DEMOS

SOCIAL CAPITAL 2025
THE HIDDEN WEALTH OF NATIONS

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3ni national network for neighbourhood improvement

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Andy Haldane, CEO of the RSA and former Chief Economist for the Bank of England
Professor David Halpern, President Emeritus and founding director of BIT

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FOREWORD
BY POLLY CURTIS

The fundamental challenge facing governments across the developed world is how to achieve economic growth. In the UK, the new government has made achieving the highest sustained growth in the G7 the aim of its 'first mission'.

So far, the debate has focused primarily on infrastructure, housing and planning reform. Whilst these things are important, they are only part of the picture. As this paper by Andy Haldane and Professor David Halpern shows, we need to think bigger and bolder. Social capital is a hidden force that has a disproportionate impact on our economy, which policy makers often fail to see.

Over recent decades, policy makers have taken for granted the social and civic institutions that bind us together. As this paper demonstrates there is a clear link between those countries with higher levels of economic growth and high levels of social trust.

This is why Demos has repeatedly made the case for social capital and we are delighted to collaborate with Local Trust and 3ni on this series of papers. In *The Preventative State*, we argued that we needed a new 'foundational policy' to rebuild the social, civic and cultural infrastructure at a local level. These institutions are the spaces where people connect and build relationships with each other: they are the engine for social capital creation and the bedrock for economic growth. In our recent green paper, *Taking Back Control*, we outlined the need to focus on community-led solutions in restoring this infrastructure. In *The Gravitational State*, we made the case for the government to put strengthening citizenry at the centre of all its policy making.

Strengthening social capital is one of the few policy areas where there can be a genuine cross-party consensus. If we want to have a truly long-term impact, we need to work together.

Polly Curtis, Chief Executive, Demos

ABOUT THIS REPORT

This report, written by Andy Haldane (CEO of the RSA and former Chief Economist for the Bank of England) and Professor David Halpern (President Emeritus and founding director of BIT) makes the case for a greater focus on social capital in policy and practice. It is the first in a series published by Demos in partnership with Local Trust and 3ni, called **Social Capital 2025**. The series examines social capital and the contribution that strengthening it makes to improving economic and social outcomes, including for children, improving health and wellbeing and reducing crime and anti-social behaviour.

This series sits at the intersection of two pillars of Demos's work. The first, the Citizen Economy, looks at how to align the interests of citizens and the economy. We argue we need to embed a 'citizen' mindset in all the institutions in our economy, putting our shared interests at the heart of decision making. The second focuses on Public Service Reform, which we argue should empower citizens and workers and put them at the heart of public services in order to increase productivity and improve outcomes. In this series we make the case that strengthening social capital through concerted government action will ultimately fuel economic growth and community wellbeing and create a virtuous cycle. It builds on ideas we first presented in the paper The Preventative State.

FOREWORD
BY MATT LEACH

Over the last twelve years Local Trust has supported 150 resident-led initiatives across the country as they worked hard to build or rebuild the social fabric of their neighbourhoods.

The community activists and change-makers delivering Big Local have contributed to something that is critical to the success of any place – neighbourhood-level social infrastructure. The community-based organisations and activities that bring people together, building trust, friendship and mutual self-support. The spaces and places that host community activity, whilst at the same time offering familiarity, a sense of shared identity, and a broader focus for community life.

The types of activity they have invested in has differed from place to place. Spanning refurbished community hubs to revitalised sports clubs and facilities; older people's knit and natter groups to youth holiday schemes; food pantries to food growing projects; new parkland to play areas for toddlers. But they have often brought common benefits – addressing loneliness and isolation; providing access to green space and the arts and creativity; tackling the impact of poverty. Most importantly, they have helped create and sustain vibrant, inclusive spaces for local residents to come together.

This social infrastructure helps define, nurture and grow the social capital of these places. Something Robert Putnam defines as "the connections between individuals, including social networks and the norms of reciprocity and trustworthiness that result from them". Next year will mark thirty years since Putnam published his essay 'Bowling Alone: America's Declining Social Capital' and twenty-five since his book of the same name helped popularise and mainstream social capital as a key part of the policy debate.

Putnam's work helped inspire a generation of policy-makers and community practitioners. While it has been largely neglected (at least in the United Kingdom) over the last decade, this new essay series, published in partnership with Demos and 3ni, advocates for its reappraisal. The series highlights the latest thinking and insight on social capital and the contribution it makes to effectively addressing our most pressing socio-economic challenges.

Over coming months we will highlight the increasing evidence of the role of social capital in developing networks at a community level which help create better, healthier, thriving places for people to live, whilst also reducing pressure on increasingly stretched public services and finances.

This essay by Andy Haldane and Professor David Halpern is the first in the series. It considers the link between social capital and economic growth – clearly something that any administration focused on improving the economy will find hard to ignore.

In his most recent book, *The Upswing*, Robert Putnam sets out an optimistic vision of how a rediscovery of shared civic life can underpin a positive transformation in society. It is clear if you talk to the many thousands of people across the country involved in delivering the Big Local programme that it is a vision that is shared. If we're going to change the world for the better, we're going to have to do it together.

Matt Leach, Chief Executive, Local Trust

INTRODUCTION

> *Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time.*
>
> ***– Kenneth J. Arrow (Arrow, 1972)***

The importance of capital is familiar to both policy makers and the public. Financial capital is key for starting a business or starting a home. Human capital refers to the people and skills that power economies and lifetime earnings. Natural capital refers to the richness of the biosphere, while infrastructure capital refers to man-made assets such as roads, railways and power grids.

Social capital is a less familiar concept. It refers to the networks and trust that exist between people (Halpern, 2005). Its significance was first noted in policy work more than twenty years ago (Aldridge and Halpern, 2002). Yet, despite attracting only a fraction of the attention, evidence shows social capital is at least as important as other capitals for economic growth and wellbeing. In many ways, it is the societal wood that we cannot see for the trees.

In this short essay we summarise why social capital matters, how it has changed, and what policy makers can do to strengthen it.

PART 1
WHY SOCIAL CAPITAL MATTERS

Our social networks provide us with emotional and practical support. They lend us an ear, find out information, and provide material support when times get tough. The scale and reach of your social network matters, but so does its quality. The more trustworthy your contacts – be they people you know directly or familiar strangers – the more valuable your network.

Researchers sometimes distinguish between "bonding" and "bridging" social capital, terms popularised by Robert Putnam (Putnam, 1995). "Bonding" capital refers to close familial, friendship and group ties. Bonding social capital has a substantial impact on material support, health, and wellbeing. For example, bonding social capital is associated with substantial increases in wellbeing and helps protect against stress and deteriorating mental health. The US Surgeon General recently declared loneliness is as deadly as smoking (Algan et al, 2014; Snel et al, 2022).

"Bridging" capital refers to connections with people and groups who are not in our immediate network. This has a bearing on economic outcomes such as job prospects and social mobility. Getting a job – even just hearing about it – often depends on your 'weak ties' or extended network (Granovetter, 1973). Trust across an extended network leads to collaboration and exchange of both information and goods. This creates opportunities for learning, innovation and growth.

The economic benefits of social capital can be seen at individual, community and national levels. For nations, research shows a 10% increase in social trust is associated with a 1.3%–1.5% increase in relative economic productivity. That means if the UK increased social trust from its historic rate of around 35% to Nordic levels (or around 65%), UK growth would get a boost of more than £100bn a year (Bennet Institute, 2020). As Bjørnskov concludes (see box for further detail) the results:

> …suggest that a one-standard deviation of social trust – approximately the difference between France and Germany – is associated with a productivity increase of about 20% of a standard deviation (Bjørnskov, 2021).

Researchers have sought to understand the causal mechanisms through which social capital and trust boost growth within nations. The literature points to several inter-locking factors at work including: improved information flows; lower transaction costs (being able to seal a deal with a handshake); improved labour market functioning (employing the best person for the job, rather than a known family member); and higher trust leading to stronger institutions and more investment in public goods.

The literature remains thin on active interventions and randomised controlled trials that might pinpoint causal effects. Nonetheless, an elegant natural experiment studied by Helliwell and Putnam (1995) is illuminating. They modelled differential growth rates in Italy following regional government reforms in the 1970s and found that regions with higher social capital grew much more quickly. They say this shows how regions with higher social capital are better able to use this new governance capacity to boost growth.

Firms, organisations and communities also perform better with higher social capital. One study showed organising Chinese business owners into network-building groups increased their revenues by over 8% (Cai and Szeidl, 2018). Individual level effects are strong too. Children from lower income households see their incomes in adulthood increase by an average of 20% when they engage in similar social mixing as their higher income peers (Chetty et al, 2022).

Higher social capital appears to improve a range of other outcomes, as well as economic growth, including educational attainment; it seems to lower crime and fear of crime; and improve the efficacy of government. These may in turn further boost economic growth, as well as being of value in their own terms. In high social capital communities, kids skipping school get noticed and parents tell each other. Those children go on to have better educational outcomes, which over time will boost their earnings and wider economic growth.

Importantly, social capital has demonstrable effects both at the individual level and at the collective level – for example, the 'collective efficacy' of a neighbourhood reduces crime for all its residents.

Social capital can have a dark side, too. As with all forms of capital, it can be used to promote negative as well as positive outcomes. You can be a more effective criminal with a well-developed and trusted social network. Social capital can also operate in an exclusionary way, as seen in old boys' networks that help a select few at the expense of outsiders.

HOW STRONG IS THE EVIDENCE THAT SOCIAL CAPITAL BOOSTS ECONOMIC GROWTH?

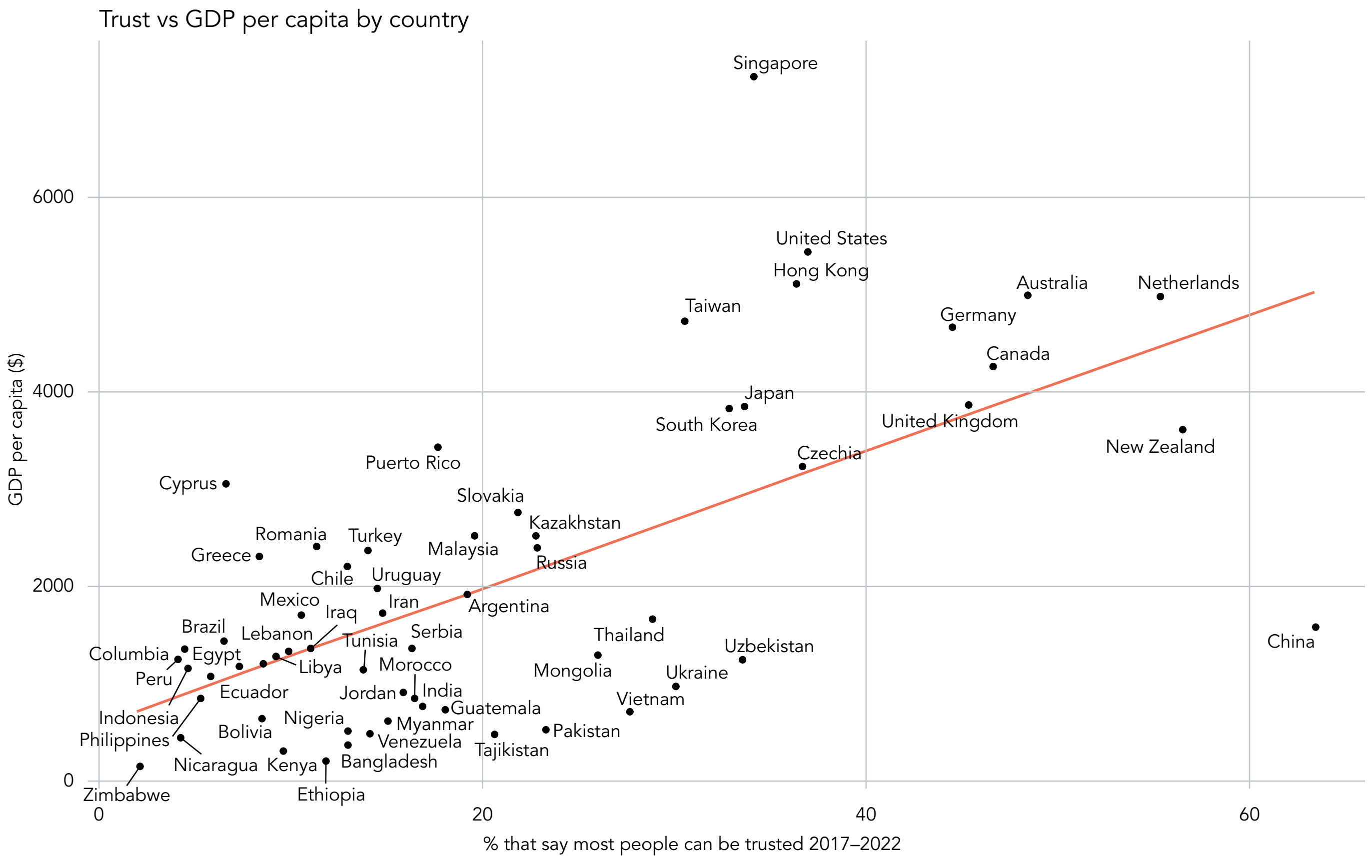
A classic paper by Knack and Keefer (1997) documented a strong positive correlation between social trust at the national level and economic growth. A study by UK economist Paul Whiteley (2000) replicated Knack and Keefer's findings. Whiteley found social capital could have an even bigger effect on growth than national differences in human capital.

Recently, models have examined the connection between social capital and economic growth in more countries. These mostly back up the findings of Whitely, Knack and Keefer. That social capital has been found to have such a large effect is partly explained by the huge range of trust levels across countries. Trust falls to below 10% in many developing nations and rises to around 70% in some Northern European countries. These map on to correspondingly large differences in economic growth rates (see Figure 1).

More sophisticated models have sought to decipher the causal direction of the trust-growth relationship. A recent paper by Sztaudynger et al (2022) used the European Social Survey, which measures social trust, helpfulness and fairness, to create a combined measure called "cooperation capital". They found that an eighth of economic growth could be ascribed to "an increase in cooperation capital", most of which occurs with a 1-4 year time lag (adjusted r-squared = 82%).

A recent in-depth paper by Bjørnskov (2021) analysed 64 countries in five-year periods between 1977 and 2017. It controlled for factors including religion, system of government, ethnic diversity, communist and post-communist, and so on. Bjørnskov concluded that social trust drives growth by increasing productivity. The effect is not mediated by other factors such as increases in labour supply, education, or capital accumulation (the latter intriguingly falling as a result of higher trust).

FIGURE 1: GDP PER CAPITA IS STRONGLY ASSOCIATED WITH LEVELS OF TRUST



Source: BIT analysis of data from the World Values Survey *and* Our World in Data

PART 2
HOW HAS SOCIAL CAPITAL CHANGED?

Evidence suggests that at least some forms of social capital have declined over recent decades. Across Western societies, including in the UK, many traditional strongholds of social bonding, such as working men's groups, trade unions and religions, have become less prominent. This has coincided with the emergence of new forms of social capital, such as social media. These changes lie at the centre of a debate about whether social capital has in fact declined, or simply evolved.

In the early days of social media, political scientist Robert Putnam was asked how it related to social capital, and whether it would strengthen or weaken connections between people. He said it would depend on whether it evolved into a "fancy television" or a "fancy telephone". If the former, it would reduce social capital. If the latter, it could boost it. It was a perceptive observation. Subsequent work showed a positive connection between friends "in the physical world" and a person's wellbeing (Helliwell and Huang, 2013). More friends in the online world made no difference.

Recent research suggests the relationship between social media and other outcomes may also be contingent on other factors, notably your prior level of social capital and your age. In other words, it can be a great way to maintain existing social capital, but it may not be a good way to build it.

Social psychologist Jonathan Haidt has led the charge that social media is particularly problematic for teenagers. He argues young people need flesh and blood relationships to develop the social skills required for a happy and successful life. Social media platforms that monopolise attention and keep young people in thrall to "likes" stop young people having these experiences. BIT work with young people certainly seems to support Haidt's view.

One troubling finding is that more recent generations report more social interaction, but of lower quality. Using data from across the Anglo-Saxon nations, the economist John Helliwell found that Millennials had higher levels of social interaction than Boomers, yet reported double the level of loneliness (Helliwell et al, 2024). This has been linked by Helliwell and others to the falls in life satisfaction and happiness in younger generations in these nations so that today older people are now generally happier than young people, reversing the pattern from a decade ago.

TOWARD A GENERAL DEFINITION

Alongside this debate, there has been a quest for more general or foundational measures of social capital. A strong candidate is "generalised social trust", measured through questions such as "generally speaking, do you think people can be trusted?" (see below). There has also been work to assess whether changes in social capital can be picked up in government administrative data, providing small and seemingly innocuous signals that deeper changes are occurring in the social fabric, such as falling response rates to national surveys.

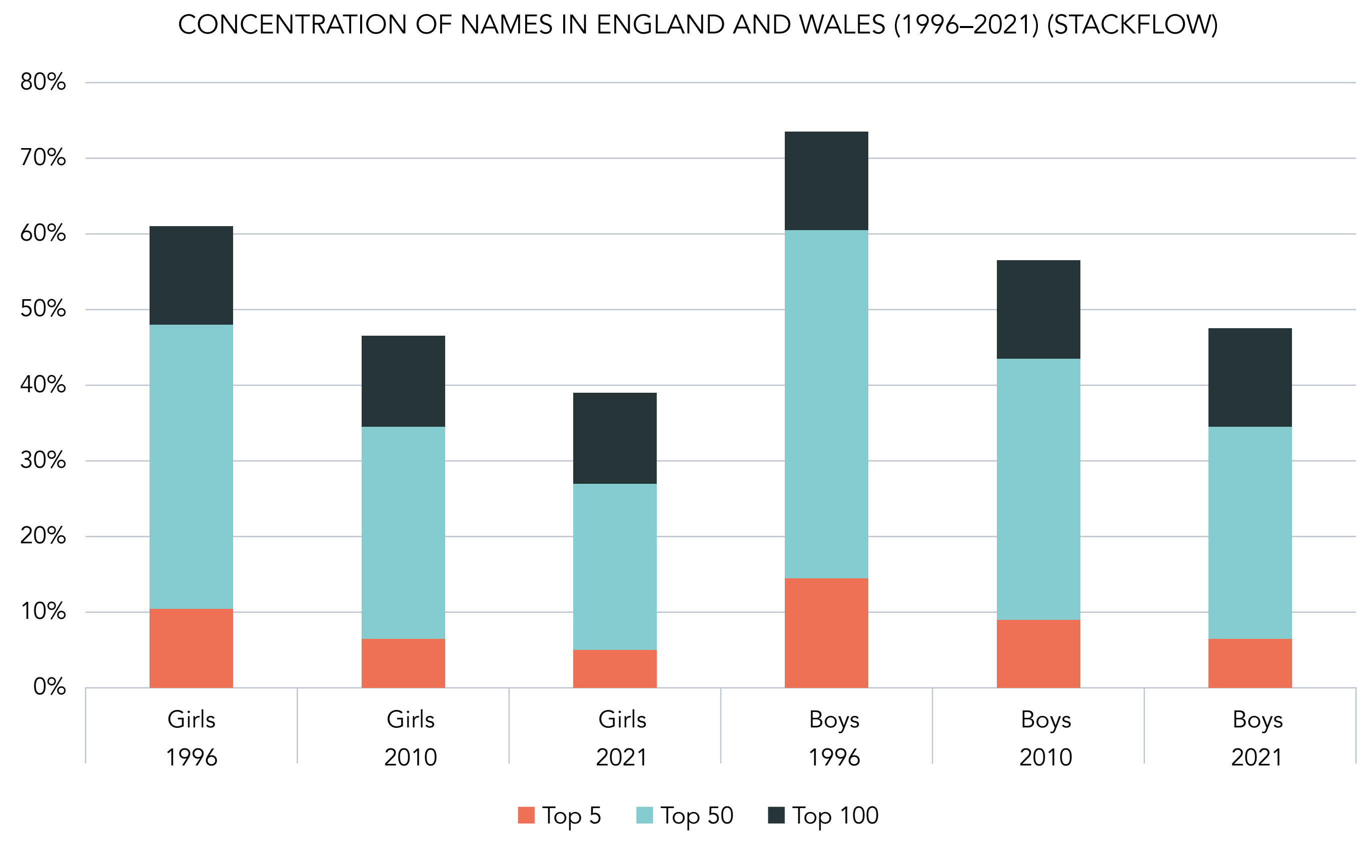
Putman's book, *The Upswing*, showed social capital in the US increased steadily from the 1890s through to the late 1960s, but has since declined. His assessment was based on wide ranging measures of social capital: the number of car drivers giving each other "the finger"; frequency of picnics; declines in survey participation; and even the ratio of the words "I" to "we" in writing.

In one of Putnam's more ingenious methods, he showed that children's names were a close correlate of other measures of social capital. In periods of high social capital (such as the 1950s and 1960s) a small number of names, such as John, become highly dominant. By contrast, in low social capital periods (such as 1890-1930 or more recent decades) parents instead chose names that were more differentiated. Putnam argues that the selection of common names reflects a desire for a child to fit in. By contrast, unusual names suggest an emphasis on individuality and uniqueness, or of 'going it alone'.

THE UK: A COMPLICATED PICTURE

Previous work shows the UK followed a similar trajectory to the US, with social capital declining from the 1960s to the millennium (Halpern, 2005). However, the story of the last two decades is more complicated. For example, UK naming trends have followed a similar path to the US, with less concentration over time – a sign, according to Putnam, that society is becoming more individualistic. However, other measures of social capital tell a different story.

FIGURE 2: UK BABY NAMES HAVE BECOME LESS HOMOGENOUS OVER THE PAST 30 YEARS

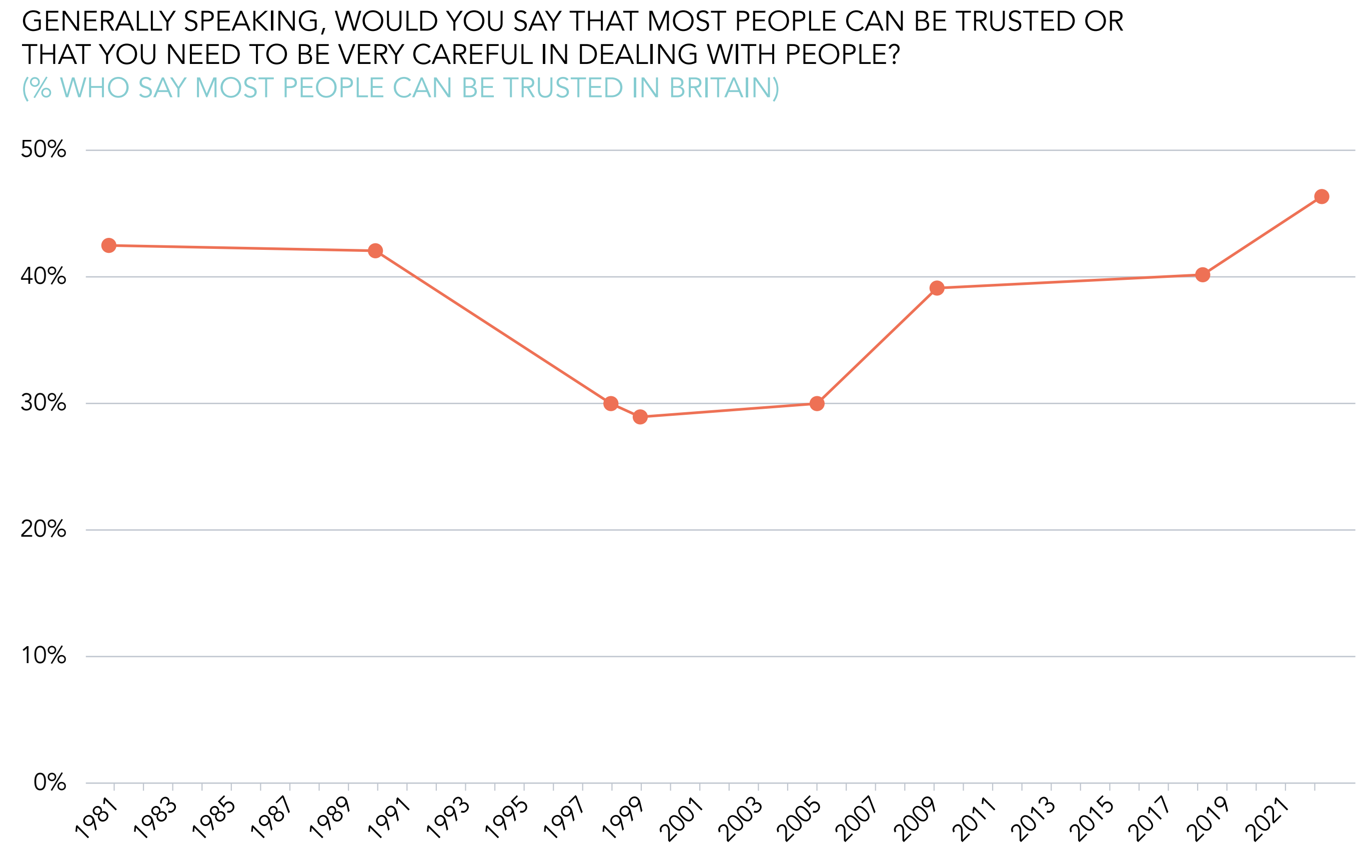


Source: ONS data

One example is political polarisation. The UK has seen a steep rise in *affective polarisation* – negative sentiment felt towards people with opposing political identities, as seen after Brexit. But, unlike the US, the UK has relatively low *issue polarisation*: when asked about specific policy areas, such as gender roles and healthcare, UK citizens are increasingly aligned (Duffy et al, 2019).

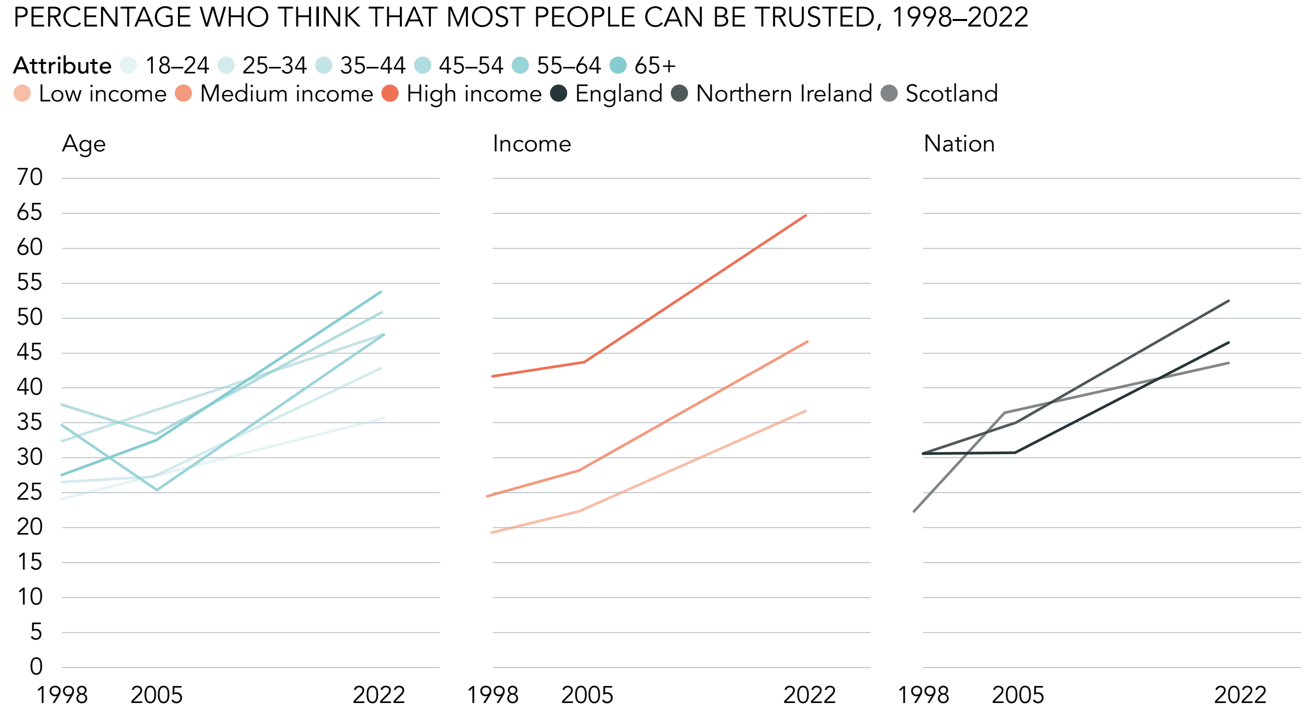
Promisingly, social trust – one measure of social capital – has recently ticked upwards in the UK. Recent research shows interpersonal trust (whether people think others can be trusted) is at its highest in the UK since 1981. And in the most recent wave of the World Values Survey, the UK ranked 6th out of 65 countries. BIT's analysis shows that this increase has been seen across all age, income and regional groups in the country.

FIGURE 3: TRUST LEVELS IN THE UK HAVE BEEN RISING FOR 20 YEARS



Source: King's College London

FIGURE 4: TRUST HAS INCREASED ACROSS ALL AGE, INCOME AND REGIONAL GROUPS IN THE UK



Source: BIT analysis of data from the World Values Survey

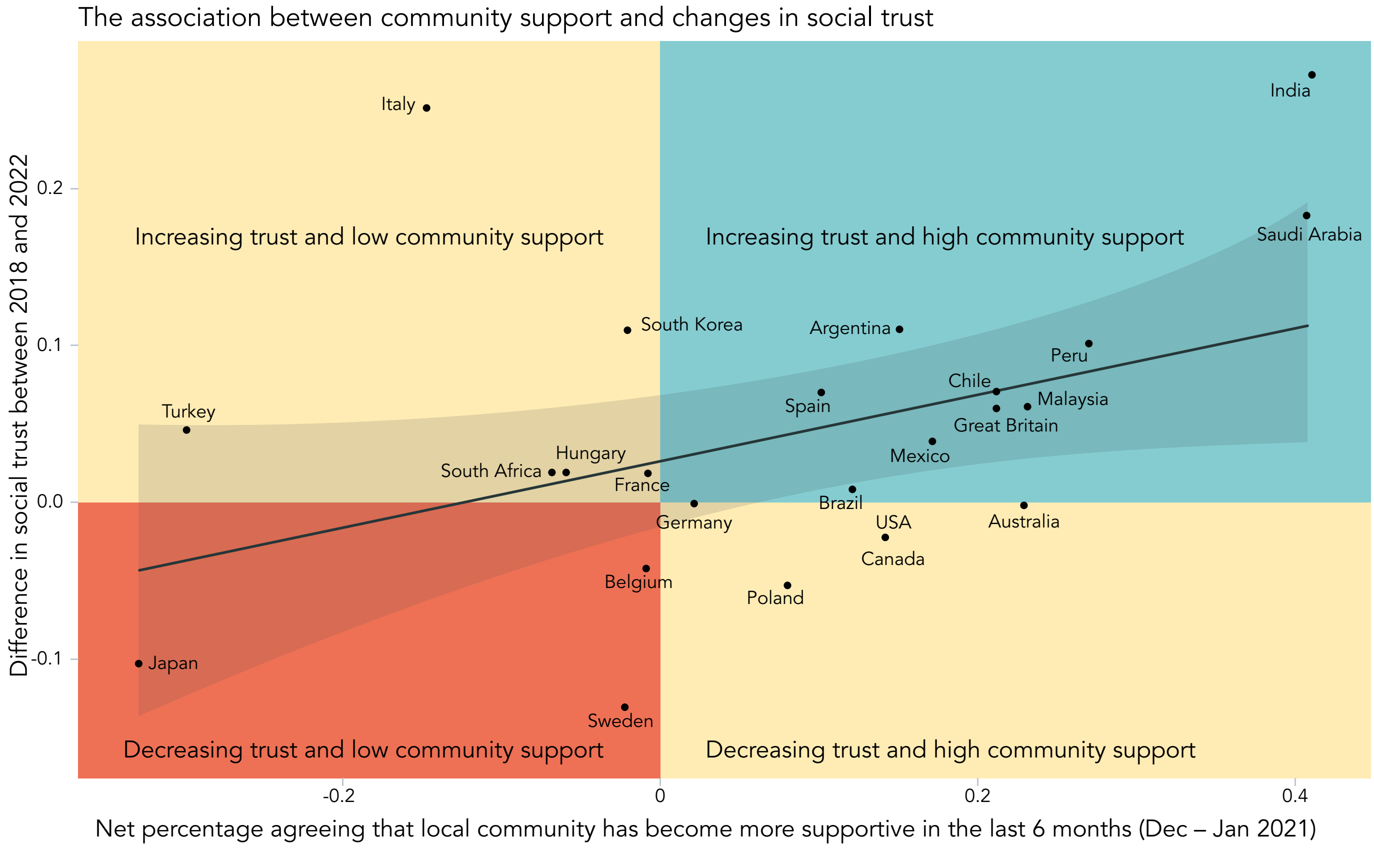
COVID AND SOCIAL CAPITAL

The Covid pandemic appears to have affected levels of social capital, though different countries have been affected in different ways (see Figure 5). For many people, the narrowing effect of lockdowns was positive and brought us closer to our neighbours. Similarly, acts undertaken on behalf of others, like wearing facemasks, became highly visible expressions of collective responsibility.

In the UK, there were significant increases in informal volunteering. People had more meaningful conversations with their neighbours and felt more comfortable asking for help (DCMS, 2020). Some research suggests the pandemic had a positive effect on national unity within the UK (Abrams and Lalot, 2021). Though some metrics have returned to pre-pandemic levels, others indicate the pandemic brought about lasting improvements in trust.

This phenomenon wasn't unique to the UK. Other countries, such as Spain, Mexico and India also saw a boost in trust scores during the pandemic. Gallup data shows that, across the world and across generations, on average people become more likely to report helping a stranger, making a donation, and volunteering. However, some nations experienced the opposite, not least the US, whose long-term decline in measures of social capital continued. High trust Sweden and Japan also saw a decline in social trust.

FIGURE 5: COUNTRIES WITH INCREASING SOCIAL SUPPORT DURING COVID WERE MORE LIKELY TO SEE INCREASES IN SOCIAL TRUST



Source: BIT analysis of Ipsos 2018 and 2022 trust data, alongside Ipsos 2021 survey on community support

PART 3
HOW CAN POLICY MAKERS IMPROVE SOCIAL CAPITAL?

Successive governments and political parties have sought to boost social capital. During the late-Thatcher years, Douglas Hurd promoted the idea of Active Citizenship, which emphasised the value of volunteering and community work. This was followed by an all-party Speaker's Commission on Citizenship in 1990 (Oliver, 1991). In the Major and Blair years, there was some interest in "communitarianism". Blair's Strategy Unit published probably the earliest formal government document that explored the nature and effects of social capital (Aldridge and Halpern, 2002). Some of this thinking was incorporated into the New Deal for Communities.

In some ways, Cameron was the most overt of all recent UK Prime Ministers in promoting the importance of social capital through the notion of the Big Society. Yet aside from programmes such as the National Citizen Service, the Cameron administration struggled to translate the Big Society idea into practical action. This was partly because of political differences within the coalition, including scepticism that it was cover for cuts. But there was also uncertainty in the civil service about how to operationalise the concept (and arguably an erroneous conflation of the concept of social capital with volunteering).

Part of the problem lies in how governments are structured. Every government in the world has an education department to develop human capital. Almost all have a department focused on the environment or net zero to protect natural capital. Infrastructure is covered by transport and housing departments. Social capital, however, straddles many departments, making it hard to coordinate a strategy to support it. In the UK, both the Ministry of Housing, Communities and Local Government and the Department for Culture, Media and Sport might claim to hold part of the social capital portfolio, while others such as the Department for Education, the Department for Transport, and the Department for Business and Trade (DBT) control levers that likely affect it.

Despite solid evidence of the effect social capital has on growth, inequality and opportunity, it remains curiously neglected by most economic ministries. The UK is no exception. Social capital does not feature at all, for example, in the UK Treasury or DBT's long-standing ("five-factor") model of economic growth. It did, however, play a prominent role in the last government's White Paper on levelling up, published two years ago (DLUHC, 2022).

Government policies and services often affect social capital, sometimes in unintended ways. For instance, there is evidence that smaller social settings increase social mixing and help break down socio-economic divides. Yet state-funded secondary schools – a key determinant of social networks – have tripled in size since the 1950s (Chetty et al, 2022b). There is also increasing wealth segregation in schools (Latham, 2024). The highest performing schools in particular take 22% fewer students eligible for free school meals than the average. This is particularly alarming given recent work showing the large effects bridging social capital has in schools and subsequent social mobility (Chetty et al, 2022). Competitive school catchment areas in effect mirror this segregation into whole communities.

In the UK, and other countries, university graduates report much higher levels of social capital (The Sutton Trust, 2021). Graduates in the UK are around two-thirds more likely to trust others. In other countries the effect is even larger: college graduates are around 2.5x more likely to trust others in the US, Germany and France – and analyses suggest a large part of this effect is causal (Huang et al, 2011). The causality is not simple to untangle, but it is likely that the residential, high trust environment of UK undergraduate life builds strong social networks and trusting relationships that last for a lifetime. Such social capital in turn contributes to the earnings premium that follows from a UK university degree, in addition to the human capital that accrues from completing that degree.

Recognising the importance of social capital should inspire a new approach to policy making, with novel ways to address both economic challenges (such as boosting social mobility) and social problems (such as the loneliness epidemic). Below are some policy suggestions that demonstrate – at the micro, meso and macro levels – how that might be done.

MICRO

- **Youth experiences.** The National Citizenship Service (NCS) was one of the few policy programmes overtly designed to build young people's social capital. Crucially, it aimed to boost bridging social capital among those from disadvantaged backgrounds. However, it was a relatively expensive programme and the government decided it should be closed in March 2025. Evaluating which elements produce the most social capital would enable the most effective parts of the NCS to inform the design of future programmes. Similarly, it is worth exploring how other programmes for young people, including those aimed at other age groups such as Scouts and Guides, might directly but inexpensively boost bridging social capital. This should be a priority given evidence that broadening social networks at a young age makes a significant difference to outcomes later in life.

- **Bridging to connected adults.** Programmes that directly increase and strengthen young people's bridging social capital may be of particular value. For example, Founders for Schools, developed by the tech entrepreneur Sherry Coutu, provides an ingenious and efficient way for teachers to identify and invite successful local entrepreneurs and business people into schools. This directly enriches the social networks of young people and appears to inspire them to make different educational choices (such as taking up more STEM subjects).

- **Residential education.** University students from lower income families disproportionately live at home during university because maintenance grants rarely cover student housing. Further Education institutions, which lower income students are more likely to attend, don't have campuses where students can stay. This means the lowest income students often miss out on the enormous social capital benefits university offers. Supporting lower income students to live on site, alongside their more affluent peers, for their first university year could boost their networks and future outcomes.

- **Move to connect.** Being close to family positively affects our wellbeing. Yet many older people end up in larger properties than they need, with barriers that inhibit moving closer to friends or family. Removing these barriers could give a small but important boost to social capital. In social housing, this might include introducing a 'right to move somewhere else' alongside the existing Right to Buy scheme. Older people might be enabled to redeploy the capital locked into their current property to buy a more suitable property closer to their family. For homeowners, this might take the form of re-tuning stamp duty to incentivise downsizing. For example, in France, capital gains tax drops sharply for people who have owned their own houses for more than 21 years.

MESO

- **Community development.** Local Trust and others have developed small area mapping of both socio-economic and social capital measures in local areas. This sits alongside geographical mapping of charitable and civil society activity that can help to identify social capital blackspots that merit targeted support. Previous UK programmes, supporting a mix of full and part-time community organisers and their training, showed promising results. We should revisit such programmes with improved targeting, greater longevity and stronger evaluation.

- **Social media use.** The argument that current levels of social media use by young people in schools is damaging both mental health and learning outcomes is increasingly persuasive. It also leads to 'thinner' forms of social capital. The evidence is now strong enough to suggest that the default in schools should be more restrictive use of social media (OECD, 2023). A more sophisticated approach would be to expose the experiential and social capital effects of different social media to put market pressure on platforms to promote non-harmful use (building on the work of the Royal Society for Public Health) (Halpern et al, 2024; RSPH, 2017).

- **Neighbourhood networks and directories.** Despite the emergence and expansion of social media, local and neighbourhood-based networking remains strikingly uneven and underdeveloped. At the same time, traditional forms of local connection, such as local papers and community centres and churches, have declined. There have been multiple attempts to plug this gap, from platforms such as Nextdoor to Street Bank (for the sharing of assets and skills), but none have reached their full potential. Tuning and refining such local networking platforms, including the critical balance between connection and privacy, could be a good way forward.

- **Co-housing.** The UK has a particularly narrow range of housing options compared with some countries. The Netherlands, for example, has a much more extended market of co-housing: developments that offer clusters of small private dwellings built around attractive common kitchens and dining areas. These offer an attractive alternative form of cross-generational living. They make it easy for people to switch between the privacy of their own home and a more communal existence. This can both lower the cost of housing and help nurture social capital.

- **Business networks**. Business networks are vital for improving investment and stimulating growth. Existing subsidies for small businesses could therefore be used to assign business leaders to peer groups at similar stages of development, enabling knowledge transfer and technological dissemination. The Steinbeis system in Germany does something similar across German companies.

MACRO

- **Solving the trust problem.** A feature of high trust countries is that they have high trust between relative strangers, as captured by generalised social trust measures (Halpern et al, 2024). This social trust is not blind. Rather it reflects experience of trustworthiness. Governments – and potentially commercial and civil society organisations – could do more to help citizens and consumers work out who and what can be trusted. This also changes incentives for businesses and organisations. Those who let people down are easier to detect and avoid, while those who deliver and prove themselves trustworthy gain market share.

- **Avoid welfare systems that signal mass distrust.** Bo Rothstein, a leading expert on public administration, legitimacy and trust, found a striking result when explaining different levels of trust in generally high-trust Swedish society (Rothstein, 2001). A key factor appeared to be exposure to means-tested benefits. His hypothesis was that the design of these benefits, at least within the Swedish system, inadvertently signalled and fostered social distrust. Claimants were treated as if they were trying to cheat the system. Even if they were completely honest, the system was implying that others must be trying to cheat, triggering what behavioural scientists call "social proof". Indeed, welfare systems often overestimate the prevalence of cheating. Wherever possible, it is better to design systems with a presumption that most people are honest. As previous BIT work on jobseekers has shown, recalibration of welfare systems along these lines can get people back to work faster and improve satisfaction and trust.

- **Nurturing common experience and values.** Nations are to some extent legal fictions built on common experiences, values and identities. Though they are hard to measure and analyse, shared experiences are almost certainly one of the vehicles through which social capital is built at the national level. Examples in recent decades may include the Olympics, the death of the Queen, and even Covid. Everyday shared experiences may matter too, such as the role played by the BBC and popular TV shows and films. Content also matters. Social norms and notions of acceptability are to some extent based on behaviours seen in popular media. These common social norms are pivotal to enabling us to collaborate and cooperate with strangers effectively.

CONCLUSION

Social capital appears to be one of the most important, but neglected, factors in explaining the growth of economies and the health of our societies. Differences in social capital appear to explain far more about patterns of social mobility and wellbeing than was previously thought, as the groundbreaking recent research by Raj Chetty illustrates (Chetty et al, 2022).

The Behavioural Insights Team (BIT), the RSA and Raj Chetty's team, with the support of the Nuffield Foundation and Meta's Data for Good programme, are working together to dig more deeply into these social capital effects in the UK. We want to deepen our understanding of these effects, so that we can build a programme of policy interventions that can be tested and implemented in the field.

We take for granted the lengths to which governments and citizens go to nurture human, natural and financial capital. Now, we must bring that same vigour to the most elusive capital of all: social capital. Though hard to measure and define, the evidence is clear – social capital is of profound value to individuals, communities and nations. **It's time to take it seriously.**

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Designed from the outset to be radically different from other funding programmes, at the heart of Big Local is a vision of empowered, resilient, dynamic, asset-rich communities making their own decisions on what is best for their area. Local Trust's mission has been to try and transform left behind places, building capacity in areas which have little supporting civic activity to enable more people and communities to build local assets and social infrastructure.

At the heart of Local Trust's work is the belief that long-term funding and support to build capacity gives residents in hyper-local areas agency to take decisions and to act to create positive and lasting change. Find out more at www.localtrust.org.uk

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