Social Capital and Covid-19

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• Macro linkages between trust and Total Factor Productivity (TFP)
• Reducing the dimensionality of social capital survey data – principal components analysis
• Looking at Covid-19 mutual aid groups and social capital
• Sustainability & comprehensive wealth

• Capabilities vs utilities

• Institutions, ‘goodwill’, ‘weak ties’...

https://www.bennettinstitute.cam.ac.uk/research/research-projects/wealth-economy-social-and-natural-capital/ (supported by LetterOne)
Trust vs TFP and GDP/capita

Data: ESS & OECD
Trust & TFP: European countries
Results

• Random effects panel estimation
• Only significant variables apart from trust that are openness to trade & inward FDI
• Ireland an outlier – GFC
• 10% rise in generalised trust index associated with 1.8-2.9% increase in TFP level
From a large survey to two principal components

About 50% of total variation

About 15% of total variation
Adopted by Industrial Strategy Council

https://industrialstrategycouncil.org/15-social-capital
Social capital & response to Covid-19

Number of registered Covid-19 mutual aid groups

https://www.bennettinstitute.cam.ac.uk/blog/social-capital-and-response-covid-19/
Social capital & response to Covid-19

• Support networks effective in times of emergency (Klinenberg, 1999; Cao et al., 2020)

• No. of groups ranges between 0.04 (1 group in a local authority with a population of about 250,000 people), to 2.3 (about 58 groups in a population of 250,000)

• Sizeable positive correlation between the statistic and measures of socio-economic advantage, such as income and education, as well as age

• The correlation is also positive with well-being measures including happiness and life satisfaction
Wealth Economy research team

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