unresolved controversy, engendering a semi-sovereignty that bolstered institutional and elite development while tarnishing the idea of statehood itself. Under communism, the restored postwar Czechoslovakia was no more successful in resolving national tensions than the interwar state had been, despite an attempted federal solution sparked by the Prague Spring reforms of 1968. Ultimately, Czech and Slovak leaders following the collapse of communism once more found it impossible to agree on a democratized formulation of state institutions, creating a negotiating deadlock that led to the dissolution of the state, accepted by both republics' legislatures in the course of 1992.

Although many predicted the routinization of Slovak politics after independence liquidated chronic tensions with Prague, the politics of the 1990s were instead marked by nearly constant confrontation between three-time prime minister Vladimir Mečiar, leader of the HZDS (Movement for a Democratic Slovakia), and the opposition over his government's restrictions on media, cronyism in the privatization process, harassment of the opposition, and intolerance of the sizable Hungarian minority, whose linguistic and educational rights were curtailed. The party system, although incorporating recognizable European party families such as social democracy, Christian democracy, and ethnic minority parties, remained polarized between these "standard" parties and Mečiar's HZDS and its junior partners.

These battles left their constitutional mark; following years of strife between a president selected by parliament and the Mečiar government, culminating in legislative deadlock over the selection of a new president, Slovakia's parliamentary system was modified in 1998 to provide for direct presidential elections. Domestic tensions also drew sustained criticism from the West by the mid-1990s, hobbling Slovak aspirations to join the European Union and the North Atlantic Treaty Organization (NATO) after an initial period in which the country appeared to be headed for early membership. Economic eligibility was not a major stumbling block: Communist policy had narrowed the developmental gap between the Czech and Slovak economies, and the Slovak post-Communist economy continued to perform better than the East European norm despite what domestic and foreign observers criticized as the lack of transparency in the privatization process. Not until Mečiar's democratically deficient government lost its majority in the 1998 elections, however, did Slovakia finally make progress toward European integration under a more responsive but unwieldy coalition government that notably included the Hungarian minority.

Slovakia joined NATO and the European Union in the mass enlargement of 2004. Two successive right-of-center governments under Mikuláš Dzurinda continued effective neoliberal reforms (including a flat tax) that earned the country the title of "Tatra Tiger" (for the Slovak mountain range) and paved the way for Slovakia to become the second post-Communist country to join the Eurozone in 2009. Safely within the European institutions, a reform-weary Slovak electorate gave the 2006 election victory to a populist leader, Robert Fico (a defector from the dying Communist successor party) and his party SMER (Social Democrat). Under the popular Fico, economic growth and foreign investment continued, with the recession being less damaging in Slovakia than in some neighboring countries. Nationalist tensions with the Hungarian minority, however, revived. In particular, Fico's choice of coalition partners, Mečiar's HZDS and the ultranationalist Slovak National Party, created dismay in Europe and earned SMER a suspension from the transnational Party of European Socialists for allying with national extremists. Fico's SMER improved its performance in the 2010 parliamentary elections but was left without partners to form a majority—Fico had eroded the nationalist party base by absorbing some of its voters and Mečiar, the perceived authoritarian threat of the 1990s, appeared to have exited the political scene when his HZDS, which had shrunk steadily from election to election, fell under the electoral threshold for parliamentary representation. Accordingly, a right-of-center coalition took office, led by Slovakia's first female prime minister, Christian Democrat Iveta Radičová.

[*See also* European Union; 1989; Post-Communism; *and* Privatization.]

BIBLIOGRAPHY

Deegan-Krause, Kevin. *Elected Affinities: Democracy and Party Competition in Slovakia and the Czech Republic.* (Stanford, Calif., 2006).

Fisher, Sharon. *Political Change in Post-Communist Slovakia and Croatia from Nationalist to Europeanist.* (New York, 2006).

Haughton, Timothy. *Constraints and Opportunities of Leadership in Post-Communist Europe.* (Aldershot, UK, 2005).

Carol Skalnik Leff

Social Capital

The concept of "social capital" entered the study of politics at the end of the twentieth century through sociology, especially the sociology of education. But the phenomena to which the concept refers—norms and networks of reciprocity, trust, and cooperation that provide opportunity for individual and collective advancement—have long been central to political inquiry.

Whereas *physical capital* describes tangible investment in infrastructure, such as factories and equipment, and *human capital* refers to intangible investment in individuals, such as education and skill training, *social capital* often describes investments in the collective capacity to achieve common goals. This definition—the collective capacity to achieve common goals—is substantially different from the concept's original formulation. As introduced to the social sciences, social capital is a "collectively owned" resource to which group members are entitled benefit or "the credit" that an individual may access for personal gain and which can be converted to and from economic, cultural, and symbolic capital.

Others have defined "social capital" as social arrangements that facilitate individual goal attainment and established the concept within the sociology of education. Thus, social capital involves access to social structures that can facilitate individual pursuits. Many studies of social capital focus on varieties of reciprocal social relations that are consistent with a rational choice approach to understanding social interactions. Revolving-credit associations and other informal credit markets, for example, where personal relations, based on locality or ethnicity, often provide sanctions and incentives for cooperative behavior, are a common focus of studies of social capital. These approaches are ideal for the study of one variety of social capital, *bounded reciprocity*, wherein individuals are threatened with sanction for nonconforming behavior.

In political science, the concept is defined in a markedly different way, as traditions of civic engagement that promote the success of political institutions. "Social capital...refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated action" (Putnam, 1993, p. 167). Putnam makes social capital a collective endeavor rather than a pool of credit for individual advancement. The attempt to expand the concept beyond the instrumental incentives of individuals to the cultural values of collectivities is an important innovation. But a definition that includes civil engagement (as an aspect of an "efficiency of society") makes independent and dependent variables indistinguishable. Many suspect that stretching the concept in this way endangers its heuristic value.

The suggestion behind the market metaphor is that the collective capacity of groups to achieve common ends can be reinvested and accumulated through responsible use or squandered and diminished through irresponsible use. To build social capital is difficult and takes time; to destroy social capital is easy and can be done quickly. And destruction of social capital can have long, transgenerational effects. Social capital is also often theorized to promote more effective use of physical and human capital. But unlike capital, the use of social capital increases it, while the neglect of social capital, even in an attempt to save it, diminishes it.

Two kinds of social capital can be distinguished, enforceable trust and bounded solidarity. *Enforceable* *trust*, in which cooperation is secured by threat of withdrawal of benefits to potential defectors, is the principle employed by most development-oriented nongovernmental relations, including the Grameen Bank. *Bounded solidarity*, wherein there is a common identity (e.g., as followers of a common faith), has received far less attention than has enforceable trust.

Maintenance of social capital can come with high cost to the freedom of individuals. Further, while social capital involves pursuit of a common end, it might not be for the common good. Social capital can be deployed for oppressive as well as for progressive ends, says most scholarship, which distinguishes between positive and negative social capital. But there is a nascent controversy here. The solidarity of genocidal regimes and racist societies might not be a manifestation of social capital at all but rather blind obedience to authority in an environment of fear, conditions common to many genocidal regimes and racist societies.

[*See also* Civil Society; Ethnicity; Political Culture; *and* Rational Choice Theory.]

BIBLIOGRAPHY

Bourdieu, Pierre. "The Forms of Capital." In *Handbook of Theory and Research for Sociology of Education*, pp. 241–258. (New York, 1986).

Coleman, James. "Social Capital in the Creation of Human Capital." *American Journal of Sociology* 94 (1998): S95–S120.

Nunn, Nathan, and Leonard Wantchekon. "The Slave Trade and the Origins of Mistrust in Africa." *American Economic Review* 101, no. 7 (2011): 3221–3252.

Portes, Alejandro. "Social Capital: Its Origins and Applications in Modern Sociology." *Annual Review of Sociology* 24 (1998): 1–24.

Portes, Alejandro, and Julia Sensenbrenner. "Embeddedness and Immigration: Notes on the Social Determinants of Economic Action." *American Journal of Sociology* 98, no. 6 (1993): 1320–1350.

Putnam, Robert. *Bowling Alone: The Collapse and Revival of American Community*. (New York, 2000).

Putnam, Robert, with Robert Leonardi and Raffaella Nanetti. *Making Democracy Work: Civic Traditions in Modern Italy*. (Princeton, N.J., 1993).

Christopher Candland

Socialism and Social Democracy

Socialists of all stripes criticize capitalism—a combination of private ownership of productive resources with their decentralized allocation by markets—claiming that this system cannot simultaneously achieve rationality in allocating scarce resources to alternative uses and justice in distributing material welfare. Yet the specific diagnoses and the proposed remedies have been sufficiently distinct to have generated at least three alternative socialist projects: communitarian, Marxist, and social democratic.

Communitarian socialism emerged in the 1830s and withered as a serious alternative when socialist ideology became fused with Marxist theory and the working-class movement around 1890. The Second International split in the aftermath of World War I over the issue of democracy, but Marxist socialism continued uncontested in the economic realm until the middle 1930s, when the Swedish Social Democrats first formulated their strategy. Between World War II and 1989, command socialism and social democracy offered alternative and highly antagonistic projects. With the fall of command socialism in Central and Eastern Europe, the demise of the social democratic model in Scandinavia, and the dissolution of the Soviet Union, socialists can only ask, "What is left?"

Since this question organizes the present essay, the approach is not historical. Indeed, to set the framework of analysis, the first section begins by recouching socialist critiques of capitalism in a deliberately anachronistic language of contemporary economic theory. The second section briefly reviews the blueprints and the weaknesses of command socialism, social democracy, and market socialism. The concluding part gropes for an answer.

Socialist Critiques of Capitalism. Reasonable socialist critiques of capitalism converge on the assertion that capitalism generates "waste." Yet they evoke several alternative reasons: (1) the "anarchy" of capitalist production, (2) the "contradiction" between individual and collective rationality, and (3) the "contradiction" between forces of production and relations of production. Moreover, the waste involved in each of these explanations is different: anarchy causes waste of existing endowments and even of commodities already produced, while the waste caused by the two remaining contradictions is of opportunities. The first of these criticisms is valid, but it is unclear whether it is remediable under any economic system; the second critique fails to draw some important distinctions and is misdirected once these are made; and the third one is valid and fundamental.

The anarchy critique concerns (1) the efficiency of the competitive equilibrium and (2) the feasibility of costless adjustment to a state where the expectations under which individual agents make their decisions are simultaneously fulfilled. Both are complicated issues.

First, in the light of recent developments of neoclassical theory, markets cannot be expected to generate efficient allocation of resources. Even under perfect competition, labor and capital are underutilized and final goods markets do not clear in equilibrium because employers, lenders, and consumers must pay rents to assure that, respectively, employees, borrowers, and sellers will deliver goods and services of contracted quality. Capitalism is thus inefficient even in a competitive equilibrium.

Second, even if the competitive equilibrium were efficient, as the capitalist blueprint maintained, a costless adjustment to this equilibrium may be unfeasible, either because decentralized economies are never in equilibrium or because the adjustment is gradual. Karl Marx himself seems to have wobbled about the first point, and he firmly adhered to the second. On the first point, he asserted that capitalist markets do sometimes clear but only by accident. And he developed an elaborate theory of crises of overproduction and underconsumption that became the mainstay of the economic theory of his followers. In these crises, capital and labor lie idle and the final goods markets do not clear. The waste is of the already-available factors of production and commodities.

Hence, the anarchy critique seems vindicated by recent developments of economic theory. Yet whether this critique establishes the irrationality of capitalism depends on whether the anarchy characteristic of the capitalist markets can be remedied by some alternative economic organization. And since it is doubtful that it can be, this critique is not crucial.

The claim that under capitalism individually rational actions lead to collective suboptimality confuses two situations and is false about the first one and misdirected concerning the second. Marx thought that competition forces individual firms to invest in such a way that the general rate of profit falls. This particular argument has been shown to be false. In general, if consumption is rival and if there are no externalities, no increasing returns to scale, and no myopia, then there is no conflict between individual and collective rationality. Only if any of these assumptions is violated does individual rationality diverge from the collective one.

One version of this argument asserts that capitalism is irrational because it cannot access some technically feasible distributions of welfare even if these are normatively and politically desirable. We may have technological and organizational means to feed everyone on earth, we may want to feed everyone, and yet we may be still unable to do it under capitalism. Here is the argument. Imagine an economy in which there are two agents, capitalists and workers. If the output does not depend on rates of return to the endowments controlled by these agents, then under a given state of technology all distributions of welfare that sum up to this level of output are accessible. But under capitalism output does depend on the rates of return to endowments. If capitalists receive the entire return from capital and workers the entire return from labor, then resources will be efficiently allocated and the distribution of income will reflect marginal productivity of the two factors. But if either capitalists or workers receive less than the entire return, that is, if the distribution of income diverges from the competitive market, they will withdraw capital or labor and resources will be underutilized.

Under capitalism, endowments—capital and labor power—are privately owned, and the agents

THE OXFORD COMPANION TO COMPARATIVE POLITICS

Joel Krieger
EDITOR IN CHIEF

VOLUME 2

Korean War–Zionism

Index

OXFORD
UNIVERSITY PRESS