



# **Social Cohesion, Trust and Participation: Social Capital, Social Policy and Social Cohesion in the European Union and Candidate Countries**

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# **Social Cohesion, Trust and Participation: Social Capital, Social Policy and Social Cohesion in the European Union and Candidate Countries<sup>1</sup>**

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<sup>1</sup> The views expressed in this document are those of the authors and do not necessarily represent those of the European Commission.

## 1 Executive Summary

Social capital has emerged as a key concept in the social sciences in general and public/social policy in particular over the last decades. This report aims to evaluate the level of social capital from a comparative, pan-European perspective and identify its relevance to and connection with patterns of social policy-making and/or welfare state regimes across Europe, East and West. The report is based on data from Special Eurobarometer 223 and the European Social Survey (ESS). The data undoubtedly covers a wide variety of variables, measures and proxies widely used in social capital research and therefore it can provide the background for carrying out social capital measurements from a comparative, pan-European perspective. Despite the lack of data for the measurement of some important variables/proxies, such as relevant *communication variables* (i.e. paper readership, television viewership etc.), *trust in institutions* and *perceptions of corruption*, the data on the available variables can be used for the measurement of the stock of social capital across the EU Member States.

We have adopted a two-stage approach to carry out this research task. The first stage focuses on capturing the structure-culture nexus and involves the creation of a social capital index. In the second stage the main goal is to identify the relationships between the social capital index scores and other –determinant, outcome- variables and to account for the variation in social capital endowments among EU countries. For, we carry out correlations and regressions between the social capital scores and the other variables, with emphasis on the variables/proxies related to access to and satisfaction from public services. In this way, we create the necessary research base for establishing the link and/or the line of reasoning between the existing variation in welfare state and/or social policy styles and social capital endowments among EU member states and thus testing fundamental hypotheses of the *institutional theory of trust* which stresses the role of formal state institutions and especially the welfare state as crucial determinants for the creation of generalized trust and the building of social capital.

The key findings of our investigation are the following:

- First, from a comparative pan-European perspective, there seem to be broadly four groups of EU countries, according to their level of social

capital endowments and capacities for collective action. The first -very rich in social capital resources- consists of the Scandinavian countries and the Netherlands. The second group comprises countries of medium-to-high, albeit well below the Scandinavian paradigm, levels of social capital resources, that is the Anglo-Saxon (UK and Ireland) countries and key countries of continental Western Europe. The third group comprises the South and East European countries, while the candidate Balkan countries, namely Bulgaria and Romania, constitute the fourth group;

- Second, social capital is highly correlated with almost all the other relevant variables/proxies with the exception of social care for others. However, it is not statistically significantly correlated with social contacts with neighbours, while it is negatively, albeit significantly, correlated with social contacts with colleagues. Additionally, most of the other variables are rather negatively correlated with the social contacts with colleagues and neighbours variables, while social care for others, as it might have been expected, is only significantly correlated with social capital, social networks and life satisfaction. What the above analysis suggests is that social contacts and socializing at large might not be as important predictor/determinant of social capital as it was hypothesized in previous research;
- Third, access to and satisfaction from the quality of public services appears to be similarly highly and statistically significantly correlated with social capital. This is an important finding from a comparative public policy's point of view, because it vindicates the link between public policy outcomes and social capital. Thus satisfaction from the quality of public services constitutes a very important proxy for identifying similarities and differences in social capital and capacity for collaborative collective action among EU countries;
- Fourth, in relation to the role of public institutions and welfare regimes at large, while the impartiality and fairness of political and social institutions in general and street-level bureaucracy in particular constitutes a prerequisite for the creation of generalized trust and the building of social capital, the universal welfare state seems to be a necessary condition for greater equality in its distribution. Thus, though both variables are crucial, the most important explanatory variable for the existing differences in social capital endowments and capacities for collaborative collective action between European countries may be institutions.

## **2 Introduction: Social Capital as a Public Good and Capacity for Collective Action**

Social capital, defined as a combination of generalized trust and access to social networks, has become a key concept in the social sciences over the last two decades or so, because it correlates with normatively highly desirable qualitative features of liberal democracy, such as functioning of democratic institutions, increased levels of civiness and citizens' participation in social and/or public life, but most importantly with increased levels of performance in several policy areas, i.e. education, health, development, and public policy at large. Indeed, social capital has emerged on the public policy agenda as a crucial conceptual tool that, by facilitating 'certain actions of actors within the structure' (Coleman, 1988:98), leads to the crossing of the old schism between structure and culture. As a resource for action available to an actor, it is one way of introducing social structure into the rational choice paradigm (ibid., 1988:95; El. Ostrom, 1992, 1995a,b, 1998). Although Coleman's<sup>2</sup> (1990:300-302) definition of social capital as 'a set of inherent social-structural resources in the social organization that constitute capital assets for the individual' refers to individual actors (persons), it has also been acknowledged as a crucial factor for facilitating collective action among corporate (organisations) actors as well: 'because purposive organizations can be actors just as persons can, relations among corporate actors can constitute social capital for them as well' (Coleman, 1988:98). Thus, according to this formulation social capital is not of any individual or group. Rather, it is a relational concept that refers 'to features of social organizations, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated action' (Putnam, with Leonardi and Nanetti 1993:167) or, 'to internalized norms which stress the acceptance on the part of citizens of the positive role played by collective action in pursuing collective goods related to economic growth and social protection' (Leonardi, 1995:169). Therefore, voluntary cooperation is easier in territorial a community<sup>3</sup> that has inherited a

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<sup>2</sup> Though Coleman is considered the scholar who introduced and analysed the term, he credits *Glenn C. Loury* with introducing in 1977 the concept into economics and identifying the social resources useful for the development of human capital. See J. Coleman, (1990:300-301). However, a conceptual formulation of social capital was offered in the early 1980s by Pierre Bourdieu (1980, 1985).

<sup>3</sup> S. Singleton and Michael Taylor sociologically defined *community* as: 'a set of people (a) with some shared beliefs, including normative beliefs and preferences, beyond those constituting their collective action problem, (b) with a more or less stable set of members, (c) who expect to continue interacting with one another for some time to come, and (d) whose relations are direct (unmediated by third

substantial stock of social capital: that is, the pursuit of collective goods not only is not seen as being in contradiction with the pursuit of maximizing individual or family group wealth but, on the contrary, it is a means to increase the general well-being of the territorial community. Similarly, J. Coleman has defined social capital as follows:

Social capital is defined by its function. It is not a single entity but a variety of entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors—whether persons or corporate actors—within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. For example, a group whose members manifest trustworthiness and place trust in one another will be able to accomplish much more than a comparable group lacking that trustworthiness and trust... Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities... Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production. (1988:98; 1990:302-304).

Therefore, the essential feature of social capital is that of a *relational public good*,<sup>4</sup> whereas conventional capital—i.e., financial or real estate—is most often considered to be a privately owned good. Therefore, like all public goods, it tends to be undervalued and undersupplied by private agents, which means that social capital, more so than other forms of capital, needs to be nurtured, supported and enhanced in order not to be depleted. To this end, the role of institutions is crucial.

Trust constitutes the most important element of social capital relations. It is linked to the volatility and hence uncertainty of modern economic and institutional settings and is seen as the crucial conceptual mechanism to resolve this uncertainty by shaping the relations between partners and facilitating collective action: ‘trust, the mutual confidence that no party to an exchange will exploit the others’ vulnerability, is today widely regarded as a precondition for competitive success’ (Sabel, 1993:104), as well as, for better public policy outcomes through improving the level of institutional performance. Given, however, that in modern economies and societies, what is required is the diffused form of trust, a problem arises about how personal

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parties) and multiplex’ (1992:315). But, for us this represents a definition that is too narrow. In the SCSP Network we use the concept of “territorial community” that is a spatial entity—from national to local—encompassing a diversity of individuals and groups.

<sup>4</sup> The unique essence of social capital as a public good is that it is characterised by “relations” and interactions. Social capital enhances the production of “soft” (e.g., services) as well as “hard” (e.g., infrastructures) public goods.

trust becomes social trust. Social (*generalized*) trust in modern complex settings arises from two other and related elements of social capital: norms of reciprocity and solidarity on the one hand and networks of civic engagement on the other. Such norms transfer the right to control an action from an actor to others because that action has externalities, that is consequences (positive or negative) for others. Social norms arise when 'an action has similar externalities for a set of others, ...and no single actor can profitably engage in an exchange to gain rights of control' (J.Coleman,1990:251).

The most important norm is reciprocity (El. Ostrom, 1998:10). It is of two sorts: balanced and generalized (Putnam, et.al., 1993:172). Balanced reciprocity refers to a simultaneous exchange of equivalent values, while generalized reciprocity is based on a continuing relationship of exchange, which involves mutual expectations that a benefit granted now should be repaid in the future. The norm of generalized reciprocity constitutes a highly productive component of social capital. Communities in which this norm is followed can more efficiently restrain opportunism and minimize inward group orientation and resolve problems of collective action by reconciling solidarity and self-interest (Nanetti and LaCava, 2002). Generalized reciprocity is associated with dense networks of social exchange, through which the core relationships between reciprocity, reputation and trust are developed in a mutually reinforcing way (El. Ostrom, 1998). Thus norms, and hence social capital, are sustained by socialization by processes of and by social sanctions.

The relevance of social capital to almost all areas of public policy draws on its capacity for resolving problems of collective action, such as the provision of various forms of public goods, and avoiding a situation known as *social trap* (Rothstein, 2002:290). Indeed, *public goods* constitute prisoners' dilemmas: that is, they can be enjoyed by everyone, regardless of whether he or she has contributed to their provision. Under ordinary circumstances, therefore, no one has an incentive to contribute to providing the public good, causing all to suffer. In a similar vein, in the *logic of collective action* (M. Olson, 1971:2) the presumption that the possibility of a benefit for a group would be sufficient to generate collective action to achieve that benefit is challenged. Olson's argument is based on the assumption that one has little incentive to contribute voluntarily to the provision of a collective good, unless he or she could be excluded from the benefits of that good, once it is produced. What all these cases underline is 'how perfectly rational individuals can produce, under some

circumstances, outcomes that are not "rational" when viewed from the perspective of all those involved' (El. Ostrom, 1990:6). The performance of all social institutions, from international credit markets to modern national and regional governments, depends on the way in which those dilemmas of collective action can be resolved (Putnam et al., 1993:164). The interesting part of these dilemmas is the irrelevance of traditional theories about rationality, which are based on the presumption that actors make choices according to their preference ordering to maximize utility. Yet, in dilemmas of collective action the choices made by agents actually depend on the expectation of what others will do (Rothstein, 2002:290). As D. Gambetta has pointed out, 'it is necessary not only to trust others before acting cooperatively, but also to believe that one is trusted by others' (1988:216). Indeed, norms of trust and reciprocity, as intrinsic elements of social capital, constitute the main tools for resolving collective action problems.

In sum, there is evidence to suggest that social capital, civil society and co-operative culture at large, as components of a governance paradigm that has become known as *participatory governance*, constitute key variables affecting the levels of effectiveness and efficiency in almost any area of public policy (see *inter alia* Paraskevopoulos and Leonardi, 2004). This seems to be particularly true, however, in the area of social policy and in achieving social cohesion at large (Saegert, Thompson and Warren, 2001; Leonardi and Nanetti, 2006).

### **3 The Challenge of Measurement of Social Capital: Theoretical and Methodological Approaches**

Theoretical work on the refinement of the concept of social capital over the last decade has led to its de-construction into three separate and almost mutually exclusive typologies. A first is the notion of social capital as 'bonding'. It refers to the inner strengths of primary social groups such as families, clans and neighbours in a community in defence of the group's interests and in particular as basic coping mechanisms for individuals in times of natural disasters and man-made crisis and in the absence of institutions (Narayan, 1998). It is sometime referred to as 'unsocial capital' (Margaret Levi, 1995). A second notion, and most widely subscribed to, is that of 'bridging' social capital, by which the associational capacity of a community is used to express the density of networks of social exchange, which in turn are viewed as forces counter-balancing the 'bonding' type of social capital.



Much of the empirical work, including a substantial body of comparative studies, aimed at measuring the stock of social capital in communities today is focused on 'bridging' (Putnam, 2002; Edwards et al, 2001). A third notion is that of social capital as 'linking'. It refers to the mechanisms which enable a community's associational capacity or 'bridging' social capital to express itself through political behaviour, thus interacting with public institutions and contributing to the production of public goods and outcomes (Leonardi and Nanetti, 2006). This is the least researched of the three de-constructed notions of social capital, perhaps because it entails longitudinal rather than cross-sectional studies, while ultimately it is most critical for public policy aims.

The crucial question from a public policy point of view is whether or not trust and subsequently 'bridging and linking' social capital (from here on to be referred to as social capital) can be created, particularly where it is needed and in short supply.<sup>5</sup> In this respect, a concern with regard to the role of the state in promoting collective action and building social capital through successful state/society synergies has emerged relatively recently in two different fields, the institutional literature (Ostrom, 1996) and the development planning literature (Nanetti and Christofakis, 2004; Nanetti and Lacava, 2000; Gittel and Vidal, 1998; Leonardi, 1995). With regard to the institutional literature, the basic argument in the *problematique* of 'crossing the great divide' derives from the debate between the 'endowments' and the 'constructability' approaches to state/society synergies. The former emphasizes the dependence of successful state/society synergies on a pre-existing strong civil society and presence of substantial stock of social capital and therefore points to a long-run process for success, while the latter stresses the possibility of social capital building in the medium term, through synergistic relations. According to the latter, the joint involvement of state, market and civil society (voluntary) institutions in development projects and the thus created synergistic relationships are viewed as key factors for enhancing collective action and enabling actors to be involved in the production of public goods. The evidence of successful synergies with a key-role attributed to the state comes from areas of the globe (i.e. Third World countries) where the presence of social capital is in demand (Evans, 1996).

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<sup>5</sup> For the SCSP Network this means the acknowledgment that "bonding" social capital is present in all countries in abundant quantities.

This argument, however, may be relevant to other areas/countries where the condition of social capital and civil society is widely considered as generally poor, such as the countries of Central and Eastern Europe (CEECs) and/or Cohesion countries of the EU. Overall, the institutional literature on the European experience seems to suggest that issues such as the structure and the degree of centralization of the state and the strength of civil society constitute the crucial parameters that determine the administrative capacity of the state and shape the public/private relations. Thus the main features of the state structure in the degrees of bureaucratization, centralization and clientelism can account for the way in which areas of public policy are regulated and the state/society relations are shaped (Grote, 1997; Putnam, 1993; Paraskevopoulos, C.J., 1998, 2001; Paraskevopoulos, C.J., and Leonardi, R., 2004). The smaller but growing development planning literature on the European experience suggests the critical importance and significant success of strategies that are built on local assets and leadership and are coupled with external triggers, such as the Community's structural funds, in igniting virtuous development cycles and enhance social capital at the local and regional levels in CEE and Cohesion countries (Nanetti and Christofakis; 2004; Nanetti, 2001; Leonardi, 2004; Nanetti, 2005 forthcoming).

In this regard, Sabel's optimistic view, based on the notion of 'studied trust', may be relevant. Studied trust refers to a 'kind of consensus and the associated forms of economic transactions' that result from associative, or cooperative, or autopoietic -that is self-creating- reflexive systems. Sabel's optimism on the creation of trust is based on the hypothesis that 'trust is a constitutive -hence in principle extensive- feature of social life' (1993:140). What Sabel's argument of studied trust underlines is the cumulative character of social capital. Success in starting small-scale institutions enables individuals to build on the, thus created, social capital to solve larger problems with more complex institutional arrangements. Trust and other forms of social capital, such as norms and networks, constitute 'moral resources', that is 'resources whose supply increases rather than decreases through use and which become depleted if not used' (Gambetta, 1988:56). For these reasons the creation and destruction of social capital are marked by virtuous and vicious cycles (Putnam with Leonardi and Nanetti, 1993:170; 1995). This presumption has engendered criticisms, focusing on its historicism and 'path dependence' logic (Goldberg, 1996; Sabetti, 1996; Levi, 1996; Tarrow, 1996). The inherent elements in institutional

learning evolutionist approach does not contradict the path dependence analysis, in the sense that the function of 'learning to cooperate' should be considered as a rather slow process. This approach, however, should be distinguished from the deterministic interpretations of history, since it emphasizes the bottom-up process for the creation of social capital through the 'structure-actors' interactions and hence redefines the role of public policy in encouraging initiatives, rather than imposing collective action and co-ordination.

Within this theoretical framework, measuring social capital is considered a difficult exercise, partly due to the co-existence of multiple definitions of what constitutes social capital, and partly because it may involve elusive and intangible proxies. Thus, the literature about the measurement of social capital -rooted in the definition of the concept by Coleman (1990:300-302) as "a set of inherent social-structural resources in the social organization ...such as trust, norms, and networks that can improve the efficiency of society by facilitating co-ordinated action"- suggests that the identification of social capital, a difficult enterprise in any event, involves a primarily twofold process: first, the *cultural dimension*, that is the identification of trust through mainly mass survey data; and second, the *structural dimension*, namely the identification of networks of civic engagement through, for example, data on membership in voluntary-community organizations (NGOs) (see *inter alia* Newton and Norris, 2000; Norris, 2000, 2001; Narayan and Cassidy, 2001; della Porta, 2000; Mishler and Rose, 2001; Putnam, 2002; Pharr and Putnam, 2000; Rothstein, 2002; Rothstein and Stolle, 2001; van Deth, 2000, 2001; Whiteley, 1999; Herreros, 2004).

However, this two-dimensional approach leads to a number of areas of concern with regard to the measurement of social capital internationally, across countries and/or across subjects/policy fields.

1. First, the distinction between *formal and informal ties/networks* refers to the fact that research on formal networks alone (e.g. by focusing on official records of membership in voluntary organizations), beyond the problems of reliability and consistency of the historical records, may be inadequate for capturing other forms of primarily informal and loose-knit memberships. The latter characterize the more decentralized, less bureaucratic organizations, such as the anti-globalization movements. Therefore, research should cover *all* forms of civic engagement, distinguishing among formal and informal as well as active and inactive organizational affiliations.

2. Second, the distinction between *'bridging'* and *'bonding'* networks and hence among inclusive and exclusive forms of social capital, is related to the type of networks, namely whether they are *'bonding'* networks based on any specific characteristic (race, ethnic origin etc.) and hence exclude outsiders, or, alternatively, *'bridging'* networks that connect heterogeneous groups and therefore are cross-cutting and inclusive. This is a very important parameter in the measurement process<sup>6</sup>. Similar, but not identical to this distinction is one referring to the *purpose* of the association: *altruistic* (other-regarding) offering services outside the membership and *'egotistic'* (self-regarding) which exists to further the interests of members.
3. Third is the distinction between individual and societal-level effects (Putnam, 2000; Putnam, et. al., 2000; Norris, 2001; Newton and Norris, 2000). As Newton and Norris (2000) have shown, while there may be weak links between social capital and confidence in political institutions at *individual* level, these factors are highly correlated at the *national/societal* level.
4. Fourth, the time dimension is problematic in the treatment of social capital. The passage of time may alter the stock of the (unobservable) social capital, it may alter the way the proxies are related to the underlying concept, it may alter the meaning of the proxies, or it may alter the implicit weights used in aggregation.<sup>7</sup> The nature of social phenomena is such that these changes are unlikely to be linear or smooth. The interpretation and effect of social capital is subject to alteration according to the state of public debate among the political actors. For example, the inclusion of frequent references to corruption and misgovernment in the (party political) discourse may itself lead to falls in social capital and may corrupt the measurement of social capital.
5. Fifth, the only long term empirical investigation of social capital as the determinant of institutional performance remains the twenty year long study of Italy's regions (Putnam with Leonardi and Nanetti, 1993). The social capital concept that was extracted from it consisted of a more complex set of indicators, measuring: diffused trust, generalized norms, associational behaviour, and acting on such norms and behaviour through civic engagement or what today is referred to as *'linking'* social capital, that is the nexus with institutions.

Taking the above considerations into account, there have been attempts to refine and formulate the measures used in social capital research. Thus, while it is widely accepted that the capturing of the structure-culture interplay -through the combination of the social networks/ associational membership (structural aspects) and civic norms/generalized trust (cultural aspects) components- should lie at the core and be intrinsic element of the process for the measurement of social capital, a wide variety of other variables/proxies directly or indirectly related to social capital, the so called

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<sup>6</sup> This distinction is related to the ease of entry and inclusion of new members.

<sup>7</sup> In this the measurement of social capital has similar problems to the measurement of capital in general – cf the *'capital controversy'* of the 1960s.

determinant and outcome measures, have also been incorporated into the measurement exercise. In that respect, Narayan and Cassidy (2001) -among others- have proposed a broader investigation employing three types of measures: the social capital measures which include a variety of variables, such as group membership, generalized norms, togetherness, everyday sociability, neighbourhood connections, volunteerism and trust; the determinant (of social capital) measures which are mainly focused on pride and identity and communication variables<sup>8</sup>; and finally, the outcome (of social capital) measures which include variables such as honesty and corruption, confidence in institutions, crime and safety and political engagement. Overall, as existing research suggests, social capital is an extremely complicated concept and therefore its investigation requires the development of a reliable and valid index, incorporating both associational membership and associational activism measures, social trust, as well as, determinant and outcome measures (three-stage approach).

For capturing the associational membership vis-à-vis associational activism distinction Norris (2001) has adopted a three-stage approach, culminating in a scale weighting active membership, passive membership and not belonging<sup>9</sup>. There is an ever expanding literature on the determinant and the outcome measures. The determinant measures relate with socio-psychological and identity measures (Whiteley, 1999) such as life satisfaction, pride & identity and other communication variables such as television viewership, papers readership and radio listenership (Norris, 2000). The outcome measures refer to perceptions and measures of corruption (della Porta, 2000), confidence in institutions (Newton and Norris, 2000) and political interest (Rothstein and Stolle, 2001).

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<sup>8</sup> The importance of communication variables as a determinant of social capital is only if what is measured is “informed communication”, such as political news, debates on public issues, etc.

<sup>9</sup> While associational membership according to the World Values Survey (WVS) is measured by the typical question: [*“I am going to read off a list of voluntary organizations; for each one could you tell me whether you are an active member, an inactive member or not a member of that type of organization?”*], the first stage refers to the development of a specific (VOL-ANY) measure that gives an overall summary of belonging to any of the categories of voluntary organizations. The second stage involves the so called (VOL-ORG) measure, which focuses on capturing the spread of multiple and/or overlapping memberships through estimations of the mean number of associational categories that people join. Finally, the third measure (VOL-ACT) involves the creation of a scale weighting active membership, passive membership and not belonging. For the investigation of social trust -despite the problematic/limited character of the measure- the question of the WVS [*“Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?”*] is widely acceptable.

Nonetheless, although it has become clear from existing research that all these variables are very important for and linked to the building of social capital, there seems to be an ambiguity/concern with regard to their logic of causality, i.e. what determines/causes what. Obviously, given the importance of the 'linking' form of social capital for public policy, the ambiguity in relation to the role of public institutions and the state's institutional infrastructure at large is particularly crucial.

In that respect, the so called *institutional theory of trust* (Rothstein and Stolle, 2001; Rothstein, 2002) attributes a very important role to the perceptions of fairness and impartiality of public institutions on the part of citizens as a crucial variable/determinant affecting the creation of generalized trust and hence the building up of social capital. Given that what this theory implies is the importance of the principles of *impartiality* and *universalism* in public policy-making in general and policy implementation in particular, the link to formal state institutions and hence to the 'linking' form of social capital becomes clear. This is particularly true for the *universal welfare state* as the main pillar/guarantor of universalism. In this framework, given that confidence in institutions is widely regarded as a very important measure/proxy for the identification of social capital, what really matters is not confidence in institutions in general, but rather confidence in the institutions mostly involved in the implementation of public policies, that is confidence in the -impartiality of- the so called *street-level bureaucracy*. In a similar vein, Herreros (2004) points to the crucial role of formal social and political institutions -as providers of external solutions to dilemmas of collective action- in the creation of social capital in two important respects: first, a direct one, as guarantor of agreements, that is sanctioning agent; and second, an indirect one, as facilitator of increased participation in associations and hence of building social capital through the provision of selective incentives. While the former function refers to the role of social and political institutions as an impartial state (*street-level*) bureaucracy, the latter refers to the universal welfare state. Yet, this measure becomes relevant at the societal and cross-national and not at the individual level of analysis (Newton and Norris, 2000; Mishler and Rose, 2001). In other words, while institutional performance and not culture determines trust in institutions at the individual level, at the societal/national level social capital may play a crucial role as determinant of institutional performance that leads to trust in institutions at the individual level. Perceptions of corruption, such as those collected by Transparency International, are widely used as a very

important measure/proxy of confidence in institutions and hence of social capital (della Porta, 2000).

Finally, another matter related to both the confidence in institutions and citizens' activism is the interconnectedness between social capital and participation/activism in politics. This relationship, however, is not as straightforward as it seems to be. In particular, only association membership appears to be positively related to political engagement, while the correlation between social trust and political activism is very weak (van Deth, 2000, 2001). Furthermore, the decline in party politics participation and mobilization may be relatively easily substituted by the emergence of civic participation in the so called new social movements, NGOs etc., in very important public policy areas, such as the environment and sectors of social policy, as indeed has happened in a number of instances. Thus the significant decline in party mobilization and political engagement in the narrow (party-centred) sense in general, may be viewed within the framework of the crisis of the principal-agent model of representation and decision-taking, especially in the field of public policy planning and implementation. In this respect, the social capital-based collective action and the subsequent emergence of civic society organizations as important players in the policy-making process may be considered as complementary forms of political participation and representation to the more traditional ones, namely party politics. Although this trend may to some extent reflect country-specific peculiarities and specificities, in macro-analytical terms, it also may be a symptom of more general changes occurring at the international level, such as changes in the paradigms of political economy (globalization) and governance that made domestic politics somewhat "irrelevant" or less relevant for a person's everyday life. This, however, may have been a sort of "trend of the 1990s", given that recent research points to the opposite direction, namely to the crucial importance of domestic institutional structures for public policy outcomes and not the other way round (Swank, 2002). In sum, given all the above, the interconnectedness between social capital and political engagement is a very complicated one and, hence, under these circumstances, the latter may not be as good an outcome measure or proxy for social capital identification as many have hypothesized.

In light of the above analysis, the categorization of indicators/measures and proxies that are widely used for the measurement of social capital may be as follows.

**Table 1: Indicators used in Social Capital research**

<b>Determinant (Sources/Origins) Measures</b>	<b>Social Capital Measures</b>	<b>Outcome Measures</b>
Socio-psychological and identity measures (life-satisfaction, pride and identity)	Social Networks Membership (Voluntary – Associational - NGO memberships, activities, involvement, rates of engagement, work relations...)	Well-being, happiness
Communication variables (television viewership, papers readership, radio listenership)	(Structural aspects)	Perceptions of institutional performance and confidence in public institutions
Demographic traits (age, gender, class, race, marital and parental status...)	Generalized (social) trust measures (Cultural aspects)	Perceptions and measures of corruption
Occupation status (working hours, kind of work, employment status...)		Political interest and political participation (voting, party membership, activities, intensity...)
Education		

In that respect, the data from Special Eurobarometer 223 undoubtedly covers a wide variety of the variables, measures and proxies mentioned above as indicators widely used in social capital research and therefore it can provide the ground for carrying out social capital measurements from a comparative, pan-European perspective. In particular, the data from Eurobarometer 223 refers to the following broad categories of variables/proxies that can be used for the measurement of the stock of social capital in the Member States: Generalized (Social) Trust; Social Contacts (friends, work colleagues, neighbours); Social Networks (related to informal support provision and/or reception); Social Care Provision; Interest in Politics (party membership and engagement); Associational Membership (voluntary organizations, and forms of participation); Citizenship Measures; Well-being and Life Satisfaction; and above all, Access to and Satisfaction from a wide variety of Public Services. Despite the lack of data for the measurement of important categories of variables/proxies, such as relevant *communication variables* (i.e. paper readership, television viewership etc.), *trust in institutions* and *perceptions of corruption*, as well as of data for *control variables* (i.e. education, occupational status etc.) per country, the data from Eurobarometer 223 can be used for the measurement of the stock of social capital across Member States. Additionally, it can also provide the necessary



link and/or account for the existing variation in terms of welfare state and/or social policy styles across Member States.

The European Social Survey (ESS) (2002/2003), on the other hand, focuses in Round I on social capital inasmuch as it includes multiple questions on social trust, trust in institutions, social participation in voluntary organizations, selected aspects of social networks, and related human values. Additionally, the ESS incorporates measures, which can be taken as explanatory variables in further analysis as well as some indicators on possible consequences of social capital (e.g. trust in institutions).

Thus, although survey data on social capital is very similar across various surveys in Europe, we present analyses on a selection of the two major surveys (EB and ESS) here. The main reasons for that are:

1. different points in time. Data from the EB is absolutely new (autumn 2004) whereas the ESS data stems from 2002-3;
2. different participating countries. The EB includes all member states and additionally data on Bulgaria and Romania. The European Social Survey includes all EU15 states, four of the new member states (the Czech Republic, Hungary, Poland and Slovenia) and Israel;
3. different sample sizes. The EB has a sample size of approximately 1000 respondents in each country. The European Social Survey doubles this figure. We therefore can have a look at differences due to varying sample size although as both surveys strive for large sample size, differences shall not be linked to this aspect.

We have adopted a two-stage approach to carry out this research task. The first stage focuses on capturing the structure-culture nexus and involves the creation of a social capital index, based on measures of social trust and associational and/or voluntary organizations memberships, following Norris's (2001) methodology. In the second stage the main goal is to identify the relationships between the social capital index scores and other –determinant, outcome- variables and to account for the variation in social capital endowments among EU countries. For, we carry out correlations and regressions between the social capital scores and the other variables, with particular emphasis on the variables/proxies related to access to and satisfaction from public services. In this way, we create the necessary research basis

for establishing the link and/or the line of reasoning between the existing variation in welfare state and/or social policy styles and social capital endowments among EU member states and thus testing fundamental hypotheses of the *institutional theory of trust* which stresses the role of formal state institutions and especially the welfare state as crucial determinants for the creation of generalized trust and the building of social capital. Finally, we use data from Corruption Perceptions Index (CPI) of Transparency International (2004) as an additional/indirect measure of trust in –the effectiveness and efficiency of- public institutions.

#### **4 Social Capital Endowments in the EU**

As mentioned in the previous section, *Eurobarometer 223* provides a rich database covering a wide variety of variables, measures and proxies used in social capital research and therefore a good ground for mapping the existing similarities and differences in social capital endowments across Europe, East and West. However, although large social surveys contribute substantially to theoretical refinement, sophistication and conceptual understanding in social research, one has to make inferences with caution when dealing with survey data. In other words, cautious interpretation is always necessary regardless of the quality of the data provided. Keeping the above in mind, we have created groupings of variables which correspond to the theoretical and methodological framework established in the previous section and which will facilitate the investigation of social capital across EU member states. These include: a social capital index, combining social trust and associational memberships to capture the structure-culture nexus; the life satisfaction measure; the well-being measure, incorporating the relevant variables; a social networks measure; access to and satisfaction from public services measures; social contacts with friends, colleagues and neighbours measures; a social care measure; and finally a measure of corruption, as an indirect way to identify confidence in institutions. In that respect, this section will first present the social capital index which provides a first indication about the existing differences in social capital endowments among EU countries. Then it presents inter-correlations between social capital and the other groups of variables to identify the possible relationships with the so called determinant and/or outcome measures and proxies. In the following sub-sections we present correlations between social capital (social trust) and each one of the groups

of variables to highlight the similarities and differences among member states. Finally, we present an all-encompassing hierarchical clustering to highlight the existing differences in social capital endowments and capacities of collaborative collective action across the 27 countries when all the variables are taken into account.

#### **4.1 The Social Capital Index**

The social capital index involves the capturing of the nexus between the main aspects of social capital, namely structure and culture, through measures of associational membership and social trust. Measures of associational membership normally include membership of at least one voluntary organization (vol.any), a number of multiple organizational memberships (vol.org) and a combined score (vol.act) of active membership, passive membership and no membership at all in any category of organization. The measurement of social trust, on the other hand, is based on the proportion responding “*most people can be trusted*” in each society. The construction of the social capital index on the basis of Eurobarometer 223 data, however, has been based on a combination between social trust and number of multiple organizational memberships (vol.org). This is because it was very difficult from the data provided to distinguish between active and passive memberships and therefore to end up with a cohesive combined score (vol.act). Nonetheless, we are confident that the measure of organizational memberships adequately captures the dynamism of associational membership across the EU member states.

The social capital index (table 2) provides a first indication about the existing differences in social trust, associational memberships and subsequently capacity for collaborative collective action between the EU member states and candidate countries, as well as between old and new member states. In that respect, the Scandinavian countries (Sweden, Denmark, Finland) and the Netherlands demonstrate by far the highest scores in the index in both the social trust and associational membership indicators. Additionally, and interestingly enough, they appear to be well above all the other member states, with around two-third of the population responding “*most people can be trusted*” and more than that declaring membership in at least one voluntary organization. These countries are followed by a group of continental/Western European countries –from Luxemburg to UK, Ireland, France and Germany- which generally demonstrate rather medium levels of both

social trust and associational memberships. Three observations deserve reference with regard to this group of countries: first, the presence of Slovenia and Estonia with quite high scores in both variables; second, the particularly low score of Italy; and third, in evaluating Germany's position, one has to take into account that its score is actually a composition between a particularly high score for West Germany and a particularly low one for the Eastern parts of the country.

**Table 2: Social Capital Index**

Country	N	Social Trust	Vol.Any	Vol.Org	Social Capital Index
		Most people Can be trusted			Social Trust x Vol.Org
Sweden (SE)	993	0.65	0.93	2.80	1.82
Denmark (DK)	1010	0.75	0.90	2.38	1.79
Netherlands (NL)	1026	0.62	0.84	2.21	1.37
Finland (FI)	1032	0.61	0.76	1.53	.93
Luxembourg (LU)	384	0.31	0.78	1.87	.58
United Kingdom (UK)	1290	0.36	0.56	1.06	.38
Ireland (IE)	1067	0.34	0.59	1.07	.36
Austria (AT)	995	0.33	0.59	1.02	.34
Belgium (BE)	960	0.30	0.58	1.14	.34
Germany (DE)	1505	0.34	0.56	0.98	.33
Slovenia (SI)	1023	0.24	0.57	0.94	.23
France (FR)	982	0.22	0.56	0.90	.20
Spain (ES)	1001	0.36	0.29	0.46	.17
Estonia (EE)	991	0.33	0.37	0.53	.17
Malta (MT)	493	0.22	0.44	0.73	.16
Italy (IT)	1031	0.22	0.33	0.48	.11
Cyprus (CY)	466	0.19	0.39	0.60	.11
Portugal (PT)	1048	0.24	0.25	0.32	.08
Czech Republic (CZ)	1110	0.17	0.36	0.47	.08
Hungary (HU)	991	0.25	0.21	0.26	.07
Slovakia (SK)	1295	0.16	0.38	0.42	.07
Greece (EL)	1009	0.18	0.26	0.31	.06
Latvia (LV)	984	0.15	0.27	0.35	.05
Lithuania (LT)	1005	0.14	0.22	0.28	.04
Romania (RO)	986	0.17	0.19	0.24	.04
Bulgaria (BG)	870	0.20	0.16	0.18	.04
Poland (PL)	1020	0.10	0.25	0.34	.03
<b>EU15</b>	<b>15297</b>	<b>0.33</b>	<b>0.51</b>	<b>0.93</b>	<b>.31</b>
<b>EU25</b>	<b>24774</b>	<b>0.30</b>	<b>0.47</b>	<b>0.82</b>	<b>.25</b>
<b>NMS10</b>	<b>9390</b>	<b>0.15</b>	<b>0.28</b>	<b>0.38</b>	<b>.06</b>
<b>Total</b>	<b>27008</b>	<b>0.29</b>	<b>0.45</b>	<b>0.80</b>	<b>.23</b>

Source: Eurobarometer 62.2 (2004). Data weighted.

Note: Explanation of variables. Social Trust: the proportion responding "most people can be trusted". Vol. Any: the proportion of the adult population who say they belong to at least one category of voluntary organization. Vol.Org: the number of organizational sectors to which people belong.

Finally, there is a third group of countries demonstrating particularly low scores in the social capital index, as well as in both the social trust and associational membership indicators. This group consists primarily of countries of South-Eastern Europe and the Balkans. Poland's position –demonstrating the lowest level of social capital due to its extremely low level of social trust- is worth mentioning in this regard. As for the differentiation between old and new member states the index demonstrates the existing huge gap between the EU fifteen and the ten new member states in both the social trust and associational membership indicators.

#### **4.2 Social capital, determinant and outcome measures/proxies**

This sub-section presents inter-correlations between social capital and each one of the other ten groups of determinant and/or outcome variables and proxies, as well as between the other variables themselves, to identify the relationships, if any, between all the variables/proxies directly or indirectly related to social capital research. This is a necessary step for identifying the level of significance of any existing relationship between the variables and subsequently for providing the ground for the construction of the hierarchical clustering of the member states.

Thus, as table 3 demonstrates, social capital is highly correlated with almost all the other variables/proxies (correlations significant at the 0.01 level) with the exception of social care for others where the correlation is at the 0.05 level. However, it is not statistically significantly correlated with social contacts with neighbours, while it is negatively, albeit significantly, correlated with social contacts with colleagues. Additionally, most of the other variables are rather negatively correlated with the social contacts with colleagues and neighbours variables, while social care for others, as it might have been expected, is only significantly correlated with social capital, social networks and life satisfaction. What the above analysis suggests is that social contacts and socializing at large, especially with colleagues and neighbours, might not be as important predictor/determinant of social capital as it was hypothesized in previous research and therefore they might not be included as variables in the hierarchical clustering of the countries.

**Table 3: Correlations between Social Capital, Determinant and Outcome variables**

		1	2	3	4	5	6	7	8	9	10	11
1. Social Capital Index	R	1.000	.556 **	.683 **	.739 **	.686 **	.603 **	.601 **	.555 **	-.397 *	-.166	.394 *
	N	27	27	27	27	27	27	27	27	27	27	27
2. Life Satisfaction	R	.556 **	1.000	.449 *	.778 **	.942 **	.749 **	.804 **	.160	-.570 **	-.370	.393 *
	N	27	27	27	27	27	27	27	27	27	27	27
3. Social Networks	R	.683 **	.449 *	1.000	.440 *	.470 *	.474 *	.505 **	.557 **	-.097	.157	.716 **
	N	27	27	27	27	27	27	27	27	27	27	27
4. Corruption	R	.739 **	.778 **	.440 *	1.000	.889 **	.722 **	.763 **	.261	-.472 *	-.407 *	.376
	N	27	27	27	27	27	27	27	27	27	27	27
5. Well being	R	.686 **	.942 **	.470 *	.889 **	1.000	.786 **	.827 **	.299	-.501 **	-.367	.364
	N	27	27	27	27	27	27	27	27	27	27	27
6. Access to Pub. Services	R	.603 **	.749 **	.474 *	.722 **	.786 **	1.000	.977 **	.168	-.444 *	-.297	.259
	N	27	27	27	27	27	27	27	27	27	27	27
7. Satisfaction with Pub. Services	R	.601 **	.804 **	.505 **	.763 **	.827 **	.977 **	1.000	.145	-.478 *	-.331	.355
	N	27	27	27	27	27	27	27	27	27	27	27
8. Social Contacts: Meeting friends	R	.555 **	.160	.557 **	.261	.299	.168	.145	1.000	.249	.528 **	.206
	N	27	27	27	27	27	27	27	27	27	27	27
9. Social Contacts: Meeting Colleagues	R	-.397 *	-.570 **	-.097	-.472 *	-.501 **	-.444 *	-.478 *	.249	1.000	.580 **	-.246
	N	27	27	27	27	27	27	27	27	27	27	27
10. Social Contacts: Meeting Neighbours	R	-.166	-.370	.157	-.407 *	-.367	-.297	-.331	.528 **	.580 **	1.000	.075
	N	27	27	27	27	27	27	27	27	27	27	27
11. Social Care for Others	R	.394 *	.393 *	.716 **	.376	.364	.259	.355	.206	-.246	.075	1.000
	N	27	27	27	27	27	27	27	27	27	27	27

\*\* . Correlation is significant at the 0.01 level (2-tailed).

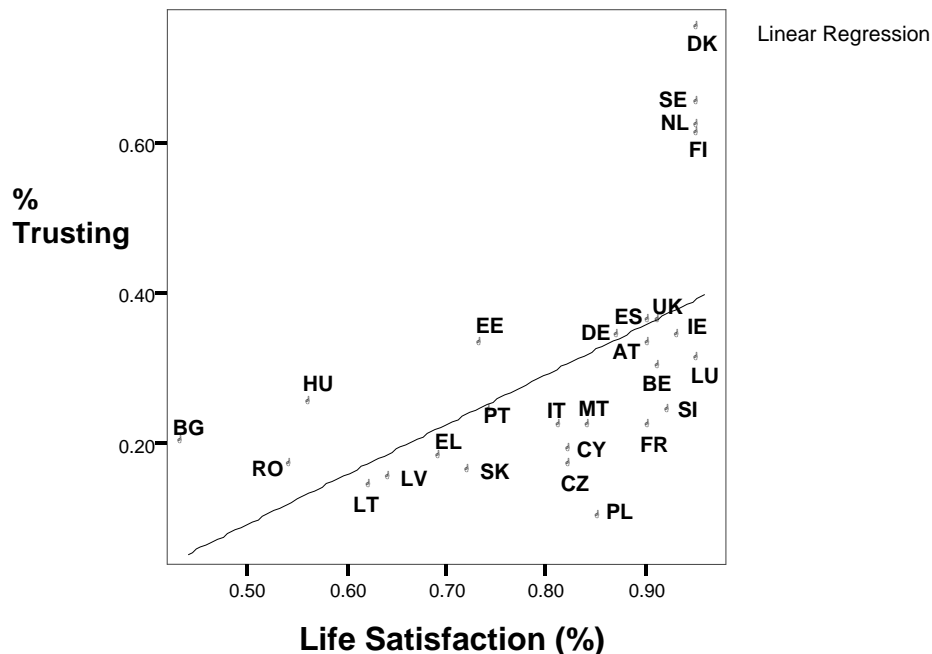
\* . Correlation is significant at the 0.05 level (2-tailed).

Notes: Explanation of variables: 1) Social capital index: as previous subsection. 2) Life satisfaction: per cent responding “satisfied” to the q. about life satisfaction in general. 3) Social networks: mean receiving and providing support. 4) Corruption: CPI 2004 score. 5) Well-being: mean (per cent) responding “satisfied” to the q. about satisfaction with regard to own health, family life, social life, personal safety, financial situation, home, tap water, air quality, current job and way democracy works. 6) Access to public services: mean (per cent) responding “satisfied” to the q. about satisfaction with regard to access to public transport, educational system, health system, social housing, training and child care. 7) Satisfaction from public services: mean (per cent) responding “satisfied” to the q. about satisfaction from public transport, educational system, health system, social housing, training and child care. 8) Social contacts with friends: valued index ranging from 1-5 according to the frequency of meetings. 9) Social contacts with colleagues: valued index ranging from 1-5 according to the frequency of meetings. 10) Social contacts with neighbours: valued index ranging from 1-5 according to the frequency of meetings. 11) Social care for others: valued index ranging from 1-5 according to the frequency of providing help to others.

### 4.3 Social capital and life satisfaction

Life satisfaction, a well-known predictor of generalized trust and social capital in existing social capital research, appears to be highly (.556) and statistically significantly (at the 0.01 level) correlated with social capital. In that respect, life satisfaction constitutes an important proxy/measure for identifying similarities and differences in social capital and capacity for collaborative action across EU member states as well. The measurement of the variable in Eurobarometer 223 is based on the proportion responding “satisfied” to the question about life satisfaction in general.

**Figure 1: Life Satisfaction and Social Trust<sup>10</sup>**



Although the overall picture emerging from the linear regression between life satisfaction and social trust depicted in figure 1 appears to be quite similar to that identified with the social capital index in terms of differences in social capital and capacities for collective action between the EU member states, a couple of points deserve attention with regard to the differences in the relationship between life

<sup>10</sup> Correlations with social trust indicators, instead of the social capital index, have been chosen because they produce better presentation results.

satisfaction and social trust. First, while the Scandinavian countries (Sweden, Finland, Denmark) and the Netherlands, depicted at the top right of the figure, are again well above all the other member states demonstrating very high levels of life satisfaction and social capital followed by a rather cohesive group of Western European countries (i.e. UK, Germany, Austria, Ireland, Luxemburg etc.), countries of Central, Eastern (CEE) and Southern Europe (i.e. Czech Rep., Greece, Cyprus, Estonia etc.), despite their generally low level of social capital, are depicted around the centre of the graph, because of their relatively high degree in life satisfaction. Second, mainly the Balkan countries (Bulgaria, Romania), depicted at the bottom left corner of the graph, demonstrate very low levels of both social capital and life satisfaction.

#### **4.4 Social capital and social networks**

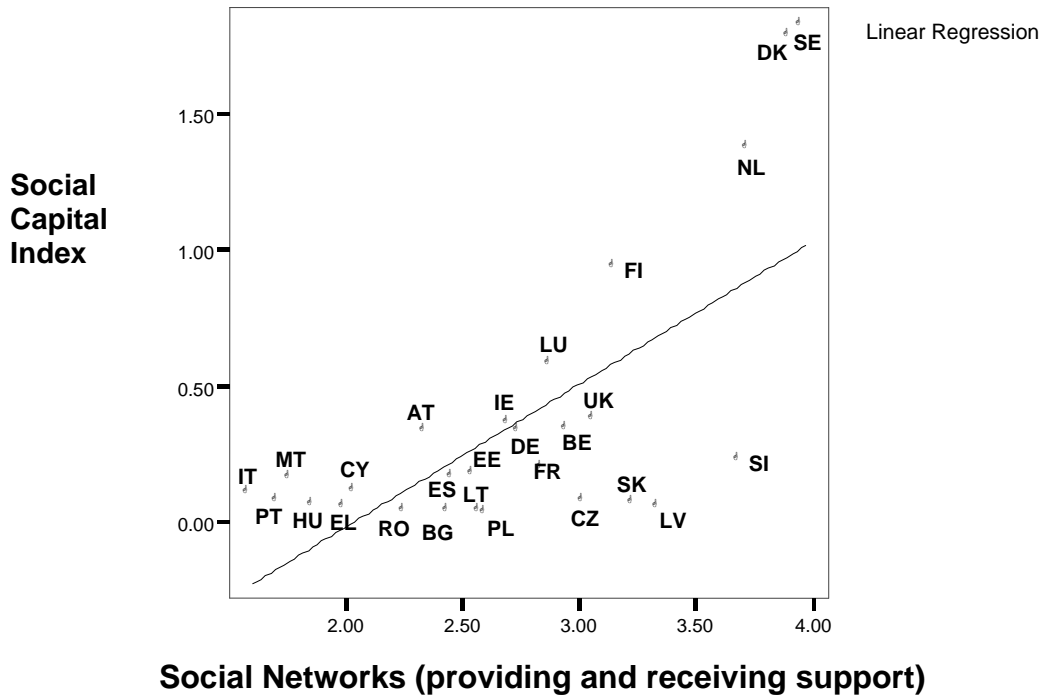
Social networks are considered as another “well-established” predictor of social capital in previous research. Thus, as it might have been expected, it appears to be very highly (.683) and statistically significantly (at the 0.01 level) correlated with social capital. Undoubtedly, social networking constitutes a very important proxy/measure for identifying similarities and differences in social capital and capacity for collective action among EU member states. The measurement of the variable on the basis of the data from Eurobarometer 223 has relied on calculations of mean numbers of receiving and providing support to others in selected fields of life, such as personal care, borrow money, etc.

What the correlation of figure 2 demonstrates is that the Scandinavian countries and the Netherlands -with very high levels of social networking and social capital- are depicted at the top-right corner of the graph, well above all the other EU countries. Countries of Western and/or continental Europe, i.e. France, UK, Germany, Austria, etc., because of their rather medium levels in social networking and social capital, are depicted around the central part of the graph. What is worth stressing, however, is the position of Southern and Eastern European countries. In particular, primarily countries of Southern (Italy, Greece, Portugal) and secondarily of Eastern Europe and the Balkans are depicted at the bottom-left corner of the graph, demonstrating very low levels in both social capital and social networking measurements. Obviously, this may be an indication



of potential links with the existing variation in the types of welfare states and social policy styles at large. This, however, will be the subject of the next section.

**Figure 2: Social Capital and Social Networks**



Additionally, the analysis of the European Social Survey yields the results listed in table 4. In a general perspective, Europeans are rather helpful according to these findings. Although highest rates concerning social care can be observed in central European countries (Austria, Germany, Slovenia, Switzerland) and the Benelux, it is rather hazardous to speak about geographical groups of countries, as the other countries do not categorize according to a map design. As can be seen, societies across Europe vary according to this aspect of social capital. In Austria, Belgium, Germany, the Netherlands, Slovenia and Switzerland, people are quite often involved in helping others in specific situations without getting any awards for the help.

**Table 4: Social Care for Others. Frequencies of People Providing Help For Others. In percent.**

Social Care	Social Care. Helping Others								% at least once a week
	N	Every day (1)	Several times a week	Once a week	Several times a month	Once a month	Less often	Never (7)	
Austria	2146	12	25	14	20	10	13	5	51
Belgium	1862	10	17	12	19	13	20	9	39
Czech Republic	1298	4	6	9	11	9	49	11	19
Denmark	1466	6	14	17	17	18	19	8	37
<i>EU15</i>	30299	8	13	11	17	12	24	15	33
Finland	1994	4	9	10	15	16	36	10	22
France	1463	4	10	8	17	16	17	27	22
Germany	2878	12	20	14	23	10	18	4	45
Greece	2459	4	8	6	20	18	38	7	17
Hungary	1627	9	12	9	17	14	28	11	30
Ireland	2010	9	11	15	11	12	26	15	35
Israel	2428	14	15	12	15	12	26	6	41
Italy	1171	10	8	7	11	8	35	21	25
Luxembourg	1487	8	12	10	16	11	29	13	31
Netherlands	2347	11	20	15	17	12	18	6	46
Norway	2034	4	15	12	19	15	29	7	31
Poland	1970	5	7	8	16	16	35	13	20
Portugal	1449	2	9	9	26	21	25	8	20
Slovenia	1498	12	13	13	22	14	20	6	38
Spain	1600	5	9	7	12	11	36	19	22
Sweden	1976	7	15	14	17	14	24	9	36
Switzerland	1984	11	19	18	19	18	11	4	47
United Kingdom	2042	9	14	14	12	12	20	19	37
<b>Total</b>	<b>36402</b>	<b>8</b>	<b>13</b>	<b>11</b>	<b>16</b>	<b>12</b>	<b>25</b>	<b>14</b>	<b>32</b>

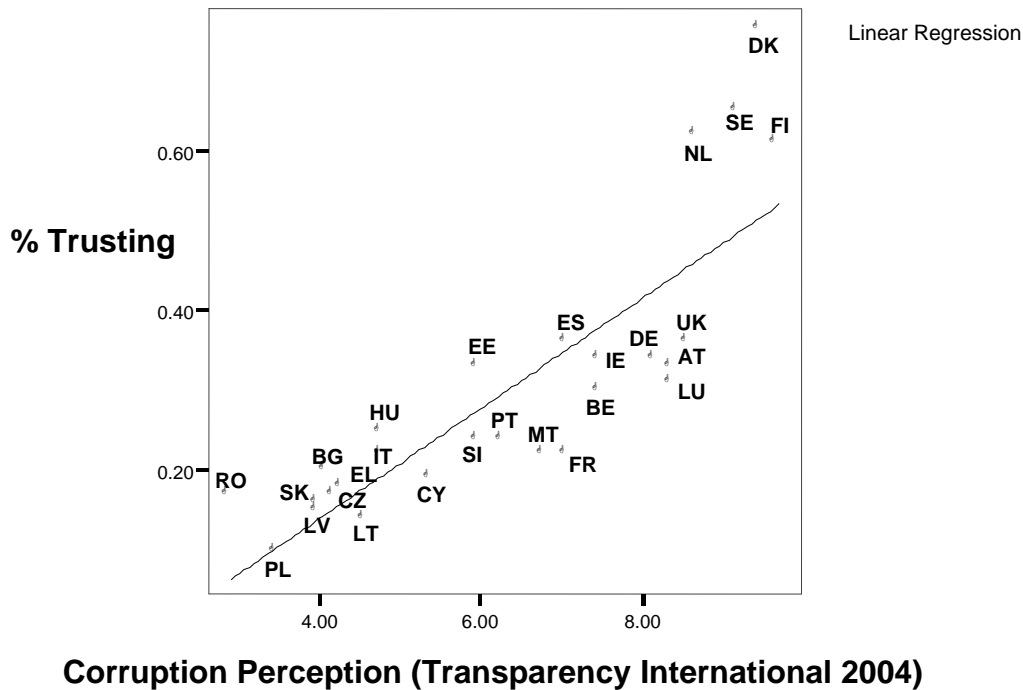
Source: the European Social Survey Round I 2002-3. Data weighted (by DWEIGHT)

Approximately about 25-30% of the respondents in these countries report to help others at least several times a week. People in the Czech Republic, Finland, France, Poland and Spain are not so helpful in this respect. More than 40% of the sample say that they help others less often than once in a month. In Italy, a large share of one fifth of the population admits to never help other people except their family, work colleagues or acquaintances in voluntary organizations. In some respects, the ESS and the EB contradict each other concerning social care as it changes the order of countries concerning the frequency of help. But to evaluate which survey yields the more appropriate results is hard and not possible here. Both question wordings are exactly the same. Between the two surveys, two years have passed; a rather short time to speak of profound changes concerning frequency of helping others. But all in all, survey results go along with each other in the main parts (albeit national deviations but that can also be due to time passing by and some weighting mechanisms) (Wallace, et.al., 2004).

#### ***4.5 Corruption and social capital***

The level of corruption, measured as score of the Corruption Perceptions Index (CPI), constitutes a crucial indirect proxy for confidence in public institutions and hence a powerful predictor of social capital, widely used in social capital research. This is the main reason why we introduced the measure in our analysis: to compensate for the lack of measures relevant to trust in institutions in Eurobarometer 223. Indeed, the level of corruption appears to be extremely highly (.739) and statistically significantly (at the 0.01 level) correlated with social capital/social trust. In that respect, the level of corruption is viewed as a very important proxy for identifying similarities and differences in social capital and capacity for collective action within EU countries, as well as for investigating the role of institutions in this process. The measurement of the variable has been based on the CPI 2004 scores.

**Figure 3: Corruption Perceptions and Social Trust**



Note: The CPI scores range from 10 (corruption-free) to 0 (totally corrupt)

The picture emerging from the correlation in Figure 3 is similar in many respects to the previous correlations: that is the Scandinavian countries and the Netherlands - with very low levels of corruption and very high levels of social capital- depicted at the top-right corner of the graph, well above all the other EU countries, followed by countries of Western and/or continental Europe, i.e. UK, Germany, Ireland, Austria, etc., with relatively low levels of corruption and relatively high levels of social capital. The countries of South-Eastern Europe and the Balkans (Greece, Romania, Bulgaria) are depicted at the bottom-left corner of the graph, demonstrating very low levels of social capital and very high levels of corruption. What is striking, however, is the position of Poland at the far bottom-left corner, demonstrating the highest level of corruption and the lowest level of social capital.

In a similar vein, table 5, based on ESS data, focuses on the link between social capital and trust in political and order institutions. Trust in political and order institutions of the democratic system of each nation and Europe is taken as a reasonable concept to look for possible consequences of social capital. Additionally, trust in the national

parliament, in the legal system, in the police and in politicians provide measures of institutional trust at the national level, whereas trust in the European parliament and the United Nations refers to the supra- and international level.

In that respect, rates of trust in the different political institutions vary to a large extent across Europe. As can be seen from the European perspective, on the average, trust in national parliaments is as high as in the European parliament. However, trust in parliaments is generally lower than the trust in the legal system, police and even in the United Nations. Turning to the national level, patterns in table 4.12 reveal that trust in institutions of the state is the highest in the Scandinavian countries i.e. Denmark, Finland, Norway and Sweden. On an 11-point scale ranging from 0 to 10, for instance, the Danes trust very much the police (7.9) and the legal system (7.1). The Danes' trust in police is the highest observed of all. Interestingly, trust is high in all institutions in Denmark and other Northern European countries, except for the Swedish reservations against the European parliament (4.0). Sweden is also the country where people show the largest differences in trust in the national and the European parliaments (Wallace, et.al., 2004).

In relation to the generally low trust in political institutions, two representatives of the new member states in the European Union are in the lead. In the Czech Republic trust is very low in national institutions. The mean level of trust in politicians is only 3.2, indicating that the average Czech reports a value of 3 on a scale ranging from 0 to 10, where 10 indicates the highest possible trust. In Poland this kind of trust is even lower (2.7). In these two countries, trust in the EP is much higher than in the national parliament. Polish people show a mean level of 4.8 points concerning trust in the EP, that is 1.3 points more than trust in the national parliament (Wallace et.al., 2004).

On the other hand, in a European perspective, it is eye catching that trust in the European parliament varies much across European societies. In countries like Greece, Hungary, Italy and Luxembourg, trust in the EP is high (means higher than 5.0). On the other side, low trust can be observed especially in the UK (3.6). Astonishingly, the largest differences in trust comparing the national and the European parliament are found in the Scandinavian countries (mean differences larger than 1.0). In Sweden the mean of national trust is 1.9 points higher than trust in the EP (Wallace, et.al., 2004).

**Table 5: Trust in Institutions of Political Interest. Means at the National Level.**

Country	Institutions						Difference between European and national parliament
	National Parliament	The Legal System	The Police	Politicians	The European Parliament	The United Nations	
Austria	5.1	6.1	6.4	3.5	4.2	4.5	-0.9
Belgium	5.0	4.4	5.6	4.3	4.9	5.1	-0.1
Czech Republic	3.6	3.8	5.0	3.2	4.7	5.3	1.0
Denmark	6.2	7.1	7.9	5.5	4.8	6.5	-1.4
<b>EU15</b>	<b>4.7</b>	<b>5.3</b>	<b>6.3</b>	<b>3.7</b>	<b>4.6</b>	<b>5.2</b>	<b>-0.1</b>
Finland	5.8	6.8	8.0	4.8	4.9	6.5	-0.9
France	4.5	4.8	5.9	3.6	4.4	4.6	-0.1
Germany	4.5	5.7	6.7	3.5	4.5	5.2	0.1
Greece	4.8	6.3	6.4	3.5	5.8	4.6	0.9
Hungary	5.0	5.1	4.9	3.9	5.7	6.0	0.7
Ireland	4.4	5.1	6.5	3.8	5.1	5.7	0.7
Israel	4.7	6.6	6.3	3.3	4.1	4.0	-0.6
Italy	4.8	5.5	6.7	3.5	5.5	5.6	0.7
Luxembourg	5.7	6.2	6.4	4.8	5.0	5.1	-0.7
Netherlands	5.2	5.4	5.8	4.9	4.7	5.4	-0.5
Norway	5.7	6.3	7.0	4.6	4.7	6.8	-1.0
Poland	3.5	3.7	5.0	2.7	4.8	5.6	1.3
Portugal	4.4	4.3	5.1	2.8	4.9	5.4	0.4
Slovenia	4.0	4.3	4.9	3.1	4.7	4.9	0.6
Spain	4.8	4.3	5.4	3.4	4.8	4.7	0.0
Sweden	5.9	6.1	6.8	4.7	4.0	6.6	-1.9
Switzerland	5.8	6.2	6.8	4.9	4.8	5.4	-1.0
United Kingdom	4.7	5.0	6.0	3.8	3.6	5.3	-1.0
Total	4.6	5.1	6.1	3.6	4.6	5.3	0.0

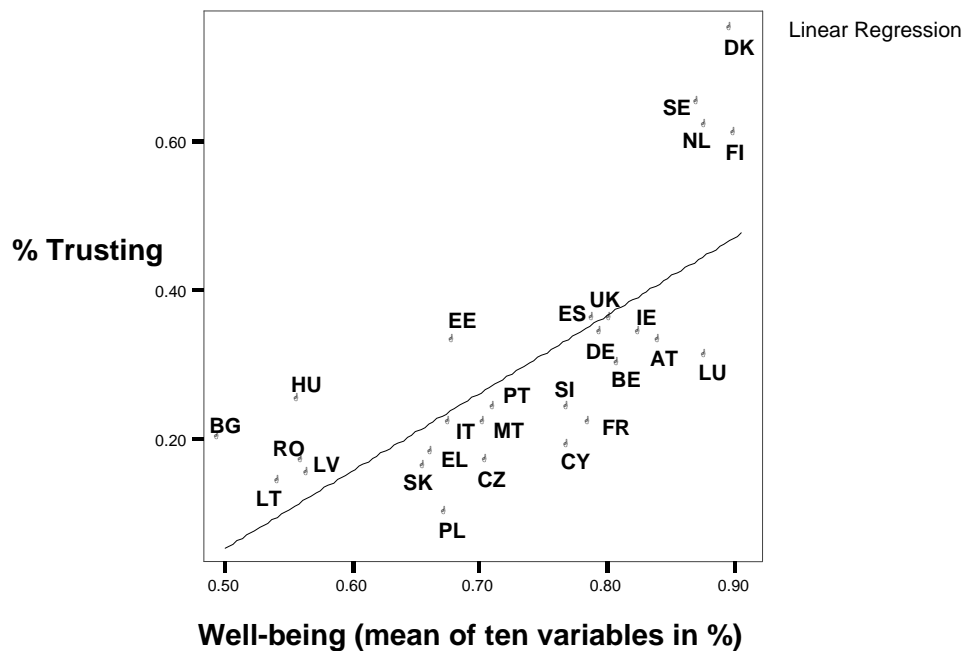
Source: the European Social Survey Round I, 2002-3. Weighted data (by DWEIGHT).

#### **4.6 Social capital and well-being**

Along with life satisfaction, well-being is considered a very important predictor of social capital and generalized trust, well-known in social capital research. Thus, the fact that it is highly (.686) and statistically significantly (at the 0.01 level) correlated with social capital underlines its role as a crucial proxy/measure for identifying similarities and differences in social capital and capacity for collaborative action across EU member states. The measurement of the variable on the basis of data from Eurobarometer 223 has relied on the mean (per cent) of people responding “satisfied” to the question about satisfaction with regard to own health, family life, social life, personal safety, financial situation, home, tap water, air quality, current job and the way democracy works.

The correlation of figure 4 demonstrates similar characteristics in several respects to the correlation between life satisfaction and social capital. In particular, the Scandinavian countries and the Netherlands are depicted at the top-right corner of the graph, demonstrating very high levels of well-being and social capital and they are followed by a cohesive group of Western European countries (i.e. UK, Germany, Austria, Ireland, Luxemburg etc.) with relatively high levels of social capital and well-being. Yet, it is worth stressing that the real outsiders in that respect are the Balkan candidate countries (Bulgaria, Romania) and Baltic new-comers (Latvia, Lithuania), which demonstrate very low levels of well-being and social capital. Additionally, it should be stressed that, since the well-being measure comprises variables crucially affected by domestic peculiarities (i.e. the way democracy works) and/or cyclical features (i.e. financial situation), one has to be rather careful in the interpretation of the correlation results.

**Figure 4: Social Trust and Well-being**



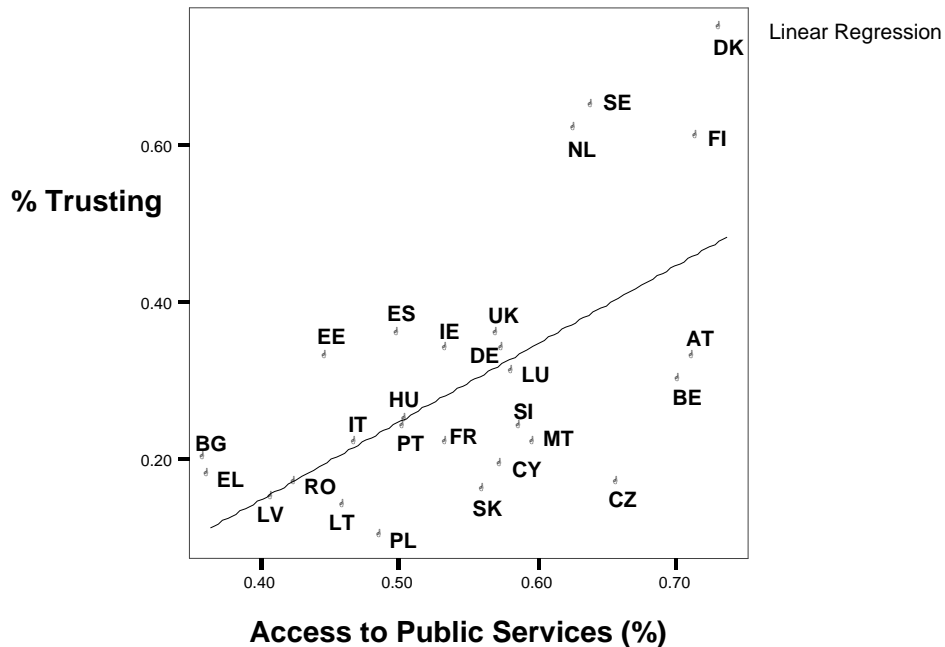
#### **4.7 Social capital and access to public services**

Citizens' satisfaction with regard to access to public services would normally be considered as an outcome measure for the identification of social capital in the sense of a crucial public policy outcome dependent on the level of pre-existing institutional resources, such as social capital endowments linked to high levels of institutional performance. According to the institutional theory of trust, however, it might also be viewed as a determinant proxy related for instance to the specifics of the type of welfare state (i.e. the universal model) and/or institutional and social policy styles that facilitate the creation of generalized trust among citizens and building social capital. In any case, access to public services appears to be very highly (.603) and statistically significantly (at the 0.01 level) correlated with social capital/trust. This finding is extremely crucial, especially from a comparative public policy's point of view, because it vindicates the link between satisfactory public policy outcomes and social capital. In that sense, access to public services constitutes a very important proxy for identifying similarities and differences in social capital and capacity for collaborative collective action among EU countries. The measurement of the variable on the basis of data from Eurobarometer 223 has relied on the mean (per cent) of people responding "satisfied" to the question about satisfaction with



regard to the access to public transport, educational system, health system, social housing, training and child care.

**Figure 5: Access to Public Services and Social Trust**

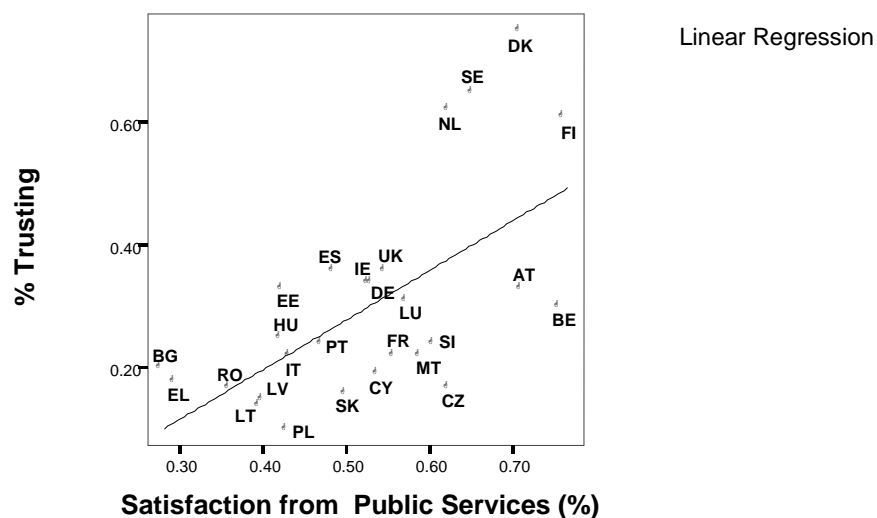


As in the other correlations, the Scandinavian countries and the Netherlands are well above all the other EU member states, demonstrating high levels of citizens' satisfaction regarding access to public services and social capital. Increased variation among the other continental and Western European countries (i.e. France, UK, Germany, Belgium), an outcome of the significant differentiation in citizens' satisfaction from access to public services and/or social capital across the EU, is the other main feature of the correlation. In particular, the cases of Austria and Belgium, where relatively modest levels of social trust/social capital coincide with high levels of satisfaction from access to public services, are worth stressing. Bulgaria and Romania as well as Baltic states (Lithuania, Latvia) and Greece, are depicted at the bottom-left corner of the graph. This is particularly important in the case of Greece, given that it seems to vindicate results of previous research (Paraskevopoulos, 1998, 2001, 2004), pointing to the link between the extremely low levels of social capital, on the one hand, and generally low levels of institutional performance in most of the public policy areas in this country on the other.

#### 4.8 Social capital and satisfaction from public services

As with citizens' satisfaction from access to public services, satisfaction from the quality of public services is normally considered as an outcome measure for the identification of social capital, that is a crucial public policy outcome dependent on the level of pre-existing institutional resources which in turn are linked to the level of institutional performance. In the light of the fundamental assumptions of the institutional theory of trust, however, it might also be viewed as an indirect, determinant measure related to specific type(s) of welfare state (i.e. the universal model) and/or institutional and social policy styles that are viewed as favourable for the creation of generalized trust and the building of social capital. In that sense, in a similar vein as access to public services, satisfaction from the quality of public services appears to be similarly highly (.601) and statistically significantly (at the 0.01 level) correlated with social capital. This is another important finding from a comparative public policy's point of view, because it vindicates the link between public policy outcomes and social capital. Thus satisfaction from the quality of public services constitutes a very important proxy for identifying similarities and differences in social capital and capacity for collaborative collective action among EU countries. The measurement of the variable on the basis of data from Eurobarometer 223 has relied on the mean (per cent) of people responding "satisfied" to the question about satisfaction from the quality of public transport, educational system, health system, social housing, training and child care.

**Figure 6: Social Trust and Satisfaction from Public Services**

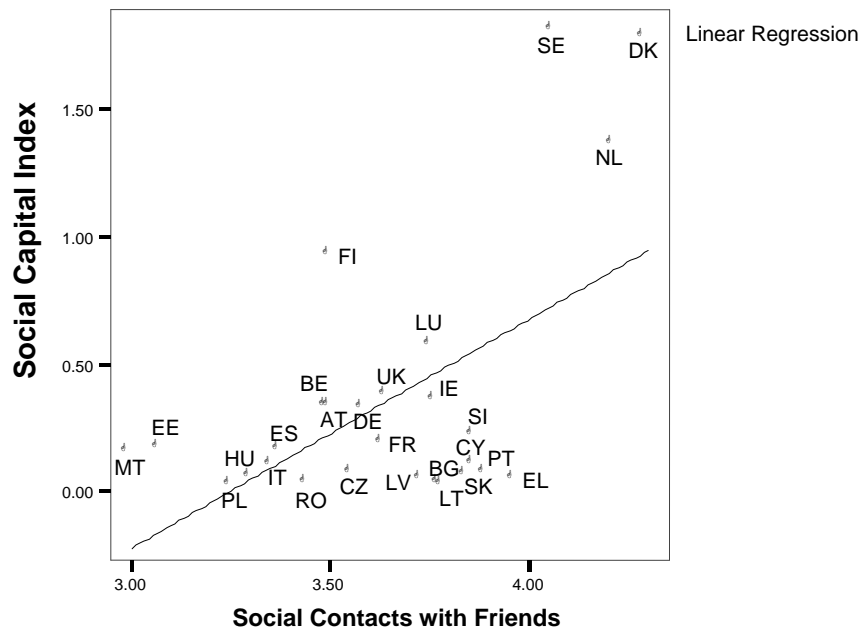


The correlation between satisfaction from public services and social capital in figure 6 is very similar to that of access to public services. The Scandinavian countries and the Netherlands are well above all the other EU member states, demonstrating high levels of citizens' satisfaction from the quality of public services and social capital. Additionally, the variation among the other continental and Western European countries (i.e. France, UK, Germany, Belgium) is also similar, reflecting the significant differentiation in citizens' satisfaction from the quality of public services and/or social capital across the EU. In that respect, the cases of Austria and Belgium, where relatively modest levels of social trust/social capital coincide with high levels of satisfaction from the quality of public services, are worth mentioning. The Balkan (Bulgaria and Romania) and Baltic (Lithuania, Latvia) countries, along with Greece, are similarly depicted at the bottom-left corner of the graph, demonstrating very low levels of satisfaction from the quality of public services and social capital. In the case of Greece, this finding vindicates results of previous research, pointing to the link between the extremely low levels of social capital, on the one hand, and generally low levels of institutional performance in most of the public policy areas in this country, on the other.

#### **4.9 *Social contacts with friends and social capital***

Social contacts with friends are considered an important predictor of social capital and generalized trust. It is the only social contacts-specific measure that is highly (.555) and statistically significantly (at the 0.01 level) correlated with social capital. This underlines its role as a crucial proxy for identifying similarities and differences in social capital and capacities for collaborative action among EU member states. The measurement of the variable on the basis of data from Eurobarometer 223 has relied on a valued index ranging from 1 to 5, according to the frequency of meetings.

**Figure 7: Social Contacts with Friends and Social Capital (next page)**



The picture emerging from the correlation between social contacts with friends and social capital in figure 7 is relatively similar to the other correlations, especially with regard to the position of Sweden, Denmark and the Netherlands at the top-right corner of the graph, as demonstrating very high levels of social capital and very frequent contacts with friends. Nonetheless, there appear to be significant differences with the other correlations that deserve attention. First, Finland is an outlier vis-à-vis the other Scandinavian countries, demonstrating very high level of social capital and relatively medium frequency level of meetings with friends. Second, while most of the Western, continental European countries (i.e. UK, Germany, France etc.) demonstrate quite medium frequency levels of meeting with friends, there is a rather cohesive group of mainly South-East European countries (Greece, Cyprus, Slovenia etc.) which demonstrate relatively high frequency levels of meeting with friends and low levels of social capital. Finally, Malta and Estonia appear to be the countries with the lowest frequency levels of meeting friends.

Additionally, the European Social Survey only asks for the frequency of meeting other people (including friends, relatives, work colleagues...) at once (table 6). Albeit this difference in the measurement, the ESS has also one additional answer category, accounting for those people who meet every day with others in a social context. We have to keep in mind that already those (rather slight) dissimilarities in the design of the questionnaires can influence people's response

behaviours. Before comparing the results with those found in the data from the Eurobarometer, we refer to the aspects in the European Social Survey alone.

People have very much social contact with friends, relatives and working colleagues in a general perspective. But social contact is also a matter of culture. Some cultures highlight meeting friends, hence are more socially organized than others. In other regions however, people do not meet so frequently, not due to isolation but due to cultural predispositions. On average (the European perspective), three quarter of the European population meet their friends at least once a week. Some 18% do even see their friends every day. Hence, people have lots of contacts in society and do not isolate themselves by refusing meeting people outside of obligatory contexts (such as work). Social isolation is thus a very rarely experienced phenomenon in European societies. Only 2% never meet socially, and 15% do so less than once a month. Still, this rather small share of the populations could pose a problem for a society. Consider the hypothesis that these 15% having almost no social contacts are exclusively the elderly, or the ill or the low income earners, the divorced and so on. Especially here, the analysis should go into detail and reveal possible reasons for social isolation. Concerning national differences, it is eye-catching that people in Denmark, Israel, Norway and Portugal have very much contact with their friends.

Interestingly, the underlying cultures are quite different. Nordic people do meet as often as Southern Europeans in this respect, although the saying goes that Southern Europeans are the most social ones according to meetings with friends (surprisingly, Greece belongs to the countries, where people have much less contact with friends across European societies). In the new member states however, frequencies of meeting friends is much lower than on a EU15 average. In Hungary, 10% of the sample (population) never meets friends; relatives or colleagues outside work and “only” 40% (compared to 70%) meet their friends at least once a week (Wallace, et.al., 2004).

**Table 6: Social Relationships. Frequency of Meeting Friends and Having a Person for Intimate Talk by Country. In Per Cent.**

Country	N	How often socially meet with friends, relatives or colleagues						Anyone to discuss intimate and personal matters with		
		Never	Less than once a month	Once a month	Several times a month	Once a week	Several times a week	Every day	Yes	No
		Austria	2249	2	6	7	18	18	34	15
Belgium	1896	2	5	6	19	16	33	18	87	13
Czech Republic	1355	2	12	12	27	18	21	8	87	13
Denmark	1498	0	2	6	13	23	40	16	94	6
<b>EU15</b>	<b>31002</b>	<b>2</b>	<b>6</b>	<b>7</b>	<b>19</b>	<b>19</b>	<b>30</b>	<b>17</b>	<b>90</b>	<b>10</b>
Finland	2000	0	5	8	18	20	32	17	91	9
France	1500	2	3	6	22	15	32	20	88	12
Germany	2916	1	5	9	24	20	30	11	96	4
Greece	2559	6	18	14	20	16	17	10	91	9
Hungary	1684	10	21	16	16	15	14	9	92	8
Ireland	2041	2	6	8	9	32	29	14	92	8
Israel	2487	1	4	7	14	20	27	27	91	9
Italy	1203	5	8	6	18	22	24	17	79	21
Luxembourg	1543	3	6	8	16	18	28	20	90	10
Netherlands	2363	1	3	5	20	16	39	17	94	6
Norway	2036	0	2	4	14	12	33	35	96	4
Poland	2105	4	12	17	22	17	18	11	88	12
Portugal	1510	1	8	5	12	12	16	46	91	9
Slovenia	1516	3	10	13	21	18	23	12	90	10
Spain	1709	3	5	5	14	16	30	27	91	9
Sweden	1998	0	3	6	22	16	32	22	92	8
Switzerland	2037	0	3	7	18	20	36	15	96	4
United Kingdom	2048	1	6	8	13	21	36	13	92	8
<b>Total</b>	<b>42253</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>18</b>	<b>18</b>	<b>29</b>	<b>18</b>	<b>91</b>	<b>9</b>

Source: the European Social Survey Round I 2002-3, weighted data (by DWEIGHT). Weights for Total and EU 15 are by DWEIGHT and PWEIGHT.

Although these large differences concern the frequency of social meetings, almost everybody seems to have a person to talk to about intimate matters. Only in Italy, 21% of the respondents indicate that they lack such a personal friend. Differences across the other countries are not meaningfully interpretable concerning this aspect of social capital.

Comparing the results from the EB and the ESS reveals similarities in many cases. For instance, social contacts and social isolation are equally evaluated for e.g. Scandinavian countries (high frequency of social contacts). But some differences occur in the details. The ESS assumes for example that Greece and the four participating new member states (Czech Republic, Hungary, Poland and Slovenia) are the societies where people are the most isolated. Data from the Eurobarometer however suggests that most isolated people can be found in Estonia, Malta (both not participating in the ESS), Poland, Romania (not in the ESS) and Spain. Here, the difference is about Greece (which is portrayed by the ESS as rather low in social capital in terms of social contacts) and Spain (which is, according to the EB but not the ESS poor performing concerning the frequency of social contexts). Albeit potential bias due to questionnaire designs and different meanings of the questions in these countries (although both surveys strive for full compatibility and comparability of their designs), the differences in the findings remain open at this point in time<sup>11</sup> (Wallace, et.al., 2004).

#### ***4.10 Social capital in comparative (pan-European) perspective***

The thorough examination and analytical presentation of inter-correlations between social capital and the groups of other determinant and/or outcome variables have more or less highlighted the existing similarities and differences among EU countries with regard to social capital endowments and capacity for collaborative collective action. From a comparative, pan-European point of view, however, there is a need for capturing the overall picture based on country rather than variable-specific

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<sup>11</sup> Those small differences might have several reasons. As already described we have different measures for social capital. Second we have different points of time (the ESS was conducted at the end of 2002, the EB at the end of 2004). Hence, we shall not argue for substantial differences in the data.

analysis. In that respect, we have carried out hierarchical cluster analysis to highlight the differences in social capital and capacities for collaborative action across the 27 countries when all the relevant variables are taken into account. The cluster analysis was conducted by using SPSS, while its logic was based on the key, most highly correlated variables/components of social capital: namely, social trust and associational membership for capturing the structure-culture nexus; social networks, as another crucial structural component; and, access to and satisfaction from the quality of public services to cover the institutional and public policy dimension. The level of corruption was not included, because it was not part of the Eurobarometer 223 survey. The dendrogram of figure 8 is the graphical outcome of the cluster analysis of the 27 countries, identifying the structural position of each country and/or group of countries, based on average linkage between groups, as well as on similarities and differences of the merging process.

As it becomes evident from the dendrogram, there are primarily five main clusters of countries. The first cluster consists of the Scandinavian countries (Denmark, Finland, Sweden), Luxemburg and the Netherlands. As the analysis of the previous sections has clearly shown, these countries consistently demonstrate very high levels of social trust, membership and active participation in voluntary associations and social networking, while their citizens appear to be much more satisfied with the state of public services in both the access and quality components than their counterparts in other EU countries. In that respect, this cluster of countries appears to be well above all the other EU member states in social capital endowments and capacity for collective action. There is, however, a division of this cluster of countries into two sub-clusters. The first sub-cluster consists of Denmark, Sweden and the Netherlands, while the second comprises Finland and Luxemburg. Yet, this division may be attributed to rather minor differences between these countries in crucial aspects/variables involved in the cluster analysis, such as the strikingly low level of Luxemburg in social trust which might be explained by surveying and/or sampling problems, and the slightly lower performance of Finland in associational membership, social trust and social networking vis-à-vis the other Scandinavian countries and the Netherlands.

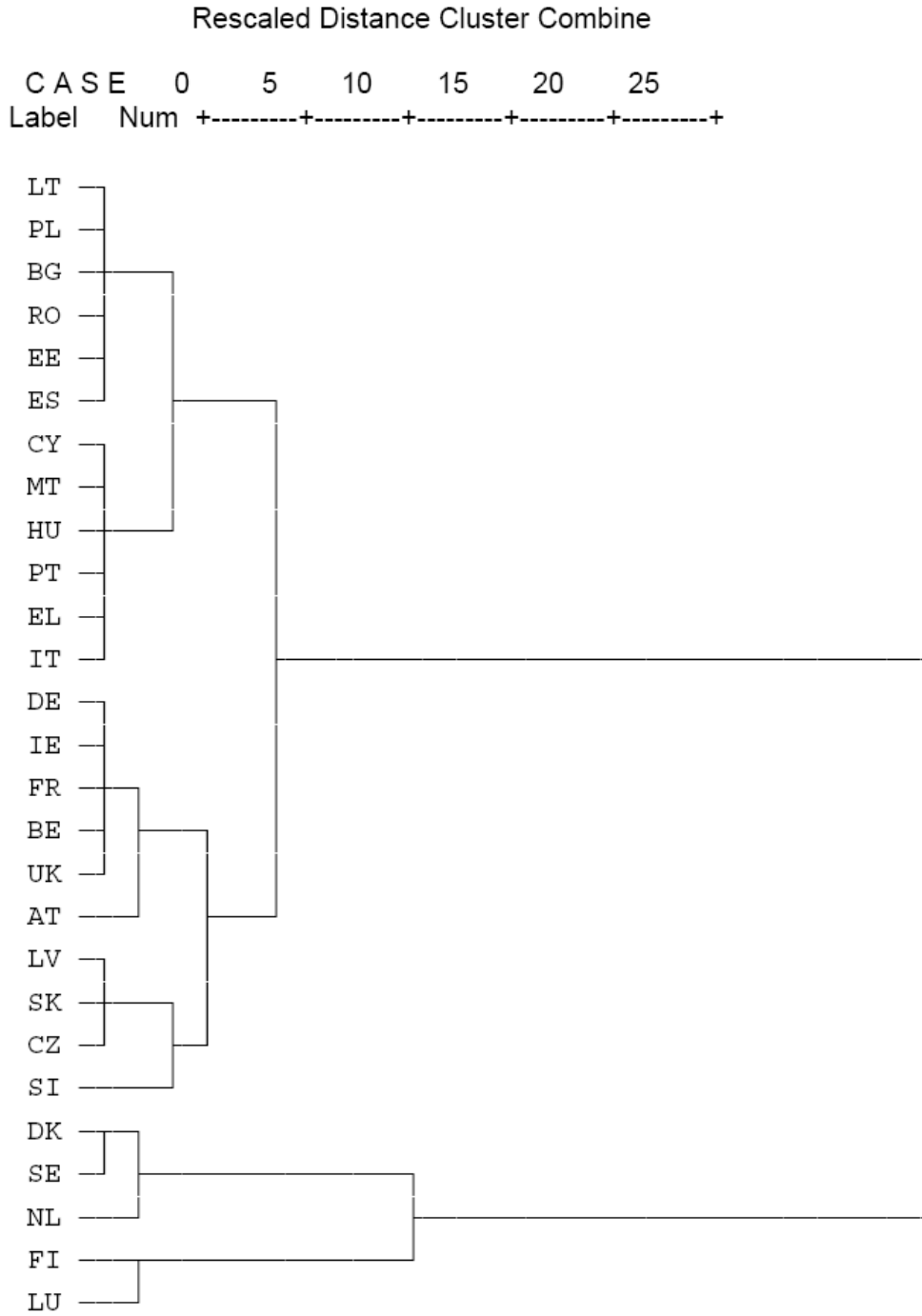


The second cluster comprises the UK, Ireland and other countries of continental Western Europe, namely France, Germany, Belgium and Austria. Therefore, this cluster consists of the Anglo-Saxon countries (UK, Ireland) and key, continental Western European democracies. The main features of these countries in terms of social capital endowments are rather medium, albeit satisfactory, levels of social trust, associational membership and social networking at large, while their citizens, despite the existing significant cross-country differences, appear to be more or less satisfied with the state of public services in both its access and quality components.

The third cluster comprises primarily countries of Southern Europe (Italy, Greece, Malta, Cyprus, Portugal) and Hungary. These countries demonstrate generally low levels of social trust, associational membership and social networking, with Italy being the most striking case. Additionally, the level of citizens' satisfaction from public services is also low. The inclusion of Hungary in this cluster may be because of its relatively higher level of social trust when compared with the other Central and Eastern European (CEE) countries (see Figure 8 next page).

**Figure 8: Hierarchical Cluster Analysis of EU Member States**

Dendrogram using Average Linkage (Between Groups)



The fourth cluster consists of four CEE countries (Latvia, Slovakia, Czech Rep. and Slovenia). These countries, although they demonstrate generally low levels of social capital and associational membership, similar in many respects to those observed in the other CEECs, appear to be well above the other CEE countries in social networking and the quality of at least some of their public service sectors. The most striking cases in that respect are primarily Slovenia and secondarily the Czech Republic.

Finally, the fifth cluster consists primarily of CEE and Balkan countries (Poland, Lithuania, Estonia, Bulgaria, Romania) and Spain. These countries are characterised by particularly low levels of social trust, associational membership and social networking, with Poland being the most striking case (10% of the population responding that “*most people can be trusted*”). Spain’s inclusion in this cluster may be because of its very low level of associational membership. In any case, it needs to be noted that the third and fourth clusters are interlinked, which points to similarities between countries of Southern and Eastern Europe and the Balkans.

In sum, arguably, the cluster analysis to a significant extent reflects and vindicates the findings of the previous, variable-specific, analysis. Thus, from an overall, broader perspective, there seem to be four groups of EU member states, according to their level of social capital endowments and capacities for collective action. The first -very rich in social capital resources- consists of the Scandinavian countries and the Netherlands. The second group comprises countries of medium-to-high, albeit well below the Scandinavian paradigm, levels of social capital endowments, that is the Anglo-Saxon (UK and Ireland) countries and key countries of continental Western Europe. The third group, arguably, comprises the South and East European countries, while the candidate Balkan countries constitute the fourth group. An attempt to explain this variation in social capital endowments and capacities for collaborative action across the EU member states, with particular focus on the role of the welfare state and public institutions at large, is the task of the next section.

## **5 Accounting for Variation: Social Capital, Welfare State and Institutions**

While the previous section was focused on the analysis of the data from Eurobarometer 223 and European Social Survey on identifying the existing similarities

and differences among the EU member states with regard to their levels of social capital and capacities for collaborative action, this section concentrates on the factors affecting this variation with particular emphasis on the role of the character of the welfare state and public institutions at large. Thus, we first carry out the appropriate statistical analysis to identify whether and to what extent the groups of determinant and/or outcome variables, measures and proxies can account for the variation of social capital endowments across the EU. Then, depending on the outcome of this analysis, we pay particular attention to and examine the role of the character of the welfare state and the state institutional infrastructure at large in explaining this variation. Finally, we examine some secondary issues and side-effects, such as the influence, if any, of cultural heritage on the differentiation in social capital endowments and ways in which the similarities and/or differences between major regions of the EU (i.e. Scandinavia, Southern Europe, New Member States) with regard to social capital resources could be explained.

To identify the impact of the determinant-outcome measures and groups of variables we created for the analysis of the data on the variation of social capital resources, we conducted stepwise regression with social capital as dependent variable and all the other groups of measures and proxies as independent variables. This statistical method has the capacity to examine the influence of each one of the independent variables on explaining the variance of the dependent variable on a step-by-step basis. The regression yielded a model with two statistically significant components/variables, namely the level of corruption and social networks, accounting for 70.5% of variance. However, when all the other variables were forced to enter into the equation, the model explained 85.8% of the variance [ $f(10.16=9.663p<0.001)$ ] (see table 7 in next page).

**Table 7: Determinant, Outcome Measures and Social Capital**

Model	R	R square	Standardized R square	Change Statistics		
				R square change	F change	Sig. F change
1	.739 <sup>a</sup>	.546	.528	.546	30.070	.000
2	.840 <sup>b</sup>	.705	.681	.159	12.942	.001
3	.926 <sup>c</sup>	.858	.769	.858	9.663	.000

a Predictors: (Constant), CORRUPT (Corruption)

b Predictors: (Constant), CORRUPT (Corruption), SOCNET (Social Networks)

c Predictors: (Constant), LSATGEN (Life Satisfaction in General), SOCONTFR (Social Contacts with Friends), SOCCARE (Social Care), SOCONTCO (Social Contacts with Colleagues), ACCPSERV (Access to Public Services), SOCONTNE (Social Contacts with Neighbours), CORRUPT (Corruption), SOCNET (Social Networks), WELBEING (Wellbeing), QUAPSERV (Quality of Public Services)

Two are the main findings of the above analysis. First, indeed, the variables, measures and proxies used in our analysis account for a great part of the existing variance in social capital endowments and, therefore, they all constitute crucial factors affecting the existing differentiation across the EU countries. Second, among all the variables used in our analysis, primarily the level of corruption and secondarily social networking appear to be the most important predictors of social capital. Since the level of corruption was introduced into our analysis as an indirect measure of confidence in institutions to contemplate the lack of relevant data in Eurobarometer 223, the link to the fundamental assumptions of the institutional theory of trust about the crucial role of the impartiality and fairness of social and political (public) institutions in the creation of generalized trust and the building of social capital is obvious. Indeed, the existing

evidence of huge differentiation in social capital endowments and capacities for collective action between Scandinavia and other advanced democracies of Western Europe, on the one hand, and South and CEE countries, on the other, points in this direction. In particular, the impartiality and fairness of social and political institutions in general and street-level bureaucracy in particular breed confidence in institutions and underpin the creation of generalized trust in Scandinavia and Western Europe, while increased levels of political clientelism and corruption undermine both in South and CEE countries. Obviously, this finding vindicates the fundamental assumptions underpinning the 'linking' form of social capital, namely the emphasis on its interconnectedness with formal state institutions, while, simultaneously, contradicts the previously well-established presumptions within social capital research about the eventually negative role of state institutions in relation to social capital and civil society building, along the lines of the "strong state-weak civil society" hypothesis (discussed in previous sections).

While the impartiality and fairness of political and social institutions have been identified as key predictors of social capital endowments and to a significant extent account for the differentiation in social capital resources among EU member states, there is an increased concern with the role of specific characteristics of the welfare state as another crucial factor affecting the creation of generalized trust and hence the building of social capital. In particular, existing research -within the framework of institutional theory of trust- focusing on the Scandinavian model of welfare state points to the role of specific features of the *universal* type of welfare state in generating trust and building social capital through its capacity for securing *equal respect and concern* and *basic capabilities* to all citizens (see *inter alia* Rothstein, 1998; Rothstein and Stolle, 2001). In that respect, the universal welfare state is viewed, along with the impartial street-level bureaucracy, as the second pillar of state's formal institutional infrastructure appropriate for generating trust and building social capital (see re. discussion in the introduction). Indeed, as the summary of the main features of the different types of welfare state in table 8 demonstrates, there is increased variation in conditionality and coverage between the Anglo-Saxon ("*selective*") the continental European ("*conservative*") and the Scandinavian ("*Universal*") models, while specificities have been identified with the Southern European model as well. Thus, the logic of the

universal type of welfare state, involving universal, encompassing, non-discriminatory and easily manageable programmes, is viewed as favourable for creating and spreading trust and hence for underpinning the building of social capital. Conversely, the selective and conservative types of welfare state, involving means-tested, divisive and therefore stigmatizing for the “needy” and “deserving” programmes and complicated rules of eligibility, are considered as undermining generalized trust and thus leading either to overall lower levels of social capital or to its bonding variety (“bad social capital”). Finally, the Southern European model, though not identical, is viewed as carrying the additional “burdens” of political clientelism, and hence injustice and corruption.

**Table 8**  
**Three Types of Welfare State and Impact on Social Capital**

	<b>Type of Welfare State</b>		
	<b>Universal</b>	<b>Selective</b>	<b>Conservative</b>
<b>Main characteristics</b>	Universal programmes dominate	Means-tested programmes dominate	Programmes are mixture between means-tested and universal
<b>Important characteristics for Societal Divisions</b>	Encompassing; Includes all citizens; Does not create or manifest societal divisions	Divisive; Singles out the “needy” and “deserving”	Etatist; Singles out the privileged and the unprivileged
<b>Prone to fraud?</b>	Easy rules; everyone gets the same	Desire to “cheat the system”; Complicated rules and tests of eligibility (fraud likely)	Complicated rules (fraud possible)
<b>Norms of Impartiality?</b>	Everyone treated the same way	Citizens receive very different treatment; Stigma	Citizens receive very different treatment
<b>Consequences of Trust</b>	Can spread widely	Those singled out will trust less	Compartmentalized trust for one’s group; prevents generalized trust
<b>Impact on social capital</b>	<i>Higher social capital endowment</i>	<i>Reduced social capital endowment</i>	<i>Contained social capital endowment</i>

Adapted from: Rothstein, Bo & D. Stolle (2001).

In a similar vein, Eric Uslaner (2001, 2005), based primarily on extensive fieldwork research in Eastern Europe and the Balkans, has argued that the single most important variable affecting the level of social capital is inequality. Within this theoretical framework, he has attempted to link inequality with corruption and particularly high level corruption (see graphs in the Appendix), which is considered as intrinsic element of post-communist transition in Eastern Europe. However, although corruption of all sorts (i.e. high but also *petit* corruption) has indeed an impact on the level of inequality, this should primarily be viewed as a symptom of the malfunctioning of institutions and of street-level bureaucracy at large. In that respect, what really matters is the impartiality and fairness of public institutions and intuitional infrastructure at large.

Thus, although there is strong evidence to support the hypothesis that indeed the universal welfare state has played a key role in the spectacular development of social capital in the Scandinavian countries, social capital constitutes an intrinsic element of the domestic institutional infrastructure in other countries of Western Europe as well, with selective and/or conservative models of welfare state, such as the UK, France, Germany etc., albeit to a lesser extent than in the Scandinavian countries. In that sense, there seems to be no evidence that the universal welfare state constitutes a necessary condition for the building of social capital. Yet, the real issue here is the distribution of social capital. Indeed, there is evidence to suggest that while at the aggregate level these countries demonstrate generally high levels of social capital, a more detailed look may reveal huge differences, along class and/or culture strata. This is particularly true in the case of the Anglo-Saxon countries, where social capital and civil society are mostly identified with a rather middle class-dominated, bottom-up, spontaneous, decentralized character of voluntarism and citizens' participation (i.e. charities etc.). Therefore, while the universal welfare state cannot be considered as a prerequisite for the building of social capital, it is associated with greater equality in its distribution (see Herreros, 2004).

In sum, while the impartiality and fairness of political and social institutions in general and street-level bureaucracy in particular constitutes a prerequisite for the creation of generalized trust and the building of social capital, the universal welfare state is a necessary condition for greater equality in its distribution. In that sense, though both



variables are crucial, the most important explanatory variable for the existing differences in social capital endowments and capacities for collaborative collective action between European regions should be institutions. This is particularly evident in the case of Southern Europe and CEECs, where corruption and clientelism -that is lack of impartial and fair institutional infrastructure- linked to long tradition of authoritarianism constitute major impediments to the adjustment and adaptation processes in these countries. Therefore, what matters most is institution building as a prerequisite for successful policy reforms in almost any area of public policy.

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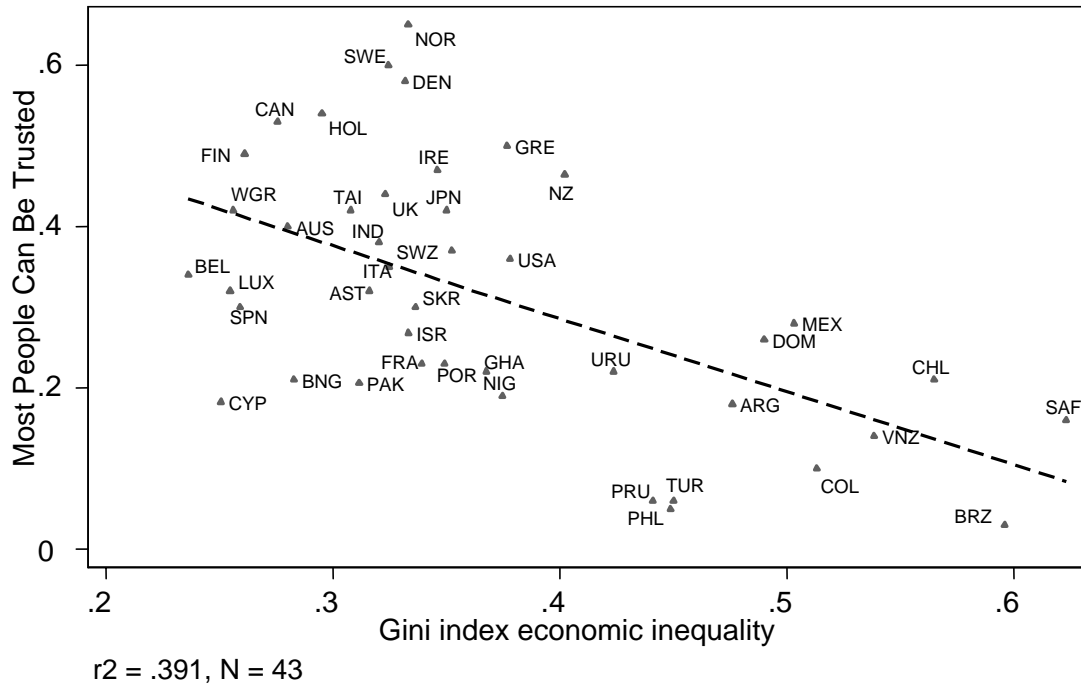
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7 Appendix

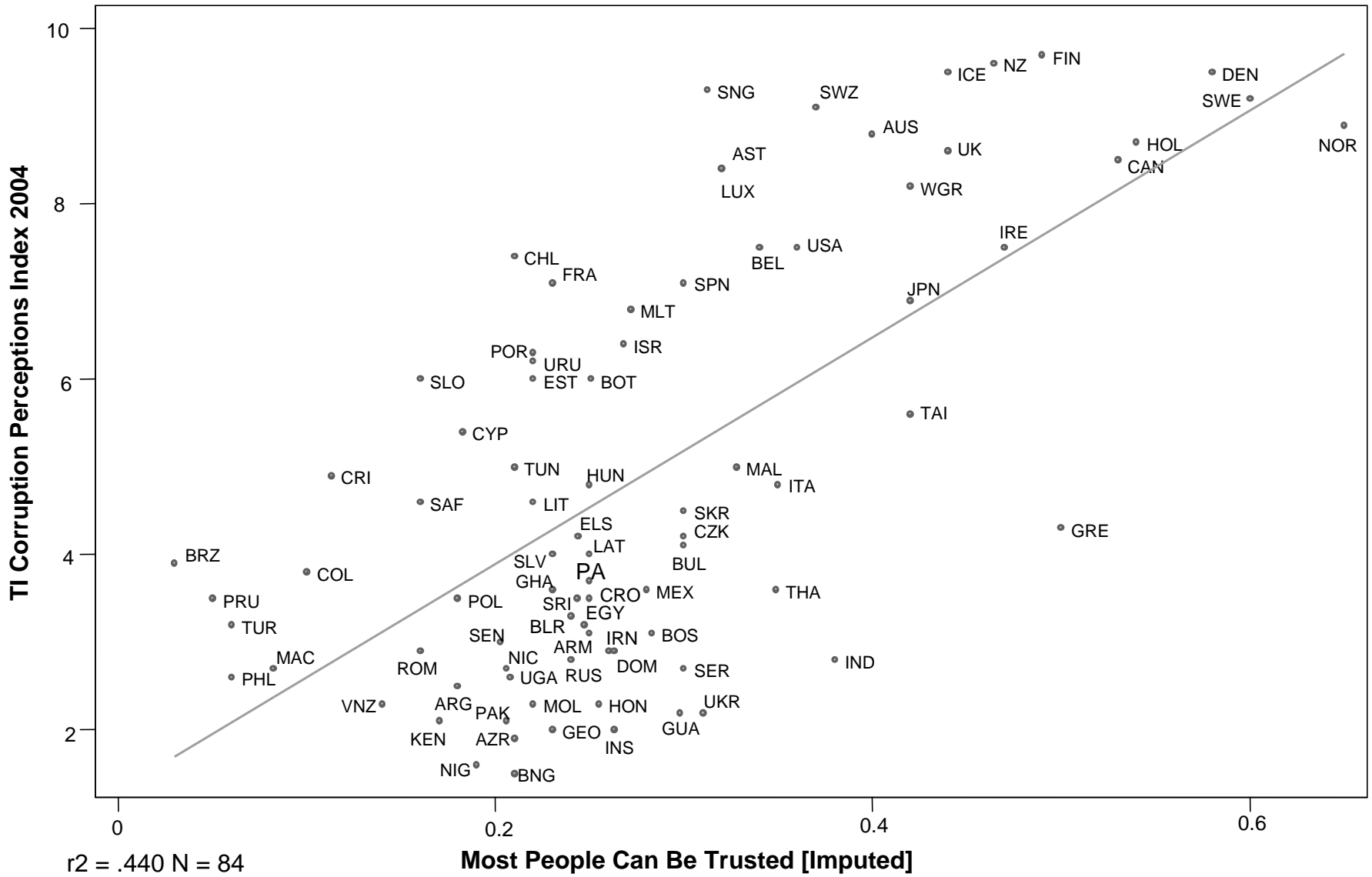
Figure 9

Trust in People and Economic Inequality  
Former and Current Communist Nations Excluded



Source: Rothstein, Bo and Eric Uslaner (2005) 'All for All: Equality, Corruption and Social Trust', *World Politics*, 58:41-72, pp. 49.

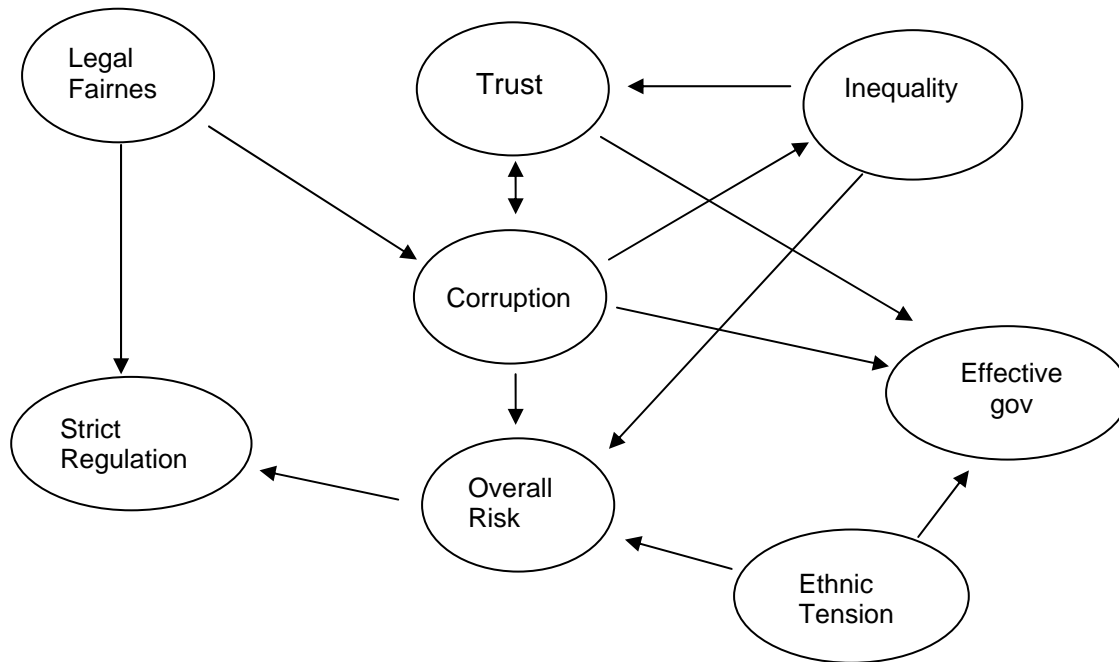
**Figure 10 - Corruption by Trust**  
**Corruption by Generalised Trust [Imputed]**



Source: Rothstein, Bo and Eric Uslaner (2005) 'All for All: Equality, Corruption and Social Trust', *World Politics*, 58:41-72, pp. 48.

Figure 11

Model of Inequality, Trust, Corruption, and Effective Government



Source: Uslaner, Eric (2005) 'The Bulging Pocket and the Rule of Law: Corruption, Inequality and Trust', paper presented at the conference *The Quality of Government: What It Is, How to Get It, Why it Matters*, Department of Political Science, Goteborg, Sweden (17-19 November, 2005).