

**Capital as Practice:
Social Embeddedness, Identity, and Normativity**

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This paper supplements the work of Asimina Christoforou and John B. Davis on social capital (2014) by redescribing capital as a form of *social practice*. Starting from a broad understanding of capital as the “produced means of production,” I will use insights from sociological and philosophical practice theories (including and going beyond the theory of Pierre Bourdieu), wherein practices are viewed as sets of activities linked by actors’ shared understandings of how to carry on, continuous with past activities, and thus governed by *norms* that both enable and constrain the production of “goods.” Like capital, practices transmit value (meaning, skills, trust) from the past (they have been produced) to the future (they are means of future production). This practice theory of capital bridges the twin concepts of social capital as *social embeddedness* (Christoforou) and *social identity* (Davis). I will conclude by locating this practice theory of capital in the evolutionary tradition by marking its similarities with Thorstein Veblen’s own understanding of capital as including the collectively held “immaterial equipment of industry,” via “accretions to the common stock” of social practices (1908, 521).

For all the theoretical problems with the more metaphorical uses of the concept of capital (including social capital, human capital, and cultural capital), many of which are rightly tied up in the reductionist explanations of the neoclassical tradition, I will argue here that the metaphor of capital can be made useful when capital is viewed broadly as “the produced means of production.” This definition captures an understanding of capital that is as much about a process as it is about a thing. Capital is that aspect of the production process which enters, carries

through, and emerges, at once intact (enabling further production) and changed (enabling new varieties of production). This ability to simultaneously endure and transform has proven capital to be a resilient concept, because it seems to capture materially and metaphorically some of the most fundamental processes of human life.

As its name suggests, *capital* is the spear-head of industry. It stands at the forefront of production and occupies the vanguard of the process of wealth creation. Capital comes first. Yet, capital is also a product of past labor, an *end result* of industry. So, is capital, then, also a kind of inheritance, a gift from the past, as much as a claim on the future? In the Smithian tradition, capital certainly came to be taken predominately as a claim on the future, in that it is often defined in terms of a discounting of time and effort (and, by implication, of money) one would need to spend on a future activity in pursuit of a particular end. This tradition emphasizes capital as the *means* of future production. Smith argues that labor only becomes labor when there is already-existing capital stock to extract that labor (to put it to work) (1976, 1.2). J.S. Mill and Alfred Marshall carry on Smith's arguments by emphasizing capital as forward looking, Mill by saying capital is marked by its "destiny" (1965, 55), and Marshall by saying that capital is the product of labor and waiting (1920, 587). This future-looking tradition culminates in Gary Becker's "human capital," which represents investments individuals make in "future monetary or psychic income" (1975, 9), and James Coleman's form of "social capital," an obligation/expectation of benefit envisioned as a kind of social "credit slip" (1988, S102).

Whereas the Smithian tradition focuses on the future aspects of capital as the *means* of production, the Marxian tradition emphasizes capital's past, its *produced* aspect. That is, capital has always been produced first by the process of labor itself, and therefore carries within it traces or echoes of that labor. For Marx, "labor...raises the means of production from the dead merely

by entering into contact with them, infuses them with life so that they become factors of the labor process, and combines with them to form new products” (1976, 308). As a form of capital itself, labor can reach into the past and pull value into the present. Indeed, for this tradition, “History is nothing but the succession of separate generations, each of which exploits the materials, the capital funds, the productive forces handed down to it by all preceding generations” (Marx and Engels 1978, 159). This Marxian tradition culminates in the forms of symbolic, cultural capital described by the sociologist Pierre Bourdieu, who expands Marx’s insights into the social (and ideological) role of capital through his postulation of certain “fields” of action, which are identified by the social practice of pursuing particular values or goods which serve as a kind of currency circulating among that field’s participants. Like Marx, Bourdieu emphasizes that this capital has been produced as a means of reproducing the social structure, which sanctions “the hereditary transmission of cultural capital” (1986, 246). But, as Christoforou has shown, Bourdieu’s theory of social capital can explain social change, as well as social stability and reproduction (2014, 73-79).

In their edited volume *Social Capital and Economics*, as well as in their prior works, Christoforou and Davis have tried to rescue the concept of social capital from its neoclassical shortcomings by restoring its genuinely social aspects through the closely related concepts of *social embeddedness* and *social identity*. For Christoforou, individuals can be described as “socially embedded” when they “take part in multiple collective agencies with various and often conflicting values and objectives, and freely engage in a reflexive process to assess different norms and networks across economic and non-economic spheres of human action” (2011, 686). Unlike neoclassical understandings, where social capital is the possession of individuals who seek it so as to “reap personal financial gains, minimize transaction costs, and promote market

efficiency” through the instrumentally rational acquisition of beneficial social relationships, for Christoforou, the social capital produced by social embeddedness partakes of an alternative form of rationality, one in which what counts as “rational” is dependent on the variety of contexts that have helped to shape the relevant situation(s) of choice, as well as the socially embedded chooser (2011, 689).

Christoforou cites the work of philosopher Elizabeth Anderson and economist Irene van Staveren to emphasize how different “value domains” embed individuals in different social undertakings. For Anderson, all values are socially grounded, in that people learn how to value things by encountering them, incorporating them, and sustaining them within networks of social relations and their accompanying practices: “Goods differ in kind if people properly enter into different sorts of social relations governed by distinct norms in relation to these goods. It is proper for them to do so if it makes sense to value goods in the ways expressed by these norms” (1993, 12). This kind of “social rationality” provides the reasons for individuals to value certain things in certain ways, because the norms of valuing have been internalized in various ways. So, rather than seeing choice as the weighing up of competing, but ultimately commensurable values, in the manner of neoclassical “rationality,” choice is embedded within the larger plurality of values which structure our landscape of choice. But this incommensurability of values does not mean a paralysis of choice, nor an arbitrary or meaningless choice. Rather, “To resolve the incommensurability between multiple value commitments, van Staveren suggests that agents could develop various institutions across the value domains, i.e. they could create *routines* with social and historical meaning that mediate between actors at the meso level of interaction” (Christoforou 2013, 730; emphasis added). These routines, I will argue, are analogous to the social practices which comprise social capital.

Individuals are socially embedded because they practice a social rationality structured by certain norms of behavior. These norms represent the understanding of members of a group that they ought to abide by certain standards of conduct. Norms thus meaningfully express the individual's social *identities*, which include their relationships to others with whom they share these norms. For Davis, social identity theory helps explain how individual identities are framed (embedded) in terms of "group identities," as well as how individuals navigate personal identity among these competing group identities. Starting with, but eventually going beyond Robert Putnam's distinction between bridging and bonding forms of social capital, Davis ties bridging capital to what he calls "relational" identity and bonding capital to "categorical" identity. Each type of identity requires a different set of norms which the individual recognizes and enacts in ways relevant to those norms. Relational identities are formed when an individual takes on a particular social role, "and generally involve personal contact or at least proximity to others with whom one identifies on account of the interconnectedness of roles..." (Davis 2014, 104). Categorical identity is a broader construct in which "people see themselves being linked to many people, whether they know them or not, because they see themselves sharing some common cause or characteristic..." (Davis 2014, 102).

But, contrary to the neoclassical understanding of social capital, Davis' use of social identity theory allows him to incorporate and then go beyond mere instrumental rationality in explanations of behaviors that produce social capital. Both forms of social identity can be achieved by instrumental means, as when relational identity is supported when people "believe that fulfilling their roles improves efficiency of the group" and its output (Davis 2014, 103). But role fulfillment can also be approached in a non-instrumental way if people "believe that they ought to do what their roles prescribe because they believe that part of the meaning of having a

role is that one has a responsibility to do what it entails” (Davis 2014, 103). Likewise, categorical social identities can be achieved by acting instrumentally in “common cause” toward a desired outcome, but they can also be achieved “when they take certain group values to be given and intrinsically meaningful strictly as part of group membership whether or not they produce any particular set of outcomes” (Davis 2014, 103). Social identity is therefore a manifestation of social rationality, and its plurality of norms and values.

These alternative forms of social rationality derive their normativity, their normative grip on individuals, from being part of *social practices* which carry within them their own form of rationality, that is, what it makes sense for someone to do when in a particular practice setting or “site.” For this reason, philosophical and sociological practice theories provide a useful way to identify how social rationality is working within certain social groups, and, in particular, how social capital works within these groups. While the practice theory of capital I will use here is more closely aligned with the Marxian-Bourdieuian tradition than with the Smithian-Beckerian tradition of capital, I will seek to go beyond Bourdieu’s practice theory of capital, so as to avoid some of the drawbacks of Bourdieu’s field theory of capital production.¹ To this end, I will use the work of philosopher Theodore Schatzki as the exemplar of this practice approach.

For Schatzki, “A practice is a temporally extended, open ended, set of sayings and doings that are linked by actors’ shared understandings of both what they are saying/doing and how to go on” (2002, 73). This shared understanding means that “[i]nitiation into a practice involves the acquisition of practical understandings that ensure that what people say and do is appropriate, intelligible to other participants, and *continuous with past activities*” (2002, 73; emphasis added). Here is where, I argue, social practices and capital relevantly overlap. Both practices and capital

¹ For a critique of Bourdieu’s use of “fields” as landscapes for symbolic capital production, see Schatzki (1997), as well as Kathryn Tanner (2005, especially 14-21).

bring values of the past into the present. Practices, in this sense, are also “the produced means of production,” and in the expansive understanding of capital as having both a relevant past and a role in the future, practices allow for the transmission of value over time.

In terms of its relation to social capital in particular, “the understandings carried in practices are social in two senses: (1) in that multiple people carry on the practices involved and possess versions of the understandings carried therein; (2) in that the intelligibilities and the practices carrying them are... ‘out there’ in public space accessible in principle to anyone” (Schatzki 2003, 181). For Schatzki, practices are ontologically basic, not individuals or social wholes. This practice ontology is analogous to the “meso level” of interaction that van Staveren calls “routines” that create meaning for those who participate in them (Christoforou 2013, 730). This creation of meaning is tied to the way practices convey norms to practitioners: “Each [practice] is an open-ended set of actions linked by pools of understandings (pertaining to action), a collection of rules (explicit formulations), and a ‘teleoaffective structure’ (a range of normativized, hierarchically ordered ends, projects, and tasks, to varying degrees allied with normativized emotions)” (Schatzki 2003, 184).

The normativized aspect of practices is crucial to understanding the shortcomings of neoclassical social capital approaches. Normativity is the understanding by members of a group that they *ought* to obey a certain standard of conduct defined by the norm. Norms meaningfully express the individual’s social identity, their relationships to others, and their shared intentions and values. People internalize (take on) these norms by engaging in practices and they follow these norms as an expression of their identification with those with whom they share the norm. To put this in the context of the work of Christoforou and Davis, individuals become *embedded* in collective agencies by appropriately engaging in social practices, which in turn become

constitutive of *identity*—the person’s relationship to others as an expression of commitment to those with whom they share the normative practices.

When practices, not individuals or social groups, are regarded as the primary focus of inquiry, practices can be seen, as was said earlier, as residing “‘out there’ in public space accessible in principle to anyone,” including scholars who want to describe the effects of these practices (Schatzki 2003, 184). For the practitioners, the norms carried in these practices are experienced as having an objective property which is recognized by cultivating (through the practices) a rational pressure to be responsive to these properties. Being responsive to these properties leads us to cultivate values that do not make exceptions for ourselves, so that we can participate in these shared values with others. This is the “categorical identity” Davis identifies (2014, 104). Practice theory sees the process by which we acquire these shared values as one of “appropriate uptake” of the values. While these practices are social in the sense that they are out there in public space, these values are not transmitted in a complete and identical form from one individual or group to another. Rather practitioners are always engaged in the “dialogical shaping” of values through the give and take of teaching, modeling, imitating and learning that accompanies the appropriate uptake of all practices, including valuing practices, that is, how we are supposed to value particular things and activities.

Practice ontologies have the advantage of avoiding the incompleteness of individualist ontologies as well as the reification problems of societism (Schatzki 2003, 181). This makes practice theories compatible with institutional and evolutionary approaches to economics, in that they are interested in explaining behavior as a part of the cumulative process of individual and institutional change. Habits and practices play an important role in these explanations. Like Schatzki’s practice theory, institutional approaches like Geoffrey Hodgson’s do not look to a

“supra-individual objectivity,” a “methodological collectivism,” or some kind of “uniformity of individual agents” as a basis for economic explanations, but rather favor the “concept of socio-economic order, arising upon variety and the micro level” (Hodgson 1998, 171). Valuations that individuals express are embedded in well established procedures and practices, and in the economic realm these practices are predominately focused on the variety of ways human life is provided for through the production, distribution, exchange, and consumption of goods. Recapitulating Schatzki’s language of practices as being simultaneously “out there” and “carried in the understanding” of individuals, Hodgson argues that economic institutions, such as property rights, markets, and optimization strategies, “are both ‘subjective’ ideas in the heads of agents and ‘objective’ structures faced by them” (1998, 181).

This practice approach to capital can also be located in the evolutionary tradition by looking at the work of Thorstein Veblen on capital (1908). Veblen begins by criticizing the individualistic, hedonic (and primarily materialist) nature of capital theories. Because economic activity is by nature a group exercise, it is, for Veblen, of an “immaterial character...a matter of knowledge, usage, habits of life and habits of thought” (1908, 518). Now, social practices can be thought of as being “material” in some sense, in that individuals (and their bodies) are the medium in which practices occur. But in another sense, Veblen is right when he says that the “ways and means” by which a group carries on production “is held as a common stock...by the group as a body, in its corporate capacity...and it is transmitted and augmented in and by the group...” (1908, 519). This is the sense in which practices exist in the bodies of individuals and at the same time “out there” in the world, accessible in principle to anyone who engages in the practice. Thus, even when “each concrete article of ‘capital goods’ was the product of some one man’s labor...the maker’s productivity in the case was but a function of the immaterial

technological equipment at his command,” that is, a function of the constellation of social practices that enabled its production, practices which Veblen calls “the slow spiritual distillate of the community’s time-long experience and initiative” (1908, 531).

We might recognize the “community’s time-long experience” as the kind of social capital carried by the social practices in which individuals are embedded. But Veblen also recognizes that this experience often goes unappreciated as the baseline upon which communities build value. This is especially true where the so-called “unskilled” laborer is concerned. While perhaps unskilled in particular industrial practices that would enable them to command a greater wage, “the ‘common laborer’ is, in fact, a highly trained and widely proficient workman when contrasted with the conceivable human blank supposed to have drawn on the community for nothing but his physique” (Veblen 1908, 536). That is, these workers are already deeply embedded in a variety of social practices that enable them to participate, without additional training, in productive activities. Veblen’s use of the term “conceivable human blank” is evocative here. From the evolutionary and practice perspectives, such a human blank is actually *inconceivable*. Human beings are always already deeply embedded in webs of social practice and the values they create. It seems that only the traditions which see the unskilled worker as lacking in education or training (that is, lacking in “human capital”) could conceive of a socially embedded person to be a valueless blank.

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