4

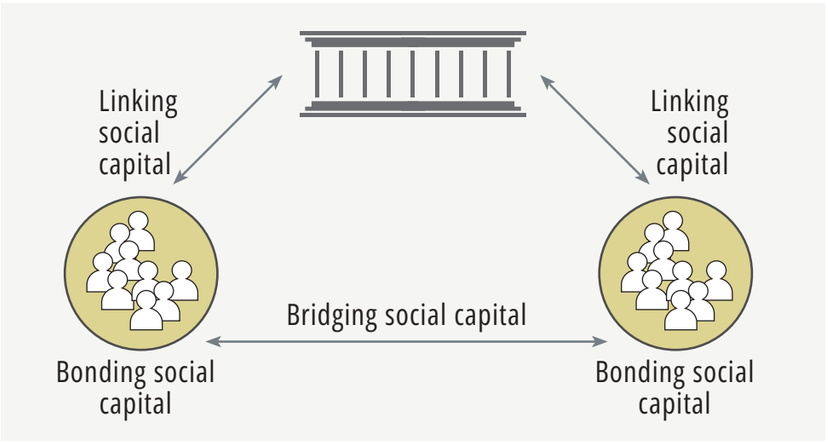
Social Capital

Human beings are social creatures. In order for societies to flourish, certain resources that, over the years, have come to be known as “social capital” must be available. These resources allow one to cooperate with others, to be aided by them, to aid them in turn, and to enjoy a sense of belonging and community spirit. Social capital resources are important for people’s ability to act both within their more immediate circles of belonging, e.g., their families and local communities, and within broader circles. These resources include the social networks one has joined, one’s civic and political engagement, one’s trust in others, as well as shared values and norms. They also include resources that ensure social and political conditions for flourishing: democratic institutions, rights and liberties, and an absence of crime and corruption. The coronavirus pandemic that plunged Israel and the rest of the world into crisis this past year underscored the importance of social capital for residents’ well-being, the state’s resilience, and its ability to cope with the challenge. Technological developments, Israel’s social diversity, and demographic trends pose challenges for sustaining Israel’s social capital, challenges that must be addressed if we are to maintain and develop it.

Definition of Social Capital

Social capital comprises the resources that allow people to forge social relationships with others, acquire social standing, and act cooperatively and effectively to achieve common goals.[20] These resources include structural resources such as the support networks available to people. Social capital resources also include attitudinal resources – norms of reciprocity and trust in other people – as well as institutional resources pertaining to the character of the political regime, human and civil rights, and crime and corruption levels. Social capital resources differ from other capital resources: they do not have the clear material attributes that characterize natural capital resources and some economic capital resources. Nor are they like human capital resources, which are embedded in people themselves. Rather, they exist in the (actualized or potential) relationships between people.

Figure 7. Three Types of Social Capital



20 For further discussion of social capital in general, and Israeli social capital in particular, see the social capital review in the Digital Appendix to this report (Geva, Greenspan, & Almog-Bar, 2021).

There are three types of social capital. *Bonding social capital* refers to the social resources of relatively homogeneous groups, e.g., families and local communities. By contrast, *bridging social capital* consists of the social resources and relationships that arise between groups or between people of different and heterogeneous groups, such as relationships between people of different religions or nationalities.[21] Finally, *linking social capital* differs from the first two types, which are based on horizontal relationships, in that it consists of vertical relationships between people or between groups of differing statuses or degrees of power, e.g., between the resident and the governmental institutions.

Unlike economic and natural capital, social capital does not become depleted with use, but rather the opposite: its use increases and strengthens social capital. However, investment is required in order to bring social capital resources to an appropriate level. Investment is also necessary if these resources are to be conserved in spite of developments that could potentially erode them, as discussed below regarding the challenges facing social capital resources in Israel. When investing in social capital, care must be taken to strike a balance between its different components, as an imbalance (e.g., an excess of bonding social capital and a dearth of bridging social capital) could produce negative outcomes from a societal perspective.

Social Capital and Well-being

The importance of social capital to well-being lies in the fact that the other types of capital are insufficient to ensure people's well-being. People's use of the natural, economic, human, and cultural resources available to them, and their enjoyment of those

21 The tension between bonding and bridging social capital manifests in the ideological preferences of individuals and the groups to which they belong, which also shape them, e.g., the tension between universalism and communal values (Enke, Rodriguez-Padilla, & Zimmermann, 2020).

resources, depend on the social context in which they live and their ability to engage in social relations with others. Social capital facilitates joint and reciprocal activity, some amount of which is crucial for the existence of any society or human association. The abundance in our world would not have been possible without social capital. Furthermore, the relationships that social capital facilitates give people a sense of belonging. Norms of cooperation and trust that are elements of social capital contribute to people's sense of personal security by keeping crime levels down. Social capital is a necessary condition for a democratic and tolerant society that provides people with an appropriate environment for flourishing and for improving their well-being.

Social capital's importance was highlighted during the coronavirus pandemic that plunged Israel and the rest of the world into crisis this past year. Alongside the medical aspects of coping with COVID-19, social capital emerged as a major resource for effective social response, particularly in terms of reciprocity, trust, cooperation, and taking personal responsibility for the welfare of others – including anonymous others. Community values, concern for the weak, and mutual responsibility were factors in society's ability to withstand the crisis and cope with the lockdowns, solitude, and associated economic challenges. The pandemic also illustrates the importance of public trust in science and expertise. Scientific knowledge is a public good that is useful for society as long as the public trusts the higher education system that produces that knowledge. Societies characterized by abundant social capital are less polarized, and are therefore more receptive to the knowledge that comes from experts or scientists, who are perceived as an elite. In many countries, it emerged that demographic, economic, and social processes had eroded social capital. The lessons learned from the coronavirus crisis emphasize the importance of social capital in future crises, especially the climate crisis.

Social capital also affects well-being indirectly through its contribution to other types of capital. Abundant social capital, primarily bridging social capital, contributes to economic capital by lowering transaction costs, encouraging entrepreneurship, and promoting economic growth. It facilitates more effective management and utilization of natural capital resources. Also, the support networks that it creates have an impact in terms of health and the ability to acquire education (human capital). Finally, social capital is the basis for various aspects of cultural capital, in particular the development of identities, aspects that strengthen and flourish in the presence of norms and conditions for tolerance and interpersonal trust.

Yet some components of social capital threaten well-being, making it necessary to strike a balance between them. For example, excessively high levels of bonding social capital can promote prejudice, exclusion, and corruption, if is it not balanced by bridging social capital. In multicultural societies like Israel, it can lead to radicalization and hostility between different social groups, or promote conformism, impairing the creativity and innovativeness of the group members themselves. The value of social capital to general well-being also depends on the substance of the social activity it facilitates. Crime and terrorist organizations enjoy high levels of bonding social capital, but their activity does not contribute to general well-being.

Social Capital Resources and Their Measurement

Three principles guide the formulation of the social capital indicators proposed in this report. Firstly, valid measurement of Israeli social capital must be multidimensional, so as to encompass the various

social capital resources while also giving separate expression to the three types of social capital: bonding, bridging, and linking. A society characterized by high levels of bonding capital but low levels of bridging capital would, for example, be essentially different from a society in which those levels are reversed.

Secondly, because social capital's modes of expression differ across places, their measurement needs to be adjusted to the Israeli context. A balance must be struck between the choice of unique indicators for Israel and the choice of widely used indicators that allow international comparison. Unlike natural, physical, or human capital, social capital is challenging to measure. This kind of capital is usually not measured directly (in contrast to years of schooling or number of machines per factory), but rather via its manifestations. We must therefore pay attention to the different ways in which social capital is manifested in different segments of Israeli society, and adjust our indicators so that they capture these differences, to ensure validity. For example, the ways in which social capital emerges and is manifested among Israeli ultra-Orthodox Jews differ from the ways in which it does so among secular Israelis, even though the two groups' social capital levels do not necessarily differ. A measurement format that focuses on specific modes of expression of a specific component of social capital may produce a distorted picture of social capital levels among groups whose social capital manifests differently.

Finally, the use of big data should be promoted as an innovative tool that complements the traditional measurement methods for social capital, which are generally based on surveys. Surveys measure certain concepts with relative precision, but their measurement of other concepts suffers from systemic bias or large random measurement errors. Big data can be helpful in addressing this problem and shedding light on important social phenomena. Various kinds of big data on social capital are already available and accessible (see below).

The discussion below points to the direction along which each of the proposed indicators should ideally progress. However, due to the tension between the three types of social capital (bonding, bridging, and linking), the optimal direction for some of the indicators is not necessarily linear: rises and declines on a given parameter may be desirable only to a point. For example, trust (whether placed in others or in governmental institutions) is important for a functioning society, but absolute trust can be harmful.

◘ Social Networks

Social networks are the interactions and relationships between people. Because people's well-being is affected by their ability to enlist the help of others, the more highly developed the social networks available to them, the greater their chances of enjoying well-being. These networks provide material and emotional support, and are based on information flow and access to societal resources and norms. From the perspective of bonding social capital, ties of family, friendship, or community become especially important in times of crisis, when the individual needs help. From the perspective of bridging social capital, social networks facilitate social mobility, establish trust, and create new opportunities, including employment opportunities, for their members; they are also fertile ground for the economic growth of society as a whole. For example, studies have demonstrated the impact of social networks on access to credit, and in particular to micro-funding and microcredit (Kuchler et al., 2020; Lin, Prabhala, & Viswanathan, 2013).

Network quality is assessed from several perspectives. *Volume* relates to the number of network members, and to this we may add the degree of *density* that characterizes these relationships.

Diversity refers to the degree to which the network transcends communities and groups; it is also a major factor behind the variety of aid and support options that the network can offer. Another perspective is that of the network members' *ability* or *competency* based on their skills, training, and status, as well as the number of *opportunities* available for the members' use.

The study of social networks is highly developed, and there are readily available, commonly accepted metrics for assessing network attributes and quality. The measurement of digital social networks is, of course, relatively simple. But one must take into account that digital relationships and relationships that involve face-to-face meetings are not the same, and cannot be substituted for each other. They can be thought of as complementary, with each mode contributing to social capital at a different stage of the connection, or along a different dimension of it.

Social network measurement is generally accomplished through surveys. But, as noted above, such networks can, in theory, also be measured by big data, such as the information obtained from cellular phones and online activity. Social activity restrictions during the coronavirus pandemic increased the digital modes' degree of penetration into everyday life, producing new opportunities for the use of big data to measure social activity and illustrating the potential embodied in such activity. Google created an index for people's mobility by activity type (shopping, leisure, work, etc.). Such indices are worth considering for use in Israel. National aggregative measurement could potentially resolve problems that arise in this sphere due to privacy considerations. New studies in the field show that such data can also be used to deepen our knowledge of face-to-face interactions (Atkin, Chen, & Popov, 2019).

Social networks

In light of the above, it is recommended that the following indicators be used to measure the characteristics and quality of social networks.

Social network volume indicator: Measures the average number of people with whom a person is in regular contact during leisure hours. This indicator should also be used to assess information on contact frequency; face-to-face contact and interaction should be examined separately from remote interaction (e.g., via telephone or the Internet). This indicator is primarily concerned with voluntary social networks, those with whom people are involved of their own free will and on their own initiative, not in the framework of, say, work relationships, which are generally not a matter of choice. The indicator would likely provide a more accurate picture of the state of social networks, as not all everyday interactions, such as those with coworkers, are strong enough for social capital development.

Support network volume indicator: Measures the average number of people available to one in times of need for emotional, financial, or healthcare assistance, or for advice when making important decisions. In order for an accurate picture of a support network's attributes to emerge, it is recommended to report on a summative indicator as well as on the segmentation of the available support network by area in which assistance is provided.

Social network diversity indicator: Measures the degree to which a person's social network is heterogeneous in demographic terms (gender and socioeconomic status) and in terms of ethnicity and nationality.

Opportunities to create social networks

Apart from measuring social networks and their attributes, we should consider the contexts in which social networks emerge and become established. Such an examination could indirectly shed light on the present volume of social networks, as well as on their potential future status. It is recommended to focus on a few different contexts where people can build and develop their social networks: civil society groups, trade unions, sports activities, and workplaces. Face-to-face interaction has clear advantages, but online interaction has value as well, making it worthwhile to also measure online activity. In essence, each of these contexts facilitates relationships and allows different kinds of interaction and social capital to develop. The diversity of these contexts in terms of their participants' demographic characteristics is important for the diversity of social networks and bridging social capital, and can be an indication of solidarity. Besides measuring people's participation in these contexts one may also measure the free time available to people, which affects their ability to devote time to forging and strengthening social ties.

Leisure indicator: Measures the average number of hours available to a person for leisure purposes.[22]

22 Leisure is also important for human capital, especially with regard to employment. For this reason, a similar indicator appears in the chapter Human Capital.

Civil society activity indicator: The average number of associations, civil society organizations, and hobbyist or shared interest groups to which a person belongs (excluding trade unions; see the separate discussion below). This indicator should also address the variance in network membership between different people, inasmuch as, in terms of social capital, limited involvement on the part of most of the population is preferable to large-scale involvement on the part of just a small population segment. It is particularly advisable for this indicator to include measurement of the share of the population that belongs to civil society associations and organizations; it should also calculate the average number of civil society associations and organizations in which a person is a member, divided by variance.

Popular group sports activity indicator: Measures the percentage of the population that engages in popular group sports, whether regularly or occasionally, distinguishing between different frequencies.

Occupational segregation indicator: Measures the degree to which employment sectors or occupations are represented by distinct groups (national, ethnic, religious, or gender).[23]

23 See the related discussion on employment in the chapter Human Capital.

Trade union membership indicator: Measures the percentage of workers in the economy who belong to trade unions. Membership in trade unions is a major indicator of mutual responsibility. It testifies to the existence of both bonding and linking capital. Studies have shown that in trade unions (as opposed to plant- or industry-level unions), the contribution of bridging and linking capital is great (Calmfors & Driffill, 1998; Carruth & Oswald, 1987).

Internet use indicator: Measures the volume and frequency of social media use via the Internet.

◘ Social and Civic Engagement

Social engagement and civic engagement are important for well-being because they give people a sense of meaning and belonging, and give rise to collective efficacy, i.e., the possibility of cooperation to achieve common goals. The ability to act jointly is particularly important in times of crisis, and is a source of community resilience. Social and civic engagement can be measured at the individual and community levels. The indicators proposed here incorporate both of these perspectives.

Social engagement

Volunteering and giving to the community are two major modes of social engagement. They reflect people's willingness to give of their time and money to others. In Israel, the percentage of those who participate in volunteer activity rose gradually over the past twenty years, but is lower than the OECD average (in 2016, 26% of Israelis reported volunteer activity over the previous year [Central Bureau of Statistics, 2019a]). However, when we try to measure volunteering and community involvement, we must remember that they are not just a function of supply – the willingness to contribute – but also of the demand for contribution. In developed welfare states, the demand for contribution to the community is lower than in countries where the state security nets are more limited. Political culture also differs between these two types of state, as reflected in the contrast between the philanthropy approach and the ideal of social justice as realized through the state budget. The volume of contribution should therefore be normalized per the level of public welfare expenditure or the degree to which the state's economic policy is progressive.

Volunteering indicator: Measures the average number of hours per month that a person devotes to volunteer activity, and the percentage of volunteers in the population as a whole.

Donations indicator: Measures the average monthly sum that a person donates to organizations or to other people. Because donations do not have to be monetary and may be in the form of goods, it is worth assessing the volume of goods donations in terms of monetary value (a donation can, of course, take the form of services or time, but these would be included in the volunteering indicator). To enable us to better understand the phenomenon of donations in society, this indicator should ideally be accompanied by data on the average number of organizations to which a person donates.

Civic and political engagement

Political participation is a kind of public good. It is an important expression of an involved public, one that is not alienated and is active in determining the shared fate of all of its members. It

relies on political efficacy, a key factor in maintaining a public's involvement in politics. Voter turnout is the most basic form of political participation, and in Israel it has been trending downward since the founding of the state (during Israel's first two decades of statehood, voter turnout was more than 80%, while since 2000 it has generally been lower than 70% [Central Bureau of Statistics, 2019a]). However, because citizens staying outside the country are not allowed to cast absentee ballots in Israeli elections, this indicator has comparative disadvantages in the Israeli context; its findings should be interpreted with caution, as a decline in voter turnout could also be due to a rise in the percentage of Israelis staying abroad. Also, because of the relatively low frequency of elections (once every few years), voter turnout cannot provide a sufficiently continuous picture of Israeli citizens' civic and political engagement. One should therefore incorporate the measurement of other political participation modes. As of 2018, only 14% of Israelis aged 20 and over reported public or political engagement at the national or local level (Central Bureau of Statistics, 2019a). It should also be noted that political participation can take on a negative aspect, such as in those instances where it is characterized by violence or unlawful behavior. Although the indicators proposed here do not distinguish between positive or legitimate political participation and the opposite kind, these differences still merit attention.

General election voter turnout indicator: Measures the general election voter turnout rates. In order to address the fact that citizens staying abroad cannot vote in these elections, it is important that this indicator be standardized to the number of Israeli citizens staying abroad (extended stay) at the time of the elections. In addition, data collected from surveys of hypothetical voter turnout, i.e., information on citizens' willingness to participate in elections were they to be held today, could be incorporated into this indicator. The integration of these two data sets could provide a more complete picture.

Demonstration or rally participation indicator: Measures the number of demonstrations or rallies in which a person testified to having participated over the past year. A situation where a small population group exhibits large-scale participation, while most of the population does not participate at all, could attest to relatively little social capital compared to a situation where most of the population displays similar participation levels. Accordingly, it is recommended that this indicator be accompanied by data on participation level differences between different population segments, e.g., via reporting on the average of the variance components, or through separate presentation of participation rates of different population segments.

Political efficacy indicator: Measures the degree to which a person agrees or disagrees with statements commonly used to measure political efficacy, e.g., "The government listens to people like me," "People like me can generate change," and the like.

Shared Values and Norms

Shared values and norms are necessary for social cohesion. They create a sense of belonging and give meaning to life. They facilitate broad social solidarity, which in turn makes it possible to maintain a welfare and mutual aid system at the individual, civil-society, and state levels. Shared values and norms are important for every community, but their necessity grows as the group becomes larger, more heterogeneous, and more multicultural. In multicultural Israel, with its many and deep social cleavages, shared values and norms are a critical resource for the continuation of our common life (see also the chapter Cultural Capital). Attention should also be paid to the substance of shared values and norms. These should reflect reciprocity and pluralism, as well as tolerance, which promotes the flourishing of all of the residents. Shared values and norms can arise only when there is a social interface of some kind between the different segments of society. Thus, processes such as social segregation can potentially undermine national solidarity and the adoption of shared values and norms. Values and norms are not easy to measure, but their importance for social capital is great. They should be measured carefully (whether directly or indirectly) per the following suggestions. Many of the proposed metrics are widely used in the social sciences.

Tolerance and solidarity

Monitoring tolerance and solidarity levels in Israeli society can teach us about the distribution of the shared values crucial to the establishment of social capital. Tolerance is largely connected with bridging capital, while solidarity is related to both bridging and bonding capital, in the form of dependence on a group or on people with whom one feels solidarity (whether or not they belong to one's immediate group). The indicators proposed here focus on bridging capital, and on how Israeli residents relate to people from groups that differ from their own.

> **Communal belonging indicator:** Measures the percentage of those who vote in local elections. Attention should be paid to the limitations of this indicator, similar to those of the general election voter turnout indicator mentioned above.

> **Tolerance indicator:** It is an accepted practice to employ a tolerance indicator whereby subjects are asked which group they most dislike, and then asked a series of questions about that group that assess their openness to a common life with that group, e.g., whether they would be willing for their children to marry people from that group, whether they would be willing to be neighbors of people from that group, and so on. Another, broader, way of assessing tolerance is to look at the public's degree of openness to, and support for, immigration, especially for immigrants from groups other than the state's majority group. For comparison purposes, the formulas employed by the European Social Survey (ESS) and other international surveys can be used.

Traffic violations evincing lack of solidarity indicator: Measures the number of traffic violations evincing a lack of solidarity, with an emphasis on violations committed consciously or deliberately, e.g., driving on the shoulders during rush hour, parking in handicapped parking spaces, entering and blocking already congested intersections, not yielding, hit-and-run collisions, and more. It should be noted that fluctuations on this indicator may stem not from increases or decreases in the number of these violations, but from changes in enforcement or reporting. An effort should be made to eliminate these external effects insofar as possible.

Political violence indicator: Measures the number of hate crimes committed over the past year. The indicator testifies to hostility toward certain groups in society, and to a certain degree it reflects issues of graver concern than those captured by the previous indicators.

Polarization and segregation

The above tolerance and solidarity indicators attest to current social capital levels. Indicators that measure polarization and social segregation in Israel can reflect tolerance and solidarity levels indirectly or deductively; beyond that, they can indicate what the future may hold. Even if present polarization and segregation levels do not translate into intolerance or hostility between social groups, their existence and increase could later undermine the creation of bridging capital. They indicate a potential degree of severance between different population segments. We suggest examining several possible facets of polarization and segregation.

Ethno-linguistic fractionalization indicator: Measures the level of religious, ethnic, national, or linguistic diversity in the state or its specific localities. Insofar as possible, smaller geographic units, such as neighborhoods, should be preferred. The indicator assesses the number of groups with attention to their relative size.

Economic inequality indicator: Measures economic inequality levels by income, at the national level and at the level of more focused geographic units such as locality, district, or subdistrict. Information on income distribution both before and after transfer payments should be included.

Multiple identities indicator: Measures the degree to which people have multiple and intersecting identities (e.g., ones that are shared by different groups in society). One may assume that the smaller the number of identities that a person holds and shares with other people (overlapping identities), the lower the level of his or her bridging capital. This indicator could consist of questions that test the person's identification with a variety of identities (as Israeli, Jew or Arab, urban or rural resident, member of an ethnic group, woman or man, and so on); it could also look at the average number of identities per person, and the degree of shared distribution of these identities (in a similar context, see our discussion of identity measurement in the chapter Cultural Capital).

Political polarization indicator: This indicator measures the degree of ideological distance between individuals in society: the more voters are concentrated at the ends of the ideological spectrum, the greater the ideological distance between them, and the more pronounced the political polarization. Political polarization measurement takes into account the relative sizes of different population groups and their opinions, and can integrate voting data (to determine group size) and questionnaire findings (to determine opinions). Dalton (2008) proposes a political polarization indicator for the elite, which can also be used to measure polarization within the entire population.

Party-system nationalization indicator: Measures the degree to which voting patterns in each region reflect the electoral distribution in the state as a whole and are, therefore, similar to each other. In other words, it measures the degree to which voters with different opinions live in distinct areas. This indicator measures the regional segregation of the vote. For example, one can compute a Lorenz curve that examines votes by locality or region and marks the inequality of the distribution of votes across localities/regions. This graph will plot the share of the total votes coming from each locality as compared to the share of a particular party's votes coming from each locality. This measure indicates the degree to which different localities/regions differ. If the distribution of votes substantially differs across regions/localities (as opposed to a nationalized party system whereby votes are distributed in a similar way across regions) it suggests that there is a significant political difference across regions.

Command of languages commonly spoken in Israel indicator: Measures the percentage of people who speak languages commonly spoken in Israel other than their native language, e.g., the percentage of Arabic speakers among those whose mother tongue is not Arabic. The list of common Israeli languages might include Hebrew, Arabic, Russian, Amharic, and Yiddish. Command of the languages of other groups in Israeli society is very important for the creation of bridging social capital. Such capability facilitates both unmediated dialogue with members of the group, and a better understanding of its culture. When developing this indicator, one should place emphasis on knowledge of the languages of Israel's larger minority groups, and such knowledge should be weighted accordingly.

Discrimination

Discrimination is a negative facet of bonding capital that compromises bridging and linking capital. It testifies to low levels of solidarity and shared norms and to deep societal polarization. Discrimination measurement assesses the degree to which different groups are represented, relative to their population share, in positions, key roles, budget allocations, and other social frameworks. However, the over- or underrepresentation of a given group may not necessarily stem from discrimination, but rather from differences in the group's attributes (due, for example, to differing preferences and choices). For example, the low share of women in the STEM professions could be due to discrimination, but it could also be the result of women's preferences, as opposed to men's, in the choice of fields of study. Therefore, discrimination measurement should be accompanied by econometric analysis to verify that the various groups' relative representation deviations from their shares in the population reflect discrimination rather than the groups' choices.

Discrimination indicator: An indicator should be developed to assess gender, ethnic, and age gaps in education, employment, wage, occupations engaged in, positions in management and in governmental institutions (including the Government of Israel and the Knesset), public expenditure, healthcare, and crime (e.g., the prison population).

Trust

Trust is a person's estimation that others will treat him or her fairly. Strong trust increases people's willingness to turn to others for help, and to help them. At the most fundamental level, trust is important for the health of any relationship. A distinction is usually made between two main types of trust: particularized trust, which is associated with bonding social capital, refers to a person's attitude toward their close acquaintances and immediate community, whereas generalized trust, associated with bridging social capital, refers to a person's attitude toward others in general, including those whom they have yet to meet.[24] We propose one indicator for each type of trust.

Particularized trust indicator: Measures a person's level of trust in his or her immediate environment.

Generalized trust indicator: Measures a person's overall level of trust in other people. As a basis for this indicator, we should use a commonly accepted formula for measuring generalized trust that also allows international comparison. To bolster accuracy, we should consider adding questions about the person's degree of trust in certain groups in Israeli society.

24 A third type of trust associated with linking social capital has to do with a person's attitude toward governmental institutions. This type of capital is separately discussed below.

Governmental Institutions and Rights

The civic and political contexts in which people live also affect their well-being. A functioning democratic society is the necessary platform for people's personal development and individual expression. The freedoms and the tolerance assured by such a society enable people to plan their lives according to their personal preferences, and to achieve self-fulfillment. The existence and functional status of the various democratic institutions and of the rights and liberties associated with a democratic society are major institutional pillars of social capital. Additionally, citizens' trust in governmental institutions (as opposed to partisan institutions or individual figures in public life) is important for the development of linking capital.

Democracy and rights indicator: Israel's Freedom House score.

Trust in governmental institutions indicator: Measures the degree of trust in governmental institutions, including the Knesset, the government, the court system, and the law enforcement system.

Legal system efficacy indicator: Israel's score on the Enforcing Contracts part of the World Bank's Ease of Doing Business index.

Crime and Corruption

The state's crime and corruption levels affect people's personal security. Low security levels can compromise people's physical and mental health status, and cause economic damage to individuals and to society as a whole. They also affect other social capital resources,

such as the public's trust in governmental institutions, social solidarity, and interpersonal trust. In general, making inferences about crime and corruption levels based on administrative data is not an easy matter as such data is also based on the norms, reporting, and activity of the law enforcement system. For example, data on instances of violence against women could reflect a true increase in the number of such cases, but it could also indicate a change in the normative or legal definition of violence against women or in the willingness to report such occurrences; it could also attest to a rise in police enforcement. Thus, crime and corruption measurement should be normalized in accordance with current reporting and enforcement levels.

> **Crime indicator:** Measures the number of instances of crime perpetrated over the past year, by type of crime, e.g., theft, murder, other violent crimes, tax evasion, and more.

> **Personal security indicator:** Measures the sense of personal security, e.g., the degree to which the respondent feels safe walking outside late at night. This commonly used indicator is based on sample surveys.

> **Perceived corruption indicator:** Israel's score on the Corruption Perceptions Index (CPI).

Principal Challenges

Like any society, Israeli society has unique attributes that pose challenges for accumulating and preserving social capital. There are several trends and developments that could prove problematic for Israeli social capital, and endanger its sustainability. These include technological developments, social diversity and inequality, and changes in population structure and composition. To cope with these challenges, the state should invest in the preservation and reinforcement of social capital.

Technology

Technology alters the character of social capital, and the ways in which it manifests. Interactions that were once face to face are giving way to digital interactions. They are taking on different shapes, requiring different sorts of resources, and hence different means are needed for social capital measurement and preservation. It has been argued that technological development is actually causing social capital resources to erode, as people have fewer opportunities, and perhaps less need, to meet others and engage in social interaction. Even so, there can be no doubt that technological developments also bring with them new opportunities to increase social capital, e.g., by promoting social mobility, broader access to diverse social networks, and more. Technology's impact on social capital is not yet clear, and requires attention and monitoring.

Social Diversity

Israeli society is multicultural, and characterized by social cleavages, including national, religious, ethnic, and more. This situation creates challenges for the preservation and development of social capital in Israel. On the one hand, Israel's social diversity encourages the development of binding social capital within each group, though the groups frequently do not share values and norms. Binding social capital is necessary for the groups to keep providing their members with the advantages of this form of social capital. On the other hand, the differences between the groups and the potential

tension between their identities and values make it hard to create bridging social capital between them, which is the basis for a shared existence. The difficulty posed by social diversity and the great differences between the various groups are intensifying due to the prevailing hostility and in response to the social segregation tendencies exhibited by some of the groups – arising mainly, though not solely, from the Israeli-Palestinian conflict and struggles over Israel's religious character. If Israeli social capital is to be maintained, it will be necessary to monitor how social diversity affects it, and to strike a delicate balance between its components. See the related discussion below on Cultural Capital.

Changing Population Structure and Composition

Demographic trends affect society and, consequently, social capital. Three main trends of this kind may be identified that could potentially have a substantial impact on Israeli social capital in the coming years. One trend is urbanization. More and more Israeli residents are living in cities, which are becoming denser and characterized by high-rise construction. This trend has many upsides in terms of the other well-being resources, such as natural capital, but it threatens the country's social capital resources. Dense, high-rise living can reduce people's contact with their neighbors and pose problems for local community activity and growth. In such environments, civic engagement and generalized trust are sometimes diminished. At the same time, urbanization creates opportunities for social capital by, for example, facilitating social mobility. Planning and other processes can address problems with urban structure and promote a sense of belonging and community.

Second, Israel, like many other nations, is subject to the population-aging trend. The share of the elderly in the population as a whole is growing due to falling fertility rates and rising life expectancy. Older people sometimes have sparser social networks than do younger people, and they are more isolated. This population, whose health is improving as medicine advances, also has more time for community and civic engagement. In light of this trend, the resources invested in Israeli social capital development need to be adjusted so as to give this growing population segment the social capital resources that it needs (for a discussion of other ways in which population aging affects the stock of well-being resources, see the chapter Human Capital).

Third, demographic forecasts indicate that the size and share of the ultra-Orthodox and Arab sectors in Israel's total population will gradually increase. Both of these sectors tend to have relatively high levels of bonding social capital, but their degree of involvement in Israeli public life is comparatively small, as are their stocks of bridging and linking social capital. They are differentiated or segregated, geographically and socially, from the rest of the population, and tend, each sector for its own reasons, to relate with distrust to governmental institutions. As these two sectors grow, greater effort will have to be invested in the development of bridging and linking capital in Israel.