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The Two Meanings of Social Capital¹

Alejandro Portes²

The popularity of the concept of social capital has been accompanied by increasing controversy about its actual meaning and effects. I consider here the alternative applications of the concept as an attribute of individuals vs. collectivities and discuss the extent to which causal propositions formulated at each level are logically sound. I present some empirical evidence illustrating the possibility that, despite the current popularity of the concept, much of its alleged benefits may be spurious after controlling for other factors. Implications of this analysis and results for theory and policy are discussed.

KEY WORDS: social capital; individuals; collectivities.

INTRODUCTION

The concept of social capital is arguably one of the most successful “exports” from sociology to other social sciences and to public discourse during the last two decades. It is being used to explain the differential performance of children raised in intact vs. broken families (Hao, 1994), the success of housing programs in some communities but not others (Lang and Hornburg, 1998; Briggs, 1998), and the economic development and government efficiency of cities and even entire nations (Putnam, 1993; Schiff, 1992). This remarkable range of applications has been accompanied by a great deal of confusion concerning the actual meaning of social capital and growing controversy about its alleged effects (Skocpol, 1996; Tarrow,

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1996). This notes extends my earlier review of the concept (Portes, 1998) by focusing on its usage at two different levels of analysis.

Much of the controversy surrounding social capital has to do with its application to different types of problems and its use in theories involving different units of analysis. The original theoretical development of the concept by the French sociologist Pierre Bourdieu (1980) and the American sociologist James Coleman (1993a, 1993b) centered on individuals or small groups as the units of analysis. With some significant variations, both scholars focused on the benefits accruing to individuals or families by virtue of their ties with others. Bourdieu's treatment of the concept, in particular, was instrumental, going as far as noting that people intentionally built their relations for the benefits that they would bring later (Bourdieu, 1985). In a few brilliant pages, the French sociologist dealt with the interaction between money capital, social capital, and cultural capital, the latter defined as the formal educational credentials that an individual possesses and the more intangible complex of values and knowledge of cultural forms in his or her demeanor. Bourdieu's key insight was that forms of capital are fungible, that is they can be traded for each other and actually require such trades for their development. Social capital of any significance can seldom be acquired, for example, without the investment of some material resources and the possession of some cultural knowledge, enabling the individual to establish relations with others.

The subsequent research literature followed, for the most part, these theoretical guidelines focusing on the types of resources that accrue to persons by virtue of their social ties. In sociology, in particular, a tripartite family of effects evolved as researchers explored the implications of the concept. Social capital became defined as (1) a source of social control, (2) a source of family-mediated benefits, and (3) a source of resources mediated by nonfamily networks (Portes, 1998). The latter usage, exemplified by personal connections that facilitate access to jobs, market tips, or loans, comes closest to Bourdieu's original definition of the concept. By contrast, family-mediated benefits approach his analysis of "cultural capital" since what families do, above all, is to facilitate children's access to education and transmit a set of values and outlooks, variously classified as "low-" to "high-brow" culture.

On his part, Coleman paid particular attention to the first usage of the term—that is, as a source of control. In the waning years of his life, Coleman became preoccupied by the disintegration of what he called "primordial" social ties guaranteeing the observance of norms. A whole gamut of pathologies followed from this state of affairs—from crime and insecurity in the streets to freeloading by teachers and students in American public schools. In seeking remedies to these ills, Coleman pursued a double path:

first, he wrote in defense and celebration of the community ties that still remained in place; second, he advocated the replacement of primordial social structures that had disappeared elsewhere with “purposively constructed” organizations where economic incentives took the place of vanishing social capital. Thus, he devised a whole series of schemes through which parents and teachers would be economically rewarded for the “value added” to society produced by their child-rearing and educational efforts (Coleman, 1988a, 1993a, 1993b).

SOCIAL CAPITAL AS A FEATURE OF COMMUNITIES

But it was the celebration of community that caught the eye of scholars in other disciplines. For Coleman, community ties were important for the benefits they yielded *to individuals*. Old people could walk the streets at night without fear and children could be sent to play outside because tight community controls guaranteed their personal safety (Coleman, 1988b). A subtle transition took place as the concept was exported into other disciplines where social capital became an attribute of *the community itself*. In this new garb, its benefits accrued not so much to individuals as to the collectivity as a whole in the form of reduced crime rates, lower official corruption, and better governance.

This conceptual stretch, initiated by political scientist Robert Putnam (1993, 1995), made possible to speak of the “stock” of social capital possessed by communities and even nations and the consequent structural effects on their development. To be sure, individual and collective benefits derived from primordial ties are not incompatible and, perhaps for this reason, Coleman never openly challenged the new use of the term by Putnam. But social capital as a property of cities or nations is qualitatively distinct from its individual version, a fact that explains why the respective literatures have diverged. Several differences between the two deserve careful attention.

First, the transition of the concept from an individual asset to a community or national resource was never explicitly theorized, giving rise to the present state of confusion about the meaning of the term. In one sentence, social capital is an asset of children in intact families; in the next, it is an attribute of networks of traders; and in the following, it becomes the explanation of why entire cities are well governed and economically flourishing while others are not. The heuristic value of the concept suffers accordingly as it risks becoming synonymous with each and all things that are positive in social life.

This confusion becomes evident when we realize that the two defini-

tions of the concept, though compatible in some instances, are at odds in others. For instance, the right “connections” allow certain persons to gain access to profitable public contracts and bypass regulations binding on others. “Individual” social capital in such instances consists precisely in the ability to undermine “collective” social capital—defined as civic spirit grounded on impartial application of the laws.

Second, causes and effects of social capital as a collective trait were never disentangled, giving rise to much circular reasoning. The theoretical spadework done by Bourdieu and his successors prevented this from happening to the individual version of the concept. At this level, the sources of social capital were clearly associated with a person’s networks, including those that she or he explicitly constructed for that purpose, while effects were linked to an array of material and informational benefits (McLanahan and Sandefur, 1994; Hagan *et al.*, 1996). These were clearly separate and distinct from the social structures that produced them.

Collective social capital or civiness lacks this distinct separation. As a property of cities and nations, measurable in “stocks,” social capital is said to lead to better governance and more effective policies, and its existence is simultaneously inferred from the same outcomes. When not entirely circular, the argument takes the form of a truism:

For every political system (city, nation, etc. . . .),
If authorities and the population at large are imbued with a sense of collective responsibility and altruism;
Then, the system will be better governed and its policies will be more effective.

It is difficult to see how it could be otherwise. Indeed, it would be extraordinary if the opposite turned out to be true. On the other hand, this self-evident character of the argument led to its growing popularity in policy circles. The truth that such statements convey is immediately graspable without need for any additional explanation: Why are some cities better governed and richer than others? Because they are “blessed” with substantial stocks of social capital. Why does democracy work in Western European countries, but not in East European countries? Because the first possess the requisite “stocks,” while the second have not acquired them. The same rationale has been applied to housing programs in American cities (Briggs, 1998; Temkin and Rohe, 1998), community development efforts in Africa (Narayan and Pritchett, 1997), and democratic institution building in former communist countries (Varese, 1994; Rose and Mishler, 1994). This intuitive appeal of social capital as a collective resource conceals but does not remove its basic logical circularity.

Theoretical problems in the formulation of the concept have been partially compensated by subsequent efforts at measuring it empirically. Since, obviously, collective social capital cannot be measured by its conse-

quences, a need arose to find alternative indicators. In later publications, Putnam suggested newspaper reading, expressions of trust in survey questionnaires, and participation in nonpolitical associations as plausible indicators (Putnam, 1996). These measures were enthusiastically adopted by other investigators. Their most important, though generally unnoticed, consequence is that they transformed the original truism into propositions that are noncircular. Unwittingly, perhaps, the effort to marshal evidence in favor of social capital as a collective trait yielded predictions that are actually testable. These take the following form:

For every political system,
 The higher the rate of exposure of the general population to the printed media
 and the higher its participation in associations;
 Then the greater the level of "civicness" and the better the policy outcomes.

The jury is still out on whether this prediction holds, but at least it takes us out of self-evident assertions and into more solid empirical ground.

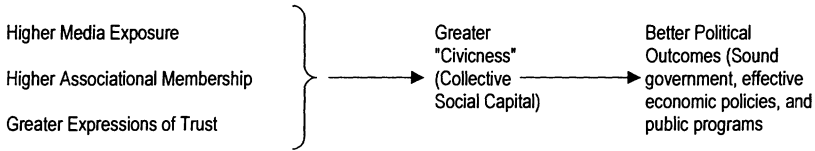
A third consequence of the shift in definitions of social capital is that it left little space for the consideration of other possible causes. In particular, the assertion that generalized "civicness" leads to better political results obscures the possibility that extraneous causes accounts for *both* the altruistic behavior of the population and the effective character of its government. In the nontautological version of the argument, corresponding to the last proposition above, it is possible that factors left out from the original reasoning account for both the alleged cause and effect, rendering the relationship spurious.

The level of education of the population, its geographical concentration, and the history of past popular mobilizations are likely candidates to simultaneously affect media exposure and associative behavior, on the one hand, and governmental responsiveness on the other. Figure 1 illustrates this alternative argument for the potential spuriousness of social capital effects. Whether this argument or the original hypothesis holds is an empirical question, unanswered so far by the research literature.

SOCIAL CAPITAL AND THE EDUCATIONAL ATTAINMENT OF IMMIGRANT CHILDREN

To illustrate the potential for spurious conclusions, I return to the original definition of social capital as an individual and family asset to examine its effects in a context for which it appears to be singularly appropriate. Recently arrived foreign groups depend greatly on their networks and bonds of solidarity in order to adapt and move ahead in American society. In particular, the educational progress of the second generation

I. The Social Capital Argument:



II. The Spuriousness Argument:

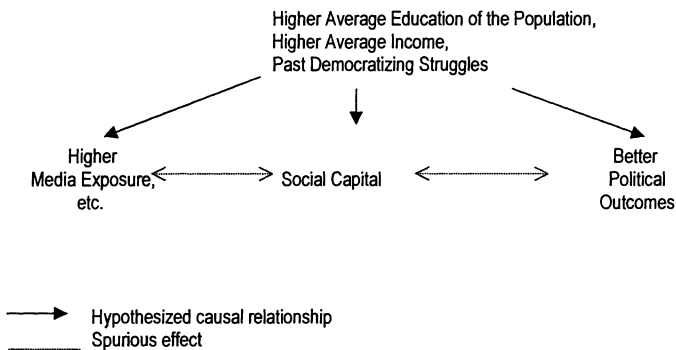


Fig. 1. Collective social capital: alternative causal arguments.

can be expected to depend heavily on parental guidance, as well as on support from other members of the community. In his initial article on social capital, Coleman (1988a) referred approvingly to the internal solidarity of immigrant groups and recounted how Asian immigrant mothers bought two sets of school textbooks, one for the child and the other for the mother in order to help with schoolwork.

In this and subsequent publications, Coleman emphasized the importance of "closure" for effective parental guidance. Closure is the form of social capital created by parents' knowledge of their children's friends and of the parents of these children. Coleman and later researchers put much emphasis on the role of families, especially if they are endowed with community closure (Hagan *et al.*, 1996; McLanahan and Sandefur, 1994). Intact families double the supervisory and supportive capacity of parents, while closure expands these capacities further by involving other adults in the rearing and supervision of children. Closure is high in many immigrant communities (Zhou and Bankston, 1998; Light and Bonacich, 1988), and together with intact families and parental involvement in school activities,

should lead to positive outcomes for children including high levels of educational attainment.

The National Educational Longitudinal Study (NELS) is a unique data set in that it contains good empirical measures of all social capital variables said to affect children's education plus reliable indicators of children's academic attainment. Conducted by staff of the U.S. Department of Education, NELS includes a sample of over 3400 second-generation youths, defined as those having at least one foreign-born parent. While these children of immigrants came from many different nationalities, the sample was large enough to provide sizable numbers from the four largest immigrant groups arriving in the United States during the last decade: Mexican, Filipinos, Chinese, and Koreans.

I use these data to test the argument of strong social capital effects on immigrant children's academic attainment. For this purpose, the final sample consists of all second-generation students in NELS plus a random sample of 2500 native-born students of native parentage to provide a reference point to the mainstream school population. Closure of parental networks is measured by the number of parents of child's friends known to her or his parents; parental school involvement is a composite index of parents' participation in school activities and frequency of meetings with school staff about their child's academic progress.³ The content of these items corresponds closely to Coleman's conceptual description of social capital. Details of measurement of variables used in the analysis are presented in the Appendix and results are summarized in Table I and Figure 2.

Bivariate figures in Table I show strong support for social capital predictions. Academic achievement is measured by grade point average (GPA) and by scores in an objective test of scholastic achievement designed by the Educational Testing Service and administered during the NELS survey. The correlations are modest, but they are all statistically significant and run in the predicted direction. The same pattern of results is apparent in the left-hand side of Figure 2, where gross effects of each indicator of social capital on academic test scores (the more objective measure of educational attainment) are positive and statistically strong.⁴ However,

³This index consists of seven multiple-choice items reflecting the frequency of parent-child discussions about school matters and parental participation in school activities. Its internal consistency (alpha) is .56.

⁴The corresponding equation is as follows:

$$T = 45.067 + .972(\text{NC}) + .983(\text{PI}) + 1.852(\text{IF})$$

(12.87) (13.27) (6.38)

where T is academic test scores, NC network closure, PI parental involvement, and IF intact family. Figures are unstandardized regression coefficients; *t*-ratios in parentheses. Model $R^2 = .077$.

Table I. Bivariate Effects of Social Capital

Predictor	Achievement test scores	Grade point average
<i>Family composition</i>		
Both biological parents present	52.46	3.12
Other type of family	50.12	2.96
<i>r</i> ^a	.10 ^b	.07 ^b
<i>Parental school involvement:</i>		
Little or none	50.08	2.98
Some	52.79	3.13
Moderate	54.71	3.23
High	55.21	3.30
<i>r</i> ^a	.21 ^b	.12 ^b
<i>Closure of parental networks</i>		
Weak (no friends' parents known)	48.58	3.03
Moderate	51.79	3.03
Strong	54.43	3.16
Very strong (5 or more friends' parents known)	54.29	3.22
<i>r</i> ^a	.21 ^b	.12 ^b
<i>Totals</i>		
N = 5924		

^aZero order correlation.
^bSignificant at .001 level.

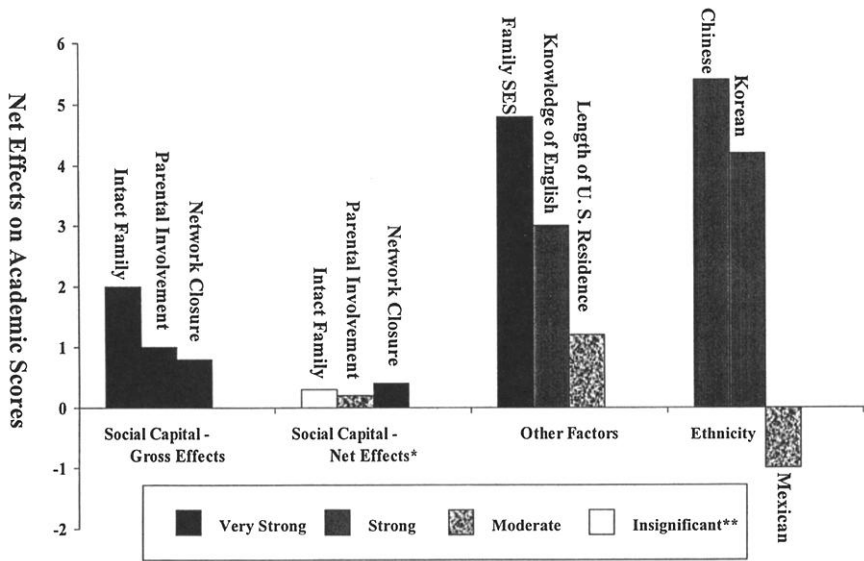


Fig. 2. Effects on the academic achievement of the second generation. (*) Controlling for age, sex, and the factors in the next set of columns. (**) Very strong effects quadruple their respective standard errors; strong effects triple their standard errors; moderate effects double them; insignificant effects fall below these criteria.

when we introduce controls for student's age and sex, parental socioeconomic status (SES), knowledge of English, and length of U.S. residence, effects of social capital drop markedly and become insignificant either in the sense of statistical reliability or substantive importance.⁵

The weakness of these effects becomes especially apparent when we compare them with those of other factors in the same equation. Parental SES, in particular, has an overwhelming influence on test scores swamping that of the three social capital indicators combined. The parental status coefficient is followed in strength by knowledge of English and by the child's length of U.S. residence. This trio of objective factors is quite robust in its influence on second-generation achievement, regardless of how the predictive equation is specified.⁶ They indicate that, after all the noise about parental social networks and parental school involvement, what really counts, at the end, is the social and economic status of the family, the children's ability in English, and their length of residence in the country. Once these factors are considered, the apparent effects of social capital largely disappear.

Note, as well, that *one* family of predictors remains highly significant despite the controls, namely the children's nationality. Of the four largest foreign minorities represented in NELS, three maintain strong influences on achievement after taking parental status, knowledge of English, length of U.S. residence, and social capital into account. These nationality effects run, however, in opposite directions: children of Chinese and Korean parents overachieve and do so by a considerable margin relative to all other students; children of Mexican immigrants underachieve, even after statistically adjusting for their family's modest socioeconomic background.⁷ It is possible to spin an alternative social capital story around these ethnic effects by asserting that it is community networks and support, not isolated families, that play the central role in children's educational success.

That argument would be premature, however, because we do not really

⁵Similar results are obtained when GPA is the dependent variable. These results are omitted for space reasons since they reproduce those presented herein.

⁶The corresponding equation is as follows:

$$\begin{aligned}
 T = & 4761.238 + .296 (\text{NC}) + .203 (\text{PI}) + .272 (\text{IF}) + 4.794 (\text{SES}) + 2.882 (\text{ENG}) \\
 & \quad (4.24) \quad (2.07) \quad (1.09) \quad (30.18) \quad (7.09) \\
 & + 1.052 (\text{LENGTH}) + .969 (\text{HOME}) - 2.469 (\text{AGE}) - .164 (\text{SEX}) \\
 & \quad (3.09) \quad (12.52) \quad (12.57) \quad (0.74)
 \end{aligned}$$

Where: T, NC, PI, and IF have identical meanings as in Footnote 4 and SES is parental socioeconomic status, ENG knowledge of English, LENGTH six or more years of U.S. residence, and HOME daily hours of homework. The *t*-ratios in parentheses. Model $R^2 = .340$.

⁷The net ethnic effects controlling for variables listed in Footnote 6 are Chinese = 5.028 (8.15), Korean = 4.068 (5.53), and Mexican = -0.981 (2.49); *t*-ratios in parentheses.

know what these three ethnic coefficients mean. At least two alternative arguments are compatible with the data. One calls attention to the different cultural orientations brought by immigrants from different countries that leads them to put differential weight on education as a vehicle for upward mobility. This alternate explanation, which sometimes invokes a “Confucian Ethic” to account for the extraordinary achievements of Chinese and other Asian students (Hirschman and Wong, 1985), represents a cultural capital, not a social capital argument. This is because it is based on values introjected during the socialization process and that are enacted regardless of whether individuals are isolated or form part of a community.

A second explanation focuses on the contexts of reception encountered by different immigrant minorities in America. Immigrants from Asia are beneficiaries of a relatively benign reception in the United States, marked by the absence of persecution by government authorities, declining discrimination by natives, and the halo effect of successful settlement and adaptation by prior Asian cohorts (Portes and Rumbaut, 1996: ch. 3). Mexicans, on the other hand, are regularly persecuted as potentially illegal aliens and are subject to much external discrimination as “takers” of American jobs and bearers of an inferior culture (Cornelius, 1998). This negative reception inevitably affects the outlook of immigrants, reducing their expectations of what is possible to achieve in their new country, and consequently, their aspirations for the children. Again, this is not a social capital argument, but one grounded on broad structural forces in the society and the polity. It is still possible that community solidarity and mutual support account for the observed ethnic effects on academic achievement, but that remains to be demonstrated.

The key point of this analysis is that the ready attribution of positive effects to social capital, be it in its individual garb as social networks or in its collective one as civic spirit, is premature because observed effects may be spurious or because they are compatible with alternative explanations arising from different theoretical quarters. There is a need for both logical clarity and analytic rigor in the study of these processes, lest we turn social capital into an unmitigated celebration of community. While the popularity of the social capital solution in official and philanthropic circles offers a tempting prospect, it is not advisable to jump so quickly onto this bandwagon. We will serve science and the public better by withholding judgment until firmer knowledge is at hand.

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