

# **Why social cohesion declines in liberal regimes and increases in social democratic regimes**

## **A comparative study of USA, Great Britain, Denmark and Sweden**

Christian Albrekt Larsen

Centre for Comparative Welfare Studies,  
Aalborg University

**\*\*\*\* Paper prepared for the RC19 Montreal conference 2009. Very preliminary paper. Start of a book about social trust \*\*\*\*\***

### **Introduction: The paradox of social cohesion**

The question is why social cohesion declines in some Western countries, especially in the so-called liberal regimes, and why social cohesion increases in other Western countries, especially in so-called social democratic regimes. As a point of departure one can simply define social cohesion as the “glue” or the “bonds” that keep societies – in this context advanced Western nation states – integrated. For most readers it probably comes as no surprise that social cohesion erodes in the United States. This diagnosis was also presented in Robert Putnam’s bestselling book “Bowling alone” from 2000. With reference to some of the main drivers of change mentioned by Putnam, e.g. increase in individualisation, urbanisation, double earner families and TV-consumption, one can also explain why social cohesion decline in other advanced Western societies; this book will pay a special attention to the decline in Great Britain. Therefore it might come as a surprise that social cohesion actually seem to increase in other Western countries that have undergone the same processes of general modernisation – both Denmark and Sweden experienced an increase in social trust (see below). Even more paradoxically is the fact that this increase took place at the same time as Denmark and Sweden experienced a rapid transformation from mono ethnic to multi ethnic societies. So why does social cohesion decline in some advanced Western countries and decrease in others? This is the paradox of social cohesion, which the book will try to resolve.

The thesis is that the answer is to be found in the way that these countries respond to external shocks that potentially could disintegrate societies. First of all the respond to the shock of de-industrialisation is of great importance. Thus, following previous comparative welfare state research it will be argued that after the economic crises in the 1970s USA and Great Britain entered a neo-liberal post-industrial path that created a poor and deprived underclass (Esping-Andersen

1990, 1996). It also created a public opinion that was against policy measures that could counteract this development (Albrekt Larsen, 2006, 2008). This combination of the developments caused by changes in the production structure and the public resistance towards integrative policies caused by public perceptions of the “bottom” of societies will be labelled the neo-liberal post-industrial circle. In contrast Denmark and Sweden entered a social democratic post-industrial circle that both prevented the existence of a poor and deprived underclass (Esping-Andersen 1990, 1996) and at the same time created a public opinion that was highly supportive for poor and unemployed (Albrekt Larsen 2006, 2008). Thus, the basic causal argument is that the different paths are to be explained by a complex interaction between basic changes in the production structures and public policies constrained by institutional legacies and public opinions towards the “bottom” of society.

That welfare regimes responded differently to external shock of de-industrialisation is a classic line of reasoning within comparative welfare state research (though the interaction with public opinions often is somewhat underdeveloped). However, de-industrialisation was not the only shock that western countries experienced. In the countries to be studied de-industrialisation came together with a high inflow of immigrants from third world countries and a break up in nuclear family structures. As we shall see these developments did not necessarily had a long term negative impact on social cohesion but in short run they seem to be dangerous ingredients. It fact it is the cocktail of de-industrialisation, inflow of immigrants from third world countries and a break up in the nuclear family structure that makes it suitable to speak of an external shock to social cohesion.

As with de-industrialisation the Western countries also responded very differently to the shock of immigration. Again these countries experienced an external shock – this time in the form of inflow of low-skilled immigration with different cultural background – that threaten the integration of societies. And again the outcome in terms of social cohesion is caused by a complex interaction between structural socio economic developments (partly structured by the respond to de-industrialisation) and the integrative public policies, which is constrained by public opinions towards this new “bottom” of society. This external shock of immigration was especially dramatic for homogenous nation states, such as Denmark and Sweden. However, even some of the most multiethnic states, such as USA and Great Britain, were challenged by the increased inflow of immigrants; in USA in terms of the large number of Hispanics that crossed the border from Mexico and in Great Britain in terms of asylum seekers from third world countries.

The break up in family structures will not be at the centre of our argument but it is a fact that increased divorce rates can pose a challenge to social cohesion. The studied countries did not “respond” very differently to this challenge, as they are more or less similar in terms of basic attitudes towards the family issue (see below). However, the argument will be that the “responds” to de-industrialisation created some structural conditions that influenced the impact from changing family pattern on social cohesion. In USA and Great Britain the changing family pattern threaten social cohesion; in Sweden and Denmark it did not.

This first chapter will substantiate the claim that social cohesion declines in some Western countries and increases in other. It will primarily be done by describing developments in horizontal trust between citizens, which in recent years has become the standard measure for social

cohesion. A special attention will be paid to USA, Great Britain, Sweden and Denmark, as they will be analysed in the empirical chapters. However, before doing so I will briefly describe how the topic of social cohesion suddenly has climbed to the top of both the political and academic political agenda.

### **The rediscovery of the issue of social cohesion**

The present political and intellectual climate is characterised by a widespread diagnosis of social erosion in the Western countries. As already mentioned Putnam's writing on the erosion of social trust and social norms in USA - the leader of the Western countries - has been one of the main intellectual contributions that established this climate (2000). Charles Murray's book "Loosing ground" (1984) was another major contribution that supported the thesis of social erosion. The claim was that within the leading Western country, USA, one could find a distinct underclass culture, which totally disregarded the broader societal norms and values. Another central thinker has been Amitai Etzioni (e.g. The spirit of community, 1993), who signed the communitarian manifest from 1991, which tried to counteract the decline in social cohesion ("The Responsive Communitarian Platform"). The riots in Los Angeles in 1992, where young black people demolished the city (53 persons were killed and thousands were injured) became an important symbol that highlighted the relevance of these academic diagnoses.

This could have been - and it will be argued actually is - a story about societal erosion in USA and not in Western countries in general. However, due to increased immigration from third world countries the Europeans suddenly faced problems that seemed similar to them of USA. The immigrants from the third world country came with cultures that deviated significantly from the Western world views, they often settled in distinct immigrant neighbourhoods, they often had problems finding jobs, and many feared that the white majorities would develop very negative views about these groups. The seemingly success of right wing parties in France, Austria, the Netherlands, Norway and Denmark demonstrated that these fears were not groundless. In 2005 France experienced her riots; for a month youngsters from poor neighbourhoods - primarily with Muslim background - burned cars in the France suburbs. Around 9,000 cars were burned and around 3,000 persons were arrested.

Therefore it is no wonder that the American diagnosis of social erosion resonated with the Europeans. Due to high cultural diversity American political leaders have always been concerned about the strength of the bonds that hold their society together but suddenly the European political leaders spoke the same language. In the Presidency conclusions from the Nice treaty it was e.g. stated that "*social cohesion, the rejection of any form of exclusion or discrimination and gender equality are all essential values of the European social model and were reaffirmed at the Lisbon European Council. Employment is the best protection against social exclusion. Growth should benefit all, but for this to be so, proactive measures, especially in problem districts, should be continued and stepped up to deal with the complex nature and multiple facets of exclusion and inequality. Alongside employment policy, social protection has a fundamental*

*role to play, but it is also necessary to recognise the importance of other factors such as housing, education, health, information and communication, mobility, security and justice, leisure and culture. Third-country nationals legally resident in the territory of the Union should also be integrated satisfactorily*” (Presidency conclusion 2000:Annex). Since then term social cohesion has become a standard term among European policy makers.

In academic circles this general interest in “the glue” of society has fostered a new international research agenda on the importance of social trust, ethnic homogeneity, polarization and fractionalization. It is actually a classic concern within social science that the bonds that keep societies together might erode in the rich Western capitalist countries. One can also label them highly differentiated societies. This question was at the very heart of the new discipline of sociology, which developed in the nineteenth century. Emile Durkheim (1858-1917) basically asked how the modern societies could stay integrated. In Durkheim’s term the question was what could replace the mechanic solidarity found in pre-modern societies, i.e. the bond of solidarity that are established among humans having the same beliefs, values, and roles. It was an insightful observation that this kind of solidarity based on uniformity would come under pressure due to the profound processes of industrialisation, urbanisation, and democratization that marked the shift from pre-modern to modern societies. In line with the general optimism of modernisation found in the 19th century Durkheim had the vision that interdependence between specialised individuals within modern societies would generate a new kind organic solidarity. Karl Marx (1818-1883) had a much more pessimistic vision of the Western capitalism societies. Rather than generating a new kind of organic solidarity Marx argued that capitalism would establish fierce class conflicts that in the end would tear societies apart.

The early capitalist societies did bring class-conflict and misery to many industrial workers but Marxism underestimated the role of the state. Especially, the welfare state arrangements established in the late 19<sup>th</sup> century eased the class conflicts and provided some protection for sick, unemployed, disabled and old-aged industrial workers. Naturally the recession of the 1930s was a backlash for capitalism but it also paved the way for a new form of mixed economic. The success of the mix between capitalism and social protection peaked in the period from the end of the Second World War until the oil crises in the 1970s; sometimes called the golden-age of the Western capitalistic societies. It was a period of extreme optimism where economic growth went hand in hand with a general improvement of societies. It seemed to be the fulfilment of Marshall’s (1950) prediction of the realization of full citizenship; a society where civil, political and social rights secured that all citizens could be full members of society and benefit from capitalism. Even the Americans developed a number of welfare state arrangements in this period and seem to have had the feeling that poverty and the conflict between blacks and whites eventually would come to an end. By now we know that these problems did not come to an end. And in the current phases, which might be described as a shift from industrial to post-industrial societies, social cohesion has again become a major issue for social science.

Especially the horizontal trust between citizens has become a major field of interest. This attention is understandable, as social trust is perceived to be a resource that enables societies to

overcome the basic problems of collective actions (e.g. Axelrod 1984). The problem of collective action is e.g. highlighted by the famous prisoner's dilemma, where it is shown that players without mutual trust choose a sub-optimal solution. Social trust is thus believed to be very important for solving collective problems, 'making democracy work' and even for generating economic growth (e.g. Rothstein 2005, Putnam, 1993, 2000; Knack & Keefer 1997). The horizontal trust between citizens is often measured by the question; 'generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?' This item seem to capture what researchers are looking for (as is it correlated with a number of the expected variables) and furthermore it has the great advantage that is has been asked in a number of older surveys; especially the inclusion in the World Value Survey is of great importance. Thus, one of the most convincing pieces of evidence behind the erosion thesis is that in USA one can show a long-term decline in the share of people that state that 'most people' can be trusted (Inglehart 1999:95; Putnam 2000:134). However, this is not the whole story of advanced Western nation states.

### **Social cohesion and trends in horizontal trust between citizens**

One of the most common ways of describing the variations between the Western nation states is Esping-Andersen's distinction between liberal, conservative and social democratic regimes (1990). If one borrows these lenses and study the share that answers that "most people can be trusted" then one can indeed find a interesting pattern in the World Value Survey (WVS) (see table 1.1.).

Tabel 1.1 Share answering that most people can be trusted. Sweden, Denmark, UK, and US

	"Early" observa- tion	WVS 1 Wave 1981-84	WVS 2 wave 1990- 93	WVS 3 wave 1994- 99	WVS 4 wave 1999- 04	WVS 5 wave 2005-08	Long-term trend ("Early" or WVS 1 – WVS 5)
Liberal regimes:							
USA	55 <sup>1</sup>	41	51	36	36	40	-15
Great Britain	56 <sup>2</sup>	43	44	30	29	30	-13
Canada	-	49	53		37	-	-
Ireland	-	41	47		36	-	-
Australia	-	48	-	40	-	48	0
New Zealand	-	-	-	49	-	51	-
Regime mean 43	-						
Social democratic regimes:							
Sweden	-	58	66	60	66	68	+10
Denmark	-	53	58	-	67	76	+23
Norway	-	61	65	65	-	-	-
Finland	-	-	63	-	57	59	-
Regime mean 59							
Conservative regimes:							
Germany (w)	-	-	38	42	32	41	-
France	-	25	23	-	21	19	-6
Austria	-	-	32	-	33	-	-
Belgium	-	29	34	-	29	-	-
Luxembourg	-	-	-	-	25	-	-
The Netherlands	-	45	54	-	60	45	0
Spain	-	36	34	30	36	20	-16
Portugal	-	-	22	-	12	-	-
Italy	-	27	36	-	33	29	+2
Greece	-	-	-	-	24	-	-
Regime mean 32							

Source: World Value Studies (integrated files); "don't know" excluded.

<sup>1</sup> 1960: Putnam (2000:140)

<sup>2</sup> 1959: Hall (1999:432)

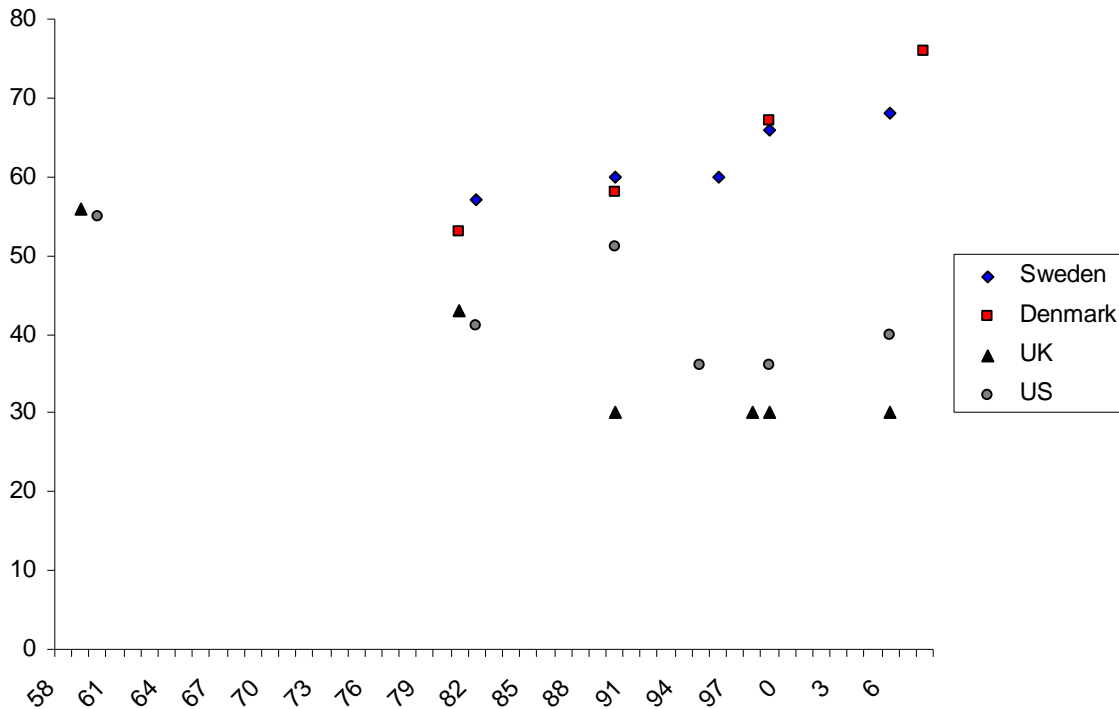
The results from the WVS (see table 1.1) confirm Inglehart's and Putnam's diagnosis of USA; especially if one combines the WVS figures with earlier observations. Thus, in 1960 55 percent of the Americans answered that most people can be trusted. This level declined to 41 percent in the

1980s – now a majority answered that one cannot be too careful. The low point came in the mid 1990s where only 36 percent answered that most can be trusted. This is a 15 percentage point decrease if one subtracts the share answering that most people can be trusted in the latest wave of the WVS (40 percent) with the early observation from the golden-age (55 percent). Both Inglehart (1999:95) and Putnam (2000:134) have by means of more detailed national data confirmed this negative American trend – and the observation in the second wave of the World value study seem to be a mistake. Thus, there is not much doubt that the country that comes closest to Esping-Andersen’s ideal type liberal regime actually experienced an erosion of horizontal trust.

The same story can be told about Great Britain. Here we also have an early observation from the golden age. In 1959 56 percent of the British respondents answered that most people could be trusted. This level declined to 43 percent and 44 percent – respectively measured in the early 1980s and the early 1990s. This dropped to a level of 30 percent observed from the mid 1990s and onwards. Peter Hall reported these figures in an influential article from 1999, which fuelled academic debates in Great Britain. It was e.g. up for discussion, whether the level of trust was too high in 1959 because Hall excluded the category “depends”, which is not included in the WVS. Furthermore, it has been argued that the WVS may show too low trust level, as respondents prior to this question, have answered questions about various minority groups. However, survey experiments have shown that these factors do not disturb the comparison over time (Sturgis, Allum, Patulny & Smith 2007). Thus, the overall conclusion is that the decline in horizontal trust in Britain is not a methodological artefact.

In the other liberal regimes the evidence are more scattered. The WVS also indicates a decline in horizontal trust in Canada from the first wave (49 percent) to the fourth wave (37 percent). The same seem to be the case in Ireland; from 41 percent in the first wave to 36 percent in the fourth wave. Finally, the level of horizontal trust seems to be more stable in Australia and New Zealand. In the early 1980s 48 percent of the Australians answered that most people can be trusted. This declined to 40 percent in the third wave but went back up to 48 percent in the latest wave. In New Zealand the WVS only provided a narrow time span. Due to the scattered evidence from the countries the book will focus on USA, and Great Britain. Figure 1.1 illustrates the American and British long-term trend.

Figure 1.1 Share answering that most people can be trusted. Sweden, Denmark, UK, and US



Source: 1981- 2008 World Value Surveys, UK 1959, Hall (1999:432); US 1960, Putnam (2000:140)

Table 1.1 and figure 1.1 also reveal that the social democratic regimes distinguish themselves by having exceptional high level of horizontal trust. In Esping-Andersen’s work Sweden was perceived to be the country that came closest to the social democratic ideal type. In the first wave of the WVS – conducted in the early 1980s – 58 percent of the Swedes answered that “most people” can be trusted. If one includes observations from the whole period and from the three other Nordic countries, Denmark, Norway and Finland, then the average share answering that most people can be trusted is 59 percent. A number of studies have been triggered by this extreme level of horizontal trust found in these countries that might be labelled social democratic regimes. The main theses have been that it has something to do with high level of economic equality and the principle of universal social benefits (e.g. Albrekt Larsen 2007, Rothstein & Uslaner 2005; Rothstein & Kumlin 2005).

There is definitely something about these arguments (see chapter II) but it often leads to very static explanations, i.e. more equality, more social trust or more universalism, more social trust, where the historical context is left unnoticed. The same is the case for the many cross-national studies that assume linear relations and base their inferences on cross-national differences in social



trust (typically multilevel regression model of cross-cut data). They succeed in describing correlations between different variables but often fail to understand the dynamic of change. Rothstein & Uslaner (2005) also contest the assumptions behind these studies. But by describing why some countries continues to be high trust countries and other continues to be low trust countries Rothstein & Uslaner basically end up with a theoretical model that explain multiple equilibriums, i.e. stability. And turning to the four countries studied in this book the most striking is not the differences in the levels of social trust. It is the trends of social trust that are striking.

If we compare the Nordic countries in the early 1980s with the “early” observations in America and Great Britain one can argue that rather than having persistent regime differences (e.g. caused be differences in economic inequality or the principle behind social benefits) we seem to have a common point of departure. With level of horizontal trust above 50 percent the “golden-age” seems in terms of (perceived) social cohesion to have been golden for both the social democratic and liberal regimes. Most famous is the idea (or dream) about an American melting pot, where immigrants with all kind of different cultural background through hard work and voluntary involvement in local communities where turned into middle class Americans (e.g. Glazer & Moynihan 1963). In the 1950s this dream almost seemed to be fulfilled. Great Britain also had her idea of a melting pot where residence within the Common Wealth successfully could be integrated into the middle classes of the “mother country”. The most important symbol for middle class integration was the establishment of nuclear families in new established suburban areas.

Thus, in terms of (perceived) social cohesion it is the previous high level that makes Putnam’s and Hall’s stories of decline of great interest. In contrast the continental European countries, by Esping-Andersen labelled conservative regimes, have – as long as we can measure – always had lower level of social trust. From the 30 observations available in the WVS the average share answering that most people can be trusted is down to 32 percent. Only the Netherlands have experienced trust levels above 50 percent (in the second and fourth wave of WVS) but in terms of the structure of the welfare state she has more in common with the Nordic countries than the other continental European countries. Therefore Esping-Andersen describes the Netherlands as a hybrid between a conservative and a social democratic regime (1990).

Already in the beginning of the 1980s was the level of social trust high in the social democratic regimes. As already mentioned the share answering most can be trusted was 58 percent in Sweden in the first wave of the WVS. In Denmark the share was 53 percent and in Norway the share was 61 percent. In these countries there are no stories of ethnic melting pots but there was a story of strong societal integration. In the European process of nation state building of the 19<sup>th</sup> century the point of departure was small agrarian countries. Both Sweden and Denmark had formerly been medium sized European powers but due to a number of defeats their territories dwindled into a manageable size. Norway had been a part of Denmark and later a part of Sweden and was first given full independence in 1905. Finland had been occupied by Sweden and Russia and was given its present independence in 1917. Thus, the nation building process took place in small states, where there was not much resistance to the project. As in other states the nation state building included the establishment of national languages, national symbols (often wars), national

democracies, public schooling etc. but it is especially the expansion of the welfare state that distinguish the Nordic countries. As in the liberal regimes it started out by tax financed means tested benefits to the deserving poor (in contrast to compulsory worker insurances established in continental Europe) but after the Second World War it developed into a number of more universal schemes that covered large parts of the population. Thus, in terms of social cohesion the “Nordic dream” included an idea of a state that left nobody in the national tripe behind – in Sweden labelled the “people’s home”. And again this dream seemed close to come true in the “golden age” where even working class people could establish nuclear families in suburban areas. The success of this project might explain the high level of (perceived) horizontal trust of the “golden age”.

However, the striking thing is that horizontal trust continuous to increase in Sweden and Denmark. Thus in the fifth wave of the WVS 76 percent of Danes answered that most people can be trusted. This is a 23 percentage point increase from first wave of the WVS and thereby Denmark has become the world champ in horizontal trust; a result that has been confirmed by other comparative studies (e.g. Svendsen & Svendsen 2006). In the fifth wave 68 percent of the Swedes answered that most people can be trusted, which is a ten percentage point increase from the measurement in the early 1980s. The increase in these two countries is remarkable as they besides the general modernisation processes also have had a high inflow of immigrants from third world countries. A bulk of research – primarily based on neighbourhood studies – has demonstrated a negative relationship between ethnic heterogeneity and social trust (e.g. Alsina & Ferrara 2002). Besides the direct challenge for social trust it is also a dominant line of reasoning (based on the American experience) that a concentration of minorities in the “bottom” of society will prevent the establishment of public support for integrative policies (Alesina & Glaser 2005). In Denmark immigrants and their children (both parents foreign born) only made of 3.1 percent of the population in 1980 and the majority of these groups came from the neighbour countries Germany, Sweden and Norway. The only sizeable Non-western minority were Turks, who were welcomed as guest workers in the economic boom of the 1960s. In 2009 immigrants and their children made up 10.6 percent of the Danish population and the increase was caused by refugees and family reunification. Thus, in 2009 Non-western immigrants (and their children) made up 67 percent of the stock of immigrants. The development is even more dramatic in Sweden. In 1960 4.0 percent of the Swedes were foreign born, in 1980 the share was 7.5 percent and in 2008 it had increased to 13.8 percent (Statistics Sweden). If one includes their children then they share increases to 16.7 percent of the Swedish population in 2006 (Djuve & Kavli 2007:16). And as in Denmark the increase is primarily caused by refugees and family unification; the inflow of Non-western immigrants has been more modest in Norway and especially in Finland. The puzzle is why social cohesion increases in Denmark and Sweden and decreases in USA and Great Britain. The hope is that a focused comparison of the four countries can facilitate a dynamic understanding of erosion and creation of social cohesion.

### **The logic of comparison**

USA, Great Britain, Sweden and Denmark are naturally interesting cases because they according to the WVS observations have experienced a rather dramatic change in the level of societal trust. So in each case it is interesting to find out what happened. Furthermore, the large amount of research into the role of participation in voluntary associations - fuelled by Putnam's seminal work - seriously questions the emphasis initially given to the impact of "bowling alone" (e.g. Stolle 2001, Stolle & Rochon 1999, Newton 1999, Uslaner 1999). However, one might doubt that a comparison of these countries will help us come up with a better explanation and thereby solve the puzzle of social trust. The argument would be that these countries are so different that a comparison will not enable us to pinpoint the most important factors. USA is often described as the most liberal country and Sweden is often described as the most socialistic country among the Western countries. And on a right-left scale one often puts liberalism at the one end and socialism at the other. A most different design – i.e. when one analyses cases totally different from each other – might work if one is to explain why these cases generate the same outcome; in that case one can look for the factor that despite all the differences create the same outcome. However, in our case we do not have the same outcome. We have a different outcome in what could be perceived as very different cases. Thereby the search for an explanation through a comparison of these four countries might seem somewhat hopeless.

But maybe these countries might not be as different as often expected. A closer look actually reveals that the four countries have a lot in common. To start out with they have Protestantism in common. Thus, in contrast to the continental European countries almost all Americans, Brits, Swedes and Danes came to believe that religion was a relationship between the individual and Good – without the involvement of hierarchical religious institutions. And it is well known that these religious perceptions heavily influenced future thinking. Protestantism promotes the idea of an enlightened free individual who is able to make wise decisions and should not be suppressed. That made a strong argument for individualism and democracy. Protestantism also fits very nicely with capitalism – according to Weber the former made the very foundation for the latter. Thus, it was the uncertainty about whether one would end in heaven or hell that made Protestants look for earthly signs such as wealth and made them live a puritan life that allowed the accumulation of capital. This impact of Protestantism is very well described in the American case where it became more sectarian and most people still believe in a god above. However, despite that most Brits, Swedes and Danes state that they do not believe in any God it is clear that Protestantism has had a big impact. If one takes Weber's old measure of work ethic it is telling that the world record in non-financial work commitment is held by Danes – not the Americans (Albrekt Larsen 2003). The Americans and Brits rank high but so do the Scandinavians.

This leads to a next thing in common between three or maybe even four of these countries; the absence of real conservatism. Thus, these countries have never had strong forces that opposed the process of modernisation. In the American case it was quite obviously a matter of a total absence of feudal structures. In the Swedes and Danes case it was a matter of a weak feudal structure partly due to a strong king. Thus, in many aspects the small independent farmers in Scandinavia created a point of departure that had much in common with that of a settler society. British conservatism was stronger but it never resembled the conservatism found in continental

Europe. Therefore there is strong emphasis on equality in all of these four countries. Citizens are believed to be born equal and not as members of a certain strata. And if members are born into certain strata (which they are in all societies) then it is perceived to be a problem. This deep value of equality is shared by liberalism and socialism, which both developed as an opposition towards conservative rulers. Furthermore both modern ideologies can agree on the basic value of equal of opportunities even though they might disagree on under which system this ideal can be fulfilled. The absence of real conservatism can easily be spotted when it comes to the break up in family structures. All four countries have high divorce rates, many lone parents and high female participation rates (see below). The presence of the deep value of equality of opportunity can probably best be seen by the effort all four countries have made to open the educational system to all citizens. Even the Americans, otherwise so reluctant to build big government, established free public primary, secondary and high schools. Furthermore a large number of scholarships are believed to open the university system. Sweden and Denmark took it even further and established free public universities and even introduced a generous universal student allowance. The basic idea is that everybody should have the same chances from the start.

The liberal touch in the Scandinavian countries is actually well documented. Though Esping-Andersen labelled these countries social democratic regimes it is a fact that in many cases it was liberal agrarian parties that implemented the characteristic universal benefits schemes (Baldwin 1990). The question is why liberal parties in the Nordic got the idea that the state could be a mean to free the individual (see below). It was first in the golden-age that the Social democrats came to dominate the political systems in Sweden and to a lesser extent in Denmark. Furthermore, it was social democratism and not socialism that came to dominate. The absence of successful (real) socialist parties is another thing that USA, Great Britain, Sweden and Denmark have in common. An absent that might be caused by the absence of real conservatism – at least if one is to believe the classic work of Lipset (1997). Lipset argues that it is the experience with feudal structures that generate class awareness and potential for socialism. He used this line of reasoning to explain the absence of socialism in USA. It might also explain why real socialism only succeeded in feudal societies. The social democratic parties in Great Britain, Denmark and Sweden were naturally heavily inspired by the socialist thinking and based on the mobilisation of workers. But in contrast to the socialist parties found in continental Europe they changed rather early from being workers parties – fighting for the narrow interest of their members - to catch all parties – striving to find a national compromise between labour and capital. The result is not a fundamental absence of class awareness, as one at times can find in USA. But it is a fact that successful social democratism crowd out the radical class awareness, which is necessary for socialism. It was actually at the heart of Marshall's idea of full citizenship that the civil, political and social right provided by the state could ease the conflicts connected to capitalism. And it is a classic line of reasoning within socialist theory that the state (and especially the welfare state) was a way to stabilise capitalism and prevent revolution.

The point is that when it comes to fundamental values these four countries actually have a lot in common. These commonalities might even help explain the similar (high) “golden-

age” trust levels found in these four countries; at least Inglehart (1999) link Protestantism and high trust level. Following the argument in this book we would rather argue that the populations in the four countries seemed to believe that they had found a way towards rich middle class societies. Lipset (1999) actually argued that Americans in the 1950s and 1960s came to believe that they had already established the egalitarian society promised by socialism. It might be to push it. But one could argue that maybe the countries had so much in common at the end of the golden-age – it least in the public perception about their society - that we can apply the logic of a most similar design. That is we might begin to look for the one factor(s) that despite all the similarities can explain why the cases end up with so different outcome.

If one was to find one such factor the belief in government stands out as a serious candidate. It is well known that the Americans have a general disbelief in state solutions. On the normative level this disbelief in government goes all the way back to foundation of the American nation state. On the practical level Americans have never experienced the capacity of a strong central state. The political system is simply constructed not to create a strong nation state. Compared to the Americans the Brits seem to have a much stronger belief in government. At least one does not find the same kind a mass hostility towards government intervention as in USA. However, this belief in government was put under severe pressure in the Thatcher period. Some scholars argue that this disbelief in government could only be established because it could be linked to already existing deep values of liberalism (e.g. Beland 2007). One could also add that due to that Great Britain is made of by a number of states her citizens have never experienced London as the only centre for political power. It has always been a political centre which legitimacy was questioned and constrained by the different regions.

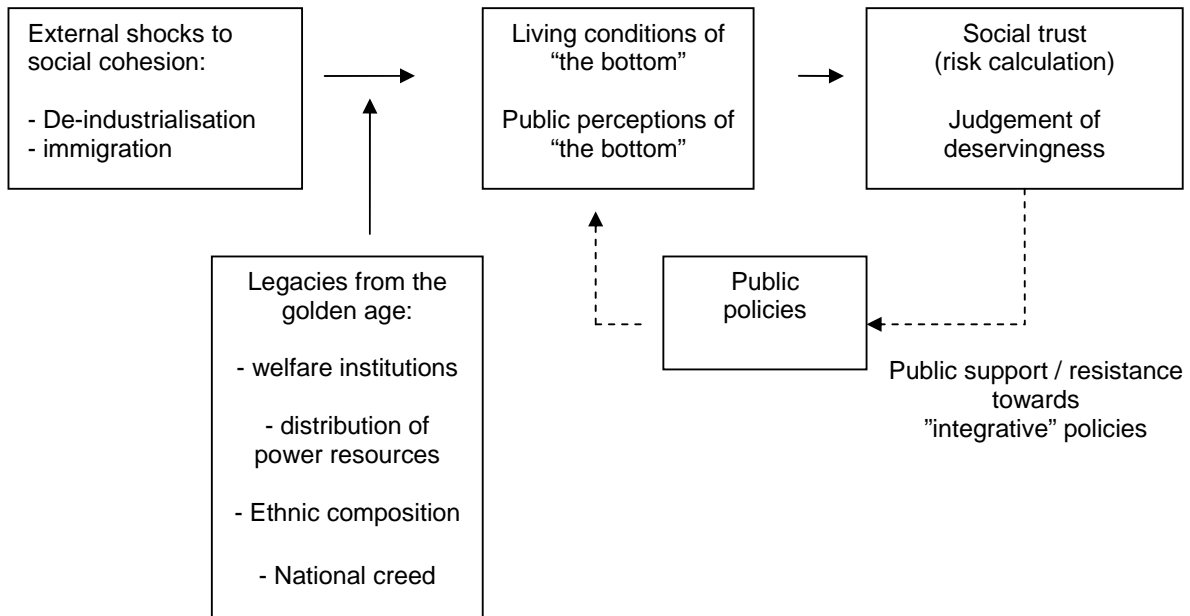
In contrast the Danes and Swedes stand out some of the strongest believers in the use of public policies to solve problems in society. According to Rothstein (forthcoming) this strong modern belief in government might be traced back to existence of well functioning and non-corrupt central state structures during the time of absolute kingdom in Sweden and Denmark. Thus, in these countries the modern nation states inherited a well functioning national bureaucracy. Combined with a national creed of creation social cohesion in a small nation state the belief in government is not a big surprise. However, the question is how such differences in belief in government make these countries react very differently to external shocks and how that influence social trust.

## **A theory of erosion and construction of social trust in the transformation from industrial to post-industrial societies**

The following sections will establish an overall framework for explaining why social trust erodes in some Western countries and increases in others. The first step is to clarify what the surveys actually measure. In the first section it will be argued that the standard item force people to make a calculation of risk when they interact with a stranger within their nation state. With point of departure in the rational choice tradition it will be discussed how this calculation both include perceptions of the past and perceptions of the future. In the second section it will be spelled out why the risk calculation, which we force people to make, is heavily influenced by the existence or non-existence of a cultural distinct societal “bottom”. Using the previous work of Esping-Andersen the third section will describe how the responds to de-industrialisation created a cultural distinct underclass in USA and Great Britain and reduced the existence of cultural distinct underclass in Sweden and Denmark.

The fourth section will extend this classic line of reasoning by theorising how de-industrialisation also altered the public opinions towards the bottom of society. Thus, it is theorised how the respond to de-industrialisation developed hostile public opinions toward the “bottom” in USA and Great Britain and how it developed supportive public opinions in Sweden and Denmark. By assuming a link between public opinions and public policies towards the “bottom” of society we are able to establish a theoretical model that can explain both vicious and virtuous cycles of social trust. In the final section it is discussed how the shock of immigration and the increased divorce rates enters into these vicious and virtuous cycles. Here it will again be argued that the consequences of the external shocks to social cohesion are heavily depended on the institutional legacies of the different nation states, the created public opinions and the adopted public policies. The main line of reasoning is outlined in figure 2.1. The model will be discussed and elaborated in the following sections.

Figure 2.1: Main line of causal reasoning for explaining trend of erosion and trend of creation of social trust



### Trust and the calculation of risk

The answers given to the standard question of social trust have been given many different interpretations. It is common to make a distinction between this generalised trust – trust in strangers - and specific trust – trust in people one know e.g. family and friends. However, the term generalised trust is a bit misleading as it is not a trust without boundaries. We would argue that when answering this question respondents are likely to think of persons within their nation state. Most people still live their life within national boundaries and therefore “most people” (still) refers to other people within these national boundaries. Moreover, the respondents that answer the trust question have typically been through a questionnaire that constantly refer to the national level, e.g. should it be a governmental responsibility to reduce income differences, should taxes increase etc. Therefore Delhey and Newton are right in arguing that the answers can be interpreted as the respondents evaluation of the moral standard of the society in which they live (2004). We would add that – at least for the Western countries – the natural boundaries for society have become the territory of the nation state.

Furthermore we would add that the answers are actually more a calculation of risk than a moral judgement. Maybe people in general do not go around and calculate risks but by asking “generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” we simply force respondents to make such a calculation. Moreover, it is worth to

notice that the answers we get clearly indicate that in general human beings are suspicious towards another. In most countries a large majority answer that one cannot be too careful. Thus, on a global scale it is very rare to find countries where a majority answer that most people can be trusted. If this is the right interpretation, which we think it is, then rational choice theory has a lot to offer. Rational choice theory typically takes it points of departure where two or more players that do not know each other, and are suspicious about each other, interact. Thus, we can use the rational choice perspective to try to theorise what individuals include in their calculation of risks. Here one can start to distinguish between the past and the future.

The past can play a role in various ways. The calculation of risk can include the previous experiences that the persons have had with interaction with strangers within their nation state. This could be experiences at the market place, e.g. when one transfers money before one receives the commodity, but it could also be the interaction with the public officials. Kuhmlin & Rohstein (2005) argue that the latter kinds of experiences might be of crucial importance because public officials might be used as yardsticks for other people. Therefore it might be of high importance for social trust to have a system where the public felt fairly treated by public officials. Nevertheless, one of the most obvious past experiences is naturally whether one has experienced a robbery, i.e. there is an effect from real crime rates in different societies.

Besides ones own personal experiences the risk calculation might also build on the (perceived) experiences of others. This can naturally be the experiences that ones family or friends might have had. But the experiences of others might also rely on the stories one are told through the mass media. And here one of the most obvious candidates to be of importance for the calculation of risk is naturally the extent to which media consumers are exposed to stories about crime. Thus, the finding that on the macro-level there is a strong connections between crime rates and trust level might both include a direct effect from personal past experiences and an indirect thru the media, i.e. the (perceived) past experiences of others in a given society. The importance of the mass media are underlined by the fact the feeling of anxiety is stronger correlated to perceived crime rates than actual crime rates (e.g. Hollway & Jefferson 1997).

Finally, the calculation of risk might also be dependent on past experiences with the behaviour of one self. Thus, one might take into account how oneself have behaved towards strangers in the past; if you yourself have cheated others one should be more reluctant to trust in strangers. If people cannot trust me, how can I trust others? This basic wisdom is included in the saying the thieves think that everybody steal. Using this line of reasoning Kumhlin & Rothstein (2005) also argue that if one establishes a welfare system, where people have incentives to cheat, they might do so, and therefore end up as distrusters because they will use themselves at yardsticks for "other people".

That people build their risk calculation on past experiences is very easy to understand. In rational choice terms one would say that people learn from the games, which they have already played. However, people are not only able to get knowledge from the past. We are also able to imagine future situations. And the posed questions actually refer to a situation where one meet a stranger – thus a person with whom one has not interacted with before and therefore cannot have



much past knowledge about. Therefore we need to take into account how the respondents imagine the future. For the risk calculation it is of importance how the respondents imagine the possible gain for a stranger, if he or she cheats, and the possible loss, if a stranger is revealed in cheating.

As to the possible gain the argument would be that if a stranger has a lot to gain by cheating then one will be more careful. The classic example is a person that suddenly becomes rich. He or she knows that other people can gain a lot by cheating them and therefore becomes very careful when interacting with strangers. Often such persons have most trust in the persons they knew before they became rich or powerful. Another example is when rich westerners travel in poor countries. In this case the rich westerner is aware of large gain natives can get by cheating and therefore the former often becomes extremely cautious - sometimes only relying on other westerners.

The calculation of risk will naturally also depend on what one thinks that a stranger would lose if he or she was caught in cheating. Using this line of reasoning one can explain why there seem to be a strong link between trust in the police and courts – those who are to punish explorative players – and horizontal trust among people. The losses can have various forms. It can be economic losses (as if a stranger is fined after cheating) and it can be the loss of freedom (as if a stranger is put into jail after cheating). But it can also be in the terms of a loss of reputation – which probably is the most common sanction in everyday life. There are a number of advantages connected to being perceived as a trustworthy player in the soundings, e.g. ability to loan money, to find a wife, to find a job etc. It is a classic line of reasoning within rational choice theory that persons which have invested a lot in a good reputation are perceived as more trustworthy than others. The argument goes that such a player will not risk this cumbersome established reputation by cheating in the next interaction. And the other way around; if a person does not have a good reputation then he or she will be seen as less trustworthy; not only due to past experiences but also because such a person has little to lose.

From a sociological perspective one can naturally argue that many societies have norms of honesty in place, which might lower the importance of these individual risk calculations. But actually it is not impossible to combine these views with rational choice theory (see also Overby 1995). There is not a big difference between the sociological description of the sanctions one might face if norms are violated and the rational choice description of loss of reputation if one is caught cheating. One might also acknowledge that societal norms of not cheating might be present. But then one can argue that these norms might enter the risk calculations of the individuals. The argument would be that if norms of not cheating are believed to be widely shared within a given nation state then citizens can have more trust in others. And the other way around, if significant groups in a nation state are believed to dismiss such norms of not cheating then one is more inclined to distrust fellow citizens.

Another argument against the rational choice account is that it assumes that persons spend a lot of cognitive resources on calculating risk. When asked in a survey the respondents only have a few seconds to build an equation that includes past experiences and potential gains and potential losses by persons that cheat, i.e. explorative players. Nevertheless, living in high differentiated

societies, where we often has to interact with strangers, simply forces us to have made such risk calculations. And once this has been done it can then be adapted to different situations. Thus, living in Denmark I might have a rule of thumb saying that I trust other people living in Denmark. Therefore I might send money over the internet before I have received a given commodity. But in the case where it is a lot of money – i.e. the persons in the other end has a lot to gain by cheating – then I might adapt my general rule to current situation and ask for a more secure transfer. Some might still claim that they cannot remember the point in time when they sat down and made this fundamental calculation of risk. This is a fair counter argument that point to the importance of early socialisation (e.g. Uslaner 1999). However, again it is not impossible to include socialisation in a rational choice argument. The argument would be that when parents introduce their children to the society in which the live they will transfer their own rules of thumb about risk calculation to their children. Most people would agree that it is an integrated part of parenthood to provide children with a feeling of when they can safely trust a stranger and when they cannot.

The existence of rules of thumb highlights that trust levels do not change over night. This obvious fact is also clearly highlighted by the results from the WVS. In most countries we find stability in trust levels from the observations in the early 1980s until the latest observations in 21th century. But this fact makes us even more curious about what happened in countries such as USA and UK, where we can observe a significant decline and countries such as Denmark and Sweden, where we can observe a significant increase in social trust. If the rules of thumb are sticky, which very much seem to be the general case, then we should expect a rather strong external shock in order to break the equilibriums found in the “golden age”. As already mentioned it is suggested that de-industrialisation is perceived as the best candidate to provide such a fundamental external shock. Or more precisely the extent to which this external shock created a cultural distinct “bottom” of society is suggested to be of importance. The next step is to clarify why such differences of the cultural distinctiveness of the bottom of society is believed to be of so much importance for the calculation of risks.

### **Trust calculation and the “bottom” of society**

If the answers from surveys reflect the risk calculation mentioned above one might predict that crime levels – or at least perceived crime levels – would be the main predictor of cross-national differences in trust levels. However, from the in analyses of the WVS it has been shown again and again that the level of income inequality (often measured as the gini coefficient) stands out as being the most important factor (e.g. Rothstein & Uslaner 2005). The question is why this is the case. Our thesis is that it is due to the fact that the measures of income equality are very good proxies for the existence or non-existence of a cultural distinct “bottom” of society. If income inequality is high it is very likely that such a country has a cultural distinct “bottom” of society (see below). If income equally is very high it is unlikely that such a country has a cultural distinct “bottom” of society (see below). But why is the existence or non-existence of a cultural distinct “bottom” of society of so

much importance? One might start to describe this as a relationship between the majority of societies, i.e. in our cases primarily the middle classes, and the bottom of societies.

Following the rational account the theoretical argument would be that persons belonging to a poor and cultural distinct “bottom” of society can very easily be perceived as explorative players, i.e. players that will not follow the norm of not cheating. The argument is most straight forward if one starts with the risk calculation based on what is likely in the future. If the bottom groups are poor then it is fair to imagine that they have a lot to gain by being explorative players. It is fairly easy to understand that if one can gain 1000 dollars by being an explorative player this gain will be of larger importance for a poor man than a rich man. This is one of the reasons why we are more careful when we interact with poor people. But it is probably of even larger importance that poor groups have little to loose if they are caught in cheating. If you do not own much there is not much that police and courts can take away from you. Naturally, there is the possibility of taken away the freedom – by putting criminals into jails – but one could argue that for poor people this loss of freedom might not seem very severe as they do not have much freedom in life anyway.

However, the strongest argument is probably that poor people do not have much reputation to loose. This might especially be the case if the “bottom” is believed to form external community. If Charles Murray (1984) was right in his description of black men forming a distinct underclass culture in urban American areas it is quit obvious that such groups has little reputation to loose. If they are not integrated into the broader society there is not much reputation to loose. Or using the words of mainstream sociology one could say that the sanctions attached to violating the societal norm of not cheating cannot be exposed on groups that are not included in the given society. The phenomenon is well-known from gangs. These groups form their own societies with internal reward structures that are totally outside the reward structures of the broader societies. Therefore they are concerned about their reputation inside this group and not concerned about their trustworthiness in the broader society. They might even form an internal reward structure where they are rewarded for breaking the norms of the external societies. Thus, going to prison might be a positive thing for the internal reputation in gangs. Therefore it is quit logically that most people do not trust persons that stands outside the national society. They simply seem to have little to loose by being an explorative player.

On top of these perceived gains and losses of being an explorative players come the experiences from the past. As already mentioned this might be own experiences or experiences of relatives and friends. It is a well-established fact that countries with high economic inequality have higher crime rates. Thus, in such societies more people are likely to have experienced explorative players. Moreover, in societies with high economic inequality the housing segregation is often also very high. Therefore the majority is not very likely to interact with the bottom groups of society and therefore the “reality” presented by the mass media becomes of large importance. That could e.g. be the description of the crime levels presented by the media. However, following the argument above we would predict that for the calculation of risk it is also of high to want extend the “bottom” of society is made up of person that are (or would like to be) members of the broader (middle class)

society. Finally respondents naturally have the possibility to use themselves as yardsticks. As societies with high economic inequalities produce higher crime rates this might also contribute to the erosion of social trust.

The mechanism might work differently in societies where the bottom of society is not poor. If the “bottom” of society is fairly well off then the gain from being an explorative player is smaller. And probably more important the losses connected to being caught in cheating seem to be much higher. In economic terms they have more to lose and the loss of freedom seem more threatening. But most importantly, if the “bottom” is well integrated into the broader society then the consequences of loss of reputation are much more severe. One could say that the threat of exclusion only makes sense if one is integrated into a given society. On top of that these expected low gains and high losses comes the past experiences. As high economic equality reduce crime rates it is likely that very few have experienced crime themselves. The same goes for family and friends. Furthermore economic equality tends to lower the degree of housing segregation which has the effect that those belonging to the majority of society have more interaction with the (potential) bottom of society.

The overall argument is that we have reasons to believe that in the calculation of risk it might matter quite a lot how well those at the bottom of society are (or are perceived to be) integrated into the broader society. The rational choice argument might sound very academic but actually the political projects found in the “golden-age” of our four countries very much resembles this logic. Thus, it was at the very heart of the American dream that everybody could be integrated into the American middle classes. The mean was hard work. It was also at the very heart of the Nordic dream that everybody could be integrated into the middle classes. Here the mean was a responsible state. If mobility from the “bottom” of society into middle class life was perceived to be a possibility or even a reality it is easy to imagine that most fellow citizens had no incentives to act as explorative players. Furthermore, the “golden age” also meant an increase in the number of nuclear families, which often has been seen as the optimal unit for transferring good societal norms – such as the norm of not cheating – from parents to kids. Thereby we might be able to explain high level of trust found in some countries in the “golden age”. The next step is to explain how the external shocks of de-industrialisation can create or reduce the existence of a cultural distinct “bottom” of society.

### **De-industrialisation and the creations or elimination of a cultural distinct bottom of society**

- to be added

### **De-industrialisation and public opinions toward the “bottom” of society**

- to be added

### **The shock of immigration – responses, public opinions and public policies**

- to be added

## References (not complete so sorry)

Albrekt Larsen, Christian (2008). "The Institutional logic of Welfare Attitudes: How Welfare Regimes Influence Public Support." *Comparative Political Studies* 41: 145–168.

Albrekt Larsen, Christian (2007). How Welfare Regimes Generate and Erode Social Capital : The Impact of Underclass Phenomena.: *Comparative Politics*. 2007 ; vol. 40, nr. 1

Albrekt Larsen, Christian (2008). *The Institutional logic of welfare attitudes*. Ashgate

Alsina, Alberto & Eliana La Ferrara (2002). "Who trusts others?" *Journal of Public Economics*, vol. 85, pp 2007-234.

Alesina, Alberto & and Edward Glaeser (2005). Fighting Poverty in the US and Europe. A World of Difference, Oxford University Press.

Axelrod, Robert (1986). *The evolution of cooperation*. 4. printing, New York : Basic Books.

Djuve & Kavli 2007:16

Etzioni, Amitai (1993). *The Spirit of Community*, New York: Touchstone.

Esping-Andersen, Gøsta (2000). *Social Foundations of Postindustrial Economies*, Oxford: Oxford University Press.

Esping-Andersen, Gøsta (1996). "After the Golden age? Welfare State Dilemmas in a Global Economy." Esping-Andersen (eds). *Welfare states in transition. National Adaptions in Global Economies*. London: Sage Publications

Esping-Andersen, Gøsta (1990). *The three worlds of welfare capitalism*: Cambridge: Polity Press.

Inglehart, Ronald (1999). "Trust, Well-Being and Democracy." Mark Warren (ed.), *Democracy and Trust*. Cambridge: Cambridge University Press.

Kumlin, Stefan & Bo Rothstein (2005). "Making and breaking social capital. The impact of welfare-state institutions." *Comparative Political Studies*, Vol. 38, No. 4, 339-365.

Knack, Stephen & Philip Kiefer (1997). "Does Social Capital Have an Economic Payoff? A cross-country Investigation". *Quarterly Journal of Economics*, vol. 112, no. 4 pp.1251-1288.

Marshall, T.H. (1950), *Citizenship and Social Class* (Cambridge: Cambridge University Press).

- Murray, Charles (1984). *Losing ground. American Social Policy 1950-1980*. New York: Basic Books
- Newton, Kenneth (2001). "Thrust , social capital, civil society , and democracy". *International Political Science Review*, vol. 22, no.2, pp: 201-214.
- Newton, Kenneth (1999). "Social and Political Trust in Established Democracies". Pippa Norris (ed.) . *Critical Citizens. Global Support for Democratic Governance*. Oxford: Oxford University Press.
- Putnam, Robert D. (2000). *Bowling Alone. The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Putnam, Robert D. (1993). *Making Democracy Work. Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Rothstein, Bo (2005). *Social Traps and the Problem of Trust*. Cambridge University Press.
- Rothstein, Bo & Eric M. Uslaner (2005). All for All. Equality, Corruption and Social Trust. *World Politics* vol. 58 . no. 1, pp 41-72.
- Rothstein, Bo (1998) *Just Institutions Matter: The Moral and Political Logic of the Universal Welfare State*. Cambridge: Cambridge University Press.
- Rothstein, Bo & Dietlind Stolle (2001). "Social Capital and Street Level Bureaucracy: an Institutional Theory of Generalized Trust". Paper, ESF conference on Social Capital, Exeter, 15-20. September.
- Stolle, Dietlind (2001). "Clubs and Congregations: The Benefit of Joining Organizations", in Cook, K & Stolle, D. (eds). *Trust in Society*. New York: Russell Sage Foundation.
- Stolle, Dietlind & Thomas R. Rochon (1999). „The Myth of American Exceptionalism.” Jan van Deth, Marco Maraffi, Ken Newton & Paul Whiteley (eds.). *Social Capital and European Democracy*. London: Routledge.
- Sturgis, P, Allum, N, and Patulny, R, Smith, P 'Can We Trust the General Trust Question? A Survey Experiment'. American Association for Public Opinion Research Annual Conference, USA, 17-20th May 2007
- Svendsen, Gert Tinggard Svendsen & Gunner L. H. Svendsen (2006). *Social kapital. En introduktion*, København: Hans Reitzels forlag.
- Uslander, Eric M. (1999). "Democracy and Social Capital". Mark W. Warren (eds.). *Democracy and Trust*. Cambridge: Cambridge University Press.