

THE CREATION AND DESTRUCTION OF SOCIAL CAPITAL: ENTREPRENEURSHIP, CO-OPERATIVE MOVEMENTS AND INSTITUTIONS, by Gunnar L.H. Svendsen and Gert T. Svendsen, Edward Elgar, 2005. ISBN 1-84376-616-7; 224 pages.

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In *The Creation and Destruction of Social Capital*, Gunnar Svendsen and Gert Svendsen provide an interdisciplinary, theoretical and empirical analysis of the concept of social capital. The book is organized around 7 main chapters and a conclusion. The first two chapters provide the theoretical framework for the empirical analyses of the impact of various examples of creation and destruction of social capital in Denmark and Poland that are discussed in the rest of the book (chapters 3 to 7).

While the title may suggest a Schumpeterian approach, the book offers in fact a neo-institutional analysis (à la Douglass North) of social capital which is influenced by Robert Putnam's work and which is loosely based on Pierre Bourdieu's sociology.

In chapters 1 and 2, the authors attempt to define social capital and present their methodology. The authors explicitly reject the *homo economicus* model of neoclassical theory and retain a more holistic historical approach to social capital. The authors argue that social capital is created when entrepreneurship and trust are present in a society (p.10). Based on Putnam's work, they further distinguish between bridging (good) social capital and bonding (bad) social capital; where bridging social capital is inclusive of most groups in society while bonding social capital creates harmful barriers between groups. From Bourdieu, the authors retain (1) a dichotomy of tangible/material capital versus intangible/institutionalized capital and (2) the possibility to convert one form of capital into another. The authors then proceed to coin their theoretical approach, using a rather awkward term, "Bourdieuconomics." Finally, Svendsen and Svendsen conclude chapter 2 by stating that social capital is the missing factor in traditional production functions.

Using their theoretical model in chapter 3, the authors contrast the experience of Denmark and Poland in building and maintaining bridging social capital in the form of cooperative movements in rural areas. They conclude that communism led to the destruction of Polish social capital by thwarting entrepreneurship and trust, while capitalism and a focus on entrepreneurship were key in preserving good social capital in Denmark.

In chapters 4 and 5, Svendsen and Svendsen chronicle the emergence of cooperative dairy movements in rural Denmark in the 19<sup>th</sup> century. As the peasantry gained economic independence, farmers found it to be in their own economic interest to co-operate with each other. As cooperatives became successful, well-to-do members took a role of entrepreneur and were invited to participate in the creation of new cooperatives in other parts of the country. However, by the end of the 19<sup>th</sup> century and beginning of the 20<sup>th</sup> century, religious conflicts in rural areas between moderate groups and more radical groups (opposed notably to dairies being operated on Sundays) led to an increase in bonding social capital and a corresponding decrease in bridging social capital through the creation of competing cooperatives representing the rival interests of the two groups. In addition, according to the authors, a focus on the centralization of

political and economic power in Denmark in the 20<sup>th</sup> century further contributed to the demise of small cooperative dairies, thus continuing the destruction of good social capital initiated by religious conflicts.

In chapters 6 and 7, the authors discuss the revival of village communities in Denmark by examining the post-1970s migration of city dwellers to rural areas. Svendsen and Svendsen argue that a national, non-agriculturalist discourse of rurality has set original village dwellers (farmers who have a materialistic perception of the land) in opposition to newcomers (city folks who seek an idyllic, peaceful natural environment). In a short ethnographic study (chapter 7), the authors illustrate how this opposition reveals the existence of a fractured social landscape in Denmark—a social landscape in which socioeconomic and political centralization has led to the accumulation of harmful bonding social capital and the destruction of beneficial bridging social capital.

Finally, the authors conclude the book, in chapter 8, by stating that the destruction of social capital is not ineluctable; focus on decentralizing economic and political leadership and on fostering discussion between different social groups (such as farmers and new village dwellers) could lead to the reconstruction of lost bridging social capital.

Overall, the book offers a coherent historical and interdisciplinary perspective on social capital that is illustrated through the emergence and decline of cooperative movements in Denmark (and Poland). The strength of the book lies in its ability to provide an interdisciplinary account of social capital, which, unlike many neoclassical studies of social capital, does not attempt to quantify the concept to make it fit traditional econometric regressions. However, the book blames, to a large extent, the State for the destruction of bridging social capital. Thus, while the book is somewhat critical of the neoliberal agenda, it, nevertheless, adopts an implicit libertarian stance. Whether the authors intended to provide a libertarian analysis of social capital is not entirely clear given their many references to Bourdieu. However, a more in-depth analysis of political and economic power in relation to social capital would have been warranted to provide a more compelling case in favor of decentralization of leadership. Overall, an heterodox audience will most likely welcome the historical analysis provided by the book, but it will also probably feel frustrated by the lack of references to Marx, Veblen or even Schumpeter as well as by an insufficient foray into the analysis of politics and power.