Taiwan Journal of Democracy, Volume 11, No. 1: 111-127

Social Norms in the Wake of the Global Financial Crisis

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Abstract

The global financial crisis that started in the United States in 2008 assumed different forms in different regions. In Europe, it became a sovereign debt crisis, closely linked to the inequalities within the eurozone region. In some European countries, with Greece as the outstanding example, the crisis became a personal one for many citizens as they suffered the loss of savings, jobs, and other means of financial security. The immediately visible response on their part was public protests and the exercise of electoral choice (mostly) against then incumbent parties. We are interested in examining how citizens experienced the crisis. Our sample includes thirteen countries from across the world, all of which felt the impact of recession, but to varying degrees. We hypothesize that countries with a good stock or high level of social capital prior to the crisis have been more resilient in dealing with the crisis than those with lower levels of social capital. We also hypothesize that countries in which individuals registered high levels of internal locus of control before the crisis had a greater capacity to cope with the crisis.

Keywords: Social capital, trust, tolerance, networks, economic crisis, locus of control.

One of the defining features of twenty-first-century economic globalization is that it erodes many, if not most, of the forces that states need to establish and maintain economic autarky. Economic systems are strengthened beyond state borders, and the notion of “a national economy” has become less of an autonomous economic system and more of an administrative entity of the state. This process holds implications for democracies, which are embedded in this very administrative grid of the state.

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The ideal democracy, according to Dahl and Tufte, meets two criteria.[1] The first is citizen effectiveness, where "citizens acting responsibly and competently fully control the decisions of the polity"; the second is system capacity, where "the polity has the capacity to respond fully to the collective preferences of its citizens." A number of factors impinge on the capacities of actual democracies to meet these criteria. An obvious one is size. Another one is the extent to which the economy of the democratic unit/polity is part of a larger systemic unit and, at best, a subset of that systemic entity. This condition not only adversely affects system capacity in a direct way, but also can affect citizens' effectiveness and sense of their effectiveness when they find that they can vote but cannot really choose under what economic conditions they are to live.

We examine trends in citizens' perceptions of their effectiveness in coping with the forces of economic globalization. Our specific interest is in the Global Financial Crisis that started in the United States in 2008, and then spread to other parts of the global economy. This crisis assumed different forms in particular regions. In Europe, it became a sovereign debt crisis, closely linked to the inequalities within the eurozone region. In some European countries, especially those in the Mediterranean—with Greece as the outstanding example—the crisis for many citizens entailed the loss of savings, jobs, and other means of financial security. The immediately visible response from their side was public protests and the exercise of their voting choice (mostly) against the then incumbent parties.

Our interest is in examining how these citizens experienced the crisis, not in the factors that contributed directly to a country's capacity for economic recovery. Did citizens experience the crisis as a series of events in which they were powerless victims of economic/financial forces beyond their control, or did they experience it as something they could actually do something about by using their democratic vote and expressing themselves through public protests, in addition to helping one another along in the struggle against this externally imposed adversity?

We examine the above question with the aid of two concepts, those of social capital and locus of control, both of which describe aspects of the social fabric of society relevant to democracy, economic development, and the capacity of societies to deal with adversity. Social capital is a resource comprised of networks of cooperation, interpersonal trust, norms of reciprocity, and tolerance that not only allow for, but also are conducive to, collective action in the pursuit of selected social objectives. Locus of control as a concept describes the extent to which individuals sense themselves to be in a position to shape their own futures. It indicates the sense of control, or sense of powerlessness,

[1] Robert Alan Dahl and Edward R. Tufte, *Size and Democracy* (Stanford, CA: Stanford University Press, 1973).

that individuals experience in confronting, coping with, and measuring up to externally imposed challenges.

Social Capital and Economic Crises

The notion of social capital has become an influential theoretical concept in the analyses of contemporary social and economic development, change, and cohesion in various societies, communities, and groups. The central premise of social capital is that social ties have value and can be defined as "features of social life—networks, norms, and trust—that enable participants to act together more effectively to pursue shared objectives."[2] The notion of social capital therefore emphasizes a wide variety of specific benefits that flow from the trust, reciprocity, information, and cooperation associated with social networks.

Empirical work on social capital, which covers a wide range of disciplines including political science, economics, sociology, and anthropology, to name a few, attributes differences among regions and countries in the level and rate of economic and social development to differences in the available stock of social capital. Regions or countries with relatively higher stocks of social capital, in terms of generalized trust and widespread civic engagement, seem to achieve higher levels of growth compared to societies with low trust and low civic-mindedness.[3] Within this context, our essay empirically explores the prevalence of social capital across various countries before and after the 2008 financial crisis.

Our study is informed by the work presented in the *World Happiness Report* of both 2013 and 2015. These reports address the impact of social capital on the capacity of societies (especially within Europe) to face up to the Global Recession that followed from the financial crisis within the United States in 2007 and 2008, as well as the effect of the crisis on the levels and composition of social capital within these societies.

The 2013 and 2015 reports focus on, among other matters, the general impact of the Global Recession. Their database is the Gallup World Poll. The 2013 *World Happiness Report* compares the datasets for 2005-2007 and 2010-2012. It pays special attention to four countries that were severely affected by

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[2] Robert D. Putnam, "The Prosperous Community: Social Capital and Public Life," *American Prospect*, no. 13 (1993): 35-42.

[3] For example, Patrick Heller, "Social Capital as a Product of Class Mobilization and State Intervention: Industrial Workers in Kerala, India," *World Development* 24, no. 6 (1996): 1055-1071; Stephen Knack and Phillip Keefer, "Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures," *Economics and Politics* 7, no. 3 (1995): 207-227; Stephen Knack and Phillip Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation," *Quarterly Journal of Economics* 112, no. 4 (1997): 1251-1288, and Norman Uphoff, "Understanding Social Capital: Learning from the Analysis and Experience of Participation," in *Social Capital: A Multifaceted Perspective*, ed. Partha Dasgupta and Ismail Serageldin (Washington, DC: World Bank, 2000).

the crisis, namely Spain, Portugal, Italy, and Greece, as well as to the effect of the crisis on happiness (i.e., subjective well-being). The general finding is that declines in well-being are not only a function of economic factors such as unemployment, but also of social factors. In this set of cases, the researchers found that Greece had the steepest decline in well-being, beyond what can be explained by economic factors alone. The report revealed that, in Greece, social factors—specifically generalized social trust, a key ingredient of social capital—was a vital explanatory factor. Although measures of such trust were roughly maintained at pre-crisis levels in all four societies, the study found that trust in the police and the legal system fell far more in Greece than in the other three societies. In Spain and Portugal, trust in the police even improved slightly, compared to Greece, where it fell by 25 percent. Likewise, trust in the legal system declined in all four countries, but in Greece, the decline was about three times more than in the other three countries.[4] The 2013 and 2015 reports concluded that the strength of the social fabric of society contributed to the resilience of some countries in confronting such crises.

The authors of the 2015 report used the above finding to construct two interrelated propositions with which to guide their comparative analysis of the data from the 2005-2007 and 2012-2014 Gallup World Poll surveys. These are,

> that there is an interaction between social capital and economic and other crises, with the crisis providing a test of the quality of the underlying social fabric. If the fabric is sufficiently strong, then the crisis may even lead to higher subjective well-being, in part by giving people a chance to work together to good purpose, and to realize and appreciate the strength of mutual social support; and in part because the crisis will be better handled and the underlying social capital improved in use. On the other hand, should social institutions prove inadequate in the face of challenges posed by the crisis, they may crumble even further under the resulting pressures, making happiness losses even greater, since social and institutional trust are themselves important supports for subjective well-being.[5]

While the 2013 report found Greece to be the classic instance of where the crisis eroded already low levels of social capital, the authors of the 2015 report found Iceland and Ireland to be instances of the very opposite. In both cases, the

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[4] John F. Helliwell, Haifang Huang, and Shun Wang, “The Geography of World Happiness,” in *World Happiness Report 2015*, ed. John Helliwell, Richard Layard, and Jeffrey Sachs (New York: Sustainable Development Solutions Network, 2015), 16-17.

[5] Ibid., 33.

crisis led to the almost complete demolition of their banking systems, yet both suffered only small losses in subjective well-being. In Iceland, the recovery in positive life evaluations rose so much as to put the country in second place in the global rankings of subjective well-being. Moreover, Iceland and Ireland are ranked first and second, respectively, in the Gallup World Poll in terms of the percentage of respondents (both above 95 percent) who indicate that they have someone on whom they are able to count during times of crisis.[6]

Our aim is not to explore every aspect of the above propositions. In this essay, we report on descriptive and exploratory work with a more delimited aim, which is to compare aspects of the social fabric in countries before and after the 2007-2008 economic crisis. Against this background, we hypothesize that countries with a good stock or high level of social capital prior to the crisis have been more resilient in coping with the crisis than those with lower levels of social capital, and, subsequently, more likely to increase their stock of social capital. Likewise, countries in which individuals registered high levels of internal locus of control before the crisis had the greater capacity to cope with the crisis and were more likely to have higher levels of internal locus of control after the crisis.

Social Capital and Economic Development

The concept of social capital offers a way to bridge sociological and economic perspectives and to provide potentially richer and better explanations of economic development. Woolcock and Narayan categorized research on social capital and economic development into four distinct perspectives: the *communitarian* view, the *networks* view, the *institutional* view, and the *synergy* view.[7]

The *communitarian* perspective equates social capital with local organizations (clubs, associations, and civic groups) and views social capital as "inherently good, that more is better, and that its presence always has a positive effect on a community's welfare."[8] Communitarians are concerned primarily with both the number and density of these local organizations within a given community. However, many advocates of this view of social capital have ignored its downside.[9] Rubio argues that "perverse" social capital replaces productive social capital in communities and networks that are "isolated, parochial, or working at cross-purposes to society's collective interests," such

[6] Ibid., 34.

[7] Michael Woolcock and Deepa Narayan, "Social Capital: Implications for Development Theory, Research and Policy," *World Bank Research Observer* 15, no. 2 (2000): 225-249.

[8] Ibid., 229.

[9] Alejandro Portes and Patricia Landolt, "The Downside of Social Capital," *American Prospect* 26 (1996): 18-21.

as drug cartels, gangs, or ghettos, and ultimately impedes development.[10] While there are benefits associated with being a member of a highly integrated community, there also are substantial costs, which for some may outweigh the benefits. The communitarian perspective also assumes that communities are homogenous and serve to include and benefit all members.[11]

A second perspective on social capital, the *networks* view, stresses the importance of "vertical as well as horizontal associations between people and of relations within and among organisational entities," such as community groups and firms.[12] Unlike the communitarian view, the networks view attempts to account for both the upside and downside of these relationships. More specifically, this view recognizes that strong ties within a given community (intracommunity) provides a sense of identity and common purpose to its members,[13] but also acknowledges that, without weak ties across communities and networks (intercommunity) such as those that cut across social divides based on religion, class, ethnicity, gender, and socioeconomic status, "strong horizontal ties can become a basis for the pursuit of narrow sectarian interests."[14] The former is referred to as "bonding," and the latter as "bridging," social capital.

The *institutional* view, the third perspective on social capital, argues that the strength of community networks and civil society is primarily the product of the political, legal, and institutional environment.[15] This view is unlike both the communitarian and networks perspectives, as it regards social capital as a dependent variable and posits that it is the quality of formal institutions that determines the "capacity of social groups to act in their collective interest."[16] The performance of the public and private sectors depends on the extent to which they are internally coherent, credible, and competent as well as externally accountable to civil society.[17] Increasingly, influential research from the institutional view relies on quantitative cross-national studies of the effects of government performance and social divisions on economic performance, and equates social capital with the quality of a society's political, legal, and

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[10] Mauricio Rubio, "Perverse Social Capital: Some Evidence from Columbia," *Journal of Economic Issues* 31, no. 3 (1997): 805-816.

[11] Deepa Narayan and Talat Shah, "Gender Inequity, Poverty and Social Capital," background paper prepared for the Policy Research Report on Gender and Development (Washington, DC: World Bank, Development Research Group, 1999).

[12] Woolcock and Narayan, "Social Capital," 225-249.

[13] Nan Marie Astone, Constance A. Nathanson, Robert Schoen, and Young J. Kim, "Family Demography, Social Theory, and Investment in Social Capital," *Population and Development Review* 25, no. 1 (1999): 20-26.

[14] Woolcock and Narayan, "Social Capital," 230.

[15] Ibid., 234.

[16] Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge, UK: Cambridge University Press, 1990), 111.

[17] Woolcock and Narayan, "Social Capital," 234.

economic institutions. Drawing on various indexes of institutional quality, these studies show that items such as “generalized trust,” “rule of law,” “civil liberties,” and “bureaucratic quality” are positively associated with economic growth.[18]

The final perspective of social capital is known as the synergy view, which integrates the research from the networks and institutional views and suggests that “complementarity” and “embeddedness” result in a state of synergy and civil action. According to Evans, complementarity refers to “mutually supportive relations between public and private actors,” while embeddedness refers to the “nature and extent of the ties connecting citizens and public officials.”[19] In this way, different combinations of state functioning and community capacity facilitate a range of developmental outcomes. For example, Narayan incorporates the primary principles of bridging social capital and state-society relations and illustrates that (a) there is complementarity between state and society, and that (b) social order and economic prosperity are more likely in societies as a result of good governance and high levels of bridging social capital.[20]

Data and Selection of Cases

Our analysis relies on the data from the last two waves of the World Values Survey (WVS) conducted, respectively, between 2005 and 2009 and 2010 and 2014. The WVS provides a valuable tool with which to analyze the values, beliefs, and motivations of ordinary citizens at the mass level over time. The increasingly prominent worldwide values research convincingly shows that changing value patterns have a strong impact on political, economic, and social developments within a country. In order to track these changes, the WVS executed six waves of surveys between 1981 and 2014.

The WVS is conducted by means of face-to-face interviews in the preferred language of the respondents. Probability samples are drawn, with all adult citizens having an equal chance of being selected. The samples are also stratified into homogenous subgroups, defined by various demographic attributes. Since the samples are weighted to the full population and within a statistical margin of error of less than 2 percent at the 95 percent confidence level, they are representative of the adult population of a given country.

The rationale behind the case selection was guided by two criteria: (1) differentiation along the economic axis (i.e., the severity of the impact of

[18] Ibid., 234-235.

[19] Peter Evans, “Government Action, Social Capital and Development: Reviewing the Evidence on Synergy,” *World Development* 24, no. 6 (1996): 1121.

[20] Deepa Narayan, “Bonds and Bridges: Social Capital and Poverty,” Policy Research Working Paper 2167 (Washington, DC: World Bank, 1999), 13-34.

the financial crisis),[21] and (2) the availability of data (i.e., data for the fifth and sixth waves of the WVS). Having fulfilled these requirements, the following countries were selected for analysis: Argentina, Brazil, Chile, China, Germany, India, Poland, Russia, South Africa, South Korea, Spain, Sweden, and Turkey.

As divergent examples of political regime types in four geo-cultural regions, the selected cases provide an opportunity to set the analysis of the development of social capital in the wake of the global financial crisis against most diversified cultural and historical backgrounds.

Table 1. Impact of Recession across 188 Countries Worldwide

Little evidence of recession	Afghanistan, **Argentina**, Bolivia, **Brazil**, Burundi, Central African Republic, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Dominica, Egypt, Ethiopia, Gabon, The Gambia, Ghana, Guinea-Bissau, Guyana, **India**, Indonesia, Lao P.D.R., Lebanon, Lesotho, Liberia, Malawi, Nepal, Niger, Oman, Panama, Papua New Guinea, Paraguay, Peru, Qatar, Rwanda, São Tomé and Príncipe, Saudi Arabia, Solomon Islands, Sri Lanka, Syria, Timor-Leste, Togo, Uruguay, Uzbekistan, Vanuatu, Yemen, Zambia, Zimbabwe
Mild recession	Albania, Australia, Bahrain, Bangladesh, Benin, Bhutan, Burkina Faso, Cameroon, Cape Verde, **China**, Colombia, Comoros, Dominican Republic, Ecuador, Eritrea, Fiji, Guatemala, Guinea, Haiti, Israel, Jordan, Kenya, Kyrgyz Republic, FYR Macedonia, Mali, Malta, Mauritius, Micronesia, Morocco, Mozambique, Philippines, **Poland**, Senegal, Seychelles, Singapore, St. Lucia, Suriname, Swaziland, Switzerland, Taiwan, Tanzania, Tonga, Tunisia, Tuvalu, Uganda, Vietnam
Moderate recession	Algeria, Austria, Barbados, Belarus, Belgium, Botswana, Brunei, Darussalam, Canada, **Chile**, Costa Rica, Cyprus, Denmark, El Salvador, France, **Germany**, Honduras, Hong Kong SAR, Islamic Republic of Iran, Italy, Jamaica, Japan, Kiribati, Kosovo, Libya, Madagascar, Malaysia, Maldives, Marshall Islands, Mauritania, Mexico, Moldova, Mongolia, Montenegro, Namibia, Netherlands, Nicaragua, Nigeria, Norway, Pakistan, Portugal, **South Africa**, **South Korea**, **Sweden**, Tajikistan, Thailand, **Turkey**, United States
Severe recession	Angola, Antigua and Barbuda, Armenia, Azerbaijan, The Bahamas, Belize, Bosnia and Herzegovina, Bulgaria, Cambodia, Chad, Croatia, Czech Republic, Equatorial Guinea, Estonia, Finland, Georgia, Greece, Grenada, Hungary, Iceland, Iraq, Ireland, Kazakhstan, Kuwait, Latvia, Lithuania, Luxembourg, Myanmar, New Zealand, Romania, **Russia**, Samoa, San Marino, Serbia, Sierra Leone, Slovak Republic, Slovenia, **Spain**, St. Kitts and Nevis, St. Vincent and the Grenadines, Sudan, Trinidad and Tobago, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom, Venezuela

Note: The countries highlighted in bold type are those selected for analysis in this study.

[21] Impact of the recession is defined as the difference between the average GDP growth between 2000 and 2007, minus the average GDP growth between 2008 and 2010.

The Prevalence of Social Capital Pre- and Post-2008

Social capital is a social resource that facilitates action and exists to varying degrees in social relations of all sorts. So, of what is social capital composed? Most forms—be they kinship, work-based, or interest-based—can be seen to have three basic dimensions: social trust, social tolerance, and social networks.

Social Trust

Generalized (social) trust is the belief that people most often are trustworthy and that most people share the same basic norms and values as oneself. Whereas particularized trust is said to ease cooperation and solve problems of collective action among people who know one another,[22] generalized trust can be expected to foster cooperation among actors who do not know one another.[23] Social trust can be comprised of a number of properties, such as perceived honesty, fairness, objectivity, and consistency, all of which foster relationships among individuals that must be sustained in order to continually fulfill these standards.

Social capital theory argues that generalized social trust is an important and central element in a complex and virtuous circle of social attitudes, behavior, and institutions that act as the foundation for stable and effective democratic government.[24] Social trust is said to sustain a cooperative social climate, to facilitate collective behavior, and to encourage a regard for the public interest.[25] Trust among citizens makes it easier, less risky, and more rewarding for them to participate in community and civic affairs, and helps to build the social institutions of civil society upon which peaceful, stable, and efficient democracy depends.[26] Democracy and good government, in their turn, may then reinforce the conditions in which social trust can flourish, enabling citizens to cooperate effectively in both private and public affairs. Boslego notes that states that foster identities strong enough to promote social trust among all citizens tend to be more democratic than ones with less social trust.[27]

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[22] Mark S. Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology* 91 (1985): 490.

[23] Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert W. Vishny, "Trust in Large Organisations," *American Economic Review* 87 (1997): 333.

[24] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1995), and Kenneth Newton, "Social Trust: Individual and Cross-National Approaches," *Portuguese Journal of Social Science* 3, no. 1 (2004): 16.

[25] Eric M. Uslaner, "Volunteering and Social Capital: How Trust and Religion Shape Civic Participation in the United States," in *Social Capital and Participation in Everyday Life*, ed. Paul Dekker and Eric M. Uslaner (London: Routledge, 2001), 107.

[26] Newton, "Social Trust," 16.

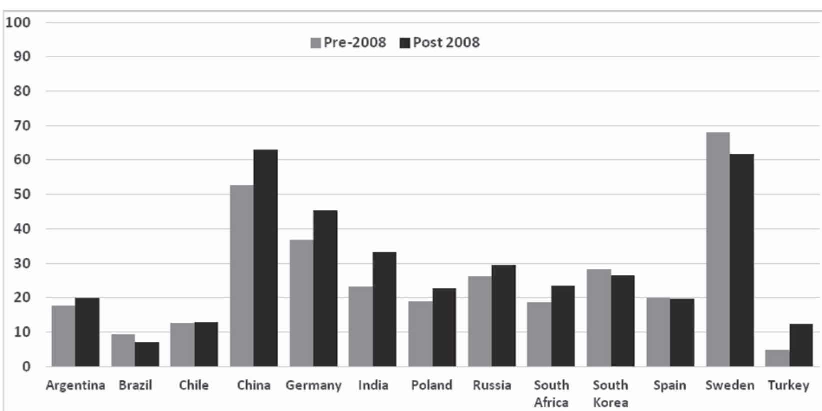
[27] Jordan Boslego, "Engineering Social Trust: What Can Communities and Institutions Do?" *Harvard International Review* 27, no. 1 (2005): 29-30.

The values that form the basis of social trust are not universal, but rather can vary among cultures, between contexts, and across time. In a series of theoretical work, Uslaner suggests that individual trust is shaped through processes of socialization and learning.[28] Since generalized trust, in the socialization perspective, is shaped through interaction processes with one's social context, the expectation is that social context will be crucial to the possibility of social change. If "most people" in a social context are trustworthy, most interactions with them will result in positive outcomes. Correspondingly, the individual will adopt a belief in the trustworthiness of others, and if most of the individuals have a similar experience, the social context will be characterized by a widespread disposition to trust others.

In order to gauge levels of social trust, WVS respondents were asked the following question: "Generally speaking, would you say that most people can be trusted, or that you need to be careful in dealing with people?" The responses were categorized along a two-point scale: (1) "Most people can be trusted," and (2) "Need to be very careful." Figure 1 illustrates the levels of social trust ("Most people can be trusted") pre- and post-2008 in our thirteen countries.

Overall, levels of social trust are fairly low, despite a slight increase pre- and post-2008. On the aggregate level, only one in every four respondents (25.9 percent) across the thirteen countries indicated that "Most people can be trusted" pre-crisis, which increased to 29.0 percent in the survey wave post-crisis. The general trend is that social trust increased in all countries under investigation, except four: Brazil, South Korea, Spain, and Sweden. The countries with the highest levels of social trust for both time periods include

Figure 1. Levels of Social Trust Pre- and Post-2008 Crisis in Thirteen Countries



[28] Eric M. Uslaner, "Producing and Consuming Trust," *Political Science Quarterly* 115, no. 4 (2000): 569-590.

Sweden, China, Germany, and India. Conversely, Brazil, Turkey, Chile, and Argentina have the lowest levels of social trust. Thus, all three Latin American countries under investigation are among the lowest in terms of social trust.

Our expectation was that countries with higher stocks of social trust pre-2008 were better equipped during the global financial crisis to tap into their social resources. This expectation held true for China, India, and Germany, all of which reported an increase in the level of social trust post-2008, by 10.5 percent, 9.9 percent, and 8.5 percent, respectively. Of those countries with the lowest levels of social trust pre-2008, it is interesting to note that, post-crisis, Turkey reported a 7.4 percent increase in social trust, while social trust remained largely unchanged in Chile and decreased to a very low level of 7.1 percent in Brazil.

Social Tolerance

Tolerance is consistently related to perceptions of threat. In other words, "the greater the perceived threat from a group, the more likely a person is to be intolerant of the group."[29] High among the imperatives and values of democratic societies is social tolerance for people and groups that are perceived as different. Complete social tolerance would entail "full recognition and acceptance of the identity and uniqueness of differences that are seen as not reducible to invisibility by their bearers."[30] In societies where such acceptance is absent, a lower level of tolerance would include the lack of willingness to grant equal political and legal rights to someone seen as different as well as willingness to express intolerant attitudes openly.[31] This lower level of tolerance may be considered the minimum tolerance threshold required for the functioning of a democratic society.

In order to measure the levels of social tolerance, a list of various groups of people was presented to the WVS respondents and they were asked the following question: "On this list are various groups of people. Could you please mention any that you would not like to have as neighbors?" The list included people of a different race; immigrants/foreign workers; people of a different religion; and people who speak a different language. Table 2 illustrates the social tolerance index[32] across the thirteen countries both pre- and post-crisis.

Overall, levels of social tolerance are fairly high across most of the selected countries; however, social tolerance was higher in most countries pre-crisis. It was only in India (69.5 percent) and South Korea (55.2 percent) that the

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[29] John L. Sullivan, James Piereson, and George E. Marcus, *Political Tolerance and American Democracy* (Chicago: University of Chicago Press, 1982), 251.

[30] Caroline Hodges Persell, Adam Green, and Liena Gurevich, "Civil Society, Economic Distress, and Social Tolerance," *Sociological Form* 16, no. 2 (2001): 208.

[31] Ibid.

[32] An additive index was created resulting in a social tolerance scale from 4 to 8. The scale was recoded as follows: Intolerant (4 + 5); somewhat (in)tolerant (6 + 7); and tolerant (8).

Table 2. Levels of Social Tolerance Pre- and Post-2008 Crisis in Thirteen Countries

Country	Pre-2008			Post-2008		
	Intolerant	Somewhat (in)tolerant	Tolerant	Intolerant	Somewhat (in)tolerant	Tolerant
Argentina	0.3	7.1	92.5	0.2	9.4	90.5
Brazil	3.6	9.8	86.6	0.5	9.0	90.5
Chile	3.7	12.6	83.8	2.8	11.0	86.2
China	7.3	26.1	66.6	3.5	20.7	75.9
Germany	4.1	15.7	80.2	10.0	20.4	69.6
India	29.8	39.7	30.5	37.8	49.9	12.4
Poland	7.2	15.5	77.3	2.3	9.8	87.9
Russia	10.1	32.9	57.0	10.2	36.2	53.7
South Africa	1.9	33.4	64.8	11.1	40.4	48.5
South Korea	25.4	29.9	44.8	28.7	27.9	43.4
Spain	1.7	13.1	85.2	1.7	10.3	88.0
Sweden	0.5	3.4	96.1	1.9	5.7	92.4
Turkey	23.4	25.0	51.5	24.2	31.2	43.6

majority of respondents were either intolerant or somewhat (in)tolerant pre-2008. Social tolerance further declined post-crisis, with levels of intolerance or somewhat (in)tolerance reaching 87.6 percent and 56.6 percent in India and South Korea, respectively, closely followed by the majority of Turks (56.4 percent), and South Africans (51.5 percent). Although social tolerance is fairly high in Germany, it is significant to note a decline in social tolerance of 10.6 percent post-crisis. On the other hand, there was substantial growth in the levels of social tolerance in Poland (by 10.6 percent) and China (by 9.3 percent) post-2008.

Whereas the Latin American countries had among the lowest levels of social trust, Argentina, Brazil, and Chile have among the highest levels of social tolerance both pre- and post-crisis. This finding supports our hypothesis that countries with good stocks or high levels of social capital would be more resilient in managing the financial crisis and would be able to increase these levels of social capital. The maintenance of high levels of social tolerance in Spain, a country that was severely hit by the financial crisis, is also consistent with our expectations.

Social Networks

One civic organization, regardless of its size, is not enough for a society to regard itself as civil. In order for that to happen, there must be several civic organizations operating within a society. Voluntary associations or social networks help to develop civic community in that they create among their members networks of horizontal and vertical relations.[33] The quality of civil society depends not only on the number of active members and the level of membership, but also on the number of associations.

Some writers focus on social networks of individuals, groups, and organizations as the central dimension of social capital because the ability to mobilize a broad spectrum of personal social contacts is essential to the effective functioning of political, economic, and social life.[34] The face-to-face interaction that takes places in formally organized voluntary organizations is vital for generating democratic norms among citizens, as they teach citizens the civic virtues of reciprocity, trust, compromise, and moderation as well as the skills of democratic discussion and organization.[35] This may be labeled internal effects; however, there are external effects as well. Externally, numerous and overlapping voluntary organizations create cross-cutting ties that serve to bind society together by its own internal divisions and produce pluralist competition among different interests.

In order to gauge voluntary associational membership, a list of voluntary organizations was read to WVS respondents and they were asked: "For each one, could you please tell me whether you are an active member, an inactive member, or not a member of that type of organization?" The list had nine broad categories: church or religious organizations; sports or recreational organizations; political parties; art, music, or educational organizations; labor unions; professional associations; charitable organizations; environmental organizations; and any other voluntary organization.

We argue that civic society is denser and stronger if people belong to multiple overlapping categories, such as churches and philanthropic groups, or labor unions and environmental organizations. We therefore summed all nine categories to calculate the mean (average) number of associational categories which people join (using a 9-point scale) to determine the spread of multiple memberships.

Table 3 illustrates that voluntary association, or the average number of social networks to which respondents belong, increased in only three countries post-crisis: South Africa (by 1.12), Germany (by 0.22), and Argentina (by 0.14). Voluntary association declined in all other countries with the exception of Turkey, which remained low but unchanged pre- and post-crisis. The biggest decline was reported in India (by 1.32) and China (0.73), closely followed by Sweden, Chile, Brazil, and Russia by 0.48, 0.47, 0.41, and 0.40, respectively. The data thus suggest that communities in South Africa, Germany, and Argentina were better equipped to cope with the financial crisis not only by

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[33] Meindert Fennema, "The Concept and Measurement of Ethnic Community," *Journal of Ethnic and Migration Studies* 30, no. 3 (2004): 433.

[34] George Kolankiewicz, "Elites in Search of Political Formula," *Daedalus* 123, no. 3 (1994): 143-157.

[35] Kenneth Newton, "Social Capital and Democracy," *American Behavioral Scientist* 40, no. 5 (1997): 575-586.

Table 3. The Average Number of Social Networks to Which Respondents in Thirteen Countries Belong

Country	Pre-2008		Post-2008	
	Mean score (0-9)	Std deviation	Mean score (0-9)	Std deviation
Argentina	1.24	2.050	1.38	2.291
Brazil	1.81	1.603	1.40	1.237
Chile	1.91	2.776	1.44	2.272
China	1.16	2.184	0.43	1.114
Germany	1.27	1.444	1.49	1.364
India	5.57	3.900	4.25	2.609
Poland	1.03	2.140	0.88	1.626
Russia	0.75	1.670	0.35	0.955
South Africa	2.73	2.696	3.85	3.508
South Korea	1.49	1.786	1.40	1.761
Spain	0.80	1.605	0.61	1.241
Sweden	2.90	1.648	2.42	1.755
Turkey	0.23	0.775	0.23	0.872

tapping into their existing social networks but also by managing to generate new networks of support during the crisis and afterward, while the inverse is true for communities in the remaining countries under investigation. An interesting case to highlight is that of India, which recorded the highest mean score during both time periods, despite a sharp decline from 5.57 pre-crisis to 4.25 post-crisis.

Locus of Control

The concept of locus of control is most strongly associated with the work of Julian B. Rotter and his associates.[36] Derived from social learning theory, it is an attempt to understand how individuals respond to events that affect them in their lives, and the causal relationship they believe to be present between their own actions and these events. At the core of this belief system is the individual's conviction of whether such an event is dependent on his/her own actions. Tied to this is the perception of whether events in life are determined by the skill of individuals, or by chance. The concept is measured on an Internal-External continuum, with those who sense that they have more control over

[36] Julian B. Rotter, *Social Learning and Clinical Psychology* (Englewood Cliffs, NJ: Prentice-Hall, 1954); id., "Generalized Expectancies for Internal versus External Control of Reinforcement," *Psychological Monographs: General and Applied* 80, no. 1 (1966): 1-28; and Julian B. Rotter, Shephard Liverant, and Douglas P. Crowne, "The Growth and Extinction of Expectancies in Chance Controlled and Skilled Tests," *Journal of Psychology* 52 (1961): 161-177.

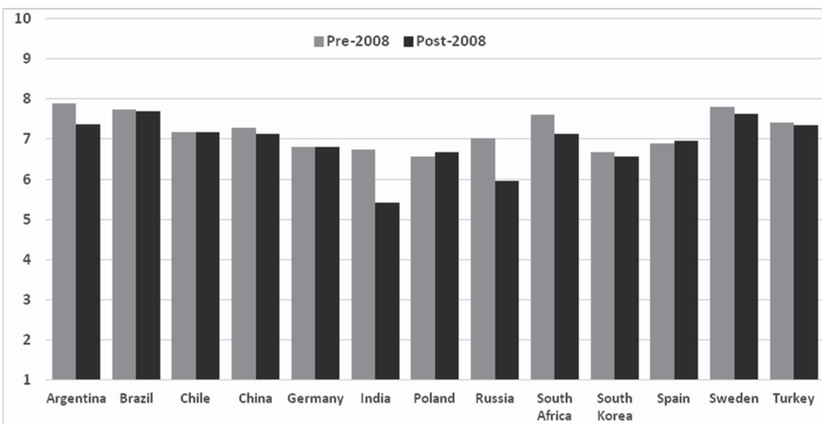
events and situations being considered internal (internalizers), as opposed to those who sense that they have less control as external (externalizers). Rotter considers this concept the psychological equivalent of the sociological concept of powerlessness. In the literature, high levels of internal locus of control generally are considered virtuous: individuals who are strongly motivated to achieve certain objectives are thought to have some belief in their skill and capacity to determine the outcome of their goal-directed actions.[37]

Derived from the work cited above, we have as a second hypothesis the proposition that countries in which individuals registered high levels of internal locus of control before the crisis had greater capacity to cope with the crisis and were more likely to have higher levels of internal locus of control after the crisis.

In order to measure locus of control, respondents to the WVS were asked the following question: "Some people feel they have completely free choice and control over their lives, while other people feel that what they do has no real effect on what happens to them. Please use this scale, in which 1 means 'no choice at all' and 10 means 'a great deal of choice,' to indicate how much freedom of choice and control you feel you have over the way your life turns out." Figure 2 illustrates the mean score, in which 1 represents external locus of control and 10 represents internal locus of control.

Overall, levels of internal locus of control have been fairly good across all thirteen countries both pre- and post-2008. On an aggregate level, the mean score pre-2008 was 7.2, which decreased to 6.9 post-2008. The degree

Figure 2. Locus of Control in Thirteen Countries Pre- and Post-Crisis



[37] Genevieve Minota Stander, *Class, Race and Locus of Control in Democratic South Africa* (MA thesis, Stellenbosch University, Stellenbosch University, South Africa, 2014), http://scholar.sun.ac.za/handle/10019.1/86528 (June 5, 2015).

of internal locus of control was highest in Argentina, Sweden, Brazil, and South Africa before the financial crisis hit, each having a mean (average) score greater than 7.5. The countries with the lowest level of internal locus of control (ranging between 6.5 and 6.9) during the same period include Poland, South Korea, India, Germany, and Spain. Post-crisis, only Brazil and Sweden had mean scores above 7.5, while internal locus of control dropped below 6 for both India and Russia.

According to our hypothesis, countries with high levels of internal locus of control were more likely to maintain or even increase these levels than countries that entered the crisis with low levels of internal social control. The only countries in which an actual increase in the levels of internal social control was registered were Spain and Poland, and in both it was marginal. The three countries with the highest pre-crisis levels, Sweden, Brazil, and Argentina, more or less maintained these levels, consistent with our expectations, but in South Africa there was a slightly larger decline. The puzzling cases are India and Russia, both of which experienced significant declines in levels of internal locus of control from moderately high pre-crisis levels.

Conclusion

The dataset and set of cases do not allow us to move beyond the descriptive hypotheses presented above. Further descriptive analyses of the social fabric of any of the cases would need in-depth case study that goes beyond the analyses of the datasets of the WVS (or of the Gallup World Poll, for that matter). However, we are able to single out interesting cases as prime candidates for further analysis. These would be the two countries most severely affected by the financial crisis, Spain and Russia. In both countries, social trust remained at low levels after the crisis, with a marginal improvement in Russia. Likewise, levels of social tolerance in post-crisis Russia declined by only a few percentage points, and rose by a few points in Spain. The first major difference is in the measurable changes in social networking. In pre-crisis Russia, about three of every four individuals (mean of 0.75) were members of civil society organizations, but in post-crisis Russian society this declined to one of every three (mean of 0.35). In Spain, a decline in membership also was found but was far less precipitous, with four of every five (mean of 0.80) in pre-crisis society, declining to three of every five (mean of 0.61) in post-crisis society.

The second noticeable difference has been the changing levels of internal locus of control. In Spain, the level increased marginally after the crisis from an already high level. In Russia, however, a significant decline was measured (exceeded only by India in our set of cases, a country very mildly affected by the financial crisis). This result seems to suggest that, in Russia, the social fabric did not weather the crisis as well as in Spain. On that basis, we speculate that there is less resilience within Russian than Spanish society when it comes to dealing with adversity of the kind brought about by the Great Recession of

2007-2008. And we further speculate that some of the other salient indicators of social cohesion correlate with those we have measured. These include population growth rates as well as rates of divorce, suicide, marriage, abortion, and life expectancy. Larger path-dependent factors also may be relevant, such as the Russian experience of being a post-communist society and a post-empire state, as opposed to Spain that was one of the leading cases in the Third Wave of democratization.