



## SOCIAL CAPITAL AND HOUSEHOLD POVERTY: THE CASE OF EUROPEAN UNION

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### ABSTRACT

It is widespread opinion that the concept of poverty, as well as measures of the extent of poverty at national or local level, cannot be entirely linked to income and assets but because of its multidimensionality necessarily involves a variety of individual/household characteristics (age, gender, education level, employment status, household size and so on) and several territorial and societal level aspects. Social capital plays a crucial role, here. According to the most widely accepted definition suggested by the World Bank Social Capital Initiative Program research group, social capital includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development. This definition encompasses economic, social and political aspects and implies that socio- institutional relationships can foster economic development and improve both the quality of the territorial context where households live and the welfare of the whole population. However, empirical research designed to test the relationships between social capital and household poverty in Europe is almost rare because of reduced data availability. The EU-SILC survey and the Eurostat statistic database certainly offer a new opportunity for research in this specific field. As a matter of fact, they represent an important reference source for comparative studies whose purpose is to assess the determinants of household poverty because they provide comparable and high quality cross-sectional indicators for all the EU countries. Taking these observations into account, this paper aims to assess the potential of EU-SILC survey and Eurostat statistic database in describing the relationships between social capital and household poverty in Europe. In particular, a Principal Component Analysis (PCA) has been performed on two sets of variables: a set of active variables proxy for community and household social capital endowment and a set of supplementary variables describing household economic well-being. Results show that there is a strong association between social capital and household economic well-being especially as far as poverty perception is regarded. Implications for public policies are also discussed.

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