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Social Capital and the Functioning of Welfare Systems

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Abstract

The object of this paper is a reflection on the role that social capital can play in the processes of innovation and reform of the welfare system. The analysis is based on the following assumptions: 1. global society requires higher levels of trust, but has no systems involving unfair sentencing of ; 2. the processes of individualization require high levels of social capital, but are not able to regenerate it; 3. growing inequality, together with the reduction of the redistributive welfare systems, not only makes people 'less equal', but also less 'trusty'. The complex society requires a lot of social capital at macro and micro level, but does not seem able to produce it. In the analysis of the welfare system, social capital is inserted as a new intervening variable that, depending on the perspective, it is considered as a condition for the proper functioning of the system or as a result of its proper functioning. The social capital may be defined as a set of resources (material and non-material) embedded in the structure of relationships of trust and solidarity. In relation to the functioning of the welfare system, social capital, from a macro perspective, it can be identified with forms of action structures of civil society; from the standpoint of micro, as structures of interpersonal relationships (networks) based on trust and solidarity. To examine the role that social capital can play in the reform of the welfare system, it is necessary to overcome the dichotomies of micro-and macro, cause and effect, and consider the welfare state as an institution that incorporates within it the function of production and consumption of the social capital.

Keywords: welfare system, social capital, social expenditures.

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1. Introduction

The aim of this research is to make some reflections on the role that social capital can have in processes of welfare system reform and innovation.

The Europe 2020 program aims at creating a Europe that is more consolidated and inclusive through policies that bring about higher employment rates and combat poverty and social exclusion.

As to the achievement these objectives, the 27 countries of the European Union have very different social and economic conditions, as is the amount of social capital that each country can implement.

The Europe 2020 program is informed by the profound crisis that affected European systems of welfare since the end of the 1980s; a crisis that is rooted in the globalization of markets, in the loss of competitiveness of businesses and in processes of deindustrialization. The significant changes occurring in European markets, and especially in the labour market, along with changes in the demographic structure of the population (characterized by wide-ranging processes of ageing and low fertility rates) have put into question the sustainability of the European development model, which was informed by a balance between economic growth and redistributive equity. At the same time, these changes forced all European countries to rethink their welfare systems (Esping-Andersen 1999, Hemerijck 2008). Despite the appearance of immobility, most European countries effectuated policies aimed at reducing social security expenditures, acting particularly on the pension system (ie. raising the retirement age), making labour more flexible in order to lower costs, introducing private insurance plans and entrusting the market to the so-called “social economy” for the production of many services (Evers and Wintersberger 1988; Powell and Barrientos 2004). This situation became even more critical once again starting in 2008 when the financial crisis exploded, forcing governments to effectuate even more restrictive economic, fiscal and social policies. In this phase, dramatic differences emerged between countries that were capable of facing the the two phases of the crisis, in terms of speed and political ability (especially in the Mediterranean area) and countries that introduced reforms whose effects came about too slowly, or that introduced non-coordinated policies among the different sectors, for which it is difficult to evaluate the impact in terms of efficacy and efficiency (Hemerijck and Vanderbrouke 2012).

The achievement of objectives of Europa 2020, must also take into account the different impacts that the profound economic and financial crisis has had on various national realities. The crisis has forced many countries to re-evaluate spending policies -often in restrictive terms - and it has reduced or

completely impeded the possibility of investing in social spending in some countries.

In this phase of profound structural and political change a new cultural dimension provided by social capital becomes strategic: social capital that can be considered an indicator of the level of social cohesion (Berger-Schmitt 2000) and therefore of the level of acceptance or refusal of social policies that require many sacrifices by citizens. In an analysis of functioning mechanisms of welfare systems, social capital can be included as a new intervening variable that, depending on perspectives, is considered a “condition” for the proper functioning of a system or an “effect” of its proper functioning.

The creation of a protective institutional network for citizens to combat the most important social risks that are not under individual control (old age, poverty, disability-inability, unemployment etc.), the provision of services to promote better opportunities for all (e.g. Education) and the reduction of dependence of citizens on the family-community network of support (health, reception and assistance facilities) all strongly influence not only the collective quality of life, but also the trajectories of the lives of individuals, their life plans, the possibility to realize these plans and the way in which individuals relate to others and to political and social institutions. It is mere ideology to maintain that welfare systems have only created dependence among citizens and that these systems have deprived citizens of their liberty to “choose”, that they have made citizens lose their sense of responsibility and that welfare is a system of production and distribution of goods and services that are too onerous and for the most part inefficacious and inefficient. The reduction of social expenditures which is being experimented with in all of Europe has shown, however, how strong the risk is of a substantial reduction of the liberty to choose and citizens' abilities to realize themselves when the institutional network of protection and services starts to fall apart¹. Social capital as a cultural dimension can become a way to measure social cohesion and community integration, of single citizens and associates, and a way to measure loyalty to institutions and as such, a way of measuring the degree of

1 Conditions among the young and the growing difficulty they have in finding employment joining the increasingly deregularized labour market demonstrate how a lack of social policies that they find in the slow entry into the labour market influences the course of their working and family lives, thereby creating mistrust in institutions and strongly competitive behaviour, which works against a sense of trust in a generalized other. Moreover, the lack of supporting policies to enter the labour market reinforces dependence, even materially, by the younger population on their families who carry out the role of a social safety net, especially in Mediterranean countries. The risk of underemployment and/or unemployment among the younger generations has, in the global society, turned into a personal risk and individual failure.

legitimacy and acceptance of the social policies – increasingly restrictive – promoted by governments (Berger-Schmitt 2000).

Social capital can be defined as a combination of resources (both material and non-material) embodied in the structure of interpersonal relationships of trust and solidarity².

In regards to the functioning of welfare systems, social capital from a macro perspective can be identified by the level of interpersonal trust and trust in social institutions (Putnam 1993, 2000).

Whereas from the micro point of view, it can be identified by the structure of interpersonal relationships (network) which convey material and non-material assistance and create an important network of support to face many problems that are part of the daily lives of social actors (Lin 2001); a network of interpersonal relationships and know-how that promotes social mobility (Bourdieu 1980, 1985).

The debate about social capital can be traced back to three large-scale issues: the relationship among associationism, social capital and civic culture; the relationship existing between generalized social capital and primary social capital (family) and, finally, the many ways in which empirical surveys of social capital can be carried out, and of the creation and use of indicators. Namely, we are led to ask: where, in its different forms, does social capital come from? Are the different forms of social capital equal from a functional point of view? And how do you define and measure social capital empirically?

A) The first lines of reflection on the relationship between associationalism and social capital, on the heels of Putnam, consider associationalism as one of the fundamental factors that produces social capital, “intended as the combination of social networks together with cooperative attitudes, respect for norms, of reciprocity and trust in others and in institutions that favour collective life and act for the common good” (Stanzani 2010, pp.33-34). The reference is obviously to “good habits of the heart” (Bellah, 1985) which, according to the tradition of A. de Tocqueville, constitute a type of historical heritage that certain countries have and that allows them to move towards modern democracies (Almond and Verba 1963, Kornuauer 1959, Salamon and Anheir 1998, Burns, Schlozman and Verba 2001, Parry, Moyser and Day 1992, Porter Magee 2008). A different position is held by others, instead, who maintain that generalized social capital and interpersonal trust tend to grow and consolidate when institutions show good

² The literature on social capital names three authors responsible for introducing the concept and for its acceptance that spread through the social sciences: for a macro perspective see Putnam (1993, 2000), and for micro, see Bourdieu (1980, 1985) and Coleman (1988, 1990).

levels of functioning (Hooge and Stolle 2003, Rossteutscher 2002, 2003, 2008, Rothstein and Stolle 2008, Rothstein and Uslaner 2005).

B) Regarding the relationship between micro and macro social capital, the sociological literature presents a dichotomy: while it retains that generalized social capital positively influences the relationship between the State and its citizens, by promoting attitudes of interpersonal trust and loyalty towards public actions, micro social capital provided by the dense network of exchanges based on interpersonal relationships promotes attitudes of mistrust towards the State, closure towards the outside world, and behaviours that are based on privatism and particularism (Alesina and Giuliano 2013). Moreover, the substantial counterposition between macro and micro levels of social capital has often been emphasized by the identification between social primary capital (familism) and amoral familism.³ In general, it is held that while social capital at the macro level is a variable that fosters and encourages economic and social development of a country (Fukuyama 1995; Putnam 2000), social capital at the micro level has a slowing down effect, even acting as a true and proper impediment to development, in that social actors are characterized by an orientation towards a type of private action and hence of closure, which exclusively privileges personal interests and underestimates the fact that in a modern and complex society levels of reciprocal interdependence grow, by virtue of which individual interests are increasingly “contingent” with respect to the general interest of the collective sense of belonging. Epidemiological studies have shown that in social realities characterized by high levels of inequality, societies in which there is a strong polarization between private wealth (increasingly concentrated) and public poverty (ie. a lack of a system of social security), all citizens, regardless of social class of belonging, experience a lower level of quality of life (measured by the incidence of diseases and life expectancy at birth). The same research has shown the existence of a strong correlation between low levels of social capital at the macro level and low levels of quality of life (Wilkinson and Pickett 2009). Nonetheless, a recent study on the relationship between generalized social capital (macro) and primary social capital (micro), has shown that the two types of social capital are not inversely proportional and that, according to the specific social realities of reference, such coexisting forms have different roles (Pichler and Wallace 2007). Because social capital as a distinctive cultural trait of a society has its roots in the traditions and customs and communicative styles of the different

³ The literature on social capital names three authors responsible for introducing the concept and for its acceptance that spread through the social sciences: for a macro perspective see Putnam (1993, 2000), and for micro, see Bourdieu (1980, 1985) and meso in Coleman (1988, 1990).

nations (and within each nation in its various subregions), it is believed that according to the social contexts referred to, social capital at the micro level (primary) can be complementary or a replacement for (generalized) macro social capital (Pichler and Wallace 2007)⁴.

C) Social capital is a variable that intervenes in functioning mechanisms of a complex society and networks of interdependence that are extremely complex and difficult to “measure” (Adam and Roncevic 2003; Forsé and Tronca 2005; Lin 2001; Lin, Cook and Burt 2001; Lin and Erickson 2008a and 2008b, Castiglione et al. 2008, Tronca 2007). The debate concerns not only the identification of the most suitable analytical techniques to understand the reality of social capital, but also and, most of all, the identification of types of indicators to use for the different forms of social capital. In the past few decades, remarkable effort has been made to identify the concept precisely, through the provision of specific forms of operationalization, for as much as they may be different. The knowledge acquired about social capital during these years has shown, however, that the concept has empirical relevance and can therefore help us to understand better (suitability) certain social dynamics which often are missing in other types of analyses.⁵

Such an explicative hypothesis assumes – in my opinion – that the welfare state, when taken to mean an organized system of socialization (or of de-commodification) of social risks and the protection of rights as a base of citizens' security, influences the amount of social capital available to a community, both at the macro and micro level.

If safeguarding of rights is widespread, the level of generalized trust and trust in institutions increases, as does freedom of choice among citizens and the use of primary networks of support becomes more “expressive” and emotional (non-material goods), but does not disappear for this reason. If services are good and safeguarding widespread, taxes are paid willingly and restrictive policies can be accepted as well.

If safeguarding of rights is reduced in a selective manner, the use of primary social capital is based on an obligation of solidarity, and there is little trust in institutions since they are perceived as distant, non-functioning and

4 Empirical research carried out in Italy on a representative sample of the population showed that there is no inverse relationship between generalized social capital and family primary social capital: social capital, in the two forms analyzed, show a common generative root (Di Nicola 2013, Di Nicola, Stanzani and Tronca 2010, Tronca 2013).

5 There are many empirical and theoretical studies conducted in Italy: cf. Bagnasco et al. 2001, Cartocci 2007 and 2008, Mutti 2003, Tronca 2007, Pendenza 2008, Di Nicola, Stanzani and Tronca 2008 and 2011, Donati 2008a and 2008b, Donati and Tronca 2008.

not taking the common good into account. If services are few and insufficient, taxation is seen as looting by a corrupt political establishment.

2. Research

The various studies, both empirical and theoretical, concerning social capital (in its different forms) show, as much as in the diversity of approaches as in the empirical results, that between the public and private spheres there is an area of action of individual and collective subjects that cannot be attributed to conformity to roles and norms, nor to action models aimed at optimizing individual interests. In such an area of action there are both individual and collective subjects - as previously mentioned – who effectuate specific action strategies (based on cooperation, solidarity and the fostering of the common good) which influence the level of social cohesion and integration. Taking into account the role carried out by welfare systems in European countries to create a development model that aims at bringing together equality, social justice and economic growth, which themselves aim at fostering social cohesion as a result, I think that the different models of welfare that have been historically realized and that demonstrate the different levels of efficiency and efficacy in promoting and safeguarding citizens' rights influence social capital: both in the sense that they do not consume available social capital (if functioning well) and in the sense that they do not or have not been able – where functioning is less than optimal – to raise the level of social capital of civil society. Moreover, I believe that the recourse to networks of family assistance (primary social capital) tends to be much stronger when institutional service networks are reduced and when female occupation has a much lower rate.

Beginning with the framework outlined above, my research aimed at investigating on an exploratory level the existing relationship among structural characteristics (the labour market), welfare models and micro and macro social capital⁶ in the 27 countries of the European Union⁷.

⁶ The concept of social capital is a complex and multidimensional one, and it has many different empirical traditions: for macro social capital, indicators that can be used include: interpersonal and institutional trust, civic commitment, associationalism rate, percentage of voters, political participation, percentage of blood donors. For micro capital the usual indicators employed are: existence of support network type of support, frequency of informal contacts, assistance given and received from outside of the family or from members of the family.

⁷ The July 1, 2013 Croatia became the 28th state of the European Union.

To achieve the goals of the knowledge research, we identified the following areas of analysis: characteristics of the labor market, expenditure on social protection in total and on specific programs, indicators of institutional and generalized social capital and primary social capital (a network of aid from the family).

Data Sources⁸:

Characteristics of the Labour Market (Reference year: 2010):

Eurostat: employment rate for total population aged 15-64; employment rate by sex; percentage of women working part-time, employment rate of population aged 55-64; percentage of population risking poverty and social exclusion.

Expenditure Models (Reference year: 2010):

Eurostat: total expenditures on social protection as a percentage of GNP, expenditure healthcare, the elderly, families and children, and unemployment expenditures.

Generalized Social Capital:

Eurofound (*Third European Quality of Life Survey*): generalized trust (*Reference year: 2011*);⁹

Eurofound (*Third European Quality of Life Survey*): institutional trust (parliament, legal system, police, government, local authorities) (*Reference year: 2012*)¹⁰.

Primary Social Capital (Reference year: 2012):

Eurofound (*Third European Quality of Life Survey*): willingness to seek out a family member for assistance and support in specific situations.¹¹

⁸ At the time of construction of the database, were included the latest available data.

⁹ Trust in people: Mean value on a scale of 1 'You can't be too careful in dealing with people' to 10 'Most people can be trusted'.

¹⁰ Trust in public institutions: (Please tell me how much you personally trust each of the following institutions. Please tell me on a scale of 1 to 10, where 1 means that you do not trust at all, and 10 means that you trust completely. Public Institutions: Parliament, Legal System, Government, Police, Local Authorities.

¹¹ Items: From whom would you get support if you needed help around the house when ill?; From whom would you get support if you needed advice about a serious personal or family matter?; From whom would you get support if you needed help when looking for a job?; From whom would you get support if you were feeling a bit

2.1. Exploratory Investigation

The research aims to verify, at explorative level, any existing connections between welfare models and social capital (micro and macro) in the 27 European Union countries. Various and significant researches have been conducted since the 60s of the last century, primarily with the aim to attribute to the different national welfare systems (in particular the welfare of the Western European countries) specific typologies of analysis that differ on the basis of peculiar political, cultural and organizational variables, such as: the criteria for the access to public services (universalism vs. mean test); the protection of basic needs covered by the state; the different role assigned to the state; the market and the family in the implementation of welfare capitalism; the funding mechanisms (general taxation vs. contributions workers-employers); strong or weak presence of the State in the rights protection of citizenship. The reference is to authors such as Titmuss (1958) and Esping-Andersen (1990), who have had the merit to introduced in the economic, sociological and political science literature the problem of the 'empirical' identification of welfare typologies. In particular, the reflection of Esping-Andersen has opened a wide debate, which was attended by other scholars motivated by cognitive critics and in the terms of content (criticism of the three models: liberal, social-democratic, corporative) (Ferrera 1996) but also on the indicators and the processing techniques, e.g. factor analysis, rather than regression, or the use of clustering techniques (Ragin 1994, Shalev 1996, Gough 2001). Fully aware of the complexity of the theoretical and empirical problems that underlie the identification of welfare models, the research of which we present the results has no confirmatory or validation intention of the different models identified, but only explorative purposes, not referring to models of regression, but to explorative analysis techniques/cluster. The variables used for the construction of the welfare models are the social expenditure; the analysis refers also to the central and east European countries that entered in the European Union after 1991 (the collapse of the USSR). Countries that in the past enjoyed some protections on universalistic basis, but after 1991 for the first time they have had to face, on a national basis, the issue of social equity in a market society. Countries of which we know a little and which are characterized by the existence of low levels of generalized and institutional social capital (Howard 2003).

Before proceeding with an analysis of the labour market, welfare models and social capital, I carried out an exploratory investigation of the average

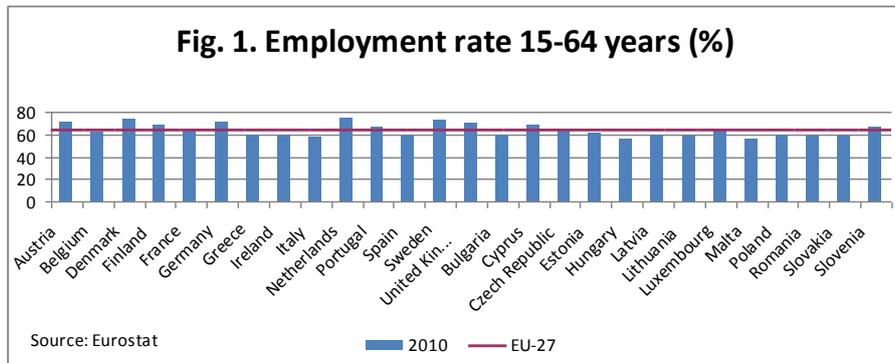
depressed and wanted someone to talk to?; From whom would you get support if you needed to urgently raise 1000 EUR to face an emergency?

distribution of the indicators used, in order to evaluate how each single country ranks compared to the average (above or below). This type of analysis will identify what are the variables most discriminating to utilize for subsequent searches.

The Labour Market

Regarding the characteristics of the labour market in the 27 countries of the EU, the total employment rate is 63.6% (pop. aged 15-64), with a standard deviation of 5.80 percentage points; the employment rate for males is 68.9 % (SD=5.99), for women it is 58.3 (SD=7.69), employment rate for population aged 55-64 is 46.2 (SD=9.52), while the percentage of the population risking poverty or social exclusion is 24.2 (SD=8.58).

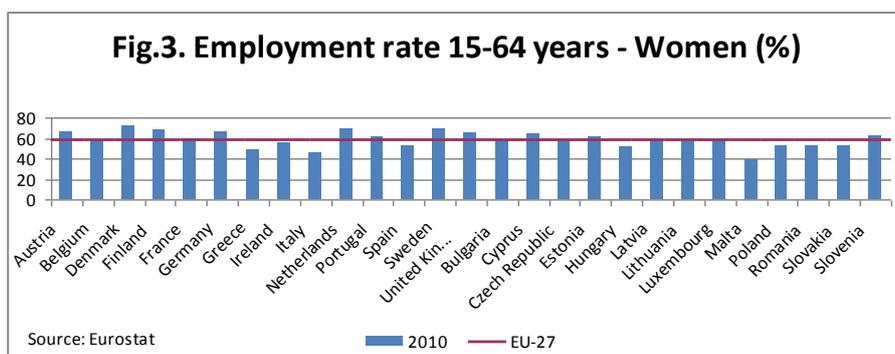
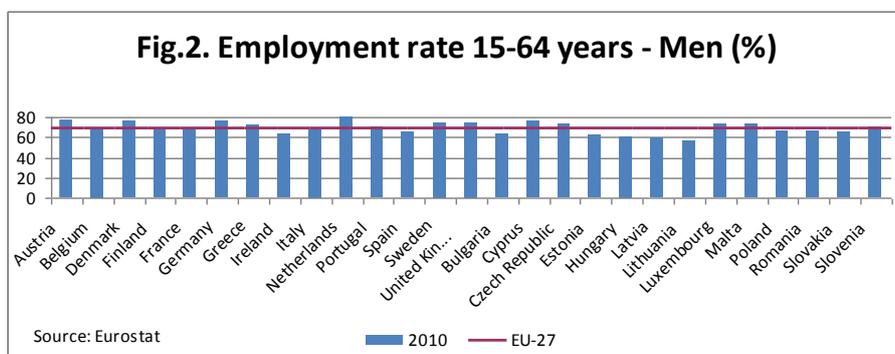
Compared to the average data, as shown in the figures below, the European countries have significant variations. For general data (total employment) – Fig.1 - 13 countries are above the average while 14 fall below. Among the countries below and above the average, the standard deviation is very different: on the one hand there are the Netherlands, Austria, Denmark, Germany and Sweden which are well above the average, while countries like France, Portugal, Slovenia and Luxembourg are just a little bit above the average.



The same can be said for those countries falling below the average, where countries like Hungary, Italy and Lithuania are stand out for being well below the average. In general, even if the financial crisis of 2008 affected all countries of the European Union, in reality its impact was obviously much more critical in countries with low occupation rates, countries in which the

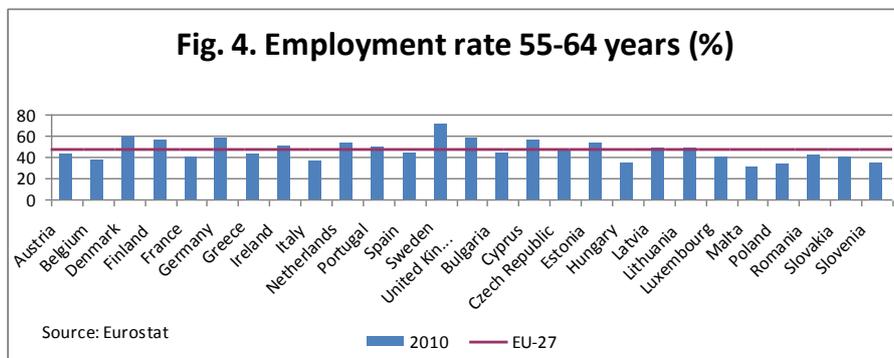
economic situation of families, especially those with a single-income earner, was already a problem.

As can be seen in Fig. 2 and Fig. 3, while male occupation rates do not significantly influence distribution above and below the average of the 27 European countries, female occupation rates have a much more differentiated distribution: for example, countries such as Greece, Italy and Malta where even though male occupation rates are average, women are much less present in the labour market. As can be seen in Fig 2 , the male occupation rate is 68.9%, with a Std.Dev. of 5.99, whereas the female occupation rate is 58.3% (10 percentage points less) with a Std.Dev. of 7.69 which confirms a significant variability in the different European countries (Fig. 3).



An indicator that introduces further elements of differentiation in the labour market of the 27 European countries comes from the rate of

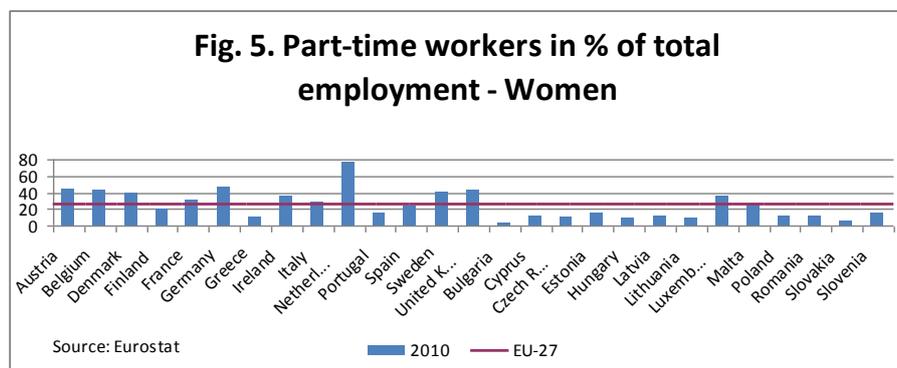
occupation for the 55-64 age group (Fig. 4). The percentage of employed in this age range is 46.2%, but the Std.Dev. is much higher (9.5). Despite the pension reforms introduced in the different countries, which were all directed at avoiding an early exit from the labour market (before 65-67 years old), in reality there are many more countries in which the rate of unemployed “adults” is not insignificant, with a probable negative effect on pension expenditures. Austria, Belgium, France, Greece, Italy, Spain, Bulgaria, and many of the ex-satellite countries of the USSR fall under the average with negative and highly significant variances for countries such as Italy, Hungary, Malta and Poland.



The percentage of women working part-time can be considered an indicator of social policies based on the one hand at intensifying women's positions in the labour market¹² while on the other hand promoting conciliating between retributive work and care work. These are policies that while they tend to increase women's economic autonomy partially, they also reinforce at the same time the concept of a division of family gender-oriented work loads: especially a concept of care work as typically specialized women's work. Moreover, for part-time work to be “successful” as a balancing strategy at different times in life presupposes in many aspects a stable family in which the stronger economic role is that of the male. Even in its ambiguity (as an effect on the lives of women with children, especially for separated/divorced women), part-time represents still today a solution to the problem of conciliation that often fulfils the same female expectations (of young mothers), and as such it constitutes an indicator of “vitality” of the labour

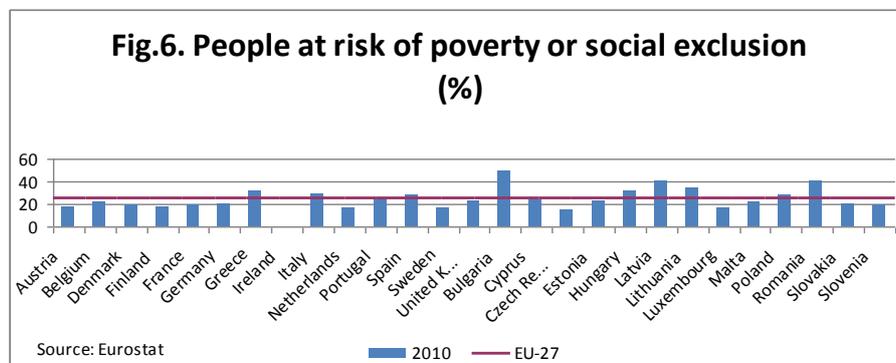
¹² It is to be remembered that Lisbon 2000 aimed at raising the female employment rate to 70%, an objective that many countries were not able to reach.

market. Women working part-time, at the European level, represent 24.66% of total employed women, with a Std.Dev. Of 17.16. As can be seen in Fig.5, the distribution of females in part-time work in the 27 European countries is widely uneven and differentiated. At the top is Holland with 76.5% of its women being employed part-time, followed by Austria, Belgium, Denmark, Germany, Ireland, Sweden, the United Kingdom and Luxembourg whose percentages vary between 30 and 45%; the other countries are below the average.



At the conclusion of this descriptive analysis of labour market characteristics, we take into consideration data regarding the percentage of the population at risk of poverty and social exclusion. Since this category includes not only those who live below the line of poverty, but also young people who have not found a job or are not in educational training programs (social exclusion as a risk), it can be hypothesized that this data is a measurement of the level of rigidity of joining the labour market and of the weakness of policies to combat unemployment.

As can be seen in Fig. 6, this percentage of the population is high at the European level (24.2% with a Std.Dev. of 8.58), with critical points in countries such as Bulgaria, Lithuania, Romania, followed with decreasing values by Greece, Italy, Spain, Poland and Portugal.



Ireland: Data not available.

Social Expenditures

For the descriptive analysis of social expenditures of the 27 European Union, different types of expenditures were taken into account, in as much as some researchers maintain that in order to reconstruct welfare models data showing totals is insufficient: it is the details of the different types of expenditures that show the types of decisions taken regarding social policies made by each single country. As Castells (2009) maintains, not all spending is the same from a political point of view; moreover, major and minor investments in a program (health instead of pensions or family-related policies) influence the opportunities and outcome of citizens' lives.

Total spending on social protection has an average incidence on GNP of 24.4 (SD=5.18); healthcare represents 6.8% (SD=2.07), spending on the elderly is 9.6% (SD=2.18), and on families and children 2.2% (SD=0.89) while on unemployment it is 1.5% (SD=0.95).

As can be seen in Table 1 more than half the countries (14 out of 27) are above the average for total expenditures, with significant variances for countries such as Austria, Finland, France Germany, Holland, Sweden, These are countries that belong to Old Western Europe that, in many cases, were the birthplace of welfare systems. Conversely, the situation social expenditures in other countries are below average and include ex-satellite countries of the USSR, and generally countries who have recently entered the EU. Among these countries, there are some like Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania and Slovakia which present negative variances with respect to a rather high average (5-6 percentage points). The distribution of countries above and below the average do not change if health expenditures are taken

into account, with the only exception being Slovenia which is well above the average in health spending. More determining are other types expenditures in order to be able to construct welfare models. On the one hand there are the countries that are above the average, and Italy shows a very strong disequilibrium with regards to pensions (+5 percentage points: more than double the Std.Dev.), while Belgium, Ireland, Spain and Slovenia spend less than the European average on pensions. Spending on families and children is more decisive: some 7 countries, those with higher total spending levels, invest little in family support programs (Belgium, Greece, Italy, Holland, Portugal, Spain and the United Kingdom). Conversely, Estonia, Hungary and Luxembourg whose total spending is below the average, have these type of support programs. Lastly, there is very little attention paid to unemployment support policies in Italy, Portugal and the United Kingdom, as well as Sweden. Interesting conclusions can be drawn from an overview of Table 1:

- among those countries where total spending is above the European average, countries such as Austria, Denmark, Finland, France and Germany invest and support all types of programs (health, pensions, family and unemployment): indeed, they appear in the highest part of the table in all five columns. As seen before, these are countries that have high employment rates. The situations in Holland and Sweden require special emphasis: these are countries that even though they have higher total expenditures, they do not invest very much in programs of family support (Holland) and unemployment (Sweden). However, these two countries have the highest taxes, the highest employment and part-time employment rates of all European countries. Thus, we have a country that has significant unemployment problems, while the other invests in family support problems by incentivating part-time female employment;

- among those countries where total expenditures are below the average, Bulgaria, Cyprus, the Czech Republic, Latvia, Lithuania, Malta, Poland, Romania and Slovakia invest very little all programs.

The situation of the countries taken into consideration seems polarized: on the one hand there is the small historical group of countries that have always been a model of development where well-being is linked to equality, while on the other hand the group of ex-satellite countries of the USSR where the “total” type of welfare model (typical to socialist economies) has disappeared and they have not been able to create a network that is capable of facing the unregulated and aggressive market economy.

Between these two extremes lie Belgium, Greece, Ireland, Italy, Portugal, Spain, Estonia, Hungary, Luxembourg and Slovakia, which have some critical points with regards to the labour market and whose expenditures are not always in line with the real problems of the countries. Italy is emblematic of

this situation: it has critically low birth rates, there is increasing poverty of families and unemployment is on the rise, yet the country still spends most of its resources on pensions.

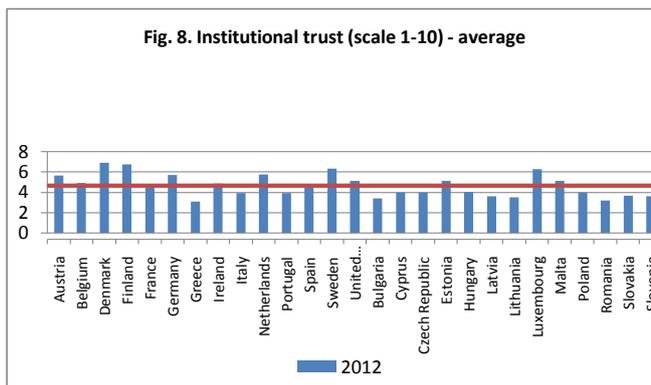
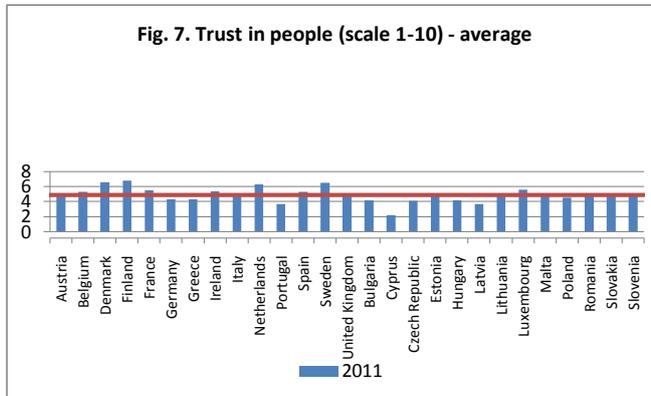
Tab. 1 – Total Expenditures for social protection, health, family-children, unemployment as a % of GNP. Year 2010. Source: Eurostat (see appendix)

Social Capital

As has already been mentioned, three groups of items were taken into account as indicators of social capital. Namely, for macro level social capital two types of measurements were used: generalized trust and trust in institutions, while for micro level social capital reference has been made to a set of variable related to requests for assistance (for certain aspects of daily life) to members of one's family.

As can be seen in the following data with comments, levels of interpersonal and institutional trust are rather low, in line with other research results that have highlighted a slow decline in this form of social capital. As can be seen, Std.Dev.s are low, which confirms the existence of a generalized attitude of distrust in all European countries, with not much difference between the countries.

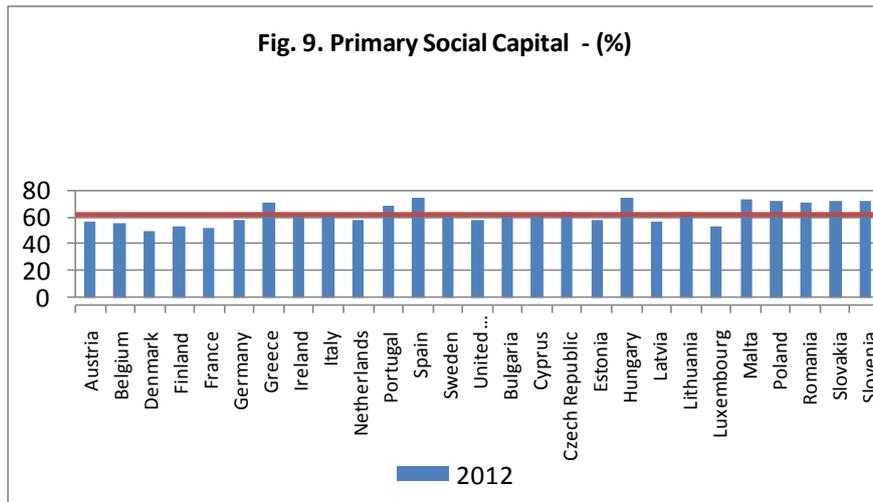
On a scale that goes from 1 to 10, the average level of interpersonal trust (generalized social capital) is 5.01 (SD of 1.03). Some countries have values close to the mean (Belgium, Ireland, Italy, Spain, United Kingdom, Lithuania, Romania, Slovakia e Slovenia), while Denmark, Finland, Sweden and the Netherlands show more marked positive variations from the average. Countries with levels of trust in people below the average, with decreasing values, are: Cyprus, Portugal, Latvia, Germany, Greece, Czech Republic, Hungary, Poland, Bulgaria and Malta (Fig.7). Institutional trust (institutional social capital) is even lower: on a scale of 1 to 10, the average is 4.66 (SD of 1.11). There are certain variations with respect to interpersonal trust: Estonia and Malta are above the average, and Slovenia is below. Generally speaking, Denmark, Netherlands, Sweden and Finland repeat their performance from before (interpersonal trust) with variations well above the average (Fig. 8).



Confirming the literature as to the relationship between macro and micro social capital, there is an inverse relationship between generalized social capital and primary social capital.

The percentage of respondents who would seek out family help to resolve certain problems is 62% with SD of 7.67. Some newer countries to the UE with lower rates of social expenditures, along with Spain and Greece,

show high level of family social capital. The data available do not show a clear division with regards to primary social capital between the older countries and the newer countries of the EU, between traditional Mediterranean countries and northern Europe, between former countries of the USSR and countries with a capitalistic market (Fig.9).



2.2. Welfare Families, Labour Market Characteristics and Social Capital

In order to show the relationships between characteristics of the labour market, welfare models and social capital (both micro and macro), the data analyzed so far in the exploratory investigation underwent further elaboration, namely cluster and variance analyses.

Before moving on to the construction of clusters, correlation coefficients have been calculated for the previously mentioned variables, in order to identify the strongest relationships between variables and to create an interpretative grid so as to better understand cluster articulation.

As can be seen in Tab.2, total expenditures, in terms of percentage of GNP, show - as should be obvious - strong and significant correlations among all types of social expenditures (Sick=.815; Old Age=.688); Family=.462; Unemp.=.605), with total employment rates (.594) and males (.561) and part-time female occupation (.709); there is (obviously) a strong, significant and negative correlation with percentage of population at risk of poverty and social exclusion (-.538).

*Tab. 2 - Pearson Correlations: variable labour market, social expenditures and social capital¹³.
(see appendix)*

Instead, the correlation between total expenditures and support programs for family members is strong but not significant (.462), in so far as, as has already been seen, there are countries with low levels of total expenditures that invest in such programs all the same, because, most probably, the support of dependent family members depends also on explicitly planned social policies, and not only from amount of resources dedicated to the collective. The same goes for health expenditures which tend to have a positive and significant correlation with unemployment support program expenditures (.589) and with those for part-time female occupation (.696): health insurance is also guaranteed for those citizens who do not have stable and continuous relationship with the labour market and for non-full-time female workers (whose tax contributions are therefore less than that of the full-time working population). The amount of the population at risk of poverty and social exclusion depends on labour market trends: it tends to decrease when total occupation rates (-.509) and male occupation rates (.672) are high. Women's presence in the labour market does not strongly or significantly influence these data; instead, part-time female occupation rates (-.537) seem to lower the risk of poverty and social exclusion in a significant way. It can be hypothesized that in order to combat poverty, it is more effective to have political strategies that aim at conciliation policies (effectuated through part-time female occupation) that do not require total defamiliarization of care work, rather than policies that aim at total participation of women in the labour market.

For an initial assessment of the relationships between social expenditures, labour market characteristics and type of social capital, it is the last three lines of Tab. 2 that are interesting. Generalized trust correlates positively and significantly only with total social expenditures (.531) and the part-time female occupation rate (.533). The correlations are low and above all not significant for the other variables. Interpersonal trust is a type of cultural trait is reconfirmed, and it is one whose characteristics are rooted in the social contexts of the phase of socialization and in styles of sociability that

¹³ We calculated the coefficients of correlation between two sets of variables that refer to different years (social expenditure in 2010, social capital 2011 and 2012). This is a methodologically wrong procedure: the intent, however, was to identify, always at explorative level, the existence of some connections between the two sets of variables under study. Then, the comment of data should be understood as indicative of certain trends. It should also be noted that in the general design of the research, spending patterns are antecedent to the various forms of social capital.

distinguish certain social groups. The correlation with part-time female occupation rates might be spurious: mediated by the fact that women's part-time work is widespread in certain specific environments (for example, the situations in Holland and Sweden).

Instead, institutional social capital and family primary social capital have completely different trends. Whereas the correlation between generalized and institutionalized social capital (.672) is strong, there is an inverse and very significant correlation between institutional social capital and primary social capital (.642). Trust in institutions tends to increase when occupation rates are high (male, female, part-time female occupation, and for workers in the 55-64 age group) and when the State has made family member support programs available. Obviously, this type of social capital correlates negatively with the percentage of population at risk of poverty and social exclusion (.645). It can be said that citizens generally tend to trust institutions that govern them when they believe that institutions are working successfully for the well-being of the collective with regards to social and material conditions (high employment, many services, wide-ranging protection, low poverty). When social expenditures increase, the recourse to family assistance (primary social capital) (-.502) diminishes in a significant way, while there is a strong negative correlation between primary social capital and trust in institutions (-.642). As a strategy of facing certain problems related to social reproduction, primary social capital generally loses its central importance when general occupation rates are high (-.574), especially female occupation (.630) and the State has made family member assistance programs available. (-.558). The inverse correlation between primary social capital and female occupation rates (both full- and part-time) demonstrates how, in reality, it is above all women who benefit from defamiliarization policies and how, in general, care work weighs heavily on women's shoulders: once their availability decreases, with their entry into the labour market, the recourse to family assistance decreases.

In Tab.2 we can see a very weak but not significant correlation between primary social capital and the percentage of population at risk of poverty and social exclusion (.313): this confirms that fact that among the factors that most probably influence risk of poverty and social exclusion there is usually a lack of primary social capital.

2.2.1. Welfare Models

In order to show the relationships between characteristics of the labour market, welfare models and social capital (both micro and macro), the data analyzed so far in the exploratory investigation underwent further elaboration, namely cluster and variance analyses.

Once the clusters were developed, in the analysis of variances the clusters were assumed to be independent variables, while indicators of social capital were taken as dependent variables.

The aim of the variance analysis was to verify whether the variation of the distribution of the average of social capital indicators depended on cluster affiliation. And whether this distribution is significant, that is, if cluster affiliation influences distribution of social capital statistically and effectively.

Not only total expenditures have been taken into account to identify clusters, but also each type of expenditure which is in line with the most recent literature that emphasizes that not all types of expenditures are equal from the point of view of the impact they have on the lives of citizens and of the social policies that each country enacts. Moreover, because many countries, even with high indices of total expenditures, have high percentages of the population at risk of poverty and social exclusion, we believed it opportune, in order to identify welfare clusters (models), to insert data regarding the population living in poverty and at risk of social exclusion as an indicator, insofar as it is a “proxy”, of efficacy and efficiency of expenditures.

Cluster analysis was carried out using the K-means method; 27 member countries were classified into five groups.

Cluster analysis is an explorative way of dealing with data: in extracting the number of clusters, starting from the distribution of single variables, we investigated when each of the identified clusters presented an internal logic from both a statistical and empirical point of view.

Tab.3 - Welfare Models.

Expenditures as % NGP	Cluster				
	1	2	3	4	5
Total_expen_2010	19.83	17.52	20.41	30.20	27.15
sick_2010	4.97	4.12	5.84	8.38	8.43
old_2010	8.65	8.44	8.02	11.20	10.55
unemp_2010	.71	.82	.86	2.15	1.96
fam_child_2010	1.96	1.72	2.12	2.85	1.94
% people risk of poverty or social exclusion	30.37	42.90	19.41	17.70	26.00

As can be seen in Tab. 3, the five clusters appear sufficiently differentiated and have an internal coherence: discriminating variables are used in the analysis. The first three clusters have the lowest European average of expenditures with no strong relative differences for pension expenditures,

whereas family and health expenditures are more tend to vary. If a proxy of efficiency of social policies is used as an indicator, the percentage of the population at risk of poverty and social exclusion appears more evident as do increased investments in family and health policies, together with a higher quota of resources to be dedicated to redistributive policies, and these increased investments reduce significantly the risk of poverty and therefore influence opportunities and the trajectories of the lives of single citizens (Cluster n. 3). In any case, the first three clusters bring together many countries of the ex-Soviet Union, countries which are experimenting with the advantages and costs of the free market!

The fourth cluster brings together the so-called “wealthy” countries, both on the level of material resources (high employment rates and income) and institutional resources (superior levels of public spending and services).

The fifth cluster, finally, brings together countries, despite the fact there is a higher than the European average percentage of total expenditures, which have some critical points in the labour market (e.g. high rates of unemployment and inactivity), and which have not been corrected with sufficient investments to support the unemployed and families. These are countries that most probably have not been able to introduce corrective policies required by the most recent economic and demographic dynamics, in their spending models (predictive in social investments is still the “historical” expenditure), or they have been introduced too late. The cluster include:

Cluster 1: Hungary, Lithuania, Poland.

Cluster 2: Bulgaria, Latvia, Romania.

Cluster 3: Cyprus, Czech Republic, Luxembourg, Malta, Slovakia, Slovenia, Estonia.

Cluster 4: Austria, Belgium, Denmark, France, Finland, Germany, Netherlands, Sweden,

Cluster 5: Greece, Ireland, Italy, Portugal, Spain, United Kingdom.

The clusters can be defined as follows:

- cluster 1: survival welfare;
- cluster 2: residual welfare;
- cluster 3: investment welfare;
- cluster 4: institutional welfare;
- cluster 5: traditional welfare.

A technical analysis of the variance was carried out to discover how indicators of social capital were distributed among the different clusters. The results of this investigation are reported in the following table.

Tab. 4 - Average Distribution of Social Capital in the Five Welfare Models

Social Capital	Cluster 1 Survival welfare	Cluster 2 Residual welfare	Cluster 3 Investment welfare	Cluster 4 Institutional welfare	Cluster 5 Traditional welfare	F	Sig.
Generalized Social Capital	4.60	4.53	4.38	5.98	4.96	3.854	.016
Institutional Social Capital	3.99	3.66	4.70	5.90	4.33	8.67	.000
Primary Family Social Capital	69.70	63.28	64.60	55.01	65.12	4.368	.009

At a first glance, it appears evident from Tab. 4 how in the countries with an institutional type of welfare model there are positive values regarding the presence of interpersonal trust (generalized social capital) and trust in institutions, whereas primary social capital (the recourse to family members for help) interests about 55% of the population (the lowest absolute value). Instead, for the first two types of social capital, countries having other types of welfare models are all in the negative zone: little trust in others and institutions, with a greater use of family networks.

A further in-depth exploration is required. In its different forms, social capital is rooted in the social and cultural characteristics of each single countries (or groups of countries), therefore in their distribution, it is necessary to remember this factor, the analysis of which lies outside the scope of the present work. This clarification is most important, above all, for generalized social capital, which is strongly affected by life experiences during primary socialization: indeed, F values and significance are low (Tab.4). Instead, good functioning of institutions maintains institutional social capital high or makes it increase: with increased social spending, together with better efficiency (as measured by the decrease in population at risk of poverty and social exclusion), institutional social capital increase (see Cluster 3), which, as has been seen, is superior to positive values in countries with institutional welfare. In this regard, both F and significance levels are very high. Primary social capital (family) tends to increase in the clusters that bring together countries with low rates of female employment and/or with low social spending: countries with basic, traditional and residual welfare systems. In these countries there is more time available for women to partake in care and home work, and it has a compensating function, with respect to scarce public and not very high quality services (as can be seen in Tab. 4 which shows relatively high significance).

Where the level of socialization of social risks and decommodification is low, generalized and institutional social capital are just as low. Primary and social capital remain significant, but it should be underlined that in times of dearth, informal resources decrease as well. For institutional welfare countries, social capital levels are high, while that of the family decreases in importance, without disappearing however.

3. Results and Discussion

The aim of this research was to explore the existence of relationships between welfare models and types of social capital.

Underlying the general plan of this research, it was assumed that the social context in which we live, made up of many institutions (market, welfare system, family, etc.) that provide opportunities and resources to draw on in order to achieve good “functioning”, can influence, modify and strengthen the way in which individuals “think about themselves” in relation to others.

1. The data that have been so far commented on confirm that between generalized social capital and primary-family social capital there is a slightly inverse correlation. Nevertheless, the persistence of a good level of primary social capital in countries with strong “individualization” and with high levels of material security, shows that generalized social capital and primary social capital carry out different social roles: one cannot substitute the other, in a political and cultural plan of fostering and defending the right to a *life with dignity*.

A proverb tells us that “man cannot not live on bread alone,” but without bread you die of hunger!

2. Countries with higher levels of social expenditures are those in which labour markets are stronger and demonstrate higher levels of generalized and institutional social capital. These correlations show how work still represents the basic driving force to a more inclusive welfare system with higher levels of social cohesion. It can therefore be hypothesized that those systems of welfare that are more inclusive in their creation of institutional safeguarding networks for citizens, produce, increment and preserve (if we do not want to appeal to cause-effect reasoning) social cohesion, a sense of belonging, interpersonal and institutional trust. A good level of cohesion makes restrictive expenditures policies and rigorous policies relatively easier to accept.

3. The welfare state created to substitute intergenerational solidarity that relies on family ties for intergenerational solidarity (based on a pact between the state and citizen) does not transform the citizen into an isolated individual; instead, it frees citizens up from the need to rely on networks of affiliation. These networks do not disappear; instead, they take on a more emotional dimension that is selective. With the development welfare systems groups with a sense of belonging increase rather than decrease.

4. Created in the wake of a Fordist society, of a society that works, welfare cannot ignore the labour market: not only because it is work that produces economic resources, but also because work represents the environment in which there is production of solidarity and social cohesion.

The results of this research confirm the existence of significant relationships between welfare models and forms of social capital. As mentioned previously, social capital is a multidimensional concept that allows for different forms of operationalization: in the context of the present research, certain indicators were chosen over others; accordingly, the results must be evaluated with regards to these indicators.

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Appendix: tables.

Tab. 1 – Total Expenditures for social protection, health, family-children, unemployment as a % of GNP. Year 2010. Source: Eurostat

Countries	Social Protection benefit totale % NGP (*)	Sick-Health (*)	Old-Age (*)	Family-Children (*)	Unemployment (*)
Above the average	Austria (+5) Belgium (+4) Denmark (+8) Finland (+5.3) France (+7.6) Germany (+5) Greece (+3.8) Ireland (+3.9) Italy (+4.2) Netherlands (+5.8) Portugal (+1.1) Spain (+0.8) Sweden (+5.5) United King. (+2.7)	Austria (+0.6) Belgium (+1.2) Denmark (+0.5) Finland (+0.7) France (+2.4) Germany (+2.7) Greece (+1.4) Ireland (+5.5) Italy (+0.5) Netherlands (+3.8) Portugal (+0.1) Spain (+0.4) Sweden (+0.6) United King. (+1.8) ▲ Slovenia (+1)	Austria (+3.1) Denmark (+2.6) Finland (+1.1) France (+2.9) Germany (+0.1) Greece (+2.3) Italy (+5.1) Netherlands (+1) Portugal (+1.7) Sweden (+2.5) United King. (+1.8)	Austria (+0.9) Denmark (+1.8) Finland (+1.1) France (+0.5) Germany (+1) Ireland (+1.4) Sweden (+0.9) ▲ Estonia (+0.1) ▲ Hungary (+0.7) ▲ Luxembourg (+1.7)	Austria (+0.2) Belgium (+2.3) Denmark (+0.9) Finland (+0.9) France (+0.7) Germany (+0.2) Greece (+0.2) Ireland (+2) Netherlands (+0.1) Spain (+2)
Mean	24.4%	6.8%	9.6%	2.2%	1.5%
Std.Dev.	5.18	2.07	2.18	.89	.95
Below the average	Bulgaria (-6.9) Cyprus (-3.1) Czech Republic (-4.9) Estonia (-6.6)	Bulgaria (-2.3) Cyprus (-1.9) Czech Republic (-0.5) Estonia (-2)	Bulgaria (-1.4) Cyprus (-1.1) Czech Repub. (-1.1) Estonia (-1.8)	Bulgaria (-0.2) Cyprus (-0.1) Czech Republic (-0.9)	Bulgaria (-0.9) Cyprus (-0.5) Czech Repub. (-0.7) Estonia (-0.8)

Paola Di Nicola
Social Capital and the Functioning of Welfare Systems

Countries	Social Protection benefit totale % NGP (*)	Sick-Health (*)	Old-Age (*)	Family-Children (*)	Unemployment (*)
	Hungary (-1.8) Latvia (-6.8) Lithuania (-6.1) Luxembourg (-2.1) Malta (-4.8) Poland (-5.8) Romania (-7) Slovakia (-6.4) Slovenia (-0.1)	Hungary (-1.1) Latvia (-3.1) Lithuania (-2.1) Luxembourg (-1.1) Malta (-1.1) Poland (-2.3) Romania (-2.4) Slovakia (-1.3)	Hungary (-0.4) Latvia (-0.5) Lithuania (-2.1) Luxembourg (-3.5) Malta (-0.7) Poland (-0.3) Romania (-1.6) Slovakia (-2.8) ▼ <i>Belgium</i> (-0.5) ▼ <i>Ireland</i> (-4.1) ▼ <i>Spain</i> (-1.2) ▼ <i>Slovenia</i> (-0.1)	Latvia (-0.7) Lithuania (-0.1) Malta (-1) Poland (-1.4) Romania (-0.5) Slovakia (-0.5) Slovenia (-01) ▼ <i>Belgium</i> (-0.1) ▼ <i>Greece</i> (-0.4) ▼ <i>Italy</i> (-0.9) ▼ <i>Netherlands</i> (-1) ▼ <i>Portugal</i> (-0.8) ▼ <i>Spain</i> (-0.7) ▼ <i>United King.</i> (-0.3)	Hungary (-0.6) Latvia (-0.2) Lithuania (-0.7) Luxembourg (-0.3) Malta (-1) Poland (-1.1) Romania (-1) Slovakia (-0.6) Slovenia (-0.8) ▼ <i>Italy</i> (-0.7) ▼ <i>Portugal</i> (-0.1) ▼ <i>Sweden</i> (-0.2) ▼ <i>United King.</i> (-0.8)

(*) Difference from the average ±

(▼▲) Countries who have moved either above or below the average, with respect to total expenditures

Tab. 2 - Pearson Correlations: variable labour market, social expenditures and social capital¹⁴.

	Total Exp. % GNP	Sick Exp. % GNP	Old Exp. % GNP	Family Exp. % GNP	Unemp. p. Exp. % GNP	Risk-Poverty % people	Empl. Total % 14-65	Empl. M. % 14-65	Empl. F % 14-65	Empl. 55-64	Part-Time Empl.F.	Gener. Trust	Instit. Social Capital	Primary Social Capital
Total Expenditure % GNP	1													
Sick Exp. % GNP	.815** .000	1												
Old Exp. % GNP	.648** .000	.266 .180	1											
Family Exp. % GNP	.462** .015	.317 .108	-.056 .781	1										
Unemp. Exp. % GNP	.605** .01	.589** .001	.010 .961	.396 .041	1									
Risk-Poverty % people	-.538** .004	-.452* .018	-.301 .128	-.253 .203	-.206 .303	1								
Empl.Total % 14-65	.594** .01	.427* .026	.377 .053	.393* .042	.149 .459	-.590** .001	1							

¹⁴ We calculated the coefficients of correlation between two sets of variables that refer to different years (social expenditure in 2010, social capital 2011 and 2012). This is a methodologically wrong procedure: the intent, however, was to identify, always at explorative level, the existence of some connections between the two sets of variables under study. Then, the comment of data should be understood as indicative of certain trends. It should also be noted that in the general design of the research, spending patterns are antecedent to the various forms of social capital.

Paola Di Nicola
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	Total Exp. % GNP	Sick Exp. % GNP	Old Exp. % GNP	Family Exp. % GNP	Unem p. Exp. % GNP	Risk- Poverty % people	Empl. Total % 14- 65	Empl. M. % 14-65 M.	Empl. F % 14- 65 F.	Empl. 55-64	Part- Time Empl.F.	Gener. Trust	Instit. Social Capital	Primary Social Capital
Empl. M. % 14-65 M.	.561** .002	.448* .019	.434* .024	.163 .416	.046 .818	-.672** .000	.809** .000	1						
Empl. F % 14-65 F.	.462* .015	.294 .137	.232 .243	.473* .13	.189 .346	-.362 .063	.884** .000	.440* .022	1					
Empl. 55-64	.341 .082	.243 .222	.144 .474	.371 .057	.164 .414	-.215 .281	.674** .000	.335 .087	.765** .000	1				
Part-Time Empl. F.	.709** .000	.696** .000	.331 .092	.281 .156	.392* .043	-.537** .004	.660** .000	.657** .007	.482* .011	.346 .077	1			
Gener. Trust	.531** .004	.429* .025	.209 .294	.412* .033	.373 .055	-.389* .045	.306 .121	.187 .351	.311 .115	.225 .259	.533** .004	1		
Instit.Social Capital	.604** .001	.404* .037	.210 .292	.639** .000	.388 .045	-.645** .000	.662** .000	.548** .003	.573** .002	.494** .009	.698** .000	.672** .000	1	
Primary Social Capital	-.502** .008	-.297 .132	-.262 .186	-.558** .003	-.336 .087	.305 .122	-.574** .002	-.313 .112	-.630** .000	-.484* .011	-.535** .004	-.376 .053	-.642** .000	1

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

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