

# Does Diversity Erode Social Cohesion? Social Capital and Race in British Neighbourhoods

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The debate on causes and consequences of social capital has recently been complemented by an investigation into factors that erode it. Various scholars concluded that diversity, and racial heterogeneity in particular, is damaging for the sense of community, interpersonal trust and formal and informal interactions. However, most of this research does not adequately account for the negative effect of a community's low socio-economic status on neighbourhood interactions and attitudes. This article is to date the first empirical examination of the impact of racial context on various dimensions of social capital in British neighbourhoods. Findings show that low neighbourhood status is the key element undermining all dimensions of social capital, while the eroding effect of racial diversity is limited.

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There is evidence that the more diverse an area is in racial terms, the less likely its residents are to feel that they trust each other. This is an important argument and it is important that we examine it (From a speech by David Blunkett MP, Home Secretary, to the Institute of Public Policy Research, 7 July 2004).

Changing patterns of immigration, perceptions of the increase in numbers of refugees and asylum seekers and social unrest in northern England in 2001 (in the towns of Oldham and Burnley and the city of Bradford) have brought the relationship between community cohesion and ethnic diversity to the forefront of public and political debate. Fears about the overwhelming and negative effect of diversity on social cohesion and national identity have been expressed by journalists and policy-makers alike. For example, David Goodhart, editor of *Prospect*, targeted his February 2004 article at the detrimental impact of ethnic diversity in modern Britain on the sense of community and solidarity among citizens, and on the viability of the British welfare state (Goodhart, 2004), while Trevor Philips, chair of the Commission for Racial Equality, reiterated this argument by stressing the need for strengthening common values and 'core Britishness' (Baldwin and Rozenberg, 2004).<sup>1</sup>

However, while this public debate seems highly politicised and emotionally based, it is important to look at the link between community cohesion and diversity in a more systematic way. This article examines the impact of racial diversity on one particular dimension of social cohesion: social capital. Social cohesion is usually defined in reference to common aims and objectives, social order, social solidarity and the sense of place attachment (Forrest and Kearns, 2001). Social capital, i.e. 'features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives', constitutes therefore its key

dimension (Putnam, 1996, p. 56, see also Forrest and Kearns, 2001; McGhee, 2003). Although social capital is a desired resource that both individuals and communities can use for good ends (Fukuyama, 1995; Putnam, 1993a), it seems that for social capital to emerge, a high degree of homogeneity is required: empirical evidence suggests that communities with high levels of racial and cultural diversity have lower levels of interpersonal trust and formal and informal networks (Alesina and Ferrara, 2000; 2002; Costa and Kahn, 2003).

These observations prompted policy-makers to abandon the dominant approach of multiculturalism in favour of what some call 'a return to assimilation' (Cheong *et al.*, 2005, p. 2). This shift has been reflected in major government policies as well as in public opinion, with the current dominant political view stressing that 'strength in diversity' should be achieved through promoting shared values and the creation of 'unity from diversity' (Cantle, 2001; Denham, 2001; McGhee, 2003). As a result, a political and social climate has emerged 'in which asylum seekers, migrants and refugees are demonized as undesirable, undeserving, and overwhelming' (Ouseley, 2004, p. 9).

Although the debate about the impact of ethnic fractionalisation on social cohesion and social ties seems fairly developed and its impact can be noticed far outside of academia, the empirical evidence for the eroding effect of ethnic heterogeneity is mixed, and largely confined to American examples. Recently, researchers investigating the impact of neighbourhood racial and ethnic composition on individuals' attitudes and behaviour started complementing the race or ethnicity-related predictors with the socio-economic characteristics of an area. They present evidence that socio-economic status of a neighbourhood affects interactions with, and attitudes towards, fellow neighbours. Disorder and poverty negatively influence individuals' ability and willingness to engage in social activities with neighbours; they amplify the sense of powerlessness and mistrust and amplify inter-group prejudice and competition (Li *et al.*, 2005; Marschall and Stolle, 2004; Oliver and Mandelberg, 2000; Oliver and Wong, 2003; Ross *et al.*, 2001; Sampson *et al.*, 1997). It is also an empirical fact that poverty and disorder tend to be highly correlated with racial diversity (Sampson and Groves, 1989; Sampson *et al.*, 1997). In this article I argue that to assess properly the effect of racial diversity on social capital, such strong correlation between diversity and low neighbourhood status needs to be taken into account. Therefore, in explaining levels of interaction within communities and attitudes that result from them, deprivation should be treated as a neighbourhood characteristic that is just as important as racial diversity.

Socio-economic inequalities, originally at the centre of investigation in political science and sociology, have been denied importance by many researchers since the 1980s. The 'age of "postisms" – postmodernism, postindustrialism, poststructuralism, postmarxism, postfeminism, postmaterialism' (Evans, 1999, p. 1) has shifted attention to mechanisms focusing on values and new social divisions. The traditional cleavages of class and social status have been thought to be replaced by

'new' divisions structured around gender, ethnicity or ecology (Inglehart, 1990; Pakulski and Waters, 1995). Although some researchers resisted and criticised this trend (Devine *et al.*, 2003; Erickson and Goldthorpe, 1992), the intellectual fashion of denying 'traditional' social structure importance in explaining political and civic attitudes and behaviour has swept through academia and beyond. However, recent studies show that such a change of perspective was not fully justified empirically, and that social inequalities and social deprivation still offer powerful explanations of political attitudes and behaviour (Evans, 1999). This present article will contribute to this trend reversal by demonstrating that despite claims that cultural differences are the key issue undermining social cohesion, socio-economic structure is far more important.

The article presents an important contribution to the current debate on social cohesion and social capital for three main reasons: firstly, it uses a complex and multifaceted measure of neighbourhood social capital; secondly, it tests the impact of respondents' actual immediate community on their attitudes; and thirdly, it applies a methodology that overcomes the limitations of previous studies. Existing research on social capital or social trust usually separates the individual and community level of analysis or refers to individual-level explanations to interpret the aggregate-level findings. Also accuracy of the empirical operationalisation of the relationships between dimensions of social capital is frequently compromised. This article applies a multi-level structural equation model, thus overcoming conceptual and methodological problems of earlier investigations. Moreover, it is the first study to analyse the effects of racial diversity on social capital in the context of neighbourhood in Great Britain: existing literature on the topic has been dominated by evidence from the United States.<sup>2</sup> The main question of this article is therefore: does racial diversity erode social capital in Britain?

The article falls into four main parts: first, I will outline the general theoretical background to studying the relationship between a community's social capital and racial diversity. Second, I will introduce data and indicators. After that I will explain the method used to explore the question about the link between social capital and racial diversity. Fourthly, I will present the analyses and discuss their results.

The results show that when the effects of diversity and neighbourhood deprivation on social capital are modelled simultaneously, and the relationship between neighbourhood status and racial diversity is accounted for, diversity has a negative effect on only one – attitudinal – dimension of social capital. At the same time, the low socio-economic status of a neighbourhood is the main factor undermining all types of interactions and positive attitudes among neighbours. Findings presented in this article show that the British government's efforts to de-emphasise socio-economic deprivation and focus on stimulating inter-community relationships and creating 'unity from diversity' have been rather misplaced, as deprivation is the major factor eroding community relations and negatively tinting diversity.

## Social Capital: What Is It and Why Does It Matter?

Social capital is associated with ‘people’s sense of community, their sense of belonging to a neighbourhood, caring about the people who live there, and believing that people who live there care about them’ (Portney and Berry, 2001, p. 71). Positive attitudes towards and beliefs about one’s neighbours contribute to cohesion within the local community, and thus to residents’ willingness to participate in local affairs and to cooperate in everyday matters (Putnam 2000). Therefore, a decline in the levels of social capital may pose a serious danger to the quality of life in local communities, but also – more generally – to the functioning of political and economic institutions (Inglehart, 1999; Knack and Keefer, 1997; Putnam, 1993b). Norms and networks constituting social capital have been treated as a powerful exogenous factor enhancing institutional performance: trust, reciprocity and the sense of solidarity among citizens reduce the costs of policy and rule implementation, transform citizens’ preferences from particularistic into collectivist and increase predictability and reliability of economic and political transactions (Boix and Posner, 1998).<sup>3</sup>

### *Components of Social Capital*

Social capital consists of two main components: cognitive and structural. Attitudes of trust and reciprocity in relations with fellow citizens are stimulated by interpersonal interactions. It has become a convention to use membership in voluntary associations as a measure of citizens’ participation and interaction that leads to the emergence of attitudes of interpersonal trust and reciprocity. However, while voluntary associations have long been observed to perform the functions of ‘schools of democracy’, and to contribute to building citizens’ capacity to participate in politics (Almond and Verba, 1963; Edwards and Foley, 2001), their ability to generate trust and reciprocity has been questioned. Dietlind Stolle has found that the positive relationship between interpersonal trust and associational membership is the result of self-selection: trusting people are more likely to join associations, and the length of membership is unrelated to an individual’s levels of trust in others (Stolle, 1998; 2001). Eric M. Uslaner has argued that trust is a ‘moral value’ and as such is independent of civic or associational activism, but depends on the patterns of childhood socialisation instead (Uslaner, 1999). More recently, Yaojun Li, Andrew Pickles and Mike Savage have found out that voluntary associations are highly selective in their membership policies, they reinforce existing social divisions (along class and gender lines) and contribute to the emergence of exclusive group identities (Li *et al.*, 2005). Therefore, it is necessary to complement associational involvement with other, informal, types of interaction. In this present article I turn to two more indicators of interpersonal relations: informal neighbourhood sociability and individual voluntary help given to or received from fellow neighbours.

Informal sociability, although it does not serve any particular function other than gathering or socialising itself, creates an opportunity to adjust reciprocal

obligations among friends or neighbours as members of the same community. Informal sociability promotes open communication, interest in others' problems or points of view and stimulates mutual care, trust and understanding (Misztal, 2000). Through informal sociability individuals form their social networks freely, without being restricted by organisational rules. Offering help to a fellow citizen is an explicit expression of a sense of commitment and care. It contributes to the emergence of attitudes of reciprocity and consideration. The importance of informal relations has been reflected in theoretical work as well as in empirical research on the causes and consequences of social capital.<sup>4</sup> And, while formal engagement in voluntary associations is an indicator that is easier to obtain, informal sociability seems in fact to be conceptually closer to the idea of interpersonal networks and spontaneous interaction that underline the production of social trust and reciprocity.<sup>5</sup> Informal sociability is also a more democratic form of interaction than membership in formal groups and associations, which is strongly determined by socio-economic status. While the well educated are more likely to be association members, it is the lower classes that have stronger neighbourhood links (Li *et al.*, 2005). Therefore, to reconstruct social capital most fully, in this article I use indicators of both formal (organisational) and informal (social or individual) interactions.

To sum up, sense of community, neighbourhood attachment, trust and care about fellow neighbours are the results of various types of interaction. Some of these interactions are formal, for example in voluntary associations, and some others occur only within informal networks of friendly or neighbourly sociability or assistance. Interactions stimulate perceptions and attitudes, but the relationship between various types of interaction is 'mutually reinforcing'. For example, individuals who are active socially are more likely to offer help to others, and those who are involved in voluntary associations are more likely to have friends and know their neighbours; thus they are more likely to socialise informally, etc. As Dora L. Costa and Matthew E. Kahn put it, 'social capital refers to aspects of the network structure – such as social norms and sanctions, mutual obligations, trust, and information transmission – that encourage collaboration and coordination between friends and between strangers' (Costa and Kahn, 2003, p. 103).

### **Diversity, Neighbourhood Status and Social Capital**

Concerns about the crisis of social cohesion in Britain and beyond have been addressed by a search into the factors that may reinvigorate it as much as the factors that erode it. The first stream of investigation focused on 'the practical problems associated with attempting to formulate a public policy of community cohesion on the assumption that common principles and shared values can be founded in multiethnic, multi-faith and multi-cultural societies' (McGhee, 2003, p. 376), while the other followed the evidence from other countries suggesting that more homogeneous communities have higher levels of social interaction,

which in turn leads to more social capital (Alesina and Ferrara, 2000; Costa and Kahn, 2003). Both threads lead therefore to the same issue: diversity.

### *Diversity*

There exist a number of theoretical and empirical works claiming that diversity, in particular racial diversity, seriously undermines a sense of community and social cohesion. Alberto Alesina and Alesina La Ferrara identify a very powerful negative relationship between racial diversity and levels of interpersonal trust across American states. To explain this pattern they refer to the 'natural aversion to heterogeneity' (Alesina and Ferrara, 2002, p. 225). In another paper they posit that diversity has a negative effect on interactions among individuals: 'In our model individuals prefer to interact with others who are similar to themselves in terms of income, race, or ethnicity', and this finding is confirmed by other researchers (Alesina and Ferrara, 2000, p. 850; Costa and Kahn, 2003; Putnam, 2003).<sup>6</sup> Experimental research shows that interracial exchanges involve significantly lower levels of honesty and reciprocity (Glaeser *et al.*, 2000). The most popular interpretation of this pattern refers explicitly to the 'preferences of homogeneity' or, in other words, principle of homophily: contacts among similar people occur more often than contacts among dissimilar people (McPherson *et al.*, 2001). Therefore, individuals living in heterogeneous communities are expected to interact less frequently, which in turn leads to lower levels of interpersonal trust and reciprocity.

This approach to explaining the negative effect of racial diversity on intra-community relations should be supplemented with findings from the research on racial attitudes and racial prejudice. Research on racial attitudes in the US focusing on the impact of *context* on attitudes has shown that white respondents' racial hostility increases together with the increase in racial diversity of the area they live in (Glaser, 1994; Huckfeldt and Kohfeld, 1989; Taylor, 1998). Explanations of the mechanism behind this relationship refer to the perceptions of 'power threat': the dominant group is hostile towards minority groups over the economic and social privileges they fear to lose.<sup>7</sup> However, a different approach, stressing *contact* rather than context, shows that any form of interracial contact and residential integration significantly reduces inter-group prejudice. J. Eric Oliver and Janelle Wong discovered that living in heterogeneous neighbourhoods is correlated with positive attitudes towards out-groups, while 'those who live amongst more of their own racial group hold more negative views of out-groups and perceive more competition from out-groups' (Oliver and Wong, 2003, p. 568). Timothy Bledsoe *et al.* have found that blacks living in racially mixed neighbourhoods feel less solidarity with other blacks than those who live in more homogeneous (i.e. more black) neighbourhoods (Bledsoe *et al.*, 1995, see also Stein *et al.*, 2000). The positive effect of interactions in the context of racial diversity on more general attitudes, such as interpersonal trust, has been shown by Melissa J. Marschall and Dietlind Stolle (2004).

The findings discussed above seem at first contradictory, although it is perfectly plausible that both sides of the argument are right. Diversity may well have a negative effect on individuals' propensity to interact with fellow neighbours; however, once the interaction takes place, its effect is positive: the attitudes of racial hostility and prejudice are overcome, and an individual becomes more favourable towards other people in general. What is equally important, and what few of the studies quoted above take into account, is the contextual characteristic that is usually strongly correlated with racial diversity: the low socio-economic status of a community.

### *Neighbourhood Status*

Research on the community-level determinants of both trust and racial attitudes has shown that the socio-economic status of a neighbourhood an individual is living in has a crucial influence on the formation of their attitudes. When neighbourhood socio-economic context (apart from just an individual's socio-economic status) is taken into account, it turns out to be the main factor triggering negative attitudes and lack of trust in out-group members. J. Eric Oliver and Tali Mandelberg have discovered that physical and economic duress trigger 'interracial material competition', which in turn generates negative attitudes towards members of other racial groups (Oliver and Mandelberg, 2000). Catherine E. Ross *et al.* identified neighbourhood economic disadvantage and disorder as the main factors eroding interpersonal trust (Ross *et al.*, 2001). Li *et al.* established that high socio-economic ward status is among the important predictors of neighbourhood attitudes and participation (Li *et al.*, 2005). Moreover, Ross *et al.* have identified an amplifying effect of neighbourhood disadvantage on the effect of individual-level disadvantage: the combination of low individual-level status and low neighbourhood status are particularly damaging for trust (Ross *et al.*, 2001; see also Marschall and Stolle, 2004). High levels of unemployment, crime and disorder generate feelings of powerlessness, threat and alienation among residents, which in turn lead to low levels of neighbourhood attachment and interaction:

Low-status settings ... expose residents to a daily dose of petty crime, concentrated physical decay and social disorder ... This exposure in turn leads to a constellation of negative psychological states which are experienced by residents: feelings of anxiety and fear, alienation from neighbours, lack of trust in others, and suspicion toward out-groups in general (Oliver and Mandelberg, 2000, p. 576).

Summing up, deprivation and disorder damage the sense of community: they erode formal and informal interactions, which in turn lowers interpersonal trust and the sense of belonging to a neighbourhood. Additionally, deprivation and disorder tend to be strongly correlated with racial diversity, which is not sufficiently accounted for by most methods customarily used to analyse determinants of community attitudes at the aggregate level. As a result, they create the perception of diversity being the main causal factor undermining social cohesion.



### *Reprise*

The sections above have outlined the general theoretical background to the research into the link between racial diversity and social capital. Here, I recapitulate the main points. Neighbourhood social capital consists of two major components: attitudes towards fellow neighbours and interactions with them. The first component invokes the sense of attachment to the community, trust in neighbours, familiarity and care. The second component includes formal and informal interactions, such as activism within groups and organisations, helping others and informal sociability with friends and neighbours. Interactions generate positive neighbourhood attitudes, but they also stimulate each other. For example, individuals with a wide circle of friends are more likely to volunteer to help someone, while active group and organisation members are more likely to have a rich social life and vice versa. These relationships are purported to hold at the individual as well as community level. So, neighbourhoods with a lively social life will also have strong networks of friendship and high levels of neighbourly help. As a result, even individuals not directly involved in any of these activities will have more positive opinions and attitudes about neighbours and neighbourhood.

Racial diversity erodes interactions and, as a result, changes people's attitudes towards their neighbourhood. As individuals prefer to socialise with those who are like themselves, in diverse communities levels of interpersonal contact and interaction will be lower. Another neighbourhood-level factor determining social capital is socio-economic status: high levels of disorder and deprivation generate powerlessness and mistrust. They also limit individuals' interactions: infrastructure (such as meeting venues) is scarce and staying in public places is not safe, either for individuals or their property. Low socio-economic status of a neighbourhood tends to be highly correlated with racial diversity.

Figure 1 is a simplified schematic presentation of the model outlined above. Ovals represent components of the model, and arrows illustrate the direction of causality of relationships between them (with double-ended arrows representing a bivariate relationship). The relationships between particular components of social capital apply to the individual as well as community level: neighbourhoods with rich organisational life are expected to be supportive and socially active communities, where there is a high degree of mutual trust and commitment. Social capital is simultaneously affected by neighbourhood-level and individual-level characteristics.

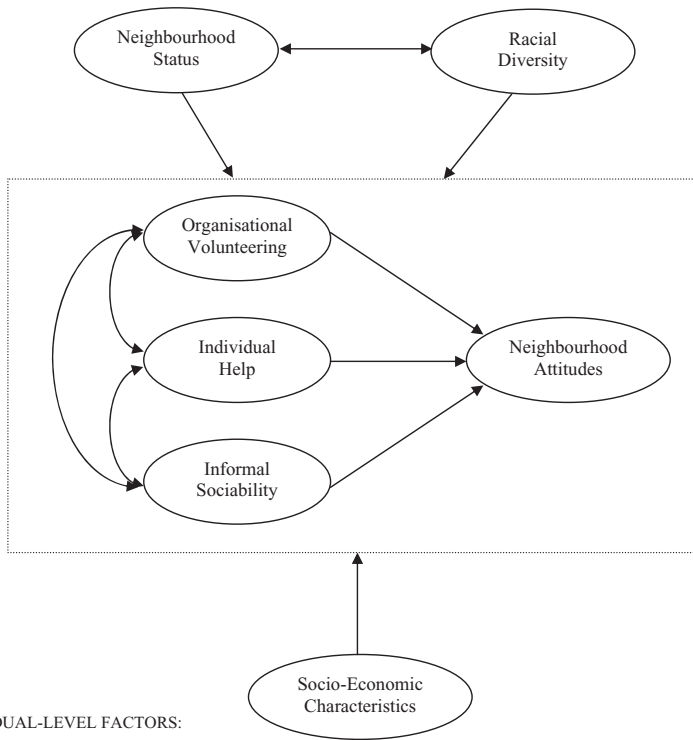
### **Data and Indicators**

Although theoretical discussion of the causes and consequences of social capital refers to 'community' or 'neighbourhood'-level explanations, the empirical evidence is usually based on countries or states/regions as units of analysis (Inglehart,



**Figure 1: Neighbourhood Social Capital**

NEIGHBOURHOOD-LEVEL FACTORS:



INDIVIDUAL-LEVEL FACTORS:

1999; Newton, 1999; Paxton, 1999; Putnam, 1993a). Notable exceptions are studies by Li *et al.* (2005), Marschall and Stolle (2004) and Oliver and Wong (2003), who analyse the impact of contextual (neighbourhood or ward-level) characteristics on individuals' attitudes towards others. This present article follows their approach in that it uses the actual neighbourhoods as one of the levels of analysis. When investigating correlates of social capital it is crucial to look at the neighbourhood rather than municipality, region or country, because the postulated mechanisms explaining the generation of social capital refer to the familiarity and bonds that can only be formed at a very local level. Therefore, I employ data collected with the purpose of analysing neighbourhood effects: individuals interviewed were clustered within postcode sectors.

Data were collected between March and October 2001 in England and Wales as a part of the Home Office *Citizenship Survey*. The Postcode Address File was used as a sampling frame and 'six addresses neighbouring each core sample address were identified by interviewers in the field, using a strict set of rules ... At each eligible sampled address an individual aged 16 or over was randomly

selected for an interview' (Attwood *et al.*, 2003, p. 2). The main sample was complemented with the ethnic minority boost sample, resulting in the total sample of 15,093 individuals nested within 839 neighbourhoods. The average number of respondents per sample is 18.09. The neighbourhood-level information on racial composition of neighbourhoods has been obtained from the 2001 Census and the index of deprivation came from the Office of the Deputy Prime Minister.<sup>8</sup>

### *Social Capital*

In this article I use a wide range of indicators that refer to various aspects of neighbourhood social capital, such as attitudes towards fellow neighbours and formal and informal interactions. These indicators, displayed in Table 1, focus on neighbourhood, which rules out ambiguities that most of the survey items used by other authors suffer from.<sup>9</sup> The first two questions (a and b) asked respondents whether they enjoy living in their neighbourhood and whether people in this area look out for each other: 63 per cent of respondents answered that they definitely enjoy living in their area (the other options for both questions were 'to some extent' and 'no') and 40.4 per cent stated that in their area neighbours definitely look out for each other; 58.8 per cent and 67 per cent of respondents (items c and d) believe that, respectively, they know some or many people in their neighbourhoods and that some or many people can be trusted (the other options were 'few people' and 'none'); 32.4 per cent of respondents believe that it is very likely or quite likely that their wallet or purse, if lost in their neighbourhood, would have been returned with nothing missing from it (item e).

Items f to h refer to informal interactions with friends and neighbours. Respondents were asked to indicate on a seven-point scale (ranging from 'never' to 'every day') how often they have friends or neighbours round to their house, visit them or go out together to a pub, restaurant, cinema, etc. As many as 50.3 per cent of respondents stated that they invite friends or neighbours at least once a week or more often (several times a week or every day). A similar proportion of respondents (45.1 per cent) indicated that they visit friends and neighbours at least once a week. Finally, 32.7 per cent of respondents go out socially with a group of friends or neighbours once a week or more often.

Items i to l refer to the frequency of formal or informal volunteering and receiving help from formal or informal volunteers in the last twelve months. The possible answers were 'at least once a week', 'less than once a week but at least once a month' and 'less than once a month': 49.7 per cent of respondents are involved in activities of a formal group, club or organisation at least once a month. Because the format of the question taps directly into *active* involvement in the relatively recent period of time (within the last twelve months), this question discriminates against pocketbook participation or inactive membership, which would be very unlikely to generate any neighbourhood-related opinions and

**Table 1: Indicators of Neighbourhood Social Capital**

		%						
		No	Yes, to some extent	Yes, definitely				
(a)	Enjoy living in neighbourhood	7.9	29.1	63.0				
(b)	Neighbours look out for each other	17.6	41.8	40.6				
		None	Few	Some	Many			
(c)	Know people in neighbourhood	5.5	35.7	29.8	29.0			
(d)	Neighbours can be trusted	25.5	7.5	34.8	32.2			
		Not likely at all	Not very likely	Don't know	Quite likely	Very likely		
(e)	Wallet returned	31.3	28.3	8.0	24.1	8.3		
		Never	Less than once a month	At least once a month	At least once a fortnight	At least once a week	Several times a week	Every day
(f)	Friends or neighbours over	10.4	15.0	12.7	11.6	23.6	18.3	8.4
(g)	Visit friends or neighbours	13.8	15.6	13.4	12.1	23.8	16.7	4.6
(h)	Go out with friends or neighbours	23.4	19.4	15.0	9.6	19.8	11.2	1.6
				Not at all	Less than once a month	Less than once a week, but at least once a month	At least once a week	
(i)	Take part in organisations' activities			38.1	12.2	13.7	36.0	
(j)	Help organisations			63.4	11.0	10.2	15.4	
(k)	Help a friend or a neighbour			38.1	28.9	18.2	14.8	
(l)	Receive unpaid help from organisations or individuals			50.9	26.1	12.0	11.0	

Note: N = 15,093

attitudes. The next question asked about frequency of volunteering to help organisations, groups or clubs, for example by raising money, doing clerical work, campaigning, providing transport, etc.: 25.6 per cent of respondents did at least one of these things once a month or more often. Frequency of helping others as an individual (rather than a member of an organised group) is captured by item k: 33.0 per cent of respondents helped friends or neighbours at least once a month by, for example, keeping in touch with someone who has difficulty getting out and about, doing shopping, cooking or cleaning, babysitting, decorating, giving advice, representing or providing transport. A lower proportion, 23 per cent, received unpaid help from others, either acting on behalf of a group or as individuals (item l).

Overall, these figures seem to indicate high levels of trust, care and sense of connectedness in British neighbourhoods. Britons are also sociable and active in formal organisations. When these indicators of neighbourhood social capital are subjected to factor analysis, they form four dimensions: attitudes and opinions about neighbours and neighbourhood (items a to e); informal sociability (f to h); formal volunteering (i to j); and informal help (k to l). The results of exploratory factor analysis are displayed in Table A1 in the Appendix. The same table contains information on intra-class correlations of indicators of social capital and the magnitude of design effects, which show that a multi-level model is necessary to analyse neighbourhood social capital adequately.<sup>10</sup>

### *Diversity*

To measure ethnic diversity I follow the convention of discussing the issues of ethnicity in terms of race (Saggar, 2000). Previous research also focused predominantly on racial composition of an area as an explanatory factor of attitudes and behaviour (Costa and Kahn, 2003; Hero, 2003; Marschall and Stolle, 2004; Oliver and Mandelberg, 2000). I use racial fragmentation as a measure of ethnic diversity. It is computed according to the following formula:

$$\text{Race}_j = 1 - \sum_k S_{kj}^2 \quad (1)$$

where  $j$  stands for a neighbourhood area and  $k$  for the following racial groups: (a) white, (b) black and mixed black, (c) Asian and mixed Asian, (d) Chinese and mixed Chinese and (e) other. Term  $S_{kj}$  represents a proportion of a given group in the neighbourhood. The index increases as heterogeneity increases: 0 means perfect homogeneity and 1 means that every person living in a neighbourhood belongs to a different racial group. As a result, it captures the probability of two randomly chosen individuals within one neighbourhood being members of different racial groups. The index ranges from 0 to 0.729, with an average of 0.297 and SD of 0.244 (descriptive statistics can be found in Table A2 in the Appendix).

### *Neighbourhood Socio-economic Status*

To measure the socio-economic status of a neighbourhood I use an Index of Multiple Deprivation, covering the following six domains: income, health deprivation and disability, employment, education, skills and training, housing and geographical access to services (Department of the Environment, 2000).<sup>11</sup> The full range of this index is from 0 to 100, where 100 is the highest level of deprivation, but it varies across neighbourhoods present in the sample from 2.19 to 77.58, with the mean at 33.74. As previous research suggests, there is a strong positive relationship between low neighbourhood status and racial heterogeneity, as the correlation between these two variables at the neighbourhood level is  $r = 0.554$ , at  $p < 0.001$  (Sampson and Groves, 1989; Sun, Triplett and Gainey, 2004).

### *Individual-level Determinants of Social Capital*

While this article focuses predominantly on the influence of contextual effects on social capital in British neighbourhoods, it is necessary to account for individual-level determinants of social capital. Prior research on the determinants of social capital in Britain has identified class and education as the key determinants of various dimensions of social capital, as groups with different types of resources tend to 'specialise' in different types of social capital (Hall, 1999; Li *et al.*, 2005). Age usually increases the probability of individuals forming positive attitudes towards and opinions about other people, but it may inhibit formal and informal engagement. On the other hand, the declining levels of formal and informal activism as well as social trust are frequently linked to generational change (Putnam, 2000). Therefore, I account for these factors at the individual level. The average age in the sample is 46 years; 16.6 per cent of respondents have a degree; and 30.7 per cent belong to the salariat – higher or lower managerial and professional occupations (Brehm and Rahn, 1997; Li *et al.*, 2005; Marschall and Stolle, 2004; Uslaner, 1999).

It would be natural to expect, especially in the light of earlier research on racial attitudes and on social trust and participation, that one's race or ethnicity is an important predictor of attitudes towards fellow neighbours and formal and informal participation in the context of British neighbourhood. However, while race is certainly important for explaining political attitudes and behaviour in Britain (Heath and Saggar, 1999; Saggar, 2000), its predictive power in the models tested in this article was marginal, and including it significantly worsened the model fit; therefore it has been excluded from the final model. The lack of relevance of race in the UK can be explained by an entirely different history of racial minorities in the UK and US, which shaped differently the sense of 'linked fate' and interracial relations in each country.<sup>12</sup>

## Method

The *2001 Citizenship Survey* addresses the issue of social capital through a range of questions related to the various aspects of participation in a community, organisational involvement, friends' networks and, most importantly, opinions about community and neighbourhood. The data, as mentioned above, have a hierarchical structure: individuals are clustered within postcode sectors. To make use of such a nested structure of the data, I use a hierarchical linear model, which allows for partitioning variance and covariance components between the levels (i.e. it allows for estimating the extent to which the variance in individuals' attitudes or behaviour is explained by the individual and neighbourhood-level factors). It also allows for the simultaneous estimation of the impact of individual and neighbourhood-level characteristics on individuals' attitudes, and it prevents an underestimation of the standard errors of the coefficients, especially at the higher level, which might in turn lead to the inference that effects are significant when they are not (Bryk and Raudenbush, 1993; Woodhouse, 1996).

The multi-level model can be summarised by the following equation:

$$y_{in} = \beta_{0in}x_0 + \beta_1x_{1in} \dots + \beta_zx_n \quad (2)$$

Subscript *in* denotes that a given variable varies between individuals and neighbourhoods, and subscript *n* denotes that a variable varies between neighbourhoods and is constant for all respondents within a given neighbourhood.  $\beta_{0in}$  is an intercept explained by the formula:

$$\beta_{0in} = \beta_0 + u_{0n} + e_{0in} \quad (3)$$

where  $u_{0n}$  is a level-2 residual (constant for all respondents within a given neighbourhood, but varying between neighbourhoods), while  $e_{0in}$  is a level-1 residual, varying between persons and neighbourhoods;  $u_{0n}$  and  $e_{0in}$  are assumed to be uncorrelated.

Because of the implied relationships between particular variables, it is necessary to use a path model. This means that a number of linear regressions will be estimated simultaneously at both the individual and neighbourhood level. Finally, because a number of indicators will be used to capture underlying concepts such as informal sociability or neighbourhood socio-economic status, it is necessary to create latent variables at both levels. Therefore, the method used is a multi-level structural equation model, combining path analysis and factor analysis. A model of this sort combines the advantages of hierarchical approach by accounting for the design effect and latent variable approach by adjusting for the measurement error.<sup>13</sup> I use *Mplus* 3.12, software created with the purpose of fitting models with latent variables.<sup>14</sup>

## Neighbourhood Social Capital and Racial Diversity: Testing the Relationship

The main dependent variable of the tested model is neighbourhood social capital, which is regressed at the individual level on age, education and social class, and at the neighbourhood level on socio-economic status and racial diversity. Social capital consists of four dimensions, which are latent variables with two to five observed indicators. The dimensions of social capital are interrelated: informal sociability, organisational involvement and individual help are correlated with each other, and all three of them influence attitudes towards and opinions about neighbourhood. Since in this paper I hypothesise that racial diversity is negatively tinted by a low socio-economic status, I account for the correlation between the two at the neighbourhood level. Modelling the relationship between racial diversity and community socio-economic status in this way responds to the criticisms against treating race as an exogenous factor and ignoring its social and economic aspects (Bedolla and Scola, 2004; Smith, 2004).<sup>15</sup>

Table 2 displays coefficients from the multi-level structural equation model testing the effect of individual and neighbourhood characteristics on social capital. Apart from un-standardised estimates and their standard errors, it presents standardised coefficients, which make it possible to compare the magnitude of particular effects across the model. Effects missing a conventional 0.05 significance level have been italicised. The proportion of particular variables' explained variance is presented in the final column. The model has been estimated simultaneously for the within and between levels.

Both 'within-level' and 'between-level' parts of the table begin with displaying factor loadings of the observed variables that have been used to capture endogenous (neighbourhood attitudes, sociability, organisational involvement, individual help) latent variables. The first factor loading for each latent variable is fixed to 1. These sections of the table are followed by the estimates from the regressions of the components of social capital on individual and neighbourhood-level explanatory variables. The table also presents estimates for the bivariate correlations between the latent (e.g. sociability and organisational involvement) or observable (e.g. trust with know) variables. Weights have been used to account for the over-representation of minority respondents.

Indicators of model fit show that the model fits the data well: CFI is 0.956, which is slightly higher than the conventional cut-off point for this index. Other indices also suggest a good fit: SRMR for both within and between levels falls well below a recommended cut-off point of 0.08, and RMSEA is also low at 0.023 (the recommended cut-off point for this index is 0.06). The lower value of SRMR for the between level (0.026) than for the within level (0.049) shows that the relationships specified across neighbourhoods fit the data somewhat better than those specified for within the neighbourhoods.



Table 2: Social Capital and Neighbourhood Context, N1 = 15,093, N2 = 839

	<i>b</i>	<i>S.E.</i>	$\beta$	<i>R</i> <sup>2</sup>
Within-level				
Neighbourhood attitudes:				
Enjoy	1.000	0.000	0.494	0.244
Know	1.222	0.068	0.398	0.159
Look out	2.138	0.078	0.622	0.387
Trust	2.270	0.084	0.583	0.339
Wallet	2.134	0.088	0.500	0.250
Sociability:				
Friends	1.000	0.000	0.567	0.322
Visit	1.258	0.029	0.717	0.515
Go out	0.974	0.035	0.566	0.320
Organisational involvement:				
Group involvement	1.000	0.000	0.741	0.549
Group help	0.948	0.030	0.775	0.600
Individual help:				
Informal help	1.000	0.000	0.664	0.441
Help received	0.706	0.034	0.495	0.245
Regression of neighbourhood attitudes on				0.117
Sociability	0.073	0.009	0.259	
Organisational involvement	0.026	0.006	0.085	
Individual help	0.011	0.012	0.026	
Age	0.005	0.000	0.302	
Education (degree)	0.030	0.011	0.039	
Class (salarial)	0.044	0.009	0.071	
Regression of sociability on				0.257
Age	-0.027	0.001	-0.504	
Education (degree)	0.054	0.041	0.020	
Class (salarial)	0.062	0.030	0.028	
Regression of organisational involvement on				0.054
Age	-0.003	0.001	-0.071	
Education (degree)	0.323	0.036	0.132	
Class (salarial)	0.253	0.028	0.128	
Regression of individual help on				0.041
Age	-0.005	0.001	-0.142	
Education (degree)	0.140	0.028	0.078	
Class (salarial)	0.126	0.023	0.087	
Correlation of sociability with organisational involvement	0.235	0.016	0.256	
Correlation of sociability with individual help	0.285	0.015	0.426	
Correlation of individual help with organisational involvement	0.249	0.012	0.409	
Correlation of group involvement with go out	0.246	0.020	0.116	
Correlation of trust with know	0.148	0.012	0.153	
Correlation of visit with friends	0.871	0.045	0.278	
Correlation of help received with friends	0.136	0.015	0.081	

Table 2: Continued

	<i>b</i>	<i>S.E.</i>	$\beta$	<i>R</i> <sup>2</sup>
Between-level				
Neighbourhood attitudes:				
Enjoy	1.000	0.000	0.786	0.617
Know	0.880	0.102	0.517	0.267
Look out	1.576	0.109	0.767	0.589
Trust	2.107	0.137	0.799	0.639
Wallet	3.506	0.203	0.908	0.824
Sociability:				
Friends	1.000	0.000	0.744	0.554
Visit	1.261	0.155	0.955	0.911
Go out	0.796	0.132	0.525	0.275
Organisational involvement:				
Group involvement	1.000	0.000	0.728	0.530
Group help	0.734	0.075	0.825	0.681
Individual help:				
Informal help	1.000	0.000	0.973	0.947
Help received	0.727	0.091	0.736	0.542
Regression of neighbourhood attitudes on				0.689
Sociability	0.153	0.038	0.246	
Organisational involvement	0.119	0.046	0.222	
Individual help	-0.127	0.043	-0.218	
Neighbourhood status	-0.005	0.001	-0.449	
Racial diversity	-0.324	0.034	-0.345	
Regression of sociability on				0.089
Neighbourhood status	-0.005	0.001	-0.297	
Racial diversity	-0.005	0.091	-0.003	
Regression of organisational involvement on				0.119
Neighbourhood status	-0.006	0.001	-0.319	
Racial diversity	-0.104	0.101	-0.060	
Regression of individual help on				0.015
Neighbourhood status	-0.002	0.001	-0.131	
Racial diversity	0.073	0.088	0.046	
Correlation of racial diversity with neighbourhood status	0.987	0.102	0.363	
Correlation of sociability with organisational involvement	0.006	0.007	0.067	
Correlation of sociability with individual help	0.012	0.007	0.162	
Correlation of individual help with organisational involvement	0.048	0.008	0.548	

Tests of model fit:  $\chi^2 = 1,216.370$  with 132 df; CFI = 0.956; RMSEA = 0.023; SRMR within = 0.049, SRMR between = 0.026.

Note: Effects that are not statistically significant at 0.05 or below are italicised.

## Discussion of the Findings

### *Dimensions of Social Capital*

The main question of this article is whether racial diversity undermines social capital in British neighbourhoods or whether its seemingly destructive effect is a result of its empirical association with low neighbourhood status. Before answering it I should, however, look at the dimensions of social capital and links between them. Do informal socialising, joining associations and helping people informally stimulate positive attitudes to one's neighbourhood? Are people who socialise also the ones who join groups and help others? Are neighbourhoods with higher levels of formal and informal interactions among their inhabitants also full of trust and reciprocity? The answer is 'yes', yet with some caveats. Behavioural dimensions of social capital – sociability, organisational involvement and informal help – are positively correlated at the individual level, and while similar relationships are present at the neighbourhood level, there is one exception: the most sociable neighbourhoods are not the ones with the highest levels of organisational participation (as this effect is statistically insignificant). Moreover, individuals living in neighbourhoods where informal help is frequently offered and received have more negative opinions about their local community. This is a puzzling finding, yet it may be interpreted as showing that high levels of formal and informal assistance in a neighbourhood indicate an additional degree of disadvantage, not captured by the objective measure of deprivation. Thus, individuals living in communities with strong help networks may in fact be living in particularly disadvantaged neighbourhoods, which in turn would negatively affect their opinion about these communities.

At the individual level, sociability strongly stimulates positive attitudes towards fellow neighbours ( $\beta = 0.259$ ), while organisational involvement, despite being celebrated as one of the key determinants of trust and reciprocity, has only a weak effect ( $\beta = 0.085$ ). These results are consistent with earlier findings, stressing the importance of informal networks for generating trust and reciprocity (Li *et al.*, 2005) and highlighting the ambiguities of the link between formal involvement and trust (Stolle, 1998). It also seems that people involved in the reciprocal networks of help tend to be active both informally and in organisations (positive correlations of individual help with sociability and organisational involvement). However, giving help to friends or neighbours and receiving it does not make individuals perceive their neighbourhood more favourably (the effect of individual help on neighbourhood attitudes is statistically insignificant). One possible interpretation of this finding refers to the fact that seeking or offering help is likely to take place within the already existing networks (built, for example, through informal sociability, which is suggested by a positive association between help received and friends), thus not affecting individuals' attitudes towards their neighbourhood.

The difference between formal and informal networks as the determinants of neighbourhood attitudes is likely to be reflecting the distinction between what

Putnam has called 'schmoozers' and 'machers' (Putnam, 2000; see also Li *et al.*, 2005). It seems that in Britain it is the schmoozers' spontaneous, informal contacts with fellow citizens rather than machers' organised associational activities which lie at the heart of social cohesion and social solidarity. Furthermore, there are some additional positive correlations between indicators of particular dimensions of social capital which reveal certain patterns of behaviour: people who think they know others well also trust them (correlation between trust and know). Informal sociability is a reciprocal phenomenon: if we invite friends over, they will invite us, and vice versa (correlation of visit with friends). Group involvement stimulates going out (correlation of group involvement and going out), and people tend to receive assistance from people they socialise with (correlation of help received with friends).

### *Individual-Level Determinants of Social Capital*

The effects of socio-economic characteristics on particular dimensions of social capital vary. Age has a strong and very strong effect on all four dimensions, but their direction differs: it is positive in the case of attitudes, and negative in the case of behaviour. Older people are far more likely to have a positive image of their local community and enjoy living there. In fact, age is the single strongest determinant of neighbourhood attitudes ( $\beta = 0.302$ ). It is also the strongest factor influencing sociability, but in this case its effect is negative ( $\beta = -0.504$ ). Older age also restricts other forms of formal and informal involvement, for example in organisations or self-help activities. In addition, although age is a positive determinant of neighbourhood attitudes, its indirect effect (via sociability and organisational involvement) is negative (in the case of sociability it is as strong as  $\beta = -0.130$ ).

Indicators of socio-economic status – education and social class – have positive effects on all four dimensions of social capital, but in some cases their strength is negligible. So far, all empirical investigations of trust and reciprocity have identified a very strong effect of social position on trust and reciprocity, and attributed it to the greater sense of control and higher degree of life satisfaction that are associated with a higher socio-economic position. However, since in the present model characteristics of the respondents' immediate surroundings are accounted for by means of the level of neighbourhood deprivation and racial diversity, individual-level indicators of socio-economic position have only a very weak effect on respondents' attitudes towards their fellow neighbours. This finding suggests that unless contextual characteristics are controlled for, individuals' socio-economic position is likely to act as a proxy for the quality of the context in which attitudes of trust, care and reciprocity are formed. Individuals of a higher socio-economic status tend to live in nicer, cleaner and safer neighbourhoods, and when this is accounted for, the sole effect of their individual social status is very weak.

In the case of informal sociability, the socio-economic status of an individual is of an even lower importance: education has no significant effect and the effect of class is very weak. Their impact on giving or receiving help is slightly stronger, but still limited. At the same time, both education and class significantly increase people's propensity to participate in formal organisations. The fact that socio-economic status is an important covariate of organisational membership, especially in comparison with more informal activities, confirms earlier findings, where formal group membership has been identified as being strongly dependent on material and cultural resources, and thus exclusive and reinforcing the existing social and economic divisions. As a result, the reality of organisational engagement seems to be rather far from the celebrated ideal of an all-encompassing civic activism and civil society. In contrast, informal sociability is much less resource dependent and thus a more democratic form of participation in community life (Li *et al.*, 2003; 2005).

### *Neighbourhood-level Determinants of Social Capital*

Now we can turn to the effects neighbourhood-level characteristics have on social capital. This question is answered by the 'between-level' part of the model. From the regressions of four components of social capital on neighbourhood characteristics it is clear that low neighbourhood status has a detrimental effect on all four of them, and all these effects are highly statistically significant. Comparing the standardised effect of neighbourhood status on particular dimensions of social capital it is clear that it very strongly undermines neighbourhood attitudes ( $\beta = -0.449$ ), organisational involvement ( $\beta = -0.319$ ) and sociability ( $\beta = -0.297$ ); in the case of these three dimensions it is the single strongest determinant, even comparing its effect with individual-level predictors (such as age, education or social class). Individual help is also negatively influenced by low neighbourhood status, but to a lesser degree ( $\beta = -0.131$ ). It should also be noted that the effect of neighbourhood deprivation on neighbourhood attitudes is additionally transmitted through sociability and organisational involvement, and these effects are  $\beta = -0.073$  and  $\beta = -0.071$ , respectively. The combined direct and indirect effects of deprivation on neighbourhood attitudes is, therefore, as high as  $\beta = -0.593$ .

In contrast, racial diversity negatively influences only one aspect of social capital: neighbourhood attitudes. This effect is strong ( $\beta = -0.345$ ) and highly statistically significant, yet it is the only negative effect of racial diversity detected. Accounting for the relationship between diversity and deprivation (the standardised coefficient for this association is 0.363) instead of entering them as two independent effects allows us to see that while in more racially diverse neighbourhoods respondents indeed have more negative attitudes towards fellow neighbours, this is not because they socialise or interact with them less (since diversity has no effect on the level of formal and informal interactions in the neighbourhood). Therefore, claims about the 'natural aver-

sion to heterogeneity' leading to more limited levels of interaction in diverse communities and, in turn, to less trust and solidarity have not found any empirical support.

### Other Tests

In terms of variance across respondents, sociability is definitely best explained at 25.7 per cent. Individual-level relationships explain only 11.7 per cent of variance of social trust, and less than 6 per cent of organisational involvement and individual help. At the aggregate (neighbourhood) level, the model explains as much as 68.9 per cent of variance of neighbourhood attitudes, and 11.9 per cent of levels of organisational involvement. Levels of individual help and sociability are much less well explained, with  $R^2 = 1.5$  per cent and 8.9 per cent, respectively.

Some additional tests were performed to examine the possible effect of an interaction between individual-level status and neighbourhood status on attitudes towards fellow neighbours. Following findings by Ross *et al.* and Oliver and Wong that individuals with low socio-economic status (low education above all) are particularly adversely affected by the contextual characteristics, I constructed a measure of individual-level deprivation using a range of indicators, such as low level of education, council tenancy, unemployment, lone parenting (Oliver and Wong, 2003; Ross *et al.*, 2001). However, these indicators did not form a single dimension. Individually, they did not form interactions with the neighbourhood status that would have a statistically significant effect on neighbourhood attitudes. Neither did indicators of a respondent's high socio-economic status. So, the low status of neighbourhood negatively affects people's opinions about their fellow neighbours and local community regardless of their individual socio-economic status.

### Conclusion

The main findings of this article can, therefore, be summarised as follows: social capital is a multifaceted and multilayered phenomenon, and its various dimensions have different individual-level determinants. The dimensions of social capital have a multi-level structure, but this is particularly true for the neighbourhood-related attitudes. Although most of the relationships between dimensions of social capital are statistically significant and have an expected, i.e. positive, direction, there are some exceptions. Informal sociability strongly stimulates positive attitudes towards fellow neighbours, and this relationship holds for both individual and neighbourhood levels of analysis. Organisational involvement, despite being celebrated as one of the key determinants of trust and reciprocity, has a strong effect on neighbourhood attitudes only at the community level, while at the individual level this effect is much weaker. Giving or receiving informal help from

friends or neighbours does not make individuals perceive their neighbourhood in a more positive way, and the neighbourhoods with higher average levels of help given or received actually have lower levels of positive attitudes towards neighbours. Neighbourhood-level analysis suggests also that communities 'specialise' in either formal involvement or informal sociability (there is no correlation between communities' levels of informal sociability and organisational involvement). These findings largely conform with the model of social capital proposing that contacts – both formal and informal – facilitate familiarity and stimulate trust (Putnam, 2000), although in British neighbourhoods 'schmoozing' seems to be a more effective way of enhancing social cohesion than 'maching'. Importantly, 'schmoozing' is more resistant to individual-level deprivation than formal activism. It should also be stressed that it is usually only one of these two types of interaction that is at play, even when the socio-economic context is controlled for. Therefore, analysis and operationalisations focusing on only one dimension or only one level of analysis are unlikely to yield satisfactory and informative results. Nor would they do justice to the complexity and multidimensionality of the theoretical construct of social capital.

The importance of neighbourhood features for explaining social capital, in comparison with the rather limited significance of respondents' individual status-related characteristics, sheds more new light on the process of social capital formation: the quality of the context in which interactions take place seems more important for generating trust and reciprocity than individuals' socio-economic position. Therefore, without accounting for the contextual characteristics we are unlikely to understand fully the determinants of formal and informal activism and social trust.

However, apart from allowing us to disentangle these methodological issues related to the empirical operationalisation of the phenomenon of social capital, the evidence presented above leads to more interesting and powerful conclusions. It reveals that there is only very limited empirical confirmation for the argument that racial diversity erodes social cohesion and destroys relations in local communities in Britain. The point of departure for this research was a concern expressed by politicians, commentators and regular members of the public alike that modern Britain is becoming 'too diverse' to maintain social cohesion and the sense of solidarity necessary for harmonious and steady development. They stress that the focus on heterogeneity should be abandoned for the sake of common values and ideals, and that *only then* will self-help, communication and cooperation within society be possible. However, this present research has shown that when the association between racial diversity and economic deprivation is accounted for, there is no evidence for the eroding effect of racial diversity on interactions within local communities. It has also demonstrated that interactions improve perceptions of a neighbourhood, regardless of its economic status or racial composition, but these interactions are far less frequent in poorer neighbourhoods. There is no deficiency of social capital



networks in diverse communities, but there is a shortage of them in the economically disadvantaged ones.

At the same time, racial diversity does have a direct negative effect on the perceptions of, and trust in, fellow neighbours. This is a puzzling finding: although people living in racially diverse neighbourhoods do not interact less with their neighbours, they declare less trust in them and less satisfaction from living in their neighbourhood. One possible explanation for this puzzle could point to the effect of media, such as framing or priming of racial attitudes and interracial relations. The evidence from research into media effects in the US suggests that the presence of explicit information and implicit clues about racial relations significantly influences attitudes towards racial diversity (Kellstedt, 2000). In particular, the racial 'coding' of crime and welfare in the minds of citizens results in perceptions of diversity as undesirable, which is frequently exploited in political campaigns (Valentino *et al.*, 2002). However, whether the media are to be blamed for magnifying the negative associations of racial diversity in Britain is a question for further research.

Evidence presented in this article has important policy implications. The negative effect of diversity on the quality of social and civic life in the local communities in Britain that seems to have become a basis for the government's strategy on how to approach diversity is largely spurious. There exists a relationship between solidarity, diversity and poverty. Solidarity is undermined by poverty, but the blame is placed on diversity, as a result of the fact that diversity and poverty are strongly associated.

In recent years ethnic and racial diversity has been increasingly identified as a key factor undermining social cohesion and social solidarity. The British government, in pursuit of a model for managing multiculturalism, has established a new strategy to deal with ethnic and racial differences based on the assumption that, since the serious cohesion crisis experienced by local communities is linked to diversity, the solution is to overcome differences and strengthen inter-community interactions and relations (Forrest and Kearns, 2001; McGhee, 2003). Reverting to neighbourhood relations, self-help and community spirit as a panacea for social problems offers 'an attractive (and cheaper?) alternative for tackling social exclusion and regeneration' (Forrest and Kearns, 2001, p. 2139). As a result, policies aimed at strengthening social cohesion and solidarity for the purpose of either preserving the welfare state or enhancing national identity focus on limiting the importance of cultural diversity in social life, at the same time marginalising the importance of social and economic assistance (McGhee, 2003).

This present research has not found evidence to support the thesis about the breakdown of social connectedness and social life in the diverse communities in Britain. It did find, however, that community cohesion and neighbourliness cannot be created in the context of economic inequality and deprivation. We know that scarcity is one of the key factors triggering conflict along racial and

class lines (Burns and Gimpel, 2000; Oliver and Mandelberg, 2000). We also know that ethnic groups face intergenerational disadvantage in terms of health, education and professional achievement (Roscigno, 1998). Finally, individual-level deprivation, regardless of one's ethnic background, limits opportunities to participate in social life and exercise civic rights (Li *et al.*, 2003; 2005), and neighbourhood deprivation is associated with poor living conditions and disorder (Ross *et al.*, 2001; Sampson and Groves, 1989). Each of these dimensions of inequality and deprivation individually offers an important explanation as to why poverty destroys social cohesion and solidarity, but in real life they tend to coexist and their effects accumulate. At the same time, each of them can be alleviated, but that requires government intervention and cannot be achieved solely by reverting to 'community relations'.

Therefore, the efforts to revive social cohesion through programmes focused on inter-community relations are misplaced if they underemphasise material deprivation, intergenerational disadvantage, crime and low community socio-economic status. To maintain social solidarity and community cohesion twenty-first-century Britain needs more social and economic equality, rather than more cultural unity. Until the link between diversity and deprivation is alleviated, British communities are likely to continue to face a crisis of solidarity and collective identity.

## Appendix

**Table A1: Dimensions of Social Capital: Standardised Factor Scores**

	I	II	III	IV	Intra-class	Design effect
(a) Enjoying living in neighbourhood	0.520				0.123	3.1
(b) Neighbours look out for each other	0.630				0.115	3.0
(c) Knowing people in neighbourhood	0.457				0.101	2.7
(d) Neighbours can be trusted	0.666				0.146	3.5
(e) Wallet returned	0.560				0.221	4.8
(f) Friends or neighbours over		0.741			0.049	1.8
(g) Visiting friends or neighbours		0.882			0.046	1.8
(h) Going out with friends or neighbours		0.434			0.064	2.1
(i) Taking part in organisations' activities			0.985		0.046	1.8
(j) Helping organisations			0.544		0.112	2.9
(k) Helping a friend or a neighbour				0.729	0.058	2.0
(l) Receiving unpaid help				0.439	0.080	2.4
Eigenvalue	2.023	2.840	1.384	1.038		

Note: Exploratory factor analysis with Varimax rotation.  $N = 15,093$ ,  $RMSA = 0.026$ . Design effect =  $1 + (s - 1)r$ , where  $s$  = average cluster size and  $r$  = intra-class correlation.

**Table A2: Exogenous Variables: Descriptives**

	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>SD</i>
Neighbourhood level, <i>N</i> = 839				
Racial diversity	0.000	0.729	0.297	0.244
Deprivation	2.19	77.58	33.74	19.02
Individual level, <i>N</i> = 15,093				
Age	16.00	98.00	46.39	18.70
Education (1 = degree, 0 = else)	0.00	1.00	0.17	0.37
Class (1 = salariat, 0 = else)	0.00	1.00	0.31	0.46

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### Notes

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- 1 For the discussion of the Labour government's attempts at 're-packaging and re-branding of the "British people"' and its "supermarket sweep" tendencies in relation to social theory; that is, the highly selective "smash and grab" deployment and understanding of concepts and social theory in New Labour's legacy of public policy making', see McGhee (2003, pp. 377–88).
- 2 The two main studies of social capital in Britain focus on aggregate patterns over time or individual-level multiple indicator assessment, but they do not investigate social capital in the context of a local community's ethnic diversity. See Hall (1999); Li *et al.* (2005).
- 3 It should be noted that there exists a growing body of literature and research arguing an opposite, 'top-down', approach to social capital and institutional performance, where social capital is endogenised and treated as a consequence rather than cause of an institutional setting. See Jackman and Miller (1998); Letki and Evans (2005); Muller and Seligson (1994); Rose-Ackerman (2001).
- 4 For theoretical discussions, see Bourdieu (1986); Coleman (1990); Lin (2001); for empirical research see Lowndes (2000); Marschall and Stolle (2004); Putnam (2000).
- 5 It seems that there is a conflict between the political scientists' approach stressing organisational involvement as a virtuous generator of social trust (Putnam, 2000) and the sociologists' approach focusing on generally defined networks as resources that an individual can use to his or her advancement (Bourdieu, 1986; Coleman, 1990; Lin, 2001). This rift also largely overlaps with the division between scholars who treat social capital as a community or individual resource. For a recent discussion of the commonalities and differences in particular approaches to social capital, see Li *et al.* (2005).
- 6 It should be noted, however, that Costa and Khan seem 'troubled' with their findings that segregation promotes social capital. They conclude their paper saying that 'From society's perspective, racial and ethnic equality and equality of access may be more important values than achieving greater civic participation' (Costa and Kahn, 2003, p. 109).
- 7 This line of argumentation is echoed in the British media and political discourse on the eroding effect of diversity on social cohesion and the welfare state. See Goodhart (2004); also *The Economist* (2004).
- 8 Accessed at, respectively, <http://www.statistics.gov.uk/census2001>; <http://www.odpm.gov.uk>. The data sets were merged by Giselle Baker and Patten Smith from BMRB.

- 9 The most popular indicators of social capital, interpersonal trust measured by means of a question whether 'Most people can be trusted', and membership in associations, present some interpretation problems, as it is not entirely clear how respondents define 'most people' and whether membership entails any actual interaction.
- 10 The 'rule of thumb' is that the design effect of 2 or higher requires a multi-level model.
- 11 The index is measured at the ward level, which is a higher level of aggregation than the neighbourhood. This is not problematic for the analysis, as less than 16 per cent of neighbourhoods are not uniquely assigned to a ward.
- 12 Previous research has demonstrated some differences in social capital accumulation among ethnic minorities in Britain (Li, 2005). However, these results were not confirmed in this present research.
- 13 For the discussion of multi-level structural equation models, see Hox (2002).
- 14 Program Copyright (c) 1998–2004 Muthén & Muthén.
- 15 Correlations between some observed indicators of social capital (e.g. trusting and knowing the neighbours) at the individual level were added because a model with no correlated error terms between these items did not fit the data adequately.

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