

## **The project class: making and breaking social capital in urban and rural development<sup>1</sup>**

*A projektosztály: a társadalmi tőke felhasználása és elhasználása a város- és vidékfejlesztésben*

KATALIN FÜZÉR

### **Abstract**

One of the most important transformations that European societies have recently experienced is project proliferation. This new form of redistributing money and power within the European realm is arguably more readily perceivable in rural areas, but urban development has also been reshaped in the wake of "projectification". The paper lays out models of how social capital is being redistributed in the context of urban and rural development and shows what role social capital can play at the nexus of project class and partnerships.

Keywords: *project proliferation – project class – partnership – social capital – urban development – rural development*

### **Összefoglalás**

Az európai társadalmak közelmúltbeli átalakulásának egyik legfontosabb fejleménye a projektosztály kialakulása volt. A pénz és a hatalom újraelosztásának ez az új módja az európai térségben ugyan nagyobb mértékben érinti a rurális területeket, de a városfejlesztés is átalakult a projektelés nyomán. A tanulmány felvázolja azokat a modelleket, amelyek leírják, hogy a társadalmi tőke miként kerül újraelosztásra a vidék- és városfejlesztésben, és megmutatja, hogy a társadalmi tőke milyen szerepet játszhat a projektosztály és a partnerségek viszonyrendszerében.

Kulcsszavak: *projekteáltéa – projektoasztály – partneraég – társadalmi tőke – városfejleasztéa – vidékfejleasztéa*

## **The project class: making and breaking social capital in urban and rural development**

One of the most important transformations that European societies have recently experienced is project proliferation. (Sjöblom et al., 2006; Sjöblom et al., 2012; Böröcz & Sarkar, 2005a, 2005b; Kovách & Kristóf, 2007; Czibere & Kovách, 2013) This new form of redistributing money<sup>2</sup> and power within the European realm is arguably more readily perceivable in rural areas (Csurgó, Kovách & Kucerova, 2008; Kovách, 2000; Kovács, 2012), but urban development has also been reshaped in the wake of "projectification" of development regimes. Based on earlier work in the context of urban development (Füzér et al., 2005; Bukowski & Füzér, 2007; Füzér, 2007, 2011, 2012a, 2012b), this paper extends my investigations to models of how social capital is being redistributed in the

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<sup>2</sup> At stake here was 350 billion EUR between 2007-2013, the figure currently being 336 billion EUR for the period between 2014-2020 (Hoffmann, 2013), amounting to ten percent more than last year's total GDP of Austria, which was 300 billion EUR.

context of urban and rural development. The models sum up the role social capital plays at the nexus of project class and partnerships, the crucial collective actors of development regimes.

### **Project proliferation and the rise of the project class**

Project proliferation is becoming an increasingly important form of redistributing public funds and power within the European realm. The process implies a massive transformation of public administration from traditional bureaucratic hierarchies to a short-term set of activities performed by networked participants operating under strict budgets. (Sjöblom et al., 2006; Sjöblom et al., 2012; Kovách & Kristóf, 2007) Projects spread over very many different fields of European societies' lives: from development policy on EU, national, regional and local levels, through universities and the educational sector, to professional assistance services to traditional bureaucracies.

Project proliferation gave rise to a new social class: the project class. (Kováč & Kucerova, 2006, 2009; Füzér, 2013) The social and political function of the project class is the mediation of funds and information to potential beneficiaries and actual recipients of project funds. The project class provides access to funds and networks that otherwise would remain distant to potential beneficiaries. In terms of recruitment, the project class draws on various high skilled professional groups such as legal and financial service providers (chiefly as) project managers and many other types of professionals, depending on the thematic focus of projects. These professionals typically possess shared "project class skills" beside their particular expertise: these range from management skills, networking skills, advanced level (project) English competence to IT skills, as well as flexibility of time use in work and a flexible life style. Given the increasing significance of development funds in practically all, not only in the new member states of the EU, the project class has acquired a share in the power of political and economic elites, especially on local levels.

### **Social capital in urban and rural development**

As the theoretical framework of the study, the paper employs one of the most successful social science concepts of recent times, that of social capital. Social capital is a sociological theory that concentrates on the interplay of networks in the society, the trust that holds them together (or separates them, for that matter) as well as the social norms they animate. But social capital has also become a more and more powerful policy concept in the context of economic and social development. These two faces of social capital, one scientific and the other policy-oriented, make it a useful paradigm to study the social context and consequences of urban and rural development.

Social capital has been a dazzling success in the academia of the social sciences: the late 1980s were marked by the contributions of Pierre Bourdieu and James Coleman, whereas major inspirations in the 1990s came from Robert Putnam and Francis Fukuyama. In the world of development policy too, social capital became a success story: besides international development agencies such as OECD (2001), or the World Bank,<sup>3</sup> several countries' national development policies have relied on social capital such as the UK,

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<sup>3</sup> The World Bank's task force on social capital is at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTTSOCI/ALCAPITAL/0,contentMDK:20642703~menuPK:401023~pagePK:148956~piPK:216618~theSitePK:401015,00.html> (Last visited on 30. 08. 2013.)

Canada, Australia, New Zealand or Ireland. In the US, the social science doyen of social capital, Robert Putnam initiated a nation-wide social capital development strategy in the form of the Saguaro Seminar<sup>4</sup> as well as a stream of concrete projects.<sup>5</sup>

After triumph, a wave of criticism ensued. The concept of social capital was criticized (e.g. by Portes, 1998) for its under-theorised background and for attempting too much in explaining a great variety of social phenomena such as health condition, educational attainment, success on the labour market, quality of life, government performance and, of course, economic development. (Fukuyama, 1995; Putnam, 1993, 1995, 2000) In the practical world of development policy, social capital received criticism (Woolcock & Deepa, 2000; Woolcock, 2001) for the way in which it was treated as panacea for all social problems. Much of this criticism is apparently well-founded, for the standard theory of social capital lays the thrust of its emphasis on distinguishing its approach from that of social network analysis, and, in doing so, relies on three established concepts of sociological theory: trust, networks and social norms. The problem is that it handles these sociological concepts both theoretically, and – even to a greater extent – empirically, in a rather casual way. In the policy world, on the other hand, we see that the programs for the development of social capital are considered to be relatively inexpensive solutions for complex problems such as poverty or economic backwardness. This means that the optimism attached to social capital promises a less expensive alternative and a complement to other, very expensive means of development.

In response to criticisms, one of the most promising developments in the theory of social capital has been the introduction of distinctions among three types of social capital: bonding, bridging and linking. (Woolcock, 2001, p. 13-14; Field, 2003, p. 42-43; Halpern, 2005, p. 26-31) This move has allowed for reconnection to the sociological theories that stand in the background of social capital and have made possible a more complex and robust re-theoretisation of how trust, networks and social norms intertwine in the three forms of social capital. This development gives new impetus to empirical research as well, and should certainly be integrated into instruments of urban policy, where such a distinction has been almost missing – one notable exception being Gittel and Vidal. (1998, p. 13-23)

Bonding social capital is inherent in networks that build on a high degree of personal trust as well as honesty, reciprocity and trustworthiness in such relationships as family, relatives and close friends. Those who do not belong to these networks are closed off from them. Bonding social capital plays a vital role in the lives of all social groups since it is a guarantee of wellbeing, interpreted as realising various levels of satisfaction with life, as opposed to the material dimension of welfare.

The relations belonging to bridging social capital are predicated upon generalised trust among people, and require a considerable degree of honesty and reciprocity. These relations connect us to people belonging to social groups other than our own, such as classmates, acquaintances or colleagues. Bridging social capital is, on the one hand, vital to social integration and, on the other hand, constitutes a resource which is supportive of progress in terms of both the individual career and of household status.

The concept of linking social capital is applied to the relations within hierarchical structures of the society, which connect us to people in positions of influence ('good

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<sup>4</sup> <http://www.hks.harvard.edu/saguaro> (Last visited on 30. 08. 2013.)

<sup>5</sup> <http://www.bettertogether.org> (Last visited on 30. 08. 2013.)

connections'). In such cases, expectations of honesty and reciprocity prevail but in very different configurations compared to the two previous types: linking social capital can, for example, thrive in a web of favours that can be interpreted as a system of corruption – a witness to the warning that social capital does not always and necessarily have only positive social implications. (Field, 2003, p. 71-90; Whitehead, 2004) It is evident that, in any society, linking social capital plays a central role in attaining and retaining advantageous social positions. This type of social capital is predicated upon a mix of trust in the formal, institutional structures of the society as well as on trust in informal connections that often override formal hierarchies.

### **Making and breaking social capital at the nexus of project class and partnerships: four models**

**The EU ideal of development regimes.** Development policy schemes of the EU envision a non-problematic, smooth cooperation among the three chief actors of the projectified terrain: the political elites, the project class and partnerships. Political elites share power with the project class to the extent of the latter's role of providing access to development funds, all to the benefit of communities more or less organised into supporting partnerships.

The project class provides access to funds and networks that otherwise would remain distant to potential beneficiaries. This connection therefore embodies a prime example of *linking social capital* where the relationship is predicated upon a high level of confidence in the institutional structures that serve as resource providers (such as EU funds providers, national development agencies), and a high level of trust between members of the project class and beneficiaries that enables long term cooperation between the actors whose position is very different in the social and political hierarchy. Members of the project class occupy positions of influence: they are positioned not only above potential beneficiaries but also next to traditional political and economic elites with whom they share power due to their inevitable mediator role. Access to development funds is especially crucial for communities whose economies are short on capital and investments. In such settings the influence of the project class becomes severe.

Members of a well-functioning project class are held together chiefly by *bridging social capital* that relies on the trust emanating from a professional ethos: long term and effective cooperation is predicated upon the expertise, management skills and reliability of project class members; skills that are often put to extreme tests under the conditions of running projects that, by definition, require performance in short-term (non-permanent) organisational forms that are usually complicated but have to comply with strict budgets and deadlines.

Partnerships are formed from the networks of potential beneficiaries and stakeholders whose very presence vis-à-vis the project class depends upon the stock of *bridging social capital* shared among these "lay actors": in case they can build on generalized trust to cooperate with each other and are able to exercise reciprocity within their circles, partnerships can be able partners of project class endeavours. Otherwise "public" or "community" involvement in development activities remains a matter of complying with project indicators.

**Beneficiarism.** Under this model, the lack of *bridging social capital* among locals and their resulting incapability to form partnerships is posing a great challenge to the project class: in order to "produce" participation, techniques of traditional community building

or other methods of involvement of locals into project and policy planning, implementation and long term maintenance of project results and activities might be applied. These activities, however, rarely fit the class posture of the project class. Such capacity building needs local presence and the building up of a minimal level of institutionalized trust towards professionals. Only then can the development of generalized trust among locals themselves be triggered and channelled into a self-reinforcing process of the development of their local *bridging social capital*. The passive acceptance of certain development project benefits (such as renovated dwellings) is also sought to be turned into a robust version of *linking social capital*, where locals have both institutionalized trust towards as well as reciprocal expectations from the project class. This can rarely be accomplished as part of the activities of a particular development project – when done separately, as a traditional community building effort, the lack of real stakes (and the investment of serious monies) might leave both the project class as well as locals undermotivated. Therefore, only complex development projects with interdisciplinary teams of professionals (including social workers with experience both in case work and community work) as project class, have the chance of overcoming this dire outgoing situation and turn beneficarianism into a meaningful development project that does not entrench the lack of bridging and linking social capital but finds the particular, locally configured ways of developing both kinds of social capital. Should that not succeed, parochial political culture (Almond & Verba, 1963) is to reign, allowing little or no bridging social capital among locals, offering minimal institutional confidence towards political institutions and development agencies, resulting in little or no linking social capital in the framework of beneficarianism's development regime.

**Clientalism.** Under this model, development projects deteriorate into the provision of selective favours for local clients, a practice which has detrimental consequences for local *bridging social capital*: it destroys the generalized trust that makes cooperation among locals possible in the first place. The few threads of *linking social capital* that become reinforced among clients and project class members under this model can in no way “compensate” for the breaking of social capital that occurs in the wake of these practices. Besides being detrimental to bridging social capital among locals, clientalism is arguably also damaging the professional ethos that prevails among members of the project class and contributes to the breaking of trust and therefore bridging social capital among project class members. Clientalism's selective reinforcement of linking social capital among local clients, project class members and, of course, the usual masterminds behind such schemes, certain members of the political elite, provide a prime example of the potential negative overall social impact of social capital.

**Annexation.** Annexation happens when local political and economic elites avoid sharing power with new actors and occupy the positions of project class themselves. This move prevents the making of new assets of *linking social capital* that would have otherwise emerged among the local community and the project class. The making of extra *bridging social capital* among locals in the course of forming partnerships becomes very unlikely, given that the political takeover of development project position has demobilizing instead of mobilizing effects for local communities, with the exception of extreme cases of protest and/or resistance.

Developments under both clientalism and annexation serve as reminders of the dark side of social capital: it is no panacea and can have negative social outcomes. The EU development scheme LEADER has been criticized for failures that can be interpreted along the lines of these models (Kováč, 2000). The question is whether its new version,

“community lead local development” (CLLD)<sup>6</sup> would fare better and its practice resemble more the EU ideal of development regimes than clientalism or annexation.

Empirical research on urban and rural development can apply these models to study the features of concrete development regimes, especially when several cases are put into a comparative perspective. The chief criteria that differentiates urban and rural development regimes in the context of contemporary Hungarian society is that rural societies frequently (but not without exception<sup>7</sup>) lack indigenous, local project classes due to their decapitated local social structures (Németh, 2011) whereas urban development regimes, for most of the time, engage local project class participants as well. For such cases of urban development, the local project class is a vital asset of local resources in terms of the implied bridging and linking social capital that forms part of the outgoing conditions of urban development. (Füzér, 2013)

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<sup>6</sup> Cf. Policy framework at: [http://ec.europa.eu/regional\\_policy/conferences/od2012/doc/community\\_en.pdf](http://ec.europa.eu/regional_policy/conferences/od2012/doc/community_en.pdf) (Last visited on 30. 08. 2013.)

<sup>7</sup> Research on the local project class of Kémes, a village that lies on the outskirts of the depressed Ormánság region, and is home to the headquarters of the Ős-Dráva development project, was carried out by my student research team in the summer of 2012 in the framework of the rural research field work of the Department of Sociology, University of Pécs. Our results show a remarkably strong, dually segmented local project class, with material achievements (and project information signboards) proudly positioned all over the village.

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