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Future Identities: Changing identities in the UK – the next 10 years

DR11: What Happens to People's Identities When the Economy is Suffering or Flourishing?

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1. Introduction

This paper considers some of the parameters that link economic and other 'external' changes to people's sense of identity, and how identity bears on social and economic behaviour. Essentially, we propose that people's identities can be considered in terms of their linkage to different levels of social structure – in terms of interpersonal relationships, small or local group memberships, and in terms of societal systems and organisations. Identity can become more or less engaged (linking in) with these levels and conditions can be conducive to cooperation, competition, or indifference. We consider and speculate about how economic (and other) conditions might relate to these different types of engagement, and the bidirectional implications of positive and negative economic (and other) changes and changes in identity. There are many perspectives on these questions in social sciences, including economic, sociological and anthropological, but these are beyond the scope of this review. Our perspective is predominantly framed by social psychological theory and research, in particular social identity theory, but we also offer our intuitions, accepting that no one perspective is complete and that the future cannot be foretold!

2. Conception of identity

Our conception of identity is consistent with the working definition of identity developed by the Foresight Future of Identity project. Therefore, identity is defined along a continuum from the personal to the social, and is derived relationally within a broader social context of power and social relations. Throughout the report we refer to identities that are ascribed (such as gender or race) or elective (such as a political or protest group) but also statuses that may be involuntary (e.g., unemployment). We draw upon theorising and empirical evidence arising from Social Identity Theory (Abrams, in press; Deaux, 1993; Abrams & Hogg, 1988; Tajfel and Turner, 1979). In a nutshell, identity is the self-perception or ascription of a social category together with the meaning and value of that self-categorisation. Therefore it can embrace ascribed, achieved and other types of identity, both long term and transitory.

Tajfel's (1974, 1981) original theorising generated two connected but distinguishable parts of the theory, both of which are relevant for the present discussion. The "social identity theory of intergroup relations" (Tajfel & Turner, 1979) addressed conflict and struggle between groups within a larger social structure – the intergroup dynamics of social change. Tajfel's aim was to understand how shared categorisation, or social identity, is implicated in people's actions in the context of the wider social structure in which groups are embedded. Therefore the theory went on to consider how people's judgments of their ingroup and relevant outgroups are framed by their understanding of their relationship in the context of society as a whole (Tajfel, 1974; Tajfel & Turner, 1979).

Subsequently the "social identity theory of the group" (Turner, 1985), which was later formulated as self-categorisation theory (Turner, Hogg, Oakes, Reicher & Wetherell, 1987), set out the social cognitive processes that underpin the psychological linkage between the self and a group. These two aspects of the theory, intergroup and group, set the scene for detailed explanations for phenomena such as prejudice, group cohesion, leadership, social influence, and the self concept. A fundamental aspect of the overarching is that intergroup relations, intragroup relations, and the self can be powerfully interconnected so that they can have reciprocal influence. This means that it is highly relevant for considering the impact of social structural change on identity and vice versa.

3. The effect of large scale events on consumer confidence, consumerism, and people's identity

Significant world events such as the 9/11 terrorist attack on the World Trade Centre have a substantial impact on the macro economy within and across countries, which in turn impacts consumer confidence. For example, after the 9/11 attacks consumer confidence in the USA and globally dropped sharply. This resulted in reduced consumer spending; consumers preferred to save, and repay their credit card debts; and engaged in less consumerism, particularly noticeable in the airline, hotel, travel, and tourism industries (Virgo, 2001). Lower consumer confidence was accompanied by a sharp increase in unemployment globally, which had implications for people's ascribed identities (i.e. gender, race) as well as elective identities (i.e. protest groups, support football teams).

Consumer confidence started to recover by the end of 2001 (Garner, 2002), and the macro economy managed to recover rather well, demonstrating high levels of resilience to catastrophic sudden events (Jackson, 2008). Similar evidence for macroeconomic resilience was highlighted by Varvares (2001) who pointed out that in the case of other large scale events that have also shaken consumer confidence, such as Pearl Harbor, the Cuban missile crisis, or the Gulf War of 1990, downturns of the macro economy were short lived, and in most cases recovered within two years. It is also noteworthy that events such as the volcanic eruption in Iceland, the Tsunami in Japan and other major incidents, while taking a long time to cope with, appear not to be sufficient to induce wholesale changes in either economic prospects or identities. Indeed, while some events can be a release for people's rejection of authority (such as may have happened in the London riots) some events, often tragedies such as mass shootings or accidents, seem to produce greater cohesion, caring and mutual tolerance within communities. In this report we consider whether and how identities and economic circumstances may become intertwined and may relate to one another. Although there is a common presumption that social structure constrains or determines individuals' identities and actions, we consider that influence may well be bidirectional.

Consumer confidence and consumerism are not the only variables that are affected by large scale events. In the salient example of the 9/11 terrorist attacks some scholars argue that people's identities also changed (Wee, 2004). For example, people showed heightened patriotism and amplified prejudicial attitudes towards Muslims (Coryn, Beale, & Myers, 2004); and they became more conservative and showed increased support for leaders such as Bush and radical anti-terrorist acts (Landau *et al.*, 2004). At the same time in the aftermath of 9/11 some Muslims became more radical and showed increased support for Islamic fundamentalism (Rabasa *et al.*, 2004).

One basis of both changes in consumer confidence and people's identities may be the greater uncertainty that ensues after events such as 9/11 (Bird, 2002; Hand, Paez, & Sprigg, 2005; Jackson, 2008); as well as increases in anxiety (Coryn *et al.*, 2004); or the heightened 'mortality salience' – the psychological threat arising from being forced to consider one's own mortality (Landau *et al.*, 2004). Increased conservatism as well as increased radicalism can be explained by people's desire for meaning in moments of uncertainty (Abrams & Hogg, 1988; Hogg & Abrams, 1993). According to uncertainty-identity theory (Hogg, 2007) in order to reduce uncertainty people are motivated to be part of a group characterised by a clear prototype and this presses individuals and groups towards more extreme or entrenched

positions with less tolerance for internal dissent or diversity (Hogg & Blaylock, 2012). Similarly, uncertainty may polarize people towards either clinging on to and reinforcing social and political systems, or to rejecting them and engaging in grass root collective actions (e.g., Jost *et al.*, 2012).

It is important to note that it is not only negative large scale world events like 9/11 that can impact consumer confidence, consumerism, and people's identities. Major sporting events such as the modern Olympic Games and the Football World Cup are largely portrayed as positive, and often global, events that attract as much, if not more attention, than natural disasters and economic changes in particular areas. Indeed, these particular sporting events guide the rhetoric and ideologies that are used to frame sport as a tool to bring people and nations together in a healthy competitiveness, at the same time acting as a force for international peace and harmony amongst nations (Guillain, 1998; Tomlinson & Young, 2006). Since their inception these two large sporting events have been cultural and political in character, allowing remote cultures to present themselves to the world, but also on a political scale enabling even very small nations to attract attention and status globally (Simson & Jennings, 1992; Sugden & Tomlinson, 1998). Such events have been used, sometimes deliberately, to shape people's identities. The 1934 World Cup in Italy served to strengthen consensus under fascism, and construct "a civic, nationalist religion through rituals such as sport and myths of the strong, heroic, 'pure' Italian" (Tomlinson & Young, 2006, p.7). Likewise, the 1936 Olympic Games in Germany served as a propaganda vehicle for the Nazi ideology and political regime (Guttmann, 1992). A good deal of social psychological research shows that people's identification with national teams readily provides as basis for loyalty and cohesion, even among young children (see Abrams *et al.*, 2009; Barrett, 2007; Bennett & Sani, 2004). These (sometimes temporary) identifications may be double edged as they can be good for identity, group cohesion and solidarity, but bad for tolerance and diversity (Abrams *et al.*, 2009).

Increasingly, sporting events have become a vehicle for promoting economic and commercial growth (Tomlinson & Young, 2006). For instance, Whang (2006) describes how, for Japan, hosting the 1964 Olympic Games was an opportunity to demonstrate its healing after World War II and even more importantly to show its increasingly technological profile on the international stage. Similarly, the 1988 Seoul Olympics were used by Korea to propel the country into the world's industrial and trade elite. As such, both these events were used to increase consumer confidence and encourage consumerism of goods (in particular technology) coming from Japan and Korea. At the same time, these events helped change the identities that the two nations espoused, by showing their more open, and modern character, as well as departure from the Nazi past for Japan, and an assertion of autonomy by Korea from the imperial oppression by Japan, and its growing economic presence in Asia (Whang, 2006).

4. The relationship between consumer confidence, macro economy, consumerism, consumption patterns, and identity

Levels of consumer confidence can have important and drastic effects on the macro economy. Increased consumer confidence results in greater growth via a demand effect, which increases output (Caleiro & Ramalho, 2007; European Commission, 2005a, 2006; Ludvigson, 2004; Nahuis & Jansen, 2004; Taylor & McNabb, 2007). However, the opposite is true, output (growth) directly, or via unemployment indirectly can influence consumer confidence (European Commission, 2005b; Mueller, 1966). Furthermore, consumer confidence has been found to also depend on political evaluations and media coverage on economic conditions (Caleiro & Ramalho, 2007; De Boef & Kellstedt, 2004).

Identity is also relevant to consumerism because products form a symbolic and sociological bridge between people and society (Carrier, 1990). For example, consumption of branded products and leisure choices such as music preferences are affected by people's desire to endorse or display a particular identity (Berger & Heath, 2007; Abrams, 2009). People use consumption to attain both a comfortable level of uniqueness or distinctiveness (Brewer, 2003) and positive evaluation from others in the form of acceptance or respect for their social identity (Abrams, 1994; Emler & Reicher, 1995; Wicklund & Gollwitzer, 1982). For example, after the reunification of East and West Germany, residents of East Germany internalised consumerism by approximating to the consumption level of West Germany. Furthermore, they expressed regional pride and nostalgia (coined *Ostalgie*) by buying certain types of products, such as East German foods, and previously popular Wartburg and Trabant cars (Staab, 1997). In a similar vein, Polish nationals increased their level of consumption with the emergence of the liberalised new market economy that replaced the shortage economy that dominated Poland prior to the 1990s (Mroz, 2010).

Similarly, people who identify as environmentally responsible consumers (or green consumers) are more likely to purchase products that possess eco-friendly attributes (Mainieri *et al.*, 1997; Tanner & Woelfling Kast, 2003; Smith, 1990; Sparks & Shepherd, 1992; Whitmarsh & O'Neill, 2010). Elferink (2010) related macroeconomic conditions to green consumerism by showing that in countries with an economic crisis, consumers with lower income who are more price-sensitive have lower preference for green products (see also Tsay, 2009). Furthermore, Elferink's analysis showed that only the most devoted green consumers are willing to suffer higher costs for environmentally friendly products during a recession.

The discussion about the relationship between consumerism and identity warrants an analysis of consumption patterns. One salient example is the deliberate boycott and non-consumption of the services of Barclay's Bank in Britain due to their involvement with the Apartheid in South Africa (Smith, 1987a, b). Similar examples include the boycott of Argentinean products, such as wine and corned beef during the Falklands crisis; as well as the international boycott of Nestle for their sales and marketing of baby milk to the Third World. Moreover, a similar example is the preference of many people to buy domestic products (Smith, 1987a). For example, Reiersen (1966) found that a sample of American students consistently ranked US products as higher in quality when compared to European and Japanese products (for a similar example in the European context see Vestergaard, 1968). These examples of ethical purchase behaviours highlight how certain groups within a society establish and reinforce shared identity that supports change in their consumption levels and patterns in response to circumstances

within the wider economy. As Vogel (1975) has suggested consumption and investments are not just economic decisions, but are increasingly becoming social and political decisions with moral significance. By taking part in ethical purchasing behaviours consumers are exercising their consumer sovereignty and attempt for a social control of the business via the market (Smith, 1987b). Furthermore, for many people the ability to verify the social responsibility of a business serves as a basis of trust building towards their products and services (Castaldo, Perrini, Misani, & Tencati, 2009; Chen, 2010; Pivato, Misani, & Tencati, 2008).

5. Macro economy and notions of identity

Within Europe macroeconomic factors have also been related to attitudes towards European unified identity. Those who live in EU member states that receive relatively high levels of funding express more positive attitudes towards the EU, whereas those living in a wealthy EU state that is attractive to migrants express greater Euro-scepticism (Garry & Tilley, 2009). Furthermore, a study investigating mobility between EU states has shown that people who highly identify with the unified EU identity are more likely to migrate to another EU state and demonstrate greater support for EU institutions (Recchi, 2008). Thus, the macro economy can directly influence people's notions of national and unified identity within the EU.

Other studies have shown that national identity in Spain and Portugal for example coexists with the European identity. Both these identities independently influence attitudes towards the Euro. Stronger European identity is associated with more positive attitudes towards the common currency. The Euro can serve as a symbol of a desirable shared identity, thus attracting support for the Euro even when people have little understanding of its economic relevance (Luna-Arocas *et al.*, 2001). Similar findings have emerged in the Austrian context (Meier-Pesti & Kirchler, 2003). Moreover, according to Asher (2005) EU policy makers deliberately use images of architectural bridges on Euro notes to symbolise the integration of multiple nationalities and identities into a single overarching European identity. Thus, the unified currency is not just an economic means of integrating separate nations, but also a symbolic tool for strengthening the shared identity that is being moulded within the EU.

Psychological research has shown that people use categories not just to fulfil their need to belong, and have a structured and meaningful environment, but also to simplify their complex worlds and save cognitive energy (Crisp & Hewstone, 2007; Doise, 1978; Fiske & Taylor, 1991; Macrae & Bodenhausen, 2001; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). People display ingroup favouritism by preferring other individuals who share a common category membership with themselves (LeVine & Campbell, 1972; Sherif, Harvey, White, Hood, & Sherif, 1961). This ingroup bias happens even when people are put into groups randomly without any prior contact (Tajfel, 1978, 1981). Moreover, once ingroup/outgroup boundaries are established, and people view one another in terms of 'us' and 'them', various factors can continually reinforce the divisions, and differences become imbued with value to the point where they become non negotiable and result in intractable conflict. Examples might be the Palestinian and Israeli conflict, and the struggles in Northern Ireland.

Social psychologists have sought to establish ways in which this ingroup favouritism can be ameliorated. One approach is to bring groups into situations in which members can have positive contact and form friendships across group boundaries. Intergroup contact interventions are undoubtedly effective (Pettigrew & Tropp, 2006), but not always feasible. Much effort has succeeded in finding feasible alternatives to actual contact. These range from education, indirect or 'extended' contact through friends of friends, and even merely imagining contact (Dovidio, Eller, & Hewstone, 2011).

A crucial and determining factor is the way that people categorise themselves and others. The UK government's claim that 'we are all in it together' is in line with a strategy advocated by Gaertner and Dovidio's (2000) 'common ingroup identity' approach to reducing conflict between groups. However, more recent work has shown that when groups do not have equal status they receive such messages very differently - members of advantaged groups adopt the message and, perhaps paternalistically, accept some responsibility for the fate of those of lower status. Those from lower status groups are more likely to view such messages with

suspicion, usually for good reason because they make resistance to the objectives of powerful groups more difficult (Dovidio, Saguy, Gaertner, & Thomas, 2012).

More recent research has grappled with the fact that people's identities and group memberships are often complex and multifaceted. Identity can be characterised both in terms of hierarchical elements (e.g., social psychologists are a subset of psychologists, who are a subset of social scientists, etc etc), and cross cutting categories (e.g. we also have gender, age). In turn each of these elements relates to varying depths of history in terms of connections with other individuals and groups. Because there is enormous psychological flexibility in how we construe our identities in response to different situations, the same individuals are as capable of acts of heroism as acts of brutality, and groups that may be internally characterised by great loyalty, devotion and self-regulation can sometimes mobilise their members to become involved in acts of evil against others. An important intervention that can moderate such tendencies is to reinforce factors that raise people's sense of their identity as being based on multiply cross-cutting categorisations, whereby people are reminded of the multitude of identities they espouse and share with other individuals (Crisp & Hewstone, 2007) rather than dwelling on single group memberships.

The European Union made up of different national groups from Europe is a good example of crossed and multiple categorisation principles. During periods of economic upturn (when the macro economy is flourishing) people express greater support for the unified currency as well as their unified overarching European identity, especially in poorer member states. However, this appears to be changing in step with the macroeconomic downturn, and the crisis of the Euro which culminated in the establishment of a European Stability Mechanism. This is intended to ensure the stability of weaker economies such as Greece, Spain, Italy, and Portugal, and at the same time stabilise and maintain the viability of the Euro. However, that strategy also reduces the freedom of member-state governments to pursue fiscal policies different from other EU member states (Wolinetz, 2012). There has been a parallel rise in Euro-scepticism not only amongst member states that have historically been firm supporters of the European identity, such as Italy (Fois, 2006); but also within already Euro-sceptic countries such as the UK, where there is strong political resistance to any further integration (Kinsman, 2012).

Euro-scepticism in the UK is unlikely to be merely a type of gloating, and is likely to be rooted deeper in the triangular relationship that the UK has with the USA and continental Europe, as well as the notion of the democratic British identity that advocates liberalisation and enlightenment of other nations (Kinsman, 2012). That is, part of British identity is anchored in the USA as a high status reference group, and it perhaps reinforced government confidence behind the UK's veto decision at the December 2011 summit for the amendment of the Lisbon 2009 Treaty. Whether or not people in the UK feel that this stance is vindicated, and hence their attraction to or disillusion with, the EU may depend in part on whether they view the UK's economic situation as being locked in to that of the EU, and whether or not the USA moves out of step (e.g. faster) with either the UK or the EU as a whole. Regardless of whether there is any objective causal connection between the UK's situation and that of the EU and USA, people's perception of the coincidence and differences in situation may affect their orientation to the EU. This in turn may affect which political parties attract growing or declining support within the UK. It seems plausible that if the macro economy does not recover within the next ten years we could expect that the alienation that Britain feels towards the continent will deepen and cause demands for looser union with the EU.

One danger point during macroeconomic downturns is societal responses to immigration. When the economy is suffering issues of immigration become more salient due to rising

unemployment and increased job insecurity (Archer, 2009; Glick, 2005). For example, negative attitudes towards undocumented Mexican immigrants in the USA increased substantially each year from 2006 to 2009 paralleling the slowing of the macro economy. Thus, American citizens' attitudes worsened as unemployment rates increased and GDP real growth rate decreased (Diaz, Saenz, & Kwan, 2011). Since immigration does not involve or affect all groups of a society equally, it can lead to heightened xenophobia and prejudice towards immigrants particularly amongst the poor and lower classes. Thus, examples of social unrest such as those in Greece and the UK may become a more common occurrence within the EU if the recession deepens or stagnates (cf. Archer, 2009).

Prejudice towards certain minorities in society is likely to increase when economic conditions are bad. This is evident even when those groups are more established and no longer consist only of first generation immigrants. Minority ethnic and racial groups such as the Jews in pre-Nazi Germany and the Blacks in the USA have been the scapegoats for the majority group's economic woes. Thus, for example between 1882 and 1930 the number of lynchings of Blacks in the Deep South of the USA increased as the price of cotton decreased (Beck & Tolnay, 1990). Realistic Group Conflict theory highlights the powerful effect of perceived competition between groups over the same limited resources that can foster and reinforce such prejudice (LeVine & Campbell, 1972; Sherif, Harvey, White, Hood, & Sherif, 1961; Sherif & Sherif, 1953; Sherif, White, & Harvey, 1955). In the above examples regarding immigrants and minority groups, realistic group conflict theory can be used as a theoretical model for the escalation of prejudice that occurs in time of macroeconomic downturns (Citrin, Green, Muste, & Wong, 1997; Esses, Jackson, & Armstrong, 1998; Esses, Dovidio, Jackson, & Armstrong, 2001). It is equally important to note that strategies that highlight common interdependence and mutual fate across group boundaries can help to counteract such prejudices.

6. Long-term 'scarring' of losing a job in a recession, and people's resilience in different economic circumstances

Losing a job leads to immediate adverse effects. Whether this effect is latent or lasting seems to depend on macroeconomic conditions. For example, Eliason and Storrie (2006) provide an example from the Swedish context analysing unemployment data from 1987 to 1999, showing that losses in earnings for displaced workers are more pronounced during macroeconomic downturns. Other studies find more lasting effects of scarring after a job loss (see von Wachter, Song, & Manchester (2007) for an analysis of the 1982 USA recession; and Schmieder *et al.* (2009) for an analysis of the 1982 German recession). Stress, mental, and physical illnesses also increase in times of macroeconomic downturn (Brenner, 1973, 1987; Brenner & Mooney, 1983; Catalano, 1991; Jin, Shah, & Svoboda, 1995; Subramanian, Belli, & Kawachi, 2002). Furthermore, a study by Fischer and Liefbroer (2006) has found that during periods of economic recession, couples show higher rates of relationship dissolution, though that analysis did not determine whether these dissolutions were affected by couples' specific employment security. Interestingly, some research has focused on health as a type of human capital that is necessary for achieving economic stability (Blaug, 1976; Rosenzweig, 1990; Schultz, 1981).

Social support (from friends, family, or work colleagues) can provide a buffer against the negative effects of job insecurity and job dissatisfaction (Lim, 1996; Sverke & Hellgren, 2002). Indeed, there is evidence that individual differences in personality or other characteristics play an important role. For example, some people living in poverty are more resilient than others and can often bounce back and lead successful, well-adjusted lives, and acquire better economic outcomes than their parents (Batty & Cole, 2010; Seccombe, 2002). Interestingly, there is also recent evidence that employees who lose their jobs during macroeconomic downturns engage in less self-blame and consequently experience less psychological distress (Dooley & Prause, 2004) than those who lose their jobs in more buoyant times. This would be in line with psychological theories of attribution and agency which highlight that the explanation people provide for their own (and others') situation plays an important role in how they cope and respond to it. People who blame themselves for unemployment or failure and who see the causes as being stable and pervasive (e.g. ability or personality) or resulting from an unchangeable aspect of themselves, seem less likely to be proactive in seeking alternatives or changing their situation, and more likely to be prone to depressive reactions (cf. Dweck, 1999; Houston, 1994; Metalsky *et al.*, 1993). Furthermore, these findings are in line with the phenomenon of hedonic adaptation, which explains how the effects of failure or success abate with time (Wilson & Gilbert, 2008). Thus, people who lose a job in a macroeconomic downturn may be more resilient due to the greater hedonic adaptation to the overall economic situation surrounding them. Moreover, in times of macroeconomic growth people's well-being and happiness may not increase as argued by positive psychologists (Diener & Seligman, 2004); and economists such as Easterlin (i.e.: the Easterlin paradox; Easterlin, 1974; Easterlin, McVey, Switek, Sawangfa, & Zweig, 2010).

Although people sometimes blame themselves, they are by no means ignorant or indifferent to structural reasons for their hardships. Decades of research on relative deprivation and social action have shown that when people view the circumstances as being locked into the fate of a group that suffers an unwarranted disadvantage compared to other groups they are likely to engage in one of two general strategies. On the one hand they might try to disengage from that group and move individually to a more advantaged group (this is the basis for much migration).

This strategy is often nonviable because people lack the social and economic capital to follow routes for mobility, or may simply not have the skills or abilities that are required. Such strategies are even less viable when economic conditions are tough as competition for jobs and other opportunities becomes harsher. The second strategy, outlined by social identity theory, is to try to improve the situation of one's group as a whole (a 'social change' perspective). However, social change strategies can range from relatively peaceful and orthodox political methods such as the SNP has successfully promoted in its progress towards Scottish Independence (Abrams & Grant, 2011), or more radical or violent means. The latter are more likely if the social structures (e.g. government systems) leave no 'legitimate' space for such groups to mobilise (the Arab Spring, protests in Greece are examples). What is clear from research is that the status and treatment of people's groups and the implications for their social identity are highly influential factors in the ways they respond to perceived injustice (Van Zomeren, Postmes & Spears, 2008; Tyler & Blader, 2003). Importantly recent writings by Wilkinson and Pickett (2007, 2009) have argued that social status differentiation affects health and other social outcomes at a societal level. Their analyses of published studies across different societies show that societies with higher income inequality display higher morbidity and mortality, obesity, mental illness, low trust, low social capital, and increased hostility and racism. Wilkinson and Pickett's work can be criticised in terms of statistical rigour, and implied causation from mainly correlational findings, but their idea suggests that income inequality can be related to macroeconomic performance, whereby societies become less cohesive and more discordant during economic downturns.

7. The macro economy and social cohesion

Social cohesion has been related theoretically and empirically to macroeconomic performance. The term of social cohesion is used to describe the ties that bring different groups of people together within a society. As such social cohesion is intrinsically related to the level of trust between different groups in a society. When an economy is performing well (flourishing) social cohesion is improved, the opposite is true when the economy is suffering. Some scholars even suggest that there is a causal link from social cohesion to macroeconomic performance (Dayton-Johnson, 2001). Knack and Keefer (1997) surmise several factors involved in the link from social cohesion to macroeconomic performance: reduced transaction costs, higher investment ratio, encouragement of innovation, better performance of government institutions, lower social costs, more informed citizenry (all via increases in trust) (Dayton-Johnson, 2001; McCracken, 1998).

Indeed this idea of relating social cohesion to macroeconomic circumstances is not new, and has been discussed to some extent by economic historians such as Friedman (2005) who argues that economic growth is essential to "greater opportunity, tolerance of diversity, social mobility, commitment to fairness and dedication to democracy." Thus, times of economic upturns can bring about liberalisation, increases in people's rights and improved benefits for the needy. In contrast, macroeconomic downturns may lead to greater authoritarianism, and totalitarianism as in 1920s and 1930s Germany (Inglehart & Welzel, 2005). Thus, Friedman (2005) argues that societies across the world should strive for economic growth which in turn will bring about many associated benefits for their populations. Furthermore, Friedman argues that economic growth increases people's optimism about the future, thereby increasing people's overall happiness. Although this seems a plausible argument it does not appear to fit all of the evidence (e.g. Easterlin *et al.*, 2010), suggesting that the relationship between economic growth and other variables is not uniform.

The discussion regarding social cohesion and the macro economy is related to the above analysis of attitudes towards immigrant and minority groups. As the discussed studies above have demonstrated the macroeconomic climate has important consequences on attitudes towards minorities and immigrants. However, there is also more recent research to suggest that in times of economic recession social cohesion between groups decreases and this may be particularly seen in diverse societies that are made up of different groups of majority, minorities and immigrant groups (Costa & Kahn, 2003; Putnam, 2007; Stolle, Soroka, & Johnston, 2008). Interestingly, new research looking at the difference between naturalised immigrants (who have taken citizenship from the host country) and non-naturalised immigrants shows that naturalised immigrants demonstrate higher social cohesion in general (Kesler & Demireva, 2011).

In fact the idea of social cohesion is quite problematic. We must immediately question the level of analysis that the concept applies to, and which set or sets of people are implicated. For example, there might be strong cohesion within a cultural or religious or ethnic group that is highly dispersed across an otherwise disparate geographical area. There might equally well be almost no social or emotional cohesion within a demographically uniform area that appears to have no obvious problems. In an analysis of prejudice and good relations for the Equality and Human Rights Commission we (Abrams, 2010) proposed that it is useful to be aware that the two concepts of prejudice and good relations can be orthogonal. In a situation where relations among people appear to be good, e.g. a neighbourhood or town in which there are no tensions or conflict, prejudice may also be low, resulting in *harmonious* cohesion that is tolerant, engaged, open and flexible in relation to outsiders – the 'big society'. However, such

communities may also exhibit *rivalrous* cohesion that is a high regard for its own members, but competitive, hostile and exclusionary towards groups that are viewed as subordinates or rivals. Conversely, when relations are not so good within a community it does not automatically imply that there will be prejudice. People may simply exist in a state of *benign indifference*, a community that is atomised, disengaged and unconcerned about others either within or beyond the community. Finally, there is the 'broken Britain' scenario of areas in which good relations are low but prejudices are high, a condition of *malign antipathy*, characterised by fragmented, discontented, disengaged communities of people who feel hostile both to internal and external agencies. It seems likely that changes in economic circumstances can promote or inhibit social psychological communities of these different types. As we note later, both the malignant antipathy and rivalrous cohesion scenarios hold significant risks, while benign indifference surely leads to missed opportunities.

8. Prospects for changing identities over the next 10 year period in the current socio-economic context

We have provided an illustrative analysis of three different economic scenarios in Table 1. The columns represent the three scenarios – recession, stagnation and growth (labelled A, B, C, respectively). The rows represent different types of outcomes – for identity, for individuals, groups, and society as a whole (numbered 1, 2, 3, 4, respectively) and also the biggest dangers or threats and the biggest opportunities or potential benefits (rows 5 and 6, respectively). We refer to particular situations using cell references in the following discussion. We recognise that many alternative taxonomies and frameworks could be proposed but hope that this is a helpful way to organise the issues at hand.

Table 1: Three scenarios for identity

	A) Recession	B) Stagnation	C) Growth
1) Default outcome for identity	Possible depression, pessimism, disidentification or strong identification with highly self-regarding groups	Uncertainty – vulnerability, ambivalence, indifference, disengagement, hesitancy	Optimism, greater individualism, increased diversity, complexity, new groups and identities establish
2) Implications for individuals	Isolation, vulnerability, mistrust of others, competitiveness, dejection, low self-efficacy, disengagement	Low behavioural commitment, caution, risk aversion, focus on personal/family rather than group	Wider psychological horizon – more options considered as feasible for self, greater trust, more proactive response to opportunities. Improved health and well-being
3) Implications for groups	Relative deprivation, resentment, scapegoating, xenophobia, prejudice, conflict, system rejection, protest, parochialism	Establish identity, distinctiveness as a vehicle, recruiting vulnerable individuals, perhaps opportunities for religions, political groups, other types of organisation that offer 'stable' identity, both creativity but also extremism, but hampered by lack of resources. Social capital may be vital element for thriving	Higher level of security and confidence, greater harmonious cohesion, less dependence on comparisons with other groups (status concerns lower), greater flexibility, more openness to cross cutting and interlinking memberships, immigration, emigration

	A) Recession	B) Stagnation	C) Growth
4) Implications for society	Fracturing along group lines – powerful and vested interests dominate and exploit, weaker groups atomise or unable to act coherently due to limited resources	Stagnancy, perhaps a state of benign indifference. No response to promote change, no response to deal with problems. Groups focus inward rather than outward. Intranational scramble for status/redistribution rather than aiming for growth and development. More focus on justice issues	Wider acceptance of shared values and tolerance of different values, greater flexibility and responsiveness to opportunities, more ambitious and creative activity, secure national identity, pride etc.
5) Biggest danger	Social disintegration, increase in prejudice, blame, mistrust, dependency on state or crime, loss of coherent identity, weakening of consensual values, rise of malign antipathy	Graduate decline in societal cohesion, absence of proactive development, benign indifference	Bohemianism, break down of engagement with system, structures etc, decadence (unlikely in foreseeable future), complacency. Alternatively, emergence of rivalrous cohesion based on contempt for other groups
6) Biggest opportunity	Use adversity as basis for establishing shared identity. Use shared identity as route for cooperative, constructive mutual support, building resilience and social capital for recovery	Use identity as route for building/motivating development, change, growth. Increase certainty and harmonious social cohesion	Identity-based development and growth, building on diversity, flexibility, new ways of working and being

8.1 Recession (Scenario A)

It could be that recession follows solely from internal (UK) factors, such as lack of productivity, rising unemployment, and the financial burden of the welfare state. However, external factors are also likely to be involved. For example, one of the economically weaker member states of the EU might default and leave the Euro. Or it could be that because of the financial burden of supporting weaker states, the European economy as a whole becomes starved of investment and recedes rather than grows. A likely consequence for the UK is that its own economy would also suffer.

Under any of these circumstances, in the absence of relevant counteractive forces, evidence suggests that the UK would experience a decline in broad (harmonious) social cohesion (A5), while individuals would experience adverse effects in terms of physical and psychological health and wellbeing (A2). There is also a high risk of rivalrous cohesion (A4) as people shift their attention from potentially negative personal identities and focus instead on potentially

enhancing group identities. This could mean they would become more nationalistic or parochial (A1), more hostile toward both superordinate structures such as the government or the EU, and more defensive of local structures such as their town, street, church, community group, ethnic group and so on. They may also bind more strongly with idiosyncratic 'interest' groups linked by social media. Factors that highlight unjust procedures for distributing resources, that widen group differences, and that increase the competitive interdependence between groups will exacerbate such tendencies (A3). On the hand, such circumstances might be a basis for establishing a stronger communal identity, concern others and so on, which could serve as important social capital for recovery (A6).

8.2 Stagnation (Scenario B)

A second scenario, and perhaps the most likely, is economic stagnation. As various governments, banks and other agencies struggle to satisfy multiple demands for caution, austerity, investment and growth it seems probable that nothing much will change very quickly. However, stagnation may also bring with it another significant risk, a substantial increase in levels of uncertainty. As highlighted earlier, uncertainty throws identity into question (B1), which may result in a retreat to familiar and localised relationships and identities (B2). This could also lead to a gradual decline in wider societal cohesion as people narrow the range of their social identities and commitments to others and a more general state of benign indifference (B5). Continuing uncertainty or stagnation would probably eventually prompt people to seek greater meaning and predictability in their lives. This situation may provide fertile grounds for the emergence of system-rejecting ideologies, resistance, and challenges to social order, potentially including constructive and creative routes for social and economic progress (B3, B4). Unfortunately it is also likely to stimulate efforts by those with power to consolidate their powers and influence, to impose more restrictive regulations and regimes, to 'crack down' on dissenters, and so forth. Thus, stagnation may create conditions that create opportunities for change (on the positive side) but could be very destabilising (on the negative side). Given that these types of response are likely to arise because of people's need for a secure and predictable identity, it seems possible that strategies to promote constructive responses to economic stagnation might focus on building and supporting positive identities as a driver (not merely a consequence) of economic change (B6).

The relevance of certainty is illustrated by a recent quantitative analysis of the televised leader debates during the 2010 general election (Abrams, 2012). This identified Clegg and Cameron as sharing the theme of certainty very strongly, whereas Brown focused on uncertainty. In hindsight, it is not surprising that the coalition was formed between the Liberals and Conservatives, both of whom were trying to offer greater certainty. However, the coalition is currently under attack for its many 'u-turns' – reflecting the problem that in reality both the challenges and solutions are extremely uncertain. A danger ahead is that people lose confidence in the political system as a way of managing uncertainty.

We assume that it is generally desirable to promote harmonious cohesion (even if some rivalrous cohesion is valuable at times). This is not just because it is more pleasant, psychologically and socially, but because diversity and complexity promote creativity. Therefore, attending to the identity dynamics required for such cohesion might be particularly important during long periods of potential uncertainty.

8.3 Growth (Scenario C)

A third scenario is that the EU and the Euro are strengthened and, in tandem, the UK economy flourishes. In this scenario we may expect people to feel more optimistic, to focus a little more on their personal prospects and identity, and to become more open to different cross cutting social identities (C1). Although increasing prosperity may feed into greater individualism (and perhaps lack of concern for groups within UK society that remain disadvantaged), overall we would expect improved social cohesion and trust between different groups in society, greater openness and more proactive behaviour that creates a virtuous spiral of innovation and productivity (harmonious cohesion – C3, C4, C6). Due to the improved macroeconomic circumstances we would project an improvement in people's health and wellbeing (C2). Furthermore, we would expect that people would identify more strongly with the European unified identity, and nationalistic ties may be weakened (C3, C4). However, it could be that people perceive the UK's economy as succeeding *despite* economic conditions in Europe, and that the UK government identifies its interests as more distinct and contrasting with the rest of Europe (rivalrous cohesion). This seems likely to depend on what happens to the USA economy. The risk is that this scenario would result in a rise of ethnocentrism, parochialism, and indifference to the fate of neighbouring countries, perhaps together with significantly less tolerance of diversity within the UK, and the potential for increased conflict and tension if particular groups become targeted (C5). This type of reaction would be a type of collective pride, which might be associated with Schadenfruede (Leach, Spears, Branscombe, & Doojse, 2003) in response to other countries' problems, and indifference to the wider global picture.

In conclusion, all scenarios hold both risks and opportunities. Understanding and anticipating these requires investment in measurement, monitoring and analysis of individual and societal responses to the economic horizon. Although identity is by no means the only, or necessarily most important, determinant of behavioural responses, it is certainly an important element. Understanding how people sustain and develop positive social and personal identity in different types of socio-economic climate therefore can help us to anticipate potentially costly problems and reach for potentially beneficial strategies for the future – strategies that should take into account people's position as individuals, as group members, and as part of society as a whole.

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