

Dean Wells MP - Ideas and action

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Social Capital

According to Wells cabinets and budget review committees have the wrong statistics before them when they make decisions. This is a rather fundamental criticism of current public administration if you stop to think about it. Wells has often argued that government decisions should be made on the basis of quality of life indices.

The concept of social capital is no longer a flaky one. It is in fact a rigorous one. I refer honourable members to the writings of people like Fukuyama, Putnam and the work of the World Bank on this subject. Taking some of the threads of thought from those resources, may I give members an indication of how the theorem goes. Social capital equals the amount of trust or willingness there is in a community to cooperate. The extent of cooperation in a community has an economic consequence, and that economic consequence is entirely benign. If one looks at the areas in which there are no community voluntary organisations – like, for example, the inner suburban slums of Russia and the United States – one will find that the only effective economic activity is in fact the black market. If, on the other hand, one looks at those areas where there are large numbers of voluntary organisations of people who are willing to cooperate and work together in order to achieve altruistic purposes for no personal reward of their own, they will find a flourishing economy. In other words, there is a direct relationship between economic vitality and the willingness of people to work cooperatively together for no personal reward.....

Governments have until now tried to serve their people indirectly by improving the productive resources of their jurisdiction and trying to maximize their prosperity as measured by gross domestic product per head of population. That might have been all right while the world was young. In the

21st century the world has come of age, and the time has come for governments to aim directly at those things that really matter – the happiness and wellbeing of the people they represent.

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