Social Capital and the Social Economy in a Sub-National Island Jurisdiction

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Introduction

Broadly defined, social capital is the “ability of a people to work together for common purposes and to trust each other” (Coleman, 1988: 98). Social capital does not exist on its own, but is rather a socially constructed concept that is borne out of the interactions of groups of people.

Social capital, as a relational concept, acts as a catalyst for the investment of other, more tangible, types of capital (Carroll, 2000). It differs from traditional forms of capital in that it is self-sustaining – a prudent investment in social capital generates more social capital in addition to potential spin-offs in other areas such as the economy. Social capital can have visible economic effects (such as in the development of cooperatives that promote communal success) as well as contribute to the general social fabric of a place that is measured by less tangible indicators such as trust, sense of community and quality of life.

While the conditions are often set for social capital on island jurisdictions, its presence is not inherent and should not be assumed. Social capital is like any other type of capital, such as physical or financial, in that its value comes from the way it is invested:

Social capital itself is value free. It can be used to include, support, develop and create, thus helping the development of a community and of society as a whole. Equally, it can be used to exclude, undermine, destroy and suppress (Kay, 2005: 165).

This paper begins with an explanation of social capital and its manifestation in structures and institutes of the social economy. It then describes how Prince Edward Island (PEI) is using social capital in the pursuit of economic sustainability. Next, the paper explores case studies of other sub-national island jurisdictions (SNJJs) and highlights how PEI could learn from the successes and failures of these other islands. Finally, it generates suggestions on how to more effectively invest in, and use, social capital in public policy measures. While the paper concentrates on PEI and other semi-autonomous islands, the recommendations may have wider implications in, and for, other jurisdictions.

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Social Capital Defined

Woolcock and Narayan (2000: 225) define social capital as being the “norms and networks that enable people to act collectively”. The term ‘social’ implies that such capital is generated from the nature of interactions between people. Social capital includes ‘bonding’ ties within a group of people and the ‘bridging’ relationships amongst groups (ibid.). For sub-national island jurisdictions (SNIJs), as defined elsewhere in this text, ‘bonding’ refers to the ties within the island community, whereas ‘bridging’ refers to the nature of the relationships with external bodies such as the metropole and other jurisdictions.

For social capital to be effective there must be a balance of both bonding ties (“roots”) and bridging ties (“routes”). For example, a peripheral island may use its close bonds to survive hard times, but may not have developed bridging ties to develop beyond subsistence activities. Conversely, a jurisdiction with strong bridging ties and weak inner bonds may use its inter-group relationships to advance economically, but sacrifice its cultural identity and social fabric in the process. Furthermore, it is superficial to assume that the mere presence of bonding and bridging social capital is beneficial and that stronger ties are better. “Close attention must be paid to the balance between the bonding and bridging ties, since an excess of bonding ties can result in over-insularity, while an excess of bridging ties can result in a homogenization of distinctive socio-cultural features” (Kilpatrick and Falk, 2003: 511). Equilibrium between bridging and bonding is particularly important for small island entities, where the effects of shock are greater felt (Lowenthal, 1987).

Woolcock and Narayan (2000) have examined multiple perspectives on social capital and categorized their approaches: their synergy view examines how institutions mobilize networks within and across groups and communities. The state and the community members both play an important role in social capacity by influencing the quality of formal and informal networks and institutions. It is thus with the synergy lens that this paper examines social capital in SNIJs.

Furthermore, Woolcock and Narayan (2000) offer three salient conclusions. First, “neither the state nor societies are inherently good or bad” (ibid.: 236) which opens the possibility for agency on the part of the citizenry, the metropole and the sub-national jurisdiction to explore and expand upon the foundations of social capital, however nebulous they may be. Second, “states, firms, and communities alone do not possess the resources needed to promote broad-based, sustainable development” (ibid.), which emphasizes the collaborative and cooperative requirements
of social capital and economic development. No one group has all the solutions, but the community, institutions and all levels of government, both local and metropolitan, must work together. And finally, there must be both complementarity and partnerships across these sectors. This is where the concept of bridging social capital plays a crucial role, wherein mutually supportive relationships between societies, institutions and government work to achieve mutual prosperity.

Islands are ideal settings in which to study social capital, as the formal and informal social networks and institutions are more easily isolated (Kilpatrick and Falk, 2003). In their study of bonding and bridging social capital in agricultural island communities, they found that networks are social capital resources that are drawn upon in learning to manage change (ibid.: 503) and that “these links have the power to influence whether communities survive and thrive in a rapidly changing global economy” (ibid.). They also found that it is in the balance between bonding and bridging ties that social capital had the most advantageous economic influence. Social capital is the conduit for shared resources, both within the group and external to it.

Armstrong and Read (2002) argue that “social cohesion and homogeneity in small states leads to greater single-minded and communal consensus in decision making which in turn leads to greater social capital” (ibid.: 438). This paper demonstrates that, if this is true, it is only so when the correct combination of bonding and bridging social capital is present. While island jurisdictions often lend themselves to social cohesion, the consensus created by conformity and exclusion would only serve the interests of the elite and thus deplete social capital.

For a SNIJ, isolation can be counterproductive in the development of these relationships, when islandness, rather than inviting interaction, acts as a barrier to bridging networks. Island societies, cognizant of their economic and social dependence on externalities (often confused as vulnerabilities) can “cling tenaciously to familiar patterns of life” (Lowenthal, 1987) and focus on preservation within the existing social structure rather than exploring the potential of external relationships. It is in these cases that the strong bonds of social capital act as a defense mechanism.

Trust and a sense of collective identity can contribute to economic behaviour, with lower transaction costs within the trusted group (Knack and Keefer, 1997) and a propensity to ‘buy local’. Intragroup ties must be strong enough to facilitate collective action (Carroll, 2000), but for survival, there also must be an effective interchange with the environment in terms of external ties. While islandness can be a way of life, no
island can survive as a truly closed system. Hein's (1990) argument for island food production policies can easily be applied to social capital: development is dependent on outward-looking policies, while strengthening capacity within.

**The Social Economy**

The social economy is the institutional manifestation (formal and informal) of social capital in an economic context, consisting of “social enterprises and voluntary organizations that... seek to meet social aims through economic and trading activities” (Kay, 2005: 168). Hyypää and Mäki (2003) offer four patterns of social capital measurement: voluntary associational activity, friendship networks, religious involvement and hobby club activity. As embodied in the institutional networks of the synergy approach described earlier, the ultimate goal of the social economy is to “help people gain access to power, decision making processes, resolve conflicts and generate a workable system of governance” (Carroll, 2000: 14).

Social economy organizations, while generated from social capital, are not always self-sustaining. As described in the synergy approach, “durable support institutions at the regional and national level are essential” (ibid.: 84), which is where jurisdictional capacity is most crucial, particularly in terms of facilitating networks of cooperation between local and metropolitan organizations. A SNIJ is in a potentially privileged position if it can mobilize its bonding social capital and create bridges with the metropole and other territories (via para-diplomacy).

The “foundational principles” of sustainability include integration, equity, precaution, participation, the maintenance of diversity and continual improvement (Stratford, 2003: 495). Social economy is both rooted in and contributes to social innovation which mobilizes new solutions, enables new competencies and establishes new relationships in the process (Harrison, 2006). As Stratford (op. cit.) points out, it is not only social institutions that must adapt for sustainability purposes, but transformations must occur in everyday life that are aligned with the prospect of change. It is the responsibility of the SNIJ to create the environment that can facilitate this growth.

**Jurisdictional Capacity**

Jurisdiction relates to the competence to pass laws, build effective administrative processes, facilitate inward capital flows, encourage education and support the development of a climate conducive to economic growth.
Social capital contributes to jurisdiction in the flexibility and innovation required for change. “A society must recognize its core values and identity so that it can confront change without compromising what it stands for as a people” (Baldacchino and Milne, 2000: 12).

Jurisdictional capacity is about good governance, which promotes the use of social capital to “provide access to resources and support” (Bouchard et al., 2006: 71) to generate more than a bartering system of goodwill. Whereas trading one favour for another, or balanced reciprocity, may be advantageous in the short term, the principle of generalized reciprocity is “the touchstone of social capital” (Putnam, 2000: 134). Generalized reciprocity is the foundation of cooperative behaviour, both within and amongst groups, wherein goodwill is altruistic, and the payback is felt “in the fullness of time, by others, and not always with the knowledge of the initial act” (Evans, 2006: 51). It is the challenge of the SNIJ to motivate this type of behaviour beyond the strict geographic parameters of the island. It is within these altruistic relationships that the value of social capital (such as economic prosperity, quality of life and positive response to change) is realized.

Effective jurisdictional capacity must also employ engaged governance, which facilitates relationships between the public and government (Franke, 2006) that are akin to effective bridging social capital. In terms of SNIJs, the bridge would span from islanders to sub-national government to metropole and back again. SNIJs potentially have advantage in being protected by the metropole while at the same time demonstrating the capacity to be recognized as a semi-autonomous entity internationally. Yet, the relationship with the metropole must be a balance between dependence and autonomy (Beller et al., 1990: 371) for the SNIJ to enact its agency.

Social Capital and Sub-National Island Jurisdictions

Five aspects of social capital that can manifest themselves in SNIJs include resourcefulness, identity, relationships with the metropole, bonding, and bridging (or networking). As the examples below demonstrate, the quality and use of social capital in networks and institutions influence whether the island and its citizens benefit.

Resourcefulness
Mathew and Gaulin (2001) illustrate the importance of bridging social
capital in their examination of resource scarcity on small island states. In a classic example of closed system entropy, they explain how the combination of a lack of resources and more importantly, resourcefulness, destroyed the society on historic Easter Island. The institutions in power were unable or unwilling to establish the requisite networks outside of the community to overcome their resource-poor state, with catastrophic results.

For a satisfactory and balanced economic relationship between the island and metropole, Lowenthal (1992) explains that islanders should exert jurisdictional autonomy while being recognized by the mainland power as a special entity. This means that the metropole should not impose development strategies upon the SNIJ, but rather seek to empower the island jurisdiction to generate their own solutions (Baldacchino and Greenwood, 1998). The resources for these Island-made solutions can be found within the stock of social capital, in the strength found in the “consciousness of group identity, history and destiny” (Doumenge, 1998) and the requisite capacity to respond to changes in the social environment. The Faroese demonstrated this type of resourcefulness in their recovery after the bank crisis of 1992-94, with their “special ability ... to mobilize around a common course” (Karlsson, 2006: 25). In Åland, resourcefulness in conflict resolution with the metropole has manifested in the way Åland officials communicate with Finnish politicians, using “formal arenas for informal networking in a deliberate way” (ibid.: 21).

On Sakhalin and the Kurile Islands, jurisdictional capacity was enacted de facto during the Russo-Japanese territorial dispute. The sub-national actors in this case successfully lobbied to prevent the transfer of any island to Japan, while at the same time taking advantage of Japan’s inherent interest in the islands by accepting economic aid from the potential patron (Williams, 2006). In this case, the SNIJ resourcefully generated effective bridging networks with both the metropole and Japan to the islands’ advantage.

Identity

“An island is a nervous duality” (Baldacchino, 2005: 248), facing the challenge of finding the balance between local and global, openness and closure, threat and opportunity, trust and xenophobia. Characteristics often found in island jurisdictions, such as a level of “sovereignty, homogeneity and a sense of national identity are not by themselves necessarily sufficient for a country to flourish in today’s global economy” (Srebrnik, 2000: 63). For a SNIJ, these lines can be increasingly blurred by the influ-
ence and international identification with the metropole. The Faroes and Cook Islands are two examples of how effective networks between the metropole and sub-national governments (Bartmann, 2006) can result in the effective assertion of the SNIJ identity on the international stage. Conversely, on Aruba, the influence of the Dutch metropole “remains the antithesis to the cultural development of the island. As a consequence, many Arubans believe that they are losing themselves” (Razak, 1995: 452). It is within the structures of social capital that these relationships, both beneficial and deleterious, are negotiated.

Despite economic difficulties, Greenland can be considered an example of successful integration between metropolitan and island cultures. From the Danish perspective, at least, modern Greenland culture is “a collectivistic internalization of Danish values, norms and practices...with the Inuit developing an upgrading meaning of Inuit identity, creating a unique Greenlandic culture that is the combination of both” (Nielsen, 2001: 232). Greenland’s harmonious culture and standard of living demonstrate the potential impact that inclusive, adaptive and bonding social capital could have on the quality of island life. It is also indicative of why bridging social capital is also important. Greenland remains heavily subsidized by Denmark, and while it enjoys a comfortable standard of living, it has invested its social capital in dependency structures, instead of economic sustainability.

On Tasmania, the local and federal governments worked together to harmonize the island identity with limited degrees of success (Stratford, 2006b). The Tasmanian 20-year strategic plan, *Tasmania Together*, which was informed by island-wide community consultations before its release in 2001 and revision in 2006, attempted to promote the island’s diversity and to work toward sustainable development (Tasmania Together, 2001). Despite numerous policy objectives, thus far Tasmanians remain divided on the social, economic and environmental issues surrounding sustainable development, an example of how both bridging and bonding social capital and effective institutions are required for economic success. While bridging efforts were made, the lack of bonding within Tasmanian society, between what Stratford (2006b) refers to as the ‘bloody Greens’ and the ‘bloody developers’, has lead to the initiative’s downfall. Stratford’s study suggests that to better understand “the complex interrelationships among islanders, economic globalization, sustainability, agency and identity” (ibid.: 280), one must consider factors that include “innovation, belonging, and sense of place”, all of which are intertwined with capacity for social capital. Identity, in particular, can
be both a source of jurisdictional power in its mobilization for economic capacity, and in a cyclical pattern, this identity can then be reinforced by jurisdictional capacity (Karlsson, 2006).

**Relationship with Metropole**

The nature of the SNIJ’s relationship with the metropole can manifest itself in many different ways. One example is provided by modern Rapa Nui (Easter Island), where the effects of globalization and the influence of the metropole present themselves in language use (Makihara, 2005). Since the implementation of a civil administration and the inward migration associated with it, the indigenous population on Rapa Nui first became bilingual and then developed a hybrid between Rapa Nui and Spanish. On the Faroes, on the other hand, the island identity is omnipresent in political, economic and cultural structures (Hovgaard, 2002). In the Faroese case, the relationship is primarily influenced by the strong island culture. On Corsica, the relationship with the metropole has been damaged by a history of cultural domination by the French state, economic disparity and inconsistent dealings in governmental relationships. Corsica remains a SNIJ, but there are clear (even violent) signs of dissatisfaction with that status (Sancton and Walker, 1999).

Bertram (2004) used regression analysis to demonstrate that the economic success of small island economies is related to the relationship of the SNIJ to the metropole (that is, bridging capacity), and the economic success of the metropole itself. This may be a fatalist viewpoint for an island jurisdiction whose patron is not economically successful; however, at the same time, it could spur the type of resourcefulness required by SNIJs to develop beneficial networks elsewhere.

SNIJ capacity often provides the secure environment (within the metropolitan state) to explore innovative economic solutions. The example of Kish Island, Iran, discussed by Baldacchino and Milne (2006), shows that within the safety net of the metropole and under the guise of smallness of scale, islands can depart from standard economic strategies. The Kish Island case is also demonstrative of how cultural identity can be at risk if SNIJ capacity is not combined with bonding social capital. “Non-monetary ‘status goods’ such as identity, pride, international clout, and self-respect” (Baldacchino, 2004: 85) have a role in the use of this capacity.

The island/metropole relationship, however, does not only provide obvious benefits. Oostindie (2006) recognizes that there are distinct advantages to being a SNIJ, in reference to the Kingdom of the Netherlands,
but cautions as to the implications of these benefits. He warns against a cookie-cutter approach to all matters of autonomy and stresses that critical examination is required. This involves an awareness of the risks that come with “granting too much autonomy to territories that may be too limited in human resources and governmental capacities to handle such autonomy” (ibid.: 624). Each situation must be considered in its own context.

Skinner (1998) posits that there could be an ambivalent identification with (and a dependency on) the motherland, as evidenced on Montserrat. The relationship, like all other aspects of island culture, is not inherent. The five island members of what used to be the Netherland Antilles, for example, have opted to remain under Dutch rule, possibly because of the practices of good governance demonstrated by the metropolitan power (Hoefte, 1996) and the real risks associated with sovereignty. The cycle of dependency on metropolitan assistance is a hard one to break, if the island jurisdiction is even motivated to do so. On the Marshall Islands, social and economic problems prevail despite external expenditures, an active civil society and participation in regional organizations; the long term prognosis for sustainability is grim (USGAO, 2006).

Perhaps, the cycle of dependency could be broken if the relationship with the metropole is empowering and development initiatives are generated from the grassroots. In Cape Breton, for example, social capital could have been employed in the federally funded Cape Breton project, whose aim was to enhance the labour force (DeRoche, 2001). Rather than capitalizing on the resourcefulness of the community’s agencies and voluntary groups, however, the rigid federal initiative was imposed upon the region with limited success (ibid.). Milne (2000) speaks out against this very type of initiative. He claims “it is this consciousness of a community being a real actor in the determination of its own fate that seems to make the most decisive difference.”

The Corsican-French relationship is an example of the how much influence each actor has in the island/metropole relationship. Candea (2006) discusses how it is not only the island jurisdiction that has to foster productive relationships. The actions of the metropole, such as racist depictions of Corsicans by the French media, have an effect on the way the metropole and the island interact. The relationship between metropole and SNIIJ can also be tempered by social exclusion. In Northern Ireland, for example, the British government contributed to the ethnic conflict by financially supporting the interests of Protestant workers during the decline of the shipbuilding industry (O’ Murchu, 2005).


**Bonding Social Capital**

"Is interaction and cooperation easier to achieve in small island communities where people tend to know each other, practise flexibility and tend to have many irons in the fire? Or do personality clashes prevent enterprises and institutions from working together?" (Baldacchino and Vella Bonnici, 2005: 69). The nature and effects of these tight-knit bonds are not always clear cut. On Åland, food prices are higher than elsewhere in Finland, and the province’s strong social bonds may contribute to this disparity. That Ålanders are willing to pay more for their own products (Aalto-Setala et al., 2004) could mean that they are either economically disadvantaged or contributing to their local economy, depending on the vantage point.

Singaporean investment in Hainan Island (China) by Singapore Hainanese demonstrates how strong bonding social capital can be used as an economic resource (Tan and Yeung, 2000). Singaporean investors with Hainan ties illustrate how investment behaviour is embedded in social and ancestral networks. Emphasizing the value of trust and cooperation in the economy, the Hainanese mobilize the capital of their expatriate community to ensure economic stability. Bonding social capital, in this case, works in Hainan’s favour, but it has yet to establish the bridging relationships with the Singapore government to attract its investment.

Elitism, which can be associated with strong bonding social capital, is leading the Malaysian island province of Sarawak down a shortsighted path to timber resource scarcity, without the flexibility and foresight required for a sustainable SNIJ future (Jomo and Hui, 2003). On Aruba, where family names are highly indicative of social status, one is either born or married into high society, and political patronage is simply the way of doing business (Razak, 1995: 452). Similarly, on American Samoa, a heritage of chiefly privilege transcends politics and culture, and there is strong societal pressure to conform to prevailing religious beliefs (Icon Group International, 2000). Strong bonds can lead to “conspiracies against the public” (Carroll, 2000: 12) such as gang formation and cultural enclavism that prohibits social mobility and universal community participation (McElroy and de Albuquerque, 1990). On the British Virgin Islands, citizenship itself is based on lines of paternity, thereby excluding immigrants and their BVI-born descendants from the social status and property rights associated with citizenship (Maurer, 1997).

Perhaps the most famous example of social capital ‘gone bad’ is the existence of the Mafia in Sicily. While Sicily is culturally plural, there is a common tendency to criminalize the entire culture because of its Mafia
associations (Schneider and Schneider, 2005), characterized as they are by strong familial bonds and kinship within the in-group.

The effects of strong social bonds are not limited to within the island community. On Jeju, South Korea, islanders display xenophobic tendencies and hostility towards mainlanders/outsiders that may have a detrimental impact on its tourism industry (Economist, 2001). Lowenthal (1992) warns of the wariness that islanders may feel in the face of untoward development solutions proposed by outsiders. It is this wariness that makes the investment of social capital from within a more likely winning strategy.

**Bridging Social Capital (Networks)**

For some, particularly those in the in-group, the concept of islandness results in the “intense feeling of collective identification” which acts as a stabilizing influence in an ever-changing world. While this may be true in some cases, one must be reminded that social stability is not inherent to island jurisdictions and, even if it were, maintaining the status quo may not be in the best interests of the island (Giavelli and Rossi, 1990).

On Tasmania, isolation is seen as both a resource and a liability, depending on the eye of the beholder (Stratford, 2006a). While isolation may be used as a selling feature for tourism and property development for the ‘New Tasmania’, it has also been integral, protecting the traditional island way of life that Tasmanians hold so dear.

The importance of context in networking strategies is illustrated in Greenland, with development initiatives in the fishing and tourism industries (Børenholdt, 2002). A modest level of success was achieved amongst fishers whose strong bonds and sense of identity were prevalent. In tourism, however, the level of social capital present in the sector, particularly in terms of collective identity, was negligible and the initiatives failed.

The importance of effective networks is also demonstrated outside the island/metropole relationship. For example, island regional groupings, such as the Organization of Eastern Caribbean States (OECS) and the Islands Commission of the Conference of Peripheral Maritime Regions (CPMR) in Europe, both pool knowledge and resources to face common challenges (Marlow, 1992). The Community Development Quota program is a regional cooperative initiative of which the Aleutian Islands are taking advantage. The US National Resource Council reported that “the program is an innovative attempt to accomplish community development in rural coastal communities in Alaska, and in many ways it appears to
be succeeding” (Bering Sea Fishermen’s Association, 2006).

When the SNIJ government itself is ineffective, citizens can assert their network with the metropole. The case of the Citizens’ Committee in Defence of El Rinco on Tenerife is an example of how the collective action was instigated by the citizenry against a proposed economic development (Aguilera-Klink and Sanchez-Garcia, 2002). The committee was able to navigate the Spanish constitution to effectively evoke their right to interfere in the legislative sphere, a power that was only available to them through the de jure jurisdiction of the patron state.

Social Capital on Prince Edward Island
Volunteerism and the support of charitable institutions and networks is a way of life on PEI, exemplifying Islanders’ resourcefulness and strong bonds. PEI has the greatest number of volunteer organizations per capita in Atlantic Canada (Imagine Canada, 2006: 6) and PEI’s over 40,000 volunteers contribute approximately $300 million in services to the economy of the province every year (Guardian, 2005a). According to the Canada Survey of Giving, compared to other provinces, PEI’s participation rates in associations are among the highest in Canada, and charitable donor rates are higher than the national average. Donors are defined as those people who donated money to a charity or non-profit organization at least once during the year before the survey. Rates of volunteer service are also slightly above the national average (Canada Survey of Giving, 2006). Clearly there is something about Island life that makes its people want to work together toward their common causes.

In addition to strengthening inner bonds, non-government organizations (NGOs) can create bridges between community members and policy makers. For example, The PEI Federation of Labour and the PEI Literacy Alliance got together to protest against federal funding cuts, particularly those related to literacy funding. The NGOs were able to pressure the provincial government to assert its jurisdictional relationship to the federal government (Guardian, 2006b) and effectively enabled the networking synergy between individuals and policy makers directly to have the funds reinstated.

The Evangeline Experiment on PEI demonstrates the effectiveness of interconnected networks in the sustainability of the region. Wilkinson and Quarter (1996) describe how the francophone Evangeline region created a community-based approach to economic development that emphasizes community consciousness, empowering activities, and sup-
Portive structures. In other words, it emphasized effective bonding and bridging social capital, and created collaborative institutions. “The most striking feature of the Evangeline model is the way that the various cooperatives are linked together to pursue a community development strategy for the whole region” (ibid.:5). It is important to note that these grassroots initiatives did not evolve from purely collective interests. They also appealed to the individual interests of the community members (ibid.:166). Evangeline capitalized on their collective cultural identity and private interests and leveraged the support of the government to explore innovative approaches to provide goods and services to the region. External government assistance was not always without strings, as funding criteria were sometimes counterintuitive to innovation (ibid.:117). The project’s success regionally demonstrates the importance of investment of local social capital and the notion that collaboration between the grassroots and government institutions is required. A missing ingredient, however, appears to be the lack of bridging ties to external markets to effectively capitalize on economic activities.

Leverage of social capital can be accompanied by controversy. In Summerside, a local property development proposal, whereby an international company was attempting to develop underused waterfront property, has received both support and protest (Craig, 2006). Supporters of the project saw much needed jobs and a rejuvenated waterfront. Detractors were leery of foreign investment and initiatives, particularly in light of previous property development deals that had gone sour. At the centre of this controversy was the local curling club, whose refusal to give up parking spaces in the proposed development area put a temporary halt to the entire project. The development issue is generating divisive social bonds, which are overpowering the capacity to build common bridges between stakeholders. At the time of writing, the jurisdictional capacity of the Province had not been employed to intervene.

SNIJs benefit socially from the relationship with the metropole as evidenced in their inclusion in national organization efforts. On PEI, non-government and non-profit organizations are often affiliated with a national body (The Guardian, 1998; 2003; 2005b; 2006a; 2006c) and therefore can share in initiative efforts without having to reinvent the wheel, as may be the case with an unaffiliated organization. In these cases, PEI has created an effective dynamic between the institutions and networks at both national and provincial levels.

Cooperatives also play an “important role in organizing community level challenges (Communities under pressure, 2006). On PEI, coopera-
tive efforts range from voluntary potato caps (Sharratt, 2005) to fundraising activities. Bruce and Cran (2004) document the history of the co-operative movement on the Island, noting the success of the movement despite numerous challenges. For example, the credit union system did not satisfactorily meet the needs of the citizens until the grassroots co-operative movement inspired reform in the system (ibid.: 149-151). There were 330 registered co-operatives on PEI in 2005, delivering goods and services in the health care, environment, agriculture, fisheries, crafts, housing and funeral sectors (Canadian Co-operative Association, 2005).

**Jurisdictional Initiatives on Prince Edward Island**

PEI has legislation and policies in place to protect some aspects of the social economy and to promote effective networking and institutional structures. The Maritime Economic Cooperation Act ([www.gov.pe.ca/law/statutes](http://www.gov.pe.ca/law/statutes)) builds economic cooperation amongst the Maritime Provinces, with the objective of achieving self reliance and prosperity. Credit Unions are formally supported through the Credit Union Act; while co-operatives are formally protected by the Co-operative Associations Act (ibid.). To protect and strengthen PEI’s cultural identity, the Department of Community and Cultural Affairs (2004) has developed a cultural policy. The Canada/PEI Labour Market Development Agreement works to achieve economic self sufficiency in the province through the “development of a joint business plan that matches employment benefits and support measures with the province’s economic development priorities (Governments of Canada/PEI, 1997: 2).

On PEI, specific initiatives relating to the attraction of new immigrants to the island are being considered. News stories in 2001 spoke to the necessity of establishing social infrastructure that would be welcoming to newcomers and would promote diversity (Day, 2001). It remains to be seen whether this strategy will leverage social capital within Island communities or whether the tight social bonds will continue to be a barrier to immigrant retention. The province is exercising its capacity as a SNIJ to tailor Canada’s immigration program to meet the needs of the Island, but it is uncertain whether the province’s social fabric itself is flexible or motivated to work within this initiative. A Standing Committee of the Legislature on social development (PEILA, 2005) has emphasized that “it will take the collective efforts of government, community, labour and business for Prince Edward Island to become the destination of choice for talented people with skills, energy and drive.” In other words, the province must use its social capital to leverage success.
for this initiative. In terms of the outward mobility of persons, PEI’s SNIIJ status within Canada allows for easy movement of Islanders to pursue national economic opportunities. The membrane for inward migration, socially speaking, is not nearly as permeable.

The provincial government has also exerted its jurisdictional capacity to develop the Community Service Bursary program. This program encourages volunteerism and assists with the costs of education by exchanging post-secondary bursaries for community hours served. This initiative meets the needs of the community while at the same time appealing to individual interests of young students. Since 2000, over 1,200 students have received bursaries amounting to $456,000 (PEILIA, 2006b). There is however, no formal social policy in place regarding the general activities of volunteers. Formal policies and institutions may further mobilize volunteerism but, given PEI’s already high participation rates, perhaps government intervention may neither be required or desired.

 Volunteerism is, however, recognized formally in legislative discourse (ibid.) in the celebration of Volunteer Recognition Awards and in a reported 20% increase in funding to nonprofit organizations in the 2006 provincial budget compared to the previous budget year. Some volunteer efforts are dependent on funding from the metropole, which can create a financial dependency and be catastrophic, as in the recent demise of Volunteer PEI, with the organization’s funds discontinued (Desboisbriand, 2006). Such initiatives, if valued by the jurisdiction, should be protected under a partnership funding agreement across levels of government. An example of such a funding arrangement are the renovations to Emerald’s community centre, which was a collaborative effort of federal and provincial funding and local volunteer efforts (MacPhee, 2003). If Volunteer PEI enjoyed that level of funding arrangement, one cut might not have been fatal.

The PEI Community Development Program works in partnership with communities to develop economic sustainability (Government of PEI, 2006c). In order to ensure that development initiatives are supported in the community, government sponsorship is contingent on demonstrated community interest. In this way, in an illustration of the importance of collaboration between public institutions and the citizenry, development evolves from the grassroots and leverages the capacity of the jurisdiction. The downside to the program is that it only assists organizations that are already in existence and therefore may not address community needs that have already mobilized a level of collective response.

In the past three years, the PEI Committee for Social Development
has worked on: building youth entrepreneurship, reducing mandatory retirement, improving post-secondary initiatives and tackling social problems such as bullying. The Committee on Community Affairs and Economic Development has examined attracting immigrants, attracting new workers in the trades, and freedom of information and privacy (Government of PEI, 2006a). The government’s strategic objectives over 2007 have included initiatives that focus on community development (PEILA, 2006a). Social policy measures in the 2006 budget included an increase of $139,000 to non-profit organizations (Government of PEI, 2006b). Clearly there are initiatives in place that capitalize on the synergy between institutions and social networks. The question remains: are these initiatives an adequate use of, and for, social capital in the exercise of jurisdictional capacity?

Social Capital and the Economic Challenges of SNJs
What follows is a review of specific economic challenges in SNJs and how they have employed, or not employed, social capital and jurisdictional capacity, specifically in terms of social networks and institutions, to find an adequate solution.

Mobility of persons
Outward migration is a significant challenge for island populations, particularly in terms of the workforce. Aruba suffered a migration to the Netherlands in 1986 when its oil refineries closed (Sharpe, 2005). Social capital can be leveraged, however, to maintain ties with the émigré community, as in Lowenthal’s (1992) discussion of how Barbuda has maintained networks in the diaspora through off-island voting and citizenship rights, and regular return which reinforces family and community bonds.

Inward migration can also be considered a threat to the island way of life without adequate social capital in place. On the Isle of Man, immigration is seen as a threat to authentic Manx culture, despite the needed economic benefits due to the associated influx of a workforce (Boyle, 1999).

Relationships with the metropole have an impact on islander identity and social networks, as illustrated on Saint Helena. Prior to 2002, Saint Helena citizens were not granted full British citizenship, which united the “Saints”, while at the same time prevented an outward migration from the island (Hogenstijn and Van Middelkoop, 2005). Once citizen-
ship rights were granted, approximately one quarter of the population migrated, which both broadened the reach of the island network into diasporas, and altered the way of life on the tight-knit, conservative island. Saints now face the additional social challenge of metropole-sponsored air access, which may lead to development; but the increased interaction with the outside world could also jeopardize the island way of life.

**Development planning**
An example of the social complexities involved in public policy making for development initiatives can be found in Nunavut (Nilsen, 2005). There, advanced social networks exist locally, and between communities and regions. For grassroots initiatives to be a considered part of Northern and Aboriginal planning, these nuances must be properly contextualized and conceptualized. For example, because community networks are traditionally based on family lines, Nilsen (2005) notes that planners are more successful at developing networks at the regional level, a level which may be more open to dialogue with outsiders.

**Economic diversification**
The LEADER project in rural Northern Ireland, supported by European Union funding, is an example of the importance of bridging social capital in the enactment of jurisdictional capacity. Scott (2004) examined the efficacy of the LEADER program, which mobilized area-based local action groups to develop new approaches for the diversification of the rural economy. Scott (ibid.) noted that the strength of the project lay in its ability to develop the institutional capacity of rural communities and to develop networks in the local economy. The initiative involved multi-level partnerships between the local community, the jurisdiction and the UK patron. In essence, its success relied upon the leveraging of bonding and bridging social capital towards a common purpose, wherein trust, reciprocity and cooperation were key factors. Given the history of conflict, this meant a concentrated effort for attitudinal shifts on the part of all stakeholders. While the program does not claim to have solved all rural problems, it has managed to develop a synergy wherein knowledge and collaboration cross sectors and jurisdictions.

**Tourism development**
On the Canary Islands, the debate over tourism development had civil society and environmental organizations pitted against private interest groups (Bianchi, 2004). Traditional ruling families often exerted influ-
ence at the local level to benefit financially, amidst accusations of corruption and scandal. The strength of the social capital of the local ruling class stood in the way of democratic deliberation.

The case of Hainan's community tourism development illustrates the importance of effective social networks in sustainable development (Li, 2004). In Sanya, on Hainan, while there is social opposition to development of the Nanshan Cultural Tourism Zone, there is an absence of collective social networking to integrate the state initiatives. Community tourism is supposed to empower and mobilize the stakeholders in the community to make decisions about the development in a way that serves its collective interests. Li (ibid.) illustrates that the developer's unwillingness to let the local community be involved in the planning process, and the local residents' apathy and unawareness about participation, can be great obstacles towards implementing community tourism. Essentially, the absence of community social networks in Sanya meant that the community's interest was not recognized in the process.

**Sustainability**

On Guernsey, one of Britain's Channel Islands, an adapted approach to a bottom-up initiative was developed (McAlpine and Birnie, 2006). Agenda 21, a project to develop sustainability indicators on the Island of Guernsey, required active involvement at the community level. The problem was that there was no grassroots interest, as illustrated in the apathetic turnout at initial consultation sessions. Agenda 21 was working against historical wariness of external initiatives. Simply put, there were insufficient bridging ties between local communities and the state to work collectively. Rather than converting the project to a top-down delivery format, the project took advantage of the extensive network of community based organizations to leverage the interest of key opinion leaders within. Through this strategic use of Guernsey's social network, Agenda 21 was able to slowly involve the community, whose participation was vital to the program's success. Agenda 21 is an example of how bridging ties can be built through an open and transparent process of community involvement in key decision-making.

**External development initiatives**

The mobilization of community social capital is not as straightforward as simply developing a network to protect the interests of that community. In their analysis of quarry development of Klu'skap Mountain on Cape Breton, MacKenzie and Dalby (2003) demonstrate that fractures within
the community can deepen when conflicting social interests arise, but collective identity can also be strengthened in the face of challenge. The community of St. Ann’s Bay was divided by the choice between jobs and the land, whereas the Mi’kmaq community rallied around the preservation of their spiritual site. In both communities, “the complexity and active rearticulating of local community as political resistance are emphasized and the difficulties of thinking about sustainability highlighted” (ibid.:309). The matter was further complicated by the mistrust in the metropolitan state, which had previously, without consultation with Cape Breton, negotiated the lease of 400 acres of Cape Breton land for what was supposed to be a 40-acre project. Lack of effective bridging ties with the metropole, and well as strong bonds within fractured groups in St Ann’s Bay resulted in conflict around the development that, without the resourcefulness of the collective action, one community group was certain to lose. Conversely, the Mi’kmaq community became united in their common cause.

In the Shetland Islands, the citizens’ response to oil industry development illustrates how the absence of effective collective networks can be detrimental, but that resilience and resourcefulness can help a jurisdiction recover. Blackadder (1998) describes the historical account of the Fishers’ Association agreement with oil industry developers that clearly exploited the fishers’ naivete in big business negotiations. One could argue that this exploitation resulted from a lack of effective networks between the fishers and knowledgeable industry sources. The Shetlands recovered, however, with the SNIJ negotiation of the Disturbance Agreement (ibid.:110), whereby the community received payments from the oil industry which were used for social programs in the interest of the Shetlands and its inhabitants. Today, the Shetland Islands Council is the only debt-free Council in the British Isles.

**Resource scarcity**

The importance of social capital, flexibility, and effective social institutions in social economic responsiveness is highlighted by Anderies (2000) is his analysis of traditional island society on Easter Island. Resource exploitation occurred when collective action and social capital did not evolve quickly enough to develop resourceful solutions. While there was evidence of social change, such as the toppling of the statues, there was no evidence of social institutional design that may have effectively addressed the collective challenge.
Traditional economies and societies
Social capital is a necessary ingredient in economic development and it must be combined with other resources. Berma (2001) examined the behaviour of Iban craftspeople on Sarawak to determine why some prospered and others did not. Specifically, Berma analyzed the craftspeople's ability to innovate within the grassroots economy to successfully bridge into other markets. While the practice of craft is one way the Iban maintain their ethnic identity and is an economic generator, success was impeded by limited market capacity, the perception that craftspeople are confined to a lower socio-economic status, and inadequate institutional supports. In this case, the island jurisdiction could work to remove these barriers so that cultural identity is preserved and economic development is possible.

The Bakun Industrialization Strategy on Sarawak is an example of how development without the involvement of effective local actors, and in the service of development priorities, can be detrimental to social capital. Keong (2005) describes a "forceful displacement of all the indigenous communities as a result of the project has given rise to a wide range of socio-economic and cultural problems" (ibid.:126), challenges that the communities had not faced before the dam was constructed. Their disempowerment has lead to common occurrences of "malnutrition, alcoholism, gambling, social vices, and intercommunity conflicts" (ibid.). The dam development illustrates that an absence of bridging social networks and an imbalance of power between local communities and the SNIJ can be to the community's detriment.

Regional relationships
The case of Greece and its negotiations with European Union (EU) illustrates the importance of social capital in regional policy. Getimis and Demetropoulou (2004) examined the social capacity in the Southern Aegean Islands in dealing with the EU, compared with that of the rest of Greece. The reputation of Greece as a whole was that of a country with a "... traditionally weak presence of civil society, the lack of a consensus-building climate among elites, and the predominance of state corporatist arrangements in interest representation" (ibid.: 356) which was inconsistent with the EU policy and practices. Getimis and Demetropoulou (2004) demonstrated that the presence of social capital on the Aegean Islands was higher than that of the patron state, and consequently the associated social institutional capacity created an advantageous environment in which to effectively implement European regional policy. While
there was a mistrust with the Greek metropole, the Aegean Islands were able to assert their jurisdictional capacity to transcend the weak partnership and network building capacities of the motherland.

**Cooperatives and networks**
The case of the ‘Pacific Plan’ in Oceania demonstrates that cooperatives, in and of themselves, are not always the solution to economic development (Rolfe, 2006). The Pacific Plan emphasizes the importance of deepened cooperation in good governance and economic development. While this sounds logical, Rolfe points out that cooperative networks in the region are already extensive and have achieved only limited success. He proposes that what is required is to develop a “self-conscious sense of community” (ibid.:89) wherein there is “an inclusive policy development process; a common economic space; and a shared community identity” (ibid.:91). In Oceania, social networks at a regional level are well developed, but the absence of social capital at the community level may be hindering progress.

Kawaley (1999) illustrates the positive influence that cross-region networking can have in the development of cooperative associations. In the South Pacific, the Forum Fisheries Agency (FFA) was formed in response to small island vulnerability to overexploitation of fish stocks by more powerful jurisdictions in Exclusive Economic Zone management. Kawaley (1999:78) is careful to point out that the cooperative effort did not occur spontaneously and was a result of regional networking with the South Pacific Forum. The FFA is an example of leveraging SNJ and sovereign state connections and networks in the best interests of the member islands. The cooperative was a spin-off from the larger body, the South Pacific Forum, and tailored to meet the region’s specific fisheries challenges.

**Civil society**
Formal policy is in place to recognize volunteer activities in the jurisdiction of Scotland (Fyfe et al., 2006). The Scottish Parliament recognizes the contribution volunteerism makes to the community and has set out the roles of government and voluntary organizations, formalizing the volunteer sector’s role in policy making. The Scottish Government has used its jurisdictional capacity to recognize that volunteering is not just a way of delivering vital services but a “fundamental building block of civil society and an activity that increases social capital and empowers individuals by improving skills, confidence and self-esteem” (ibid.: 635).
While there has been some criticism that the lines between the state and the third sector should be clearer, at least the volunteer sector is being empowered as a stakeholder in public policy decisions.

Acheson et al. (2005) examined the differing levels of state involvement in volunteerism in Ireland and Northern Ireland. They found that in Northern Ireland, “proactive Government attitudes have played an important role in establishing institutions to support the voluntary and community sector” (ibid.:189), whereas the community-generated initiative in the Republic of Ireland has not effected the same impact. Acheson et al. (2005) argue that the difference in voluntary sector efficacy can be directly related to the level of government support.

**Community initiatives**

Imposed development strategies by the metropole or others may not reflect the needs of the island jurisdiction and may not be as altruistic as proclaimed. Bottom-up, community-generated ideas, rather than those of ‘outsiders’, must evolve for buy-in and appropriate focus. In Puerto Rico, Operation Bootstrap was a US development initiative in the ’50s and ’60s. The operation was clearly not developed in conjunction with local interests where the response was the generation of grassroots initiatives to protest pollution and develop viable economic alternatives to industrialization (Pantojas-Garcia, 2000).

Buchans, the former mining town in Newfoundland, is an example of collective, positive response to an economic challenge that demonstrates high levels of bonding and bridging social capital. Greenwood (1998) describes the community’s response to the mine shutdown. The community rallied to establish a local development corporation, which was supported by the miner’s union, the Town Council and a regional development association, all of whom worked together to take control of the mine’s assets. In this case, local and regional networks converged toward a common purpose and the relationship with the metropole, that is, the federal government, opened opportunities for trade and procurement. Greenwood (1998: 148-149) demonstrates that

A regional production system dependent on trust and co-operation cannot be imposed on a region. Just as small firms can gain from alliances with multinationals, local development groups must be plugged into provincial and national development agencies. But also, like-small-firm relationships with large, local groups must maintain the autonomy and flexibility that typifies success in the new global economy.
Policy Recommendations

In his lessons from small North Atlantic societies, Felt (2003: 108) emphasized the importance of citizens and government alike believing in their capacity to achieve. This belief is a fundamental principle behind the generation of social capital, as it underpins the confidence and trust that is required within and between groups to respond positively in the face of challenge. The capacity is what Massey (1993: 64) refers to in her concept of a “progressive sense of place”, wherein a place is not defined by static boundaries, either physical or social, but by the dynamic processes involved in the articulation of social relations in both local and global contexts (ibid.: 66). For many SNIJs, a progressive sense of place is borne from a cultural identity that is supported by the networks, structures and institutions of the metropole, an exemplar being Åland. Building trust and cooperation, however, is a difficult initiative.

Learning from the numerous challenges faced by the SNIJs reviewed in the previous sections, and applying a synergy approach to the mobilization of social capital through the collaboration of networks and institutions, appropriate jurisdictional capacities initiatives for PEI could include:

(a) A challenge to the assumption that the home and away are static and opposing concepts when considering the inward and outward migration of people. Rather than viewing the ‘brain drain’ and the ‘brawn drain’ as a threat, SNIJs may benefit from the deployment of their social networks and institutions in the service of a ‘brain rotation strategy’ (Baladchino, 2006) which works to maintain ties with the Island diaspora – as is increasingly the case with so many islanders seeking work in Alberta – and welcomes newcomers to effectively leverage their knowledge and skills. This type of cyclical strategy, which promotes the generation of Island identity on both local and global planes, capitalizes on the bridging networks that enable Islanders to succeed abroad and the strong bonds that result in Islanders returning with new skills and experiences.

(b) A contextualized approach to network and social capacity building, wherein the specific nature and quality of existing social networks are considered before strategies are developed. This recognizes the important role the community plays in collaborative development.
The development of the institutional and economic capacity of communities. Viable institutions can be developed from within the community with the collaboration of local and regional governments that effectively address economic challenges and capitalize on the resourcefulness of the community.

A recognition that previous development attempts have not always been successful so that preconceptions can be explored and shifted. Without this consideration for the social and historical context in which development initiatives are situated, effective networks cannot be established.

A foresight into informal power structures that may be affecting prosperity and democratic deliberation. Informal institutions could hinder the mobilization of social capital. To enable effective collaboration, social policy initiatives must consider the informal structures that exist.

A leveraging of opinion leaders and existing networks in community-based organizations. That top-down projects may not be initially successful in garnering community support is a testament to the flexibility and resourcefulness that is often required to mobilize networks.

Initiatives that ensure that the local community is involved in all levels of planning, including policy making, so that initiatives are constructed within rather than imposed upon. Collaboration between the social sector and policy makers is beneficial to the development of healthy social institutions.

The fostering of relationships with the metropole that strengthen island confidence and identity, rather than creation of ingrained and comfortable dependencies.

An assertion of jurisdictional capacity to transcend potentially ineffective partnerships and network building capacities of the motherland. The SNIJ must be able to recognize and assert itself when the relationship with the metropole puts the SNIJ at a disadvantage in other network capacities.

Finally, a formal recognition of the role of social enterprise, and the importance of the institutions and networks that can mobilize social capital for the purpose of economic sustainability.
Van Kemenade et al. (2006) describe the difficulty that public policy initiatives typically face in addressing an often intangible concept like social capital. Our social capital affects and is affected by everything we do as a society, and therefore social policy initiatives must reflect the complexities and breadth of our interactions. While there is no one fixed solution, SNIJs can contribute to social capital by enacting their jurisdictional capacities towards “... building and reinforcing the capacity of local membership groups and organizations, along with building support linkages above and beyond the community” (Carroll, 2000: xv).

Conclusion

Economic globalization has created a host of new challenges – but they will best be met by societies that have a strong tradition of social cooperation and can adapt to change (Fukuyama, 1996: 318).

The capacity to cooperate and adapt has its foundations in social capital. Unfortunately, there is no magic recipe for the development of social capital; it is as dynamic and varied as the players involved and the context in which they find themselves. SNIJs are best served by learning from the successes and challenges of similar jurisdictions and how they are able to mobilize their social stock.

Woolcock and Narayan (2000: 227) remind us that:

… it is different combinations of bonding and bridging social capital that are responsible for the range of outcomes observed above and incorporates a dynamic component in which optimal combinations of these dimensions change over time.

In order to make the most of these combinations, jurisdictions must consider social relationships that exist, and work to build institutional and networking capacity based around these key, but often under-rated, resources.
References


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