

## Ethnicity, Trust, and the Welfare State

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Contemporary democratic politics is multicultural politics. During the second half of the twentieth century, new patterns of international migration altered the demographic landscape of liberal-democratic countries, increasing the ethnic, racial, religious, and linguistic diversity of their societies. These new forms of social difference have generated new political pressures and new policy issues. Governments must manage tensions between cultural majorities and minorities, and find their way through potentially explosive issues embedded in immigration and refugee policies, anti-discrimination programs, and the integration of newcomers into the social fabric. But multiculturalism may bring an even broader transformation of political life and policy regimes. In particular, it may call the welfare state into question. New forms of social diversity spark debates about traditional conceptions of identity and community and about the rights and mutual obligations embedded in citizenship. Shifts in such broad orientations toward government and society have the potential to reshape the frame of reference within which basic economic and social programs are debated, and to reconfigure the political constituencies that sustain them.

The social role of the state would seem particularly sensitive to such shifts (Banting 2000). Many commentators have wondered whether relatively diverse societies are less likely than relatively homogeneous ones to invest in redistributive and social insurance programs. A growing body of evidence from a variety of settings points in this direction. For example, analysts have pointed to different levels of social diversity in explaining differences between US and European social welfare programs (e.g., Alesina, Glaeser, and Sacerdote 2001; Gould and Palmer 1988). Studies comparing social expenditures across American cities and states find that ethnically heterogeneous states tend to spend less on redistributive programs (Alesina, Baqir, and Easterly 1997; Hero and Tolbert 1996; Plotnick and Winters 1985). And

development economists have found similar patterns across a wide range of countries, including the richest and poorest nations in the world: spending on private education tends to be higher in countries with considerable religious and ethnic diversity, and income transfer payments tend to be lower in such countries (Easterly and Levine 1997; James 1987, 1993). It is difficult, these studies suggest, to sustain strong social welfare programs in the face of comparatively high ethnic diversity.

Why would this be the case? One theory starts from notions of community and mutual obligation. In this view, the expansion of the welfare state in the twentieth century was underpinned by a sense of community and collective responsibility of citizens for each other (Marshall 1950). These bonds of community seem more difficult to sustain as the population becomes more diverse. Logically, defection from a commitment to strong social programs might come from two directions. On the one hand, minorities might argue that universal public services tend to reflect the norms of the dominant culture and are insensitive to distinctive minority needs and belief systems. In such circumstances, some minority groups might prefer private schools and social services rooted in their own religious and cultural community. On the other hand, cultural majorities may come to resent social programs that they see as transferring resources to "outsider" minorities. For most analysts, this represents the largest threat to the social solidarity underpinning the welfare state, an hypothesis that is supported to a certain extent by research on the tension between immigration and support for social welfare in Western Europe, the United States, and other countries (Banting 1999, 2000; Carens 1988; Fullinwider 1988; Kitschelt 1995). Thus, the essential premise of this approach is that the redistributive state is rooted in a sense of community and collective responsibility, and that this solidarity becomes more difficult to sustain as a population becomes increasingly diverse.

The social capital literature provides a subtly different perspective, with an emphasis on trust as the solution to collective action games. The argument is best described by Miller (1995, 90-99): Mutual trust facilitates solutions to collective action problems that are inherent in social welfare programs, where citizens must trust each other to both take part as contributors and not take advantage as beneficiaries. Trust is aided by identification with fellow citizens. Identification with fellow citizens is easiest in ethnically and culturally homogenous societies, however, so it will be more difficult to foster identification with fellow citizens in societies that are ethnically or

culturally divided. More diverse societies are consequently more likely to lack support for social welfare programs.

Miller's narrative is similar to the preceding "community"-focused explanation, but its particular appeal to social capital theorists is that it highlights *trust* as an important intermediary variable between diversity and support for social welfare. "Interpersonal" or "social" trust has been a central component in the study of social capital. For example, a growing body of economic research, closely allied with social capital themes, explores the link between increased ethnic diversity and decreased trust. Ethnic / linguistic / cultural diversity appears to be negatively correlated with growth rates (Easterly and Levine 1997; McCarty 1993; Zak and Knack 1998; Zucker 1986); there also appears to be a greater need for governmental mechanisms enforcing contracts and property rights in countries that are more ethnically diverse (Knack and Keefer 1995, 1997; Zak and Knack 1998). These studies feature trust as the explanatory variable and suggest that Miller's work is particularly valuable in pointing to the potential importance of trust in explaining support for social welfare programs.

Although several literatures propose that ethnic diversity affects support for social welfare, empirical discussions of this link must still rely on triangulation. In short, to date, no empirical study has explored the connection between individuals' opinions and perceptions as affected by the experience of diversity, on one hand, and support for the welfare state, on the other. This chapter seeks to fill this gap by examining these relations as they play out in the case of Canada.

Canada represents a good case for these purposes. First, although the Canadian welfare state has always been more limited than those established in northern Europe (Esping-Anderson 1990), its social commitments have been much more ambitious than those prevailing in the United States. As measured both by program structures and social expenditures as a proportion of GDP, the Canadian welfare state has historically fallen midway between the US and European patterns. Second, Canada has high levels of multiculturalism. It has long been an immigrant society; it has one of the highest proportions of citizens born outside of the country among all OECD countries, and its official policies embrace multiculturalism as a defining feature of Canadian life. Moreover, its minority populations are quite concentrated in certain regions and especially urban areas, making it relatively easy to compare the views of people living in diverse as opposed to homogenous

communities. Third, Canadian diversity may have competing dimensions, so to speak. At the same time as Canada has maintained a relatively open door to immigration, it has all along been communally segmented on traditional European lines, between French and English linguistic communities.<sup>1</sup> So the Canadian case poses the issues well. Although past research suggests no clear link between diversity and Canadians' trust in individuals, trust in government, or national pride (Johnston and Soroka 2001), these analyses were weakly specified in the key variables.

The empirical base of the chapter is the Equality, Security, and Community survey supplemented by census data for neighbourhoods. In most respects, variables and data are as described in Chapter 5 (Soroka, Helliwell, and Johnston). This chapter extends the analysis to include indicators of welfare state opinion and political and demographic factors that may be relevant to formation of that opinion.

### Modelling Trust

As a first step in examining the link between ethnicity and support for social welfare, we consider the impact of individual and contextual variables on trust in individuals and trust in government. The importance of interpersonal trust has been outlined above – it is a critical intermediary variable between ethnic diversity and support for social welfare. Trust in government warrants further explanation.

Political trust ought to be a factor in support for the welfare state. The success of new regimes seems contingent on political support (e.g., Mishler and Rose 1997), and the logic ought to extend to consolidated systems. In this vein, Scholz and Lubell (1998, 399) suggest that "vertical trust" between citizen and state can expand the range of collective problems that legal authorities are able to tackle." Their evidence indicates that trust in government (as well as trust in individuals) affects US respondents' compliance with tax laws. The implication is that individuals are more willing to pay taxes when they believe that the money will be spent appropriately. If taxes are the precondition for spending, then a similar dynamic should hold in support for the welfare state.

The two kinds of trust are quite different, especially, perhaps, in Canada. Trusting individuals operates on degrees of personal acquaintance, and, correspondingly, on expectations of reciprocity. Trusting a government entails a much greater leap of faith, since we rarely know government officials

personally, and we cannot expect the government to reciprocate (Hardin 2000). Trust in government may embody history, where, for decades, some groups have been political winners and other groups, losers. Accordingly, there is considerable slippage between the two (Johnston and Soroka 2001; Newton 1999; Newton and Norris 2000; Orren 1997). In particular, the structural foundations of each can be quite distinct.

Although they are distinct mental states, the two types of trust should still have some positive empirical link, and, ideally, we should allow for it rather than risk an omitted-variables problem. But there is serious confusion about the causal direction of the link. Intuition suggests that political trust is a generalized form of interpersonal trust. This is an implicit assumption in Putnam's (1993a) work linking high civic engagement with the success of new regional governments in Italy, for example. However, a growing body of evidence suggests that influence runs in the opposite direction. Muller and Seligson (1994) find that a country's years of experience with democracy is a powerful predictor of its average score on the interpersonal trust measure; Brehm and Rahn's (1997) structural model of United States GSS data also suggests that the direction of influence leads from trust in government to trust in individuals (see also Sztompka 1996). The implication may be that personal relations flourish under the shadow of Leviathan: mutual trust becomes possible when we already trust institutions to catch and penalize defectors. Of course, influence could be reciprocal.

The problem is that estimating the true interdependence of interpersonal and political trust is next to impossible. OLS setups that include one as an "exogenous" predictor of the other are under-identified. To unpack the simultaneity in the system, we might employ two-stage least squares (2SLS) estimation, where exogenous variables are used to create "instrumented" versions of the endogenous variables, the instrumented variables are then used in place of the original variables, and the system is thereby purged, supposedly, of simultaneity bias (Kennedy 2003, 188-89). As is commonly the case, our attempt to find suitable instruments failed. We just present each in the estimation model for the other and accept the strong likelihood of simultaneity bias. Omission of the trust terms has very small effects on the remaining parameters, and structural differences between the trust forms will come out in divergence of parameters between estimations.

With this in mind, we examine trust in individuals and government with the following regression model:

$$\begin{aligned}
 Trust^1 = & \alpha_1 + \omega Trust^2 + (\beta_1 REth + \beta_2 CEth + \beta_3 REth * CEth) \\
 & + (\rho_1 RFre + \rho_2 Que + \rho_3 RFre * Que) \\
 & + \Sigma \delta Ind + \Sigma \gamma Con + \pi Vote + \epsilon_1,
 \end{aligned}
 \tag{1}$$

where  $Trust^1$  is trust in individuals,  $Trust^2$  is trust in government,  $Ind$  is a set of individual-level variables,  $Con$  is a set of contextual-level variables,  $Vote$  is respondents' vote in the most recent federal and provincial elections,  $\alpha$  is a constant, and  $\epsilon$  is an error term that subsumes all unmeasured variation.<sup>2</sup>

The two terms in parentheses represent our test of the effects of ethnicity on trust. Ethnicity is represented here on two dimensions: French/English and "visible minority"/majority. The former is Canada's longstanding linguistic division – a division that may have mutated into a geographic one, between Quebec and the rest of Canada. We prefer to focus on the primordial contrast and to let Quebec enter the analysis as the marker for linguistic context; we return to this below. The latter dimension refers to visible markers as opposed to audible ones. Historically, Canada thought of itself as composed of two founding peoples, one British and the other French. As a result, while immigrants from Britain and France were not seen as different, people coming from other parts of the world, including western and central Europe, were seen as "other" and classified as "ethnic." In contemporary debates over multiculturalism, the focus has narrowed to people who are racial minorities, or what are often referred to as "visible minorities." This study follows contemporary usage – "visible minority" is meant to connote all individuals who are non-Caucasian in race. The largest groups who fall into this general category are Chinese, South Asians, and Blacks.<sup>3</sup>

As for the variables themselves,  $REth$  corresponds to dummy variables that represent whether or not the respondent belongs to a "visible" minority.  $CEth$  is the contextual equivalent: the proportion of visible minorities in each respondent's census tract (CT in metropolitan areas) or census subdivision (CSD in all other areas), as of the 1996 Census.<sup>4</sup> The  $REth * CEth$  interaction captures the possibility that ethnic context has a different effect on minority respondents than on majority ones. The second term in parentheses is the equivalent for francophone respondents:  $RFre$  is dummy variable referring to francophone status;<sup>5</sup> the contextual variable is residence in or out of Quebec ( $Que$ ).<sup>6</sup>

$Vote$  variables are included in both estimations, although we conjecture that the  $Vote$  group pertains only to political trust. Trust in government should at least partly reflect whether respondents support the party in power. Two

dummy variables are included, one for the federal and one for the provincial government; the variable is equal to 1 if the respondent voted for the party currently in power.

Additional individual-level variables ( $Ind$ ) include most basic demographics: *gender*, *age*, *education*, *religion* (Catholic/Protestant/other), and *immigration status*. Inclusion of these variables reflects analyses in Chapter 5 as well as the literature on social capital and the welfare state.<sup>7</sup> Here we add *household income*, as it is critical to welfare state opinion.

Our indicator of interpersonal trust is the four-item "wallet" measure described in detail in Chapter 5. Each item asks about the likelihood that a lost wallet would be returned, respectively, by a neighbour, a police officer, a clerk at the local grocery store, and a stranger. As indicated earlier, this measure taps the radius of trust based on experience. In contrast, the standard "generalized trust" indicator captures a more moralistic propensity. As a factor in welfare-state opinion, the standard indicator is, unsurprisingly, more powerful. But, as Chapter 5 shows, the standard indicator is *not* a mediator of forces embedded either in ethnicity or in ethnic context. The wallet measure, in contrast, powerfully captures the zone of impact from diversity.

The trust in government measure combines (1) "How much do you trust the government in Ottawa to do what is right?" (2) "How much do you trust the government in [province] to do what is right?" (3) a feeling thermometer for federal government, and (4) a feeling thermometer for provincial government. Results are rescaled from 0 to 1, where 1 is most trusting. Trust in one governmental level is highly correlated with trust in the other level, so combining the two does not present a problem and helps avoid difficulties with collinearity.

Results are presented in Table 11.1.<sup>8</sup> Unsurprisingly, the two forms of trust *are* linked, although not all that strongly. There is a hint that political trust explains more of interpersonal trust than the reverse. More strikingly, the pattern for ethnicity and ethnic context differs sharply between the political and the interpersonal. For interpersonal trust, both racial and linguistic factors are implicated and context is key. For political trust, language matters a bit and context not at all. For interpersonal trust, the consistently striking relationship links the minority's local preponderance with the majority's reaction. For visible minorities, the pattern is roughly as described in Chapter 5: members of the "majority" are generally more trusting than visible-minority persons. But the larger the minority share in the neighbourhood, the less trusting the "majority" is; and, beyond some point, visible-minority



And there is hardly any ethnic story – even a theoretical one – for trust in government. Only French language affects trust in government, and this effect is the mirror image of that for interpersonal trust: francophones are *more* trusting than others. Strikingly, for all the angry talk around jurisdiction, Quebec residence makes no further contribution. Francophones in Quebec are no less trusting of Ottawa than francophones elsewhere in the country, a pattern that places interesting question marks around the significance of ongoing intergovernmental battles for the attitudes of the public.

Other divergences between the forms of trust will be noted only in passing. Both forms of trust increase with education and educational context. Both decrease with the mobility of the local population.<sup>12</sup> Population density and gender matter only for interpersonal trust. Vote for election winners, the respondent's economic outlook, religion, and immigrant status matter only for political trust. Age and income have contrasting effects: each increases personal trust and decreases political trust.

### Modelling Support for the Welfare State

The degree to which ethnicity and ethnic diversity affect support for social programs is tested with the following model:

$$\begin{aligned} \text{Support} = & \alpha_2 + \omega_1 \text{Trust}^1 + \omega_2 \text{Trust}^2 + (\beta_1 \text{REth} + \beta_2 \text{CEth} + \beta_3 \text{REth} * \text{CEth}) \\ & + (\rho_1 \text{RFre} + \rho_2 \text{Que} + \rho_3 \text{RFre} * \text{Que}) \\ & + \Sigma \delta \text{Ind} + \Sigma \gamma \text{Con} + \pi \text{Vote} + \varepsilon_2, \end{aligned} \quad (2)$$

where *Support* is respondents' support for various social welfare programs. We examine three domains of the welfare state separately. The domains differ subtly in rationale and in the degree to which they are vulnerable to arguments about moral hazard. Empirically, response is correlated much more weakly across than within domains. The final form for each index was reached by a combination of factor analysis and reliability tests.<sup>13</sup> In our measurement scheme, all dependent variables are scaled from 0 to 1, whether they are based on one item or several.

The first domain is *Employment Insurance and Welfare*, which employs the following questions:

- Many unemployed persons could find work if they really wanted to. [Agree or disagree]
- How many do you think could find work: about one quarter, about one half, about three quarters, or almost all of them could find work?

- In Canada today, do you think it is too easy or too hard to get unemployment insurance?
- Is the unemployment benefit, that is, the amount of money people receive when they are unemployed, too high or too low?
- Which is closer to your own view:
  - *One*, refusing welfare to single parents is unfair to their children / *Two*, giving welfare to single parents rewards irresponsible behaviour.
  - *One*, people on welfare are usually there for only a short time and are unlikely to be on it again / *Two*, once people get on welfare they usually stay on it.
  - *One*, the government should see to it that everyone has a decent standard of living / *Two*, the government should leave it to people to get ahead on their own.
- The government must do more to reduce the income gap between rich and poor Canadians. [Agree or disagree]

What these questions all have in common is some notion of "decomposition" of labour, in the sense intended by Esping-Andersen (1990). An affirmative response, as we code it, indicates a concern that withdrawal from the labour force should not unduly penalize a person. Generous access and benefits in the unemployment insurance system, for instance, should raise the reservation wage. Although classical welfare (whose targets are commonly single parents and unemployables) and Employment Insurance (EI) have somewhat different rhetorical props, both address the matter of the price of not working. Both policy domains are similarly vulnerable to arguments from moral hazard. For EI, the issue is centrally about voluntary withdrawal as opposed to involuntary imposition of joblessness. For welfare, the imagery of "welfare queens" taps the same logic as do claims about voluntary unemployment, and the system also evokes rhetoric about bad personal behaviour. This domain seems absolutely central to the moral economy of capitalism. Yet it is also a magnet for arguments from trust in human nature.<sup>14</sup>

The second domain is *Health Care*, which we explore with a single item: "Which is closer to your own view: *One*, everyone should have equal access to health care, even if that means waiting for treatment, OR [*Two*, if you can afford it you should be able to buy faster access to health care.] / OR [*Two*, if you are willing to pay for it you should be able to buy faster access to health care.]"<sup>15</sup>

This item strikes us as getting to the core of current disputes over the Canadian system: equality of access versus length of queues. As a domain,

health care strikes us as less susceptible to moralizing about fellow citizens than employment insurance and welfare. The moral hazard lies in frivolous visits to doctors and hospitals, and some of the anti-system rhetoric raises this spectre; it forms part of the argument for deterrence fees. If we had such a question, we would have tried it out as a possible companion for this question, but we did not. And all citizens worry about their own potential access to health care, even as they tend to see sickness and accident as essentially actuarial phenomena.<sup>16</sup>

Finally, we consider support for publicly provided *Pensions*. Here we deploy two items: "When it comes to saving for retirement would CANADA/CANADIANS/YOU be better off if the Canada Pension Plan was shut down and individual Canadians/you were able to invest their money for themselves/yourself?"<sup>17</sup> and [agree or disagree] "Government pensions are the only way to ensure that all Canadians have at least some income in their old age."

The first focuses specifically on the CPP, a contributory scheme, which, as such, is amenable to arguments that the savings are better off in private hands. The second question covers the CPP, but also addresses by implication a general argument for public pensions, including ones funded out of general revenue. Our expectation is that this will be the least moralized area in the whole domain. There is a sense in which general-revenue pensions reward those who fail to save, and so could be described as a transfer not just between income classes but from the prudent to the imprudent. But this is not true for the CPP, and, to the extent that everyone pays taxes, is not true for the general scheme either.

Estimation proceeds in stages. In the first step, we estimate welfare-state support without any trust indicator in the model. This allows us to see whether there is any basic relationship between ethnicity or ethnic context and welfare-state opinion. We occasionally refer to this setup as the "reduced form." Then we enter both kinds of trust into the estimation. Obviously, the effect of trust is interesting in its own right, and we do expect it to differ across domains. But it is also interesting as an intervening variable, as an account of the mental state whose variation helps explain the original ethnic/ethnic context relationship. This argument applies to interpersonal trust, in particular, as Table 11.1 indicates that political trust is not really implicated in ethnicity. A mediating role for trust will be indicated by *shrinkage* in ethnicity or ethnic context coefficients as estimation moves from stage 1 to stage 2. Results appear in Tables 11.2-4.

TABLE 11.2

Modelling support for social programs: EI/Welfare

Independent variables	Dependent variable: Employment Insurance/ Welfare	
	Without trust	With trust
<b>TRUST</b>		
Trust in individuals	—	0.042 ** (0.018)
Trust in government	—	-0.002 (0.018)
<b>ETHNICITY</b>		
R is visible minority	-0.031 (0.023)	-0.038 (0.025)
Visible minority ( <i>prop</i> )	0.015 (0.026)	0.027 (0.027)
Interaction	-0.020 (0.040)	-0.015 (0.044)
<b>LANGUAGE</b>		
R is French	0.057 *** (0.021)	0.059 ** (0.025)
Quebec (dummy)	-0.023 (0.017)	-0.009 (0.019)
Interaction	-0.006 (0.028)	-0.016 (0.031)
<b>ECONOMIC SITUATION</b>		
Economic outlook	-0.006 (0.010)	0.003 (0.010)
Household income	-0.062 *** (0.008)	-0.065 *** (0.009)
Median income	-1.493 *** (0.466)	-1.533 *** (0.487)
Income diversity	-0.003 (0.060)	-0.006 (0.065)
<b>OTHER CONTEXTUAL VARIABLES</b>		
Education ( <i>prop</i> > high school)	0.038 (0.048)	0.041 (0.051)
Mobility ( <i>prop</i> , 5yrs)	-0.041 * (0.022)	-0.040 * (0.023)
Population density	0.004 ** (0.002)	0.003 ** (0.002)
<b>BASIC DEMOGRAPHICS</b>		
Female	0.046 *** (0.006)	0.046 *** (0.007)
Age (30-49)	0.034 *** (0.008)	0.033 *** (0.008)
(50-65)	0.040 *** (0.009)	0.035 *** (0.010)
(66+)	-0.034 *** (0.011)	-0.027 * (0.014)
Education (finished HS)	-0.007 (0.010)	-0.008 (0.011)
(started college/univ.)	-0.008 (0.010)	-0.007 (0.012)
(finished college/univ.)	0.017 * (0.010)	0.014 (0.011)
Religion (Catholic)	-0.016 * (0.009)	-0.016 * (0.009)
(Protestant)	-0.018 * (0.010)	-0.018 * (0.010)
Immigrant	-0.005 (0.010)	-0.006 (0.011)
Health	-0.040 *** (0.010)	-0.046 *** (0.010)
Resource sample	0.024 ** (0.010)	0.022 ** (0.011)
Constant	0.647 *** (0.022)	0.624 *** (0.025)
N (CT/CSDs)	1,488	1,401
N (individuals)	4,082	3,614
R <sup>2</sup>	0.070	0.070

NOTE: See note to Table 11.1.

TABLE 11.3

**Modelling support for social programs: health care**

Independent variables	Dependent variable: health care			
	Without trust		With trust	
<b>TRUST</b>				
Trust in individuals	—		0.057 <sup>*</sup>	(0.034)
Trust in government	—		0.082 <sup>***</sup>	(0.034)
<b>ETHNICITY</b>				
R is visible minority	-0.095 <sup>*</sup>	(0.054)	-0.091	(0.058)
Visible minority (prop)	-0.052	(0.047)	-0.041	(0.051)
Interaction	0.003	(0.105)	-0.051	(0.109)
<b>LANGUAGE</b>				
R is French	-0.035	(0.041)	-0.032	(0.045)
Quebec (dummy)	-0.122 <sup>***</sup>	(0.043)	-0.101 <sup>***</sup>	(0.045)
Interaction	0.031	(0.060)	0.024	(0.064)
<b>ECONOMIC SITUATION</b>				
Economic outlook	-0.021	(0.020)	-0.029	(0.021)
Household income	-0.055 <sup>***</sup>	(0.019)	-0.063 <sup>***</sup>	(0.019)
Median income	0.368	(0.932)	0.381	(0.966)
Income diversity	-0.090	(0.121)	-0.108	(0.127)
<b>OTHER CONTEXTUAL VARIABLES</b>				
Education (prop > HS)	-0.171 <sup>*</sup>	(0.094)	-0.214 <sup>**</sup>	(0.099)
Mobility (prop, yrs)	-0.044	(0.042)	-0.027	(0.045)
Population density	0.001	(0.003)	0.002	(0.004)
<b>BASIC DEMOGRAPHICS</b>				
Female	0.065 <sup>***</sup>	(0.013)	0.067 <sup>***</sup>	(0.013)
Age (30-49)	-0.002	(0.017)	0.003	(0.018)
(50-65)	-0.015	(0.020)	-0.019	(0.022)
(66+)	-0.078 <sup>***</sup>	(0.027)	-0.066 <sup>**</sup>	(0.030)
Education (finished HS)	-0.037 <sup>*</sup>	(0.020)	-0.043 <sup>*</sup>	(0.022)
(started college/univ.)	-0.031	(0.021)	-0.040	(0.024)
(finished college/univ.)	-0.025	(0.018)	-0.019	(0.021)
Religion (Catholic)	0.006	(0.018)	-0.002	(0.019)
(Protestant)	-0.001	(0.016)	-0.005	(0.017)
Immigrant	-0.017	(0.020)	-0.022	(0.021)
Health	-0.041	(0.019)	-0.054 <sup>***</sup>	(0.020)
Resource sample	-0.053 <sup>***</sup>	(0.019)	-0.051 <sup>**</sup>	(0.021)
Constant	0.941 <sup>***</sup>	(0.044)	0.895 <sup>***</sup>	(0.052)
N (CT/CSDs)	1,543		1,449	
N (individuals)	4,302		3,796	
R <sup>2</sup>	0.040		0.040	

NOTE: See note to Table 11.1.

TABLE 11.4

**Modelling support for social programs: pensions**

Independent variables	Dependent variable: pensions			
	Without trust		With trust	
<b>TRUST</b>				
Trust in individuals	—		0.031	(0.024)
Trust in government	—		0.092 <sup>***</sup>	(0.027)
<b>ETHNICITY</b>				
R is visible minority	-0.005	(0.041)	0.016	(0.046)
Visible minority (prop)	0.051	(0.037)	0.049	(0.039)
Interaction	-0.104	(0.079)	-0.143	(0.090)
<b>LANGUAGE</b>				
R is French	0.013	(0.035)	0.017	(0.035)
Quebec (dummy)	0.008	(0.027)	0.022	(0.030)
Interaction	-0.012	(0.046)	-0.023	(0.048)
<b>ECONOMIC SITUATION</b>				
Economic outlook	-0.050 <sup>***</sup>	(0.015)	-0.054 <sup>***</sup>	(0.016)
Household income	-0.050 <sup>***</sup>	(0.011)	-0.049 <sup>***</sup>	(0.012)
Median income	-0.268	(0.649)	-0.430	(0.673)
Income diversity	-0.124	(0.088)	-0.115	(0.092)
<b>OTHER CONTEXTUAL VARIABLES</b>				
Education (prop > HS)	-0.053	(0.065)	-0.060	(0.071)
Mobility (prop, yrs)	0.004	(0.027)	0.010	(0.030)
Population density	-0.000	(0.002)	-0.000	(0.003)
<b>BASIC DEMOGRAPHICS</b>				
Female	0.055 <sup>***</sup>	(0.010)	0.055 <sup>***</sup>	(0.011)
Age (30-49)	0.090 <sup>***</sup>	(0.013)	0.091 <sup>***</sup>	(0.014)
(50-65)	0.182 <sup>***</sup>	(0.015)	0.182 <sup>***</sup>	(0.016)
(66+)	0.238 <sup>***</sup>	(0.016)	0.248 <sup>***</sup>	(0.018)
Education (finished HS)	-0.040 <sup>***</sup>	(0.014)	-0.044 <sup>***</sup>	(0.015)
(started college/univ.)	-0.025	(0.016)	-0.026	(0.018)
(finished college/univ.)	-0.042 <sup>***</sup>	(0.013)	-0.047 <sup>***</sup>	(0.014)
Religion (Catholic)	-0.013	(0.014)	-0.020	(0.016)
(Protestant)	0.005	(0.015)	-0.003	(0.015)
Immigrant	-0.014	(0.014)	-0.017	(0.015)
Health	-0.014	(0.014)	-0.017	(0.015)
Resource sample	0.037 <sup>***</sup>	(0.011)	0.034 <sup>**</sup>	(0.013)
Constant	0.726 <sup>***</sup>	(0.032)	0.687 <sup>***</sup>	(0.037)
N (CT/CSDs)	1,542		1,448	
N (individuals)	4,294		3,790	
R <sup>2</sup>	0.100		0.100	

NOTE: See note to Table 11.1.



Ethnicity or ethnic context is a factor in support for some programs, but not for all, not with a consistent structure, and only at the margin. Support for public pensions is affected by none of the relevant factors. Language is implicated in support for employment insurance and welfare, but in a highly localized way. Francophones are more supportive than are anglophones, but Quebec residents are less so. Essentially, what the Quebec dummy is doing is switching off the effect for francophones. Strictly speaking, Quebec francophones are more supportive than non-francophones in the same province but not more supportive than anglophones living elsewhere. Only with health care is there a story much worth telling. Visible minority respondents and Quebec dwellers are less supportive than are all others of the equal-access option in health care. The difference is almost identical in each case, about 0.10-0.12 (on a 0,1 scale) less supportive.

Trust is an attitudinal prop for the welfare state. Each form is more important for some parts of the welfare state than for others, and neither is important for all domains. Interpersonal trust is a factor in support for EI/welfare and for health care, but not at all for pensions. In large, this pattern conforms to our expectations, as pensions seem to us to be the least moralized ground in the domain. Why health care should be more affected than is EI/welfare is a mystery, however. Trust in government is important for pensions and health care but not for EI/welfare. This strikes us as a reasonable complementarity to the pattern for interpersonal trust, in that the issue in both domains is more the government's ability to manage than individuals' propensity to abuse. That its impact is greatest in the health care domain also seems intuitively right.

What, then, of trust as a mediator of ethnic impact? The landscape is bound to be thinly populated. First, political trust cannot really be a mediator as it is scarcely affected by ethnicity or ethnic context. On pensions, there is no ethnic covariance to explain. This leaves a modest role for interpersonal trust in the domains of EI/welfare and health care. For EI/welfare, the positive individual-level effect of being francophone remains essentially unchanged, but the negative contextual effect is reduced. For health care, the individual-level effect of being a visible minority is lessened only very slightly; as with EI/welfare, however, the contextual Quebec coefficient is smaller in magnitude. So there is some very mild evidence that the effects of ethnicity – or at least the effects of living in Quebec – are mediated somewhat by interpersonal trust. But this chapter leaves most of the ethnicity-welfare state relationship unexplained.

## Discussion and Conclusions

Is ethnic diversity an enemy of the welfare state? Evidence presented here suggests that it is not – at least not a particularly fearsome one. There is a link between ethnic diversity and support for social programs, admittedly, but it does not operate in quite the way – and is certainly not of the magnitude – that previous research on other countries predicts. In short, while most aggregate-level work comparing countries or US states suggests a powerful, direct, and negative link between ethnic diversity and support for social programs, our individual-level evidence indicates that the link is weak at best.

In detail, our analysis seems to vindicate Miller (1995). Ethnicity affects interpersonal trust. As it is measured here, at least, trust in individuals has an important contextual component, and ethnic diversity appears to play a significant role, as we also claim in Chapter 5. And, at the second stage, interpersonal trust has a positive and significant effect on support for most social programs. Miller's argument that social programs present a collective action problem that interpersonal trust helps resolve is strongly supported. Anything that erodes trust, therefore, has the potential to erode support for the redistributive state. In our data, however, this does not add up to a strong, consistent relationship between the ultimate independent variables – ethnicity and ethnic context – and the ultimate dependent variable – support for the welfare state. Evaluating the impact of a move from 100 percent majority to 50 percent majority based on coefficients as shown, for example, in Tables 11.1 and 11.2, the yields decrease in aggregate support for unemployment and welfare by about 0.0025 percent. In fact, the reduced form estimation in that table suggests that the relationship between diversity and welfare support might even be positive, *ceteris paribus*. Only for pensions is there a hint of a contextual story (and it is swamped by the individual-level ethnic difference).

From a policy perspective, this evidence suggests that Canadian governments can maintain expansive immigration programs and promote multiculturalism without necessarily eroding national support for social welfare programs. Existing policies suggest that Canadian governments have assumed this to be true. This conclusion is by no means obvious, however. It runs counter to the growing body of literature that describes the link between increased immigration and decreased support for social welfare in Western Europe (e.g., Carens 1988; Kitschelt 1995, discussed above). It runs counter to the experience of many other countries, including the United Kingdom and Australia, where residency periods for social benefits have been lengthened.

And it runs counter to the role of social diversity in the politics of social policy in the United States.

Are Canadians exceptional in their ability to accept both diversity and an expansive welfare state? There exist no sufficiently similar individual-level studies in other countries with which to compare our results. From what we can infer from aggregate-level studies, however, Canadians do seem to react differently – or at least react less – to increasing levels of ethnic diversity. Why is this the case? Our results point toward no clear answer, but a number of possible factors suggest themselves. One possibility is the high level of geographic concentration of immigrant minorities in certain regions and, especially, certain urban areas. The crucial question may be: if Canadian neighbourhoods were more ethnically diverse, would Canada reflect the same apparent acceptance of both diversity and a redistributive welfare state? We suspect that the answer is still "yes." There appears to be no direct impact of ethnic diversity on support for social welfare programs. To the extent that there is any impact at all, it is through interpersonal trust, and, although the impact of diversity on support for the welfare state is in the same direction as it is in other countries, the magnitude of that impact in Canada is decidedly small.

Other possible explanations present themselves. One is the structure of the Canadian welfare state itself. In comparison with continental Europe, social spending represents a smaller proportion of Canadian GDP, and the state allocates fewer scarce resources than are allocated in some countries. For example, public housing is a small proportion of the housing market in Canada, and its allocation has not generated the sorts of tensions that have emerged in cities in northern England and elsewhere. Moreover, in comparison with countries such as Australia and the United States, Canadian social policy relies less on means-tested benefits, for which poor immigrants might qualify immediately on arrival. Another possible factor is the historical pattern of relatively rapid economic integration of immigrants in Canada, with the resulting short periods of dependence on social support. If this has been an important factor, it represents another reason that the poorer economic performance of immigrants during the 1990s is an ominous development. But, perhaps, the most intriguing possibility centres on the role of national identity in Canadian life. Our results do not represent a complete test of Miller's argument, neglecting as they do the extent to which national identity may moderate the divisive potential of social diversity by building trust across culturally distinct groups. In discussing multinational countries such as

Canada and Switzerland, Miller argues that the key issue is whether such countries nurture a common national identity alongside communal ones. There are several possibilities here. Perhaps a national identity that has from its inception encompassed different nationalities may be a critical component in Canadians' relative acceptance of increasing diversity. And perhaps Canadian immigration, naturalization, and multicultural programs are particularly effective in building a sense of identity among new arrivals. We plan to extend our analysis to incorporate the role of national identity in the context of multicultural diversity in the next stage of this research.

The sources of Canadian distinctiveness remain elusive, but understanding them is of more than local significance. The viability of a multicultural welfare state is an international issue, and the implications of the Canadian experience go well beyond the country's borders.

## APPENDIX

This appendix lists the details for each variable used in the preceding analysis. Where necessary, question wording is included. Table 11A.1 includes basic descriptives for these variables.

### ETHNICITY

*Visible minority*: dummy variable = 1 if respondent is a visible minority, based on the Census definition (includes all individuals except aboriginals who are non-Caucasian in race or colour).

*Visible minority percent*: percentage of respondents' CT/CSD who are visible minorities, based on the Census definition (as above).

### LANGUAGE

*French*: dummy variable = 1 if respondent speaks French at home.

*Quebec*: dummy variable = 1 if respondent lives in Quebec.

### TRUST

*Trust in individuals*: based on the following question: "Say you lost a wallet or purse with \$100 in it. How likely is it that the wallet or purse will be returned with the money in it if it was found by a [neighbour]? Would you say it is very likely, likely, or not at all likely?" The question is repeated four times, for a neighbour, a police officer, a clerk at the local grocery store, and a stranger; the variable = 1 for very likely, = .5 for likely, and = 0 for not at all likely. The Cronbach's alpha for the four-item measure is .661; the alpha decreases if any single item is removed.

*Trust in government:* based on the following questions: (1) "How much do you trust the government in Ottawa [or province] to do what is right?" (2) a 100-point feeling thermometer for the federal government, (3) "How much do you trust the government in [province] to do what is right?" and (4) a 100-point feeling thermometer for the provincial government. The four variables are given equal weighting in a 0 to 1 variable, where 1 is most trusting. The Cronbach's alpha for the four-item measure is .806; the alpha decreases if any single item is removed. Strikingly, the alpha does not change dramatically when calculated by province. The link between trust in federal and provincial governments is weakest in Alberta, but the alpha here is still .715; the Quebec and PEI alphas are second-lowest, at .769; the highest is .866, in Saskatchewan. While the variance in alphas fits with what we might expect across Canadian provinces, the differences are minimal. In short, there is a remarkably strong link between support for federal and provincial governments in all provinces.

#### POLITICAL VARIABLES

*Voted for governing party:* dummy variable = 1 if respondent voted for the winning party in the last federal (or provincial) election.

#### ECONOMIC SITUATION

*Economic outlook:* based on the following question: "What about the next twelve months? Do you feel your household's economic situation will improve, stay about the same, or get worse?" = 1 if respondent feels their household's economic situation will improve over the next twelve months, = .5 if they feel it will stay about the same, and = 0 if they feel it will get worse.

*Household income (\$100,000s):* household income (or, where appropriate, personal income) as reported by respondent, converted to \$100,000s.

*Income diversity:* proportion of households in respondents' CT/CSD earning less than \$10,000 and more than \$90,000 (about the ninth and ninetieth percentiles for the majority of census subdivisions).

*Median household income (\$100,000s):* median household income in respondents' CT/CSD, converted to \$100,000s.

#### OTHER CONTEXTUAL VARIABLES

*Education:* proportion of individuals in respondent's CT/CSD with more than a high school diploma (started, but not necessarily finished, college or university).

*Mobility:* proportion of individuals in respondent's CT/CSD who moved in the five years previous to the 1996 Census.

*Population density:* number of individuals divided by the number of square kilometres for individual's CT/CSD. This variable is heavily skewed to the right, so the log values are used.

TABLE 11A.1

Descriptives	Variable	N	Mean	Standard deviation	Minimum	Maximum
	Female	5,152	0.538	0.499	0.000	1.000
	Age	5,152	1.175	0.968	0.000	3.000
	Education	5,036	2.840	1.154	1.000	4.000
	Religion	4,657	1.037	0.755	0.000	2.000
	French	5,152	0.176	0.381	0.000	1.000
	Immigrant	5,093	0.222	0.415	0.000	1.000
	Health	5,096	0.552	0.329	0.000	1.000
	Visible minority	5,152	0.131	0.337	0.000	1.000
	Prop. visible minority	5,142	0.140	0.163	0.000	0.519
	Economic outlook	4,976	0.598	0.316	0.000	1.000
	Household income (\$100,000s)	3,790	0.516	0.495	0.000	8.000
	Median h'hold income (\$100,000s)	5,142	0.045	0.009	0.000	0.102
	Income diversity	5,109	0.182	0.653	0.000	0.618
	Education (prop > high school)	5,142	0.510	0.962	0.000	0.910
	Mobility	5,142	0.428	0.129	0.000	0.831
	Population density (log)	5,143	5.827	2.715	-5.186	9.642
	Wallet (all four combined)	4,738	0.630	0.232	0.000	1.000
	Political trust (fed. & prov.)	4,683	0.451	0.201	0.000	1.000
	Voted for govt party (fed.)	5,152	0.294	0.456	0.000	1.000
	Voted for govt party (prov.)	5,152	0.249	0.433	0.000	1.000
	EI/Welfare	4,784	0.580	0.208	0.000	1.000
	Health	5,136	0.729	0.428	0.000	1.000
	Pensions	5,109	0.700	0.333	0.000	1.000

NOTE: Results based on combined first wave, metro oversample, and resource community sample.

#### BASIC DEMOGRAPHICS

*Female:* dummy variable = 1 if respondent is female.

*Age:* dummy variables for 30 to 49, 50 to 65, 66 and over; residual category is < 30 years.

*Education:* dummy variables for finished high school, started college or university, and finished college or university; residual category is did not finish high school.

*Religion:* dummy variables for Catholic and Protestant; residual category is "other."

*French:* dummy variable = 1 if respondent speaks French at home.

*Immigrant*: dummy variable = 1 if respondent is an immigrant.

*Health*: self-reported health, based on the following question: "Compared to others your age, would you describe your health as excellent, very good, good, fair, or poor?" rescaled from 0 to 1 where 1 is excellent and 0 is poor.

#### SOCIAL WELFARE POLICY MEASURES

These measures are described in the text. The Cronbach's alpha for the EI/welfare measure is .540; the alpha decreases if any single item is removed. The alpha for the pensions measure is .309.

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#### NOTES

- 1 Aboriginal/non-aboriginal relations constitute yet another dimension of social structure, of course, but our study is not well positioned to capture this line of division.
- 2 The two forms of trust are represented in no particular order in (1), as the equation is just the generic representation of the fact that each type of trust appears on the right-hand side of the estimation with the other as the dependent variable.
- 3 As of the 1996 Census, visible minorities constitute just over 11 percent of the Canadian population. Of visible minorities, 27 percent are Chinese, 21 percent are South Asian, and 19 percent are Black; the next largest categories are Filipino and Arab / West Asian (about 7 percent each).
- 4 Census tracts are small geographic units representing urban or rural neighbourhood-like communities. CT boundaries generally follow permanent physical features; they are created in census metropolitan areas and census agglomerations with an urban core population of at least 50,000; CT populations range from 2,500 to 8,000, with a preferred population of 4,000. A CT, then, is the geographic unit that best matches what we conceive of as a "neighbourhood." About one-third of the Canadian population (and about one-third of our sample) lives in areas without CTs, however; for this group, we use census subdivisions (CSDs). CSD is the general term applying to municipalities (as determined by provincial legislation) or their equivalent (e.g., Indian reserves, Indian settlements, and un-

organized territories). Data are available for 5,260 CSDs in the 1996 Census; the mean population is 5,483 with a variance of 32,432. This mean and variance are somewhat overstated, however, since major cities most often comprise a single, large, CSD, and these cities are always divided into CTs. By relying on a combination of CT and CSD data, then, we come as close as possible to using "neighbourhood-level" contextual data for all urban and rural respondents (see Statistics Canada 1996).

- 5 Francophones are not a linguistic minority everywhere, of course, but then neither are visible minorities ethnic minorities everywhere.
- 6 Residence is coded as one in Quebec and zero outside. We also estimated the models with percentage francophone in the CT/CSD with substantially the same result. Of course, in one sense, the critical thing about Quebec is its very preponderance of francophones. But is this preponderance mainly a matter of sociology, of contact frequency and the like, as our model presupposes for visible minorities, or is it, rather, a specifically political fact, where Quebec is not just a place but a *jurisdiction*, the only proto-national one in which francophones constitute the majority? Much of Canadian politics turns on the latter, of course, and this seems especially relevant to political trust. Concern for consistency between estimations for the two forms of trust inclined us to the dummy variable specification of linguistic context. And the dummy-variable setup just has more power, in two senses: it yields a larger  $R^2$  in otherwise identical estimations; and linguistic context deploys no power whatsoever when the sample is split between Quebec and the rest of Canada. It seems pretty clear that the operative context is the province.
- 7 The literature linking individual and contextual demographics to trust and social capital is large and growing. For work including a large number of independent (individual and contextual) variables, see Alesina and La Ferrara (2000), Glaeser et al. (1999), and Helliwell (2002). For work on specific independent variables, see Robinson and Jackson (2001) on age; Helliwell and Putnam (1999) and Nie et al. (1996) on education; Gee and Veivers (1990), Greeley (1997a, 1997b), and Smidt (1999) on religion; Kawachi et al. (1997) on health.
- 8 All models are estimated using least squares regression. When the sample size for lower-level variables (individual-level) is much larger than that for higher-level variables (contextual-level), observations for the latter are not independent; standard errors for higher-level variables will tend to be biased downwards, and we are more likely to make Type I errors. Multilevel modelling is inappropriate in this case, since the survey includes 2,746 CT/CSDs, 64 percent of which include only one respondent. Accordingly, we use a regular OLS estimation with "corrected" standard errors, calculated using the number of CT/CSDs rather than the number of individuals. Both the number of respondents and the number of CT/CSDs are listed at the foot of Tables 11.1 and 11.2.

- 9 Strictly speaking, Table 11.1 does not exhaust the possible contrasts in the ethnolinguistic domain. Omitted are interactions among region, language, and race. We did explore them, at considerable peril of collinearity and with small numbers of observations at some of the intersections. There is a hint that francophones outside Quebec are peculiarly sensitive to racial context. But francophones inside Quebec seem utterly like non-francophones, inside and outside Quebec, in sensitivity. Similarly, patterns among visible-minority respondents seem undifferentiated by language. Making these points in a table would have made interpretation of coefficients unwieldy. That fact combined with the absence of effects dictated presenting the simpler pattern in what is already a complicated table.
- 10 See Table 11A.1.
- 11 "Theoretical" is here used in the sense intended by Achen (1977). The rest of the discussion in this paragraph mixes what he describes as "level" and "dispersion" effects.
- 12 Mobility and education are closely related to the local visible-minority percentage.
- 13 Details on reliability can be found in the appendix to this chapter.
- 14 Although the  $\alpha$  for this scale is only 0.54, no alternative ordering of items dominates this one, in the sense that the  $\alpha$  is always smaller. There is no reason to conclude that the scale should be broken up. Item scale correlations are 0.48 to 0.58 for all items, with the weakest links for the items that mention "welfare" by name. In a factor analysis of the items only one factor carries an eigenvalue greater than 1, all items load similarly on this first factor, and rotation of the axes yields nothing informative.
- 15 The wording separated by a slash indicates a wording experiment. One half the sample received the first wording and one-half, the second, with assignment to treatment determined by a random number. This randomization was motivated by our sense that the claim for choice might seem stronger if it were motivated by intensity of preference rather than simple ability to pay. As it happens, the reverse seems true, and the difference does not clear the minimum 5 percent threshold.
- 16 Our questionnaire has two other items about the system, but neither fits well with the one in the text. One question is about confidence in the actual availability of a bed when needed. This may be relevant to response to our core question, but it should be regarded as another variable in the estimation rather than as part of the definition of the dependent variable. We leave it aside here as something of a distraction from what is already a complicated argument. We also ask for perceptions of the system's essential fairness. Response to this question can go either way in its implications for the core issue, so we leave it aside as well.
- 17 The CPP question embodies a randomization on the wording of who would be better off. Ironically, the benefits are seen to be greater the more remote the beneficiary, and each contrast is statistically significant. Although the error in the

measure is tied to treatment, the administration of the treatment is purely at random relative to all other covariance in the data matrix. Were we to use this item alone as our pension indicator, we would dummy out the randomizations. As we are pooling this item's variance with that from the general pension item, we have elected to treat the randomization as measurement error.