

*Referee Report*  
**Social capital, institutions and  
policy-making**

August 5, 2016

## 1 Summary

The paper addresses a very interesting topic, i.e., the role of institutions and policy-making in the building of social capital and its relevance to the fulfilment of their objectives. In spite of the argument of the paper to be relevant and potentially very interesting, this current version presents several limitations that should be fixed before being published. First of all, it is not clear to me which is, if there is any, the contribution of the paper to the existing literature on social capital. Secondly, the concepts presented are often harbingers of more confusion than clarity. Lastly, the authors make reference (when they do) to a very old literature, almost entirely forgetting the last 10 years of literature on the topic.

## 2 General Comments

1. I would prefer to see some *specific* hypothesis stated in the introduction together with a clear statement regarding the specific contribution of this work to the existing literature. My feeling is that the proactive part is modest.
2. Important references to the existing literature are quite often lacking. Just as an example, the two tables do not contain a reference to all the existing literature. Maybe you could include a couple of updated (i.e. from 2015 or 2016) references for each topic you (even briefly) address. This is to say that you could make a final work of bibliographic selection before closing the paper.
3. The theories are presented as if it were an original contribution made by the authors without mentioning the source.

4. Section 2 makes, in general, great confusion between what is commonly referred to as the structural dimension (networks) and cognitive (trust) component of social capital. We suggest the authors to read, among other papers, the work by Bourdieu and Wacquant (1992), Burt (2000), Sapienza, P., Toldra-Simats, A., and Zingales, L. (2013)
5. We suggest the authors to consider in addition to bonding and bridging also linking social capital.
6. It seems to me that there is not a strong link between the different sections presented along the paper.
7. There is a vast literature on the relationship between social capital (measured as trust and, more specifically, as generalized trust) and development. By the way, I think the seminal paper is Knack and Keefer (1997) here. This fact is recognized only in the text but almost no paper is presented.
8. On the relationship between social capital and education, we suggest the authors to read: Glaeser, Ponzetto, and Shleifer (2007); Uslaner & Rothstein, 2012; Guiso, Sapienza, & Zingales, 2008; Aghion, Algan, Cahuc, & Shleifer, 2010; Algan, Cahuc, & Shleifer, 2013.
9. In the concluding remarks I would expect to see something more concrete: The fact that institutions and social capital coexist and co-evolve poses problems regarding the ability to empirically test any proposed theory and policy. This limit must be recognized. According to some authors aggregate levels of trust are, in fact, a proxy for the well-functioning of institutions (Beugelsdijk, 2006). In a similar vein, Bjørnskov (2006) suggests that social trust has a positive impact on the quality of government, whereas Rothstein (2005) argues that it is rather good government that causes general trust. What the authors say in relation to this debate?
10. There are spaces for public intervention, but which ones? How many? where? Such as? These are questions that I find interesting. If there is an interaction between social capital and informal institutions and many informal institutions are negatively correlated with inclusive development (i.e., institutionalized corruption), how the authors can state in the final sentence that **it is widely accepted that the stable** (indeed...social capital evolve it is not a stable trait, see the discussion between Uslaner (2002) and Goudge and Gilson (2005)) *and positive effects of social capital exceed its downside?*

The paper needs a lot of work before being published. I invite the authors, given the importance of the argument, not to give up but to put much more effort into making their work more rigorous.