the core of liberalisation/
globalisation. Therefore, to develop a critical outlook of SAP is essential to develop a
theoretical framework of the study. It is evident from history that market
imperfections and other structural limitations in developing countries have essentially
forced state control over production as well as distribution of resources for long time,
especially in the initial decades of independence. The structuralist notions had
justified momentous government intervention in underdeveloped financial markets
(Amin 1991). However, we shall see a gradual shift towards privatisation, though
limited, by mid 1970s in Egypt and 1980s in India. The introduction of more capital-
intensive projects by IMF through its Structural Adjustment Loans (SAL) in 1979 was
a major initiative in this regard. Gradually, developing states incorporated a new
economic policy, which is primarily outward looking and was against their previous
policy orientations. Obviously, such changes generated critical social impacts, even
though they were monetary policies.

By the end of 1980s, there emerged a new way of economic thought in the
developing countries that was contradictory to the predominant development
orientation based on protectionism and over action of state that they followed in the
previous years, that is 1950-`80. It has proposed for economic management and
rationalisation in the public sector through cuts in government expenditure and to
maintain balance between imports and exports. Further, it highlighted the importance
of a more efficient allocation of production factors, greater flexibility and sustained
growth in controlling the crisis in Balance of Payments. Briefly, there has been a
systematic effort by neo-liberals to dismantle restraints on trade and capital flows and
to reduce governmental ‘interference’ in the organization of the economic life of
people all over the world (Block 2001: 18). As we have already seen, Egypt and India
had also become part of this wave by the year 1991.
The idea of the opening up of national economy to international competition has become an acceptable norm for most of the developing states within a short span of time. The policy changes opted as well as the programmes designed to save the crisis-ridden industries in the developing states has led to a situation of full-fledged competition. Consequently, the industries of the North have overpowered economies of developing countries, who are the new entrants in the global market, since the policies taken were favourable to protect and to promote the trade/commercial interests of the northern-based Trans-National Corporations (TNCs) and the rich states. As far as the social sector are concerned, the new market oriented policies like privatization of public services and public assets has further deteriorated the situation in the social sector.

Contemporary patterns of globalisation are sturdily associated with the reframing of the relationship between the states and the markets. International trade and the cross-border flow of capital have grown much faster than the expansion of world economy. The promotion of free trade and expansion of free trade zones by the reduction or elimination of tariffs and control over the mobility of capital were facilitated by World Bank and IMF through the GATT agreement. Through the clauses in TRIMS, this process has been regulated and monitored in the global level. Similarly, the agreement TRIPS has created common intellectual property laws across nations and offered supranational recognition of intellectual property restrictions. This has enlarged the role of international organizations such as WTO, World Intellectual Property Organisation (WIPO), IMF and World Bank in regulating and supervising international transactions.

i 2. Understanding social development in the era of globalisation

Globalisation dispenses with or at least blurs artificial political boundaries and links state sovereignty with human rights. Liberalisation of trade, finance and production, deregulation of labour and environmental laws and certain fundamental structural and institutional reforms limit the state activism in the public realm. Given this context, the conventional understanding in the third world, that the state and its

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1 Though states are free to make their patent laws under this clause, it has to be done within the general framework created by WIPO, so that it may be acceptable to other states also. For example, the patents granted by China would be recognized in the US.

2 However, in certain discourses, state boundaries are still privileged to a certain extent. For example Scholte argues that the idea of state still holds firm in a legal institutional sense (Scholte 2000: 130).
institutions (public sector) are central to the welfare of people/social development, was challenged during the 1980s and 1990s by the agents of the neo-liberal regime. The change in the relationship between the state and the market and the ever increasing competition for investment along with the growing mobility of capital were the immediate outcome of liberalisation that rewritten the state-social development equations. The ideological hegemony of neo-liberal economic thinking has succeeded in the creation of a new international order based on market. This new development plan has accompanied with several institutional changes such as privatisation, marketisation, extensive pro-market reforms in public sector and also certain fiscal measures such as devaluation and export promotion.

The push from neo-liberal agents and market forces has also contributed to the dramatic shift in the historic practice of the special role of state in the national economy of most of the Third World states. In India, the mixed economy/state led development had faced a severe crisis by 1980 due to chronic external imbalances. Egypt had faced such a situation in early 1970s itself. The advocates of neo-liberalism have projected the poor resource allocation by state and the incorrect pricing policies caused by unnecessary state intervention as the fundamental reasons or the underdevelopment and social crisis of these states.

Ever-increasing international trade and investment has brought more countries into a global capitalist order (Lechner and Boli 2004: 55-7). It has led to the redistribution of global economic and political power and has changed the very nature of citizenship from citizen of a state to global economic actor having common concerns and common understanding. Thus, globalisation increased the possibilities for action between and among people in situations where the location seems irrelevant to the social activity at hand.

Supporters of neo-liberalism advocated that an encouragement of world trade would promote economic growth and bring wealth to the poor in the world. The view upheld by World Development Report (1991: 33-4), that if markets work well and are

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3 For example both Egypt and India have officially entered into the new globalised free market economy in 1991 by signing structural adjustment agreement with World Bank.

4 It reflects in various ways such as business people on different continents now engage in electronic commerce: television allows people situated anywhere to observe the impact of terrible wars being waged far from the comfort of their living rooms: academics make use of the latest video conferencing equipment to organize seminars in which participants are located at disparate geographical locations: the internet allows people to communicate instantaneously with each other without being separated by geographical distances.
allowed to, they can facilitate substantial economic growth, was contrary to the idea of the planned economic strategy followed by most of the third world states ever since the formation of independent national governments. Experiences from such states show that the pathetic state of affairs of public sector de-legitimised central planning and have pushed the economy biased to privatisation. After the short term resistance in the initial stage – which was apparently very weak - a consensus has been gradually evolved in such states in favour of a market friendly approach to development. Policy makers favored competitive markets as they found it efficient in organising production and distribution.

The realisation of the failure of market in attaining social development has in fact persuaded the advocates of neo-liberalism to divert the focus through new programmes and institutions. While analysing the course of social development in the third world, critics see globalisation as a major reason for the recent increase in poverty and inequality. Neo-liberal globalisation is in fact persuading national governments and their associations to abandon programmes and policies such as extra tariff over foreign producers on the one hand and subsidies and protection for domestic producers on the other. Thus the liberalisation of economies has immediately led to a cut in public spending, employment regulation, and replacing the existing social safety nets with neo-liberal measures because of the pressure from powerful institutions of global capitalism.

The retreat of state from social sector and the failure of market to provide essential social means to people have further deteriorated the social conditions of the poor people in the developing countries during 1990s. This is the context in which the agents of neo-liberalism put forward a new philosophy based on governance and decentralisation in social development. It has developed a new approach to development such as; development as an economic phenomenon, but socially conditioned and has social consequences; development as a complex whole of economic, political, social and administrative actions. The projected measures to achieve social development in the new context are good governance, commitment to the welfare of the citizens and their rights, fair and accountable institutions, well-established rule of law and citizens' involvement in the public sphere.
At the base level, neo-liberal globalisation shapes an opposition to the institutions and forces demanding state control. This leads to the establishment of new institutions. The popularisation of a new philosophy of development - participatory development through expanding the role of people and their collectivity - has to be understood in this context. In fact, the idea of participatory development popularised by the agents of neo-liberalism aims to replace state by strengthening non-governmental organisations and community networks. This is aimed at a fundamental transition from individual growth – the core idea of capitalism - to growth of society and expecting more effective social policies and programmes that can give moral courage to local population.

In relation to the new development strategies, the projects of social capital, participatory development and the extensive participation of non-state actors have got much attraction in social development debates in the developing counties. What is special with this new way of looking at development is that, it has given more emphasis to the non-economic dimensions of development like governance, education, and enhancement of social and human capital (Sayyid 2002: 16). This new strategy became popular in Egypt and India in the late 1990s.

Social capital, the new strategy proposed to address the social development issues of developing societies, sums up the dominant neo-liberal agenda of the reduction of state power and a corresponding increase in the responsibilities of the society. The most important aspect of social capital is that, it is actually meant to develop an alternative not only to state, but to market also since both of these agencies have miserably failed to address the severe social crisis developed in the third world states in the post liberalisation period.

It is important to note that neo-liberal economic institutions have been playing a major role in the rapid spread of ideas like social capital, participatory development and the role of non-state actors and NGOs in the socio-economic development of peripheral states. In this connection, the empowerment of civil society and the active role of a variety of local civil and social organisations were projected as the alternative to the ‘unresponsive’ state by the prophets of market economy. Even foreign NGOs have taken a major role in shaping the public policy in the context of
states' seeking more partners to share its responsibilities in social sector under the new agenda.

Many civil society organisations were set up in the form of professional syndicates, workers’ syndicates and co-operatives and peoples’ collectives to take up this strategy. Though the Egyptian state had introduced participation programmes much earlier than India, it had undermined the necessary climate for participatory practices because of the authoritarian character of the regime. In India, the programme was implemented through certain new institutions which are meant to decentralise power. Even constitutional measures were taken to strengthen such institutions. 5

The social policies introduced in late 1990s are broadly identified into two categories; first, social component of adjustment policies (having a broad meaning and generally applicable to any social policy in any country at any time) and second, a set of measures, regulations and means followed to treat the social problems – mainly poverty - caused by the economic adjustment and stabilization policies. The popularisation of the concept ‘social safety net’ is an example of this approach. 6

However, this neo-liberal development model was criticised for various reasons. In his criticism Falk (1999) maintains that capitalism generates wealth through measures like rolling back welfare, reducing expenditures on public goods like subsidies, free flow of capital and stringent controls over organized labour and unrestricted currency repatriation. Thus, it is clear that, in the context of developing countries, the agents and tools of neo-liberal capitalist development itself minimize the chances of any even-handed distribution of resources.

The studies of various neo-Marxist scholars in the 1960s and 70s had effectively exposed the problem of dependency and unequal distribution in capitalist development when it moves to peripheral societies. But this theoretical position was gradually sidelined by the advocates of neo-liberal/free trade regime in the subsequent decades (EI-Laithy 2002: 321). The agents of neo-liberalism – especially the institutions like World Bank and IMF - have been following a directive approach to

5 The Panchayatraj system introduced by 73rd and 74th constitutional amendments is a good example.
6 Social safety net is a set of socio-economic and administrative choices aiming to minimize the social costs caused by the process of social change, and to improve the social welfare system. This is a major content in the neo-liberal package for social development (for details see World Bank 2003; Hafez 2002: 81)
the economic policies of ‘client’ states (Williams 1994: 215). Their policy decisions like stopping long term loans to countries facing chronic Balance of Payment problems forced many states to accept such hard conditions having negative impacts on social sector.

The outcome of the neo-liberal policies like free market and the logic of competitiveness have only helped the rich and the influential to increase their economic and political power. Like Marxists and neo-Marxists, neo-liberals also developed a critique of state, but both are contradictory in essence. While criticising state, by shifting from basic Marxist position, neo-liberals spread an optimistic view on the role of market in social development. They projected it as the strategy to address the problems of underdevelopment caused by ‘excessive state intervention’ in the Third World states (Glavanis 2002: 460).

Similarly, some pro-capitalists criticised the functioning of the institutions of neo-liberalism. They argue that, against the interests of market forces, World Bank and the IMF offer huge loans to many dictators who are indifferent to implement the promised reforms and leaving the payment of debts to common people. For them, these institutions are violating the very spirit of capitalism. The point is that the critics of capitalism raise their points against World Bank and IMF in a completely different dimension since they believe such institutions are too capitalist and only stood with the interests of market and profit.

II Globalisation and social development: Different dimensions

Globalisation denotes the expanding scale, the growing magnitude, the speeding up and the deepening impact of interregional flows and patterns of social interaction and absorbs a profound intensification of social relations. As world society integrates, individuals become more aware of enclosing in global networks, subject to global forces governed by global rules (Scholte 2000: 4).

As the whole debate points out, globalisation refers to the complex process of economic, social, cultural and political integration through the trans-national flow of capital, goods and services, finance, trade, ideas, images, people and their organizations across regions, nation states and cultures (Scholte 2000; Hill 1999: 78-9; Keohane 2002: 31). This movement of people and knowledge/technology can be
taken as the real driving force of globalisation that generates institutional and social changes within and beyond the geographic borders of nation states\(^7\).

The various definitions of globalisation in social science club in the perception that, as a result of the technological and the social change, human activities across regions and continents are increasingly being linked together. However, the social theorists of our time have formulated a more specific perception of globalisation and they have the view that globalisation refers to basic changes in the 'spatial and temporal contours' of social existence (Giddens 1990; Scholte 2000; Held and Scholte 2004). They generally agree that variations in humanity's experiences of space and time are working to undermine the importance of local and even national boundaries in many arenas of human life\(^8\).

What is common in this debate is the universal affirmation that globalisation facilitates a fundamental social change through increased interactions between people and societies. In this sense, it may be generally defined as the intensification of worldwide social and economic relations which link far-off localities. The local happenings are even largely shaped by the events taking place many miles away. The impacts of this interaction between human societies across global distances takes place with increasing regularity, intensity and speed (Giddens 1990: 64). This increasing interconnectedness is clearly evident in a large number of economic, demographic, technological, and cultural changes. Such an international cultural and economic exchange has become very easy by the unpredictable progress in transport and communication technologies.

Although there are many factors that are stimulated and reinforced by globalisation, two among them have played a special role in contributing to its accelerating rate in the 1980s and 1990s and have a significant impact in the social development. The first is technical progress, especially the progress visible in

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\(^7\) Despite restrictions on the movement of labour, the number of workers moving from country to country for better employment opportunities is increasing very fast. More people who are travelling are tourists. Between 1950 and 1998, the numbers increased from 25 million to 635 million people per year (for details see UNESCAP, Sustainable Social Development in the Period of Rapid Globalisation (Online Web) URL: http://www.unescap.org/esid/psis/publications.

\(^8\) According to this, the significance of space or territory undergoes shifts in the face of a no less dramatic acceleration in the temporal structure of crucial forms of human activity. Geographical distance is typically calculated in time. As the time necessary to connect distinct geographical locations is reduced, distance or space undergoes compression or eradication. Changes in the temporality of human activity inevitably generate altered experiences of space or territory.
information technology, international communication and global transportation. Not only goods but also services and knowledge can flow much more easily because of the innovations in communication technology such as Internet. The second major development is the shift in policy orientation as governments everywhere have reduced barriers that had limited the development of domestic markets and their links to the international economy (World Bank 2000: 2-3).

Globalisation expands and accelerates the movement and exchange of ideas and commodities over infinite distances\(^9\). In fact, de-territorialization and interconnectedness primarily appears spatial in nature. Proliferation of high-speed transportation, communication, and information technologies constitute the most immediate source for the blurring of geographical and territorial boundaries. A situation has been created where money, technology and raw materials move ever more swiftly across national borders. Along with commodities and finances, the flow of ideas and cultures become freer than ever before.

It is widely accepted that globalisation is dispensing or at least softening artificial political boundaries. But those scholars who uphold the communitarian point of view of globalisation argues that state boundaries are still fixed in a legal institutional sense. The importance of the communitarian approach is that they connect the global and the local in the basic social issues such as house, food, cloth and education - the missing elements in the new trade policies (Scholte 2001: 130).

Like all the other phenomenon, globalisation also requires a critical understanding of the driving forces behind it. Technology gets special attention in any attempt to analyse the expansion of globalisation and capitalist system (Hoogvelt 2001). The dynamics of technology changes the conditions of social existence and leads eventually to the transformation of social organisation into patterns of growing co-operation through the construction of suitable institutions (New Quest 2004: 261). In connection with this, Petras has developed his argument on globalisation by analysing three basic aspects of capitalist economy like (a) the advances of technology or the phenomenon called Information Revolution, b) the imperatives of

\(^9\) The spatial re-organisation of production, the interpenetration of industries across borders, the spread of financial markets, the circulation of the same consumer goods to far-away places, massive move of population within the South as well as from the South and the East to the West and an emerging worldwide preference for democracy are identified as the general signs of this process.
the world market and (c) the logic of capital. Petras argues that, it is not the technological changes, new information systems or world market imperatives, but success of capital in undermining popular power, dismantling the welfare state and converting the state into an instrument of overseas expansion is the underlying condition for spread of globalisation (Petras and Veltmeyer 2001).

ii 1. Economic dimensions

This study is organised with a particular emphasise on the economic aspects of globalisation and its social repercussions. There are four aspects to economic globalisation, referring to four different currents across state boundaries, namely flows of goods and services: of people, of capital, and of technology. The institutions like state and the processes like economic and social development are closely related to each other. Advances in communication and transportation technology, combined with free-market ideology have given an unprecedented mobility to goods, services, and capital which eventually led to the development of a ‘knowledge economy’.

The theoretical base of economic globalisation is the political agenda, which has developed in support of these economic transformations known as neo-liberalism (Pant 1996). It is true that globalisation has been associated in the last thirty years with the mean-spirited neo-liberal project which is reinforced for developing countries by the conditionality programmes of the IMF and the World Bank.

The economic dimension of globalisation and its relation to social development may be taken to refer to a series of linked phenomena that have emerged over the last thirty years. The most important aspect of this is that the Trans National Corporations have grown in size and influence across the world and made production, distribution, marketing, selling and consumption of goods and services truly global with each product or service requiring the labour and/or skill of individuals from many states.

The economic growth – social development paradox in the Third World in general and in Egypt and in India in particular gets much attention in the present study. It is true that the characteristics of economic globalisation cannot be disconnected from the development of late capitalism in production, distribution, exchange and investment that has many consequences over the social life of people.
This is particularly important since the technological advancements and the new financial management techniques have facilitated a massive growth in investment, banking and transaction of wealth. The flow of capital around the world has shoot up via electronic means. The ultimate outcome of the process is that the nationality of both consumer and producer has become irrelevant. Along with this, a new type of authority structure has been developed which is purely extra-territorial in its character.

The changing patterns of Foreign Direct Investment (FDI) have created a situation in which foreign investors play a central managerial role which the state had played in the past. The restructuring of national/global economy and the emergence of new social forces are the two aspects that get special attention in the social development debates of our time. This involves the integration of trade, finance, people and ideas in a unified global market and achieved through trade liberalisation, outsourcing of production and international mobility of capital.

Patterns of contemporary economic globalisation have fabricated strong and durable networks across the world’s major regions to which their economic fortune is closely connected in the new context. Levels of inter-regional trade are unique whilst the form which trade takes has changed considerably. Reinforced by financial liberalisation, the accompanying shift towards markets and private financial institutions as the ‘authoritative actors’ in the global financial system has raised serious questions about the nature of state power and economic sovereignty. Obviously, this has influenced the way social policy of the state is being formulated.

ii 2. Political dimensions

Though economic aspects get prime importance in the current globalisation debates, to restrict one’s analysis only on this aspect may not help to understand the process in totality. Globalisation is a multidimensional process and has to be approached and understood as such. It connects many aspects at the same time. It is argued that, economic globalisation has been accompanied by a significant internationalisation of political authority and activity which led to a break in the

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10 The globalisation of investment takes place through Foreign Direct Investment, where multinational companies directly invest assets in a foreign country, or by indirect investment where individuals and institutions purchase and sell financial assets of other countries.
special link between geography and political power. The impacts of globalisation are varying across the regions and upon individual states. It has a long history starting right from the age of pre-modern empire building to the contemporary era of corporate empires and has a role in shaping the nature of relationships between political actors and thus political developments within countries.

Two fundamental transformations in the global level - the development of territorially based political communities as well as modern nation states - have shaped the structure of contemporary political life. Globalisation opens up a multiple realm of existence and links all those processes by which the people of the world are incorporated into a single world society or a global society (Albrow and King 1990: 9). This interconnection of the domestic and external domains of the states indeed weakens its sovereign capacity to decide the destiny of the people within the borders because expansion of cross border relationships has always a tendency to shrink the political boundaries of states.

The peoples’ movements formed in different parts of the world have developed micro-level discussions on various aspects of political globalisation. Political scientists typically exemplify the tendency towards the formation of ambitious forms of supranational organizations as one of the important manifestations of the political globalisation of our time. As a result of this, local, regional, and national forms of self-governments are being rapidly supplanted by insufficiently democratic forms of global governance which are isolated from the needs of ordinary citizens.

**ii 3. Cultural dimensions**

The globalisation of culture has a long history. The formation and expansion of world religions shows the ability of ideas and beliefs to cross great distances with crucial social impacts. Similarly, even in the absence of direct military and political control, the great pre-modern empires had held their provinces together through a shared and widespread ruling class culture. In the modern time, global events can

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11 The formation of a state system in the present form has taken place in the year A D 1648 by the signing of the treaty of Westphalia. Since then, states developed relations each other or interdependency developed in the international system especially in the case of security. Later, this has expanded to other fields also, especially economic and trade relations.

12 Organisations like European Union, North American Free Trade Association, etc. and issues like depleting ozone cover, human rights are few examples.
happen almost simultaneously anywhere in the world because telecommunication, digital computers and audiovisual media ensures that (Scholte 1996: 45).

In its cultural form, globalisation is a label used to identify attempts to wean away people from national cultures and incorporate them into a global culture. According to the Canadian cultural critic McLuhan (1964) culture is the prism through which one can observe the changes in society and institutions around the world. The significance is that the fast growing culture of direct man-to-man communication has the potential to make even the local issues global by giving importance to a huge amount of political voices that were previously overlooked due to geographical distances.

The world society consists of a complex set of relationships among several units in the global ground. The enhanced access to cultural diversity has taken place through a variety of processes such as greater international travel and tourism, immigration (both illegal and legal), spread of local foods such as pizza to other countries, development of a global telecommunications infrastructure and greater trans-border data flow, use of such technologies as the communication satellites and telephones, increase in the number of standards applied globally like copyright laws and patents and the growth of a set of universal values.

There are different views on the key dimensions, sources, and consequences of globalisation in its cultural context. The debates in Cultural Theory presents societies as a ‘single system of society’ and individuals a ‘single sense of humanity’ (Robertson 1992). The Marxist position that ‘bourgeoisie creates the world its own image’ also highlights this cultural dimension of globalisation. However, the emergence of powerful nation-states in the seventeenth century and subsequent nationalist projects had considerably reduced the intensity of globalisation of culture.

It is generally accepted that the Western civilization has brought human species into a single political economic and cultural system (Scholte 2000: 18). As a phenomenon, globalisation compresses the world into a single cultural entity and

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14 Gradually, nation-states took control of educational practices, linguistic policies, postal and telephonic systems, etc which are the potential areas of penetration of cultural globalisation.
people necessarily become more and more aware of their novel organism. The expansion of global capitalism creates an account of globalisation in its own image. In this context, the capacity of non-western societies to protect own traditions against the invasions of alien cultures and their consequent ability to develop a self-reflective cultural identity is challenged (Lechner and Boli 2004).

The way in which global culture seems to be changing has indeed produced heated debates. In Heidegger's analysis, the compression of space is increasingly designed from the perspective of human experience that “everything is equally far and equally near” (Heidegger 1971: 166). Instead of opening up new possibilities for rich and multi-faceted interaction with events once far-off from most individuals, the eradication of distance likely to generate a “uniform distance less” in which fundamentally diverse objects became part of a weak identical experiential mass.

The unabated increase of high-speed technologies is probably the main source of the numerous references in intellectual life since 1950s. In this connection, has developed the idea of a technology based “global village” created by social “acceleration at all levels of human organization” as the centre part of the analysis of new media technologies in the 1960s (McLuhan 1964: 103).

It is a generally accepted fact that the major source of global cultural transformation is technology – especially communication technology. The possibility of enhanced and direct modes of communication has produced a new dynamic of social movements and has given rise to new kinds of social identities (Held and McGrew 2001). This has critically influenced the articulation of territorial view of culture based on co-operative forms of local/regional social relations.

It is true that cultural adaptation is one of the fundamentals of the setting of capitalism (Lechner and Boli 2004: 307). Multinational capitalism obviously leads to a cultural convergence and homogenization. Nevertheless, at many occasions, the national and local cultures remain strong and national institutions continue its influence over public life.

Despite all these, the fact remains that the communication revolution and standardisation in culture have created an environment in which people associate more than ever from informal networks to formal organisations - that go beyond
national borders and above national constraints. This closer contact between people in different parts of the world with more personal exchange and mutual understanding and friendship is accelerating the move of humanity towards a global village.

ii 4. Social dimensions

Globalisation raises important questions about the ways in which the social and political life is organized and identities sustained in a highly integrated world (Axford 2002: 561). As we have already seen, globalisation has intensified the interdependence of states, people, and economies and facilitated a clear departure from the traditional institutional understanding of state - society relations. Similarly, it has initiated a new vibrant process of internationalisation of capital markets and of telecommunications. Consequently, we have increasingly globalised structures of power and a new set of socio-political institutions. This has reduced the sovereignty of state over citizen and contributed vitally to the cultural homogenisation.

Civil society is the sphere of society in which individuals are freely joining together in public actions. Constitution of such a global civil society is an important character of contemporary globalisation, as far as its social dimensions are concerned. All the developments mentioned above made smooth the process of the creation of a global civil society composed of nongovernmental organisations, trans-national business, labour, media, cultural and religious institutions and networks, and cosmopolitan individuals having wealth and influence. As Falk and Strauss (1999) observed, ‘the numerically small yet highly visible globalised citizenry organise globally on the basis of certain collective interests’.

Within the United Nations context, the phrase ‘civil society’ has been a source of controversy, as its meaning includes businesses as well as private voluntary organisations15. Scholars like Putnam (2000) argues in favour of the inclusion of non-political organisations in civil society since they build social capital, trust and shared values, which are transferred into the political sphere and help to hold society together, facilitating an understanding of the interconnectedness of society and interests within it.

15 United Nations has developed this idea in the debates of Partners in Civil Society.
The literature on relations between civil society, social development and spread of democracy has their root in early liberal writings. However it is in Almond and Verba (1989), the vital role of civil society in the new order is sufficiently recognised. As far as the role of civil society is concerned, the political element of many civil society organisations facilitates better awareness and a more informed citizenry, who participate in politics, do better social intervention and hold governments to account better performance.

III The new paradigm of social capital and social development

The concept social capital has got much attention in the development debates in the third world states especially in the late 1990s and the early years of the 21st century. In the general discourse, the word ‘social capital’ refers to the institutions, relationships, and norms and networks that shape the quality and quantity of societies’ social interactions and make possible collective action. It refers to a networked ties of goodwill, mutual support, shared language, shared norms, social trust, and a sense of mutual obligation from which people can obtain certain values (Wulf 2004).

In fact, the social development model projected by the proponents of the Washington Consensus under neo-liberalism was a market based development approach. By the end of 1990s, this model was extensively criticised due to the intensification of social crisis in the states which implemented liberalisation policies. The critics of Washington Consensus proposed building social capital as the strategy for social development in the context of severe social crisis produced under liberalisation (Williamson 1990; 2000). This persuaded the international institutions like World Bank and IMF to go for a new programme for social development - a new people oriented strategy for social development. This has led to the popularisation of the concept social capital in the social development of developing states. As we discussed above, emphasis on the importance of the relationship between market and non-market activities and to correct imperfections in the market based strategy were the major concerns of those who emphasised on social capital.

Although the concept had appeared in academic debates much earlier, discussions on it have picked up more in the previous two decades. Though the

16 The term has been discussed in detailed in the third chapter in the section on state - globalisation debates.
sociologists and political scientists originally introduced the term in the academic
debates, it has gradually gained weight in various other research fields also. The term
was first developed in political science and sociology as a critique of the narrow
analytic perspective on economic activities which is inherent in the neoclassical
school of macro-economic thinking (Bourdieu 1986; Granovetter 1985; Uzzi 1997).
Later, the term got much public attention through the writings of Putnam (1993 &
2000), who has launched social capital as a central theme of research and policy
discussions related to social development.

Other notable contributions in the development of the concept have come from
scholars like Jane Jacobs (1961) - in relation to urban life and neighbourliness: Pierre
Bourdieu (1972; 1983; 1986) - with regard to social theory, and James S. Coleman
(1988) - in connection with the debates on social context of education. Among them,
it is Pierre Bourdieu who made the first unified explanation of the term17. According
to Bourdieu, social capital is ‘(the) aggregate of actual or potential resources which
are linked to possession of a durable network of more or less institutionalised
relationship of mutual acquaintance and recognition’ (Bourdieu 1986: 248).

In their writings, Almond and Verba (1989) also highlighted associational
involvement and its impact on citizen’s political behaviours and attitudes.
Associational involvement is important because it shapes political behaviour and
attitudes and contributes to the development of a citizen’s civic skills and democratic
values, and thus overall development of the society (Morales and Diez 2002: 499).
Schultz (1961) highlights certain qualities of human beings such as education, job
skills and health, which could also be considered as capital. He used the term human
capital which is generally studied in relation to economic outcomes whereas social
capital is explicitly discussed in relation to political terms such as democracy and
participation in public affairs (Smith and Kulynych 2002: 154).

From the perspective of the theorisation of social capital, Coleman, Burt,
Bourdieu and Portes (1998) have provided important contributions to the discussions.
James Coleman (1990) picked up this concept in the development debates in social
sciences and projected it as an inherent element that determines the structure of

17 Though he has made an attempt to study the concept in his work in the year 1972, a clear formulation
of the concept can be traced in his work of 1986.
relations between and among people and their collectives. Coleman defines social capital rather vaguely as a variety of entities with two elements in common: (a) they all consist of some aspect of social structure; (b) they facilitate certain action of actors - whether persons or co-operated actors – within this structure (Coleman 1988: 98). Burt (1992) understands social capital as “friends, colleagues, and more general contacts through which you receive opportunities to use your financial and human capital”. While differing in the scope, both of them emphasize the close relations between social capital and human capital.

The writings of James Madison and Alexis de Tocqueville had emphasized on the relationship between pluralistic associational life and democracy in the 19th century. They unreservedly used the term social capital with a conviction that when human interaction increases, people are more likely to help one another and become more politically involved.

Robert Putnam prompted wider discussions of social capital after the publication of the book Making Democracy Work: Civic Traditions in Modern Italy in 1993. Here, Putnam (1993; 2000; 2002) equals social capital with civic engagement and emphasised social capital as a key component in building and maintaining democracy. Further, he considers social capital as a set of properties of a social entity and opined that social capital refers the features of social organisation (e.g. norms, level of trust, or social networks) that enables combined activities and cooperation for mutual benefit (Putnam 1995:67; 2000: 19). Precisely, the link between social capital and socio-economic development has reflected in the writings of the scholars who engaged in the debates. As Cox emphasised the social capital embodied in norms and networks of civic engagement seems to be a precondition for economic development as well as for effective government (Eva Cox 1995). Similarly, she has further emphasised this in the Boyer lecture series which has generated extensive discussions on social capital. In the series, she stated:

Social capital refers to the processes between people which establish networks, norms, social trust and facilitate co-ordination and co-operation for mutual benefit (Cox 1995a:15).

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18 The much quoted works of these writers - The Federalist and Democracy in America
Of late, Nan Lin has developed a more individualistic concept of social capital. For Lin it is ‘Investment in social relations with expected returns in the market place’ (2001: 19).

Although the ideas related to social capital can be routed back both to Marxist and the communitarian tradition, the recent organisational and managerial interest over the concept seems to pay no attention to such conflicting philosophical traditions. The Marxist conception of social capital popularised by French sociologist Bourdieu (1986) perceives it as an explicit form of capital. For him, it has to be studied in relation to economic and cultural forms of capital.

These relationships play a role in the reproduction of classes and investment in membership in a prestigious club builds a sort of social capital, which might be converted into economic capital. For Bourdieu, social capital is not an element of society as a whole, but it is an aspect of the differentiation of classes: that is, an instrument of power. This argument put forward by Bourdieu becomes increasingly important in knowledge-intense economies. Like all forms of capital, social capital is also accumulated labour.

The communitarian tradition, against the conflict perspective of Bourdieu, is stemming from American social scientists such as Etzioni (1993; 1995) and Putnam (1993; 2000). In this perspective, it is the community structures, not individual or organization, act and provides the key frame of reference because social capital is community-centred. Communities in turn are seen as voluntary social units that encourage harmonic development of organizations and society as a whole. The perspective highlights the idea that ‘we know what we know through our relationships with others in the community’ (Etzioni 1993). In fact, this communitarian perspective on social capital largely overshadows topics like power issues, class struggles and conflict which are important concerns in the Marxist tradition (Wulf 2004).

As we have seen, by the late 1990s, the concept became highly fashionable, the World Bank even devoting a crucial research programme on it. As per the World Bank study, ‘increasing evidences show that social cohesion is critical for societies

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19 Network means that everyone is connected with everyone in the group. Bourdieu has highlighted this in the book *Theorising Social Capital* (1986).

20 Here the concept community was studied not just from an ‘objective’ sociological viewpoint but also to offer the society with a normative, organizational means for revitalizing democracy.
to prosper economically and for development to be sustainable (World Bank 1999). Both formal and informal institutions are crucial in economic performance. The concept of social capital is useful in this regard because it draws our attention also to those particular institutions serving economic life (Dasgupta 2000).

The significance of social capital in the present study is, as the overview of various definitions clearly projects, the term’s significant impact on development and the state in the context of globalisation. The debates on the pros and cons of social capital are one or other way related to state, development and globalisation. However, as part of the new wave, the agenda of neo-liberalism reduced the role of state in the developing/Third World countries to a less active agent in social development. Consequently, development itself has become a process in which various other actors such as private capital, civil society, international donors and NGOs are involved/play a crucial role. It is extremely important to note that the nation state, which is the central player in the post-colonial development theories such as modernization, world system and dependency, has lost significance in the new debates.

The current studies and debates underline the critical role of social capital in economic prosperity and social development of any society. According to the proponents, it helps groups to perform many crucial development tasks effectively and efficiently. Development and growth specialists are uncovering the importance of social unity for development to be sustainable²¹. As it is evident, social capital has got its momentum in almost all social development debates, despite strong criticism based on social development experiences of many developing states.

Pierre Bourdieu (1986) had made useful distinction between the three forms of capital: economic capital, cultural capital and social capital. Here, Economic capital is the command over economic resources (cash, assets) whereas social capital contains resources based on group membership, relationships, networks of influence and support. Cultural capital is the forms of knowledge, skill, education, or any other advantage a person possess which gives him higher status in the society, including high expectations (Bourdieu 1986: 248). Unlike traditional forms of capital, lack of

²¹ A useful paper which summarises much of the academic debate about defining social capital is Ian Winter’s “Major themes and debates in the social capital literature: The Australian connection” in Social Capital and Public Policy in Australia (Australian Institute of Family Studies 2000).
effective use will lead to the decay of social capital. In this respect, it is similar to the now well-established concept of human capital.

Social capital is a natural complement of physical and human capital (Quiggin 2003; 27). Here physical capital (also called economic capital) refers to physical objects including properties of individuals and the growth of it is measured on the basis of growth of income. Human capital is studied with/used in relation to explicitly political ones such as democracy and participation in public affairs (Smith and Kulynych 2002: 154). When social capital refers associations among individuals, human capital is generally studied in relation to economic outcomes.

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Social development and the role of civil society and community

The role of social development in social development is a major discourse in the era of neo-liberalism. The replacement of state from its social responsibilities would be compensated by the intervention of civil society organisations. The term has appeared frequently along with social capital in the social development debates facilitated by World Bank, IMF and other such organisations.

In this context, civil society refers to the arena of unforced collective action around shared interests, purposes and values. Social capital is considered as the raw material of civil society. According to Eva Cox (1995b: 17), "social capital should be the pre-eminent and most valued form of any capital as it provides the basis on which we build a truly civil society. Without a social base, one cannot be fully human. Social capital is as vital as language for human society".

The major components in civil society are the actors such as registered charities organisations, non-governmental organisations engaged in developmental activities, community groups, women's organisations, faith-based organisations.

The term cultural capital is used for the first time by Bourdieu and Jean-Claude Passeron in their book Cultural Reproduction and Social Reproduction (1973). They introduced the idea of cultural reproduction, whereby existing disadvantages and inequalities are passed down from one generation to the next. This, according to Bourdieu, is partly due to the education system and other social institutions.
professional associations, trade unions, self-help groups, social movements, business associations, coalitions and academia and support groups. Social development/welfare of people and society have been identified as one of the most important objectives of social capital - civil society interface.

Civil society might be conceived as a political space were voluntary associations seek from outside political parties to outline the rules that govern one or the other characteristic of social life. Civil society commonly embraces the diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Though its institutional forms are divergent from those of the state, family and market, in practice the boundaries between state, civil society, family and market are often complex, fuzzy and negotiated. Civil society associations cannot be wholly separated from official and commercial spheres (Scholte, 2000: 2004: 214).

Today, in general debates, the term civil society refer the totality of voluntary civic and social organizations and institutions that form the basis of a functioning society as opposed to the force-backed structures of a state (regardless of that states political system). Civil society consists of the groups and organisations, both formal and informal, which act independently of the state and market to promote different interests, especially the developmental interests of any society. On the other hand, social capital, the informal relations and trust which bring people together to take action, is crucial to the success of any non-governmental organisation because, it provides opportunities for participation and gives voice to those who may be locked out of more formal avenues to affect change.

Social capital is an integral part of civil society at the micro and macro levels. Trust and willingness to cooperate allows people to form groups and associations, which facilitate the realization of shared goals. While individual groups form the building blocks of civil society, the concept’s value lies in the level and density of

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23 These are the elements identified by Centre for Civil Society, London School of Economics. From this, one can easily recognise the link between civil society and social capital.

24 This aspect has been discussed in detailed in chapter 3, in the globalisation - civil society debates.

25 One good example is the experience from Grameen Bank of Bangladesh which lends money to rural poor, especially women, at a daily loan volume of $1.5 million and has a 98% repayment rate. The organization was started in 1976 by Muhammad Yunus, who lent money to 42 persons because he trusted they would repay it. Since then members have developed rules to maximize repayment of loans, but trust still plays a critical role in the organizations success, particularly in the absence of collateral agents (Krishna A., Uphoff and Esman 1996).
relations among groups as well as the synergy between civil society, state and market (Evans 1996). However, it is observed that civil society play an important role particularly in socio-economic development.

Community Driven Development (CDD) is a concept popularised by the advocates of globalisation as a new mechanism of social development. It is broadly defined by the World Bank as “an approach that gives control over planning, decisions and the investment of resources to community groups and local governments” (World Bank 2000). It is observed that eradication of maladies like poverty and subjugation and ensuring more accessibility of resources are the basic requirements for the welfare of the poor (Sen 1999). Generally, the weak and the marginalised people are the objects of the efforts for the reduction of poverty in the era of globalisation.

The proponents of social capital argue that community driven approach is significant in development debates since it strengthen the capacity of rural people to organize for development. In fact, the CDD activate on the principles of local empowerment, participatory governance, demand-responsiveness, administrative autonomy, greater downward accountability and enhanced local capacity. Thus it is ‘the glue’ that holds them together for developmental activities (Cohen and Prusak 2001). People in the community can recognize that economic growth is not an essential component in building community framework for social action. Community Driven Development treats poor people and their institutions as resources and collaborators in the search for sustainable solutions to developmental issues. Thus they can look for alternatives even to the current powerful economic ideology of neoliberalism in social development. Like Community, family also play an important role in the generation of social capital since this is the first unit in the production of social capital. Family dynamics persuade reciprocity and exchange, which contribute to social capital generation.

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26 The guiding principle of CDD is that with right to access to information, proper capacity and financial support, the poor can effectively organize themselves and decide priorities of their community. Once decide the priorities, they can deal such issues by working together with local governments and other supportive institutions.

27 Like family ties, kinship ties may also serve as vital in welfare and economic development see for details (Sanders and Nee 1996).
"Bonding", 'bridging' and 'linking' of social capital are the three important terms overwhelmingly used in social capital debates. 'Bonding' describes connection between closer people. It represents the kind of strong bond among family members or members of the same ethnic group. The problem with bonding in connection with social development is that, it reinforces exclusive identities and creates homogenous groups since it is an inward looking event. The term 'bridging' in social capital debates describes the connection between more distant people. Unlike bonding, bridging is outward looking which covers people across diverse social cleavages. It is characterised by a weaker, but more cross-cutting tie. Bridging social capital among communities or with members of other communities can mobilise more financing and better services from the state and through opening new opportunities for poor people, it help their communities to achieve economic growth.

'Linking' social capital describes connections with people in positions of power and is characterised by relations between those within a hierarchy where there are differing levels of power. It is different from bonding and bridging since it is concerned with relations between people who are not on an equal footing.

A broad understanding of social capital accounts for both the positive and negative aspects by including vertical as well as horizontal associations between people and their organisations and also various other firms. This view recognizes that horizontal ties are essential components to give communities a sense of identity and common purpose, especially in their collective developmental needs. However, it adds that, without 'bridging' ties, this may surpass various social divides. Similarly, horizontal ties may also become a basis for the pursuit of narrow interests, and can actively prevent access to information and material resources that would otherwise be of great assistance to the community.

It is now commonly accepted that globalisation has expanded the possibilities of more bonding, bridging and linking of people in different places and communities. The most advanced debates on social capital highlights the stockpile of active

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29 That is bridging with business associates, acquaintances, friends from different ethnic groups, friends of friends, etc.
connections among people such as the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible. Thus it is parallel to globalisation process since both reflect the same as far as people’s interaction is concerned. This manifests through the relationships between people, their networks and contacts.

In brief, it is argued that where social capital is high, there is little crime and little need for formal policing: where there is a low level of trust and social norms, people will cooperate or engage in joint action only under formal rules and regulations. These have to be negotiated, agreed to, litigated and enforced and sometimes coercive means leading to expensive legal contract costs (Fukuyama 1995a).

A brief discussion of the major variables of social capital is essential to explore the dynamics of the term as well as its potential in social development in the developing countries. Major variables in the social capital debates are:

iii 2.1. Participation in networks

Networks are central to the concept of social capital and are defined as the personal relationships which get accumulated when people interact with each other in families, workplaces, neighbourhoods, local associations and a range of informal and formal meeting places. A social network is a social structure made of nodes, which are generally individuals or organizations. It indicates the ways in which they are connected through various social familiarities ranging from informal contact to close familial bonds.

The proponents of the term believe that, a sense of belonging and the experience of social networks can bring great benefits to people. The significance of the creation of network has been emphasised by all scholars who engaged in social capital debates. Hanifan, one of the pioneering social scientists, has used the term to highlight the role of rural school community centres to illustrate ‘those concrete substances [that] count for most in the daily lives of people’ (Hanifan 1916: 130). Bourdieu has given a more contextual analysis of the term, “(the) network of relationship is the product of investment strategies, individual or collective,

consciously or unconsciously aimed at establishing or reproducing social relationships which are directly usable in the short or long term” (Bourdieu 1986: 249).

Social networks activate at many levels - from families up to the level of nations and play a crucial role in solving problems. Social networking also refers to a category of internet applications that connect friends, business partners, or other individuals together using a variety of tools. It is the form of the social network helps in determining its usefulness to members.

iii 2.2. Trust

Trust has much attention than any other variable in social capital debates. Trust is an instantiated set of informal values or norms that is shared among members of a group that permits them to cooperate with one another. According to Inglehart (1997: 188), social capital is a culture of trust and tolerance in which extensive networks of voluntary associations is involved. Even the concept social capital has been defined as ‘a culture of ‘trust and tolerance’ in which extensive networks of voluntary associations is formed and functioning. Here culture is a system of attitudes, values and knowledge, widely shared within a society and transmitted from generation to generation.

Fukuyama defined trust as “the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of that community. What is important in his analysis is that he has projected it as an ‘informal value’ which is significant in social capital (Fukuyama 1995a: 26). It emphasised on the norm that if members of a group expect that others will behave reliably and honestly, then they would come to trust one another. For Eva Cox (1995b), “(accumulated) social trust allows groups and organisations, and even nations, to develop the tolerance sometimes needed to deal with conflicts and differing interests....”

Trust decays in the absence of interaction and at times this decay begins to manifest itself in serious social problems. The concept of social capital contends that building or rebuilding community and trust requires face-to-face encounters (Beem

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31 These applications, known as online social networks are becoming increasingly popular in the current human interactions.
1999: 20). In nutshell, though many writers have defined trust in different ways, all such discussions emphasised on the importance of trust in the 'social capital based strategy for social development'.

iii 2.3. Social Norms

Theorists defined social norms as a form of informal social control that removes the need for more formal, institutionalised legal sanctions. Social norms are generally unwritten but have a commonly understood formula which decides the patterns of behaviour expected in a given social context. Further, social norms describe what forms of behaviour are valued or socially approved.

iii 2.4. Reciprocity

Social capital does not entail the immediate and formally accounted exchange of the legal or business contract, but a combination of short-term self-sacrifice and long term self interest (Taylor 1982). The individual provides a service to others, or acts for the benefit of others at a personal cost. They do this in the general expectation that this kindness will be returned at some undefined time in the future. It is observed that in a community where reciprocity is strong, people care for each others interests. The regular interaction cultivates norms of reciprocity through which actors become more willing to assist one another.

iii 2.5. The commons

The combined effect of trust, networks, norms and reciprocity creates a strong community with shared ownership over resources known as ‘the commons’. The idea is popularised recently by environmentalists/eco-centrists and green political theorists (Ostrom 1996). It is assumed that as long as the community is strong, it removes the problem of the opportunist who would use the community resource without contributing to it. The commons refers to the creation of a pooled community resource, owned by no-one but used by all. They warn that the short term self interest of each, if unchecked, would render the common resource overused, and in the long run it would be destroyed.

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32 It reflects a situation in which two people or countries etc. provide the same help or advantages to each other.
There are increasing evidences to show that the value of a common property resource depends on the level of interaction between people. Only a society which has strong ethos of trust, mutuality can put effective informal social sanctions against "free-riders" and keep up the commons indefinitely for the mutual advantage of all (Putnam 1993). This is significant in the social development debates of third world since common property resource management demands cooperation with a view to ensure the sustainability of resources for the benefit of all community members, now and then.

iii 2.6. Pro-activity

Implicit in several of the ideas above, pro-activity is a sense of personal and collective effectiveness. As the discussions highlight, the development of social capital requires the active and willing engagement of citizens. This is quite different from the delivery of services, though those are unquestionably significant. Social capital refers to people as creators, not as victims (Bullen and Onix 1999)

IV Towards consolidation of the theoretical framework

As we have already seen the primacy of globalisation is unquestionable among the most debated terms in contemporary politics, international relations, political economy and development. The intellectual discourse on globalisation has accelerated with the due attention given by recent theorists to the concept, especially since 1970s. It is a fact that globalisation opens up societies and created many new institutions, linkages and values that are more global as well as capable to transfer the existing locally variable activities and institutions. As a result of the spread of globalisation, the world has become more and more homogenous. With the integration process picking up momentum, individuals become more sensitive of being enclosed in global networks, subject to global forces governed by global rules.

In a globalised world, the pace and flow of developmental activities specifically related to society is a central aspect of analysis of social scientists of our time. Human societies all over the world have developed closer contacts over many centuries. Of late, the velocity of such contacts has dramatically increased. Although

33 The academic commentators who employed the term as late as the 1970s accurately recognized the novelty of doing so. For details see also George Modelski (1972).
the global economy as a single entity is by no means integrated to the most vigorous national economies, the trends point towards intensifying integration within and across regions. This growing intensity of global interactions can be related with their deepening impact such that the effects of far-away events can be highly significant elsewhere and even the most local developments may come to have massive global consequences.

The ideology of Neo-liberal globalisation has its roots in laissez-faire capitalism. It upholds the moderate idea of peaceful change with prosperity and encouraged cooperation through institutions that bind the states and peoples of the world together into a true international community. In 1980s and '90s, the neo-liberals systematically imposed their economic and political agenda, characterised by free play of market forces, minimal role of state in economic life, more concern with efficiency and productivity, and less concern to welfare and social justice, over the developing countries.

There are enough reasons to construe that contemporary financial globalisation is a market driven phenomenon. Under this neo-liberal agenda, market forces have gained much influence in policy making of nation states. By demanding for limited government intervention, these market forces emphasised on sovereignty of free market, individual autonomy and economic self-interest. They tried to popularise such notions and implement their agenda mainly through non state actors like national and international NGOs to whom they funded heavily. A careful observation may make it clearer that, these agencies have played a major role in the coordination and management of social development programmes of Third World states in the post liberalisation period.

The scholarly works of Karl Polanyi (1957) raised serious objections to the existence of a free market economy way in 1950s. He rejected the neo-liberals' position that market has grown on its own. To him, the global expansion of market system and free trade happened through conscious state interference ever since industrial revolution took root in Western Europe. In his opinion, market is not self-developed and cannot be a self-governing entity: rather it is an institution of human creation. For Polanyi, the prospect of the creation of free markets was nil, if things were allowed to take their natural course. History shows that, the market has been
regulated through the organised action of state since it was obligatory to create and maintain the market system (Polanyi 1957).

Polanyi strongly opposed the conceptions of autonomous economy and free market regime. Polanyi’s argument is relevant when analysing the current situation of global economy precisely because he placed the rules governing the global economy at the centre of his framework (Block 2001).

Social theorists like Immanuel Wallerstein (2000) effectively co-related globalisation and historical development of the capitalist world system. In his opinion, MNCs - the principal agencies of capitalism today - perform the role played by trading companies in the past by integrating and appropriating resources on the one hand and exploiting low-priced labour from the periphery on the other hand. If expansion and incorporation were two major characteristics of capitalism in its development stage, it has become more exclusionary and exploitative in its present form.

In this connection Fredric Jameson, the well-known Neo-Marxist theorist, argues that late capitalism and newly developed global space has disarmed or absorbed the resistances to global forces by different ways (Jameson 1991; 2000). For Robert Cox (1992), it is a new global Perestroika – promotion of a liberal/free market economic system – emerging across the globe, shaping new political structures. What is special in it is that, in essence, this is contradictory to the Westphalia system of sovereign states. Many new global social forces were also emerged with ecology, feminism, peace and democracy as major agenda. It is also important to note that the world wide emergence of counter forces of capitalist globalisation was also primarily having a global character. In short, globalisation has led to the proliferation of actors and processes across national boundaries (Paolini 1997: 39).

Globalisation is leading the international system to a new core – periphery division. It creates diverse consequences in different places, and play as a force of both integration and fragmentation (Hoogvelt 1997: 122). When it facilitates integration of interaction among diverse peoples, societies and institutions on the one hand, it creates awareness of identity - ethnic, religious, regional etc - and formulates opposition to exploitation and cultural homogenisation on the other hand. This is because; the impact of integration seems to be more exploitative and repressive to
weaker states. It promotes unequal development within and between states, which creates social crisis in most of the developing states.

James Petras ((Petras and Veltmeyer 2001: 2005)) put forward a similar view on globalisation. In his opinion, International exchanges of commodities link markets and classes in social hierarchies that give “globalisation” its class character. In his view, it is no longer self-evident that nation-states can be described as ‘self-sufficient schemes of co-operation for all the essential purposes of human life’ in the context of intense de-territorialization and the spread and amplification of social relations across borders. The rise of globalisation is intimately related to the growth of class conflict and the seizing of profits.

There are five aspects confining the structural and cognitive forms of social capital in order to apply the concept at operational level in development related issues. These are: a) Groups and networks: it indicates the collections of individuals that support and preserve personal relationships, which contribute to welfare. b) Trust and solidarity: these are the elements of interpersonal behaviour, which promote greater cohesion and more energetic and united action. c) Collective action and cooperation: this leads people to work together toward resolving communal issues. d) Social cohesion and inclusion: this lessens the risk of conflict and encourages equitable access to benefits of development by mounting the participation of the marginalized and e) Information and communication: this breaks down negative social capital and enables positive social capital by improving access to information (World Bank 1999). An examination of all these aspects on the basis of the experiences of developing states in general and India and Egypt in particular is relevant to understand the vivacity of the concept of social capital.

A careful observation may explicitly prove that the above mentioned elements are the characteristics of a highly sophisticated - well developed civil society. These are not having much relevance in the context of almost all developing states since lions share of the population is out of the applicability of this criterion. Put it differently, the number of people or groups come under the purview of or having potential to engage effectively in above mentioned activities is minimal. Therefore, to understand and to analyse the relevance of these aspects in the complex social
systems and social development issues of India and Egypt is having much significance.

UN Secretary General observed that the movements and meetings of people have the potential to make ‘partnerships for change’ in government, business and civil society. It hints that states seem to be changing from ‘government’ to ‘governance’, that is, a kind of space is developing in which both public and private providers of services are driven by public interest and shared policy. In this process, we shall see a fundamental change from building up the ‘institutions of state’ to building up ‘public institutions’ or the ‘institutions of the public’. The agenda of social capital to promote ‘good governance’ has to be understood in connection with this. As Falk (1999) pointed out ‘the promotion of a global civil society to make governance more accountable and transparent’ is also part of this wider project.

The most encompassing view of social capital emphasises on the social and political environment that shapes social structure and enables norms of development. Here, this view highlights the importance of social capital to the most formalised institutional relationships and structures such as government, the political regime, the rule of law, the court system, and civil and political liberties. They accept that political environment of a country in the domestic level and economic environment in the global level can make it easier for social capital to grow and also to deteriorate. This particular view on social capital proffers that the capacity of various social groups to act depends crucially on the support (or lack thereof) that they obtain from the state as well as the private sector. In nutshell, economic and social development flourishes when representatives of the state, the corporate sector, and civil society create forums in which they can identify and pursue common goals.

To be effective, governments must have legitimacy in the eyes of citizens. For this, citizens must see governments accountable, transparent and representative of their interests. Only the widely recognised and fairly enforced system of law can promote social cohesion. Citizens who are active in local organisations generally be inclined to take greater interest in public affairs (Putnam 1993) and this interest,

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34 Quoted from the speech of former United Nations Secretary-General Kofi Annan, which he had delivered at the closing session of the World Social Forum meet 2002 held at Porto Alegre.
coupled with the greater interaction between representatives, state officials and other citizens, make the government more responsible and legitimate.

The link between state and social capital has got much attention in this regard. The argument has gone to the extent that whenever the state is weak or faces any trouble in the functioning of its social role, civil society can play the role of facilitator of socio-economic development or at least the role of a vital supplier of informal social insurance. Precisely, all these attempts are made to ratify the role of social capital and civil society over the state in promoting welfare and economic development in less developed states.

John Harris (2001) has criticised social capital as apolitical and uncontextual. In his opinion it serves only the interests of international capital by depoliticising issues of development in the third world. Harris has pointed out that the exclusion of political parties from the World Bank’s list of ‘formal organisations’ to work for social development and build social capital as an indication of this de-politicisation agenda inherent in the social capital debates. In sum, by restricting the free and fair participation of people in socio-political arena through certain totally apolitical instruments like village committees and development associations, the social capital based development strategy largely ignored the politics of poverty and unequal distribution most significant as far as social development of the third world countries are concerned.

Globalisation has enforced certain universal values and norms over the developing world based on their understanding on concepts like human rights, democracy, ecology, gender, etc. Many organisations, both governmental and non-governmental – are formed in this connection that inter-lock cross-national sections with high influence in global decision making. As Massey (1992) observed, a reshaping of the spatial organisation of social relations is happening at every level - from local to global. Nevertheless, the ultimate success of this is based on complementary rather than substitutable inputs like trust, freedom of choice and incentives of parties to co-operate each other (Evans1996; Ostrom 1996). State, market and civil society can increase their effectiveness by contributing jointly to the provision of welfare and economic development. For them, the key for success in this regard is to be found only in the convergence of local groups and grassroots
organisations from various parts of the world to form a trans-national civil society. As a result of this, today, a considerable amount of the governing functions are done beyond and above nation states.

Perhaps, the central argument in this debate related to our study is about the degree to which globalisation actually promotes social development in proportion to economic growth in the developing states by taking Egypt and India as models. It is a fact that the spread of free trade encourages enterprise and hence sponsors economic growth and wealth creation even in the developing states. But the missing point here is that in such a system, the welfare of the marginalised has never been addressed. The study gives much attention to this element with a neo-Marxist approach to globalisation, especially to its social dimensions.

The crux of the whole debate is that, all these new measures are aimed to develop a new culture of social development in which the role of state is subsidiary. The major proposal of social development for the century, the Millennium Development Goals (MDGs), with grand objectives like halving extreme poverty and hunger, achieving universal primary education, high availability of health services, strengthening local administration and governance, and high level participation in development by 2015, has brought much attention to reform debates.

V Conclusion

It is acknowledged that the contemporary world is undergoing a rapid internationalisation process of economic, political and social activities intensified by certain globally integrated laws and regulations (Korayem et al. 1997: 44-5). It is definite that the world would no longer be ‘a world of closed communities with mutually impenetrable ways of thought, self-sufficient economies and ideally sovereign states’ (O’Neill 1991: 282). Barriers to international trade have been considerably reduced through international agreements such as GATT and the WTO. Consequently, a new kind of global economy emerged through cross-border flow of production and finance. The rapid emergence of a unified global economy is transcending the world’s major economic regions (Cox 1992: 30; Ohame 1990).

As we see, with the intensification of globalisation of trade and commercial activities, the discussions on the non-economic (that is social) dimensions of
development like governance, education, and enhancement of human capital and social capital has also got considerable attention from the institutions and scholars engaged in development debates (Sayyid 2002). Even the World Bank, the most aggressive agent of neo-liberal economic agenda, at times talk about the need of putting people first and fostering self reliance simultaneous to the restructuring of economy (WB 1995a; 1998c).

As governments and their citizens have become entrenched in more expansive networks and layers of regional and global governance, the agents of governance have become the new loci of authority above, below and alongside the state. In such a situation, political space and political community can no longer be identified with a fixed national territory: the capacity of national regimes to be the sole masters of their citizen's fate has also been diminished. In short, the structure and intensity of contemporary political globalisation raises serious challenge to the sovereignty of state that has been institutionalised by the Westphalia state system.

One major problem identified and is extremely significant in the debates of social development is that it is the elite in the developing countries who are the only participants and beneficiaries of all these processes. They outline and implement the programme through the institutions of international governance. The important point related to this is that the real subjects of the new development model - the poor in the Third World and their views based on their own experiences - have never been taken seriously in the whole process in the framing of this so called 'participatory' programme. Here the participation of the subject is limited as a beneficiary, and the total programme is directed from 'above' by the agents of international capital.

It is also worth mentioning that, in order to get markets opened to their goods and take advantage of the abundant, cheap labour in the South, Northern countries used international financial institutions and regional trade agreements to force poor countries to reduce tariffs, privatise their state enterprises and relaxing environmental and labour standards in order to 'integrate' them with global economy (Scholte 2005: 159). Similarly, the unification of market forces at the global level further accelerated power disparity between the markets of the developed and the developing countries in the global level (Pant 1996: 168).
It is a general fact that the prejudiced ruling elites in the developing states are misguided by the attractive, but unrealistic, claims of the Neo-liberal political economy. Without considering the ground realities, they simply swallow the neo-liberal argument that economic growth would automatically lead to social development. Besides, they consciously ignored the hegemonic and greedy intentions of global capital that is increasingly imposed over the weak states. The 'peoples networks and local organisations' which are supposed to improve the socio-economic conditions of the poor and a major element in social capital were also heedless of the ground realities in such societies. Similarly, the inherent structural limitations and entrenched contradictions within the society, such as caste, class and ethnicity in India (Cellaiah and Sudarshan 1999) and high regional and economic disparities and class contradictions in Egypt (Terrence 1994) have created a situation in which the interface between different stake-holders such as workers, local governments, NGOs and the capitalists is dysfunctional.

The role of social capital in social development needs to be analysed critically in the context of developing countries to get a clear picture of its role in the social development of semi-capitalist peripheral societies. The basic hypothesis of social capital is that interaction enables people to build communities, to commit themselves to each other, and to bind the social framework. The advocates of social capital argue that social capital allows citizens to resolve their common problems more easily and they often perform better off if they can develop mutual cooperation. The major limitation of this neo-liberal theoretical understanding is that, it overlooks the complex social system which is still predominant with all its peculiarities in countries like India even after the intensification of capitalist liberalisation policies at one side. Extreme diversity and complex power relations remain as barriers of cooperation among individuals and groups in such societies.

The importance of super-structural elements, as identified by Neo-Marxists, has much influence in the overall socio-economic development of most of the developing countries. The peculiar type of social structure which is different from developed capitalist societies still remain a hurdle to the effective implementation of

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35 The complex social system in such states having inherent conflictual interests among social classes, extreme inequality in power relations as well as distribution of wealth, bureaucratic extravaganza, religious obscurantism and discrimination on the basis of gender/caste/region which create hurdles to the smooth functioning of a liberal market economy.
the social development agenda/programme set by neo-liberal institutions. Instead, it complicates the social crisis in developing societies by deepening inequality in the distribution of resources.

To contextualise civil society in the Third World is very significant in this regard. As per the neo-liberal dictum, a strong and vibrant civil society is essential to mediate between state and market which is lacking in most of the developing states. Though a limited level of civil society formation has already taken place in Egypt and India, it does not hold enough potential to contribute to an inclusive social development of the people in these nations, contrary to what the prophets of new development model have envisioned.

Both in Egypt and India, the market economy experiment had failed to address the real challenges in social development. Perhaps the main reason for this was the inherent inability of the market based strategy to address the deep rooted and complex social problems in the Third World states. Immature development of the capitalist mode of production and production relations is pointed out as the major reasons for the failure of market in such states. Colonialism had developed a fragmented type of capitalism and the massive exploitation of resources has instituted a form of systemic inequality and oppression in such societies.

The introduction of measures like social capital in developing countries is essentially an outcome of the recognition of this inability of market to address the social development issues which further deteriorated by the ascendancy of neo-liberal policies in the developing world. As it is evident, such measures also failed to tackle the crisis as they operate principally according to the logic of market (Ghosh and Chandrasekhar 2002). This is more significant because hardly any effort has been made to control the ever expanding role of market forces, even in the midst of its overall negative social impacts.