

## Who Cares?

### Creative Responses to Social Obligations – A Dialogue Series

#### Mobilizing the Hidden Assets of Our Communities

A dialogue with John McKnight and Stefano Zamagni

June 24, 2003

*The centre of a strong community is people who still know the habits of the heart.*

– John McKnight

*Trust, as perhaps everyone knows, is the fundamental engine of progress in any society.*

– Stefano Zamagni

This dialogue brought together two seminal thinkers involved in formulating a vision of how civil society operates as a creative force in re-crafting our economy and institutions in a more humane manner. **John McKnight** has conducted research on service delivery systems, social policy and community organizations for almost thirty years. Some of his research was done in BC where, among other initiatives, he worked with community living organizations to end the isolation of people with disabilities. He has written several books and currently directs research on asset-based neighborhood development. **Stefano Zamagni** is an internationally recognized economist who has had an enormous influence on the cooperative sector. A preeminent theorist on cooperative economics and civil society, he is one of the voices helping to articulate a vocabulary for understanding the crucial role cooperatives play in advancing both commerce and society.

The dialogue drew an overflow audience of almost 300. In their presentations and in the discussion that followed, both speakers stimulated participants to rethink the role of civil society in the face of contemporary challenges.

#### JOHN MCKNIGHT

In the early 1990s, John McKnight conducted research in two small British Columbia cities and in speaking about the hidden assets of communities he said he would be sharing some of the things he learned in BC.

He proceeded to discuss various definitions of civil society. The standard academic definition says civil society isn't the government and it isn't the market; it's everything else. The metaphor used is that society is like a three-legged stool comprised of the government, the market, and civil society. Blanketed together under civil society is the not-for-profit sector, which includes large organizations providing various social services, and associations, which are generally small face-to-face groups where members work without pay.

This understanding of civil society has put two totally different forms together. The result is that associations, which John believes to be the greatest asset of civil society, are hidden. The associations tend to disappear because they are small. Six alcoholics meeting to

support one another, he said, seem ephemeral in the face of a non-profit agency with 700 professionals. He put forward that a better metaphor is a four-legged stool where three of the legs are alike – the businesses, the government, and the not-for-profit systems – and where the fourth leg is of a completely different order.

John has spent years researching what makes communities better, asking people what the starting point for positive change was in their neighborhood, and the most common answer has been associations. He said that if we're interested in community change and the generation of new ideas, it's important to distinguish the three systems – business, government, and not-for-profits – from associational life. In this way we can begin to see what associations do.

### **Functions of Associations**

#### **1. Associations are the central form for the identification and mobilization of the gifts and capacities of local citizens.**

Associations are the basic vehicle by which people gain power in a democratic society in terms of their own purposes. Associations are the place where people can give their gifts, where talents can be mobilized and their value multiplied. In his travels through the United States in the 1800s, Alexis de Tocqueville observed the flourishing of associational life and wrote that these self-defined groups were a new invention. When he saw how associations worked, he realized the limitations of defining democracy as the right to vote. Voting, de Tocqueville wrote, is the power to give your power away. In these associations he saw a vehicle for making power, not giving power away.

#### **2. Associations are a fountainhead for a great deal of the problem solving in our society.**

Given the diversity of participants, associations are always involved in taking the ideas and creativity of many and trying to find a way for this vision and creativity to become manifest. Associations are the inventive centre for the creation of new and appropriate ways to freshen society. John said that because associations are hidden and because we don't think very important, we spend our time trying to reform institutions rather than recognizing that associations are the vehicles by which we form institutions appropriate to our time.

#### **3. Associations are the site of care.**

The most important function of associations is that they are groups of people pulled together voluntarily. They come together not because of money, but because of either something they care about, or their care for one another. De Tocqueville said that in forming associations, people were following the habits of the heart.

### **Caring**

John spoke further about the capacity of associations to care and the way in which systems have co-opted the language of care. "Care in its deepest sense is the commitment from the heart of one to another. It is something that cannot be managed, cannot be mandated, it is the most precious of our values."

It is a curious thing when we talk about paid professionals as care providers. They may care, but the system can't make them provide care. No system produces care. If we confuse the difference between care and what systems produce, then we make invisible the asset that is our associational life. John wants to restore our understanding that systems can produce commodities and services, but the site of care is associational life. The technical definition of association is a collective word for a group of citizens. What a system can do, he said, is make you a client or make you a consumer. The only thing it can't do is make you a citizen.

Over the past thirty years, various polls have shown that people's trust in institutions has continually dropped. As our societies become more institutionalized and bureaucratic, people feel more and more that the systems don't care. People, John said, are under the illusion that the systems could care.

There is a point, he said, where institutions reach the limit of their capacity to do what they were created to do. He used the example of the criminal justice system which, over the past few decades, has seen bigger budgets, greater technical proficiency, and plenty of professional training. Still, there are no leaders in this system who maintain anymore that if their budget were doubled, they would seriously reduce crime. We distrust institutions, John said, because we misunderstand that unless we have a rich local communal and associational life built upon our trust networks, we aren't going to be secure. Trust can only grow when there is an understanding of what must be done associationally and what can be done institutionally.

In conclusion, John asked: "Is it our goal to see if we can improve our three great systems so that all of us, almost all the time, can be clients and consumers? Or is that the way democracy dies and you don't have to call it totalitarianism? You call it people who have forgotten the greatest asset they ever had – their collective possibilities to be powerful, creative and to care."

## **STEFANO ZAMAGNI**

Approaching the hidden assets of our communities from a different angle, Stefano Zamagni began by speaking about the trade off in society between guaranteeing freedoms and maintaining economic order.

Economic order presupposes, among other things, property rights, contract enforcement and means of solving litigation. Without these in place, the whole mechanism of the market economy stops. In order to maintain these, an authority is needed, typically the state, and the stronger that authority the higher the chance that these three objectives will be achieved. With a stronger government, however, comes a higher possibility of the abuse of authority and the erosion of freedom, both for the individual and the group as associational life generally suffers too in this situation.

In short, Stefano explained, the trade off is that if we want to guarantee economic order we need a strong state, but a strong state is liable to fall into abuse of authority. The poles of the dilemma are whether we want more economic order with resulting efficiencies and productivity, or whether we want to guarantee freedom. In either case, there are social costs associated with both the abuse of authority and economic disorder.

Stefano used the example of a command economy, like that of the Soviet Union or China, where there is a very high social cost associated to abuse of authority and a smaller social cost associated with economic disorder. The opposite of this would be an extreme laissez faire economy where a minimal state means there is more room for economic disorder and consequent social costs, but on the other hand only modest abuse of authority. A regulatory state like France where the bureaucracy is rather efficient and the state is rather strong, would fall in the middle of the two extremes with resulting median costs.

### **Social Capital**

What's wrong with this trade off, Stefano explained, is that an important factor is not taken into account, specifically the amount of social capital a given society has accumulated over time. He referred to John McKnight's example of social capital in the form of the associations in a society. Then, in more general terms, Stefano said social capital is the network of trust relationships between people.

He gave the example of two regions in Italy: Emilia Romagna, where he is from, and Sicily. Both have the same institutional setup and the same laws, yet these two communities perform completely differently. Emilia Romagna is very rich, one of the richest regions in Europe, and has no unemployment. Whereas Sicily is a poor region with an unemployment rate of over twenty percent. Both regions have the same institutional setup, but one of them has more social capital and the result is a completely different performance, not only in economic terms but also sociologically.

When the amount of social capital is very high, the costs associated with both economic disorder and abuse of authority are minimized. Given this, Stefano said that now, more than any other time in history, we need to find a way to create social capital. This is done by establishing trust relationships.

Trust, he said, is not a moral sentiment, as many people believe; trust is a rational attitude. Trust presupposes knowledge of the other and in order to create a trust relationship we need to practice reciprocity, because trust is based on reciprocity. Establishing trust relationships means creating a way of life where the principle of reciprocity is put into action. One of the prerequisites for the creation of structures of trust, Stefano said, is a sense of fairness. We can't expect people to develop the civic value of trust unless they perceive that the society where they live is at least tentatively aimed at achieving fairness. Trust, he said, is the engine of progress in any society.

## Reciprocity

At the practical level, the implication is that we need to organize society so firms based on the principle of reciprocity can flourish. Currently, he said, this is not the case, rather the institutional and legal setup of our societies is such that it discourages the reciprocity principle. Cooperative firms are important in this respect; more than any other organization they are able to create trust relationships because they are based on the principle of mutuality which is a form of reciprocity.

Stefano concluded by saying the best way to unleash the hidden assets of our communities is to generate widespread debate in society about the need for the institutional setup to be changed in such a way as to motivate those forms of organized life which increase social capital through the practice of the reciprocity principle.

## DISCUSSION

A lively dialogue ensued with both John and Stefano responding to questions and comments from the audience. Four of the themes which came up repeatedly during the open discussion are summarized below.

### Bureaucratization

Participants wanted to know how associations could avoid the ever-present tendency to become bureaucracies themselves. One woman posed it this way: “You come up with a great association and you get a little funding and people who finally get a job doing what they love go, hey, I don’t want to give this up, and soon it becomes a bureaucracy. How do we value this without turning it into a bureaucracy?”

Stefano agreed this was an important issue and it would be naïve not to recognize this tendency. His answer was, in a word: “competition.” While in English there is only one word for competition, in Latin languages there are two, and he gave the example of French in which there is *competition* and *concurrence*. In Latin, competition means moving together towards a common objective. But in the common parlance, competition is used in the other sense, in the sense of *concurrence*, which means I try to destroy you, to push you out of the market. What we need, he said, is to reintroduce the idea of competition in the Latin sense. An association needs to compete in the Latin sense. In concrete terms, what it means is that the governance structures of the association should have multiple stakeholders because this prevents the concentration of power. It can be difficult to manage a multi-stakeholder situation, Stefano said, but in his opinion it is the way to avoid bureaucratization.

John responded to the question by returning to the history of associations. Many associations have come together to achieve a certain purpose and when that is achieved they disband. They are an empowering tool. They build the structure and then they go away. That is the most common reality of associational life. In North America, he explained, many institutions were created by associations. Many hospitals were the vision and action of an association, as were many colleges and universities, and many governments were created this way at the local level.

While John could see the problem of bureaucratization, he wanted to stress instead the importance of looking towards our associations to create new institutions. Bureaucratization was less troubling for him than failure to see that through associational life we have the possibility of inventing more appropriate institutions. “Some associations will bureaucratize,” he said, “but I think this is the nest from which the best of our future will be hatched.”

## **Trust**

The importance of trust came up in several different ways, with a number of people lamenting the lack of trust in our society and the pressing need to create more trust among one another.

One woman suggested that along with social capital, we need emotional capital, an increase in our capacity to care for one another. Stefano agreed with her completely. In fact, he said, emotional capital is part of social capital. There are different schools of thought on social capital and the one he is closest to includes emotional capital, which means giving proper consideration to values.

A participant who had spent time in Emilia Romagna spoke about the rich association that has built up in that region over generations and the resulting accretion of social capital. His sense was that Emilia Romagna has seen a refinement of all the legs of the stool, that because of the deeper association, because the trust is greater, all of the elements of society have changed. While in North America reciprocity is often limited to family, in that part of Italy they've changed the nature of business through reciprocity and cooperative structures, and they've changed the nature of government by getting government out of delivery systems and creating democratic instruments at the local community level.

Another participant commented that her experience observing social service organizations Vancouver's Downtown Eastside taught her that one of the reasons there is a lack of trust between “clients” and “care providers” is because the giving is one way. “Clients” are not allowed to give back. “Giving,” she said, “is forbidden.”

Stefano picked up on this and spoke about the two interpretations of gift. One is that a gift means movement in only one direction, and the other is gift as reciprocity. “Gift as one direction is always dangerous,” he said, “because it creates humiliation.” Gift as reciprocity, on the other hand, is when I give to you because I see you are in need, but I let you reciprocate. When people are not allowed to give, he said, that is a tragedy.

## **The Crowding Out Effect**

A point raised by one participant sparked Stefano to talk about what he called “the crowding out effect,” or the tendency for extrinsic motivations to crowd out intrinsic motivations. He said this is a real problem in our society where different logic and behavioral codes often govern the different realms in which we live. The same person, while at home or in their association, behaves according to the principle of reciprocity, and while in the workplace

they behave according to the principle of competition in the combative sense. Sooner or later, he said, that person falls into depression or becomes schizophrenic.

“We cannot behave according to a certain behavioral code in the workplace and with a totally different behavioral code in a different place. That is the real risk we are running our society.” In the long run, the strongest incentive, which is the extrinsic incentive, comes to dominate the intrinsic one. It is important, he said, to raise this issue in various forums, including the political because most politicians do not understand this and believe people can be split according to the situations they occupy.

Vera Zamagni, Stefano’s wife and a professor of economic history at the University of Bologna, responded to this discussion about motivations. She was concerned about the way the arguments were developing. Taken to the extreme, she said, the idea that the association is the place in which we do voluntary things, and everywhere else our intrinsic motivations are curtailed, then it seems that institutions are solely a place of compunction and the only place where we can express ourselves is associations. Yet, she said, if we really have intrinsic motivation to do positive things for ourselves and for our neighbors, we want to do these things everywhere, not only in association but also in our institutions, in politics and elsewhere. We may not always succeed in doing this, she said, and explained that she spent three years in politics and left because she found she couldn’t express her care for others. However, in her work in the institution of the university, she has no problem expressing herself and pursuing her motivation to care for her students.

“I think if we want to improve our society,” she said, “we have to express our motivations to do good everywhere and not only in the associations. It might be easier in the associations, but precisely because of this we should not give the good expressions of ourselves only in the associations.”

### **Critical Mass**

The question of how to work within the present system came up repeatedly and Stefano commented on the sense of impotence many share in dealing with the institutional setup. The answer, he said, is that we need to reach a critical mass. History teaches us that unless we reach a critical mass there is nothing that can be done, so that is why it is important to discuss these things. The problem is one of structural power; the institutional setup is capable of understanding and modifying its own rules only if there is enough pressure from civil society. Politicians look for consent, they capture what already lies in civil society. This, he explained, is why he favors a civil society strategy.

“We have new powers,” he said, but most people don’t know that yet, so our role is to open their eyes because when that has been done, people get organized, they reach critical mass, and the situation gets changed.

“The journey is still very long in front of us,” he said, “but I have reason to believe that we are very close in this epoch to a major change because many things from inside the

economic world are not working any longer and the big multinationals they seem to be like big monsters but they have a so-called Achilles' Heel.”

John's approach to the question of the power dynamics of the system was to delineate the role of institutions and associations. They are like two tools, he said, one is a hammer and one is a saw. We need to become clear about the special capacities of each and begin to operate as if we understand that so we don't keep trying to use a hammer to cut a table in half. We need to understand the appropriate spaces for an institutional approach and the appropriate spaces for an associational response, and to honor that difference.

The quandary with this idea, he said, is it doesn't recognize the reality of power. Empirically, it is rare that there is a real partnership between an association and an institution. He gave the example of his neighborhood block club and a large hospital. The idea that a partnership between the two is realistic begs the imagination. These are not two parties of equal weight. They are relationships in which one party holds a great deal more power.

His research suggests the best way to deal with this imbalance is to form an association of associations as this begins to shift the scale to the point where there is a possibility of real partnership. For John, the most important means of achieving appropriate relationships is to aggregate associations so there are clearly-defined citizen-directed spaces where vision, purpose and power make possible a meaningful partnership with institutions.

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