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Small farmers and social capital in development projects: Lessons from failures in Argentina's rural periphery☆

Juan José Michelini*

Universidad Complutense de Madrid, Facultad de Geografía e Historia, C/ Profesor Aranguren, s/n. 28040 Madrid, Spain

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A B S T R A C T

The importance of social capital as a resource for rural development, especially in the context of projects involving joint participation of state and civil society, is widely recognized today. This paper analyzes the obstacles confronted by local players – small farmers and government organizations- in the development of an irrigation area through the implementation of a social colonization project in the Upper Colorado River Basin (Argentina). After reviewing theoretical perspectives on social capital and development, the paper deals with the difficulties faced by economic agents in building social capital and the impact of this process on the productivity of farms and the progress of the territory. Finally, it discusses how public policies and institutional design has hampered the formation of social capital. Additionally, we stress the importance of this kind of analysis to critically revise the current role of these areas from the perspective of local and regional development.

1. Introduction

During the 1950s and 60s, the creation of large-scale irrigation areas in peripheral rural spaces was one of the most widespread development strategies in Argentina. However, many of these experiences failed to achieve the goals envisaged and were gradually eliminated from its national and provincial public policy agenda after the mid-1970s, when the state abandoned all regional planning and development activities (Manzanal, 2004).

At present, many of these areas, particularly those located in northern Patagonia, are experiencing a renewed boom and increased interest in local and regional development studies, although most of the original objectives have been dropped. This process has gone hand in hand with an expansion of the *agribusiness* model (Reboratti, 1990), associated with the deployment of the neoliberal agenda in the global South (Murray, 2008), to the detriment of both the "social" ends of the irrigation projects and the small and middle-sized producer who has traditionally been the predominant economic agent in these areas.

However, the shift that has occurred over the past few years and its consequences on territorial development has yet to receive the critical review it deserves; moreover, such a review requires new analytical perspectives. In this sense, we must consider that the abandonment of these policies, frequently associated in the mainstream political discourse with the lack of competitiveness of small producers, has occurred without an adequate evaluation of the strategies that have been applied and, above all, certain characteristics of the large development projects (Hirschman, 1967; Cernea, 1985): in particular, the fact that they depend on communities created from individuals with no prior ties to each other who were "transplanted" in the territory and who must manage shared assets and develop a collective project.

Thus, based on the institutional approach to social capital (Evans, 1996) and drawing on the case of the Upper Colorado River Basin, one of the least known regional development projects in Argentina, despite being one of the country's most important, this paper contributes to the literature on social capital and rural development by doing two things: first, it demonstrates that social capital is a critical factor in the success of these projects because it must be created without the support of the self-defining social, cultural or institutional aspects that create a cohesive community, an issue that has been neglected in the research, despite the fact that its importance in launching these types of projects has already been pointed out by various scholars (Utría, 1974; Aufgang and Manzanal, 1978; Cernea, 1985; Ostrom, 1990); second, the paper also highlights the role of public policies and institutional context

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* Spanish National Research Council (CSIC), Center for Human and Social Sciences (CCHS), C/ Albasanz 26-28 – Office: 3F4, 28037 Madrid, Spain. Tel.: +34 91 602 2418.

E-mail addresses: juan.michelini@cchs.csic.es, juan.michelini@gmail.com.

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in creating conditions that foster or hamper the formation of social capital in the territory.

The paper starts with a theoretical section introducing the relevant concepts and perspectives in the current debates about the role of social capital in rural development. It then presents the territorial context, and the following sections are dedicated to showing the weakness of social capital and its impact on the economic activity of the small fruit producers, locally known as *chacareros*, and the failure of public policy to create a favorable environment to construct social capital. The work finishes with conclusions on the research results.

2. Social capital and development: some fundamental concepts

Since the mid-1990s, social capital has received increasing attention in debates about rural development as a key factor in overcoming poverty, fostering competitiveness and developing rural areas (Cernea, 1985; Flora, 1998; Woolcock, 1998; Durston, 2000, 2002; Sobels et al., 2001; Sorensen, 2000; Moyano Estrada, 2005).

According to Portes (1998) because social capital is such a complex and elusive idea it has been unable to find a generally accepted conceptualization within the Social Sciences. Its increasing popularity has contributed to the proliferation of definitions and frequent reinterpretations that hamper empirical analyses and require finding an appropriate set of coordinates to use as a starting point.

According to Bourdieu (2001 [1980]), social capital is the set of current or potential resources linked to the possession of a lasting network of mutually recognized relations. Meanwhile, Putnam, et al. (1997 [1993]), define it as confidence, the norms that regulate coexistence and the networks of civic associationism, elements that increase the efficiency of social organizations and promote collective initiatives.

In this way, social capital can be seen as a resource for individual or collective action (Piselli, 2003). However, its interest for development lies in that it doesn't belong to specific individuals but rather it is part of the structure of relationships between people (Mutti, 1998), which turns it into a particularly valuable resource for poor communities. Consequently, a territory's wealth in terms of social capital will depend on the extent to which its players become involved in organizations and wide-ranging and dense networks of social relations (Trigilia, 2001).

Although it shares characteristics with other types of capital, some authors highlight the aspects that make it qualitatively different, thereby increasing its interest from a developmental perspective. Ostrom (2000) describes how it increases with use, so using it to obtain certain objectives often makes it easier to carry out activities that hadn't been originally envisaged. Others (Coleman, 1988; Piselli, 2003) point out that it is a public good because it doesn't only benefit those who contributed toward its creation; it has multiplier effects that are potentially positive for development.

Apart from its intrinsic social benefits and importance for good institutional performance (Putnam et al., 1997 [1993]), several authors also underscore its importance for the functioning of the economies of specific territories (Woolcock, 1998; Camagni, 2003), by reducing transaction costs, improving information flows and conflict resolution (Granovetter, 1985; Trigilia, 2001), increasing other forms of capital (Coleman, 1988) or favoring business (Albertos et al., 2004) and social (Moulaert and Nussbaumer, 2005) innovation.

2.1. The types and functions of social capital

In this context, different forms of social capital have been identified which recall Granovetter's (1973) notions of strong and weak ties that perform different functions for individuals and communities: *bonding and bridging social capital*. The first term describes the links between people who share certain characteristics and therefore are more motivated to cooperate or help in case of need (Narayan, 1999; Woolcock and Narayan, 2000; Moyano Estrada, 2005). The primary function of these community links is believed to provide groups a sense of identity and purpose, as well as interests that facilitate collective action, in addition to reducing risk and uncertainty arising from structural processes (Camagni, 2003). However, when a certain group or community establishes levels of exclusion that lead it to set clear limits amongst members and non-members of the community, such actions encourage social segregation which can have negative consequences (Flora, 2004; Moyano Estrada, 2005).

Thus, it has been argued that poor communities need to build social bonds beyond their primary groups (Woolcock, 1998; Flora, 2004). *Bridging social capital* helps members of a community gain access to external individuals or groups and implies two types of developmental benefits: access to information and resources that are different to those that exist inside the community and greater levels of social cohesion in the territory. Other authors underline the importance of other type of social links, defined as *linking social capital*, associated with vertical networks that facilitate access to power resources (Fox, 1996; Sorensen, 2000) and the construction of social links between the public and private spheres (Evans, 1996) to provide a foundation for synergies between state organizations and civil society (Ostrom, 1996).

Uphoff (2000) draws a useful distinction for the analysis of social capital. In his view, it is integrated by two interrelated categories of phenomena: structural and cognitive. The former refers to networks, roles, rules, precedents and procedures that allow processes of organization, cooperation and collective action to be activated. Meanwhile, the latter consists of norms, values, attitudes and beliefs that predispose people to cooperate. Both components result from instrumental and normative considerations. Structural phenomena consist in the routines and repertories that create an *effective* culture that inspires shared confidence regarding the viability of cooperative or collective ventures. Whereas cognitive phenomena give rise to an *affective* culture that produces a sense of trust and solidarity which is at the root of collective action.

2.2. Institutions and formation of social capital

Current literature on social capital and development reveals an increasing consensus amongst scholars to place social capital in a broader institutional setting (Evans, 1996; Woolcock, and Narayan, 2000; Ostrom, 1990, 1996). Starting from the premise that social capital is the result of the political, legal and institutional context, they focus their attention on the links between governmental organizations and the formation of social capital, as well as on the results of this relationship in terms of development.

According to Evans (1996) the state can contribute to the creation of social networks which facilitate collective action, but it can also weaken them or erode social norms useful to development. Lowndes and Wilson (2001) propose that state agency and institutional design play a key role in creating and mobilizing social capital. For them "the underlying institutional framework of government is a crucial factor in determining long-term prospects for social capital in any community" (Lowndes and Wilson, 2001:631).

Similarly, based on his analysis of the irrigation systems in Taiwan, Lam (1996:1039) argues that the rules frequently created and applied by governmental authorities are what favor the configuration or shaping of productive social links within specific communities. Onyx and Leonard (2010) arrive at similar conclusions in their analysis of social capital in Australian rural spaces and argue