



2011 ISSUE BRIEF

CIVIC HEALTH AND UNEMPLOYMENT: Can Engagement Strengthen the Economy?



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HARVARD Kennedy School
THE SAGUARO SEMINAR
Civic Engagement in America



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CIRCLE (The Center for Information and Research on Civic Learning and Engagement) conducts research on civic education in schools, colleges, and community settings and on young Americans' voting and political participation, service, activism, media use, and other forms of civic engagement. It is based at the Jonathan M. Tisch College of Citizenship and Public Service at Tufts University.

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THE SAGUARO SEMINAR: CIVIC ENGAGEMENT IN AMERICA is an initiative of Professor Robert D. Putnam at John F. Kennedy School of Government at Harvard University focused on the study of "social capital" (the value of social networks) and community engagement. The Seminar's mission is both to improve social capital measurement and the availability of social capital data and to undertake analysis of building social capital in a changing environment.

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The report partners would like to acknowledge the contributions of Nathan Dietz of the Corporation for National and Community Service.

Civic Health and Unemployment: Can Engagement Strengthen the Economy?

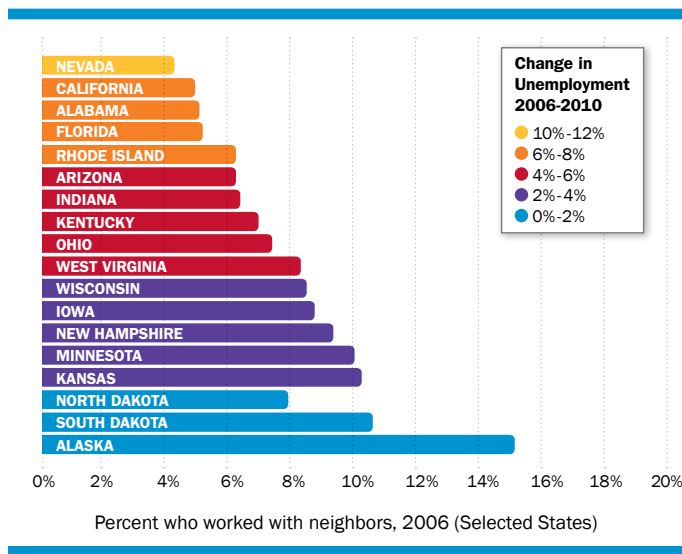
States and localities have weathered the recent recession and its aftermath quite differently. For example, between 2006 and 2010, the unemployment rate rose by ten points in Nevada yet by only one point in North Dakota. The increase was nine percentage points in Riverside, CA and its neighboring communities, but just two percentage points in San Antonio, TX.

In seeking to explain such differences, analysts largely have examined economic and policy factors. A Goldman Sachs study found that states suffered less from unemployment if their housing prices had been less inflated prior to 2006, if oil and gas industries played relatively large roles in their economies, and if high proportions of their workers were employed in occupations defined by the Bureau of Labor Statistics as “professional and related” (which include engineers, physicians, lawyers, teachers, and others). The Goldman Sachs analysts tested but were able to dismiss the other economic and policy explanations.¹

What about the role of civic engagement or civic health in the economic resilience of a state or city? Using the Census Current Population Supplement (CPS), strong positive correlations

were found between civic engagement and resilience against unemployment.

States and localities with more civic engagement in 2006 saw less growth in unemployment between 2006 and 2010. This was true even after adjusting for the economic factors that others have found to predict unemployment rates over this period. The forms of civic engagement tested included volunteering, attending public meetings, helping neighbors, voting, and registering to vote.



Note: Although these findings are important, these correlations do not prove that civic engagement lowers unemployment at the state level. There are alternative explanations for the statistical relationships found here. The evidence in favor of the idea that civic engagement actually boosts economic resilience is circumstantial, suggestive, and far from conclusive. The findings and related evidence are presented in order to promote further research and public discussion of the potential economic impact of civic engagement.

States with More Civic Engagement Have Experienced Less Unemployment

Based on published literature, eight economic factors that were likely to predict unemployment since 2006 were assembled for this study. These factors explain about 38% of the variation in the change in unemployment rates among the states. The factors that emerged as statistically significant predictors of unemployment change were the size of the state’s oil and gas industry and the proportion of the state’s adult population which held a high school diploma. The housing bubble (measured as the inflation in housing prices since 1991) and residential mobility (the percentage of people who had moved in the past five years) missed being statistically significant predictors by relatively small margins. The other demographic factors included in the analysis and states’ gross product per capita were not related to unemployment change.²

Civic Health and the Current Population Survey

Civic health is defined as the measure of the civic attitudes, actions, and behaviors of a group of individuals. In 2010, the Current Population Survey (CPS), a regular survey of about 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics, included 19 questions appropriate for assessing the civic health of states and communities. The categories for these measures include:

- **Volunteering and Service**
Including working with neighbors to fix a community problem
- **Participating in a Group**
- **Connecting to Information and Current Events**
- **Social Connectedness**
Including talking with and exchanging favors with neighbors
- **Political Action**

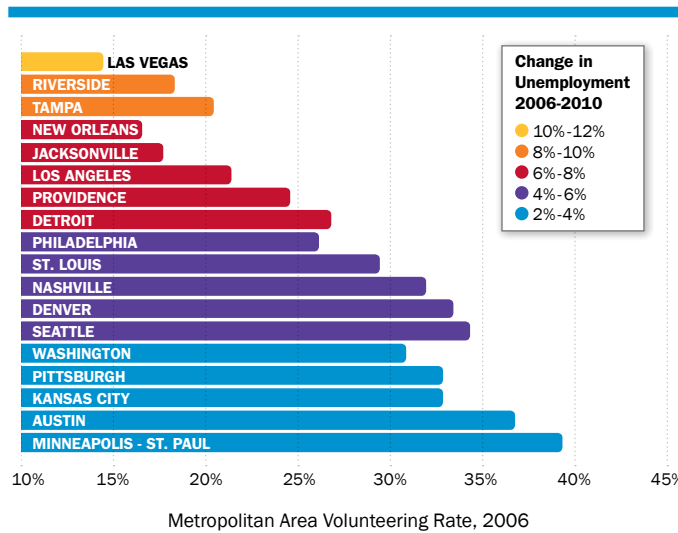
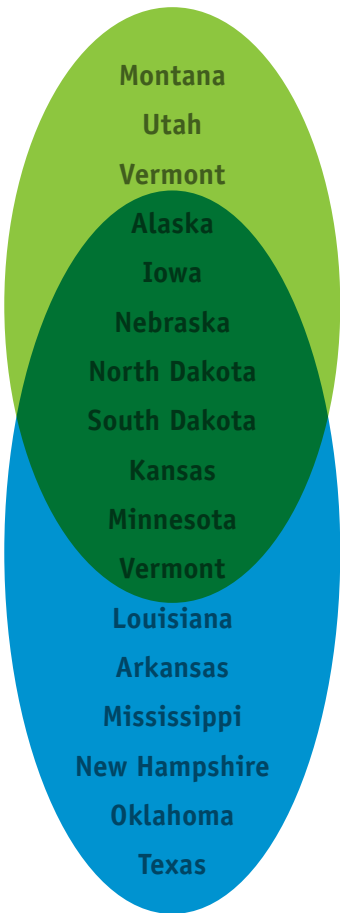
In 2006, only volunteering, working with neighbors, attending community meetings, registering to vote and voting were measured on the CPS. In 2008, all of the above were measured along with use of the news media.

More on the civic health indicators is available at <http://civic.serve.gov> and NCoC.net/CHI



Locations* with:

- Highest Volunteering Rate, 2006
- Smallest Unemployment Increase, 2006-2010



When the five civic engagement measures were added—volunteering, attending public meetings, working with neighbors to address community problems, registering to vote, and voting—the model explained more (64%) of the variation in unemployment change. In other words, understanding a state’s civic health in 2006 helped predict how it weathered the recession even if one also knew its economic conditions in 2006.³ In a regression model with the eight economic factors

and the five civic engagement measures, the civic indicators strongly predicted unemployment change, while none of the economic factors were significantly related to unemployment change. Many forms of civic engagement correlate with each other: the same people who attend meetings also volunteer and vote. Therefore, it is helpful to examine the civic engagement measures one at a time, controlling for all the economic factors. Using this method:

*An increase of one point in the state’s rate of **working with neighbors** was associated with a decrease of 0.256 percentage points in the unemployment rate when the economic factors were controlled.⁴*

*An extra percentage point of **public meeting attendance** corresponded to 0.239 points less unemployment when the economic factors were controlled.⁵*

*An increase of one point in **volunteering** was associated with 0.192 percentage points less unemployment, controlling for the eight economic variables.⁶*

*An increase of one percent in the **voter registration** rate was associated with a decrease of about one tenth of one point in unemployment.⁷*

Other Forms of Civic Engagement

Volunteering, voting, attending meetings, and working with neighbors are by no means the only ways in which Americans engage in civic life. People also belong to and lead groups, exchange favors with neighbors, socialize with friends and family, interact online, follow the news, and try to influence the government. In 2008, the CPS expanded its civic surveys to assess many of these forms of engagement (see text box). Our analysis suggests that several of these forms of engagement are also related to unemployment change.

Because this report aims to estimate the change in unemployment between 2006 and 2010, a 2008 survey is a problematic source. One does not normally explain something that happens in a given year as a result of something that is measured two years later. Yet it appears the 2008 CPS may provide a reasonable estimate of the relative level of civic engagement in each state two years earlier. Civic engagement declined nationally from 2006-10, but states with relatively high civic engagement in 2006 still had relatively high engagement in 2008 and 2010.⁸ Thus we have predicted unemployment change on the basis of the 2008 civic engagement measures, adjusting for economic factors at the start of the recession (2006). This analysis requires extra caution because the civic questions were not asked in 2006, but it finds that the following forms of civic engagement were significantly related to states’ resilience against unemployment: volunteering; meeting attendance; working with neighbors on community problems; contacting

public officials; belonging to a service or civic group; belonging to a group of any kind; serving as an officer or committee member of a group; and registering to vote.⁹

Discussion

Although there are some important reasons for caution, one possible explanation of these relationships is that—to some extent—**having stronger civic health helps states weather recessions better**. There is research that supports the plausibility of this hypothesis:

Participation in civil society can develop skills, confidence, and habits that make individuals employable and strengthen the networks that help them to find jobs.¹⁰

Fifty-nine percent of volunteers in national service programs believe their service will improve their chance of finding jobs. National service participation has also been found to boost “basic work skills, including gathering and analyzing information, motivating coworkers, and managing time.”¹¹ Middle school and high school students who participate in service-learning during class or who serve in school government succeed much better academically than peers with similar backgrounds.¹² Many individuals owe their employment to fellow members of social or civic groups or have learned their most marketable skills in national and volunteer service. National service itself can engage the unemployed in productive work at low-cost through existing networks of community-based nonprofits.

People get jobs through social networks. Job opportunities are often found through friends, family, professional connections. Multi-billion-dollar online social networks have been created to facilitate these connections for hiring. This suggests the need for those seeking employment to maintain strong relationships with neighbors and members of their service and civic organizations. As noted above, belonging to groups and serving on committees were correlated with unemployment change at the state level from 2006-10.

Participation in civil society spreads information. Attending meetings, working with neighbors on community problems, volunteering, and receiving newsletters from nonprofit organizations are examples of valuable ways of learning about local issues and opportunities. In communities with better flows of information, it is easier for individuals to find jobs or educational programs, for businesses to find partners and employees, and for citizens to hold government accountable.

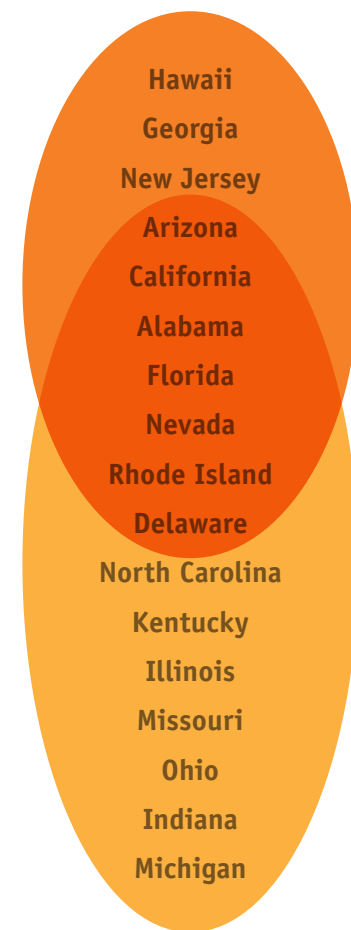
Participation in civil society is strongly correlated with trust in other people. Although measures of trust are not included in this analysis, most studies find that trusting other people encourages individuals to join groups, and participating in groups builds trust.¹³ In turn, trust is a powerful predictor of economic success because people who trust are more likely to enter contracts and business partnerships, and confidence in others is a precondition for investing and hiring.¹⁴

Communities and political jurisdictions with stronger civil societies are more likely to have good governments. Rates of voting (in 2006), registering to vote (in 2006 and 2008), and contacting public officials (in 2008) predict states’ resilience against unemployment from 2006-10. Those are measures of citizens’ engagement with government. Active and organized citizens can demand and promote good governance and serve as partners to government in addressing public problems. States with more civic engagement have much higher performing public schools (regardless of the states’ demographics, spending, and class sizes).¹⁵ American cities with stronger civic organizations are better able to make wise but difficult policy decisions.¹⁶ Even internationally, regions with stronger civil societies handled an increase in responsibilities much better than those with weaker civil societies.¹⁷ In the current economic crisis, governments that benefit from better civic engagement may be able to reduce the scale of unemployment through more efficient and equitable policies.

Civic engagement can encourage people to feel attached to their communities. The proportion of people who report being attached to their communities predicts economic growth. Perhaps liking and caring about where one lives increases the odds that one will invest, spend, and hire there.¹⁸

Locations* with:

- Lowest Volunteering Rate, 2006
- Highest Unemployment Increase, 2006-2010



Cautions: Despite the significant correlations with which we began this report and the research cited above, a reader should not conclude, per se, that civic engagement alone boosts employment. The following cautions are important:

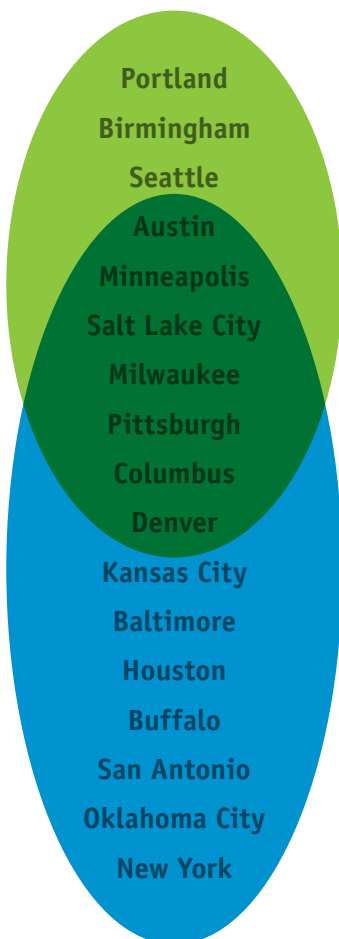
There are other plausible hypotheses that we have not been able to test, because civic engagement was not included in the Current Population Supplement or other federal surveys until recently. For example, perhaps the housing bubble, which tripled housing prices in some states between 1991 and 2006, eroded civic health in those states by drawing in many new residents who had not had time to put down roots. When the bubble burst after 2005, those states were especially badly hurt by the recession, but their civic health had already declined. In that case, the relationship between civic engagement and employment that we found during 2006-10 would be misleading.¹⁹

Other unknown events may have lowered both civic health and employment between 2006 and 2010. An example would be a specific economic policy that was implemented in some states but not in others.

Although the hypothesis is that civic health in 2006 affected unemployment change from 2006-10, the inverse is also entirely possible—that unemployment has affected civic engagement. In fact, by most measures, the civic health of the nation has declined since 2006, and a leading explanation of that decline is the economic recession and its aftermath. Thus, even if the relationship between civic engagement and unemployment is meaningful, the causal arrow could point either way, or could point both ways at once. Reciprocal relationships are very common in the social sciences and still important to examine in more detail.

Locations* with:

- Highest Volunteering Rate, 2006
- Smallest Unemployment Increase, 2006-2010



Patterns in Metropolitan Areas

In addition to examining the relationship between civic health and unemployment in the 50 states, these relationships have also been investigated in large metropolitan areas. Because we were not able to find reliable local statistics on some of the factors that we included in our state model (such as the size of the gas and oil industries), and because we did not have scholarly literature on the predictors of recent unemployment change in metropolitan areas, we chose economic factors that often prove significant in research on economic performance: residential stability, educational attainment, per capita wealth, racial demographics, and percentage of workers in professional jobs. The data limitations make our findings for the metropolitan areas more tentative than those for states. Nevertheless, **the same basic pattern applies to metro areas: those with higher civic engagement in 2006 have weathered the recession considerably better, even when important economic factors are controlled.** A model including the five civic engagement indicators measured in 2006 plus five economic control variables can explain 64.2% of the variation in metro areas' unemployment change from 2006-10, with volunteering and voter registration emerging as the two most important factors. If civic health does affect unemployment at the state level, its effects are likely felt at the community level as well.

Conclusion

Even at a time when the global economy has been buffeted by strong and dangerous forces, all communities have capital and skills that can be deployed to create or preserve jobs. Investors may be more willing to create jobs locally if they trust other people and the local government, if they feel attached to their community, if they know about opportunities and can disseminate information efficiently, and if they feel that the local workforce is skilled. All these factors correlate with civic engagement. Those correlations, plus the other evidence cited in this report, lend plausibility to the thesis that civic health matters for economic resilience. This topic deserves more consideration by researchers, policymakers, and the public.

End Notes

1 Goldman Sachs Global Economics, Commodities and Strategy Research in its *US Daily: State of the States (Pandl)* report for August 16, 2011, based on a regression model. This report was cited in the *Washington Post* online and elsewhere: Ezra Klein, "Why Are Some States Doing Better than Others?" *Washington Post*, August 24, 2011. Separately, David E. Rapach and Jack K. Strauss run models that use (1) state e Rapach and Strauss, "Forecasting U.S. State-Level Employment Growth: An Amalgamation Approach," *International Journal of Forecasting*, forthcoming (preprint version at <http://forecasters.org/submissions10/StraussEmploymentstates.pdf>.)

2 The eight measures were: housing price inflation (1991-2006); age dependency ratio (people age 18-65/who population); nonwhite population as percentage of whole population; percent of workforce in professional jobs; per capita GDP; oil and gas extraction per GDP (2003); percent living at current address, 5 yrs (all residents); percent of adults age 25+ holding a high school degree or greater.

3 We refer to a regression model with state unemployment change (2006-10) as the dependent variable and the eight independent variables listed in note 2 plus volunteering (2006), attending public meetings (2006), working with neighbors (2006), registering to vote in 2006, and voting in the 2006 election. All the civic measures are from the Current Population Supplement. $R^2=.639$.

4 In this model, $r^2=.551$. For working with neighbors, the unstandardized coefficient is $-.256$ and $p<.005$.

5 In this model, $r^2=.480$. For the meeting attendance variable, the unstandardized coefficient is $-.239$ and $p<.05$.

6 In this model, $r^2=.546$. For the volunteering variable, the unstandardized coefficient is $-.192$ and $p<.001$.

7 In this model, $r^2=.505$. For registering to vote, the unstandardized coefficient is $-.105$ and $p<.005$. Using this method, voting misses being statistically significant ($p=.228$).

8 The correlations between state volunteering and meeting attendance rates in 2006, 2008, and 2010 exceeded 0.9. For working with neighbors, the correlations were somewhat lower at 0.78-.81. In the models using 2006 and 2008 data, the confidence intervals overlap for the three community engagement variables that were measured in both years.

9 The method is to regress these factors, as measured in 2008, individually against the unemployment change from 2006-2010, with models that control for the same eight 2006 economic factors listed in note 2. We report the results that are significant at $p < .05$. Factors that missed being statistically significant predictors of unemployment change were: voting in the 2008 election; talking regularly with neighbors; regularly discussing politics; regularly listening to radio news; obtaining news regularly from a newspaper; boycotting or "buycotting" products; belonging to church, school or "other" groups; regularly eating dinner with family members; and communicating with friends and family online. Obtaining news regularly from magazines, the Internet, and television were positively associated with unemployment change: higher rates of consuming these media were associated with greater growth in unemployment to statistically significant degrees.

10 For a broad overview of benefits, see John Wilson, "Volunteering," *Annual Review of Sociology*, vol. 26, (2000), pp. 231-3

11 Abt Associates, JoAnn Jastrzab et al., *Serving Country and Community: A Longitudinal Study of Service in AmeriCorps* (Washington, DC: Corporation for National and Community Service, December 2004, Updated April 2007), pp. 34, 64.

12 Dávila, A., and M. T. Mora. 2007. "Civic Engagement and High School Academic Progress: An Analysis Using NELS Data." CIRCLE working paper 52, Jonathan M. Tisch College of Citizenship and Public Service, Center for Information and Research on Civic Learning and Engagement, Tufts University, Medford, MA. <http://civicyouth.org/PopUps/WorkingPapers/WP52Mora.pdf>.

13 A recent study with helpful literature review is Kim Mannemar Sønderskov, "Does Generalized Social Trust Lead to Associational Membership? Unravelling a Bowl of Well-Tossed Spaghetti," *European Sociological Review* (2011), vol. 27, no. 4, pp.419-434.

14 Francis Fukuyama, *Trust: The Social Virtues and The Creation of Prosperity* (New York: Free Press, 1996).

15 Robert D. Putnam, "Community-Based Social Capital and Educational Performance," in Diane Ravitch and Joseph P. Viteritti, eds., *Making Good Citizens: Education and Civil Society* (New Haven: Yale University Press, 2001), pp. 58-95.

16 Jeffrey Berry, Kent Portney, and Ken Thomson, *The Rebirth of Urban Democracy* (Washington, DC, Brookings Institution Press, 1993).

17 Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1994). Although the topic is Italy rather than the United States, this book is important for its strong methodology and contribution to basic theory.

18 *Soul of the Community* survey (2010), Knight Foundation and Gallup, via <http://www.soulofthecommunity.org>

19 We acknowledge Robert Putnam for this suggestion.

* These groups are not ranked because often the differences among the states and metropolitan areas that are listed here are not statistically significant. By the same token, often the differences between the listed states and the runners-up would not be significant.

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