



European
Research Area

EUROPEAN POLICY BRIEF



Social Capital and Cohesion: Towards a Common Good

Policy implications of SOCCOH, an EU-funded research project involving eight institutions led by the London School of Economics and Political Science

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INTRODUCTION

A shared asset that enables communities to cooperate effectively, social capital is essential for the success of European Union cohesion policy (i.e. regional policy) in its twin goals of reducing social inequalities and sustaining economic growth. As such, social capital should be regarded as a crucial conceptual tool in formulating socio-economic development policies in the EU.

Despite the difficulties associated with defining and measuring social capital, there is general consensus that its most important attribute is trust: the mutual assurance that one party will not exploit another's vulnerability in any given exchange. At an advanced level this trust expresses itself in a "linking" form of social capital reflected in cooperative political behaviour. It is this type of social capital that is vital for the successful management of EU cohesion policy.

Enabling institutions and civil society to interact, social capital links organisational structures to the partners capable of translating policy programmes into sustainable forms of development.

Spot assessments of social capital and civil society in nine EU member states (old and new) show an emerging geographical divide. Compared to those in South-Western and Western Europe, countries in South-Eastern and Central Europe show

low endowments of social capital accompanied by high levels of clientelistic behaviour and administrative inefficiency.

To correct this social capital deficit, administrative capacity for managing EU cohesion policies must be strengthened. Moreover, policy-makers are urged to make the fight against clientelism in South-Eastern Europe and new EU member states an absolute priority.

The observations and recommendations contained in this policy brief are based on research involving specific locations in non-cohesion member states (Germany and Italy), old cohesion states (Greece and Spain), Central and Eastern European states (Czech Republic, Hungary, Poland) and new member states (Bulgaria and Romania) of the European Union.

KEY OBSERVATIONS

Why is social capital important for EU cohesion policy?

Communities that have inherited a substantial stock of social capital are more apt to cooperate voluntarily on EU policy initiatives: that is, they are less likely to see a conflict between the pursuit of collective goods and the goal of maximizing individual or familistic group wealth.

New member states initially viewed EU regional policy as contradicting their short-term calculations of efficiency (i.e., spending the money quickly without a concern for strategic planning or mobilisation of private investment). As a result, they have had difficulty in moving beyond a national orientation to develop a broader European policy approach. This perceived contradiction has also affected their ability to fully comply with European rules and procedures.

How are EU countries adapting to policy “Europeanisation”?

Europeanisation of cohesion policy has led to considerable administrative restructuring and institution-building in all countries examined by the SOCCOH project. Each of these countries has learned from the Europeanization of cohesion policy, and each has adapted (to a greater or lesser degree) by creating incentives to involve previously excluded socio-economic actors in the policy-making process.

What factors determine a country’s ability to adapt?

The pace of policy learning, institutional restructuring and adaptation is affected by several factors including:

- the administrative capacity of pre-existing institutional structures,
- the level of institutional embeddedness,
- the range of actors involved,
- the types of pre-existing policy networks,

- the levels of social capital and civic engagement,
- the degree of adaptational pressure applied by the EU system of governance.

Are Central and Eastern Europe facing special adaptational pressures?

All Southern European (SE) and Central and Eastern European (CEE) countries examined face significant adaptational pressures, though of varying degrees.

Due to their past inheritance, the lack of a transition period and the much stricter membership criteria they faced compared to previous waves of enlargement, CEE countries and specially Bulgaria and Romania are experiencing severe adaptational pressures.

The current cycle of cohesion policy has been conceived as a phase in the transition to the full use of Structural Funds; this is reflected in the amount of financial allocations and in the structure of the operational programmes. For example, Bulgaria has only national operational programmes and not regional ones due to the difficulty in identifying and activating such regions.

In South-Eastern European (SEE) and CEE countries, the gate-keeping role of the central state has remained practically unchallenged with regard to cohesion policies.

Recent re-centralization trends seem to be hindering the functioning and effectiveness of the newly formed regional governance structures.

What model should new member states seek to follow?

New member states should try to adopt the Western and particularly the German paradigm in dealing with cohesion policy.

That paradigm is based on working out a compromise in the relationship between the central state and regional authorities and giving non-state actors a crucial role in policy-making.

In order to be successful, the policy adaptation process requires the active involvement of all civil society actors (NGOs, trade unions, interest associations, etc.) The role of expertise (e.g. independent think-tanks) is particularly valuable.

For political stability, government effectiveness, and even economic progress, social capital may be even more important than physical and human capital. Further research is needed to determine the impact of cohesion policy on social capital stocks.

RECOMMENDATIONS FOR POLICY-MAKERS**European level:**

- Establish mechanisms for regularly monitoring social capital at the EU level. This is necessary to compensate for the absence of comparable data at the sub-national level across the EU.
- Emphasise policy-learning at the regional level by enhancing the role of expertise in building administrative capacity.
- Promote direct links with sub-national actors and institutions while promoting networking among them in different member states. This should facilitate knowledge exchange and increase the negotiating power of these actors.
- Create depositories of knowledge with good-practice cases and encourage member states to use them for consultation at all stages of policy-making and implementation (benchmarking).
- Promote the involvement of expertise (preferably in the form of independent think-tanks, universities and research centres) and encourage member states to utilize this expertise in policy-making at the national level.

National level:

- Clarify responsibilities among different levels of governance, assuring that the central state has the overall role with respect to strategy, coordination, regulation and redistribution.
- Enhance the active involvement of sub-regional authorities and facilitate networking and partnership building at the regional level. Assure that these authorities enjoy relative financial autonomy and do not function as mere decentralised state agents.
- Involve NGOs and private actors (especially third-level social actors such as chambers of commerce) in the earliest stages of policy-making and implementation.
- Reduce bureaucracy where appropriate in order to encourage the mobilisation of private investment.
- Cultivate expertise (independent think-tanks, university and research centres) in policy-making.
- Create expert groups and enhance their role in policy-making.

Regional level:

- Promote the institutionalisation of regional-level governance to ensure its legitimacy and relative financial autonomy alongside decentralised state-units.
- Once regions have been institutionalised, view them as unique entities with special characteristics and varying capacities for learning and adaptation.
- Create stronger intra-regional partnerships with greater private and civic participation to enhance sustainability upon completion of a given action.
- Create incentive schemes to encourage the private sector to participate in policy initiatives.
- Facilitate joint involvement of public and private sectors in planning, funding and implementing development policy projects.
- Establish mechanisms to allow consultation between regional authorities and civil society actors.
- Invite input from the scientific community.
- Devote special effort to informing the local community about policy initiatives. This may be necessary to overcome barriers (existing political, economic and social structures) that frustrate attempts to build social capital.

RESEARCH PARAMETERS**Objectives of the research**

The research project is structurally based on the comparative analysis of the role of social capital and civil society in achieving the goals of development policy through stimulating social partnerships and improving levels of administrative capacity. Research was conducted in non-Cohesion (Germany and Italy), old Cohesion (Greece and Spain), CEE (Czech Republic, Hungary, Poland) and new member states (Bulgaria and Romania) of the EU.

Methodology

The methodology employed was based on a combination of social capital measurements and advanced comparative public policy research methods focusing on identifying the role of civil society actors in public policy in general and development policy-making in particular through focus groups identification and Social Network Analysis (SNA). Additionally, it involved quantitative and qualitative analyses of socio-economic data (national and regional) on the evolution of policy design and implementation of development policy in participating countries.

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Website	http://www.lse.ac.uk/collections/ESOCLab/researchActivitiesAndProjects/soccoh/Default.htm
For more information	Catalina Holguin: c.holguin@lse.ac.uk
Further reading	<ul style="list-style-type: none">➤ Forthcoming book “<i>Participatory Governance and Socio-economic Cohesion in the Enlarged European Union: Lessons from the European regions</i>”, edited by Hubert Heinelt and Robert Leonardi➤ Forthcoming book with draft title “<i>The Role of Policy Networks and Social Capital in Cohesion Policy</i>”, edited by Robert Leonardi and Christos Paraskevopoulos➤ Article “<i>And Now the Fun Begins: Coming to Terms with the Implementation of Cohesion Policy in the Two New Member States</i>” by Robert Leonardi, in K.Y. Nikolov (ed.) <i>Adapting to Integration in an Enlarged European Union, Vol.1 Adapting Key Policies in the Enlarged Union</i>, Sofia, BECSA, 2008, pp. 215-269