

Review of *Social Capital: An International Research Program*
Edited by Nan Lin & Bonnie H Erickson
Oxford: Oxford University Press, 2008.

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George Stigler once observed that economists' objections are so predictable, we would be well served to agree on a numbered list of the standard comments that are made in seminars. To assist, he provided a list of 32 objections that remain eerily pertinent three decades later. These include 'The residuals are clearly non-normal, and the specification of the model is incorrect.' (#3), 'But what if transaction costs are not zero?' (#14) and 'What happens when you extend the analysis to the later (or earlier) period?' (#22).¹

When it comes to discussing sociological writings on social capital, such a list comes into its own. Before cracking the spine of this 468-page volume, I felt sure that the analysis of social networks and employment would inadequately deal with the issue of causality, allowing me to deploy Stigler's objection #2 ('Unfortunately, there is an identification problem which is not dealt with adequately in the paper.'). From here, it is an easy step to objection #8 ('Have you tried two-stage least squares?'). If social relationships matter so much to life outcomes, why do individuals not invest in upgrading them? (#24: 'The flabby economic actor in this impressionistic model should be replaced by the utility-maximizing individual.'). And of course, any suggestion that stronger social networks could bring down the overall level of unemployment immediately brings to mind #29 ('The problem cannot be dealt with by partial equilibrium methods; it requires a general equilibrium formulation.').

Identifying causation is not the strong suit of this volume, but empirical researchers curious about social interactions will find much to enjoy nonetheless. Critical readers may find themselves doing a double-take as they turn the page from Yanjie Bian's chapter on the impact of job status on social networks to Nan Lin and Dan Ao's chapter analysing the impact of social networks on job status. Alas, neither chapter gives more than a cursory admission of the possibility of reverse causality, but both have conducted their own surveys, and obtained rich and interesting measures of job status and social networks.

From a methodological standpoint, one of the most interesting aspects of the book is the shift from measuring the mean level of social capital in a society to analysing the factors that predict why some people have broader social networks than others. Several chapters use surveys that ask respondents whether they are friends with people in various occupational categories (e.g. doctors, real estate agents, cashiers and bricklayers). This 'position generator' measure allows one to observe the diversity of a respondent's social network, and whether the respondent has friends in high-status occupations – providing a more direct test of Granovetter (1973), who argued that what matters for job-finding is having a diverse range of 'weak ties'.

Other chapters are interesting because they measure social capital in particular sub-populations, such as Sandra Susan Smith's analysis of low-income African Americans in Michigan, Ray-May Hsung and Yi-Jr Lin's study of personnel managers in Taiwan, and D.B

¹ See Stigler (1977). Writing on the [Freakonomics blog](#), Justin Wolfers sought updated suggestions, of which my favourite was Richard Holden's: 'That's ok in practice, but it won't work in theory.'

Tindall and Jeffrey Cormier's study of Canadian environmentalists (each of which use the position generator measure). Focusing on particular sub-populations creates difficulties for making out-of-sample predictions, but may also help hold constant unobservable attributes that would otherwise confound empirical analysis.

Better understanding existing measures of social capital is also an important enterprise. Surveying residents of two US communities (one in Florida, the other in Pennsylvania), Marc Magee finds that individuals with broad social networks tend to also participate in civic activities, but interpersonal trust is more weakly related to either of the other two variables.

The surge in social capital research over the past decade has much to do with Robert Putnam's book *Bowling Alone* (Putnam 2000), which has led to a spate of extensions, refinements and critiques. The directions pursued in this volume include analyses from many different countries, the development of new measures (and the study of their relationships with the old measures), and explorations of the demographic correlates of diverse social networks. Economists reading this book should shout '2! 8! 24! 29!'. Then sit back and enjoy.

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References

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Stigler, G. J. 1977. 'The Conference Handbook' *Journal of Political Economy* 85(2): 441-443