

Social capital and economic growth

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Background

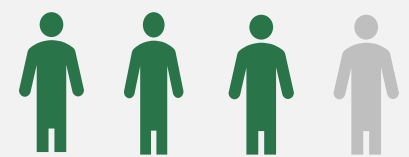
Social capital theory suggests that regions with higher social trust should grow faster than regions with lower social trust. This holds true across 20 Italian regions studied by Putnam. Putnam finds that social capital explains the difference in economic growth under uniform democratic institutions. It is expected that regions with high social capital grow faster, develop faster and deliver better democratic governance.

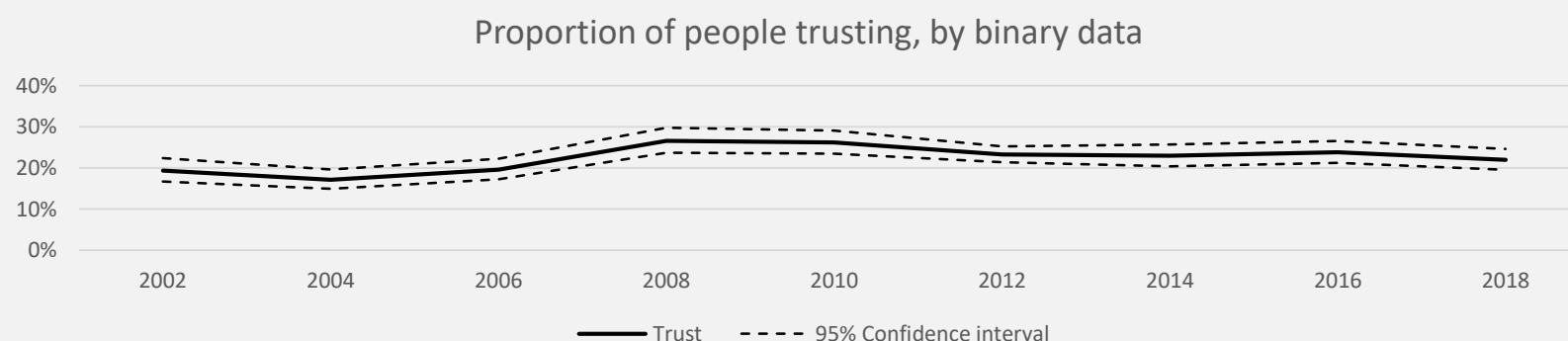
- Is Putnam finding across Italian regions **universal**?
- Does social capital **accelerate** economic growth and development?
- Is economic growth dependent on **mutual trust**?
- Is Poland a **natural environment** to test social capital theory?

Questions

Results

Binary data and scaled data report different proportions of trust in the society. This theoretical problem makes it difficult to accept any significant differences in social trust between Polish regions, which provide natural environment to test social capital theory.


3 in 4
Most people can be trusted
By scaled data



Conclusions

Since Polish regions show variation in economic growth, but not in social trust, social capital theory may lose its explanatory power on the regional level. Social capital should be evaluated nationally rather than regionally, as effects of social trust are crowded out by economies of agglomeration.

* I benefited greatly in conversations with Prof. Ian Preston, Prof. Aleksander Surdej and Waldemar Rataj.