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Welfare regimes and aspects of social capital when inequality matters

By

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The purpose of the study is to analyse empirically how the correlations between certain aspects of social capital and the level of public social expenditure change when other features of the welfare state are added to the picture. We find the following three observations of particular interest: First, it has been found that generalized trust and bridging social capital are strongest in the Nordic countries and weakest in those countries where the level of public social security is lowest. Second, bonding social capital is strongest in the countries where the level of public social security is lowest. Third, social aid does not correlate with the level of public social security. Our purpose is to test empirically the relevance of these three research results by adding a new dimension to the analysis. We do not compare welfare regimes or the level of social expenditure directly with the various features of social capital, but instead do it in two steps by first regressing the expenditure levels on the level of income inequality in different countries. Differences in intergenerational earnings mobility between various countries are also studied at this point. Secondly, we regress the income inequalities on the various features of social capital. Using the regression coefficients of this two-step procedure we can test the so-called "crowding out" hypothesis of the welfare state. The second item which we test is the classification of welfare states. We utilize not only the commonly used decommodification measures but also some measures of inequality, features of social capital and the level of welfare valued by the citizens themselves. For the comparisons, we use several databases including the World Value Survey and certain ISSP surveys, as well as metadata from various sources.

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