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WP 2: CIVIL SOCIETY AND SOCIAL CAPITAL

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TITLE: SOCIAL CAPITAL IN THE BALKANS: ARE SOCIO-DEMOGRAPHIC FACTORS IMPORTANT? CAN POLICY ASSUMPTIONS BE SUPPORTED?

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Executive Summary

Analytical context

The present paper introduces country-by-country overviews of survey results from nationally representative samples from Bulgaria, Macedonia, and Serbia and Montenegro, analyzing the link between some important socio-demographic factors and various measures of social capital, as well as at looking for support of some assumptions underlying different policy proposals targeting the level of social capital.

The theoretical starting point of the analysis is a trust-focused definition of social capital, offered in Pippidi (2004, p. 4). Under this definition, social capital is understood to represent “the underlying confidence, which informs behaviour that an individual as a general rule would be treated equally and fairly regardless of the person or organization that he or she encounters”.

Based on this starting point, the overview of the surveys is focused on the degree to which their results are useful in describing the social capital situation in different countries in the region, and also in checking whether and which policy proposals related to social capital seem relevant for the respective countries. The approach is country-by-country description of survey findings. The reasons for this approach are, first, that it supplements the regional approach, taken in Pippidi (2004), and, second, that it allows a deeper look at the importance of country idiosyncratic factors, which cannot be assumed to have the same structure and impact across countries.

After a brief contextual introduction for each country, the analysis focuses on three dependent variables, describing social capital (social trust, interpersonal trust, and membership in informal organizations) whose links with various socio-demographic factors in the given country are examined. The factors are gender, age, education, ethnic, income, and residential structure of the respective societies. The results are then applied for a critical look at different assumptions underlying the existing policy prescriptions with respect to social capital in general and in the Balkans in particular.

Main results

The brief look at the context in each of the four countries indicates that they do form a region, characterized by relatively low levels of economic development, coupled with the need to complete various major social reforms, and with generally rich ethnic composition and relatively large minorities.

The formal analysis of the impact of socio-demographic factors on the different measures of social capital results in the conclusion that these factors cannot serve as an explanation of the variations in social capital in all four surveys. In most cases, gender, age, and income have very weak explanatory power. Even though the lack of statistically discernible link may be due to some nonlinearities between age and social capital, and to the overall low level of incomes in the region, this result is informative.

Education is a statistically significant determinant of social capital in some cases, but there are substantive differences between countries – the strongest example being the exactly opposite impact of education on social capital in Serbia and in Montenegro.

In all surveys, ethnic structure is relevant in explaining part of the variation of social capital. Since ethnic structure is strongly country specific, the results are also highly specific for each country and no general inferences can be made for the whole region.

Possibly the most consistently important factor is the type of place of residence of the respondents, with most of the time the link being negative, indicating that people living in smaller settlements tend to exhibit higher levels of social capital.

Policy implications

Social capital is policy relevant, because it is believed that it is positively related with political and economic performance of societies, and also that if enhancement of this performance is to be achieved, measures targeting social capital are necessary. Sotiropoulos (2004, pp. 5-9) outlines six strategies aiming at increasing social capital. All of them are based on some specific assumptions about social causality between some set of policy actions and social capital. The survey data allow an initial assessment of whether these assumptions are realistic with respect to societies in Southeastern Europe, and from there whether and which policy proposals seem applicable and potentially effective for the region.

The data and analytical results allow initial conclusions about the relevance of four assumptions: that good institutional performance leads to higher social trust, that economic development leads to higher personal confidence and from there to higher social capital, that local institutions are more trusted and thus generate higher social capital than more distant national institutions, and that increased personal security results in higher social capital. The four surveys support one of these assumptions, very tentatively support for another one, and provide no support for the other two.

The assumption, which is relatively well conforming with the survey results from Bulgaria, Macedonia, and Serbia and Montenegro, is that empowerment of local authorities may enhance social trust and civic participation. This is due to the fact that people feel more empowered with local institutions.

The assumption which is very tentatively supported, is that improvements in institutional performance cause higher subjective evaluations of this performance and from there – higher trust. While such a link can be found in the data, it is weak, and will take a very long time to work on its own.

The assumptions which find no support in the four surveys, are that income and general economic well-being result in higher social capital, and that enhanced personal security is also positively related to social capital.

I. Theoretical introduction

The theoretical starting point of the country-by-country overview of issues related to social capital, presented below, is a trust-focused definition of social capital, offered in Pippidi (2004, p. 4). Under this definition, social capital is understood to represent “the underlying confidence, which informs behavior that an individual as a general rule would be treated equally and fairly regardless of the person or organization that he or she encounters”. The major goal of this definition is to separate the issue of “trust” from the issue of how this trust is enacted through various human organizations, such as associations or networks. For this reason, in the following country overviews, the focus of attention and analysis is the link between various factors characterizing the respective societies and two measures of trust: interpersonal trust and social trust.

While the distinction between perceptions, on the one side, and organization and behavior, on the other, is operationally and analytically important, understanding how a specific society works requires also understanding the factors influencing organization and behavior, so far as perceptions are not their only determinants. For this reason, in the country overviews a glance is also thrown at how the already mentioned societal factors are linked with social actions, such as the underlined by Putnam membership in informal societal organizations.

With respect to the policy relevance of the country overviews, an attempt is made to use the data base formed by the surveys in the respective countries to see whether the field data are supportive for some of the assumptions supporting the different policy proposals. Social capital is policy relevant, because it is believed that it is positively related with political and economic performance of societies, and also that if enhancement of this performance is to be achieved, measures targeting social capital are necessary. This widely popular belief, however, does not easily translate into undisputed policies due to the fact that various models of the links between social capital and the performance of societies lead to different, sometimes contradictory, policy recommendations.

Sotiropoulos (2004, pp. 5-9) outlines six strategies aiming at increasing social capital. All of them are based on some specific assumptions about social causality between some set of policy actions and social capital. The survey data allow an initial assessment of whether these assumptions are realistic with respect to societies in Southeastern Europe, and from there whether and which policy proposals seem applicable and potentially effective for the region.

More specifically, a deeper look will be thrown at the assumptions underlying four of the strategies discussed in Sotiropoulos (2004). One such strategy is the “top-down” strategy, which recommends a “state building” program based on the assumption that there is a link between the performance of legitimate and well working public institutions and social trust. Another such strategy is economic development, which is based on the assumption that there is a causal link from the size of individual resources (wealth, status, knowledge), to a sense of subjective well-being, and from there to higher levels of trust. A third, similar to economic development, strategy is increase in security, both hard and soft. The assumption there is that if a person feels

secure for her body, property, and livelihood, she is supposedly more ready to trust others. The fourth strategy involves reinforcement of local institutions, which can gradually build trust through the increased ability of local government and local collective action initiatives to develop visibly successful projects. The assumption here is that, due to their “closeness” to the people and to the naturally lower monitoring costs, local institutions are more likely to develop a reputation as trustworthy in the eyes of the citizens.

II. Structure of the presentation

The overview of the surveys presented below is focused on the degree to which their results are useful in describing the social capital situation in different countries in the region, and also in checking whether and which policy proposals related to social capital seem relevant for the respective countries. The approach is country-by-country description of survey findings. The reasons for this approach are, first, that it supplements the regional approach, taken in Pippidi (2004), and, second, that it allows a deeper look at the importance of country idiosyncratic factors, which cannot be assumed to have the same structure and impact across countries.

Thus each country overview contains an introductory part, highlighting the specifics of the country in terms of its underlying structure – most importantly, its ethnic structure, its level of economic development presented by per capita income, and the present status of two of the most important social sectors (health and education) as representative of the overall level of reforms. After this contextual introduction, three dependent variables, describing social capital (social trust, interpersonal trust, and membership in informal organizations) are overviewed in their links with various socio-demographic factors in the given country. These factors are the gender, age, education, ethnic, income, and residential structure of the respective societies.

Finally, each country overview will attempt to outline the support, or lack thereof, which the country data provide for the assumptions underlying the various policy proposals. More specifically, an attempt will be made to use the data to have a first look at whether there is connection between performance of public institutions and social capital, whether there is a link between level of personal resources, subjective well-being, and trust, whether indirect indicators of the level of personal security are related to social capital, and whether local institutions are more trusted.

III. Country overviews

As already mentioned, each country overview is composed of three parts: an introduction to the country context, a discussion of the impact of various socio-demographic factors on social capital, and a critical look at the degree to which the data validate some of the assumptions underlying various policy proposals.

The impact of the socio-demographic factors on various measures of social capital is formally studied by regressing four dependent variables on six independent variables (see Table 1). The four dependent variables include one describing social trust, two describing interpersonal trust, and one describing civic participation. The social trust variable is the first principle component of nine original variables from the country surveys, namely the subjective evaluations by the respondents of the degree to which

various public institutions serve the public interest. These institutions include political ones (president, government, parliament, local authorities), judiciary (courts and prosecution), security (police and army) ones, as well as the tax office. The two interpersonal variables are generalized trust (“do you agree that most people can be trusted”), and trust in kin (“do you agree that only your kin can be trusted”). The civic participation variable is formed by the answer to the question whether the respondent is a member of informal non-political organizations. The six socio-demographic variables are gender, age, education, ethnic identification, household income, and the type of the place of residence.

Table 1. Social Capital Regressions

Dependent variables	Independent variables
<p>1. Social trust: principal component from “<i>how do you evaluate the following institution in terms of serving the public interest</i>” for the following institutions:</p> <ul style="list-style-type: none"> • <u>political institutions</u>: president, government, parliament, local authorities; • <u>judiciary</u>: courts and prosecution; • <u>security</u>: police and army; • <u>tax office</u> <p>2. Interpersonal trust:</p> <p>2.1. <u>Generalized Trust</u>: (“<i>do you agree that most people can be trusted</i>”)</p> <p>2.2. <u>Trust in kin</u>: (“<i>do you agree that only your kin can be trusted</i>”)</p> <p>3. Civic participation: member of informal non-political organizations (yes or no)</p>	<p>1. Gender</p> <p>2. Age (year of birth)</p> <p>3. Education (ordered from low to high)</p> <p>4. Ethnic identification (series of relevant ethnic dummy variables)</p> <p>5. Household income (ordered from low to high)</p> <p>6. Type of the place of residence (ordered from village to capital city)</p>

For each country, some of the socio-demographic factors are quite specific – most importantly the ethnic composition of the population, but also the educational and the income splits show differences between countries. The ethnic identification variable from the surveys is split into a set of ethnic dummy variables, depending on which ethnic minorities are relatively large for the given country.

1. Bulgaria

1.a. Context

Bulgaria is located in the Eastern part of the Balkans, and has a population of 7.8 million people with more than 51% women. The ethnic composition of the country is about 84% Bulgarians, with two important minorities – 9-10% Turks, and 4-5% Roma. About 70% of the population is urban, which is the highest level of urbanization in the countries covered by the survey.

In terms of economic situation, the GDP per capita in Bulgaria is EUR 2,290 for 2003 (EUR 6,900 at Purchasing Power Parity), and the average gross monthly wage is EUR

145. In 2002, about 38% of the total population was employed, of which 8% in industry (all data are from WIIW Balkan Observatory).

The healthcare system in Bulgaria, after undergoing series of reforms in the 1990s, is based on privatized primary care (outpatient facilities, pharmacies, laboratories, and the institution of the general practitioners), state-owned secondary care, and on the National Health Insurance Fund (NHIF), which is financed through a tax and finances a portion of the cost for each patient. Most hospitals are still owned by the state, or by the municipalities. Private health insurance is very small.

The education system of Bulgaria has three levels – primary, secondary, and higher education. School education is compulsory until age 16. The higher education system consists of three degrees – Bachelor, Master, and Doctor. About 2% of educational institutions in the country, including schools and universities, are private with their own financing. Public schools are entirely financed by the state, while public universities are financed both by the state, and by the collection of legally set student fees. Educational standards and curricula are entirely centrally determined by the Ministry of Education.

The data source for Bulgaria is a quantity sociological survey, conducted from 25th October till 7th November 2003 by BBSS Gallup – Bulgaria. It is nationally representative survey among the Bulgarian population aged 18+. The achieved sample size amounts to 1 021 effective interviews.

1.b. Socio-demographic determinants of social capital

Table 2 describes the regression results of the analysis of the impact of the six socio-demographic factors on the various measures of social capital in Bulgaria. It provides a basis for some inferences about social capital in the Bulgarian context.

The overall measures of social capital in Bulgaria are low. If the social trust variable is split into five ranges, 35% of the respondents will fall in the lower two ranges, 37.5% - in the middle range, and 27.5% - in the top two ranges. At the same time, 30% of the respondents claim trust in most people (while 47% disagree that most people can be trusted), vs. 66% claiming that only one's kin can be trusted. Only 3% of the respondents are members of informal non-political organizations.

The first inference is that socio-demographic factors have a very low explanatory power with respect to the four different measures of social capital in Bulgaria. This means that most of the variation in social capital in Bulgaria is due to factors and processes other than the socio-economic ones, which are traditionally used to categorize and analyze societies.

Table 2. Impact of socio-demographics on social capital in Bulgaria

Variable name	Social trust	Interpersonal trust		Civic participation	Description
		generalized	kin		
Constant	(.000)	(.000)	(.000)	(.000)	
Female	-.004 (.905)	.019 (.562)	.022 (.520)	.010 (.769)	0 if male, 1 if female
Education	-.017 (.681)	.054 (.185)	-.070 (.088)	.130 (.002)	0 if below primary to 6 if double university degree
Turk	.079 (.027)	.013 (.707)	-.017 (.629)	.055 (.127)	1 if Turk, 0 if other
Roma	-.064 (.075)	-.089 (.013)	-.005 (.883)	.073 (.044)	1 if Roma, 0 if other
Other ethnic	.105 (.002)	.034 (.313)	.027 (.424)	.028 (.421)	1 if “other”, 0 if Bulgarian, Turk or Roma
Birth year	.000 (.996)	-.043 (.236)	-.037 (.308)	-.013 (.714)	Year of birth of respondent
Residence	-.086 (.026)	-.085 (.029)	-.041 (.295)	.054 (.169)	1 if village to 4 if capital city
Income	.002 (.963)	.040 (.320)	-.039 (.330)	-.059 (.140)	1 if below BGN 100 to 13 if above BGN 651
N	899	899	899	899	
Adj. R sq.	.028	.014	.009	.011	

Notes: Dependent variable are scaled in the following manner: social trust is growing if trust in institutions is higher; interpersonal trust is growing if respondents agree with the respective statements; participation is 1 if the respondent is a member and 0 otherwise. The coefficients shown are the standardized beta coefficients, with two-tail significance in parentheses.

Analyzing impact factor by factor, it can be claimed that gender, age and income are not statistically important. Even though insignificant, it is interesting to note that younger age in Bulgaria has a negative impact on the four measures of social capital, but there may be some non-linearity in the relationship – for example, the group of the youngest (18-24 yrs.) as well as the group of oldest respondents have a level of generalized trust and of civic participation above the country average. At the same time, the level of household income has the expected positive impact on generalized trust and negative impact on trust in kin. The explanation for this, as in Iliev (2002), is that during transition the poor or unemployed gradually lost most of their social contacts reduced their interactions only to the family members and kin. At the same time the richer have more various opportunities for social contacts and they rather prefer to associate with people having similar social status than with kin or relatives. Despite the lack of statistical significance, it is interesting to note that household income has virtually zero effect on social trust and an interesting negative effect on civic participation.

Education does not determine social trust (the coefficient is negative), as well as generalized trust (positive coefficient), but has a marginally significant explanatory power for trust in kin, with higher education meaning less reliance on kin only. Education is strongly and positively significant in explaining civic participation, meaning that the more educated people are, the more likely they are to participate in informal non-political organizations.

The impact of the type of place of residence, contrary to education, has explanatory power for social and generalized trust, but not for trust in kin (negative coefficient) and for civic participation (positive coefficient). Residents of smaller settlements (villages and towns) tend to have higher levels of social and of generalized trust than residents of larger settlements such as regional centers and the capital city.

In terms of ethnic identity, the group of respondents identifying themselves as Roma is clearly different from other ethnic groups. Belonging to this group is statistically significantly linked with lower levels of social and generalized trust, and with higher civic participation. The latter finding may be due to the fact that there have been many active programs aiming at civic organization of the Roma over the last 15 years, and their work may be resulting in higher participation. With respect to the Turkish ethnic group, it is positively related to social trust, and to civic participation, but is insignificant with respect to interpersonal trust. Belonging to the any “other” (non-Bulgarian, Turk or Roma) ethnic groups means significantly higher level of social trust, but is insignificant with respect to the other measures of social capital.

The so described picture of the level of social capital in Bulgaria could be complemented with some observations on the behavior of the respondents. More than half of the respondents reported they would rather deal with people they know in case of renting apartment (63 %) or buying second-hand car (63 %) than with strangers. The data presented in Table 3 shows whom and to what extent people trust, measured through the classical situation of borrowing money. The biggest part of Bulgarians would ask for money at the first place their kin and relatives. A big part of the respondents rely also on friends but they are mostly second preferable option, while the level of trust based on neighborhood and collegial relations is very low. At the same time trust in banks is significant. This is probably related to the recent increase of the bank loans for the citizens in Bulgaria. In 2003 the banks granted twice more loans than 2002.

The women, the group of the youngest and the oldest respondents and those with lower education and low household incomes as well as the Turkish ethnic group rely more on the kin/relatives in similar situations in comparison to respondents with higher education and incomes. The data show that the most trust in friends, as preferable first option to borrow money, has the groups of the richest (41 %), employed (29 %) and university graduated (26 %). This indirectly proves the fact that these social groups have more and high quality social contacts based on so called “process based trust” (friends) as opposed to “ascribed trust” (kin/relatives).

Table 3. Urgent money needed – responses from Bulgaria

Imagine the following situation: you need some money urgently, which you do not dispose of and can hardly get yourself.		
	Who will ask first?	And which other?
Kin/relatives	64 %	18 %
Friends	21 %	47 %
Neighbors	3 %	12 %
Colleagues	1 %	4 %
Employer	1 %	2 %
Bank	8 %	12 %
Other institution	1 %	3 %
No one	1 %	2 %

Another interesting situation to be observed in order to understand how people operationalize trust is obtaining of information. People often use their social contacts to obtain information about the jobs, prices of goods or crops etc. In many cases these informal channels of information may be more important than the official sources of information. On the other hand in many societies people are more willing to consider information obtained through their social contacts more reliable and effective than the one provided by the institutions. Table 4 contains data about the three most important sources of information about what government is doing and about the market information.

Table 4. Sources of government and market information in Bulgaria

What are the three most important sources of information about:		
	Government activities/policies	Market data/events
Television	93 %	74 %
National Newspaper	60 %	50 %
Radio	60 %	49 %
Relatives, friends, neighbors	40 %	45 %
Community/local newspaper	11 %	24 %
Community bulletin board	8 %	19 %
Internet	3 %	6 %
Business or work association	2 %	7 %
Groups of associations	1 %	3 %
Community leaders	3 %	3 %

In both cases the television is indisputable leader in providing of information, followed by national radio and newspapers. However, they have less influence regarding market information relative to information about government. Information obtained through relatives, friends and neighbors has less influence regarding government performance but stronger when it comes to market information. This means of obtaining information about the government performance is more common for the groups of the youngest, those with primary education, low household income and those who live in the villages. In contrast to this the richer, those with high education and living in the regional centers and the capital prefer to obtain information through television, radio, newspapers and Internet.

However, differences are much slighter with regard to market information. This means of obtaining market information is still important for most of the respondents no matter what their household income, settlement and age are. The group of the respondents with university education rely less on relatives, friends and neighbors for obtaining market information than the others.

Obtaining both types of information through relatives, friends and neighbors is more important for the minority groups than for the others. This observation shows that Roma and Turks live in comparatively more closed and united communities where the social contacts have stronger influence over the members of the group.

Besides the 3% of the respondents claiming participation in informal organizations, on the national level 4 % of respondents report they are members of political party or organization. The most active age group in this respect are the oldest (7 %). Most of these people are members of Bulgarian Socialist Party (BSP), which inherited the Communist party and still manage to maintain the most numerous party membership amongst all political parties in the country. Similarly to other forms of participation, education correlates positively with participation in political organizations. The level of party membership among Turks is equal as a percentage to this among Bulgarians, while under 1 % of Roma respondents report they are members of any political organization.

Respondents having higher income and residents of the capital city are less willing to participate in political parties than those living in the regional centers, small towns and villages, as well as respondents with lower household income. This indicates that there is no positive correlation between party membership and the better political and economic performance.

An important aspect of civic participation is participation in collective actions, which can be divided in two basic directions: having political and having communal character. About 14 % of the respondents in Bulgaria report they have participated in any political meeting or electoral campaign over the last thirteen years. The better educated and these with higher household incomes report level of activity above the average for the country.

The same number of respondents - 14 %, reports that they or members of their family have participated in any communal activities over the last year. Amongst these respondents 25% reported one participation, 38 % two and 15 % three. The participation in communal actions is positively correlating with the education level, household income and the size of settlement. It is not surprising that the group of the oldest and retired is more active in such actions than the others as they have more free time.

1.c. Policy implications of the data

The data from Bulgaria offer a first look at the relevance of some of the basic assumptions informing the different policy recommendations mentioned above.

The Bulgarian data does provide some support for two of the assumptions discussed in the introduction. Namely, it seems that institutional performance does (weakly)

affect trust, and that local institutions are better regarded than more institutions which are socially more distant from the respondents.

The respondents, who have had actual experience with various state institutions report relatively great satisfaction with the performance of these institutions: the Tax Office (65 %), the Education (64 %), the Health System (60 %), the Municipality (59 %), the Court (51 %), and Police (50 %). These respondents reported also comparatively high levels of fair treatment on behalf of the institutions. The translation of these results into higher social trust, however, is not straight forward. The correlations between a given respondent's high satisfaction with the service received in dealing with the respective institutions (municipality, court, police and tax office) and the same respondent's high evaluation of the same institutions in general are not very high, ranging from 0.31 for the local government to 0.22 for the tax office.

The inference from these low correlations is that respondents' perceptions are only weakly related to their actual experiences. Thus, it seems that there is an a-priori negativism about government institutions in Bulgaria, and that actual experience of people with well performing institutions does impact their opinion, but very weakly. So the chain from well performing institutions to positive perceptions about this performance, to positive evaluation and trust, may exist in Bulgaria, but is weak, and may be indefinitely slow.

At the same time, the data indicate that people in Bulgaria feel more empowered to influence government institutions which are closer to them socially and geographically, such as municipal authorities. Inasmuch as such feeling of empowerment is a precondition for trust, the proposition that transfer of more authority to the local governments will increase social capital may be reasonable for Bulgaria.

On the other hand, the economic hypothesis is not supported by the Bulgarian data. As is visible in Table 2, income as a general measure of command over resources, is not related to any of the measures of social capital in terms of statistical significance. The same holds for the subjective evaluation of personal well-being (level of appreciation of present economic situation of the household), and the measure of social trust, where the correlation is statistically significant, but very low at 0.07. Thus, at least in Bulgaria, it cannot be assumed that economic development will lead to an increase in social capital. This finding is supported by alternative recent evidence from Bulgaria (Global Bulgaria, 2004), where it is found that a majority of the people who have benefited from reforms in terms of their economic situation, tend to believe that this has happened despite, rather than with the help of, public institutions, and thus tend to have very low level of trust in and optimism about the developments in the public realm. In the context of the models studied here, this translates into low to negative correlation (as is the case in Macedonia and Serbia and Montenegro) between economic well-being and social trust.

2. Macedonia

2.a. Context

The population of Macedonia is about 2 million people, of whom 50% women. Ethnically, the country is composed of two large groups – a majority of Macedonians (about two thirds of the population), and a minority of Albanians (about one quarter of the population), with other groups (Turks, Serbs, Roma, Wallachs and others) being very small. About 60% of the population is urban.

The per capita GDP in Macedonia for 2003 is EUR 2,040 (EUR 6,400 at Purchasing Power Parity), and the average net monthly wage is EUR 190. In 2002, approximately 27% of the total population was employed, of which 5% in industry (all data are from WIIW Balkan Observatory).

The Macedonian health system is centered around the general practitioners and the Health Insurance Fund (HIF), which is financed through a tax. Primary care is privatized to a large extent, while secondary care is mostly state-owned. The service package covered by the government scheme is very broad, leaving a small room for private provision and insurance.

The Macedonian education system has four levels – primary, secondary, high, and higher education. The costs of education are covered by the state for all levels, and the state also subsidizes accommodation and meals for high and higher education students. Three percent of the high-schools are private, but there are no private universities. An important aspect of the primary school structure is the division of schools by their primary language according to the different minorities in the country. The higher education system debate is to a large extent dominated by the ethnic division in the country.

The data source for Macedonia is a quantity sociological survey, conducted from 1st till 10th November 2003 by BRIMA (the local BBSS Gallup office). It is nationally representative survey among the Macedonian population aged 18+. The achieved sample size amounts to 1 021 effective interviews.

2.b. Socio-demographic determinants of social capital

Table 5 describes the regression results of the analysis of the impact of the six socio-demographic factors on the various measures of social capital in Macedonia. It provides a basis for some inferences about social capital in the Macedonian context.

The overall measures of social capital in Macedonia are low, and different measures show more contrasts than in Bulgaria. If the social trust variable is split into five ranges, 54% of the respondents fall in the lower two ranges, 39% - in the middle range, and only 7% - in the top two ranges. In contrast, however, 48% of the respondents claim trust in most people, with 38% disagreeing with the statement that most people can be trusted. At the same time a dominating 72% of Macedonian respondents claim that only one's kin can be trusted. About 6% (almost double the proportion in Bulgaria) of the respondents are members of informal non-political organizations.

These differences notwithstanding, as in the case of Bulgaria the socio-demographic factors have very small explanatory power with respect to all four measures of social capital used in the analysis. Thus for Macedonia it is also true that, with small exceptions, the factors explaining the variation of the measures of social capital, are different from the traditionally used socio-demographic measures. For social trust, and for interpersonal trust (both generalized trust and trust in kin), only one or two socio-demographic variables are statistically significant. More socio-demographic variables are statistically significant in explaining civic participation.

Table 5. Impact of socio-demographics on social capital in Macedonia

Variable name	Social trust	Interpersonal trust		Civic participation	Description
		Generalized	kin		
Constant	(.669)	(.000)	(.000)	(.000)	
Female	.028 (.389)	-.028 (.392)	-.006 (.846)	-.111 (.001)	0 if male, 1 if female
Education	-.017 (.659)	.078 (.040)	-.037 (.325)	.141 (.000)	0 if below primary to 6 if higher and university
Albanian	-.024 (.493)	.011 (.749)	.197 (.000)	.090 (.009)	1 if Albanian, 0 if other
Turk	.022 (.506)	.036 (.265)	.045 (.162)	-.001 (.974)	1 if Turk, 0 if other
Roma	.029 (.376)	-.015 (.642)	.048 (.141)	.005 (.877)	1 if Roma, 0 if other
Other ethnic	.031 (.340)	-.009 (.781)	.033 (.302)	.038 (.234)	1 if other than Albanian, Macedonian, Turk, Roma
Birth year	.013 (.700)	-.021 (.533)	-.038 (.260)	-.102 (.003)	Year of birth of respondent
Residence	-.145 (.000)	-.028 (.431)	-.009 (.808)	-.040 (.268)	1 if village to 4 if capital city
Income	.054 (.139)	.108 (.003)	.009 (.813)	.000 (1.000)	1 if below 3000 to 12 if above 45000 denara
N	962	962	962	962	
Adj. R sq.	.011	.016	.035	.035	

Notes: Dependent variable are scaled in the following manner: social trust is growing if trust in institutions is higher; interpersonal trust is growing if respondents agree with the respective statements; participation is 1 if the respondent is a member and 0 otherwise. The coefficients shown are the standardized beta coefficients, with two-tail significance in parentheses.

Analyzing the results factor by factor, it is interesting to note that with the exception of the Albanian minority with respect to trust in kin and civic participation, ethnic identification is not a determinant of social capital. None of the four ethnic dummies is statistically significant in the social and generalized trust regressions. However, belonging to the Albanian ethnic groups strongly and significantly increases the trust in kin and the likelihood that the respondent is a member of an informal non-political organization. This can be attributed to the specific ethnic situation in Macedonia, where the Albanian ethnic group is of significant size and is socially and geographically separated from the ethnic majority, thus forming and relying on close

kinship ties. Also, the actions of the Albanian minority aimed at obtaining and increasing their political recognition are related to increased informal activity and membership as well.

Education is significant in explaining generalized trust and civic participation, in both cases more education being associated with higher social capital. At the same time, the educational level of the respondents does not explain social trust and trust in kin (in both cases the insignificant estimated coefficients are negative).

The type of the place of residence is the only socio-demographic factor in Macedonia, which has explanatory power for the level of social trust. The estimated coefficient is relatively large, and negative, indicating that smaller settlements (villages and small towns) are associated with higher levels of social trust than larger towns and the capital city. The estimated coefficients of the impact of the place of residence on the other social capital measures (interpersonal trust and civic participation) are also negative, but are statistically insignificant.

Household income, on the other hand, is very weakly related to social trust, and strongly related to generalized trust. In both cases the relationship is estimated as positive, indicating an increase in social capital related to an increase in income. At the same time, household income is completely unrelated to trust in kin and to civic participation.

The impact of gender and age on the various measures of social capital in Macedonia is almost identical. Even though statistically insignificant, being female and of younger age are positively related to social trust, and negatively related to interpersonal trust. Both factors, however, are strongly significant and negatively related to civic participation. This means that men and older people are more likely to engage in informal civic organizations. In the case of gender impact, the coefficient may be explained by the fact that among Albanians in Macedonia (who are especially active in civic organizations), men tend to dominate over women in terms of activism.

As a supplement to the attitude data, analyzed so far, some behavioral traits expressed by respondents in Macedonia can enrich the understanding of the state of social capital in the country. The data presented in Table 6 shows whom and to what extent people trust, measured through the classical situation of borrowing money. The biggest part of Macedonians would ask for money at the first place their kin and relatives. A large part of the respondents rely also on friends but they are mostly second preferable option, while the level of trust based on neighborhood and collegial relations is very low. At the same time trust in banks is significant, coming third after family and friends.

Table 6. Urgent money needed – responses from Macedonia

Imagine the following situation: you need some money urgently, which you do not dispose of and can hardly get yourself.		
	Who will ask first?	And which other?
Kin/relatives	58 %	20 %
Friends	22 %	44 %
Neighbors	2 %	7 %
Colleagues	1 %	6 %
Employer	2 %	4 %
Bank	13 %	15 %
Other institution	1 %	*
Do not know	1 %	4 %

On everyday behavioral level, the level of trust people have can be inferred from their choice of sources of information, since people tend to select sources they consider as trustworthy. They often use their interpersonal; contacts to obtain information about the jobs, prices of goods or crops etc. In many cases these informal channels of information may be more important than the official (institutional) sources of information. The data presented in Table 7 provide us a good opportunity to compare the official and unofficial means of information about what is government is doing and about the market.

Table 7. Sources of government and market information in Macedonia

What are the three most important sources of information about:		
	Government activities/policies	Market data/events
Television	87 %	74 %
National Newspaper	43 %	42 %
Radio	45 %	40 %
Relatives, friends, neighbors	51 %	51 %
Community/local newspaper	10 %	10 %
Community bulletin board	3 %	5 %
Internet	3 %	3 %
Business or work association	3 %	5 %

In both cases television is indisputable leader in providing of information. However, it has less influence regarding market information in comparison with information about overall performance. The second most important sources of information are relatives, friends and neighbors. The radio and national newspapers have also comparatively strong influence over the both types of providing with information. Except for television, the other sources of information in Macedonia are equally important and used by respondents for government and for market information.

In terms of what government is doing relatives, friends and neighbors are more preferable means of obtaining information for the Albanians, while television is more important for the Macedonians. This picture is completely different whit respect to market information: Albanians tend to rely less on relatives, friends and neighbors than Macedonians. Relatives, friends and neighbors are more common means of obtaining information about the government performance for the groups of the older, those with no and low education and low household income. In contrast, richer, more

educated and capital city residents prefer to obtain information through television, radio, newspapers and Internet.

As a whole 5 % of the respondents report they are members of any informal but permanent non-political organization. There are some more considerable differences between the main demographic groups that should be outlined. The results clearly shows that man more active in informal organizations. Approximately thrice more men (9 %) than women (3 %) report they are members of similar organizations. The group of the senior respondents (between 35 –60 yrs.) is more active in informal organizations than the oldest and the youngest respondents.

In terms of political civic participation, on the national level 10 % of respondents report they are members of political party or organization. In comparison to the region it is above the average level of party membership what indicates that political parties playing stronger social role compared to Bulgaria for example.

It is noteworthy that about twice more of men are members of any political party in comparison to women. This gender misbalance is owed mostly to the group of Albanians. The average level of party membership amongst Albanians is 6 % but in terms of gender the distribution is 11% of the men and only 4 % of the women. This observation clearly shows that in Albanian community, similarly to the practice of the traditional societies, the opportunities for political actions for the women are restricted.

The most active age group in party membership is this of the respondents between 25 and 60 yrs. The oldest and the youngest are less interested in political party participation. Similarly to other forms of civic participation, education correlates positively with participation in political organizations. In this case not only the higher and university education are important determining factors but also the secondary education.

With respect to civic participation in collective action, 36 % of respondents in Macedonia report they have participated in any political meeting or electoral campaign over the whole transition period. This level of political participation is twice higher than the one in Bulgaria. Amongst the basic socio-demographic factors the education and household incomes are positively associated with the participation in similar actions.

The level of participation in communal activities is much lower compared to activities with political character. About 14 % of the respondents report they or members of their family have participated in any communal activities over the last year. Amongst these respondents 30 % reported one participation, 34 % two and 14 % three. The participation in communal actions is positively correlating with the education level and negatively with the size of settlement. The better educated and the village residents are amongst the most active in communal activities.

2.c. Policy implications of the data

The data from Macedonia also offer a first look at the relevance of some of the basic assumptions informing the different policy recommendations mentioned above.

The Macedonian data does provide some support for two of the assumptions discussed in the introduction. Namely, it seems that institutional performance does affect trust, and that local institutions are better regarded than more institutions which are socially more distant from the respondents.

The respondents, who have had actual experience with the institutions in Macedonia report relatively great satisfaction with the performance of these institutions: the Education (66 %), the Health System (62 %), the Police (54 %), the Municipality (52 %), the Tax Office (49 %), and the Court (39 %). These respondents report even higher levels of fair treatment on behalf of the institutions. As in the case of Bulgaria, however, the correlations between personal experiences (and satisfaction) and general evaluation and trust in the institutions are not high – ranging from 0.07 for the courts, and 0.23 for the tax office. Again, the inference is that this channel for enhancing social capital, while existing, is weak and possibly slow.

At the same time, as in the case of Bulgaria, the data indicate that people in Macedonia feel more empowered to influence government institutions which are closer to them socially and geographically, such as municipal authorities. This provides tentative support for the hypothesis that strengthening and empowering local institutions may help increase social capital in Macedonia.

The Macedonian data are indecisive with respect to the importance of economic factors in the formation of social capital. As is visible in Table 5, income as a general measure of command over resources, is not related to most measures of social capital, except for the level of generalized trust. The result is even more striking for the subjective evaluation of personal well-being (level of appreciation of present economic situation of the household), and the measure of social trust, where the correlation is statistically significant, but negative at -0.19. Thus, in Macedonia as well as in Bulgaria, it cannot be assumed that economic development will necessarily and quickly lead to an increase in social capital.

3. Serbia and Montenegro

3.a. Context

All data, as well as the surveys, for Serbia and Montenegro are excluding Kosovo and Metohija.

Serbia and Montenegro are populated by about 8.1 million people – 7.5 million in Serbia, and 0.6 million in Montenegro, with women comprising 51% of the population. Serbs account for about 83% of the population in Serbia and for about 15% of the population in Montenegro, and Montenegrins – for 62% of the population in Montenegro. Besides Serbs and Montenegrins, minorities in Serbia and Montenegro include Muslims, Hungarians, Roma. A small but important group are the people who identify themselves as Yugoslavs. About 62% of the population in Serbia, and about 54% of the population in Montenegro is urban.

Per capita GDP in Serbia and Montenegro is about EUR 2,050 for 2003, and the average net monthly wage is about EUR 190. In 2002, about 27% of the total

population was employed, of which 8% in industry (all data are from WIIW Balkan Observatory).

The health care system in Serbia and Montenegro covers to a large degree the urban and rural populations. Primary care is a combination between public and private provision. Secondary care is state-owned. The costs for health care provision are covered by the revenues of the social security system, and citizens are guaranteed free care. However, the system of financing results in shortages in supplies and equipment for the state-owned health providers, and high prices at the private ones.

The education system in Serbia includes primary, secondary, higher, and university education, while in Montenegro it is primary, secondary, and university. Primary education is free and compulsory. Secondary education is also free, except for private secondary schools in Serbia, which are increasing in number. Higher education is provided by non-university entities (in Serbia), and by universities (in both Serbia and Montenegro). The only university in Montenegro is state-owned, and the costs are covered by a mix of state subsidies and student contributions. There are 3 private universities in Serbia, and students in Serbia are divided into “students on budget” and “self-financing students”.

The data source for Serbia and Montenegro are two quantity sociological surveys, one for Serbia and one for Montenegro, conducted from 30th October till 6th November 2003 by BBSS Gallup. Both surveys are nationally representative among the population aged 18+ in Serbia and Montenegro respectively. The achieved sample size amounts to 816 effective interviews for Serbia, and to 402 effective interviews for Montenegro.

3.b. Socio-demographic determinants of social capital

3.b.1. Serbia

Table 8 describes the regression results of the analysis of the impact of the six socio-demographic factors on the various measures of social capital in Serbia. It provides a basis for some inferences about social capital in the Serbian context.

The overall measures of social capital in Serbia are low. If the social trust variable is split into five ranges, 49% of the respondents fall in the lower two ranges, 37% - in the middle range, and 14% - in the top two ranges. In the case of Serbia, these data do not qualitatively contrast with the data on generalized trust: 33% of the respondents claim trust in most people, with 39% disagreeing with the statement that most people can be trusted. The belief that only one's kin can be trusted is much lower in Serbia than in Bulgaria or Macedonia – less than half (48%) of the respondents agree with the statement. At the same time, 11% (almost double the proportion in Macedonia, and almost four times more than in Bulgaria) of the respondents are members of informal non-political organizations.

Table 8. Impact of socio-demographics on social capital in Serbia

Variable name	Social trust	Interpersonal trust		Civic participation	Description
		Generalized	kin		
Constant	(.308)	(.000)	(.000)	(.000)	
Female	.081 (.035)	.037 (.347)	.039 (.335)	-.190 (.000)	0 if male, 1 if female
Education	-.002 (.960)	-.025 (.597)	-.152 (.001)	-.022 (.641)	0 if below primary to 6 if higher and university
Muslim	-.044 (.253)	.105 (.009)	.080 (.048)	-.004 (.912)	1 if Muslim, 0 if other
Yugoslav	.057 (.141)	.025 (.525)	.004 (.917)	.052 (.189)	1 if Yugoslav, 0 if other
Madjar	.005 (.896)	.030 (.455)	-.010 (.801)	.069 (.082)	1 if Madjar, 0 if other
Other ethnic	.163 (.000)	.045 (.254)	.040 (.315)	-.027 (.491)	1 if other than Serbian, Muslim, Yugoslav, Madjar
Birth year	.118 (.006)	-.048 (.272)	-.030 (.505)	.053 (.233)	Year of birth of respondent
Residence	-.277 (.000)	.092 (.028)	.125 (.003)	-.022 (.600)	1 if village to 4 if capital city
Income	.040 (.362)	-.144 (.002)	.016 (.723)	.023 (.616)	1 if below EUR 50 to 9 if above EUR 1400
N	616	616	616	616	
Adj. R sq.	.101	.039	.030	.035	

Notes: Dependent variable are scaled in the following manner: social trust is growing if trust in institutions is higher; interpersonal trust is growing if respondents agree with the respective statements; participation is 1 if the respondent is a member and 0 otherwise. The coefficients shown are the standardized beta coefficients, with two-tail significance in parentheses.

As in the case of Bulgaria and Macedonia, socio-demographic factors do not seem to have explanatory power with respect to the various measures of social capital. Only in the case of social trust the socio-demographic structure can be considered as marginally useful in explaining social capital. But, again, the basic inference is that variation in social capital in Serbia, as well as in all other countries studied here, is due to factors other than the socio-demographic ones.

Analyzing the impact factor by factor, in the case of Serbia the most interesting and informative one seems to be the type of place of residence. This factor is statistically significant for three of the four measures of social trust, and has no explanatory power only for civic participation. The size of the place of residence is negatively related to social trust and civic participation, but is positively related to interpersonal trust. The impact of age (the mirror of the variable "birth year") is identical to that of place of residence, even though it is significant only in the case of social trust. The age of the respondents in Serbia is negatively correlated with social trust and with civic participation, but positively – with the measures of interpersonal trust.

In Serbia, gender seems to be important with respect to social trust – it is statistically significant in the case of social trust and civic participation. Women have higher social and interpersonal trust, but tend to participate in civic organizations less than men.

Education has a negative impact on all four measures of social capital in Serbia, but this impact is statistically significant only in the case of trust in kin, where it is also largest. Thus a specific feature of Serbian society is that more educated people seem to trust and to participate less than the average.

Income does not seem to be important for social capital in Serbia. It is positively, but insignificantly, related to social trust, trust in kin, and civic participation. It is strongly, and significantly negatively related to generalized trust – richer people in Serbia tend to disagree with the statement that most people can be trusted.

The household income variable is the only one which has a qualitatively different impact on generalized trust and on trust in kin. All other socio-demographic factors have very similar impact on both measures of interpersonal trust. Thus, in the case of Serbia, generalized trust and trust in kin can be viewed as complements rather than as alternatives.

The ethnic structure of society in Serbia has a limited impact on the measures of social capital. Being Muslim has a negative (but insignificant and relatively small) impact on social trust, and positive (and significant) impact on interpersonal trust. Respondents with Yugoslav identity score higher (even though insignificantly) in all measures of social capital. Members of the Hungarian minority seem to be more active in civic organizations, while belonging to some of the “other” ethnic groups is strongly associated with higher social trust.

On the level of behavior of respondents, the data from Serbia offers an interesting contrast. While more than 70% of the respondents declare, that they would rather deal with people they know when renting an apartment or buying a second hand car, more than half choose a bank as a first choice in monetary emergency (Table 9). Only about a third of the respondents claim they would first turn to relatives, and for about 85 the first choice would be the employer. This situation is markedly different from all other countries studied, and indicates that institutionalized trust (in banks and employers) may be an important aspect of social capital in Serbia.

Table 9. Urgent money needed – responses from Serbia

Imagine the following situation: you need some money urgently, which you do not dispose of and can hardly get yourself.		
	Who will ask first?	And which other?
Kin/relatives	34 %	41 %
Friends	4 %	11 %
Neighbors	2 %	9 %
Colleagues	*	1 %
Employer	8 %	11 %
Bank	51 %	22 %
Other institution	*	1 %
Do not know	1 %	5 %

At the same time, respondents in Serbia are not different from respondents from the other countries studied in their strategies in acquiring information. As everywhere else, television is the most important source of information, and official channels of information tend to dominate as sources.

Table 10. Sources of government and market information in Serbia

What are the three most important sources of information about:		
	Government activities/policies	Market data/events
Television	86 %	73 %
National Newspaper	56 %	54 %
Radio	45 %	41 %
Relatives, friends, neighbors	50 %	47 %
Community/local newspaper	8 %	11 %
An agent of the government	5 %	4 %
Internet	6 %	7 %
Business or work associates	5 %	7 %
Groups or associations	4 %	5 %

Relatives, friends and neighbors come as a third most important source of information in Serbia. As in the other countries, reliance on official channels for obtaining government information is higher than reliance on official channels for market information.

With respect to collective action and participation in Serbia, 14% of the respondents are members of some formal non-political association (civic, labor, professional, etc.), 11% are members of informal organizations (clubs, hobbies, church groups, etc.), and 8% are members of registered political parties or organizations. With respect to civic participation and membership, men are significantly more active than women, not only in informal organizations, as already mentioned, but in political organizations as well (13% vs. 4% respectively). Participation is positively correlated with the level of education and household income for all three types of organizations – formal and informal non-political and political. In terms of ethnic patterns, it is notable that Hungarians are very active in their civic participation (35% are members of a formal non-political organization, 27% - of an informal non-political organization, and 21% - of a party), Montenegrins are active mostly in formal organizations (49% in non-political and 21% in political), and Muslims are highly politically active (26% are members of a political organization).

In terms of participation in collective actions, rather than membership in civic organizations, the situation is similar, but with a higher level of involvement – 39% of respondents have been involved in some sort of political action during transition, and 20% have participated in some form of communal activity over the last year, with the majority of them (three quarters of the activists) participating more than once. Again, the gender differences are significant, with men more active (47% in political, and 26% in communal actions) than women (31% and 14% respectively). Political activism is highly positively correlated, and communal activism only weakly positively linked, with the level of education and of household income. Younger people (18-44 years of age) are significantly more politically active, but this is not true for communal activism. Also, among ethnic groups, Montenegrins and Muslims

are highly politically active, while all minorities are more active than Serbs in communal events.

3.b.2. Montenegro

Table 11 describes the regression results of the analysis of the impact of the six socio-demographic factors on the various measures of social capital in Montenegro. It provides a basis for some inferences about social capital in the Montenegrin context.

The overall measures of social capital in Montenegro are low, and there are some contrasts between different measures. If the social trust variable is split into five ranges, 36% of the respondents fall in the lower two ranges, 43% - in the middle range, and 21% - in the top two ranges. This measurement is in contrast with the measurement of generalized trust, where only 19% of the respondents claim trust in most people, with 40% disagreeing with the statement that most people can be trusted. The belief that only one's kin can be trusted in Montenegro is the lowest among the countries studied – 38% of the respondents agree with the statement. At the same time, 12% (about equal to Serbia, almost double the proportion in Macedonia, and almost four times more than in Bulgaria) of the respondents are members of informal non-political organizations.

As already established for the other countries studied, socio-demographic factors in Montenegro have low explanatory power with respect to the different measures of social capital. Interestingly, the explanatory power of socio-demographic factors in Montenegro is visibly weaker than in Serbia.

Analyzing factor by factor, household income and gender are insignificant in all four models studied. Despite the insignificance, the results indicate a slight positive relationship between level of income and the different measures of social capital. In contrast to the results from the other three surveys, in Montenegro the type of the place of residence does not explain any of the four measures of social capital. This may be due to the fact that Montenegro is the smallest in terms of population and territory, of the four countries studied, and this geographical characteristic may render differences between places of residence smaller than in larger countries.

In general, age is positively related to social capital – with the exception of generalized trust (where the result is insignificant), younger people exhibit less trust and participate less than older people. This result is significant for the case of social trust, and contrasts the opposite finding for Serbia. Another contrast between Serbia and Montenegro is that the results of the different models suggest that the two measures of interpersonal trust (generalized trust and trust in kin) seem to be alternatives in Montenegro, while in Serbia they were found to be complements.

The same contrast holds for the level of education – while in Serbia education has negative impact on the measures of social capital, it is exactly the opposite in Montenegro, with the result being marginally statistically significant for generalized trust.

The ethnic structure of Montenegro has a weak impact on social capital. The two Islamic minorities – Muslims and Albanians – are significantly less likely to express

generalized trust than other ethnic groups. Interestingly, while for the case of the Muslim group this result translates almost one-to-one into higher than average trust for kin, this is not the case for Albanians, who are not more likely to trust their kin than the major ethnic groups in the country. The Albanian and the “other” ethnic groups are significantly less likely to engage in informal civic organizations than the rest of the respondents.

Table 11. Impact of socio-demographics on social capital in Montenegro

Variable name	Social trust	Interpersonal trust		Civic participation	Description
		Generalized	Kin		
Constant	(.310)	(.000)	(.000)	(.000)	
Female	.086 (.131)	-.030 (.600)	-.022 (.698)	-.056 (.316)	0 if male, 1 if female
Education	.072 (.262)	.109 (.089)	.090 (.166)	.031 (.629)	0 if below primary to 6 if higher and university
Serb	-.079 (.168)	-.008 (.893)	.014 (.810)	-.085 (.134)	1 if Serb, 0 if other
Muslim	.070 (.240)	-.108 (.068)	.101 (.092)	.027 (.650)	1 if Muslim, 0 if other
Albanian	.053 (.352)	-.120 (.035)	-.001 (.986)	-.128 (.024)	1 if Albanian, 0 if other
Other ethnic	.000 (.996)	-.006 (.919)	.070 (.220)	-.151 (.007)	1 if other than Montenegrin, Serb, Muslim, Albanian
Birth year	-.127 (.034)	.067 (.256)	-.062 (.303)	-.040 (.494)	Year of birth of respondent
Residence	.061 (.304)	.050 (.397)	-.024 (.682)	-.096 (.101)	1 if village to 4 if capital city
Income	.085 (.191)	-.005 (.937)	.016 (.805)	.081 (.210)	1 if below EUR 50 to 9 if above EUR 1400
N	320	320	320	320	
Adj. R sq.	.011	.027	-.003	.037	

Notes: Dependent variable are scaled in the following manner: social trust is growing if trust in institutions is higher; interpersonal trust is growing if respondents agree with the respective statements; participation is 1 if the respondent is a member and 0 otherwise. The coefficients shown are the standardized beta coefficients, with two-tail significance in parentheses.

In terms of everyday behavior, approximately 60% of respondents from Montenegro prefer (and another 20% undecided) to deal with people they know when entering relatively important low-frequency, high value transactions such as buying a second-hand car or renting an apartment. This indicates a relatively low propensity to rely on impersonal exchange mechanisms.

Within this low level, there are some significant differences between different groups. Two groups specifically differ. The first one is people in the highest household income group, where less than half of the respondents would rather deal with people they know (with most of the rest not disagreeing, but staying undecided). The second group are the residents of the capital city, where less than a third of the respondents

tend to rely only on personal relations. Table 12 indicates further, that Montenegrins are much like Bulgarians and Macedonians than Serbs in their reaction to a hypothetical urgent need for money – they would rely most on family and friends, with banks coming as a distant third option. Reliance on family and friends is strongest among the very youngest cohort. The level of education is negatively related to reliance on family, but positively related to reliance on friends, again indicating that more educated people tend to develop “process-based trust”. Interestingly, residents of regional centers (but not the capital city) are the only group which relies approximately equally on family, friends and banks as a first choice in an emergency.

Table 12. Urgent money needed – responses from Serbia

Imagine the following situation: you need some money urgently, which you do not dispose of and can hardly get yourself.		
	Who will ask first?	And which other?
Kin/relatives	48 %	14 %
Friends	23 %	39 %
Neighbors	7 %	8 %
Colleagues	1 %	4 %
Employer	*	1 %
Bank	13 %	18 %
Other institution	3 %	*
N/A	5 %	16 %

With respect to obtaining information about what is happening, respondents in Montenegro tend to rely on official medial channels (Table 13). They include national electronic (radio and TV) and, especially strong in Montenegro, national print media. As a channel for communication, television is a dominant leader in providing government information, and less so in providing market information. Montenegrins seem to rely very little, significantly less than the other three countries studied, on informal information networks, such as family, friends, colleagues, business associates. With the exception of the network of family and friends, these less formal sources seem to be more widely used with respect to information about markets than about the government.

Table 13. Sources of government and market information in Serbia

What are the three most important sources of information about:		
	Government activities/policies	Market data/events
Television	86 %	76 %
National Newspaper	67 %	65 %
Radio	56 %	51 %
Relatives, friends, neighbors	26 %	18 %
Community/local newspaper	3 %	6 %
An agent of the government	12 %	6 %
Internet	1 %	7 %
Business or work associates	3 %	9 %
Groups or associations	3 %	5 %

It is noteworthy that the younger people, the more educated, and the ones with higher household incomes tend to rely less on the informal information channels through

relatives, friends and neighbors, than older, less educated and poorer respondents, and to prefer more strongly television, and especially the newspapers. At the same time, reliance on the informal information network is very strong among members of the “other” ethnic groups, especially with respect to information about the government policies. Differences between various socio-demographic groups with respect to obtaining market information are much smaller than with respect to obtaining information about the government. Here, also, there are no significant differences in using the official vs. the informal information channels between different ethnic groups.

Besides the fact that 12% of the respondents in Montenegro are members of informal organizations, membership in political parties is also relatively high - 10% are members of registered political parties or organizations. With respect to civic participation and membership, men are significantly more active than women not only in informal organizations, but also in political organizations (13% vs. 7% respectively). Participation in political organizations is positively related to the level of education and household income. Representatives from the “other” ethnic groups and residents of villages are significantly more active in participating in all three types of organizations – formal, informal, and political.

In terms of participation in collective actions, rather than membership in civic organizations, the situation is similar, but with a higher level of involvement – 24% of respondents have been involved in some sort of political action during transition, and 14% have participated in some form of communal activity over the last year, with the majority of them (about 70% of the activists) participating more than once. Again, the gender differences are significant, with men more active (34% in political, and 18% in communal actions) than women (15% and 10% respectively). There are no large ethnic differences with respect to political activism, but the members of the “other” ethnic groups are much more active communally than Montenegrins and Serbs. Also, there is a clear negative correlation between both political and communal activism, and the size of the place of residence of the respondents.

3.c. Policy implications of the data

The data from Serbia and Montenegro enrich further the first look at the relevance of some of the basic assumptions informing the different policy recommendations mentioned above.

The data from the surveys in Serbia and Montenegro, as from the other two surveys, does provide some support for two of the assumptions discussed in the introduction. Namely, it seems that institutional performance does affect trust, and that local institutions are better regarded than more institutions which are socially more distant from the respondents.

The respondents who have had actual experience with the institutions in Serbia and Montenegro report relatively great satisfaction with the performance of these institutions, ranging from 40% for the tax office in Serbia to 92% for the town hall in Montenegro, with the level of satisfaction by the services received significantly higher in Montenegro than in Serbia. Yet, as in the cases of Bulgaria and Macedonia, correlations between personal experiences (and satisfaction) and general evaluation

and trust in the institutions are not high – ranging from 0.18 for the courts in Montenegro, to 0.33 for the tax office in Serbia. Again, the inference is that this channel for enhancing social capital, while existing, is weak and possibly slow.

At the same time, as in the case of the other two surveys, the data indicate that people in Serbia and Montenegro feel more empowered to influence government institutions which are closer to them socially and geographically, such as municipal authorities, and, in the case of Montenegro, regional authorities. This provides tentative support for the hypothesis that strengthening and empowering local institutions may help increase social capital in Serbia and Montenegro.

Except for the significant negative relationship between household income and generalized trust in Serbia, the income variable does not cause any significant variation in social capital in Serbia and Montenegro. As in Macedonia, the result is even more striking for the subjective evaluation of personal well-being (level of appreciation of present economic situation of the household), and the measure of social trust, where the correlation is statistically significant, but negative at -0.12 for Serbia, and -0.24 for Montenegro. Thus, the data from Serbia and Montenegro conform with the finding from Bulgaria and Macedonia that it cannot be assumed that economic development will necessarily and quickly lead to an increase in social capital.

IV. Summary and conclusions

The present paper introduces overviews of survey results from four nationally representative samples (Bulgaria, Macedonia, and Serbia and Montenegro), aimed at analyzing the link between some important socio-demographic factors and various measures of social capital, as well as at looking for evidence in support of some assumptions underlying different policy proposals targeting the level of social capital.

The brief look at the context in each of the four countries indicates that they do form a region, characterized by relatively low levels of economic development, coupled with the need to complete various major social reforms, and with generally rich ethnic composition and relatively large minorities.

The formal analysis of the impact of socio-demographic factors on the different measures of social capital results in the conclusion that these factors cannot serve as an explanation of the variations in social capital in all four surveys. In most cases, gender, age, and income have very weak explanatory power. Two important qualifications have to be made about this result.

First, the link between age and social capital may be non-linear – a simple look at the data for all four countries points toward the possibility that both the youngest and the oldest cohorts of the respondents tend to score higher in the various measures of social capital than the middle-aged cohorts. Thus this link may actually exist, but in a more complex form.

Second, the link (or the lack thereof) between income and social capital in the Balkans may be dependent on the overall low level of incomes in the whole region. Thus, it is theoretically possible that after income in the region reaches some threshold, a

positive link between income and social capital may emerge as statistically significant. Such a possibility cannot be rejected a priori, but the available data on the region does not allow for its testing. The lack of a link between income and social capital in the Balkans may also be related to another phenomenon which is widely spread in the region – the disillusioned winners. Many of the people who have won from the reforms of the transition period in the region have done so despite, not because, of the services of state institutions, in many cases actually abusing these institutions. These people are successful, but they have many, often very well grounded, reasons not to trust public institutions and other people, and for this reason their relatively high incomes do not necessarily translate into high social trust.

The level of education is a statistically significant determinant of social capital in some cases, but there are substantive differences between the different countries – the strongest example being the exactly opposite impact of education on social capital in Serbia and in Montenegro. Possibly the most consistently important factor is the type of place of residence of the respondents, with most of the time (with the exception of trust in kin in Serbia), the link being negative, indicating that people living in smaller settlements tend to exhibit higher levels of social capital. In all four surveys, the ethnic structure is relevant in explaining a portion of the variation of social capital, but since ethnic structure is strongly country specific, the results are also highly specific for each country and no general inferences can be made for the whole region.

The third task of the overviews was to look for support, or lack thereof, for some of the assumptions feeding various policy proposals targeting the level of social capital. More concretely, the data allow an initial conclusion about the relevance of four assumptions: that good institutional performance leads to higher social trust, that economic development leads to higher personal confidence and from there to higher social capital, that local institutions are more trusted and thus generate higher social capital than more distant national institutions, and that increased personal security results in higher social capital.

The data from the four surveys provide support for one of these assumptions, a very tentative support for another one, and no support for the other two.

The assumption, which is relatively well conforming with the survey results from Bulgaria, Macedonia, and Serbia and Montenegro, is that empowerment of local authorities may enhance social trust and civic participation. This is due to the fact that people feel more empowered with local institutions.

The assumption which is very tentatively supported, is that improvements in institutional performance cause higher subjective evaluations of this performance and from there – higher trust. While such a link can be found in the data, it is weak, and will take a very long time to work on its own. The reason for this is that people in the countries surveyed do not actively base their perceptions and evaluations on personal experience, and tend to follow existing, predominantly negative, stereotypes about the workings of public institutions. This “experience gap”, the gap between personal experience and personal perceptions and evaluations, is to be found everywhere in the region, and is quite severe in some cases. Due to the existence of the experience gap in the Balkans, if policies based on the assumption that institutional performance

increases trust are to be effective, they will need to be supplemented by other, perception enhancing policies.

The assumptions which find no support in the four surveys, are that income and general economic well-being result in higher social capital, and that enhanced personal security are also positively related to social capital. The first one is negated by the formal regression results, as well as by the low and for three of the four surveys negative correlations between subjective well-being and social trust. This result, of course, is subject to the considerations about the complicated relationship between income levels and social trust discussed above.

The second assumption cannot be directly checked within the surveys, because there is no specific “personal security” variable. It can, however, be indirectly, and admittedly imperfectly, checked by a between-country comparison. Of the four samples studied, the one from Bulgaria comes from a country which has been significantly more stable and more secure in terms of both physical threats and personal and property rights, than the other three societies over the recent years. Bulgaria is well on its way to becoming a member of the EU, and is already a member of NATO, with the respective consequences for both hard and soft security in the country. Yet, respondents from the Bulgarian sample do not exhibit any significant positive difference in terms of the social capital measures used in the study. Its score in social trust is marginally the best, but it is far from being the highest in terms of interpersonal trust and, especially, in civic participation. Given the relative closeness between Balkan societies, there is no reason to expect that improved and sustained hard and soft security in the region will necessarily and quickly lead to higher levels of social capital. As is the case with economic development, however, in the case of the link between security and social capital there may be some non-linearity. More concretely (we owe this point to Vladimir Gligorov), when public provision of security fails drastically, this may lead to enhancement of trust as mechanisms are developed by the people in the respective society to deal with the situation, because such mechanisms tend to rely on trust.

In final account, the four policy assumptions may all be valid, but the latter two still need more careful examination and more precision in the formulation and testing of respective hypotheses. Thus the lack of statistical support for the last two policy assumptions should be viewed more as opening specific perspectives for further study than as conclusively rejecting them.

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