

## THE ROLE OF SOCIAL CAPITAL IN DEVELOPING DEMOCRACIES

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**Abstract.** *The term social capital is characterized by a proliferation of meanings which give rise to different debates. The aim of this paper is to analyze the role of social capital in developing democracies. To this end, Argentina and Nicaragua, as two Latin American nations, ideally illustrate two novel theoretical positions which can serve as representative models for developing democracies. In these two countries, the process of democratization had quite a different course, method and dynamics. Nicaragua employed more "social-centrist" style of democratization, while Argentina used more "state-centrist" path to democracy. In Nicaragua, it was a "bottom-up" process in the development of democracy based on the social capital, where civil society and horizontal connections among citizens were the engine of the political process. As a developing democracy, Argentina offers an interesting opposite scenario. In Argentina, it was a "top-down" institutional process of democratization, where the political institutions have done most of the work and compensated for the absence of initiatives to strengthen the civil society.*

**Key words:** *social capital, bonding vs. bridging social capital, Sandinismo, Peronism*

### INTRODUCTION

In scientific research, social capital has always been a multidimensional phenomenon. Indeed, there is an apparent wealth of quantitative and qualitative research on social capital in academic publications across the disciplines of sociology, economics and political science. "Social capital has a huge appetite. It explains everything, from the individual to the society itself, disease, poverty, crime, corruption, education, democracy and governance, and so on" (Fine, 2002: 1, according to: Andriani, 2013: 19).

The term *social capital* is characterized by a proliferation of meanings which give rise to different debates. Promoting social capital and its importance for the development of

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democracy is known as the process of "*democratic socialization*." Here, the concept of social capital is analyzed in the context of political theory and its role in developing democracies. Democracy is believed to be a great achievement which comes from good understanding of social engineering. Thus, social capital has the key role and importance in maintaining and encouraging democracy through active citizenship, organized in various associations that connect the individual with the state. If social capital contributes to the development and survival of democracy, it further means that it has a special significance in the newly established democracies (Booth, Richard, 2009).

### 1. SOCIAL CAPITAL: GRINDING THE CONCEPT

The idea of social capital can be located in the historical series of ideas on different forms of capital. Today, the concept of social capital can be said to represent one of the most important sociological concepts which is present (in one way or another) in various social sciences and often exploited in public discourse, primarily due to the vast social repercussions which it may generate.

Social capital is not a new concept in social sciences, but it gained momentum and regained popularity as a highly topical issue in the 1990s. The theorists who laid down the basis for further study of the concept of social capital are French anthropologist Pierre Bourdieu, American sociologist James Coleman and the Italian political scientist Robert Putnam, whose work inspired extensive debates and new definitions.<sup>1</sup>

Given the fact that it is a relatively recent concept, there is no single, universal, and widely accepted definition of social capital. Most definitions specify the characteristics of social structures, which allow increasing the efficiency of collective action. Despite the great interest and a large number of papers on the topic of social capital, there is no consensus on the definition of the concept of social capital. Although the structure and content of these definitions largely depend on the starting premise, most scholars agree that social capital is *the aggregate function, the essence and the nature of social relations in a community*.

Scientists in a wide spectrum of disciplines use different interpretations and definitions of social capital. Table 1 provides an overview of the most significant authors and summarizes their definitions of social capital, the level of analysis, the measurement methods, and their opinions on the function of social capital.

The sources and determinants of social capital are an integral part of the current theoretical discussions and empirical studies of social capital. There is a wide range of possible sources of social capital that can affect its creation, or destruction. Some of these sources are by their nature more permanent and difficult to change, while others are more susceptible to erosion processes. But what is important to remember is the fact that social capital is not a result of enacted laws and political will; instead, it is created and maintained spontaneously, in everyday interactions, over a long period of time. Thus, social capital is the product of factors such as: religion, tradition, shared historical experience, and the like.

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<sup>1</sup> Thus, a serious analysis of the concept of social capital, primarily considering the reception of works of new authors, is impossible without referring to the discourse of these *dominant* theorists of social capital.

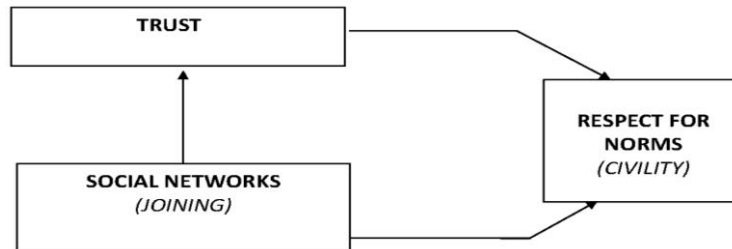
**Table 1** Different conceptualization of social capital

Authors	Social Capital	Emphasized Assets	Level of analysis	Measurement	Function of Social Capital
Bourdieu	“The aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” (1980: 2).	Networks Resources	Micro	Case studies of social groups	Individual and collective action for social cohesion and integration
Coleman	“A variety of entities, with two elements in common: they all consists of some aspect of social structures, and they facilitate certain actions of actors-whether persons or corporate actors -within the structure” (1988: 98).	Networks Information-channels Norms Social action	Micro	Case studies of social groups and family	Social control Acquisition of individual human capital
Putnam	“Features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit” (1995:66).	Networks Social Trust- Norms Cooperation	Macro	Quantitative statistic data	Positive impact in Democratic performance
Fukuyama	“An instantiated informal norm that promotes cooperation between two or more individuals” (1999: 1).	Norms Collective action	Macro	Quantitative statistic data and qualitative measures	Economic efficiency Democracy performance
Woolcock	“Norms and networks that facilitate collective action” (2001:9).	Norms Networks	Macro	Quantitative statistic data and qualitative measures	Collective action with social and economic outcomes
Portes	“Ability of actors to secure benefits by virtue of membership in social networks or other structures” (1998:6; 2010: 27).	Access process Social networks Outcomes	Macro	Quantitative survey data and case studies	Positive/ negative: Social Control Family Support Social integration
Lin	“Investment in social relations with expected returns in the marketplace” (2003: 3). “Resources embedded in a social structure which are accessed and/or mobilized in purposive actions” (2008: 12)	Investment/ mobilization Social relations Resources/ returns	Micro- macro level	Network analysis	Differential access to resources Attainment to/ mobility in stratified society

Source: Gomez, T. (2014). The social capital applied to cross-border cooperation in the cross-border regions of Alentejo-Algarve-Andalucía and southern Finland-Estonia. Doctoral dissertation, Huelva: University of Huelva, pp. 39

As different authors tend to explain the sources of social capital in different ways, there are many conflicting views on this matter. Yet, most authors (Fountain, 1998; Lesser, 2000; Putnam 1993) agree that social capital base consists of three components (Figure 1):

- 1) trust
- 2) norms of cooperation and reciprocity
- 3) social networks



**Fig. 1** Structure of social capital

Source: Author

In his considerations, Putnam highlights the three components of social capital. First, there is *trust* as an essential component of social capital, since it facilitates the cooperation necessary for the coordination of the society. Second, there are the *norms of generalized reciprocity* that facilitate solving dilemmas of collective action, and are therefore considered highly productive component of social capital. Third, there are *networks of civic engagement*, which also represent an essential component of social capital (Putnam, 1993: 170-173). All these elements (social networks, the level of confidence and the prevailing norms) are mutually dependent and, as such, they are a vital factor in the production and reproduction of social capital (Putnam, 1993), whereby their mutual relations are characterized by reverse causality. Together and separately, these elements facilitate and/or support cooperation and collective social action.

In recent years, it has been increasingly emphasized that social capital can arise in relations with formal institutions and through the impact that such institutions have to the previously mentioned direct sources of social capital. The implication of this view is that it is possible to use institutional engineering in order to encourage the development of social capital (Golubović, 2007: 90).

Generally speaking, we can distinguish two basic conceptions of social capital, which substantially differ as they are shaped along the lines of individualistic and collectivist paradigm of social capital. One view is primarily *individualistic*, where social capital is defined as primarily an individually created resource; the other view is primarily *collectivist*, where social capital becomes a collectively created resource, regardless of whether it refers to the neighborhood, the city and the country as a whole.

A number of authors underscore the multidimensional perspective of social capital, mostly referring to the three dimensions of social capital: structural, relational and cognitive.<sup>2</sup> **Structural (objective) dimension** refers to the processes, rules and procedures that apply to a

<sup>2</sup> Starting from Putnam definitions of social capital, the authors Nahapiet and Ghosal believe that there are three forms of social capital: *relational*, which depends on the level of trust; *structural*, which arises from existing social networks, and *cognitive*, which has its stronghold in the common standards (Nahapiet, Ghosal, 1998).

group or organizational cooperation (through the established role of social networks and other social structures) in order to achieve common benefits of collective arrangements. This type of social capital promotes the exchange of information, collective action and decision-making through social networks and other social structures. In contrast to the structural dimension that refers to the entire scheme of links in the network, *relational dimension* includes the nature of personal relationships that develop between members of the network (such as: friendship, respect, reputation, etc.), which are manifested as strong and weak ties. Considering a large number of factors that make a relationship strong or weak, the so-called *relational trust* occupies the central place. Relational trust is based on constant reciprocity of trust: "I'll do something for you, and you'll do something in return." In other words, relational trust rests on the personal belief that the trusted person (*trustee*) will act in a purposeful and efficient manner because he/she cares about the well-being of the person who vested trust in another (*trustor*). This stems from the constant interaction between individuals over time, which produces a feeling of confidence and positive expectations. *Cognitive (subjective) dimension* suggests that social capital is individually specified and, as such, it refers to the norms, values, attitudes, beliefs and joint performances between individuals in the network. Previously identified forms of social capital can be complementary and mutually reinforcing in the sense that structural social capital makes an effective cognitive variant, while cognitive social capital is at the base of the structural variants (Krishna, Uphoff, 1999).

Another important classification is embodied in the distinction between social capital at the micro-, meso- and macro-level. The *micro-level approach* to social capital focuses on the nature and forms of cooperative behavior. As such, it is similar to the game theory approach because it deals with the preferences of the individual to cooperate by pooling or joining forces in order to achieve certain goals. The *macro-level approach*<sup>3</sup> concerns the conditions for cooperation (which may be either favorable or unfavorable). Given that social capital is seen as a product of the institutional structure, this approach is similar to the institutional theory. It highlights the value of collective integration and social cohesion. The *meso-level approach* refers to the structures that make it possible to maintain the cooperation. This approach is linked with the concept of social capital as it refers to the potential of social networks to "produce" resources such as information and support. In this context, this analytical approach is similar to the theory of resource mobilization. Proponents of meso-approach are also interested in individual and collective benefits that social capital can produce. All three approaches recognize the importance of social engagement (non-monetary forms of social interaction) for economic growth and social welfare.

## 2. BONDING VS. BRIDGING SOCIAL CAPITAL

In the recent literature on social capital, some scholars explicitly recognize (among other things) the importance of distinguishing different types of social capital. In addition, a special place belongs to distinguishing between the *bonding* and the *bridging* social capital (Putnam, 2000; Paxton, 2002). This is also the most important division of social capital from the point of considering the relationship between social capital and democracy.

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<sup>3</sup> At the aggregate level, it is considered that the nations or regions may have different levels of social capital that affects the level of democracy and economic growth (Fukuyama, 1995; Putnam, 1993, 2000). So, democracy is here seen as an important aggregate level of the public good and it is an essential aspect of the macro-society.

In addition to popularizing the paradigm of social capital, Putnam is also creditable for popularizing two subtypes of social capital: the *bonding* and the *bridging* social capital. Although he was not the original creator of this division, his reference to this classification in his study greatly contributed to the fact that both of these subtypes of social capital started being widely analyzed and further developed.<sup>4</sup> The *bonding* (or exclusive) social capital is manifested with networks (homogeneous groups) that empower the existing group affiliation and increase the particular reciprocity, solidarity and loyalty, while the *bridging* (or inclusive) social capital refers to those types of networks (heterogeneous groups) that connect different parts of society, forcing a general trust and reciprocity (Putnam, 2000: 22-24). A key feature of the former is switching *off*, and the key feature of the latter is switching *on*.

Bonding social capital can be seen as a result of the connection between people with a common dominant characteristic, such as: ethnicity, religion, some radical political views, etc. Bonding social capital refers to ties that exist between family members, close friends and neighbors. These groups of people are more isolated and internally oriented (*inward-looking*), with a greater degree of homogeneity among their members, and they often have very strong internal links. On the other hand, bridging social capital is facing outward (*outward-looking*) and it is characterized by inclusive membership that relates to different groups, levels and spheres of society. Bridging social capital refers to the relationships that exist between people who are more distant, like acquaintances, colleagues or classmates.

When Putnam wants to distinguish these two types of social capital and explain their functions, he metaphorically says that bonding social capital represents a kind of "sociological superglue", whereas the bridging social capital is viewed as equivalent to "lubricating oil" (Putnam, 2000). According to Putnam, "bonding social capital is good at creating specific reciprocity and mobilization of solidarity, while the bridging social capital is better for correlation with the external assets and diffusion of information" (Putnam, 2000: 22). Putnam also suggests that the bonding social capital is good because it helps the process of "orientation" in daily life ("*getting by*"), while bridging social capital is of crucial importance for the "advancement" ("*getting ahead*"), which requires the existence of the so-called *cross-cutting* ties<sup>5</sup> (Putnam, 2000: 23). However, Putnam is aware that the bonding social capital can exert its "dark side" and generate negative externalities, with disastrous consequences for the society. The bonding social capital can generate more "negative external effects" for the simple reason that a strong group loyalty often creates a strong antagonism outside the group (Putnam, 2000: 23). It is clear that

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<sup>4</sup> There are opinions according to which the bonding capital is just a new metaphor for the more familiar understanding of particularism, group isolation, social alienation and atomization, a reduction in the community, etc., and that, on the other hand, the idea of social bridges is at least several decades old. Otherwise, Putnam's idea of bridging social capital and weak ties is nothing new. It dates back to the sociologist Mark Granovetter (1973) who first made the distinction between "strong" and "weak" ties in the social interaction of agents. Granovetter's main contribution lies in discovering the significance of "weak" ties as a model of social networking for individuals who wish to obtain important information, find a job or advance in their careers. In Granovetter's opinion, the power of "weak" ties comes to the fore when talking about the integration of individuals and groups in the social system. On the other hand, individuals with a few weak ties will be simply deprived of information coming from remote parts of the social system and will be more susceptible to local news and views of close friends, which is a serious obstacle for further progress.

<sup>5</sup> These ties are thought to play an important role in building social cohesion and providing economic opportunities and chances for people from less powerful or marginalized groups. In addition, the importance of these ties has been recognized in earlier research on democracy. In short, if different groups in society are rather separate than related, it will result in anti-democratic outcome (Paxton, 1998: 105).

the "bonding arrangement" is essential for the cohesion of closely related criminal groups such as the Mafia and the Ku Klux Klan (KKK), whose survival depends on the loyalty of individual members of the group. Putnam believes that, without such codes of loyalty, criminal groups of this type would not be able to function at all (Putnam, 2000).

Another author who examines the character of the bonding and bridging social capital, as well as the interactions between them, is Caulkins (2009). In his theoretical concept, there is an idea of the so-called dynamic *grid-group framework*, which can be applied to micro and macro levels, ranging from small companies to large nations (Table 2).

**Table 2** Grid-group and bonding/bridging social capital

Small group Large grid	Large group Large grid
<b>B</b> A strong structure and poor incorporation, high bridging social capital low binding social capital  <i>descriptive terms:</i> isolated subordination, fatalism, apathy, clientelism	<b>C</b> A strong structure and strong incorporation high bridging social capital high binding social capital  <i>descriptive terms:</i> bureaucracy, hierarchy, collectivism
<b>A</b> Weak structure and poor incorporation low bridging social capital low binding social capital  <i>descriptive terms:</i> individualism, competitiveness, enterprise	<b>D</b> Weak structure and strong incorporation low bridging social capital high binding social capital  <i>descriptive terms:</i> egalitarianism, sectarianism, enclaves
Small group Small grid	Large group Small grid

Source: Caulkins, D. D., (2009) Grid-group analysis” in Svendsen, Gert Tinggaard and Svendsen, Gunnar Lind Haase (Eds.), *Handbook of Social Capital. The Troika of Sociology, Political Science and Economics*, Edward Elgar, Cheltenham, UK, pp.62

Under the previous framework, the network refers to bridging social capital, while group is associated with bonding social capital.

The situation in Quadrant A is such that the bonding and bridging social capital is poorly developed. In such circumstances, individualists think only of themselves and not of others who could find themselves in trouble. An individualist takes care of someone else if he/she can benefit from it. He/she does not belong to any of the close group, nor has any interest in it. If something goes wrong, an individualist blames bad luck or personal incompetence. Quadrant A provides for the strengthening of the entrepreneurial spirit and the emergence of innovations.

Quadrant B shows the scenario of isolated subordination, which limits the individual according to the position he/she occupies in the hierarchy. Given their position in the hierarchical structure, some individuals are not able to participate in the decision making process. Then, when things do not go according to expectations, they blame destiny. As a rule, quadrant B includes a group of fatalists who may easily be manipulated by whoever is in power.

Behavior in quadrant C is determined by the positional criteria (for example, inheritance or age) rather than by hierarchical rules or merit. Individuals exist in a collective environment where everyone enjoys "the same happiness"; they feel safe and divided into social strata. When things go badly, an individual blames the deviation, not the system. Quadrant C strives to keep the basic values and traditions.

Quadrant D presents an environment of sectarianism or egalitarian enclave, whose constant concern is the question of the external borders. In this regard, organizations that fit into this quadrant are considered to be unique and categorically different from other organizations. Individuals who belong to these organizations think that every outsider (a person outside the organization) poses danger to them; consequently, the sacrifice and expatriation of the unworthy happens from time to time. Here, the concept of leadership is not accepted since it represents inequality. Management can be appointed only if the group is under threat. For most egalitarians, the system is one that threatens their way of life. Quadrant D endeavors to strengthen confidence and promote the functioning of active groups in order to achieve a balance between the hierarchy of individualism.

Only one type of social capital is insufficient for effective social functioning; in effect, optimal results are achieved by combining different types of social capital. However, in the absence of the large-scale bridging social capital, the society could not function efficiently. Specifically, the societies with a strong, high level of internal, bonding capital and a considerably low level of external, bridging capital are unstable, conflict and divided societies (Stojiljković, 2010: 85). In this sense, there is an illustrative example of the Bosnian-Herzegovinian society, where social capital is formed along national lines and, thus, it has the features of a connecting but not bridging social capital, which only allows for the stabilization of complex communities (Šalaj, 2007).

The above-mentioned types of social capital are not mutually exclusive, and each of them has its own characteristics and its own (different) impact on the socio-economic dynamics. In addition, the bonding social capital occurs naturally and, therefore, it is easier to build, while the bridging social capital is more likely to positively affect economic and political outcomes, but it is so much harder to generate (Letki, 2009: 167). Both types of social capital are of great importance, but from the standpoint of political participation and advancement of democratic practice, the bridging social capital has the most important role. Strong and well-built bridging social capital, based on mutual trust and a wide network of different civil society organizations, creates a healthy foundation for affirmation of Barber's concept of "strong democracy" (1984), in this case, consolidated democracy that greatly deviates from the minimum definition of liberal democracy, as an example of Dahl's polyarchy (the rule of many) (1971). Understanding the bridging social capital is vital for research on how civil society, as an authentic form of association and organization of independent citizens and their free operation with the public authorities and in general, creates a bulwark against authoritarian tendencies and anti-democratic pretensions within the state and, thus, contributes to democratic consolidation.



Particularist variant of social capital tends to be dangerous to the rest of society and, thus, undermines political stability and democracy. If this kind of social capital prevailed, democracy would not have a real future, as it would prevent the penetration of basic democratic ideas and processes. The more universal social capital will create more social networks, norms and virtues that not only serve the purpose of its direct beneficiaries but also shape and promote the general interest in the democratic political order.

### 3. SOCIAL CAPITAL AND ITS ROLE IN DEVELOPING DEMOCRACIES: CASE OF NICARAGUA AND ARGENTINA

As a result of the transition of authoritarian regimes towards democracy, the question of democratization has become prominent in theoretical debates and discussions. People are increasingly fighting for political goals in the name of democracy, and a growing number of states are transformed into democracies. The key directions of social capital research, which are concurrently its fundamental social and political significance, are related to the role of social capital in the development and consolidation of a democratic society and strengthening social cohesion (Stojiljković, 2010: 86). Much empirical research on social capital (Brehm and Rahn 1997; Inglehart 1997: 203-205; Putnam, 1993, 2000, Knack, 2002) has been conducted in developed democracies (the United States and Western Europe) and some new or re-emerging democracies (Eastern Europe, Russia and newly established independent countries formerly part of the former USSR) (Gibson, 2001; Mishler and Rose 1997; Rose, Mishler and Haerpfer 1998) (Booth, Richard, 2009). In contrast, in this part of the paper, we analyze the role of social capital in the process of democratic development of two Latin American nations, Nicaragua and Argentina, which have the opposite experience in developing democracy.<sup>6</sup>

Relying on public opinion surveys and official data in Nicaragua and Argentina, in his book called *Social Capital in Developing Democracies. Nicaragua and Argentina Compared (2010)*, Leslie Anderson explores the contribution of social capital in the process of democratization of both countries, as well as the limitations of this contribution.

In an effort to identify the causes that led to the different situation in terms of democracy in these two countries, Anderson (2010) cites long-term historical processes as the core of explanation, top reason and promised research strategy. It is a comparative historical study of democratization of both countries in recent decades<sup>7</sup>. The author focuses on two well-known mass movements and the *mainstream* orientations, the Sandinista movement in Nicaragua and the Peronists movement in Argentina<sup>8</sup>, which had a crucial role in establishing and shaping democracy today and even political life of each country. The experience of these two national movements provides examples of very different types of social capital; thanks to them,

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<sup>6</sup> These two democracies are still in the developmental phase; in both countries, democratic processes are still deeply imperfect, problematic and unconsolidated, and far away from the moment when democracy becomes "the only game in town" (Linz and Stepan).

<sup>7</sup> Besides, the study of social capital in Italy and the United States shows that the nature of social relations in any society is decades-old product, even the resultant generation of social patterns; they all have a long and complex genesis and evolution.

<sup>8</sup> Today, Peronism and Sandinismo are popular political parties which still have historical significance for both countries, and which clearly reflect differences in support of democracy and democratic values in these two countries. Peronism is currently in power in Argentina, but this time in the form of *kirchnerism*.

we have a kind of social laboratory that allows us to consider the role of social capital in the process of democratization in two very different situations (Anderson, 2010: 240).

The *Sandinismo* movement is an anti-dictatorial force that was organized against General Somoza's forty-year dictatorship (1936-1979). The Sandinista National Liberation Front (*Frente Sandinista de Liberación Nacional* - FSLN) was named after Augusto Sandino, the radical guerrilla leader assassinated in 1934 by the National Guard. The goal was the construction of a democratic and pluralistic society, as well as the implementation of political, economic and social reforms that would lead to a higher level of social justice and equality in society. As a unique mass movement in the world, Sandinismo has played a key role in the fight against the domination of elitism, patrimonialism and foreign domination in their own country. Owing to this once egalitarian revolutionary (guerrilla) movement, Nicaragua was in a position to build its democracy under such historical conditions that depended on the horizontal ties, mutual cooperation and reciprocity among citizens who created the slogan "WE", which the entire nation could identify with. This is consistent with the theory of social capital which argues that democracy naturally "grows" and operates smoothly where citizens establish horizontal ties among themselves and learn how to connect with each other cooperatively. In conditions of limited institutional capacity, cooperation and mutual trust were imposed as the basic elements of compatibility between Sandinismo and democracy, and could be used as resources for the promotion of democracy. It is the political style of mutual cooperation, trust and common struggle for ideas, dreams and visions. This fact is something that greatly influenced latter political life in the country. Horizontal ties are by their nature such as to strengthen membership in associations and encourage civic initiatives and popular participation, which is an argument for a positive social capital. In such circumstances, there was an accumulation of well-known **bridging** or democratic **social capital**. Strong, positive, bridging social capital initiated and strengthened the process of democratization of the country. The key elements in the creation of the bridging social capital in Nicaragua were: (1) mutual leadership; (2) centralization of ideas (rather than a persona) reflected in cooperation among more powerful and young leaders, where all contribute to the same goal; (3) cultivating non-hierarchical activism and initiatives; and (4) the creation of *cross-class* ties (Anderson, 2010: 32). All four factors are mutually intertwined and interacting with each other, and they were the foundations of political society during the eleven years of the Sandinista regime.<sup>9</sup>

The *Peronism* movement appeared in Argentina in late 1940s, essentially as an anti-imperialist movement. Peronism owes its name to the Juan Domingo Peron, who was president of Argentina in the period 1947-1955 and later in 1973-1974. Peronism was a social rather than a revolutionary movement. Peronism differed from the leftist Sandinismo movement in terms of interpersonal relationships, the nature of leadership, the role of ideas, and the relationship between the classes, with very different implications for the development of democracy today. Historically speaking, the timing of the movement, location and Peron's personal background are the main reasons for a more complex undemocratic history of Argentina as compared to Nicaragua. During the Peron government,

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<sup>9</sup> Sandinista movement was formed in 1960, and the Sandinistas came to power in July 1979, after the revolution. After assuming power, the Sandinistas embarked on a series of democratic reforms but, at the end of 1990, they lost power after democratic elections. However, the FSLN remained one of the two strongest political parties in Nicaragua, in spite of the 1995 split when the Social Democratic faction separated from the Sandinismo movement and later created the Sandinista Renovation Movement (MRS). Its leader Daniel Ortega was elected president in 2006.

important vertical ties developed between Peron, Peronism and his followers. Argentina today is still the country which embodies the cult of personality and "crowding" around the sovereign, positions of power and resources, with developing vertical ties between the president and citizens. In turn, vertical ties promote dependence, passivity and inability to work together. This is the viewpoint in which the regime was faced with enemies wherever there were "dangerous other", and such behavior had a negative impact on trust between the Peronists, their leaders and Peron, among the potential leaders, as well as between the Peronists and non-peronist opponents (Anderson, 2010: 81). In other words, the Peronist political regime created an atmosphere in which all people who shared the Peronist ideology were referred to as "we", while all others were referred to as "they", which created a dichotomy between "US" (in this case, Peronists) and "THEM" (the unemployed, the capitalist elite, foreign imperialists, radicals, intellectuals, journalists, churches, universities, etc.). In such a social division, featuring the "pyramid segmentation", "they" were excluded from participation and deprived of political equality, representation, and even respect. Due to such practices, there was no opportunity for adaptation, mutual cooperation and compromise, which is certainly prejudicial to building the social capital that contributes to the advancement of democracy. In contrast, in the circumstances of the rule of the semi-fascist and authoritarian populist political regime, there was an "aggregation" of well-known **bonding** or **social capital** with the anti-democratic consequences, which is reflected in the "hostile" attitude towards democratization and which makes the functioning of democracy much more difficult. The nature of the social capital undermined the development of democracy in Argentina; for this reason, the country is still burdened with problems and constantly encounters numerous difficulties and threats to the continuity of democracy. There are four characteristics of Peronism, which are substantially influenced by the type of social capital that was developed in Argentina. These are: (1) the Peronist leadership style (centrality of a leader, a strong charismatic individual policy); (2) the role of inconsistent and incoherent ideas in leading the movement; (3) clientelism, patronage, vertical control and top-down executive position, which undermines non-hierarchical and local initiatives; and (4) the nature of the relationship full of aggression, antagonism, suspicion and hostility that Peronism fostered with other classes and major groups, sectors and institutions of the Argentine society (Anderson, 2010: 70). These key elements have had a powerful impact on the Argentine society inside and outside Peronism, and led to the creation of hierarchical political relations which were entirely incompatible with the democratic norms, procedures, values, processes and institutions.

As can be seen from the preceding analysis, different national histories which "accumulate" different types of social capital relate differentially to democratic values. It appeared that the Sandinismo movement was a mobile form of political action, due to which the Nicaraguans were more likely than the Argentines to build horizontal ties and to join organizations; according to the theory of social capital, it is a crucial factor that contributes to democratic development. This also shows that Tocqueville (1805-1859) was right when he said that amalgamation is of crucial importance for democracy, and that the voluntary associations are the real "school of democracy". Similarly, Putnam's famous maxim, stating that "the building of social capital ... is the key to making democracy work" (Putnam, 1993: 185), may be correct, but it does not apply to all cases (as it is important what kind of social capital is being developed). The ability to trust each other, to cooperate and work together are worthy assets in development, consolidation and continuity of democracy (Anderson, 2010: 1). "It is important to establish small civil networks through which millions of citizens will

be able to participate in democratic processes and development of democracy, in order to ensure the implementation of the democratic political project in everyday life. If, in addition to the democratic project and institutions, the civil networks do not come to life, if democracy does not become a culture, if there is no norm in the value system that democracy shall become part of everyday life in the society, then institutions are of little worth and democracy will depend on the relations between the political power, instead of will and consensus in the society (Đinđić, 2007: 10).

On the other hand, social capital can also endanger the democratic process if the historical circumstances are such as to create strong vertical ties that promote autarchy and the unequal distribution of powers and resources, which often have negative consequences on the social capital. With this kind of capital, the state has a key role in the democratic development because it is the one that can provide the capacity for the development of civic associations and organizations operating in the interests of their members and users. In this domain, faced with the existence of anti-democratic forms of social capital, democratic development of Argentina is based on the alternative solutions and commitment, embodied in the **institutional capital**. Whereas in Nicaragua the social capital played a positive and constructive role in developing democracy, Argentina could only use its institutions in the process of democratization, simply given the fact that they were stronger than the "national base" of social capital. The formal political institutions (notably, the legislature as the most important institutional locus) were recognized as an alternative resource to overcome the lack of social and political capital in the society. This is what Anderson called "*functioning democracy without social capital*".

The conclusion is clear: each country has a choice and can implement policies that can encourage democratization, either by increasing the social and political capital or by providing support for political institutions that must be responsible and operate effectively, or through both! It should be borne in mind that a strong democracy requires both social and political capital (on the one hand) and institutional capital (on the other hand).

#### CONCLUSION AND RECOMMENDATIONS

Social capital is, without any doubt, a broad term which has generated a lot of debate. One of the traditional assumptions in the political science literature is that social capital is essential for the maintenance and promotion of democracy. However, this does not mean that social capital is also the panacea for all problems in a modern democracy. Regarding the integration of social capital in the political life, the most influential voice comes from Robert Putnam. For Putnam, *inter alia*, the distinction between the bonding and the bridging social capital provides a lens for determining the contribution of social capital to democratic governance. A closed social circle (the bonding social capital) and social interactions in external networks (the bridging social capital) have different effects on the development of democracy. From the perspective of democratic development, the most significant impact is exerted by the formal network of civic association contained in bridging social capital. Also, democratic suboptimality is not always combined with low levels of social capital (which may be the case in southern Italy). Instead of supporting the implementation of the democratic process, a high level of social capital can be a difficult obstacle in the transition process from traditional societies to modern democracies. It may be illustrated by the examples of Afghanistan and Albania, where both societies feature well-developed social networks,

relations of trust and reciprocity; the capacity for collective action is embodied in the traditional family structures, kinship, clans and tribes, which are all rooted in a highly respected social and religious tradition which contains the values and norms with a significant degree of legitimacy. It is obvious that the obstacle to democratization is not the lack of social capital but the lack of the *right kind* of social capital. The bridging rather than the bonding social capital is considered to be a factor for supporting democracy.

Scholars often emphasize the strong correlation between the presence of the bridging social capital and the quality of democracy. The slogan that we are concerned about the bridging social capital because we are interested in democracy could be considered completely correct. The central argument is that democracy will work better where there is a higher level of the bridging social capital. Generally speaking, the higher the level of the bridging social capital, the greater the quality of democracy. Thus, it can be observed that the bridging social capital is significantly higher in developed democracies than in the developing (transition) countries or in the post-socialist countries in Eastern Europe. Finally, the bridging social capital is the weakest in the former Soviet republics and countries under strong Soviet influence.

Although it cannot be measured in monetary terms, social capital represents a unique window of opportunity and a valuable asset which has a significant role in developing democracies. The separate stories of Nicaragua and Argentina have shown that the democratization process can move forward either on the basis of social and political capital or on the basis of institutional capital. The Sandinismo movement in Nicaragua influenced the formation of the bridging social capital which was crucial for democracy in that country. Contrary to the theory of modernization and development strategies which always favors the richer, more developed and cosmopolitan societies in democratic progress, Nicaragua has shown that democracy works better where social relations are stronger; hence, democratic transition ensues slowly but surely. Social capital is the key to explaining why Nicaragua has embarked on the process of democratization with so much success, despite other shortcomings, such as: poverty, limited industrial base, low level of education, years of dictatorship, often anti-democratic foreign intervention, and extremely weak institutionalization (where the democratic institutions could be easily misused). Conversely, Peronism created institutional capital that has proven to be vital for democracy despite the lack of positive social capital.

In seeking an answer to the question about the role of social capital in developing democracies, given the present ambivalence possible outcomes, the chance to consolidate democracy grows with the growth of the bridging social capital, citizens' participation in "practicing" democracy, and the accompanying growth of credibility of civil and political actors and institutions. This can also be a democratic trajectory for new democracies. In order to provide for the development of healthy democracy, democracy should arise from the interaction between citizens and it should not be imposed from above by charismatic leaders. Therefore, instead of charismatic leaders, democracy needs more citizen initiatives and the strengthening of political institutions which have to ensure that the democratic transformation of the country has been carried out properly.

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## ULOGA DRUŠTVENOG KAPITALA U DEMOKRATIJAMA U RAZVOJU

*Termin društveni kapital odlikuje se proliferacijom značenja i inicira različite debate. Cilj ovog rada je analiza uloge društvenog kapitala u demokratijama u razvoju. U tu svrhu, Argentina i Nikaragva kao dve latinoameričke nacije idealno osvetljavaju dve teorijske pozicije sa svežim informacijama i mogu da posluže kao savremeni demokratski primeri. Demokratizacija ove dve zemlje odvijala se veoma različitom dinamikom i na različite načine. Nikaragva je nastupila sa više „društveno-centrističkim“ stilom demokratizacije, dok je Argentina koristila više „državno-centristički“ put ka demokratiji. U Nikaragvi je taj proces tekao „odozdo prema gore“ (eng. bottom-up) na bazi društvenog kapitala gde su građansko društvo i horizontalne veze među građanima bile motor političkih procesa. Slučaj Argentine, kao takođe demokratije u razvoju, nudi suprotan zanimljiv scenario. Naime, U Argentini je taj proces tekao „odozgo prema dole“ (eng. top-down) na bazi institucija gde su političke institucije uradile najveći deo posla i kompenzovale prazninu u odsustvu inicijativa za jačanje civilnog društva.*

**Ključne reči:** *društveni kapital, povezujući vs. premošćujući društveni kapital, Sandinizam, Peronizam*