

**Local social capital and geographical mobility:  
Some empirics and a conjecture on the nature of European  
unemployment**

5<sup>th</sup> ECB/CEPR Labour Market Workshop  
“Recent Trends in European Employment”

Quentin David<sup>1</sup>, Alexandre Janiak<sup>2</sup> and Etienne Wasmer<sup>3</sup>

<sup>1</sup> ECARES, Université Libre de Bruxelles

<sup>2</sup> Universidad de Chile and IZA

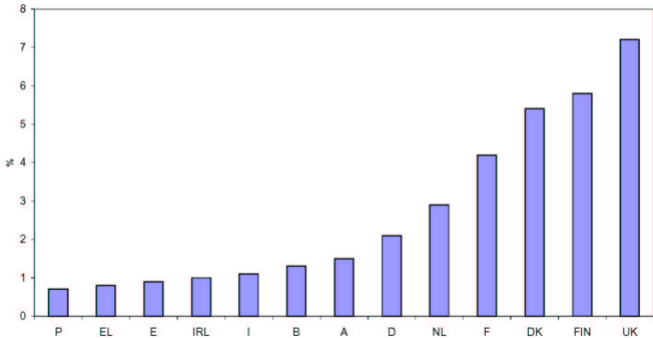
<sup>3</sup> Sciences Po-Paris, OFCE, CEPR and IZA

## Low geographical mobility in Europe

- Possible explanation for unemployment in Europe: workers do not move to dynamic regions and stay in depressed regions.
- Three possible joint causes for unemployment and immobility:
  - Labor market imperfections with too generous unemployment compensation.
  - Strong employment protection.
  - Goods market imperfections with too few job creation.

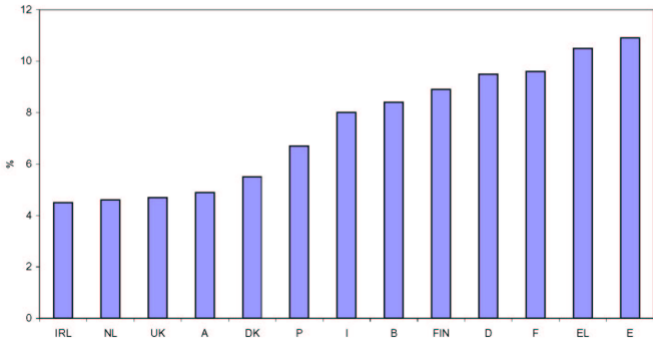
## Mobility Rates (1995-2001)

Source: Wasmer et al. (2005)



## Standardized Unemployment Rate (2005)

Source: OECD



## Introducing local social capital

- This project studies the links between local social capital, geographical mobility and unemployment.
- We think of social capital as the outcome of an investment, e.g. cost and returns.
- In David et al. (2008), agents maximize

$$E[U(S)] - C(S)$$

- Local means that it depreciates upon mobility:

$$U(S) = \begin{cases} S & \text{if doesn't move} \\ (1 - \delta)S & \text{if move} \end{cases}$$

## In a companion paper

- In David et al. (2008), we develop a model: 2 periods, 2 regions
- social capital depreciates along 2 margins:
  - geographic (if agent moves to another region)
  - and professional (if agent becomes unemployed)
- The agent invests in social capital in the 1<sup>st</sup> period and receives job offers in the 2<sup>nd</sup> period
- Higher stock of local social capital:
  - lower probability of moving
  - higher probability of unemployment
- But also complementarities:
  - If expects low mobility, she invests more in local K
  - If social aggregate externalities, then multiple equilibria
  - Employment protection induces higher investment in local K

## This paper

- We use individual data from the European Household Panel Database (EHP)
- 12 European countries, annual data, 1994-2001
- We build social capital measures from 3 questions:
  - How often do you talk to any of your neighbors?
  - How often do you meet friends or relatives not living with you, whether here at home or elsewhere?
  - Are you a member of any club, such as a sport or entertainment club, a local or neighborhood group, a party etc...?
- We think of the first 2 as local,
- while the 3<sup>rd</sup> may not be local

## Summary of the results

- A “short-run” relation:
  - Individuals endowed with more social capital are less likely to move between areas
  - Individuals endowed with more local social capital are more likely to become unemployed
  - Members of a club are less likely to become unemployed
- A “long-run” relation:
  - Workers born in a region different from their birth region have a lower stock of social capital
- Some macro regressions

## Individual data

- We estimate probits for the probabilities of moving and being unemployed for the individual  $i$ :

$$P_m^{i,t+1} = f\left(\alpha_1 \text{friend}_{i,t} + \alpha_2 \text{neib}_{i,t} + \alpha_3 \text{clu}_{i,t} + x_{m,i,t} + \varepsilon_{m,i,t}\right)$$

$$P_u^{i,t+1} = g\left(\beta_1 \text{friend}_{i,t} + \beta_2 \text{neib}_{i,t} + \beta_3 \text{clu}_{i,t} + x_{u,i,t} + \varepsilon_{m,i,t}\right)$$

- We build a frequency index for the social capital measures
- Controls: gender, house tenure, age category, years of education, a dummy for unemployment, household size, marital status, time and region/country effects.

## Some tentative IV regressions

- Two types of endogeneity:
  - Simultaneity: *I don't talk to my friends if I am about to move*
  - Non observable talent: *I move frequently and I am good at making friends*
- We tried several instruments in separate regressions:
  - Lagged variables
  - Regional social capital
  - Regional family structure from Todd
  - Regional population density
  - Regional turnout rates

Table 2: *Summary of the Results for Inter-Area Mobility*

	probit	probit	probit	probit	probit	probit	probit	probit
Friends	-0.139 (5.06)**			-0.104 (3.54)**	-0.115 (3.94)**			-0.079 (2.51)*
Neighbors		-0.149 (5.48)**		-0.125 (4.29)**		-0.159 (5.44)**		-0.141 (4.46)**
Club			-0.063 (3.08)**	-0.059 (2.85)**			-0.059 (2.59)**	-0.055 (2.40)*
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region Dummies	No	No	No	No	Yes	Yes	Yes	Yes
	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit
Friends	-0.454 (5.08)**			-0.378 (3.65)**	-0.413 (4.39)**			-0.330 (2.99)**
Neighbors		-0.146 (2.27)*		-0.001 (0.01)		-0.145 (2.07)*		-0.007 (0.08)
Club			-0.040 (0.86)	-0.010 (0.21)			-0.021 (0.41)	0.006 (0.12)
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region Dummies	No	No	No	No	Yes	Yes	Yes	Yes
	IVprobit	IVprobit	IVprobit	IVprobit				
Friends	-0.253 (0.99)			0.260 (0.69)				
Neighbors		-0.876 (2.99)*		-0.866 (2.01)*				
Club			-0.605 (1.40)	-0.415 (0.91)				
Time Dummies	Yes	Yes	Yes	Yes				
Country Dummies	Yes	Yes	Yes	Yes				
Region Dummies	No	No	No	No				

Notes: As additional explicative variables, the above regressions include sex, house tenure, age categories, years of education, a dummy for unemployment, household size, marital status. For the first set of IV estimations, social capital measures are instrumented by their lag and the lag of the other explicative variables.

For the second set of IV estimations, social capital measures are instrumented by the regional average of social capital measures and their lag. See Tables 10, 11 and 12 in the Appendix for more detailed results.

Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 3: Summary of the Results for Individual Unemployment

	probit	probit	probit	probit	probit	probit	probit	probit
Friends	0.005 (0.39)			0.005 (0.38)	-0.004 (0.27)			-0.003 (0.18)
Neighbors		0.052 (4.04)**		0.061 (4.53)**		0.045 (3.23)**		0.058 (3.90)**
Club			-0.131 (11.74)**	-0.133 (11.87)**			-0.135 (10.57)**	-0.137 (10.67)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region Dummies	No	No	No	No	Yes	Yes	Yes	Yes
	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit	IVprobit
Friends	0.116 (2.86)**			0.096 (2.00)*	0.090 (2.02)*			0.068 (1.29)
Neighbors		0.163 (5.36)**		0.165 (4.59)**		0.145 (4.27)**		0.160 (3.96)**
Club			-0.254 (10.72)**	-0.271 (11.24)**			-0.244 (9.06)**	-0.260 (9.47)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region Dummies	No	No	No	No	Yes	Yes	Yes	Yes
	IVprobit	IVprobit	IVprobit	IVprobit				
Friends	0.572 (5.88)**			0.328 (2.11)*				
Neighbors		0.231 (2.23)*		0.308 (1.84)				
Club			-2.153 (14.16)**	-2.245 (13.45)**				
Time Dummies	Yes	Yes	Yes	Yes				
Country Dummies	Yes	Yes	Yes	Yes				
Region Dummies	No	No	No	No				

Notes: As additional explicative variables, the above regressions include sex, house tenure, age categories, years of education, a dummy for unemployment, household size, marital status. For the first set of IV estimations, social capital measures are instrumented by their lag and the lag of the other explicative variables.

For the second set of IV estimations, social capital measures are instrumented

by the regional average of social capital measures and their lag. See Tables 14, 15 and 16 in the Appendix for more detailed results.

Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 4: *Probabilities of moving and being unemployed: examples*

	Probability of $\rightarrow$	Moving	Unemployment
Italian man, owner, 36-45 years old, married, living with someone, year 2000	No social capital	0.20%	4.18%
	If friends and family, every day	-0.16%	+0.48%
	If neighbors, every day	-0.04%	+0.82%
	if club	-0.02%	-1.43%
Fraction of mobility reduced by the maximum combination of social capital		-100%	
Fraction of unemployment added by the maximum combination of friends and neighbors			+31%
Dutch woman, tenant with rent, 26-35 years old, never married, living alone, year 1996	No social capital	6.31%	7.79%
	If friends and family, every day	-3.95%	+0.83%
	If neighbors, every day	-0.76%	+1.41%
	If club	-0.28%	-2.51%
Fraction of mobility reduced by the maximum combination of social capital		-79%	
Fraction of unemployment added by the maximum combination of friends and neighbors			+29%

Note: the above probabilities are computed from the fitted values of the instrumental variable probit regression from Tables 11 and 15 with country dummies and all social capital measures introduced as regressors.

## The Reverse causality: the “long run”

- Now the dependent variable: social capital measures
- Explicative variable: dummy equal to 1 if born in another region

Table 5: *Summary of the Results for Long-Run Social Capital Investment*

Social Capital:	Friendfreq		Neibfreq		Club	
Estimation Method:	OLS		OLS		Probit	
Born in another region	-0.04	-0.04	-0.039	-0.034	-0.116	-0.09
	(13.43)**	(13.25)**	(10.93)**	(9.40)**	(9.25)**	(6.89)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	No	Yes	No	Yes	No
Region Dummies	No	Yes	No	Yes	No	Yes

Notes: As additional explicative variables, the above regressions include sex, house tenure, age categories, years of education, a dummy for unemployment, household size, marital status. See Table 17 in the Appendix for more detailed results.

Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 18: *Summary of results for some additional regressions*

	Unemployment longer than a year during 5 last years?			Unemployed before current job?		
	Probit	Probit	IV Probit	Probit	Probit	IV Probit
Friends at t	0.009 (0.43)	0.002 (0.1)	-0.161 (0.45)	0.004 (0.6)	0.001 (0.15)	-0.117 (0.57)
Neighbors at t	0,033 (1.38)	0,046 (1.91)	0,252 (0.68)	0,038 (2.58)**	0,033 (2.12)*	0,892 (4.10)**
Club at t	-0.113 (5.64)**	-0.104 (4.94)**	-2.196 (5.77)**	-0.111 (9.45)**	-0.1 (7.77)**	-2.082 (9.63)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	No	Yes	Yes	No	Yes
Region Dummies	No	Yes	No	No	Yes	No
Observations	109258	101314	80090	279735	245971	201484
Pseudo $R^2$	0.11	0.11	0.1	0.06	0.08	0.07
	Log of unemployment before current job			Unemployment before current job		
	OLS	OLS	IV	OLS	OLS	IV
Friends at t	-0.009 -0.42	-0.013 -0.55	0.304 -0.95	-0.003 -0.01	-0.092 -0.42	2.754 -0.89
Neighbors at t	0.031 -1.21	0.051 (2.03)*	0.303 -0.91	0.392 -1.67	0.58 (2.33)*	8.396 (2.29)*
Club at t	-0.067 (3.42)**	-0.055 (2.67)**	-3.505 (9.95)**	-0.719 (4.70)**	-0.55 (3.15)**	-42.575 (10.07)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Tenure Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	No	Yes	Yes	No	Yes
Region Dummies	No	Yes	No	No	Yes	No
Observations	83910	76289	63402	279586	245892	200878
$R^2$	0.18	0.2	0.17	0.07	0.11	0.07

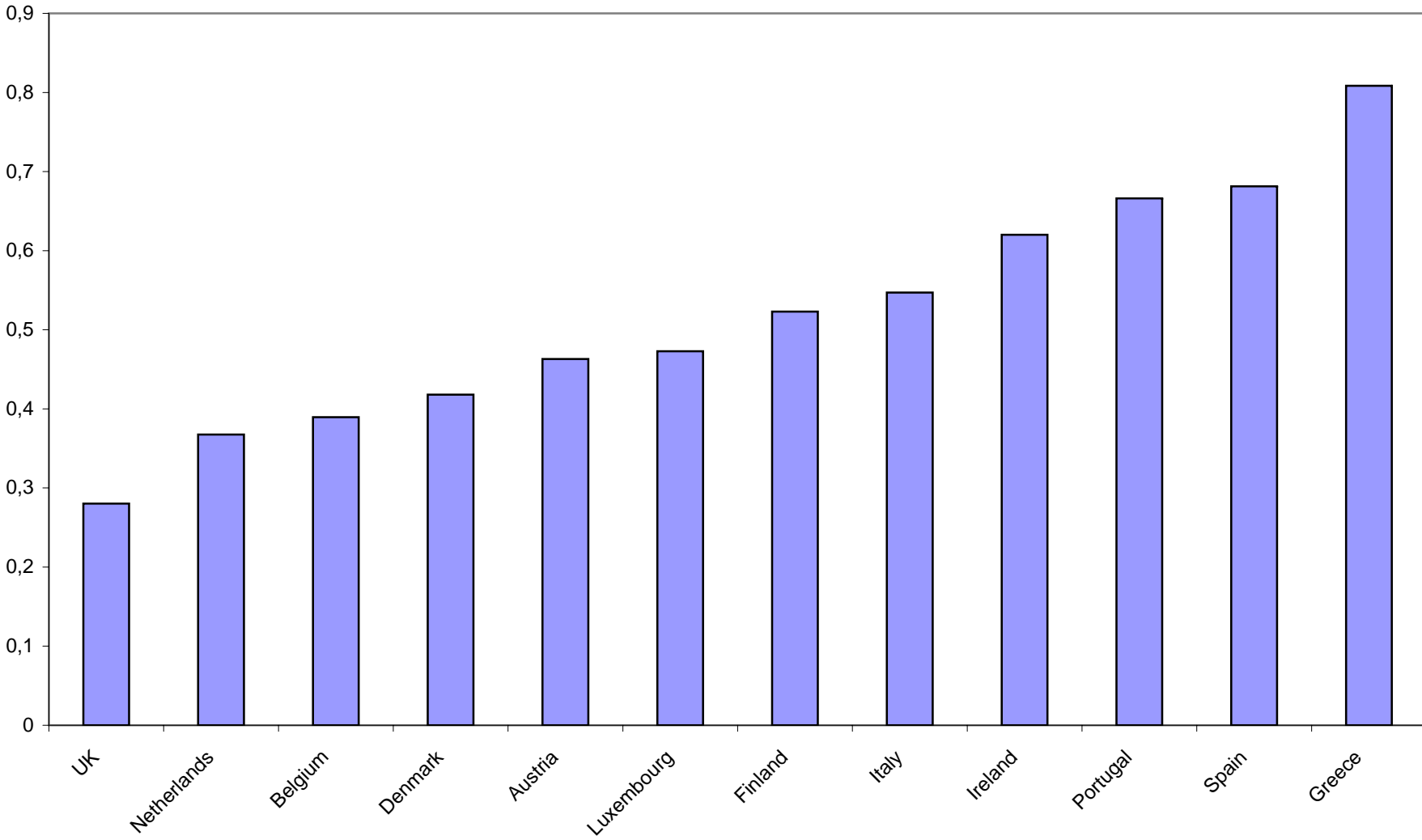
Notes: As additional explicative variables, the above regressions include sex, house tenure, age categories, years of education, a dummy for unemployment, household size, marital status.

For the set of IV estimations, social capital measures are instrumented by the regional average of social capital measures and their lag.

Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

## Some macro regressions

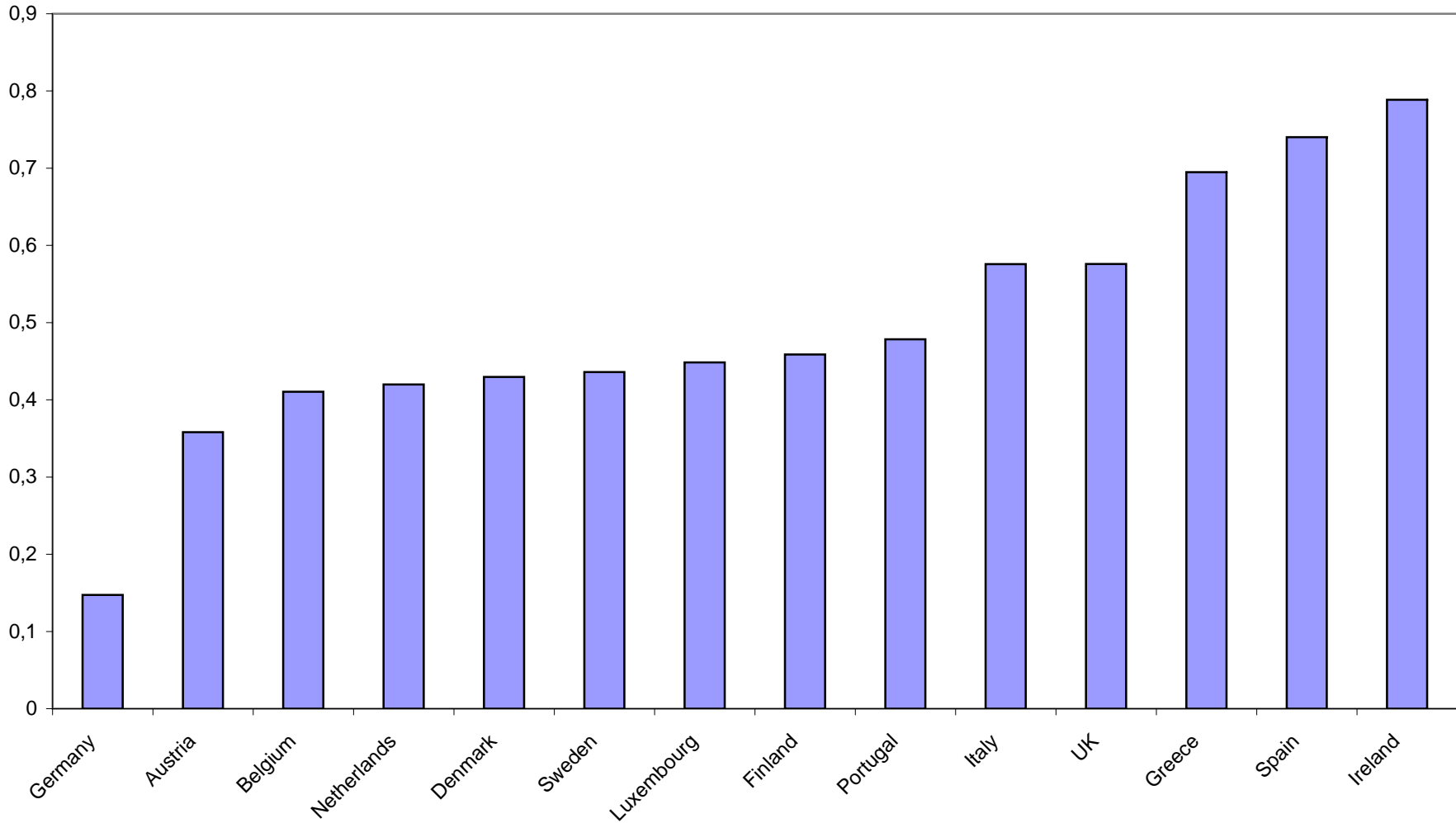
**How often do you talk to your neighbors? An index measure**  
**Source: ECHP, active population.**



# How often do you meet friends or relatives not living with you, whether here at home or elsewhere?

An index measure

Source: ECHP, active population.



**Are you member of any club, such as a sport or entertainment club, a local or neighbourhood group, a party etc...?**

**Source: ECHP, active population.**

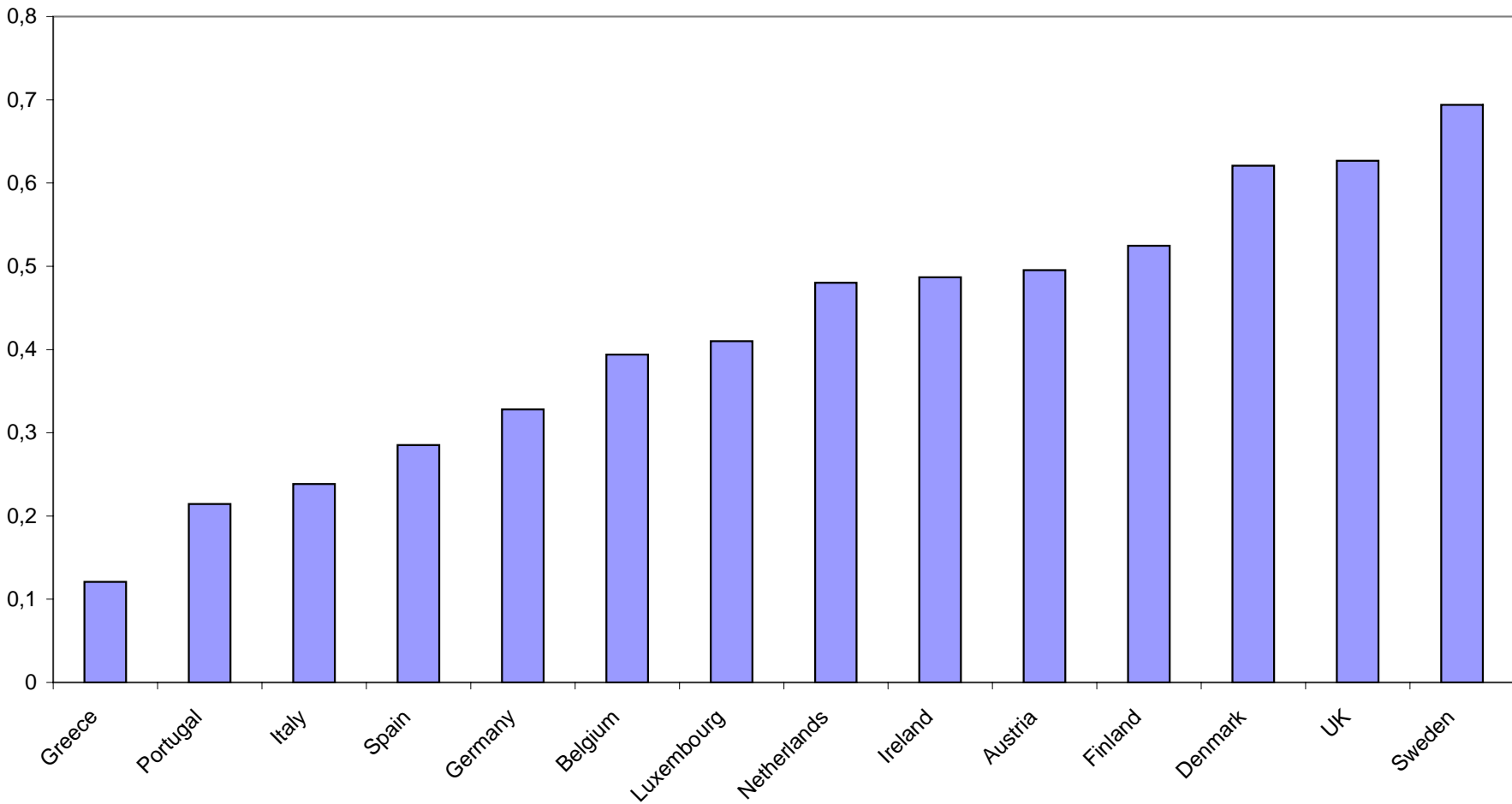


Table 7: *Log Unemployment Rate Regressed on our Measures of Social Capital.*

Friendfreqagg	1.176 (4.10)***		1.746 (3.32)***
Neibfreqagg		1.729 (4.52)***	0.388 (0.72)
Constant	1.434 (8.87)***	1.085 (4.84)***	0.879 (4.00)***

Observations	95	80	80
Adjusted $R^2$	0.14	0.2	0.29

Note: The estimation is by OLS using 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data and the unemployment rates are the standardized OECD rates.

Absolute value of t statistics in parentheses. \*\* significant at 5%; \*\*\* significant at 1%

Table 8: *Log Unemployment Rate Regressed on Measures of Social Capital and Labor Market Institutions.*

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Friendfreqagg		0.92		7.239
		(2.44)**		(6.69)**
Neibfreqagg			2.518	-2.672
			(6.83)**	(3.25)**
Total Tax Wedge	0.03	0.026	0.041	0.03
	(6.71)**	(5.74)**	(10.41)**	(8.80)**
Union Density	0.003	0.000	0.004	-0.021
	(1.38)	(0.06)	(1.46)	(4.88)**
Union Coverage Index	0.527	0.39	0.042	-0.765
	(3.49)**	(2.49)*	(0.27)	(4.58)**
Co-ordination (Union+Employer)	-0.274	-0.124	-0.145	-0.495
	(5.52)**	(1.59)	(2.70)**	(4.77)**
Replacement Rate	0.002	0.000	0.004	-0.004
	(0.96)	(0.16)	(1.78)	(1.94)
Benefit Duration	0.095	0.126	0.197	0.236
	(2.59)**	(3.35)**	(4.33)**	(6.82)**
Active Labor Market Policies	-0.000	-0.000	0.024	0.127
	(0.1)	(0.02)	(2.33)*	(7.37)**

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Observations	87	87	72	72
Number of countries	12	12	10	10
$R^2$	0.6219	0.6516	0.8142	0.8976

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Note: The estimation is by Random Effect GLS using 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data, data on labor market institutions is taken from Nickell and Layard (1999) and the unemployment rates are the standardized OECD rates. Some ECHP data was not available for Germany and Sweden.

Constant and time dummies not reported. Absolute value of z-statistics in parentheses. \* significant at 5%; \*\* significant at 1%

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Table 9: *Log Unemployment Rate Regressed on Measures of Social Capital and Labor Market Institutions, Where Social Capital Measures are Instrumented.*

Friendfreqagg	3.712 (4.09)**		13.436 (6.12)*
Neibfreqagg		2.632 (7.00)**	-7.112 (4.36)**
Total Tax Wedge	0.015 (2.21)*	0.042 (10.46)**	0.02 (4.00)**
Union Density	-0.011 (2.31)*	0.004 (1.51)	-0.043 (5.25)**
Union Coverage Index	-0.027 (0.11)	0.025 (0.16)	-1.456 (5.15)**
Co-ordination (Union+Employer)	0.332 (2.06)*	-0.14 (2.60)**	1.044 (5.22)**
Replacement Rate	-0.006 (1.5)	0.004 (1.82)	-0.011 (3.35)**
Benefit Duration	0.219 (3.90)**	0.199 (4.37)**	0.269 (6.03)**
Active Labor Market Policies	0.001 (0.16)	0.024 (2.29)*	0.215 (6.57)**
Observations	87	72	72
Number of Countries	12	10	10
$R^2$	0.4976	0.8140	0.8525

Note: The estimation is by Instrumental Variable Random Effect GLS using 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Social capital is instrumented by the employment protection index and owner occupation rate before 1994 from Nickell and Layard (1999).

Our measures of social capital is based on ECHP data, data on labor market institutions is taken from Nickell and Layard (1999)

and the unemployment rates are the standardized OECD rates. Some ECHP data was not available for Germany and Sweden.

Constant and time dummies not reported. Absolute value of z-statistics in parentheses. \* significant at 5%; \*\* significant at 1%

## Conclusion

- This paper has studied local social capital as a mechanism amplifying the immobility problem in Europe.
- Conjecture: Southern Europeans investing a lot in local social capital which makes them even less mobile and raise unemployment.
- In the North, being part of a club is more common.
- Controversial: importing the model of a high mobility society (namely, the UK or the US) needs not necessarily succeed.
- Deregulating will work only to the extent that European workers will become more mobile, which social capital can prevent (complementarity).

Table 1: *Mobility rates, 15-64 population, head of households*

Mobility rate outside the area within three years		
Country	Any	Job related
Denmark	0.054	0.020
Netherlands	0.029	0.010
Belgium	0.013	0.003
France	0.042	0.025
Ireland	0.010	0.003
Greece	0.011	0.006
Spain	0.009	0.005
Portugal	0.007	0.001
Austria	0.015	0.006
Finland	0.058	0.024
Germany	0.021	0.008
UK	0.072	0.027
Total	0.025	0.011

Notes: EU15 less Luxembourg and Sweden, 1995-2001,  
survey weight.

Source: ECHP and Wasmer et al. (2005)

Table 10: *Probit Regression Explaining Inter-Area Mobility at Time t+1*

Friends at t	-0.139 (5.06)**			-0.104 (3.54)**	-0.115 (3.94)**			-0.079 (2.51)*
Neighbors at t		-0.149 (5.48)**		-0.125 (4.29)**		-0.159 (5.44)**		-0.141 (4.46)**
Club at t			-0.063 (3.08)**	-0.059 (2.85)**			-0.059 (2.59)**	-0.055 (2.40)*
Male	ref	ref	ref	ref	ref	ref	ref	ref
Female	-0.014 (0.66)	-0.012 (0.58)	-0.02 (0.9)	-0.015 (0.69)	-0.015 (0.66)	-0.013 (0.57)	-0.022 (0.94)	-0.018 (0.75)
Rent-free accomodation at t	ref	ref	ref	ref	ref	ref	ref	ref
Owner at t	-0.516 (10.21)**	-0.52 (10.29)**	-0.499 (9.48)**	-0.504 (9.54)**	-0.5 (9.47)**	-0.506 (9.58)**	-0.491 (8.93)**	-0.497 (9.01)**
Tenant with rent at t	-0.095 (1.83)	-0.099 (1.9)	-0.087 (1.6)	-0.09 (1.66)	-0.088 (1.6)	-0.093 (1.69)	-0.085 (1.47)	-0.089 (1.55)
Age category 16-25 at t	ref	ref	ref	ref	ref	ref	ref	ref
Age category 26-35 at t	-0.039 (1.29)	-0.023 (0.76)	-0.042 (1.31)	-0.053 (1.67)	-0.028 (0.85)	-0.012 (0.38)	-0.04 (1.15)	-0.046 (1.32)
Age category 36-45 at t	-0.309 (8.69)**	-0.283 (8.00)**	-0.305 (8.27)**	-0.322 (8.63)**	-0.298 (7.67)**	-0.273 (7.08)**	-0.304 (7.47)**	-0.313 (7.64)**
Age category 46-55 at t	-0.434 (10.62)**	-0.405 (10.02)**	-0.437 (10.41)**	-0.453 (10.64)**	-0.435 (9.75)**	-0.406 (9.25)**	-0.445 (9.69)**	-0.453 (9.73)**
Age category 56-65 at t	-0.536 (9.48)**	-0.502 (8.90)**	-0.525 (8.92)**	-0.539 (9.11)**	-0.568 (9.46)**	-0.536 (8.97)**	-0.571 (9.13)**	-0.576 (9.17)**
Years of education at t	0.014 (7.07)**	0.014 (7.15)**	0.014 (7.04)**	0.014 (6.71)**	0.012 (5.66)**	0.012 (5.65)**	0.013 (5.56)**	0.012 (5.28)**
Employed at t	ref	ref	ref	ref	ref	ref	ref	ref
Unemployed at t	-0.009 (0.26)	-0.002 (0.05)	-0.018 (0.54)	-0.006 (0.17)	0 (0.01)	0.007 (0.2)	-0.008 (0.22)	0.003 (0.09)
Living alone at t	ref	ref	ref	ref	ref	ref	ref	ref
Two members in household at t	-0.16 (4.53)**	-0.152 (4.31)**	-0.149 (4.01)**	-0.156 (4.21)**	-0.133 (3.40)**	-0.126 (3.24)**	-0.119 (2.89)**	-0.123 (2.97)**
Three members in household at t	-0.31 (8.56)**	-0.3 (8.29)**	-0.298 (7.86)**	-0.299 (7.87)**	-0.281 (7.15)**	-0.271 (6.92)**	-0.266 (6.43)**	-0.264 (6.37)**
Four members in household at t	-0.442 (11.86)**	-0.43 (11.55)**	-0.435 (11.05)**	-0.433 (10.99)**	-0.406 (9.98)**	-0.395 (9.71)**	-0.391 (9.01)**	-0.387 (8.91)**
Five members in household at t	-0.497 (11.47)**	-0.485 (11.20)**	-0.482 (10.61)**	-0.48 (10.57)**	-0.477 (10.33)**	-0.465 (10.10)**	-0.459 (9.45)**	-0.454 (9.35)**
Married at t	ref	ref	ref	ref	ref	ref	ref	ref
Separated at t	0.141 (1.56)	0.132 (1.46)	0.12 (1.2)	0.121 (1.2)	0.131 (1.53)	0.123 (1.43)	0.106 (1.11)	0.106 (1.11)
Divorced at t	0.011 (0.27)	0.006 (0.16)	0.023 (0.54)	0.023 (0.54)	0.018 (0.41)	0.014 (0.32)	0.035 (0.77)	0.037 (0.8)
Widowed at t	0.004 (0.05)	0.006 (0.07)	0.025 (0.27)	0.035 (0.37)	-0.002 (0.02)	0.001 (0.01)	0.014 (0.14)	0.022 (0.22)
Never married at t	-0.14 (5.11)**	-0.15 (5.45)**	-0.153 (5.32)**	-0.151 (5.26)**	-0.186 (6.16)**	-0.195 (6.42)**	-0.206 (6.43)**	-0.205 (6.38)**
Time dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region dummies	No	No	No	No	Yes	Yes	Yes	Yes
Observations	403568	403568	385403	385403	357122	357122	339086	339086
Pseudo $R^2$	0.1610	0.1584	0.1587	0.1592	0.1818	0.1774	0.1782	0.1800

Note: The estimation is by Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

The reference for the interpretation of the dummy variables is an employed male with rent-free accommodation, married aged 16-24, living alone.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 11: *Instrumental Variable Probit Regression Explaining Inter-Area Mobility at Time t+1*

Friends at t	-0.454 (5.08)**			-0.378 (3.65)**	-0.413 (4.39)**			-0.330 (2.99)**
Neighbors at t		-0.146 (2.27)*		-0.001 (0.01)		-0.145 (2.07)*		-0.007 (0.08)
Club at t			-0.040 (0.86)	-0.010 (0.21)			-0.021 (0.41)	0.006 (0.12)
Male	ref	ref	ref	ref	ref	ref	ref	ref
Female	-0.006 (0.24)	-0.003 (0.11)	-0.009 (0.33)	-0.005 (0.20)	-0.008 (0.32)	-0.005 (0.21)	-0.011 (0.41)	-0.008 (0.28)
Rent-free accommodation at t	ref	ref	ref	ref	ref	ref	ref	ref
Owner at t	-0.475 (8.64)**	-0.474 (8.63)**	-0.455 (7.91)**	-0.459 (7.95)**	-0.454 (8.05)**	-0.454 (8.04)**	-0.442 (7.45)**	-0.445 (7.48)**
Tenant with rent at t	-0.053 (0.94)	-0.055 (0.97)	-0.038 (0.64)	-0.038 (0.63)	-0.045 (0.78)	-0.048 (0.82)	-0.036 (0.58)	-0.036 (0.58)
Age category 16-25 at t	ref	ref	ref	ref	ref	ref	ref	ref
Age category 26-35 at t	-0.048 (1.25)	-0.005 (0.13)	-0.029 (0.72)	-0.063 (1.55)	-0.024 (0.56)	0.016 (0.39)	-0.017 (0.38)	-0.046 (1.01)
Age category 36-45 at t	-0.348 (7.81)**	-0.278 (6.63)**	-0.310 (6.98)**	-0.368 (7.63)**	-0.324 (6.65)**	-0.260 (5.69)**	-0.302 (6.16)**	-0.351 (6.62)**
Age category 46-55 at t	-0.450 (8.90)**	-0.371 (7.80)**	-0.409 (8.12)**	-0.472 (8.69)**	-0.434 (7.89)**	-0.361 (7.01)**	-0.407 (7.40)**	-0.461 (7.76)**
Age category 56-65 at t	-0.557 (8.51)**	-0.476 (7.44)**	-0.508 (7.43)**	-0.570 (8.05)**	-0.582 (8.37)**	-0.508 (7.49)**	-0.554 (7.65)**	-0.607 (8.06)**
Years of education at t	0.011 (4.97)**	0.012 (5.42)**	0.013 (5.13)**	0.011 (4.41)**	0.009 (3.67)**	0.010 (3.99)**	0.010 (3.71)**	0.009 (3.13)**
Employed at t	ref	ref	ref	ref	ref	ref	ref	ref
Unemployed at t	0.019 (0.48)	0.015 (0.36)	-0.004 (0.10)	0.010 (0.25)	0.045 (1.07)	0.042 (0.98)	0.028 (0.62)	0.040 (0.90)
Living alone at t	ref	ref	ref	ref	ref	ref	ref	ref
Two members in household at t	-0.198 (4.83)**	-0.174 (4.26)**	-0.167 (3.82)**	-0.188 (4.29)**	-0.166 (3.70)**	-0.146 (3.27)**	-0.134 (2.78)**	-0.150 (3.10)**
Three members in household at t	-0.325 (8.06)**	-0.303 (7.54)**	-0.298 (6.99)**	-0.313 (7.30)**	-0.294 (6.81)**	-0.274 (6.40)**	-0.266 (5.77)**	-0.278 (5.99)**
Four members in household at t	-0.421 (9.97)**	-0.394 (9.37)**	-0.392 (8.68)**	-0.410 (8.95)**	-0.380 (8.32)**	-0.355 (7.84)**	-0.344 (6.96)**	-0.358 (7.16)**
Five members in household at t	-0.491 (9.86)**	-0.464 (9.36)**	-0.456 (8.66)**	-0.474 (8.89)**	-0.474 (9.00)**	-0.450 (8.60)**	-0.438 (7.81)**	-0.452 (7.97)**
Married at t	ref	ref	ref	ref	ref	ref	ref	ref
Separated at t	0.065 (0.64)	0.051 (0.51)	0.036 (0.32)	0.043 (0.38)	0.053 (0.57)	0.040 (0.43)	0.022 (0.21)	0.029 (0.28)
Divorced at t	-0.014 (0.30)	-0.022 (0.46)	-0.005 (0.09)	-0.001 (0.01)	-0.007 (0.13)	-0.015 (0.29)	0.011 (0.20)	0.016 (0.29)
Widowed at t	0.023 (0.22)	0.013 (0.12)	0.042 (0.39)	0.053 (0.49)	0.024 (0.22)	0.016 (0.14)	0.037 (0.31)	0.046 (0.39)
Never married at t	-0.120 (3.76)**	-0.145 (4.54)**	-0.148 (4.32)**	-0.130 (3.78)**	-0.169 (4.88)**	-0.193 (5.55)**	-0.204 (5.40)**	-0.187 (4.96)**
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region Dummies	No	No	No	No	Yes	Yes	Yes	Yes
Observations	316463	316463	299625	299625	279365	279365	262824	262824
Pseudo $R^2$	0.16	0.16	0.16	0.16	0.18	0.18	0.18	0.18

Note: The estimation is by IV Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

Here, social capital is instrumented with its lag and the lag of the other explicative variables.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 12: *Instrumental Variable Probit Regression Explaining Inter-Area Mobility at Time t+1*

Friends at t	-0.253 (0.99)			0.260 (0.69)
Neighbors at t		-0.876 (2.99)**		-0.866 (2.01)*
Club at t			-0.605 (1.40)	-0.415 (0.91)
Male	ref	ref	ref	ref
Female	-0.019 (0.78)	0.007 (0.28)	-0.084 (1.55)	-0.037 (0.61)
Rent-free accommodation at t	ref	ref	ref	ref
Owner at t	-0.489 (8.76)**	-0.510 (9.03)**	-0.452 (7.36)**	-0.481 (7.59)**
Tenant with rent at t	-0.090 (1.57)	-0.121 (2.07)*	-0.099 (1.61)	-0.124 (1.99)*
Age category 16-25 at t	ref	ref	ref	ref
Age category 26-35 at t	0.022 (0.53)	0.046 (1.15)	0.015 (0.36)	0.039 (0.83)
Age category 36-45 at t	-0.263 (5.05)**	-0.219 (4.93)**	-0.245 (5.06)**	-0.206 (3.26)**
Age category 46-55 at t	-0.369 (6.29)**	-0.315 (6.24)**	-0.349 (6.20)**	-0.301 (4.10)**
Age category 56-65 at t	-0.503 (6.81)**	-0.422 (6.02)**	-0.483 (6.44)**	-0.406 (4.39)**
Years of education at t	0.010 (3.91)**	0.006 (1.95)	0.018 (3.07)**	0.011 (1.63)
Employed at t	ref	ref	ref	ref
Unemployed at t	0.047 (1.09)	0.095 (2.05)*	-0.007 (0.15)	0.054 (0.91)
Living alone at t	ref	ref	ref	ref
Two members in household at t	-0.160 (3.60)**	-0.158 (3.52)**	-0.151 (3.10)**	-0.146 (3.06)**
Three members in household at t	-0.306 (7.13)**	-0.287 (6.71)**	-0.301 (6.44)**	-0.279 (5.93)**
Four members in household at t	-0.396 (8.71)**	-0.369 (8.24)**	-0.382 (7.80)**	-0.354 (7.16)**
Five members in household at t	-0.465 (8.89)**	-0.433 (8.40)**	-0.445 (7.92)**	-0.412 (7.47)**
Married at t	ref	ref	ref	ref
Separated at t	0.057 (0.60)	0.010 (0.11)	-0.002 (0.02)	-0.038 (0.35)
Divorced at t	-0.005 (0.10)	-0.029 (0.57)	-0.014 (0.25)	-0.030 (0.52)
Widowed at t	-0.018 (0.17)	-0.010 (0.09)	-0.002 (0.02)	0.009 (0.08)
Never married at t	-0.160 (4.31)**	-0.196 (5.60)**	-0.196 (5.40)**	-0.228 (4.68)**
Time Dummies	Yes	Yes	Yes	Yes
Country Dummies	Yes	Yes	Yes	Yes
Region Dummies	No	No	No	No
Observations	286362	286362	269339	269339
Pseudo $R^2$	0.16	0.16	0.17	0.17

Note: The estimation is by IV Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

Here, social capital is instrumented by the regional average of social capital measures and their lag.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 13: *Fixed-Effect Logit Regression Explaining Inter-Area Mobility at Time t+1*

Friends at t	0.048 (0.63)		0.106 (1.23)	
Neighbors at t		-0.291 (3.57)**	-0.345 (3.84)**	
Club at t			-0.082 (1.12)	-0.077 (1.05)
Rent-free accomodation at t	ref	ref	ref	ref
Owner at t	-0.407 (2.42)*	-0.416 (2.47)*	-0.271 (1.46)	-0.281 (1.52)
Tenant with rent at t	0.464 (2.80)**	0.458 (2.77)**	0.561 (3.09)**	0.56 (3.08)**
Age category 16-25 at t	ref	ref	ref	ref
Age category 26-35 at t	-0.351 (2.87)**	-0.351 (2.87)**	-0.335 (2.52)*	-0.33 (2.47)*
Age category 36-45 at t	-0.426 (2.25)*	-0.424 (2.24)*	-0.36 (1.73)	-0.361 (1.73)
Age category 46-55 at t	-0.307 (1.15)	-0.31 (1.17)	-0.208 (0.71)	-0.215 (0.73)
Age category 56-65 at t	0.006 (0.02)	0.012 (0.03)	0.067 (0.16)	0.076 (0.18)
Years of education at t	0.019 (2.22)*	0.02 (2.27)*	0.018 (1.91)	0.018 (1.9)
Employed at t	ref	ref	ref	ref
Unemployed at t	0.314 (2.96)**	0.325 (3.05)**	0.28 (2.48)*	0.294 (2.59)**
Living alone at t	ref	ref	ref	ref
Two members in household at t	0.018 (0.17)	0.015 (0.15)	-0.08 (0.72)	-0.069 (0.63)
Three members in household at t	0.043 (0.35)	0.047 (0.39)	-0.023 (0.17)	0.001 (0.01)
Four members in household at t	0.228 (1.67)	0.24 (1.77)	0.146 (1.00)	0.173 (1.18)
Five members in household at t	0.406 (2.26)*	0.413 (2.29)*	0.361 (1.85)	0.386 (1.97)*
Married at t	ref	ref	ref	ref
Separated at t	0.003 (0.02)	-0.012 (0.06)	-0.094 (0.4)	-0.11 (0.47)
Divorced at t	0.031 (0.19)	0.035 (0.21)	0.011 (0.06)	0.009 (0.05)
Widowed at t	0.835 (1.64)	0.846 (1.66)	0.707 (1.3)	0.709 (1.32)
Never married at t	0.108 (0.87)	0.104 (0.84)	-0.05 (0.37)	-0.052 (0.39)
Time dummies	Yes	Yes	Yes	Yes
Observations	12013	12013	9717	9717
Number of individuals	2306	2306	2062	2062

Note: The estimation is by Fixed-Effect Logit using ECHP data on 8 time periods (1994-2001) and 12 European economies: Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK. Our measures of social capital is based on ECHP data. (Some data was missing for Germany and Sweden.)

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 14: *Probit Regression Explaining Individual Unemployment at Time t+1*

Friends at t	0.005 (0.39)			0.005 (0.38)	-0.004 (0.27)			-0.003 (0.18)
Neighbors at t		0.052 (4.04)**		0.061 (4.53)**		0.045 (3.23)**		0.058 (3.90)**
Club at t			-0.131 (11.74)**	-0.133 (11.87)**			-0.135 (10.57)**	-0.137 (10.67)**
Male	ref	ref	ref	ref	ref	ref	ref	ref
Female	0.12 (12.42)**	0.118 (12.24)**	0.115 (11.63)**	0.113 (11.42)**	0.113 (10.70)**	0.112 (10.57)**	0.109 (9.92)**	0.107 (9.74)**
Rent-free accomodation at t	ref	ref	ref	ref	ref	ref	ref	ref
Owner at t	-0.123 (5.00)**	-0.122 (4.97)**	-0.122 (4.87)**	-0.121 (4.83)**	-0.115 (4.56)**	-0.115 (4.54)**	-0.116 (4.48)**	-0.115 (4.45)**
Tenant with rent at t	0.078 (3.01)**	0.08 (3.07)**	0.065 (2.44)*	0.067 (2.51)*	0.108 (4.04)**	0.109 (4.08)**	0.096 (3.50)**	0.097 (3.55)**
Age category 16-25 at t	ref	ref	ref	ref	ref	ref	ref	ref
Age category 26-35 at t	-0.052 (3.50)**	-0.052 (3.52)**	-0.052 (3.42)**	-0.051 (3.39)**	-0.079 (4.97)**	-0.079 (4.94)**	-0.08 (4.87)**	-0.08 (4.88)**
Age category 36-45 at t	-0.101 (5.79)**	-0.102 (5.85)**	-0.092 (5.17)**	-0.091 (5.09)**	-0.149 (7.81)**	-0.149 (7.81)**	-0.14 (7.14)**	-0.14 (7.15)**
Age category 46-55 at t	0.005 (0.24)	0.003 (0.18)	0.014 (0.74)	0.015 (0.76)	-0.05 (2.41)*	-0.05 (2.43)*	-0.041 (1.94)	-0.042 (2.00)*
Age category 56-65 at t	0.18 (7.49)**	0.177 (7.39)**	0.176 (7.48)**	0.174 (7.39)**	0.15 (5.78)**	0.148 (5.71)**	0.145 (5.73)**	0.142 (5.58)**
Years of education at t	-0.018 (19.52)**	-0.018 (19.28)**	-0.017 (17.32)**	-0.017 (16.92)**	-0.021 (19.55)**	-0.021 (19.33)**	-0.019 (17.22)**	-0.019 (16.94)**
Employed at t	ref	ref	ref	ref	ref	ref	ref	ref
Unemployed at t	1.931 (149.89)**	1.928 (149.47)**	1.926 (148.08)**	1.922 (147.44)**	1.904 (133.96)**	1.902 (133.49)**	1.901 (132.39)**	1.897 (131.71)**
Living alone at t	ref	ref	ref	ref	ref	ref	ref	ref
Two members in household at t	0.098 (4.43)**	0.099 (4.46)**	0.093 (4.09)**	0.095 (4.15)**	0.068 (2.69)**	0.069 (2.72)**	0.064 (2.41)*	0.065 (2.44)*
Three members in household at t	0.128 (5.75)**	0.127 (5.72)**	0.118 (5.14)**	0.118 (5.12)**	0.073 (2.91)**	0.073 (2.90)**	0.061 (2.33)*	0.06 (2.30)*
Four members in household at t	0.15 (6.60)**	0.149 (6.56)**	0.139 (5.97)**	0.138 (5.94)**	0.081 (3.13)**	0.08 (3.11)**	0.066 (2.47)*	0.065 (2.44)*
Five members in household at t	0.204 (8.64)**	0.203 (8.60)**	0.192 (7.89)**	0.191 (7.85)**	0.123 (4.60)**	0.122 (4.58)**	0.107 (3.84)**	0.106 (3.81)**
Married at t	ref	ref	ref	ref	ref	ref	ref	ref
Separated at t	0.202 (5.72)**	0.205 (5.80)**	0.171 (4.64)**	0.175 (4.73)**	0.224 (6.08)**	0.227 (6.16)**	0.191 (4.94)**	0.194 (5.03)**
Divorced at t	0.211 (8.85)**	0.212 (8.92)**	0.196 (7.91)**	0.197 (7.98)**	0.264 (9.72)**	0.265 (9.75)**	0.251 (8.79)**	0.252 (8.84)**
Widowed at t	0.016 (0.36)	0.015 (0.36)	0.012 (0.27)	0.011 (0.26)	-0.004 (0.08)	-0.005 (0.1)	-0.007 (0.15)	-0.008 (0.17)
Never married at t	0.205 (14.53)**	0.207 (14.67)**	0.202 (14.03)**	0.204 (14.12)**	0.224 (14.64)**	0.225 (14.71)**	0.222 (14.13)**	0.224 (14.20)**
Time dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country dummies	Yes	Yes	Yes	Yes	No	No	No	No
Region dummies	No	No	No	No	Yes	Yes	Yes	Yes
Observations	413599	413599	381493	381493	360291	360291	328309	328309
Pseudo R <sup>2</sup>	0.3439	0.3438	0.3439	0.3437	0.3646	0.3642	0.3643	0.3644

Note: The estimation is by Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

The reference for the interpretation of the dummy variables is an employed male with rent-free accommodation, married aged 16-24, living alone.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 15: *Instrumental Variable Probit Regression Explaining Individual Unemployment at Time  $t+1$*

Friends at t	0.116 (2.86)**			0.096 (2.00)*	0.090 (2.02)*			0.068 (1.29)
Neighbors at t		0.163 (5.36)**		0.165 (4.59)**		0.145 (4.27)**		0.160 (3.96)**
Club at t			-0.254 (10.72)**	-0.271 (11.24)**			-0.244 (9.06)**	-0.260 (9.47)**
Male								
Female	0.113 (10.20)**	0.107 (9.60)**	0.094 (8.10)**	0.087 (7.51)**	0.106 (8.65)**	0.101 (8.17)**	0.087 (6.75)**	0.081 (6.24)**
Rent-free accommodation at t	ref	ref	ref	ref	ref	ref	ref	ref
Owner at t	-0.141 (4.93)**	-0.138 (4.83)**	-0.133 (4.64)**	-0.129 (4.47)**	-0.129 (4.43)**	-0.127 (4.33)**	-0.123 (4.17)**	-0.119 (4.03)**
Tenant with rent at t	0.071 (2.37)*	0.076 (2.53)*	0.056 (1.83)	0.062 (2.03)*	0.100 (3.22)**	0.104 (3.36)**	0.086 (2.74)**	0.092 (2.91)**
Age category 16-25 at t	ref	ref	ref	ref	ref	ref	ref	ref
Age category 26-35 at t	-0.043 (2.40)*	-0.052 (2.99)**	-0.056 (3.17)**	-0.050 (2.75)**	-0.076 (3.94)**	-0.084 (4.41)**	-0.088 (4.60)**	-0.084 (4.28)**
Age category 36-45 at t	-0.086 (4.05)**	-0.103 (5.03)**	-0.096 (4.57)**	-0.083 (3.76)**	-0.140 (6.00)**	-0.153 (6.82)**	-0.146 (6.36)**	-0.137 (5.67)**
Age category 46-55 at t	0.033 (1.44)	0.014 (0.61)	0.023 (1.03)	0.036 (1.51)	-0.027 (1.06)	-0.043 (1.80)	-0.035 (1.44)	-0.027 (1.04)
Age category 56-65 at t	0.217 (7.62)**	0.193 (6.88)**	0.190 (7.00)**	0.197 (7.00)**	0.180 (5.83)**	0.159 (5.26)**	0.154 (5.26)**	0.156 (5.15)**
Years of education at t	-0.017 (15.35)**	-0.017 (14.86)**	-0.015 (12.91)**	-0.013 (11.32)**	-0.020 (15.66)**	-0.019 (15.19)**	-0.017 (13.20)**	-0.016 (11.90)**
Employed at t	ref	ref	ref	ref	ref	ref	ref	ref
Unemployed at t	1.974 (132.17)**	1.969 (131.75)**	1.965 (131.03)**	1.951 (128.49)**	1.932 (116.99)**	1.926 (116.55)**	1.923 (116.37)**	1.910 (113.99)**
Living alone at t	ref	ref	ref	ref	ref	ref	ref	ref
Two members in household at t	0.114 (4.46)**	0.111 (4.35)**	0.101 (3.85)**	0.108 (4.10)**	0.079 (2.70)**	0.077 (2.62)**	0.069 (2.28)*	0.074 (2.45)*
Three members in household at t	0.140 (5.42)**	0.134 (5.19)**	0.122 (4.60)**	0.123 (4.62)**	0.086 (2.94)**	0.080 (2.76)**	0.068 (2.25)*	0.068 (2.25)*
Four members in household at t	0.161 (6.07)**	0.152 (5.77)**	0.140 (5.23)**	0.141 (5.23)**	0.087 (2.90)**	0.080 (2.67)**	0.066 (2.16)*	0.067 (2.15)*
Five members in household at t	0.206 (7.45)**	0.197 (7.15)**	0.186 (6.60)**	0.186 (6.56)**	0.119 (3.79)**	0.111 (3.56)**	0.098 (3.05)**	0.098 (3.02)**
Married at t	ref	ref	ref	ref	ref	ref	ref	ref
Separated at t	0.231 (5.66)**	0.240 (5.89)**	0.195 (4.61)**	0.203 (4.79)**	0.244 (5.75)**	0.253 (5.94)**	0.206 (4.67)**	0.215 (4.86)**
Divorced at t	0.214 (7.99)**	0.220 (8.20)**	0.199 (7.18)**	0.203 (7.33)**	0.261 (8.56)**	0.265 (8.70)**	0.250 (7.85)**	0.253 (7.96)**
Widowed at t	-0.000 (0.00)	0.000 (0.00)	0.001 (0.02)	-0.004 (0.08)	-0.017 (0.32)	-0.018 (0.33)	-0.013 (0.24)	-0.018 (0.33)
Never married at t	0.210 (12.78)**	0.221 (13.43)**	0.210 (12.61)**	0.210 (12.48)**	0.230 (12.85)**	0.238 (13.31)**	0.229 (12.63)**	0.230 (12.57)**
Time Dummies	0.164	0.166	0.160	0.161	0.144	0.146	0.139	0.140
Country Dummies	(8.65)**	(8.78)**	(8.40)**	(8.43)**	(6.84)**	(6.93)**	(6.57)**	(6.61)**
Region Dummies	0.104	0.108	0.103	0.103	0.085	0.089	0.083	0.083
Observations	312270	312270	295933	295933	271545	271545	255280	255280
Pseudo $R^2$	0.35	0.35	0.35	0.35	0.37	0.37	0.37	0.37

Note: The estimation is by IV Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies: Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

Here, social capital is instrumented with its lag and the lag of the other explicative variables.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 16: *Instrumental Variable Probit Regression Explaining Individual Unemployment at Time  $t+1$*

Friends at t	0.572 (5.88)**			0.329 (2.11)*
Neighbors at t		0.231 (2.23)*		0.308 (1.84)
Club at t			-2.153 (14.16)**	-2.245 (13.45)**
Male				
Female	0.099 (8.27)**	0.089 (7.22)**	-0.136 (6.58)**	-0.153 (6.17)**
Rent-free accommodation at t				
Owner at t	-0.134 (4.64)**	-0.132 (4.59)**	-0.059 (1.97)*	-0.044 (1.44)
Tenant with rent at t	0.103 (3.36)**	0.105 (3.42)**	0.010 (0.32)	0.026 (0.80)
Age category 16-25 at t				
Age category 26-35 at t	-0.031 (1.57)	-0.072 (3.97)**	-0.075 (3.97)**	-0.055 (2.40)*
Age category 36-45 at t	-0.078 (3.12)**	-0.150 (6.92)**	-0.074 (3.21)**	-0.037 (1.21)
Age category 46-55 at t	0.044 (1.67)	-0.038 (1.64)	0.057 (2.30)*	0.097 (2.91)**
Age category 56-65 at t	0.248 (7.77)**	0.162 (5.37)**	0.221 (7.64)**	0.247 (6.32)**
Years of education at t	-0.019 (14.75)**	-0.019 (14.12)**	0.005 (2.22)*	0.009 (3.52)**
Employed at t				
Unemployed at t	1.956 (120.46)**	1.961 (115.58)**	1.821 (90.34)**	1.784 (76.80)**
Living alone at t				
Two members in household at t	0.112 (3.97)**	0.099 (3.50)**	0.064 (2.16)*	0.074 (2.46)*
Three members in household at t	0.119 (4.23)**	0.105 (3.76)**	0.063 (2.12)*	0.063 (2.09)*
Four members in household at t	0.136 (4.69)**	0.116 (4.02)**	0.089 (2.97)**	0.091 (2.95)**
Five members in household at t	0.180 (5.99)**	0.163 (5.40)**	0.142 (4.53)**	0.138 (4.26)**
Married at t				
Separated at t	0.231 (5.75)**	0.253 (6.23)**	0.110 (2.53)*	0.116 (2.62)**
Divorced at t	0.256 (8.82)**	0.273 (9.36)**	0.177 (5.68)**	0.174 (5.54)**
Widowed at t	-0.006 (0.13)	0.005 (0.11)	-0.040 (0.77)	-0.053 (1.00)
Never married at t	0.207 (11.61)**	0.242 (13.80)**	0.200 (11.04)**	0.190 (9.16)**
Time Dummies				
Country Dummies	Yes	Yes	Yes	Yes
Region Dummies	No	No	No	No
Observations	289026	289026	261298	261298
Pseudo $R^2$	0.36	0.36	0.36	0.36

Note: The estimation is by IV Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies: Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

Here, social capital is instrumented by the regional average of social capital measures and their lag.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%

Table 17: *Regressions Explaining Social Capital*

Social Capital:	Friends		Neighbors		Club	
Estimation Method:	OLS		OLS		Probit	
Born in another region	-0.04 (13.43)**	-0.04 (13.25)**	-0.039 (10.93)**	-0.034 (9.40)**	-0.116 (9.25)**	-0.09 (6.89)**
Male	ref	ref	ref	ref	ref	ref
Female	-0.009 (3.92)**	-0.009 (3.85)**	0.034 (12.31)**	0.034 (12.27)**	-0.369 (36.47)**	-0.384 (36.58)**
Rent-free accomodation	ref	ref	ref	ref	ref	ref
Owner	-0.006 (0.98)	-0.005 (0.81)	-0.027 (3.83)**	-0.025 (3.54)**	0.116 (4.87)**	0.117 (4.86)**
Tenant with rent	-0.014 (2.08)*	-0.005 (0.79)	-0.049 (6.50)**	-0.038 (4.96)**	-0.083 (3.20)**	-0.066 (2.52)*
Age category 16-25	ref	ref	ref	ref	ref	ref
Age category 26-35	-0.077 (21.11)**	-0.078 (21.13)**	0.006 (1.33)	0.006 (1.43)	0.01 (0.7)	0.017 (1.1)
Age category 36-45	-0.132 (31.61)**	-0.133 (31.56)**	0.02 (4.14)**	0.02 (4.20)**	0.11 (6.38)**	0.123 (6.89)**
Age category 46-55	-0.146 (32.54)**	-0.148 (32.51)**	0.03 (5.92)**	0.032 (6.24)**	0.129 (6.96)**	0.139 (7.21)**
Age category 56-65	-0.136 (24.93)**	-0.139 (25.22)**	0.074 (12.52)**	0.073 (12.22)**	0.086 (3.89)**	0.099 (4.35)**
Years of education	-0.004 (18.52)**	-0.004 (14.70)**	-0.008 (28.95)**	-0.007 (25.15)**	0.039 (39.82)**	0.041 (40.22)**
Employed	ref	ref	ref	ref	ref	ref
Unemployed	0.035 (10.64)**	0.029 (8.48)**	0.076 (21.16)**	0.075 (20.24)**	-0.268 (19.77)**	-0.246 (17.52)**
Living alone	ref	ref	ref	ref	ref	ref
Two members in household	-0.044 (8.13)**	-0.038 (6.86)**	-0.007 (1.05)	-0.006 (0.89)	-0.043 (1.85)	-0.036 (1.49)
Three members in household	-0.033 (6.11)**	-0.03 (5.36)**	0.022 (3.42)**	0.022 (3.37)**	-0.071 (3.03)**	-0.064 (2.65)**
Four members in household	-0.042 (7.61)**	-0.038 (6.77)**	0.03 (4.62)**	0.031 (4.70)**	-0.045 (1.88)	-0.031 (1.25)
Five members in household	-0.038 (6.54)**	-0.032 (5.46)**	0.038 (5.56)**	0.038 (5.46)**	-0.057 (2.27)*	-0.037 (1.43)
Married	ref	ref	ref	ref	ref	ref
Separated	0.019 (2.18)*	0.019 (2.12)*	-0.057 (5.51)**	-0.06 (5.68)**	-0.153 (4.11)**	-0.157 (4.08)**
Divorced	0.019 (3.17)**	0.019 (3.16)**	-0.032 (4.61)**	-0.027 (3.85)**	-0.098 (3.94)**	-0.095 (3.66)**
Widowed	0.024 (2.27)*	0.026 (2.47)*	0.012 (1.08)	0.014 (1.21)	-0.133 (3.06)**	-0.123 (2.76)**
Never married	0.054 (15.82)**	0.056 (16.29)**	-0.033 (8.49)**	-0.029 (7.44)**	-0.06 (4.22)**	-0.057 (3.85)**
Time dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country dummies	Yes	No	Yes	No	Yes	No
Region dummies	No	Yes	No	Yes	No	Yes
Observations	390662	373813	390662	373813	376326	359660
R-squared	0.15	0.17	0.15	0.17	0.13	0.14

Note: The estimation is by Probit using ECHP data on 8 time periods (1994-2001) and 12 European economies:

Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal, The Netherlands, Spain, Sweden, UK.

Our measures of social capital is based on ECHP data. (Some data was not available for Germany and Sweden.)

The reference for the interpretation of the dummy variables is an employed male, renting his accommodation, aged 16-24, living alone and separated.

Note: Robust z statistics in parentheses. \* significant at 5%; \*\* significant at 1%