

# **From Economic Meltdown to Social Crunch – Impact of the Global Economic Recession on Social Capital Building in Developing Countries & *What We still Don't Know!***

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**Paper for DSA Annual Conference 2009 on ‘Contemporary Crises and New Opportunities’ at the University of Ulster, 2-4 Sept 2009.**

## **Abstract**

Examining the impact of the current global recession on social capital building amongst poor people in developing countries, his paper draws on the experiences of the Far East Economic Crisis in 1998 and argues that: (1) the poor depended heavily on bonding social capital during the Crisis, but the crunch-point beyond which they felt no longer able to rely on this is less certain; (2) bridging social capital could both be created and destroyed during the Crisis; (3) the impact of the Crisis affected men and women differently, but how different groups of men and women were affected by the Crisis is less clear; (4) NGOs could help build social capital with the poor, but their role could be restricted by financial difficulties. In light of the heterogeneous impact and complicated trade-offs between policies, this paper proposes five principles for policy interventions: (1) all social and economic programmes to deal with the current financial downturn should be social capital-focused; (2) local communities should have the power to decide what social capital programmes are implemented in their communities; (3) governments should make use of the food- and fuel-subsidy programmes to promote community participation; (4) targeting certain social groups to maximise the impact of social capital building is possible; (5) a better integration of quantitative and qualitative research is crucial to inform policy making.

## **Introduction**

*World's poor suffering most in the credit crunch (Guardian, 5 Mar 09)*  
*Forgotten victims of the downturn (Financial Times, 11 Mar 09)*

When the developed countries sneeze, developing countries get a cold. The news headlines above have painted a grim picture about the impact of the current global economic recession on poor countries in Asia and other regions. The IMF (2009) estimates that developing countries could lose \$750 billion incomes by the end of 2009. Foreign direct investment will decline by 10% this year when compared to 2008. Eighty four out of 109 developing countries will face a financial gap of \$270-700 billion in 2009 (World Bank, 2009). The ODI (2009a) also suggests that remittances in Kenya were down by 27% between January 2007 and January 2008, and Cambodia has lost 51,000 jobs in the garment industry alone.

While all these statistics show the severity of the crisis, analyses of the economic recession focus largely on macro-economics and financial fragility, and recommended policies are to implement fiscal expansion initiatives in order to restore the financial systems and to stimulate economic growth. For example, the Indonesian government plans to invest \$960 million for infrastructure projects (ODI, 2009b).

Some policy makers and researchers have, however, shown their concerns about the social impact of the crisis. Sumner and Wolcott (2009) explore the diverse coping strategies that poor people may adopt for survival, such as reducing consumption of food, de-schooling and postponement of medical treatment. While these research findings offer insights into the intra-household dynamics and gender differences, the focus is largely on poor people's investment decisions. What is not clear, however, is how the global financial crisis affects poor people's social lives. Do they consciously, and/or unconsciously, reduce their engagement in communities? Do they switch their associational participation from one form to another? Does the recession change people's perceived trustworthiness of their neighbours and strangers? How do the short-term coping strategies in food, education and health affect the long-term development in social networks and trust?

In answering these questions, this paper draws on the concept of social capital and examines the impact of the economic crisis on social capital building. We are interested in social capital because it is often regarded as social resources that the asset-poor can rely on (Kittiprapas, 2002:24). Silvey and Elmhirst (2003) also point out that social capital can play in securing successful development alternatives where the state has failed (p866). If social capital can provide such a cushion effect to reduce vulnerability during crises, it will then be important to better understand how poor people draw on their social capital to respond to the economic threats.

While the current economic crisis looms large and the picture remains sketchy, this paper will draw on the experiences of the Far East Economic Crisis in 1998-2000 (hereafter the Crisis) in order to get a glimpse of the complex process of how social capital was built up, destroyed and transformed during that period of time and to better inform policy making. We will argue that the comparison between the current global economic downturn and the Crisis is highly relevant because they affect both developed and developing countries, and the impact is diverse and complicated. In the literature review process, we are keen to analyse research that have touched on poor people's associational lives, public engagement, network-making and trust-building during the Crisis. We are particularly interested in exploring factors facilitating and constraining their access to social capital as well as their motivations to draw on (or not draw on) the resources.

In this paper, we will show a complex picture of how poor people drew on social capital in response to the Crisis. Firstly, research suggests that poor people in Asia relied heavily on bonding social capital during the crisis, but what is not clear is the tipping point when they no longer felt able to draw on their resources. Secondly, poor people built bridging social capital to cope with the withdrawal of the social service from the government and the rising sense of insecurity about their safety, but research also shows that bridging social capital was eroded because poor people reduced their time and money in community participation. Thirdly, many studies suggest that the

impact of the Crisis is gendered - social capital building capacities were different between men and women during the Crisis, but the simplistic dichotomy between 'men' and 'women' is not adequate to understand the dynamics of different men and women groups. Fourthly, the Crisis has offered NGOs a golden opportunity to build social capital with deprived communities, but the financial difficulties that some NGOs encountered during the Crisis have restricted their pro-active role.

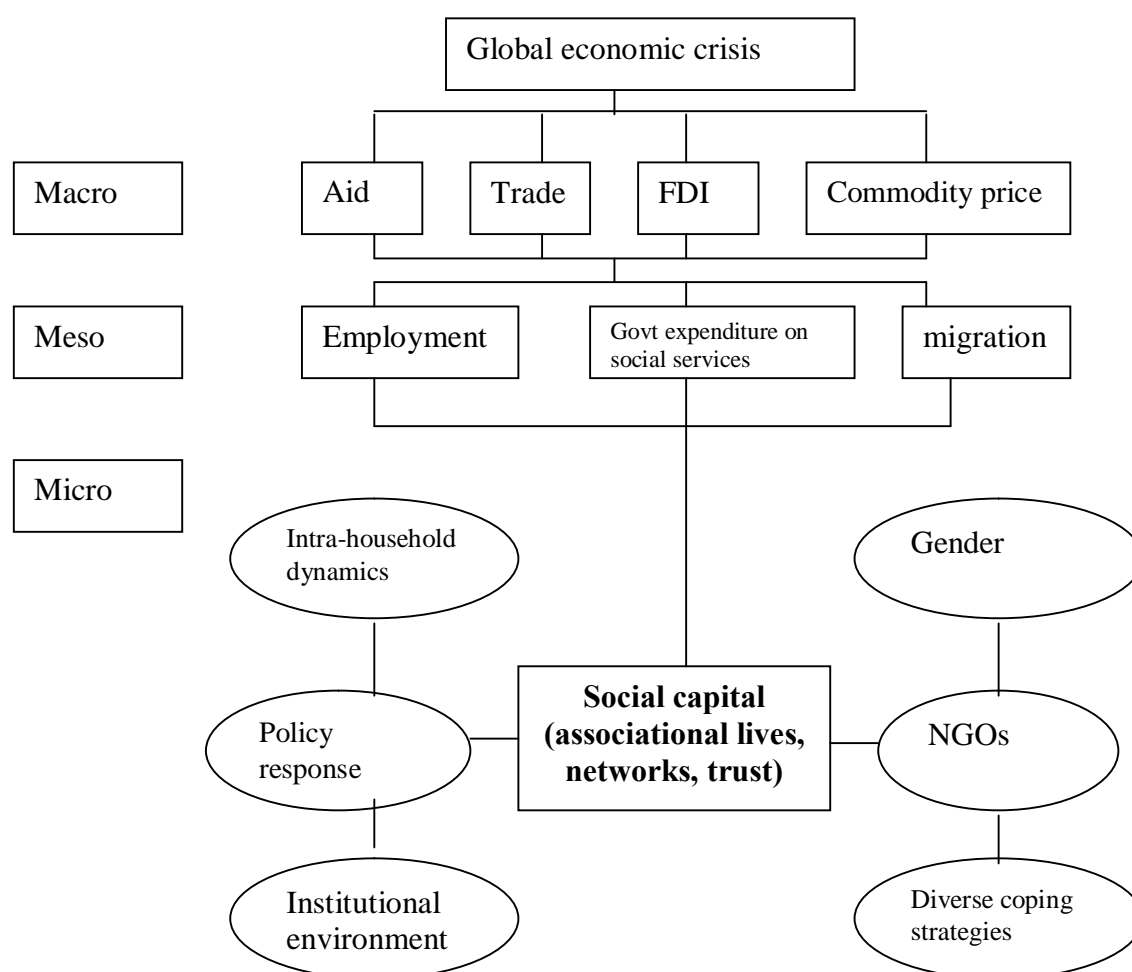
In light of this mixed picture of social capital making during the Crisis, we will argue that this has strong implications for both policy making and research. Because of the heterogeneous impact of the economic crisis, 'one-size-fits-all' policies to build social capital are not useful. Different social programmes to alleviate the impact of the economic crisis can, wittingly and unwittingly, create some social capital but also destroy it. We will propose five principles for policy interventions: firstly, all the social and economic programmes to deal with the current economic downturn should be 'social capital-focused' and they need to undergo assessment about their impact on social capital before implementation. Secondly, the interventions should be based on a bottom-up approach, and local communities should have the power to engage in the public-policy-making process and to decide what social capital programmes are appropriate for their own communities. Thirdly, governments and NGOs should improve their food- and fuel-subsidy programmes to encourage public participation. This is intended to build bridging social capital while meeting their basic needs. Fourthly, targeting certain social groups, such as women with children, and offering them additional support, is needed because they play a key role in building social capital for future generations.

Fifthly, all these principles for intervention require a deeper understanding of poor people's complex and diverse motivations for drawing on social capital. This poses a challenge to research design about how to integrate quantitative and qualitative research methodologies so as to provide rich data to inform policy-making. In this paper, we will first discuss the conceptual framework for analysis. We will then demonstrate the mixed picture of social capital formation and break-up during the Far East Economic Crisis. We will conclude by offering some principles that are conducive to policy making and research design.

### **Conceptual framework**

Diagram A shows the conceptual framework that informs our literature review of the impact of the global economic crisis on social capital making in developing countries.

Diagram A: Conceptual framework to analyse economic crisis on social capital change



(source: author's diagram, inspired by ODI, 2009b:2)

This framework analyses how social capital changes at the micro level are mediated by the interactions between macro-economic environment and the meso socio-conditions. It is largely inspired by the analysis of ODI: "to develop effective and context-appropriate policy responses, we need to better understand the diverse transmission channels through which the shifting macro-economic brings about micro-level impacts and the way in which this feeds back into the economy and society as a whole" (2009b:2).

We define social capital as associational lives, use of social networks and trust building. It is shaped by six elements at the micro-level: intra-household dynamics, gender, institutional environment, diverse coping strategies, NGOs and the government response. Intra-household dynamics examine power relations within households between generations and between parents and children. Gender takes a

wider perspective, examining the relationships between men and women within, and beyond, household settings (Floro and Dymski, 2000). Institutional arrangements focus on the norms and cultural practices that shape collective action. Responses from NGOs and governments can facilitate, as well as constrain, poor people's social capital building capacities (Lee and Rhee, 1999).

Methodologically, while the impact of the existing global recession remains sketchy, this paper draws on the experiences of the Far East Economic Crisis (the Crisis) in 1998, and examines the changes of social capital during that period of time. As Knowles *et al.* (1999) suggest, the Crisis provides a rare opportunity to learn how existing social systems function under duress. If the lessons are adequately documented and effectively communicated to policymakers, the experience gained during the Crisis can provide a useful guide to needed policy reforms (p.i). We argue that lessons from the Crisis could offer insights into current problems for three reasons: firstly, despite the different causes of the crises, the impact on poor countries is very similar – a decline of GDP and rising poverty. Secondly, the concept of social capital has been drawn on in the late 1990s to analyse the social impact of the Crisis. Thirdly, research shows that the impact of the Crisis was diverse. Indonesia and Thailand, for example, were hit much harder than Malaysia. This diversity offers an interesting insight into the current situation. That said, we are aware of the limitations of the comparison. For example, the scale of the crises is different – while the Crisis was largely a regional problem, the current economic recession is global and that affects more poor countries. As IMF (2009) points out, the impact of the current global downturn on low-income countries is more serious than the previous episodes since many developing countries are more integrated than before with the world economy through trade, FDI and remittances (p.vii). We also reckon that the impact of the Far East Economic Crisis on human interactions is far-reaching. Even though the Crisis took place a decade ago, the transformation of social capital amongst the poor keeps changing. How we can capture such dynamics poses a serious challenge to research design.

### **Changing social capital during the Crisis**

In response to the Crisis, poor people changed their social interactions both consciously and unconsciously. Spatially, they moved between private and public spheres to seek access to social capital. Temporally, they negotiated the timing of participation between the present and the future. In this section, we will examine the impact of the Crisis on bonding, bridging and gendered social capital respectively and explore what role NGOs had played during the Crisis.

#### *Crunching bonding social capital*

It is no surprise that poor Asians drew on bonding social capital from their family, relations and friends in order to obtain immediate financial, childcare and emotional support during the Crisis. Edwards *et al.* (2006) point out that family has long been playing a fallback role in helping its members through difficult times. According to a study by Knowles *et al.* (1999), 65% of households in Indonesia reported having borrowed money from their relations, friends, and other informal sector lenders (p52). In term of the composition of household incomes, loans from relations jumped from 13.2% in 1998 to 23.9% in 2000 amongst poor Mainland Chinese migrants in Hong

Kong (Wong, 2007:86). Cleaver (2005), however, warns that claiming bonding social capital is highly negotiable and contesting. It may not always be available when poor members are desperately in need. In addition, family members and friends of poor people are themselves poverty-stricken, and mutual assistance does not go on forever.

Knowing when the bonding social capital collapses is crucial for intervention. To many poor people, seeking bonding social capital is regarded as their last resort for survival. Some of the coping strategies, such as reducing food consumption and delaying health treatment, can cause far-reaching and irreversible damage to the long-term well-being, especially to their children (Bhutta *et al.* 2009, Fallon and Lucas, 2002). However, the existing literature offers very limited analysis into understanding the tipping point of bonding social capital. This insufficiency makes effective intervention very difficult.

#### *Uncertainty of bridging social capital*

The picture depicting the changes of bridging social capital during the Crisis is mixed. The Crisis helped the creation of bridging social capital because the withdrawal of public service had forced community members to organise themselves and to come up with solutions to their own problems. Pernia and Knowles (1998) show that people living in urban slums in Thailand made closer links with their rural contacts in order to obtain food at affordable prices. In the Philippines, they indicate that community members set up their own saving schemes, so that everyone could contribute to a common fund to cover the cost of festivals (p11).

However, the picture is not always rosy. Bridging social capital could be destroyed during the Crisis. In Indonesia, poor households reduced their participation in religious activities because they were too tired from working hard in their paddy fields or catching fish (Knowles *et al.* 1999:49). Frankenberg and his colleagues (1999) analysed the Indonesian family life surveys and discovered that participation in community development activities dropped substantially. Refer to Table 1, participation rate in voluntary labour was reduced by 22% between 1997 and 1998; attendance of community meetings and community improvement dropped by 20% and 13% respectively.

Table 1: Changing participation rate in Indonesia community development activities between 1997 and 1998

Groups	Participation rate (%)		Changes (%)
	1997	1998	
Voluntary labour	29.4	23.0	-22
Community meetings	22.7	18.2	-20
Community improvement	16.6	14.5	-13

(source: Frankenberg *et al.* 1999, p39)

The reasons for reducing social networking and community participation were that poor people spent more time on income-generation activities and less on community activities. Furthermore, participation requires money and resources, such as food contributions, and that put an extra burden on their already-strained financial situations. Pernia and Knowles (1998) suggest that the Crisis also generated a greater sense of competition for limited resources, such as jobs, within communities. This, they argue, contributed to making neighbours hostile to one another in some Indonesian communities (p6).

The erosion of bridging social capital can have far-reaching impact on the well-being of poor households. Knowles *et al.* (1999) warn that the sense of community in some parts of Indonesia would be undermined because mutually-supportive activities in Indonesia were gradually replaced by more individually- and household-based survival initiatives because of the Crisis. This could also exert further pressure on poor people's already-limited bonding social capital.

Moser (1996) shows a more complicated picture of the making and break-up of bridging social capital. Based on her comparative studies in the Philippines, Hungary, Zambia and Ecuador, she suggests an initial increase of bridging social capital among neighbours in the urban slums, but it was gradually eroded when poverty persisted and resources were under strain. The study by Frankenberg *et al.* (1999) also shows that the reduction of group participation caused by the Crisis was not at the same degree. They point out that although the participation rates in women's and men's social groups in Indonesia were dropped, the decline in men's groups was less serious than their women counterparts.

Regarding the trust-building process, the Crisis was deemed responsible for an escalation of violence and crime in some Asian countries. The sense of fear and stress could undermine generalised trust because an increasing incidence of pessimism (Fiszbein *et al.*, 2003) created fear towards strangers. That said, some studies show a different picture. Knowles *et al.* (1999) suggest that the sense of insecurity actually helped community members organise their own neighbourhood patrols and build fences to protect themselves (p49). This could increase mutual trust within the communities, but the downside is that this could reinforce inner fear and further erode generalised trust.

### *Ambiguous gendered social capital*

Literature shows the gendered impact of the Crisis on social capital building between men and women (Sirimanne, 2009, Truong, 2000). In term of employment, the Crisis hit some industries harder than others. Being more represented in the labour-intensive industries, such as garment and textile trade, women in Indonesia and Thailand were more affected by the massive scale of unemployment. Although both men and women felt they needed to work longer hours during the recession in order to compensate the loss of income, social expectations, such as women providing childcare support, remained strong in some societies. This has discriminated against women because they were expected to add income-earning activities to their already-heavy work burdens at home. Regarding education, poor families reduced investment in human capital in order to cope with economic hardship. However, it is often daughters, rather

than sons, were more likely to stop schooling, especially in Thailand and Indonesia (Waddington, 2005).

The gender perspective into social capital making is insightful, but it needs deeper analysis. It remains unclear how de-schooling amongst daughters would affect their social capital making in the long run when compared to sons staying in education. Cleaver (2003) also challenges the feminist approach to understanding gender for its over-simplistic dichotomy between men and women. She points out that while not all men are powerful, not all women are powerless, and the danger is that some women could exploit other women for building their own social capital. Drawing on his research on clan associations in Hong Kong, Wong (2007) points out that female leaders often made use of the participation of the Mainland Chinese female migrants to boost their community status. Silvey and Elmhirst (2003) follow the same line of argument, suggesting that network relationships are 'sites of struggle, contest and negotiation' (p867). It is, therefore, essential to deconstruct both 'women' and 'men' and to explore the multiple realities of different women's and men's experience in the process of social capital making during the economic crisis.

### *Mixed role of NGOs*

The shrinking public services induced by the Crisis left a vacuum for NGOs to promote public engagement by organising poor people, forming groups and building trust. Knowles *et al.* (1999) show how NGOs took advantage of the government credit schemes and ran micro-credit finance for poor communities in Indonesia. However, the economic recession could erode the financial strength of NGOs and their donors. Reducing donor support and encountering financial difficulties could restrict the work of NGOs on the ground.

### **Challenges to designing the 'right' social capital**

The complex formation and break-up of bonding, bridging and gendered social capital during, and after, the Crisis poses a big challenge to policy makers as to how to build the 'right' kinds of social capital at the 'right' time in response to the current economic crisis. An additional complication is the heterogeneity of the impact of the Crisis between, and within, countries. For instance, questions as to whether the Crisis hit rural or urban people more in developing countries have generated heated debate in the literature. Drawing on their research in Indonesia, Friedman and Levinsohn (2002) argue that the urban poor suffered more during the Crisis because rural households could produce food to mitigate the consequences of high inflation. The World Bank (2008) conducted a study in Thailand and suggested an opposite result: rural poor bore a heavier burden because of their greater reliance on the urban economy through seasonal off-farm work. Ravallion (2008) explains that the differences are caused by a combination of factors, such as different degree of integration into the free market and dependence on foreign trade. Different culturally-specific institutional set-ups that shape norms of reciprocity and public participation also play a role.

Such diverse experiences in developing countries during the Crisis and the various uncertainties have demonstrated that 'one-size-fits-all' policies are inappropriate and unworkable. According to ODI, any policy and programmes to cope with the current



economic recession should reflect very specific and differing institutional and cultural norms for dealing with poverty and vulnerability (ODI, 2009b:10).

Another challenge is that we have very little understanding of how poor people's short-term coping strategies, in response to economic crisis, will affect their long-term capabilities in building their social capital. For example, both Indonesia and Korea introduced large work-fare programmes to curb roaring unemployment during the Crisis. How the re-entry of these workers to the job market influenced their ability to build new, and to keep old, social networks, has not been critically analysed in the literature. The health and education outcomes amongst chronic poor households can further deteriorate because of the current economic crisis (World Bank, 2008). Yet, it remains unclear how their coping strategies restrict their already-limited social capital in the longer-term.

Another concern is that policies or programmes to build social capital may be so formalised that the spirit of volunteerism and indigenous arrangements for self-organisation are undermined. In order to avoid the crowding-out, Moser (1996) suggests that we need to take a close examination of the 'stock' of the institutions that already exist at the community level before any intervention takes place.

### **Five principles for interventions**

Despite these challenges, the social and political pressure not to take any action, in response to the current economic meltdown, is too much for the governments and policy makers to take. Is it possible that in order to help protect the poorest, start by doing less damage during the crisis as suggested by Ravallion (2008:15)?

The ODI has proposed two principles or policies that may help poor countries overcome the current crisis: setting up a crisis task force and choosing between 'constructive' and 'unconstructive' coping mechanisms. The first idea is that developing countries can set up a crisis task force to manage the current economic downturn (ODI, 2009a). For example, Bangladesh, Cambodia and Indonesia have adopted this principle (Rahman *et al.* 2009). While the swift response to form a new institution to coordinate economic policies to deal with the crisis sounds positive, it is not certain how much attention the new crisis task forces would pay to the creation of social capital by their policies. A concern is that budgets in public finance have been shrinking in many developing countries. The pressure to meet poor people's basic needs, such as food, fuel and medicine, is tremendous. Facing such strong competition for limited resources, policies, such as building social capital, do not bring immediate and tangible benefits to poor households, are not placed high on the agenda.

The second idea, also proposed by ODI (2009b), suggests that the government should only 'support constructive coping mechanisms and seek to discourage unconstructive ones' (p1). This principle promotes a 'pick-and-choose' approach and focuses on only good coping strategies. Taking a life-course process, however, it is not easy to tell what coping mechanisms are good and bad for poor individuals. Questions as to who define 'constructive' and 'unconstructive' involve issues of power. Letting experts choose the policies will only impose a top-down solution to local communities.

The limitations of these ideas, such as a lack of social capital focus and playing down local empowerment, are useful for shaping our thinking. Here, we propose five principles for building pro-poor social capital policies which are characterised as poverty, gender and power sensitive.

### *Social capital-focused initiatives*

Different governmental departments in poor countries come up with their own policies to deal with the current economic downturn. Lacking a proper coordination of public policies not only creates confusion and but also wastes resources. Trade-offs between policies can also minimise the impact of the interventions because they create competition for time, resources and energy amongst poor individuals. Taking workfare as an example, the policy is intended to help poor families reduce unemployment during the economic crisis, but it can increase the opportunity costs of public participation in community affairs (Frankenberg *et al.*, 1999).

For the sake of long-term social capital development and better use of limited resources, all policies should be embedded in the concept of social capital from the process of design, implementation to monitoring. Social capital is not an add-on item, but it provides a guiding principle for more coherent socio-economic interventions. In achieving this, we propose that all policies recommended by different ministries need to undergo a thorough social capital-impact assessment in order to minimise the trade-offs between short-term basic needs provision and long-term social capital building.

### *Meeting basic needs through collective action*

Public policies should be re-designed in order to provide sufficient space for public participation. Taking food- and fuel-subsidy programmes, they provide basic needs to poor household to cope with economic hardship. Government ministers can decentralise the process of distributing the food and fuel and encourage local people to participate in the process of distribution. In order to attract local participation, additional food and fuel are given to local helpers as wages. This design aims to help build bridging social capital through community participation in public policies.

The decentralised process does not offer governments and NGOs an excuse to reduce their service to local communities. Knowing that local elites may make use of the policy reforms to capture the benefits, development workers and ministers should create a level playing field to ensure equal distribution of benefits within communities.

### *Communities decide locally-appropriate social capital policies*

The top-down approach to social capital building will only reinforce, rather than challenge, the dependency syndromes (Moser, 1996). Genuine interventions should encourage local communities to decide what social capital policies are suitable to their own conditions. The advantages of using local involvement to find community-based solutions are that the interventions are more appropriate to the local institutional environment and more flexible in order to meet the needs of the poor. Community members can also feel a sense of ownership and empowerment in the process of (social and economic) asset creation.

In achieving this objective, we need to create favourable conditions for participation (Cleaver, 2005). Community groups are set up to build capacity; training is provided on basic literacy and numeracy skills. Development workers and NGOs should act as facilitators, explaining clearly the pros and cons of different social capital policies to community members. They should ensure fair participation of all community members in the decision-making process. In the process, norms that hinder participation, such as gender discrimination, should be challenged. Local elites should not dominate the participatory space.

### *Improve targeting*

Targeting certain social groups can make the building of social capital more effective. For example, Ravallion (2008) suggest that governments and NGOs should target women with children for intervention because women have far-reaching impact on the present and future well-being of their children, regarding nutrition, health and education. This principle is not intended to reinforce the stereotypes of women as carers, but it highlights the inter-dependence of social capital building between groups and generations. It also helps expand the scope of intervention from being narrowly focused on present generation towards future ones.

### *Better integration of quantitative and qualitative data*

In response to the current economic crisis, the World Bank highlights the importance of ‘sound data’ (2008:i). We suggest that the best way to create ‘sound data’ is by a better integration of the qualitative and quantitative data in research design. Quantitative approach, including before-and-after-event analysis, trend analysis and household surveys, is used to track the changes of social capital during, and after, the recession. Qualitative methods aim to explore people’s complex motivation, institutional norms and power relations that shape the use of social capital. A life-course analysis, for example, examines individuals’ changing coping strategies over a long period of time. Ethnography is intended to explore the ‘unseen’ social capital by observing people’s daily interactions (Wong, 2007). The qualitative methods help the quantitative approach to address the time-gap problems while the latter shows the macro transformation of trust and group participation at national and regional levels. Triangulating research approaches and methods can be rewarding, but it is time-consuming and expensive in practice and requires different skills (Mason, 2008). More careful research planning is important.

## **Conclusions**

Whilst ploughing through the literature of various economic crises, it is not difficult to feel a much deeper sense of frustration and even injustice among development agencies and academics about the outbreak of the current economic recession. The World Bank makes its disappointment explicit:

‘This year’s *Global Economic Prospects* finds the global economy at a crossroads, transitioning from a sustained period of very strong developing country-led growth to one of substantial uncertainty as a

financial crisis rooted in high-income countries has shaken financial markets worldwide (World Bank, 2009:xi)

This paper is particularly interested in understanding the dialectic interactions between the current economic crisis and social capital building in developing country contexts – how badly the economic crisis has imposed macro-economic constraints on poor people, and how poor people, successfully or otherwise, draw upon their limited social capital as coping strategies for survival.

We have drawn on the Far East Economic Crisis in 1998 as the reference point and examined the dynamic changes in social capital during the Crisis. As the title of this paper suggests, we want to touch on both issues: what lessons we can learn from the Crisis and what we still don't know about the interactions. However, while not many solid lessons can be put down to answer the first question, the second question lingers in our knowledge-searching process. The uncertainty of the impact of economic crisis on social capital, we argue, is caused by the 'wicked' concept of social capital, the dynamic and unpredictable responses of human beings to the economic threats, and the context-specific influence of the economic crisis. While it is clear that poor people draw heavily on bonding social capital to tackle everyday difficulties during the crisis, the crunch-point beyond which they feel no longer able to rely on this is less certain. While bridging social capital can be built and destroyed during the crisis, it is less clear if the destruction of some bridging social capital is inevitable because of the dynamics of poor people's livelihoods strategies. While men and women were affected differently in the Crisis, it is less clear how different men and different women make their responses. While NGOs can build social capital with the poor, the economic crisis also affects the social capital of the NGOs, and that may contribute to the closure of some NGOs during the crisis.

It may appear contradictory for us to highlight the sense of uncertainty on the one hand and propose five principles for social capital intervention on the other. We, however, argue that our arguments are consistent. The idea of uncertainty reminds us of the importance of flexibility and context specificity. For example, when we propose a better integration of quantitative and qualitative approach to understanding social capital building during the economic crisis, we encourage researchers to look for their best approach for integration. We highlight the usefulness of targeting certain social groups in building social capital, but which social groups are the best for intervention depends on local contexts.

Other principles, such as embedding social capital into all socio-economic public policies and promoting local empowerment, are intended to put the concept of social capital in the core of policy-making process and to promote a more organic form of community participation. Our principles are not golden rules, and they should be used with great care.

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