

*AmericasBarometer Insights: 2010 (No.43)**

Social Capital and Economic Crisis in the United States¹

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Alexis de Tocqueville (1835) noted vibrant social participation in the early U.S. and ever since social scientists have considered “social capital” an essential element to explain the early and continued success of democracy in the United States. The global implications of the importance of social capital have since been explored in Putnam’s iconic research on democracy in Italy, as well as the U.S. (2001; 2004; Putnam, Leonardi, & Nanetti, 1994), and a veritable cascade of studies far too numerous to cite here. Researchers have found that, under certain conditions, some forms of social capital may pose challenges to democracy (Armony, 2004; Zizumbo-Colunga, 2010). There is nonetheless much agreement that, on average,

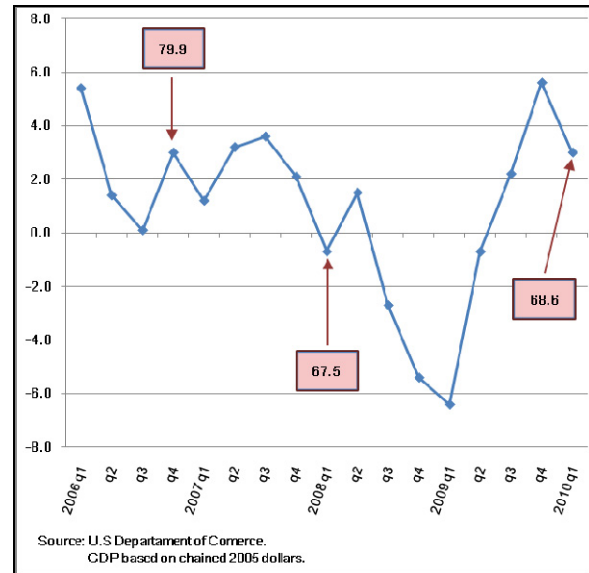
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¹ Prior issues in the *Insights* series can be found at: <http://www.vanderbilt.edu/lapop/studiesandpublications>
The data on which they are based can be found at <http://www.vanderbilt.edu/lapop/datasets>

networks of trusting individuals are important, if not critical, to a healthy democratic citizenry and politics.

If social capital is vital for democracy, and studies have emphasized the ways in which it can be built, are there also forces operating in nations that can erode it? One possible such force is economic crisis. Many consider the meltdown that began at the end of 2007, and worsened throughout 2008, to be one of the worst financial crises in the history of the United States. Serious financial threats have been linked to increased authoritarian attitudes and behaviors (see, e.g., Sales, 1972). And, according to Robert Putnam, as quoted in the *New York Times*, “Damage to this country’s social fabric from this economic crisis must have been huge, huge, huge (Gertner, 2010).”

Figure 1. Quarterly Percent Change in U.S. GDP with Mean Interpersonal Trust Levels in Boxes.



Yet, while conditions of crisis might threaten a country’s social fabric by increasing distrust (Merolla & Zechmeister, 2009), it is also possible that individual and collective efforts to resolve the crisis could stave off precipitous drops in social capital. The AmericasBarometer surveys of the United States, conducted in 2006, 2008, and 2010, allow the opportunity to examine the

dynamics of social capital in the face of the recent and severe economic recession.

Figure 1 shows the percent change, by quarter, in the growth of U.S. Gross Domestic Product as well as the mean level of interpersonal trust from each round of the AmericasBarometer U.S. survey: 2006, 2008, and 2010.² The interpersonal trust scores are based on the following question, and rescaled to run from 0 to 100:

IT1. [S]peaking of the people from around here, would you say that people in this community are very trustworthy, somewhat trustworthy, not very trustworthy, or untrustworthy?

The figure reveals two important findings. First, as the economy began to deteriorate, so too did social capital measured in terms of interpersonal trust. Even though the full weight of the crisis had not occurred by the time of the AmericasBarometer survey in early 2008, the economy was clearly in decline. As the figure demonstrates, average levels of interpersonal trust did drop 12.4 units between 2006 and 2008. Second, however, in marked contrast to the Putnam prediction, interpersonal trust levels were no lower in 2010 than they were in 2008. The “huge, huge, huge” impact is nowhere to be found. We do not have a measurement of interpersonal trust at the depths of the crisis in late 2008 and early 2009, which might show a lower value; regardless, by 2010 as the economy recovered, so did trust. In short, if the recession did indeed affect mean levels of interpersonal trust, it did so to an important, but not to a drastic degree, nor irrecoverable, degree.

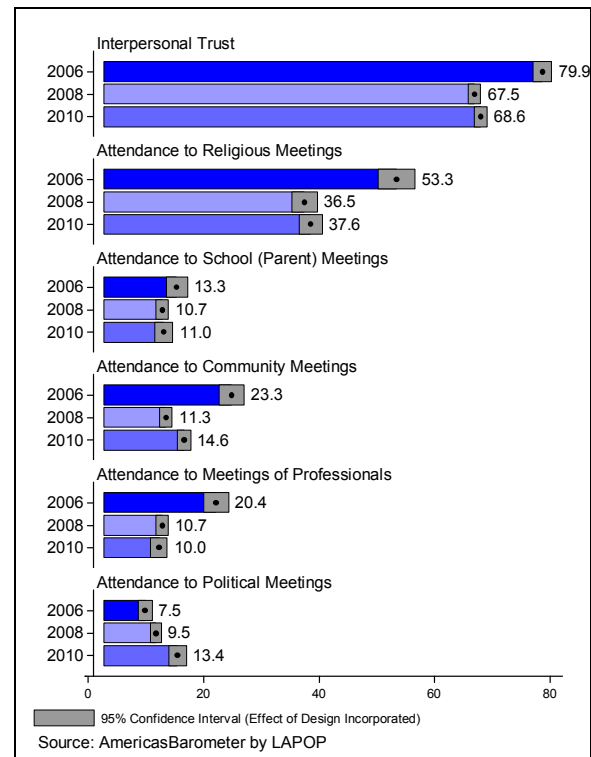
U.S. Social Capital, 2006 – 2010

While interpersonal trust provides one measure of social capital, we can also examine other manifestations of social capital via self-reported levels of participation in various activities. The AmericasBarometer surveys include a series of

questions tapping participation in groups. Indeed, Putnam’s research on Italy and much of his subsequent work on the U.S. has focused on survey reports of participation in civic groups. Values for five of these are shown in Figure 2, alongside the already reported values for interpersonal trust.

The five additional measures reflect levels of participation in the following: religious meetings (CP6); school parent associations (CP7); community improvement or council meetings (CP8); professional meetings (CP9); and, political meetings (CP13) (see appendix Table A1 for question wordings).

Figure 2. Mean Levels on Social Capital Variables, U.S., 2006-2010.



All variables were initially coded from one to four, but then rescaled from 0 to 100, where 0 indicates never participating and 100 indicates participating at least once a week.

If the conjecture is correct that there is a direct and strong relationship between the economic

² The sample size for the AmericasBarometer U.S. national survey was 609 in 2006, and 1500 in both 2008 and 2010.

crisis and social capital, we would expect to find a pattern in which social capital levels plummet between 2006 and 2010.

As Figure 2 shows, the pattern for most of the social capital indicators follows that which we described for interpersonal trust: a decline between 2006 and 2008 followed by a leveling off between 2008 and 2010. While some of the 2006 to 2008 declines are unquestionably large (e.g., religious organizations), others are quite small (e.g., school meetings). Further, as an interesting exception, we see an increase in attending political organization meetings (no doubt at least in part a function of the 2008 presidential election, but also because of the Obama-based healthcare reform debate, and the resulting surge in grassroots politics on both the right and the left).

In short, we find some evidence in support of the notion that the crisis had a negative effect on social capital, but this effect is not evident across all indicators (namely, the increase in attendance for political meetings is an interesting outlier); is not uniformly “huge”; and, does not appear between 2008 and 2010.

Predicting Interpersonal Trust with Individual-Level Economic Assessments and Experiences

Economic crisis was a principal theme of the 2010 AmericasBarometer survey, conducted in 25 (and, when completed in Haiti, 26) countries in the region. The survey therefore contains numerous questions with which to measure individual-level economic assessments and experiences. In this section we report on the relationship between some of these indicators and interpersonal trust (IT1).³ Specifically, we used OLS regression analysis to predict interpersonal trust with a battery of variables

³ Interpersonal trust has been consistently shown to be a reliable individual level indicator of social capital (see, e.g., Armony, 2004; Córdova, 2008; Zizumbo-Colunga, 2010).

that measure individuals’ economic evaluations, perceptions of the crisis, and work experience (see full results in Table A2 of the appendix), for the case of the United States.⁴

The 2010 wave of the AmericasBarometer contains a unique question, designed to assess whether an individual perceives a serious or moderate (compared to no) economic crisis in the country (CRISIS1). We first assessed the effect of the perception that there is a serious economic crisis on levels of interpersonal trust. In addition to this variable, our analysis included important demographic and ideological factors that might confound the effect such as gender, age, education, income level, region of the country, and position on the liberal-conservative ideology scale. As column 1 of appendix Table A2 shows, a clear effect of the perception of a severe crisis is evident. Compared to those who perceive only a moderate crisis (the comparison category), those who perceive the crisis as severe have significantly lower levels of interpersonal trust (controlling for those people who consider that there is no economic crisis at all; only just over 1 percent of respondents selected that option).

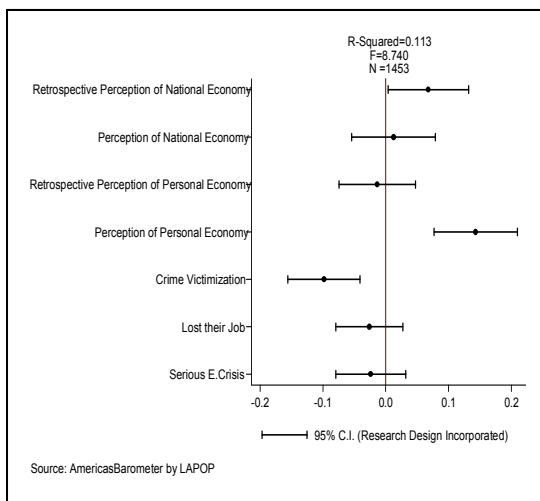
In order to assess in more detail what specific perceptions of a poor economic situation best predict lower levels of interpersonal trust, we next include additional economic factors in the model. Results for the key variables in this model are shown in Figure 3 (see column 2 of Table A2 for the full results including controls, which now also include crime victimization).

In this expanded model we include participants’ current and retrospective evaluations of their

⁴ Much of the funding for the 2010 AmericasBarometer round was provided by the United States Agency for International Development (USAID). Other important sources of support were the Inter-American Development Bank (IADB), the United Nations Development Programme (UNDP), and Vanderbilt University. Marc Hetherington also provided important support for the 2010 U.S. survey. The U.S. survey in 2008 and 2010 is a web-based survey of 1,500 respondents, conducted by YouGov/Polimetrix. All other countries, except Canada, are face-to-face interviews.

personal and the national economic situations (coded so that higher values mean more positive assessments). And, we include an indicator of respondent job loss (while controlling for those who lost and subsequently found a job and those who are not working by their own choice or have a disability). Figure 3 shows the effects for these variables, with a dot indicating the predicted effect (i.e., the standardized regression coefficient) and a horizontal line indicating the confidence interval; if the latter lies entirely to the left of the 0 line, the effect is considered negative and statistically significant and if it lies entirely to the right, the effect is considered positive and statistically significant.

Figure 3. Economic Predictors of Interpersonal Trust, Key Variables⁵



As expected, and as a result of the inclusion of these factors that are likely components of the perception that there is a severe economic crisis, the latter loses its statistical significance. The results show, however, a significant relationship between both perceptions of one's personal financial situation and one's retrospective evaluation of the country's economic situation,

⁵ Effects shown in figure are standardized coefficients. Control variables included (see appendix Table 2A) but not shown in the figure are the following: gender, willingly unemployed or disabled, people who lost their job but found a new one, income, education, age, ideology, a dummy for those who perceive no crisis, and region dummy variables.

on the one hand, and interpersonal trust, on the other hand.

The results show that lower levels of personal economic assessments are associated with lower levels of interpersonal trust, such that a maximum decrease in personal economic assessment predicts a drop from 74.9 to 64.7 units of interpersonal trust, all else equal. Similarly, lower retrospective assessments of the county's economy predict lower levels of interpersonal trust, such that a maximum decrease predicts a drop from 70.1 to 66.2 units in interpersonal trust.

In creating this second model, we controlled for crime victimization due to our suspicion that crime might negatively affect social trust and could also be correlated with economic factors, thus supporting its inclusion as a control variable. As Figure 3 shows, crime victimization has the anticipated negative effect on interpersonal trust. People who were victimized have, on average, 6 points lower levels of interpersonal trust. Thus we see that negative economic situations and negative personal security situations both are negatively correlated with interpersonal trust.

Discussion

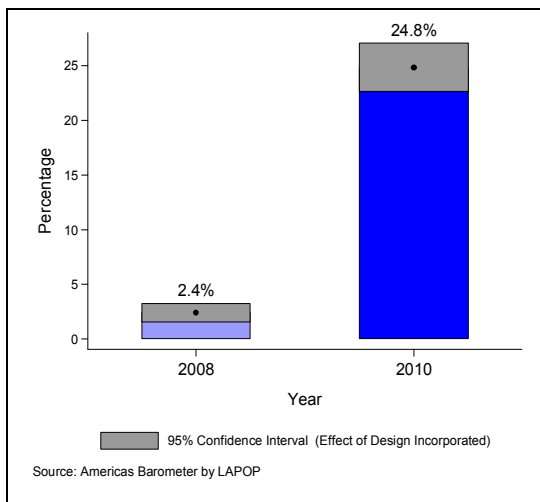
Data from the AmericasBarometer surveys of the United States indeed reflect a decrease in social capital following the start of the recent financial crisis, much as Putnam's statement reported in the *New York Times* and referred to in our introduction suggested. However, rather than finding a triply "huge" effect, we find that, to the extent that social capital decreased, it was not by that much and, moreover, these effects were registered in the early stages of the crisis, with interpersonal trust leveling off between 2008 and 2010.

When we consider the individual level, focusing here on the 2010 AmericasBarometer survey of the United States and variables it contains to capture personal evaluations and experiences

with respect to the economic crisis, we find a relationship between economic variables and interpersonal trust. Specifically, we find that perceptions of one’s personal economic situation and retrospective assessments of national economy help predict levels of interpersonal trust. The effects of these variables are not uniformly large in substantive terms, but they are nonetheless statistically significant.

How do we reconcile the fact that, by 2010, average levels of social capital appear to have leveled off in the United States (compared to 2008) and, at the same time, there still exists at the individual level a connection between economic factors and interpersonal trust? We believe the answer lies in two important factors, which collectively have prevented a catastrophic decline in social capital in this country.

Figure 4. Percentage Reporting the Economy is Better Now vs. 12 Months Ago, U.S., 2008 & 2010.



First, while we find that negative economic assessments in 2010 in the United States are related to lower levels of social capital, we also find – by comparing to the 2008 Americas-Barometer survey – that there is evidence of recovery in this country in 2010. For example, across the two years, we see a dramatic ten-fold increase in the number of people who think the economy is doing better now than the prior twelve months. Figure 4 displays this increase;

in 2008, the percentage of respondents who perceived the economy better than it had been a year before was only 2.4 percent; in 2010, this number increased to 24.8 percent.

Second, in another set of analyses not reported here in detail for the sake of brevity, we find that people who report having lost and then found a job show a higher tendency to join groups compared to those who report having lost but not yet found a job. Specifically, in assessing these relationships for the United States using the 2010 AmericasBarometer data, we find that having lost but found a job is positively, very strongly, and significantly related (at $p \leq 0.05$, two-tailed) to participation in three of the groups reported on earlier in this report: school-related parent associations (CP7); professional groups (CP9); and, political organizations (CP13). It is also similarly related to reported participation in attempts to solve problems in one’s community (CP5) and, for women, participation in women’s groups (CP20).⁶ Thus, it appears that social capital could be part of a virtuous cycle by which some people cope with crisis: social connections facilitate job searches and, in turn, successful job searches increase social capital, as measured through participation in groups.

In sum, our study shows that rather than only considering the ways in which an economic crisis might negatively affect social capital, social scientists and policy makers should also consider the ways in which existing stocks of social capital might help individuals to cope with a severe crisis and how this process might over time even help replenish the country’s social capital reserves.

⁶ The analyses control for the socio-demographic and economic indicators included in our previous analysis in this paper and crime victimization. Interestingly, if we change the comparison group in the analyses to those who are employed, the results hold such that those who have lost a job and found one also report higher levels of participation than those who are employed, with respect to the groups reported in the text and, as well, participation in community meetings (CP8). Full results available from the authors.

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Appendix

Table A1.

Full Question Wording for AmericasBarometer Social Capital Questions Analyzed in this Report

IT1. Now, speaking of the people from around here, would you say that people in this community are very trustworthy, somewhat trustworthy, not very trustworthy or untrustworthy...?
CP6. Please tell me how often you attend to meetings of any religious organization: At least once a week, once or twice a month, once or twice a year, or never.
CP7. Please tell me how often you attend to meetings of a parents' association at school: At least once a week, once or twice a month, once or twice a year, or never
CP8. Please tell me how often you attend to meetings of a community improvement committee or association: At least once a week, once or twice a month, once or twice a year, or never.
CP9. Please tell me how often you attend to meetings of an association of professionals, merchants, manufacturers or farmers: At least once a week, once or twice a month, once or twice a year, or never.
CP13. Please tell me how often you attend to meetings of a political party or political organization: At least once a week, once or twice a month, once or twice a year, or never.

Table A2.
Economic Predictors of Interpersonal trust in the United States (2010)

	Crisis	Specific Economic Factors
	1	2
Perceive Severe Crisis	-4.17 (1.61)	-1.43 (1.72)
Perceive No Crisis	.585 (5.56)	-2.18 (5.17)
Income	.824** (.23)	.412** (.240)
Education	1.00** (.42)	.795** (.427)
Age	.239*** (.042)	.230 *** (.043)
Ideology	.060*** (.021)	.071*** (.024)
Personal Economic Situation	---	.141*** (.033)
Personal Retrospective Economic Assessment	---	-.008 (.021)
National Economic Situation	---	.014 (.039)
National Retrospective Economic Assessment	---	.039** (.019)
Lost job and Have Not Found Another**	---	-1.97 (2.05)
Not Working b/c Disabled	---	-2.07 (1.02)
Lost Job but Found Another	---	1.33 (2.67)
Crime Victim	---	-6.38*** (1.91)
Female	-3.58** (1.28)	-2.93** (1.27)
West	2.08 (1.56)	1.73 (1.54)
Midwest	4.88** (1.70)	4.10** (1.69)
Northeast	.84 (2.12)	-.22 (2.07)
Constant	50.44*** (3.18)	43.84*** (3.95)
N	1455	1453
R-squared	0.0709	0.1127

Statistical significance thresholds are indicated as follows: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: OLS analyses based on data from the 2010 AmericasBarometer U.S. survey; analyses control for the complex survey design. In Model 1 (Crisis), those perceiving a moderate crisis constitute the baseline/comparison category. In Model 2 (Specific Economic Factors), those who report not having lost a job constitute the baseline/comparison category. Effects are expressed as un-standardized coefficients with robust standard errors in parentheses.

Table A3.
Unemployment and Social Capital

	Relationship between (Un)Employment and Social Capital Indicators						
	Work to Solve Problems in One's Community (CP5)	Attend Religious Meetings (CP6)	Attend School Meetings (CP7)	Attend Community Meetings (CP8)	Attend Professional Meetings (CP9)	Attend Political Meetings (CP13)	Attend Women's Meetings (CP20)
Working	2.17 (3.36)	-.790 (3.24)	1.11 (2.69)	-4.91** (2.08)	-.058 (2.48)	-.172 (2.96)	1.38 (3.76)
Lost and found Job	12.16** (5.50)	.171 (4.86)	10.57** (4.70)	2.76 (2.99)	11.54** (5.03)	8.78* (4.97)	17.95** (7.95)
Not Working b/c Disabled	-1.47 (3.68)	-5.12 (3.72)	-1.99 (2.86)	-4.86** (2.31)	-4.09 (2.53)	-4.37 (3.30)	-.72 (4.02)
Constant	4.15 (5.08)	-1.28 (5.31)	9.06 (4.23)	-.52 (3.16)	-2.77 (3.74)	1.35 (4.09)	-4.93 (5.48)
N	724	1451	723	1450	721	722	394
R ²	0.0673	0.132	0.0726	0.0691	0.0867	0.0679	0.0831

Statistical significance thresholds are indicated as follows: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: OLS analyses based on data from the 2010 AmericasBarometer U.S. survey; analyses control for the complex survey design. Comparison category is *unemployed*. Questions CP5, CP7, CP9, CP13, and CP20 were asked of only half the sample. CP20 was asked of only women. Controls included but not shown: Crime Victimization, Female, Ideology, Income, Age, Education and Region (Baseline: South). Effects are expressed as un-standardized coefficients with standard errors in parentheses.