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SOCIAL CAPITAL AND ECONOMIC OPPORTUNITY: IMPLICATIONS FOR INCREASING SOCIAL MOBILITY

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Abstract

Increased socioeconomic diversity and bonds have shown to increase prospects for low-income people, specifically through the accumulation of social capital. This study describes how increased social networks can affect the incomes of Louisiana residents that have exited Temporary Assistance for Needy Families (TANF). Using a social capital index connecting parish population, voter turnout, census response rate, and the number of non-profit organizations in the parish, and controlling for individual and parish characteristics, I find that increased levels of social capital in the parish do indeed increase income for welfare leavers. Results also further confirm that human capital (e.g. education and employment experience) affects income, which TANF assigned work activities typically focus on. The social capital findings suggest that policymakers may wish to invest in increasing social networks for welfare participants.

Social Capital and Economic Opportunity: Implications for Increasing Social Mobility

I. Introduction

The many hardships faced by low-income communities are compounded by weak networks of trust and cooperation, or social capital. Social capital is essential for community development, as a person's access to resources is affected by the size and diversity of his networks. The reciprocal trust which characterizes social capital can make interactions more efficient and mutually beneficial, and may act as a substitute for formal institutions where they are lacking (de Soysa & Jutting, 2006). Through these mechanisms, social capital can facilitate the acquisition of more and more community capital assets in a process known as "spiraling up" (Emery & Flora, 2006). The World Bank's position is that social capital is necessary for the poor, as it promotes long term development where there is often none. Yet, the poor are typically involved in few and homogenous social networks (Robison & Siles, 2002).

In James Coleman's landmark study, *Equality of Educational Opportunity*, often simply referred to as "the Coleman Report," Coleman discovered that disadvantaged black children were more likely to succeed in school when they had classmates that were from more advantaged socioeconomic backgrounds. In addition to this, the students from lower socioeconomic backgrounds did not have negative effects on the success of the higher-income students. Research has consistently supported this idea (Metz, Chubb & Moe, 1990), which was a main catalyst for the implementation of

desegregation through busing in the 1960s. Though Coleman's study was a report on education and children, one may wonder if socioeconomic diversity and the social capital it produces could be used to predict economic success among adults. The interactions between the students across income types represent a form of social capital.

There are specific *types* of social capital that affect social mobility, discussed in Robert Putnam's *Bowling Alone*. Putnam describes "bridging" and "bonding." Bonding occurs between group members, while bridging occurs between groups. Putnam also describes important elements of social capital, including the reciprocity of networks. Reciprocity, which includes specific and general reciprocity, enforces trust among groups, as reciprocity is one reason members of the community will help other members. Specific reciprocity occurs when a person helps another member of the community, and they gain something from it, too. Generalized reciprocity, on the other hand, is the idea that a person will help another with nothing expected in return for the giver, with just an assumption that the person helped will pay back the favor by helping some part of the community.

Increasing social networks, and thus increasing specific and generalized reciprocity, should have positive economic implications, as people in the networks informally relay information to each other (Granovetter, 2004), including career options and job opportunities. Increased social capital, it would reason, would aid welfare recipients looking to leave the program and find permanent employment. In this thesis, I test the hypothesis that social

capital in a community influences economic outcomes for women leaving welfare. Using parish-level (county-level) data, I will assess how income post-assistance is affected by social capital, specifically in the case of persons leaving the welfare system in Louisiana.

II. Literature Review

The term "social capital" was introduced nearly a century ago, but did not gain traction in its current definition until recent decades, when it was popularized in writings by James Coleman, Pierre Bourdieu, and Robert Putnam. It may be difficult to explicitly define, as it "is not a single entity but a variety of different entities," all with two specific elements, as defined by Coleman in *Social Capital in the Creation of Human Capital* (1988). The entities that comprise social capital "all consist of some aspect of social structures, and they facilitate certain actions of actors – whether persons or corporate actors – within the structures" (98). Coleman relates the acquisition of social capital to the acquisition of human capital, which is the skills and knowledge of individuals, as opposed to physical, material capital. Gary Becker popularized the concept of human capital (1964), suggesting that at least 70 percent of the capital in the United States is human capital (2002). If social capital creates human capital, and human capital is related to upward mobility, social capital is crucial in creating social bonds that can have profound impacts on socioeconomic status. Coleman defines three types of social capital: obligations and expectations, information channels, and social norms.

Obligations and expectations depend on "trustworthiness of the social environment…and actual extent of obligations held" (103). Information channels are the ways and paths in which people acquire new information from others, information "that facilitates action" (104). Social norms are powerful tools that reinforce certain actions in regard to the community. These can be effective forms of social capital, whether the norm that is found in the community is internalized in all members, or externalized for external benefits (105).

Another theorist, Pierre Bourdieu, sees social capital as a component of the class struggle, helping to aid in the accumulation of "symbolic capital," which presents a person's affluence and position to society (1986). Holding symbolic capital does not require a legitimate social position – it is merely how others *perceive* the person's social position. Social capital therefore is a tool to increase one's influence in society, which means that low levels of social capital infer lower class levels. Bourdieu defines social capital as "the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992, p. 119). Bourdieu's view is that it is not just that higher levels of social capital can bring people out of poverty, but that strong social capital is one reason why the dominant classes are able to remain in power, keeping the lower classes subjugated.

Robert Putnam's *Bowling Alone* discusses social capital in the context of contemporary American society, and in a more positive light than Bourdieu. Specifically, he discusses the decrease of social capital among groups in the United States in recent times, and how this negatively affects our communities. Civic engagement, participation in politics, membership in groups (including religious groups), and strength of trust in the government have all declined. According to Putnam, social capital is in decay. If social capital is decreasing, what does this mean for the poor? Putnam does state that technology, though partially to blame for the decline in social capital, may also have the power to increase it. People can remain in contact with others, even when they are thousands of miles away. It also appears to reduce feelings of loneliness – though, it also reduces personal encounters. Even if technology would have the power to increase social capital, a shortage of social capital – if social capital has the power to change outlooks for the poor – may very well be keeping the poor from gaining upward mobility.

"Spiraling-up" refers to the process where as more assets are gained, the likelihood of gaining other assets increases as well. Emery and Flora conducted a study concerning spiraling-up and the Community Capitals Framework (CCF), which is a framework describing the different "community capitals" that affect community development and mobility. These include not only social and human capital, but cultural capital, financial capital, built capital, natural capital, and political capital. In their experiment, they actually implemented resources that would increase certain community capitals, to test

if other capitals were positively affected through spiraling-up. They focused on increasing social capital, human capital, and financial capital. Methods included promoting youth development teams and youth entrepreneurship, connecting community groups to each other, promoting volunteerism in the community, among many others. The preliminary results were promising – their methods for promoting these capitals did indeed increase community capitals.

Though the above works are certainly encouraging about the poor's prospects when they can gain access to increased social mobility, Das (2004) disagrees. In *Social Capital and Poverty of the Wage-Labor Class: Problems with the Social Capital Theory*, Das discusses how scholars ignore "how the conditions of the poor can affect their social capital" (2004, p. 1). A qualitative study is used to determine not only how social capital affects daily wage laborers (in India), but also how the economic and political conditions of their lives affect their social capital. Obviously, as these are participants are from India, we cannot generalize for daily wage laborers in the United States, but we must also remember that the idea of social capital is universal. Das conducted interviews with wage laborers, as well as state officials and politicians in the area. From these interviews, he found that economic and political factors are responsible for constraints in the poor's ability to gain social capital. For example, workers have limited material resources to share among themselves (Das, 2004, p. 32). How then, Das asks, is social capital doing any good, if the poor do not have much social capital to share to begin with? Without material

resources, “informal rules of sharing in a place and over space are difficult to sustain for long” (Das, 2004, p. 32). However, Das also finds that reciprocity among the poor is incredibly strong. Whether it is food or a trip to the hospital, the “bonding” form of social capital is well-developed. It is the “bridging” form that is neglected.

Indeed, societal exclusion can be a significant determinant of poverty. William Julius Wilson (1998) argues that the joblessness of the inner-city is partly attributed to segregation and social isolationism. This is not only racial segregation, but also the “growing suburbanization of jobs” (p. 5), where adequate transportation is required for work. Poor public transportation and the lack of an automobile can make this difficult for many in the inner-city. The absence of working and middle-class families in the inner-city only exacerbates the problem. Accordingly, social capital is typically only in the form of *local* social interaction – bonding, not bridging.

The inspiration for this paper came from “the Coleman Report” (1966). *Equality of Educational Opportunity*, the Coleman Report’s formal title, was part of the inspiration for the busing movement in the 1960s, to desegregate schools by busing students to different schools to forcibly desegregate. This report was commissioned by the US Department of Education, and involved over 650,000 student participants. It found that differences in schools, and differences in the socioeconomic status of schools, had a much greater impact on student learning and achievement than other factors such as school funding. However, due to the negative reaction by many Americans to busing, and the subsequent

"white flight," busing did not succeed in diversifying public schools. Today, however, the theory that socioeconomic diversity can be used to influence education outcomes is often proposed by education policymakers.

A more recent paper, written by Richard Kahlenberg of The Century Foundation, provides more evidence that public schools should be diversified by socioeconomic status for better results for low-income children. This is because students learn not just from their teachers, but informally, from the students around them. Classmates from higher socioeconomic backgrounds "teach" their lower-income classmates – just by interaction. For example, low-income children start school with almost half the vocabulary of higher-income students (p. 2). Low-income students interacting with these high-income students would therefore be exposed to more words. And, *interacting with low-income students doesn't bring the higher-income students down.* Kahlenberg also tells of a new study using Coleman's data, which finds that when controlling for individual students' families' socioeconomic status, it was the socioeconomic status of the *school* that really mattered. Kahlenberg's paper and the Coleman Report, however, only focus on education, and therefore, they only focus on schoolchildren. I want to know – does the same phenomenon happen with adults? It is then necessary to consider both the contact hypothesis and conflict theory.

Pettigrew's 1998 article on intergroup contact theory sheds light on the debate between conflict theory and the contact hypothesis. Allport is credited with the contact hypothesis, which states that the more that in-groups interact

with out-groups, that is, the more they are in contact with them, the more likely that prejudice will be reduced. Conflict theory states the opposite, that stereotypes are only reconfirmed by frequent in-group contact with out-groups. Pettigrew reviews Allport's four criteria for positive contact, and his research suggests one more. Allport's criteria include common status, common goals, intergroup cooperation, and personal interaction. Pettigrew adds the criterion of "friendship potential" between members of the differing groups. That is, "the contact situation must provide the participants the opportunity to become friends" (1998, p. 76). However, Pettigrew also adds that if a person fits all of these criteria, and a prejudice exists, a member of an in-group may simply assume that their friend is not a member of the out-group. For the prejudice to be reduced, the in-group member must think of the out-group member *as a representative of the out-group*. Thus, it is difficult to truly meet all of the criteria outlined for a successful reduction in prejudice.

Many of the previous studies on social capital were implemented at the group level, as opposed to the individual level. Ellemers, et al. (1997) provide a study based on individuals within groups, and how willing they are to sever ties with their current in-group to gain a higher social status. The findings assert that in-group loyalty is present, even when encountering an opportunity to trade the in-group for a higher place in the social hierarchy. However, the key point to recognize is that social identity is the strongest factor when making a decision to leave a group for a better one. If self-identity is threatened by low status, the decision to leave a group may be easy. And, if "the cost and

benefits" of changing groups is unclear, the "level of identification determines participants' tendencies to act as individuals rather than group members." The concept of self-identity may be more important than perhaps previously thought when considering social mobility, as well as the choice (if it is presented at all) of whether or not to "climb the ladder."

As social capital is crucial to increasing ties and forming bonds between individuals and groups, one of the most important planes of communication lies within the physical community. The link between place and person is vital. Mahujarine et al. (2008) even find that place is related to a person's health, and that a low socioeconomic neighborhood has poorer health implications than a high socioeconomic neighborhood, all other factors such as income and employment controlled. .

In the late 1970s, in response to a public housing discrimination lawsuit, Chicago began the Gautreaux Project. Gautreaux is a housing desegregation project building public housing in diverse neighborhoods, outside of the typical, low-income urban area. As a result, numerous impoverished families began living in the suburbs, in mixed-income communities, where, due to a "neighborhood effect," the prospects for both adults and their children improved dramatically. Graduation rates and employment rates improved, suggesting that where one lives has a distinct impact upon his or her success (Robinowitz & Rosenbaum, 2000).

Given that social capital is clearly an important element in an individual or group's social mobility, it would reason that social capital should affect

career options and choices. Seibert et al. (2001) found that career success (both objective and subjective) is influenced by access to information, access to resources, and sponsorship by employees or other individuals or groups. In fact, having multiple mentors, as opposed to one mentor, increases the chances of career success.

III. Theoretical Development and Hypothesis

According to the literature, increasing networks of trusts and reliability will positively influence career prospects among low-income people, specifically those leaving welfare (either through completion of the program or sanctions). Social capital builds and widens social networks, which therefore builds and widens career networks. Through both bonding and bridging, welfare participants are more likely to hear about job openings ("employers fill the majority of job openings through the unadvertised, or hidden, job market" [Jones, 2004, p. 32]), attract interviews, and receive general advice about work. This leads to a greater knowledge of the process of career acquisition and better job decisions, which would then lead to better jobs – and higher incomes.

> *Hypothesis*: Living in parishes with higher levels of social capital will positively affect the incomes of welfare participants that have recently left the program.

This measure of social capital is rather blunt in that social capital is not being measured at the individual level but at the parish level. Indeed, the idea that a parish-level measure is synonymous with a community is conceptualizing a community rather broadly. If support for the hypothesis is

found using this admittedly blunt instrument, then further research in this area is clearly warranted.

Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC) in 1996. Louisiana's program is called Strategies to Empower People (STEP). Under TANF, adults must also work or participate in work activities (e.g. employment, job training, volunteering, or education activities) for a certain number of hours each week (typically 30 hours for the average participant). In addition, recipients are limited to 60 months of federal assistance across their lifetime. States are allowed to set their own time limits and many states have duration limits shorter than the federal limit.

While participants may exit the TANF program due to time limits, they may exit due to employment as well. If a recipient finds employment and moves above the income limit, then participation is terminated. In addition, participants can be sanctioned off the program for failure to follow the program rules. Obstacles that inhibit successful employment after leaving welfare include lack of education, lack of work experience, substance abuse, health problems (of self or family), and a lack of transportation (Nam, 2005). Stringent work requirements may also cause income to decline after leaving TANF (Ozawa & Yoon, 2005), though it does result in increased employment overall, but only for welfare leavers that leave the program late (Lim, 2009).

Social capital in communities has been linked to TANF participation in other studies. For example, Parisi, et al. (2003) found that participation rates

fall in areas with high civic engagement, specifically faith-based activities in their examination of Mississippi welfare recipients. In addition, Mississippi community conditions such as high concentrations of African Americans increase TANF participation rates, but effects were reduced when controlling for other economic and social factors such as income inequality.

Parisi, et al. (2006) found that economic and social factors combined with individual barriers to employment (such as education level and number of children) inhibit timely TANF exits. African Americans are disproportionately represented in TANF numbers, and also tend to exit much later than white TANF recipients. Accordingly, African Americans are more likely to be influenced by exit barriers than whites. These include higher unemployment rates, a larger share of employment opportunities in retail, manufacturing, and service sectors, a lower ratio of employment to population, and location in the Delta region (including Louisiana).

In another study, social capital among caseworkers affects employment. Livermore and Neustrom (2003) argue that caseworkers may use their own reserves of social capital to help clients find jobs, either by using their connections to find job openings and informing clients, or by specifically obtaining particular employment opportunities for clients.

Controlling for Influences on Wages

A variety of programmatic variables are likely to affect wages post-assistance. Research by Ashworth et al. (2004) suggests that clients who are

on assistance for longer periods will have greater difficulty finding jobs. In addition, Danziger, Corcoran, Danziger, and Heflin (2002) find length of time on assistance is associated with part-time employment rather than full-time employment, which of course influences wages. In their study predicting wages post-assistance in Louisiana, Davis, Livermore, and Lim (2011) find that welfare leavers who participated in both FIND Work and STEP are likely to fare worse than those who participate in only STEP. In addition, sanctioned recipients are found to have decreased earnings in Louisiana. Finally, Davis, Livermore, and Lim (2011) find that recipients who were able to follow the rules while on assistance are more likely to earn higher wages post-assistance. As a consequence, time on assistance, sanctioning history, compliance history, and participation across programs are included as controls.

Additionally, a host of local employment characteristics such as local job market characteristics, urban versus rural environments, and hurricane-affected areas must be included as controls. As Davis, et al., (2011) note, "Recent research links the local labor market to mandatory job program outcomes; we include retail wages and unemployment to capture the potential earnings of participants as they leave welfare-to-work programs" (Ashworth et al., 2004; Berry, Fording, & Hanson, 2003; Bloom et al., 2003; Greenberg et al., 2005). In addition, a control for the possible effects of the 2005 Hurricanes Katrina and Rita is necessary. Participants who lived in St. Bernard, St. Tammany, Orleans, Cameron, and Plaquemines, the five hardest-hit parishes

in Louisiana, determined by a Federal Emergency Management Agency (FEMA, 2006) report on home damage levels, are expected to face lower earnings.

IV. Data, Methods, and Results

Using individual-level administrative data on participants in Louisiana's welfare-to-work program that entered the program between October 2003 and September 2006 and exited prior to September 2007, I examine the effect of social capital on earnings post-assistance. This results in data on 18,857 individuals. Table One contains data on the operationalization of variables and sources.

Table One: Operationalization of Variables

Annual Earnings	Earnings in first 4 quarters off assistance
Sanction*	1=Sanctioned; 0=Otherwise
Months on Work Program *	Number of months spent on work program
Perfect Compliance*	Percent of months participant completed required hours
FindWork and STEP*	1=Both programs; 0=STEP only
Gender*	1=Male; 0=Female
Single*	1=Single; 0=Otherwise
Citizen*	1=Citizen; 0=Otherwise
Minority*	1=Minority; 0=Otherwise
HS Diploma or GED*	1=Diploma or GED; 0=Otherwise
Family Size*	Number of members in assistance unit
Age*	Age of adult recipient
Unemployment**	Unemployment averaged over first 4 quarters off STEP
Lag of Unemployment**	Unemployment averaged over first 4 quarters off STEP lagged
Average Retail Wage**	Average retail wage of parish in residence the year client left STEP
Hurricane***	1=Resident of one of 5 most damaged parishes; 0=Otherwise
Social Capital	Described below

*Data from Louisiana Department of Social Services

**Data from Louisiana Occupational System

***Data from www.katrina.lsu.edu/downloads/research/ GulfCoast_HousingDamagesEstimates_021216.pdf

The dependent variable in the model is the former welfare-to-work participants' annual wages in the first four quarters off assistance. The independent variable is social capital at the parish level. The social capital index was created by the Northeast Center for Rural Development using principal component analysis using population, voter turnout, census response

rate, and the number of non-profit organizations divided by population per 10,000 (without including those focused on international issues) (Rupasingha, 2008). It is unclear whether bridging social capital or bonding social capital is more strongly represented in the index. The social capital variable has a minimum value of -2.39, and a maximum value of .414 in the Louisiana parishes. The average value of the variable in Louisiana is -.744.

$$\text{Annual Wage} = \alpha + B_1\text{Sanction} + B_2\text{Months on Work Program} + B_3\text{PerfectCompliance} + B_4\ \text{FIND Work and STEP} + B_5\text{Gender} + B_6\text{Single Parent} + B_7\text{Citizen} + B_8\text{Minority} + B_9\text{Diploma/GED} + B_{10}\text{Number of Family Members} + B_{11}\text{Date of Birth} + B_{12}\text{Metro Parish} + B_{13}\text{Adjacent to Metro Parish} + B_{14}\text{Unemployment} + B_{15}\text{Average Unemployment} + B_{16}\text{Retail Job Wage} + B_{17}\text{Hurricane Parish} + B_{18}\text{Social Capital}.$$

The model also includes dummy variables for the various economic regions of the state. Ideally, parish-level dummy variables would be included in order to account for any missing local factors that might affect wages post-assistance. Unfortunately, the social capital measure does not vary over time and is also measured at the parish level making parish-level dummies impossible.

The model is estimated using ordinary least squares regression. The result of the estimation can be found in Table Two. The overall model is statistically significant with an $F(26, 18{,}830) = 109.35$ and a corresponding $Prob>F = 0.0000$. The adjusted R-square for the model is 0.1300. As hypothesized, social capital is positively related to increases in earnings post-assistance. The coefficient of 272.29 is statistically significant with a $p>|t|$ of

.05. This means that for every one unit increase in social capital, the annual wages of a former welfare-to-work participant increase by $272.29. When the social capital variable is at its mean (-.744) and all other variables are held constant at their appropriate measure of central tendency (mean or median), the average annual wage of a welfare-to-work participant after leaving the program is $5,468. If the social capital variable is lowered by one standard deviation to -1.13, annual wages post-assistance decline to $5,363. If social capital is raised to -.360 or one standard deviation above its mean, annual wages rise to $5,572.

Of the programmatic variables included in the model, a client's sanctioning history and time spent on assistance are both statistically significant and have a negative impact on wages after assistance. Former welfare-to-work participants who were sanctioned make, on average, $1,126 dollars less in annual wages than those were never sanctioned. For every month spent on the welfare-to-work program, wages after assistance decline by $64.

Table Two: Ordinary Least Squares Regression Results Predicting Annual Wages

Number of observations	18857	R-squared	0.1312
F(26, 1883)	109.35	Adjusted R-square	0.13

Annual Wages	Coef.	Std. Err.	t	P>|t|
Social Capital	**272.29**	**140.60**	**1.94***	**0.05**
Sanction	-1125.73	84.38	-13.34*	0.00
Months on Work Program	-64.03	5.17	-12.39*	0.00
% of Perfect Compliance	36.47	1.13	32.19*	0.00
FindWork and STEP	110.51	98.39	1.12	0.26
Gender	955.27	264.11	3.62*	0.00
Single	511.24	188.41	2.71*	0.01
Citizen	-612.22	262.90	-2.33*	0.02
Minority	979.93	107.26	9.14*	0.00
HS Diploma or GED	1688.62	80.09	21.08*	0.00
Family Size	75.56	31.36	2.41*	0.02
Age	1.70	5.38	0.32	0.75
Metro Area	418.99	290.01	1.44	0.15
Adjacent to Metro Area	305.66	240.69	1.27	0.20
Unemployment	-180.93	46.44	-3.90*	0.00
Lag of Unemployment	145.92	55.10	2.65*	0.01
Average Retail Wage	1.86	0.45	4.09*	0.00
Hurricane	-2733.20	166.27	-16.44*	0.00
Region One	419.16	176.33	2.38*	0.02
Region Two	674.12	202.75	3.32*	0.00
Region Three	286.48	229.93	1.25	0.21
Region Four	219.65	256.16	0.86	0.39
Region Five	204.95	196.13	1.04	0.30
Region Six	178.52	262.81	0.68	0.50
Region Seven	503.26	190.05	2.65*	0.01
Region Eight	538.79	166.34	3.24*	0.00
Constant	1445.18	650.38	2.22*	0.03

*indicates p-value ≤ 0.05

Nearly all of the demographic variables included as controls have a statistically significant effect on wages. Single parents, minorities, high school graduates, and women earn higher wages post-assistance. The largest impact is that of education. Participants with a high school diploma or GED make, on average, $1,689 more than participants without a diploma or GED. Participants who are U.S. citizens make $612 less, on average, after assistance.

Regional economic conditions also matter for wages post-assistance. Retail wages in a parish have a very substantial effect on wages. For every $1 increase in the average retail wage in the parish, the annual wages of a recipient rises by $1.85. In addition, living in a parish that was declared a major disaster area after hurricanes Katrina and Rita has an enormous impact on annual wages, on average decreasing wages by $2,733. In addition, four out of the eight regional dummy variables are statistically significant indicating that they are accounting for regional factors.

V. Conclusion

Gaining social capital is certainly related to the strength of ties between groups, and this study investigates how such gains could affect a person's success. The existing research shows that social capital positively affects the education success of low-income school children, which suggests that social capital may affect the success of adults. I specifically investigate the economic success of welfare participants post-assistance, as measured by their incomes after leaving the program.

This study found that social capital does indeed affect the income of welfare leavers, with an annual wage increase of $272.29 for every one unit change in social capital. The impact of social capital is therefore considerable given the typical earnings of those leaving welfare. In Louisiana, which has a relatively low level of social capital, such a large shift is not likely to occur; however, even with reasonable shifts in social capital (such as a standard deviation change), wages increase or decrease by more than $100. This is still a substantial impact, given the relatively low average annual wage of participants (approximately $4,200).

While it appears as if there is a relationship between social capital in a community and the earnings of recipients post-assistance, these findings should be viewed with some degree of caution. First, this study is limited to former welfare-to-work recipients in Louisiana. The generalizability of the findings to other states is uncertain. Second, this study does not examine the long term effects of social capital over time. It is possible that its effect erodes over time or equally possible that its effect strengthens. Finally, the measure of social capital used is quite blunt, and it is impossible to determine what type of social capital is exerting the positive effect on wages. It is also not certain which components of the social capital index (population, voter turnout, census response, or non-profit organizations per capita) have the greatest effect. Future studies should consider isolating these variables to determine which most strongly affect economic success, as well as measuring social capital in a more narrow community context than the parish or county. An

individual-level study would serve to illustrate direct effects of social capital. Based on this study and the existing literature, I would predict that stronger levels of an individual's social capital would still increase income, but future research is indeed needed for any definitive conclusions to be drawn.

Policy implications of these findings are very broad. First, methods to increase social capital (including socioeconomic mixing) could be incorporated in adult education activities, including universities, training programs, and other TANF work activities. Next, the findings of this study are also important in relation to cities and their socioeconomic composition. Implementing programs to increase social capital may help low-income persons find better jobs with better incomes, perhaps allowing them to remain out of poverty and off of welfare. In addition to this, these findings are also critical when considering the incorporation of new cities, especially when the new city may be removing itself from another city. Socioeconomic segregation may inhibit the accumulation of social capital.

For welfare leavers in particular, this study shows that methods to increase social capital may help increase earnings in the first few years after exiting the program. In one study, Cancien, Haveman, Meyer, and Wolfe (2000), find that only one-third of participants leaving the program had incomes higher than before exit, and that after exit, 60 percent are still below the official poverty line. Welfare programs do focus on increasing human capital (e.g. employment experience and education) which certainly influences

income levels, but TANF may be more successful if the program focused on increasing social capital levels as well.

Since social capital is a rather complex, abstract concept, so too is the idea that social capital can aid in the upward mobility of those in poverty. Enhanced connections, membership and associations, and increased reciprocity build important social resources, especially for those that lack more physical and human capital. But, like Das (2004) asserts, the question of poverty, and how to solve it, is more complicated than this somewhat abstract prescription.

In social planning, there is a concept referred to as "the wicked problem." The wicked problem is any problem that is so complex, and connected to so many different variables and causes, it seems impossible to solve. Solutions to wicked problems are neither right nor wrong, wicked problems have no stopping rules, and, importantly, "the problem is not fully understood until after the formulation of a solution" (Conklin, 2006). Poverty is a wicked problem, and it is most likely *the* wicked problem. Social capital may yet be one of the best solutions available to aid individuals and communities in increased levels of social mobility, but individual-level research on the relationship between different components of social capital and economic success is necessary to explore this further.

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