# Transcription of the contribution of Jean-Pierre Worms to the "Finance of solidarity and social links" workshop, organised by the FPH in Dourdan, France, from July 2 to 5, 2002.

Introduction to Jean-Pierre Worms:

- Researcher in the Centre for the Sociology of Organisations , associated to the National Scientific Research Centre. Specialised in organisations and how they operate.
- Member of the National Assembly for twelve years.
- Chairman and deputy chairman of a large number of associations.

- His current work is concerned with the notion of social capital, in collaboration with Robert Putnam (Harvard).

"There are three ways of approaching the issue based on personal experience:

- As research,
- From the perspective of political responsibility on a local and national scale,
- And, above all, as an active member of a large number of associations (particularly associations concerning local development and providing support to new businesses and, consequently, the mobilisation of local resources to create economic value on a local scale).

These three aspects are related to the issues being discussed for the last two days.

As an introduction, I would merely say that I am going to talk about social capital. Nevertheless, if we study the preparatory documents, it is evident that when we talk about social links, inasmuch as they are mobilised to produce something, the resource that they mobilise is precisely social capital.

**To summarise, I believe that the social capital issue is relevant when it comes to considering the mobilisation of micro-finance and the finance of solidarity in order to create and develop economic value based on the solidarity network created in a geographical area.**

We will start by establishing a few definitions.
When one talks about social capital, particularly in French, the first thing that comes to mind is the corporate social capital, which is made up of their shareholders. This leads to an ambiguous concept, which we need to clarify from the start: this is not the social capital to which I am referring.

The second problem is related to the often unclear concept of an individual's capacity to become socially involved, which is occasionally called individual social capital, but which I prefer to call human or relational capital. This is one of the dimensions of human capital. The problem lies in the definition: the terms have to be clearly understood. If I establish this distinction, it is because people like Bourdieu have basically used the words social capital in this sense. In other words, social capital in the Bourdieusian sense of the term, is the privileges of the individuals in a certain group, compared with other individuals and social groups, related to relational networks. From Bourdieu's viewpoint, an individual's relational networks are determined by his or her belonging to a certain social category or predominant social group.

I use the term social capital in a very different sense; it is **an attribute of society which is characteristic of a condition of that society that provides its members with resources so that they can become involved in how it functions.** It is, therefore, an attribute of society and not of individuals.

I will shortly analyse this in more depth. But first, I would like to consider what I have just said about human capital. I believe that we should clarify things perfectly, in order to make some headway with definitions which are, in my opinion, too limited, concerning business and economic development in relation to employment. For decades, human capital has nearly always been identified with the training, instruction and education provided to individuals. However, it is evident that the resource mobilised by individuals in their public involvement, in the field of employment or other social fields, is much more than knowledge of any kind. It is basically something related to the cognitive field of knowledge, but also to the affective field and ethical domain.
**What makes individuals become socially involved is their desire to exist, for themselves and for others, based on their own personal resources.** What drives them, then, is their emotions, desires, needs, cultural heritage and future projects.

Human capital is something much richer and more essential than this poor definition limiting it to a mere level of instruction and education, standard and technically organised and acknowledged abilities.

Social capital today: social capital, in the sense that I find more interesting, particularly for what concerns us here, is the set of resources that a society provides for its members or the resources that the members of a society obtain or manufacture. They are either provided with these resources or they create them themselves. Why do they have to be created? So that they can co-operate in the construction of a common or new collective good. **It is a resource mobilised by co-operation and used to create a good of collective utility.**

In my opinion, there are two clearly identifiable and identified resources. They are the following:

1. On the one hand, **the networks created by the establishment of relationships between individuals**. Once again, these networks are provided for or obtained by individuals. These networks can be inherited, family-related, religious, community-based, etc.; there are a whole series of different networks. On the other hand, there are networks which can be adhered to, such as unions, political parties and associations. And there are also networks based on opportunity, such as neighbourhood networks: people settle in a certain place and establish relationships with their neighbours. There are also urban networks consisting of people who travel the same routes every day and end up getting to know each other and establishing relationships. Depending on the means of transport, more or less social capital is created; the nature of public transport is something that should be considered when studying the creation of urban social capital. I do not need to say anything else about this; you will already have seen what I call "pipelines", all the transport infrastructures, in all the senses of the term, including the symbolic sense. This is the first level of resources to be taken into consideration when studying social capital.

2. The second level of resources is what moves through what I call the pipelines. We have the pipelines, we have a transport infrastructure, and we have what moves through it. And what is especially important is the **engine** causing this movement, which is mobilised when the networks are used. What is it?

- To move around co-operative networks, based on individual communication, we have to speak the same language, in which words always mean the same thing and there are no misunderstandings. This means that **the language system** (what we mean when we speak) **has to be shared**. For co-operation to be possible, we have to be able to talk to others and be understood.

In the second place, we also need **to share a series of values and behavioural standards**. The most important of these values is the ability to inspire confidence in others. If we inspire confidence, we are co-operating; if we feel that we do are not capable of inspiring confidence, we are merely protecting ourselves from others intruding our personal space. The degree of confidence is something which we learn from our environment, but which we gradually increase or destroy during our lives. **Confidence is a social product**. A series of behavioural standards are required to lead us, just as one walks through a doorway (do we block the doorway or open it for someone else?), towards the idea of reciprocity. Reciprocity arises from interindividual relationships; it is on the first level. The closer we come to a broad concept of reciprocity, the closer we come to moral and ethical values which are broader than behavioural standards. What is reciprocity when we are close to a moral and ethical value? It is merely the idea that, when one gives something, it will not be returned by the person who received it, in the place where it was given, or at the time when it was given. The idea is simply that, in social sharing, someone, somewhere, will eventually return what one has given. This idea of broad reciprocity is what gives rise, in co-operative networks based on confidence, to effective sharing - I will return to this later, because it is of the utmost importance - in which what is given is not precisely weighed against what is received, to obtain equal figures.

Finally, there is the idea that I always receive more than I give and that each person involved in the sharing will receive more than he/she has given. In other words, it is a system with a positive balance.

Now we have agreed upon this definition of terms, I will suggest some analytical elements concerning how social capital works.

1. In the first place, there is one very important thing. Older people, although I'm not sure there are many here today, and French people, will remember that there used to be a brand of batteries that could be found everywhere: Wonder batteries. The advertising slogan was "Wonder, the battery that does not discharge if it is not used". The opposite can be said of social capital: social capital only loses force if it is not used. But when it is used, it is improved and benefited. Social capital is at the same time a product of sharing and a condition for sharing. The more that social capital is mobilised for sharing, larger are the *stocks* of social capital.

The first fundamental idea is that social capital is a volatile social product, but that it improves, increases and benefits with use.

2. The second idea, to understand how it works, is related to the fact that to use this resource that we are calling social capital, it has to do something, to produce a result, some utility acknowledged by all the members of the cooperation network. An in-depth investigation should be performed on the social capital mobilised by all the people who, naturally and legitimately, have different objectives and goals. The idea is to create a common space where they all do much more than aim at their own individual goals. The pertinence of social capital for all the parties involved in sharing, in relation to their own objectives, is of the utmost importance. Therefore, when we consider this famous common asset, this well-known area of shared social utility, it is not necessary to have an angelical perspective according to which the common good is above each individual's good, and in which each individual would sacrifice his/her own interests to benefit the collective interest. A common good that works is a common good that benefits everyone.

This utility of the common good, again in relation to the French-speaking culture, is possibly more difficult to understand for people who are not related to the English-speaking culture. This is because in France, general interest and common good has always been defined as something that is greater than society, and people are asked to sacrifice their own interests to benefit general interests. There is this concept, I don't know whether it is Christian or not (this is something with which I am not familiar), basically related to sacrificing personal interests to adhere oneself to a general interest which exists, although we do not know who defines it or how it is defined. In France, the State embodies general interest and one consequently follows administrative standards to make sure that one is working for the general interest. This is the French version.

The Anglo-Saxon version of general interest is the result of social bargaining between private interests. It is the highly empirical and pragmatic result of a social commitment occurring in a certain place at a certain time.

There are these two concepts of general interest. I would like to say that, with regards to social capital in relation to the private interests of the people involved in the construction and use of social capital, the most useful of the two concepts is the Anglo-Saxon one. In fact, if this social capital, this social sharing utility, is not something where one finds the way to satisfy one's personal needs or desires, people will not cooperate for long. One does not cooperate simply because cooperation is a good thing. One cooperates because one finds it useful. **It is in this articulation between shared and personal utility where we find all the dynamics of the establishment of social capital.**

Therefore, the second idea is that, to be beneficial, social capital has to be useful for each of the people who use it.

3. The third idea refers to its collective utilities, in which each person who cooperates receives more than he/she gives, which means that social capital produces a new value, above all an economic value.

We now reach the third part of my article, which considers the relationship between social capital and the finance of solidarity.

Social capital in fact consists of these social links in action which are considered to be the resources and production factors for something else, a common good. The problem is that the production of this common good is based on social cohesion, the capacity to live peacefully in a community, to understand each other, and social links as such. Therefore, social capital is at the same time the product of social links and the tools which produce social links, in a perfectly dialectic relationship between social links and social capital.

1. The first evident level of the product of social capital is an improvement in social links, an improvement in the social climate, and the ability to live peacefully and respectfully in a community.

However, what is more relevant for us, is the fact that **this social cohesion, mutual understanding and capacity for cooperation will produce an added value of an economic nature.** Why? Let's follow an extremely simple reasoning: the production of all economic goods is the production of a sharing relationship, a transaction between individuals, people, groups, societies and companies which provide others with something, which create a product. On what is this production which depends on sharing and transactions between different producers based? It can be based on restraint, that is on the existence of organisational standards applied to sharing. They always exist and are necessary: there are control systems and therefore management costs associated to the transactions producing an economic good. These costs include a bank's operating costs. But it can also simply be based on trust: I am familiar with and form part of a knowledge sharing network which I can trust. Each time we are able to trust, we are reducing the management costs associated to transactions and to their control. Therefore, we either establish bureaucratic controls or we establish relationships based on trust. Since there are shared standards and values, there is no need for control systems, because in a way, what we call social control of the community is much more powerful than administrative or bureaucratic control. **The social capital mobilised in economic interchange leads to saving transaction-related costs**. These transaction costs have an important impact on all economic transactions.

2. Also, and I will stop here for the debate, there is a second economic value of great importance. When we are in a field of exchange completely pre-determined by rules,

restraints or standardised systems, there are limits to the nature or scope of our economic exchanges, to the nature of the possible products of the transaction. When we operate based on trust, we can dare to imagine other productions, other types of values or benefits, and we therefore discover a system which broadens the range of possibilities in the production of economic value.

Therefore, the second important advantage, which is not usually considered or identified as such, **is that we can go further and take more risks when social capital is mobilised.**

I believe that these two particular achievements in terms of the economic utility of social capital are essential for our debate. Obviously, when we refer to the finance of solidarity, we discover that it is absolutely evident that the social capital mobilised by the finance of solidarity provides these two major advantages: it implies considerable savings in the management costs related to the transactions and it increases the possibilities related to the creation of value.

And the debate is now open"