

Does Democracy promote Social Capital? Evidence from Bhutan

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Abstract

This paper aims to study the effects of democracy, as measured by voting in elections, on social capital after Bhutan transitioned from monarchy to parliamentary democracy in 2008. The lack of systemic study on widely supposed decrease in social capital in Bhutan due to the transition to democracy served as the motivation for this study. In addition, there does not seem to be any quantitative study on whether democracy promotes social capital when countries transition from monarchy to democracy. This study uses two cross-sectional survey data of Bhutan conducted in 2008, which contains respondents who voted for the National Council (non-party based) election, and 2010, which contains respondents who voted for the National Assembly (multi-party) election, to study the effect of democracy on three elements of social capital, namely trust in people in general, trust in neighbors and socializing with neighbors. Analyzing the two survey data separately using ordered probit regressions revealed that voting in both National Council and National Assembly elections did not have any significant effects on trust in people in general and trust in neighbors. However, voting in the National Council election had significant positive effect on socializing with neighbors whereas voting in the National Assembly election did not have any significant effect on it. After the two survey data were pooled together and analyzed, the introduction of democracy did not serve to increase the levels of voters' trust in people in general and trust in neighbors. However, the positive effects

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of voting on socializing with neighbors as seen in the National Council election were removed due to the significant negative effect of multi-party election.

1. Introduction

Bhutan is one of the youngest democratic countries in the world. The constitution of Bhutan was formally signed on July 18, 2008 by the fifth King of Bhutan, elected members of Parliament, and the Chief Justice of Bhutan. In doing so, Bhutan transitioned to a democratic country after 100 years of monarchy. The institution of monarchy was founded in December 17, 1907.

Bhutan is a unique case that defies conventional theory of transition to democracy. The transition to democracy was not caused by typical reasons such as forces of capitalism, rise of civil society, international pressures, or social unrest that are often accompanied by violence. It was instead initiated by the fourth King of Bhutan. His Majesty repeatedly stated to the people of Bhutan that it is not reliable to invest all the power to a monarch as the people cannot expect to have a good king at all times and that a democratic political system is more suitable in the long run for the wellbeing of the country¹. Reforms initiated by the fourth King of Bhutan, such as decentralization at district and county level in 1981 and 1991 respectively, devolution of executive power to the cabinet in 1998, election of ministers by the members of National Assembly, and local leaders elections, culminated in the formation of parliamentary democracy in 2008.

Introduction of parliamentary democracy required holding two types of elections: National Council and National Assembly elections. National Assembly election is multi-party election, where the winning party forms the government and makes executive decisions. On the other hand, National

¹ His Majesty's National Day Address, December 17, 2001, *Immortal Lines: Speeches of the 4th Druk Gyalpo Jigme Singye Wangchuck*, Thimphu: Bhutan Times.

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Council election is not a party based election; however, the independent candidates have to compete against each other for seats in the National Council. The main function of the National Council is to provide check and balance and review laws.

National Council election took place ahead of National Assembly election on 31 December, 2007. Only 15 candidates were elected on that day because five other districts did not have at least two candidates to contest for National Council seats (Sithey and Dorji, 2009). The election of five other seats was held on January 29, 2008. The overall voter turnout for the National Council election stood at 53%. Both National Council and National Assembly members serve for a five-year term. On March 24, 2008, the general election of the National Assembly was held. The voter turnout stood at 79.4%. The primary round was not held as there were only two parties contesting the election.

Although the path to democratization in general was smooth, there were instances of community division and family break-up over the choice of party. Community party workers were largely held responsible for dividing households and family members along party lines in communities, especially in rural areas. Cases of bribery in the run-up to the general election were lodged in the court. Such instances seem to have weakened social trust (trust in people in general and trust in neighbors) and socializing occasions in the community, but a systemic study has not been conducted to ascertain the alleged weakening social trust and socializing occasions.

It is important to study the effect of democracy on social capital, which is made up of elements such as trust, socializing, norms and networks, because social capital has many beneficial outcomes. For example, studies show that social capital is associated with high government performance (Putnam, 1993), low levels of homicide (Rosenfeld et al., 2001), better health (Kawachi et al, 1997), high per capita economic growth (Knack and Keefer, 1997; Helliwell and

Putnam, 2000), and finding employment opportunities (Lee and Brinton, 1996).

The effect of democracy on social capital has not been quantitatively measured in Bhutan. In addition, very little research has been conducted on this topic worldwide. There are studies examining how social capital is affected when countries transition from a communist system to a democratic one, for instance the effects on the social capital of East Germany when the communist East Germany was unified with West Germany (Rainer and Siedler, 2009). However, there are no quantitative studies on whether the transition from monarchy to democracy promotes social capital. Also, the effects of democracy on trust in neighbors and socializing have not yet been researched. Therefore, there is a need to study whether democracy has promoted or weakened social capital in Bhutan.

In section two, a short literature review is provided, followed by the description of the sample, variables, and methods in section three. In section four, descriptive analysis and regression results are presented. This section contains the empirical analysis of how democracy, measured by voting in election, effects social capital. Section five concludes.

2. Literature Review

2.1 Measuring Democracy

Democracy is defined in various ways. The literal definition of democracy as the “rule by the people” is abstract, thereby making it difficult to quantify democracy. The minimalist definition “free competition for a free vote” (Schumpeter, 1943, p.271 in Rose, 2009, p.12), however, can be measured. Three conditions that need to be met are that citizens should have right to vote, that elections should be competitive, free and fair, and that voters should decide who hold offices in government. Accountability to citizens is maintained by rule of law. The broad (maximalist) definition of democracy includes the concept of participation in politics. Democracy is

also conceptualized as either categorical, replacing an undemocratic political system with a democratic one, or graded, making it possible to measure how democratic countries are (Bernhagen, 2009, p.25).

The broad definition of democracy has many dimensions but are, however, criticized for 'overloading' the concept of democracy with features, for instance freedom of speech and other kinds of freedom, and protection from the terror, which actually belong to political liberalisms and security though they may be associated with democracy (Schneider and Schmitter, 2004; Bernhagen, 2009). Bernhagen (2009, p.30) argues that non-democratic regimes also guarantee civil rights, such as Singapore. Although missing many essential dimensions, the advantage of minimalist concept of democracy is the possibility to develop unambiguous empirical indicators that can measure democracy quite accurately avoiding unnecessary issues, including causality issues, which arises when concepts get more complex². The choice of using either the minimalist or the maximalist concept of democracy varies according to research questions as highlighted by Collier and Adcock (1999) that research focusing on democratization as event use dichotomies while graded concepts in other contexts.

For this study, the minimalist concept of democracy will be used because Bhutan introduced for the first time multi-party election, which is the essence of democracy. In this study, democracy is defined as contestation of multiple political parties for votes in the National Assembly election. The key point here is voting for National Assembly election, which is a multi-party election. National Council election is used for comparison purpose to see how voting for the National Assembly election affects social capital as against voting for the National Council election. The categorical (dichotomous) measure can also be applied because Bhutan has changed the political system from monarchy to democracy (democracy

² See Bernhagen, 2009, p.26 for detailed explanations.

as event), and, in addition, concepts like freedom of expression and associations already existed under monarchy. However, changing the political system to democracy in any case entails holding multi-party elections.

2.2 Social Capital and Democracy

Unlike physical capital, social capital cannot be conceptualized and quantified easily. Hence, it is not surprising that many definitions have been proposed to tackle various research questions. Some of the common terms that appear in the definitions of social capital are social structure, social relations, networks, trust, and norms and resource and outcomes. However, mixing many of these different terms in defining social capital can cause ambiguity in its meaning. In this paper, social capital can be understood as social relations that facilitate in achieving desired outcomes, in order to reduce the ambiguities in its definition by not including many disparate terms. It also reflects the ethos of nurturing social relations in Bhutan.

There seems to be no theory on social capital formation although there are some theories on social capital as a causal determinant of various outcomes, such as repeated prisoner's dilemma games in economic models (Kandori, 1992), model of trust and trustworthiness developed by Zak and Knack (2001), and Dasgupta's (2002) social structure model. Durlauf and Fafchamps (2005, p.1685) mentions that models of social capital effects can be used as models for social capital formation, but so far nobody has done it.

Since the theory of social capital formation is underdeveloped, it is important to study the elements of social capital such as trust, socializing, cooperation, etc. individually, not as an aggregate measure (Durlauf and Fafchamps, 2005; Dasgupta, 2002). This study will examine the elements of social capital separately and contribute to the literature of social capital formation. Two measures of social capital, social trust and socializing with neighbors, will be measured as they are integral parts of social relations. Moreover, there was a

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general feeling in Bhutan that these two parts of social capital - social trust and socializing with neighbors - was declining during the transition period of democracy. Socializing with relatives and friends are not considered in this study as socializing with neighbors in the community is clearly more important than socializing with relatives and friends. Social trust and socializing can also be causes or outcomes of good social relations. Social capital cannot be measured directly.

Social trust consists of two parts: trust in people in general and trust in neighbors. Trust in people in general is also known as generalized trust or interpersonal trust. The question “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” is now accepted to be valid and reliable. Knack and Keefer (1997) found a high correlation between ‘lost’ wallets that was returned intact and data on trust in people in general across European countries and the United States. The term “trust in people in general” reflects not only expectations about the honest behaviors of those they know. It captures all people including strangers. Trust in neighbors is a form of ‘particularized trust’, which means trusting only close relatives and friends (Rothstein, 2003, p.59) and not others.

The central issue of this study is how democracy affects social capital. There does not seem to be any quantitative studies on the effects of democracy on social capital until the research done by Paxton (2002). Paxton (2002, p.260) mentions that a reciprocal relationship between democracy and social capital has never been quantitatively tested although there were some case studies of civil society and transitions of authoritarian and totalitarian regimes to democracy using a qualitative approach. Only studies using quantitative approach will be discussed in this paper.

In a cross-national study, Paxton (2002) found a reciprocal relationship between democracy and social capital: that is social capital affects democracy, but democracy also affects

social capital. However, a subjective measure of liberal democracy was used to show that democracy increases social capital, composed of trust in people in general and number of group memberships. An objective measure of democracy would be preferred in any case.

Bjørnskov (2006) found that monarchy increases trust in people in general while post-communist societies are less trusting than others. However, whether the transition from monarchy to democracy increases trust is not analyzed.

Rainer and Siedler (2009) showed that democracy can foster trust in people in general and institutional trust in post-communist societies only when citizens experience favorable economic outcomes such as employment, using data from German General Social Survey and from the German Socio-Economic Panel Study. Communism in East Germany negatively affected individuals' trust in people in general and institutional trust. After the transition to democracy, institutional trust converged between East and West Germans, but there was no convergence in trust in people in general.

Paxton (2002) and Rainer and Siedler (2009) both did not study the effects of democracy on trust in neighbors and socializing with neighbors. Moreover, there seems to be no study to examine whether the transition from *monarchy* to democracy promotes social capital or not. This study intends to also address the aforementioned missing issues - effects of democracy on trust in neighbors and socializing with neighbors.

3. Methodology

3.1. Sample

The source of data used in this study is Gross National Happiness (GNH) Survey. After carrying out a pilot survey in 2006, the first nationally representative Gross National Happiness Survey was conducted from December 26, 2007 to

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March 13, 2008. It covered 950 respondents from different districts of Bhutan. There are 20 districts in Bhutan; district is the largest geographical and administrative unit in the country. This survey is mainly used for constructing Gross National Happiness Index, an alternative index of development, and is used for overall policy and planning purposes of the country.

Voting is the main variable of interest in this study. To find out whether the respondents voted in the National Council election or not, they are asked the question: Did you vote for *Gup* [local leaders], MP or *Thromdey* [town] representative in the last election? Only the respondents who were interviewed between January 1, 2008 and March 13, 2008 answered this voting question in reference to the National Council election held on December 31, 2007. In addition, the interviewer interpreted this question as referring to the National Council election when the respondents needed to know what the last election meant. Hence, it is possible to identify respondents who voted or did not vote in the National Council election in this way. 96 observations had to be dropped from the sample because these respondents voted for some other local election. This was identified because these 96 observations were respondents who were interviewed before December 31, 2007 (National Council poll day), that is, between December 26, 2007 to December 30, 2007. Hence, they never had the opportunity to vote for the National Council election held on December 31, 2007. The idea is to keep only the respondents who had the opportunity to vote in either the National Council or the National Assembly election so that the comparison can be made between these two elections, which are essential parts of the parliamentary democracy. In addition, 50 observations were further dropped because they were respondents who were below 18 years of age. Only those people who have the right to vote are used for analysis. People who are at least 18 years are eligible to vote in Bhutan. The sample size was finally reduced to 804 respondents.

The second representative Gross National Happiness Survey was conducted from April 22 to December 7, 2010. Between March 25, 2008 and December 7, 2010, no election had been held, not even the election of local leaders. The election for the local leaders was held in 2011. Therefore, when the respondents were asked whether they voted in the last election, they responded in reference to the National Assembly election that was held on March 24, 2008.

The sample size of the second Gross National Happiness Survey was much larger than the first survey. 7,142 respondents were interviewed in the second survey, covering all the districts. As in the first survey, 140 respondents below the age of 18 years were dropped from the sample. The sample size reduces to 7,002 respondents, including voters and non-voters.

3.2. Variable Description

There are three social capital variables: trust in people in general, trust in neighbors, and socializing with neighbors. For trust in people in general (*Trustgen*), respondents were asked whether they trust most, some, a few or none of the people in general. In the same way for trust in neighbors (*Trustneb*), respondents were asked whether they trust most, some, a few or none of their neighbors.

Socializing with neighbors can be understood as visiting or entertaining neighbors, and as having some conversation during those times. Socializing with neighbors (*Socialize*) has five ranges of choices for respondents to report. The respondents were asked: In the last month, how often did you socialize with your neighbors? They have to report whether they socialized a few times per week, a few times per month, once a month, not in the last month, or don't know. Don't know are coded as missing values and are not included in the analysis. Only socializing a few times per week with neighbors is examined in this study. Although this threshold may be high, it is not uncommon for Bhutanese people to socialize often. Socializing a few times a week is more important

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because the increase in the frequency of socializing builds social capital. Socializing a few times per week is the highest level of socializing according to the survey question. Socializing a few times per week is assigned a score of 4, a few times per month is assigned 3, once a month is assigned 2, and not in the last month 1. This variable is ordered according to rank with the highest rank being 4.

The key explanatory variable is *Voters*, a dummy variable which equals one if the respondents voted in either National Council or National Assembly elections and zero otherwise. *Voters* is used as the main variable of interest because those who voted are usually the ones who actively participates in the democratization process. They attend community or political meetings, read news about politics, and engage with candidates and party workers. Further, an assumption can be made that, in general, non-voters are indifferent to the outcomes of the election, and therefore, less likely to participate in democratic and political activities.

Socio-economic and demographic variables such as age, age squared, gender, marital status, educational level, employment status, and household income are used to see the isolated independent effects of voting on social capital. Educational level is divided into two parts: formal education and no formal education. It was categorized as such because more than 60% of the respondents did not have any formal education. Those with an undergraduate degree comprised of about 2% and post graduates at less than 1%, so this reduces variability. In order to prevent the problem of variability, those who had formal schooling are grouped as formal education. The income variable used is the natural logarithm of equivalized nominal household income. Equivalized nominal household income is equal to annual household income divided by the square root of household size.

Further, access to television (*TVbbs*) and living in urban areas (*Urban*) are also used as additional variables. *TVbbs* and *Urban* are both dummy variables. Watching TV may divert

people's attention away from socializing and living in urban areas exposes people to ills of urban life thereby increasing the likelihood of decreasing social capital.

In the pooled dataset, community characteristics such as subjective feelings of safety in the community (*safety1*) and voluntary help (*vol1*) are included because a good community environment is likely to influence people's perception of trust on others. Democratic variables, such as freedom of speech and opinion (*rights2*), and freedom from discrimination based on race, sex, religion, language, politics or other status (*rights9*), are used as additional explanatory variables because with these rights social capital may increase. *vol1*, *rights2*, and *rights9* are all dummy variables.

3.3 Method

Summary statistics of the two surveys are provided in Table 1. Figure 1 to 3 shows the descriptive relationship between trust most of the people in general, trust most of the neighbors and socializing with neighbors a few times a week in a month among voters and non-voters of both the National Council and National Assembly elections. Table 2 and Table 3 shows the baseline ordered probit regressions for 2008 and 2010. Figure 4 shows the estimates of marginal effects of voting at "trust most of the people", "trust most of the neighbors" or "socializing with neighbors a few times a week", which are extracted from Table 2 and Table 3. Table 4 shows the pooled ordered probit regressions result to examine the changes in social capital. Table 5 captures the marginal changes in trust most of the people in general, trust most of the neighbors and socializing with neighbors a few times a week in a month among voters after the introduction of democracy, which are extracted from Table 4. All tables and graphs are author's calculations.

4. Results

4.1 Descriptive Analysis

Summary statistics for all the variables for 2008 and 2010 datasets are shown in Table 1.

Table 1. Summary Statistics

Variable	2008 data		2010 data	
	N	Mean	N	Mean
<i>Trustgen</i>	797	3.015	6936	3.109
<i>Trustneb</i>	802	3.219	6978	3.317
<i>Socialize</i>	803	3.086	6962	2.686
<i>Voters</i>	804	0.677	6988	0.850
<i>Age</i>	803	36.066	6977	41.550
<i>age_sq</i>	803	1502.719	6977	1949.084
<i>Female</i>	804	0.494	6985	0.517
Formal education	801	0.398	6992	0.335
Never married	804	0.219	6983	0.080
Divorced/Separated	804	0.046	6983	0.048
Widowed	804	0.020	6983	0.059
Unemployed	804	0.020	6990	0.013
Farmers	804	0.650	6990	0.602
Students	804	0.103	6990	0.017
Monks	804	0.019	6990	0.023
Others	804	0.031	6990	0.117
Log of equivalized household income	784	8.743	6990	10.209

<i>TVbbs</i>	802	0.339	6984	0.508
<i>Urban</i>	804	0.164	6992	0.220
<i>safety1</i>	804	2.514	6964	2.38
<i>rights2</i>	793	0.914	6910	0.924
<i>rights9</i>	787	0.907	6862	0.878
<i>voll</i>	803	0.521	6989	0.546

As shown in Table 1, there were 67.7% of the respondents who voted in the National Council election and 32.3% who did not vote in the same election. There were 85% of the respondents who voted in the general round of the National Assembly election and 15% did not vote in the same election. These figures are close to the actual voter turnout in the National Council and the National Assembly elections. Voters and non-voters of 2008 National Assembly election appear in 2010 dataset, whereas voters and non-voters of 2007 National Council election appear in 2008 dataset.

Female is a dummy variable. It has a mean value 0.494 in year 2008 (see Table 1). This means that 49.4% of the samples are female and the rest male. Dummy variables given in Table 1 should be all understood in this way. For marital status in year 2008, 21.9% are “never married”, 4.6% are “divorced or separated”, 2% are “widowed”, and the rest, the base, 71.5% are “married”, which is calculated by subtracting the percentage sum of “divorced or separated”, “widowed”, and “never married” from 100 percent. Similarly for occupational status, the base is employed, where 17.7% are employed in 2008. *Safety1* is about how respondents feel safe when walking alone in their neighborhood after dark, and its scale ranges from 1 “rarely safe”, 2 “usually safe” and 3 “always safe”. The mean value of *safety1* for year 2008 is 2.514 as shown in Table 1. The other variables in the datasets are self-explanatory.

The percentage of respondents who trust most of the people in general and neighbors increased slightly in year 2010 from 2008, and also among voters and non-voters (see Figure 1 and Figure 2). However, socializing with neighbors “a few times a week” decreased by 19% in year 2010 from 2008. In 2008, those who voted in the 2007 National Council election socialized with neighbors more than those who did not vote by about 9%. However, in 2010 those who voted in the 2008 National Assembly election socialized less than those who did not vote in the same election by about 3% (see Figure 3). Therefore, it is necessary to find out why those who voted in the National Assembly election are socializing with neighbors less than the non-voters of the same election.

Figure 1. Trust most of the people in general

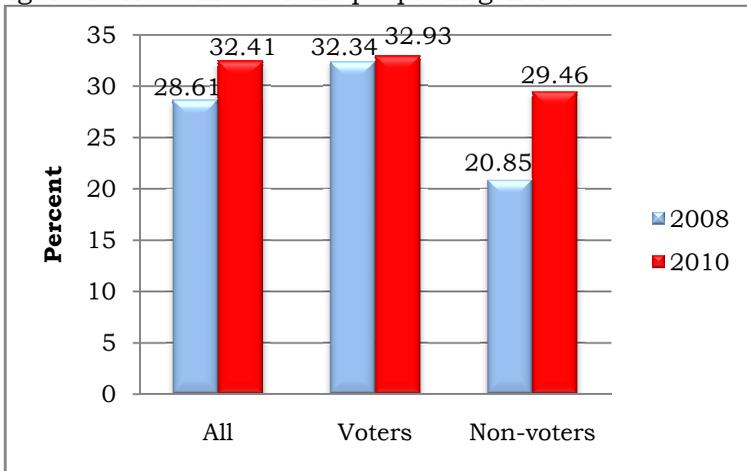


Figure 2. Trust most of the neighbors

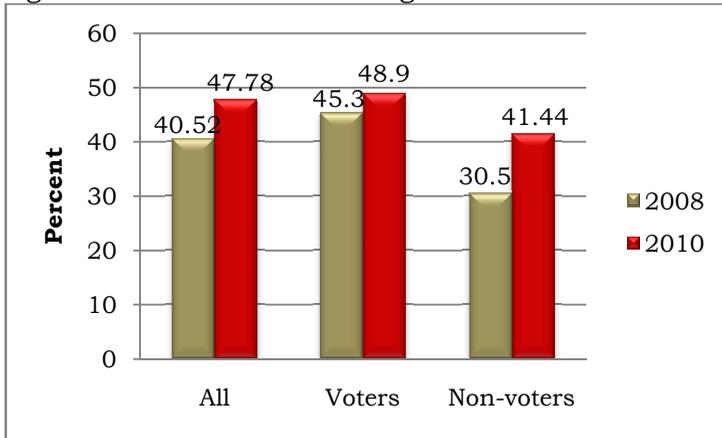
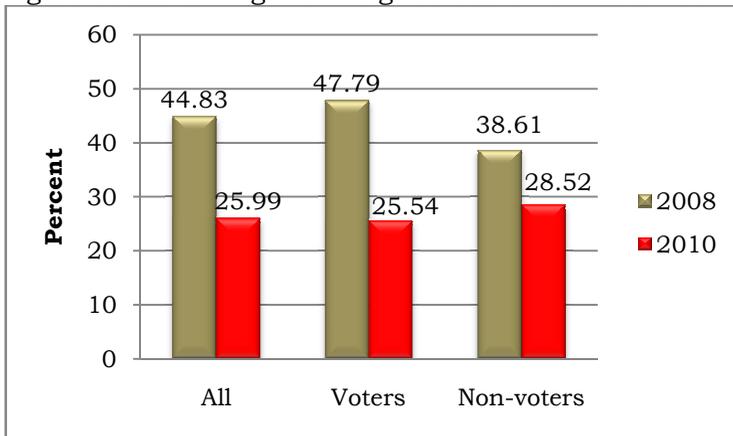


Figure 3. Socializing with neighbors a few times a week



4.2. The Effects of Voting on Social Trust and Socializing with Neighbors

The relationship between voting and social trust and socializing is now examined using explanatory variables. Two separate regressions are run for year 2008 and 2010 to set a baseline and to compare with other subsequent findings. In this study, ordered probit model is used for all the

regressions to analyze the data. This is because the dependent variables trust in people in general (*Trustgen*), trust in neighbors (*Trustneb*) and socializing with neighbors (*Socialize*) are all ordinal variables. *Trustgen*, *Trustneb*, and *Socialize* variables have ranks from 1 to 4 with the highest rank being 4. In this study, marginal effects are calculated only for the score (or rank) 4, which is either trust most of them or socializing a few times per week.

For the first ordered probit model, a set of variables comprising of age, age squared, gender, marital status, educational level, employment status, and household income are used. Three regressions for each survey year are run in the form of equation (1).

$$y_i^* = \phi_1 Voters_i + \phi_2 X_i + \epsilon_i, \quad \epsilon_i \sim N(0,1), \quad \forall i = 1, \dots, N \quad (1)$$

with

$$y_i = \begin{cases} 1 & \text{if } y_i^* \leq \mu_1 \\ 2 & \text{if } \mu_1 < y_i^* \leq \mu_2 \\ 3 & \text{if } \mu_2 < y_i^* \leq \mu_3 \\ 4 & \text{if } y_i^* > \mu_3 \end{cases}$$

where y_i^* is a latent variable, and y_i represents one of the social capital variables: trust in people in general, trust in neighbors, and socializing with neighbors. y takes on j different values (1, 2, 3, or 4), which are naturally ordered. μ_j are cutpoints or threshold parameters for $j = 1$ to 4.

The vector X_i includes age, age squared, gender, marital status, educational level, employment status, and household income. $Voters_i$ is the main variable of interest (a dummy variable) that captures people who voted in either the National Council or the National Assembly elections. ϵ_i is an error term and captures all omitted characteristics.

Table 2 and Table 3 shows the ordered probit regression results for year 2008 and 2010 respectively. The marginal effects of voters on social capital, calculated from the Table 2

(column 1, 3 and 5) and Table 3 (column 7, 9 and 11), are shown in Figure 4.

As shown in Table 2 and Table 3, voting in either National Council or National Assembly elections did not have any significant relationship with trust in people in general as well as with trust in neighbors.

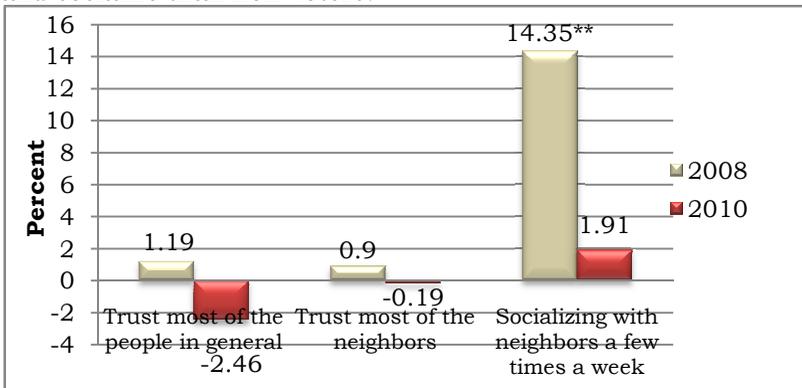
As for *Socialize*, in 2008 there is a positive and highly significant relationship between voting in the National Council election and socializing with neighbors (see Table 2). The result of marginal effects shows that *Voters* are 14.35 percent (see Figure 4) more likely than those who did not vote in the National Council election to socialize with neighbors “a few times a week” in a month. However, voting in the National Assembly election did not have any significant association with socializing with neighbors (see Table 3). The result of marginal effects shows that those who voted in the National Assembly election are 1.91 percent (see Figure 4) more likely to socialize with neighbors “a few times a week” in a month than those who did not vote in the same election but it is not significant and the coefficient is small as well. Therefore, it is possible that the National Assembly election, but not voting per se, reduces the frequency of socializing with neighbors.

Watching television and living in the urban environment could have a significant negative impact on social capital. Television was introduced in Bhutan only in 1999, and it was widely believed that watching TV had undermined the social capital of the country. As shown in Table 1, 33.9% and 50.8% of the respondents had access to television in 2008 and 2010 respectively³. Hence, access to television (*TVbbs*) provided by Bhutan Broadcasting Service Corporation and living in urban areas (*Urban*) are used as additional variables to see the

³ According to Bhutan Living Standard Survey (BLSS) 2012, 58.5% of the households in Bhutan own at least a TV set in 2012 (p.151). It is 37.7% in 2007; in urban areas 79.4% own TV whereas in rural areas only 19.8% own TV (BLSS 2007, p.95). The figures for 2008 are not available.

isolated effects of *Voters*. As expected living in urban areas has a significant negative effects on social capital (trust in people in general, trust in neighbor and socializing with neighbors) in both of the survey years as shown in Table 2 and Table 3. As for watching television, it has negative effects on trust in people in general and trust in neighbor but not on socializing with neighbors in both of the survey years.

Figure 4. By how much are voters likely (or less likely) to trust and socialize than non-voters?



Note: Estimates are marginal effects at “trust most of the people in general”, “trust most of the neighbors” or “socializing with neighbors a few times a week.” Non-reported controls are age, age squared, female, marital status, formal education, employment status, and natural log of equivalized yearly household income.

Marginal effects are extracted from Table 2 (column 1, 3 and 5) and Table 3 (column 7, 9 and 11).

** sig. at 1%, * sig at 5%.

When *TVbbs* (access to TV) and *Urban* (living in urban areas) variables are included in the equation (1), the effects of voting on socializing with neighbors decreases in 2008 as well as in 2010 as shown in Table 2 and Table 3 due to the significant negative effects of living in urban areas on socializing with neighbors. However, the statistical significance remains unchanged. This indicates that living in urban areas has a significantly large effect than other explanatory variables on socializing with neighbors.

Table 2. Ordered Probit regressions result, 2008

	1	2	3	4	5	6
	<i>Trustgen</i>	<i>Trustgen</i>	<i>Trustneb</i>	<i>Trustneb</i>	<i>Socialize</i>	<i>Socialize</i>
<i>Voters</i>	0.0358 (0.0967)	-0.0778 (0.104)	0.0246 (0.102)	-0.125 (0.111)	0.372** (0.104)	0.259* (0.108)
<i>Age</i>	-0.00176 (0.0194)	0.00661 (0.0197)	0.00693 (0.0203)	0.0036 (0.0205)	-0.0420* (0.021)	-0.0348 (0.021)
<i>age_sq</i>	0.000161 (0.0002)	0.00007 (0.0002)	0.00017 (0.0002)	0.00007 (0.0002)	0.00040 (0.0002)	0.00033 (0.0002)
<i>Female</i>	-0.105 (0.0841)	-0.0609 (0.0851)	-0.213* (0.085)	-0.157 (0.0865)	0.0528 (0.0857)	0.0908 (0.0874)
Formal education	0.0141 (0.108)	0.0746 (0.11)	-0.132 (0.114)	-0.0607 (0.118)	0.0241 (0.111)	0.0737 (0.114)
Never married	0.0937 (0.131)	0.101 (0.132)	-0.0545 (0.136)	-0.0496 (0.139)	-0.276 (0.143)	-0.275 (0.143)
Divorced/ Separated	-0.0234 (0.179)	-0.0207 (0.175)	-0.371 (0.205)	-0.363 (0.202)	-0.19 (0.186)	-0.175 (0.186)
Widowed	-0.204 (0.316)	-0.23 (0.319)	-0.3 (0.361)	-0.329 (0.361)	0.17 (0.3)	0.133 (0.299)
Un- employed	0.141 (0.344)	0.105 (0.355)	0.239 (0.351)	0.204 (0.374)	0.414 (0.326)	0.439 (0.313)
Farmers	0.153 (0.124)	-0.0728 (0.14)	0.416** (0.133)	0.147 (0.159)	0.161 (0.126)	-0.057 (0.142)
Students	0.0951 (0.178)	-0.0223 (0.181)	0.0571 (0.188)	-0.0916 (0.194)	0.108 (0.198)	-0.0203 (0.204)
Monks	-0.321 (0.334)	-0.502 (0.339)	0.00687 (0.376)	-0.203 (0.389)	0.419 (0.412)	0.255 (0.413)
Others	0.0332	-0.0479	-0.117	-0.225	0.192	0.0972

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	(0.197)	(0.194)	(0.201)	(0.203)	(0.25)	(0.264)
Log of equivalized household income	-0.0102	-0.0085	0.00551	0.00806	0.0361	0.0382
	(0.0147)	(0.0146)	(0.0156)	(0.0154)	(0.0196)	(0.0195)
<i>TVbbs</i>		-0.121		-0.0854		0.0158
		(0.111)		(0.117)		(0.104)
<i>Urban</i>		-0.405**		-0.551**		-0.518**
		(0.152)		(0.162)		(0.164)
<hr/>						
N	773	772	778	776	779	777
pseudo R-sq	0.015	0.021	0.041	0.05	0.018	0.023

Note: Standard errors in parentheses

* p<0.05, ** p<0.01

Base groups are no formal education, married, and employed.

Table 3. Ordered Probit regressions result, 2010

	7	8	9	10	11	12
	<i>Trustgen</i>	<i>Trustgen</i>	<i>Trustneb</i>	<i>Trustneb</i>	<i>Socialize</i>	<i>Socialize</i>
<i>Voters</i>	-0.0703	-0.0733	-0.00506	-0.00856	0.0593	0.0583
	(0.0415)	(0.0417)	(0.0417)	(0.0419)	(0.0423)	(0.0423)
<i>Age</i>	0.0271**	0.0268**	0.0253**	0.0253**	-0.0194**	-0.0194**
	(0.00585)	(0.00585)	(0.0058)	(0.0058)	(0.00558)	(0.00558)
<i>age_sq</i>	-0.00023**	-0.00022**	-0.00022**	-0.0002**	0.00014*	0.00014*
	(0.000062)	(0.000062)	(0.000061)	(0.00006)	(0.00005)	(0.00005)
<i>Female</i>	-0.143**	-0.123**	-0.251**	-0.227**	-0.00224	0.00442
	(0.03)	(0.0302)	(0.0303)	(0.0305)	(0.0292)	(0.0294)
Formal education	-0.158**	-0.132**	-0.209**	-0.181**	-0.0438	-0.0415
	(0.0344)	(0.0346)	(0.0359)	(0.036)	(0.0346)	(0.0348)
Never married	0.0256	0.0173	-0.0189	-0.028	-0.0817	-0.0812

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	(0.0577)	(0.0579)	(0.0588)	(0.0591)	(0.0613)	(0.0612)
Divorced/ Separated	-0.0989	-0.0971	-0.0997	-0.103	-0.0684	-0.0685
	(0.0646)	(0.0651)	(0.0655)	(0.0656)	(0.0623)	(0.0622)
Widowed	-0.0762	-0.0785	-0.0375	-0.0354	0.124*	0.121
	(0.0639)	(0.064)	(0.0664)	(0.0665)	(0.0616)	(0.0619)
Un- employed	-0.1	-0.103	0.0535	0.0464	0.189	0.185
	(0.113)	(0.113)	(0.11)	(0.112)	(0.124)	(0.125)
Farmers	0.188**	0.0428	0.385**	0.214**	0.0760	0.029
	(0.0393)	(0.0449)	(0.0406)	(0.0461)	(0.0389)	(0.0448)
Students	-0.0382	-0.0206	-0.019	-0.00091	-0.0435	-0.0403
	(0.102)	(0.103)	(0.109)	(0.109)	(0.123)	(0.124)
Monks	0.243*	0.113	0.430**	0.278*	0.201	0.158
	(0.101)	(0.102)	(0.112)	(0.114)	(0.106)	(0.108)
Others	-0.145**	-0.119*	-0.0112	0.0181	0.0887	0.0976
	(0.0478)	(0.0477)	(0.0511)	(0.0513)	(0.052)	(0.0521)
Log of equivalized household income	0.0315**	0.0399**	0.00679	0.0166	0.0159	0.0169
	(0.0101)	(0.0103)	(0.0104)	(0.0103)	(0.00926)	(0.00933)
TVbbs		-0.166**		-0.180**		0.0266
		(0.0327)		(0.0334)		(0.0312)
Urban		-0.163**		-0.202**		-0.120**
		(0.04)		(0.0424)		(0.042)
N	6900	6893	6942	6935	6926	6919
pseudo R- sq	0.02	0.024	0.038	0.043	0.003	0.003

Note: Standard errors in parentheses

* p<0.05, ** p<0.01

Base groups are no formal education, married, and employed.

4.3. Changes in Social Capital

The two data sets are now pooled to examine in greater detail how social capital has changed in 2010 after the introduction of democracy by comparing voting in two different elections as a means of analysis. The ordered probit model is given in equation (2).

$$y_i^* = \varphi_1 y_{2010} + \varphi_2 Voters_i + \varphi_3 (Voters_i \times y_{2010}) + \varphi_4 X_i + \epsilon_i , \\ \epsilon_i \sim N(0,1), \forall i = 1, \dots, N \quad (2)$$

with

$$y_i = \begin{cases} 1 & \text{if } y_i^* \leq \mu_1 \\ 2 & \text{if } \mu_1 < y_i^* \leq \mu_2 \\ 3 & \text{if } \mu_2 < y_i^* \leq \mu_3 \\ 4 & \text{if } y_i^* > \mu_3 \end{cases}$$

where y_i^* is a latent variable, and y_i represents one of the social capital variables: trust in people in general, trust in neighbors, and socializing with neighbors. y takes on j different values (1, 2, 3, or 4), which are naturally ordered.

y_{2010} is a dummy variable, which is 1 if the year is 2010 and zero otherwise. y_{2010} contain respondents who either voted or did not vote for the National Assembly election.

The vector X_i includes age, age squared, gender, marital status, educational level, employment status, household income, voluntary help, subjective feelings of safety in the community, freedom of speech and opinion, freedom from discrimination, access to TV, and living in urban areas as additional variables. In this model, there are more variables compared to equation (1) in order to see the effects of all possible variables that are available in the data sets, and not confined only on socio-economic and demographic variables. The new variables voluntary help, subjective feelings of safety in the community, freedom of speech and opinion, and freedom from discrimination are included because low trust is

associated with discrimination and lack of economic success (Alesina and La Ferrara, 2002); community participation strongly affects interpersonal trust rather than the reverse though they are reciprocally related (Brehm and Rahn, 1997); and public safety, presence of few severe social conflicts, and informal social networks are positively associated with social trust (Delhey and Newton, 2003).

Voluntary help (*vol1*) could be used as a proxy variable of social capital but it is not used in this study because the kinds of voluntary help provided are mostly at community and household levels, such as providing help during construction of community temples and irrigation channels, and providing help during times of death in the family. In this study, the unit of analysis is the individual; hence, the voluntary help is used as a control instead.

The main variable that needs to be examined here is $y10Voters$ ($Voters_i \times y2010$), an interaction term between those who voted ($Voters_i$) in either National Assembly or National Council elections and the year 2010 dummy ($y2010$), which captures the changes in social trust and socializing with neighbors among voters after the introduction of democracy. Table 4 shows the results of equation (2). The change in trust in people in general and trust in neighbors, captured by $y10Voters$, are positive but not significant, which shows that the levels of social trust among those who voted in the National Assembly election is almost same as those who voted in the National Council election. On the other hand, $y10Voters$ is negative and significant for socializing with neighbors (-0.297, see Table 4), which shows that voters after two years of democracy have decreased their levels of socializing with neighbors. Therefore, this indicates that the positive effects of voting on socializing with neighbors as seen in the 2007 National Council election disappeared in the 2008 National Assembly election.

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Table 4. Ordered Probit regressions of social trust and socializing with neighbors using independently pooled sample

	1	2	3
	<i>Trustgen</i>	<i>Trustneb</i>	<i>Socialize</i>
<i>y2010</i>	0.0721 (0.0777)	0.102 (0.0795)	-0.287** (0.0892)
<i>Voters</i>	-0.170 (0.0881)	-0.142 (0.087)	0.341** (0.0963)
<i>y10Voters</i>	0.0806 (0.0938)	0.101 (0.0935)	-0.297** (0.102)
<i>Age</i>	0.0254** (0.00569)	0.0243** (0.00569)	-0.0206** (0.00549)
<i>age_sq</i>	0.000190** (0.0000615)	0.000191** (0.0000613)	0.000155** (0.0000586)
<i>Female</i>	-0.0796** (0.0293)	-0.180** (0.0299)	0.0084 (0.0287)
Formal education	-0.109** (0.0333)	-0.168** (0.0349)	-0.037 (0.0336)
Never married	0.0414 (0.0538)	-0.017 (0.0543)	-0.122* (0.0565)
Divorced/Separated	-0.0917 (0.0621)	-0.119 (0.0635)	-0.0611 (0.0604)
Widowed	-0.075 (0.0639)	-0.0348 (0.0672)	0.138* (0.0624)
Unemployed	-0.0183 (0.109)	0.153 (0.11)	0.219 (0.119)
Farmers	-0.00409 (0.0431)	0.182** (0.0447)	0.0183 (0.0431)
Students	0.0468 (0.0905)	-0.00542 (0.0914)	-0.0322 (0.102)

Monks	0.0742 (0.101)	0.234* (0.111)	0.158 (0.105)
Others	-0.0966* (0.0468)	0.0262 (0.051)	0.101* (0.0513)
Log of equivalized household income	0.0243** (0.00876)	0.00996 (0.00898)	0.0230** (0.00869)
<i>vol1</i>	0.147** (0.0271)	0.150** (0.0279)	0.0826** (0.0266)
Usually safe	0.0497 (0.0398)	0.0914* (0.0402)	0.0359 (0.0382)
Always safe	0.0892* (0.0356)	0.177** (0.0363)	-0.00197 (0.034)
<i>rights2</i>	0.137** (0.0503)	0.156** (0.0501)	0.107* (0.0479)
<i>rights9</i>	0.142** (0.0379)	0.202** (0.041)	-0.0556 (0.0411)
<i>TVbbs</i>	-0.160** (0.0316)	-0.171** (0.0324)	0.0155 (0.0302)
<i>Urban</i>	-0.156** (0.0391)	-0.200** (0.0418)	-0.141** (0.0412)
N	7453	7496	7479
pseudo R-sq	0.026	0.05	0.012

Note: Standard errors in parentheses

* p<0.05, ** p<0.01

Base groups are no formal education, married, employed, and rarely safe from human harm.

Other findings that can be seen from Table 4 are that women are less likely to trust people in general and neighbors than men. Those who have some formal education are also less likely to trust people in general and neighbors than those who has no formal education. Respondents who are never married

are less likely to socialize with neighbors than those who are married. Household income is positively related to trust in people in general and socializing with neighbors. Those who provide voluntary help in the community are more likely to trust people in general and neighbors, and they are also more likely to socialize with neighbors than those who did not volunteer. Feeling always safe in the community is positively associated with social trust. Having freedom of speech and opinion and being free from discriminations are positively associated with social trust. Having freedom of speech and opinion also helps people to socialize with neighbors. Having access to TV is negatively associated with social trust. And living in urban areas is negatively associated with social trust as well as with socializing with neighbors.

4.4. Impacts of Multi-Party Election

The previous analysis (see Table 4) showed that the positive effect of voting on socializing with neighbors in 2008 disappeared in 2010 because the interaction term of voting and year 2010 (*y10Voters*) turned negative. It is not voting per se but due to the effect of 2008 National Assembly election, namely multi-party election. For the non-party based election (2007 National Council election), the effect of voting on socializing with neighbors was significantly positive (See Figure 4 and Table 2 column 5 and 6, row 1).

To obtain the exact amount by which the multi-party election had a significant negative effect diminishing the nature of voting to promote socializing “a few times a week” with neighbors, marginal effect needs to be calculated. In Table 5 column 3 (drawn from Table 4, row 3), estimates for *y10Voters* on *Socialize* shows that the diminishing effect of multi-party election on socializing “a few times a week” with neighbors is 9.77%. In other words, the calculation of marginal effects of *y10Voters* on *Socialize* shows that the experience of 2008 National Assembly election by those who voted in this election served to decrease the frequency of socializing with neighbors “a few times a week” by 9.77% significantly.

Therefore, although voting had a significant positive effect on socializing with neighbors, 2008 multi-party election did not produce this visible positive impact on socializing with neighbors. To provide some facts, before the run-up to the general round of multi-party election, there were disputes between the two competing parties that negatively affected the relationship between voters supporting opposing parties. There were media reports of neighbors not being on good terms due to party politics. There were 111 cases - reports of coercions, personal accusations and counter accusations of bribery, forceful membership fees, and accusations of unfair political campaign between the two parties - recorded by the Election Commission of Bhutan before the poll day of multi-party election⁴. Therefore, the multi-party election, at least at its introductory phases, may divide people along party lines and thus reduce socializing occasions across the party line.

Table 5. Marginal effects on social capital variables at the highest score (trust most of people in general, trust most of the neighbors, or socializing a few times a week with neighbors).

	(1)	(2)	(3)
	<i>Trustgen</i>	<i>Trustneb</i>	<i>Socialize</i>
<i>y10Voters</i>	0.0279	0.0376	-.0977**
	(0.0325)	(0.0348)	(.0336)

Note: Standard errors in parentheses

Marginal effects are extracted from Table 4, row 3.

* p<0.05, ** p<0.01

5. Conclusion

Voting in either National Council or National Assembly elections did not have any significant relationship with trust in people in general as well as with trust in neighbors.

However, voting has a significant positive impact on socializing with neighbors as it was observed during 2007 National Council election. Those who voted in the National

⁴ Press release, Election Commission of Bhutan, (ECB(PPD-08)2008/1017 and Sithey and Dorji (2009), p.44.

Council election are 14.35 percent more likely than those who did not vote in the same election to socialize with neighbors “a few times a week” in a month. But the effect of voting on socializing with neighbors during 2008 multi-party election (National Assembly election) was not significant. Hence, it is not voting per se, but the system of multi-party election that have undermined socializing for those who voted in the National Assembly election held in 2008.

The introduction of democracy, understood in this study as voting for the National Assembly election (multi-party election), has the tendency to remove the positive effect of voting on socializing with neighbors as seen in the 2007 National Council election. The experience of 2008 National Assembly election by those who voted in this election served to decrease the frequency of socializing with neighbors “a few times a week” by 9.77% significantly.

From 111 cases related to the 2008 multi-party election the number of dispute cases related to the 2013 multi-party election was reduced to 37⁵. This shows that people are learning to adjust to the new system of democracy. Therefore, for future research, it is important to study the long run impact of democracy on social capital.

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⁵ ECB/NOTIF-01/2013/238, July 27, 2013, Press Release: Completion of the second parliamentary elections 2013

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