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State Formation and Social Capital

Studies in 'social capital' have typically assumed that if a country has a legacy of centralized control then it must have depleted its stock of horizontal cooperation and trust. Putnam, Leonardi and Nanetti (1993) describe the case of Italy, where the south was ruled by a centralized 'Norman' regime along the English and French model, while the North consisted of small warring city states; because power in the North remained anarchic and dispersed, this led principalities and republics to require larger commitment and initiative from their citizens, perhaps including norms of cooperation, reciprocity and autonomous group organization. Bernhard and Karakoc (2007) argue that this negative effect

of centralized control on social capital can be demonstrated, showing that countries with a recent history of authoritarian or totalitarian rule exhibit substantially lower levels of voluntary cooperation and protest activity. Finally, La Porta et al. (1997) argued that lower social capital arises from hierarchical religious authority.

By contrast, this paper argues that at both a theoretical and an empirical level, the dichotomy between these two institutional resources – vertical obedience versus horizontal cooperation – cannot hold. Using data from six waves of the World Values Surveys and several historical case studies, we show a high degree of correlation between historical state formation and norms of voluntary cooperation. With reference to a theory

that will be presented in Fukuyama's forthcoming second volume (2013) on the Origins of Political Order, this paper argues that the sequencing of state formation and democratic participation, are crucial to understanding the distribution and consequences of social capital. Where democratisation has followed a long period of state centralisation and bureaucratic rationalisation, as in Northern Europe, social capital is associated with good governance; yet where democratisation has preceded state formation, as in Greece or India, higher levels of social capital are likely to be associated with patronage, and clientelism. Finally, in cases where state formation has occurred in the absence of democratic participation, such as Northeastern Asia, high bureaucratic efficacy and public goods provision can be achieved irrespective of voluntary norms of association and trust: such cases do exhibit what can be referred to as 'political' capital, understood as a political culture characterised by willingness to obey the law, pay taxes, and serve the sovereign, despite absence of horizontal norms of cooperation.