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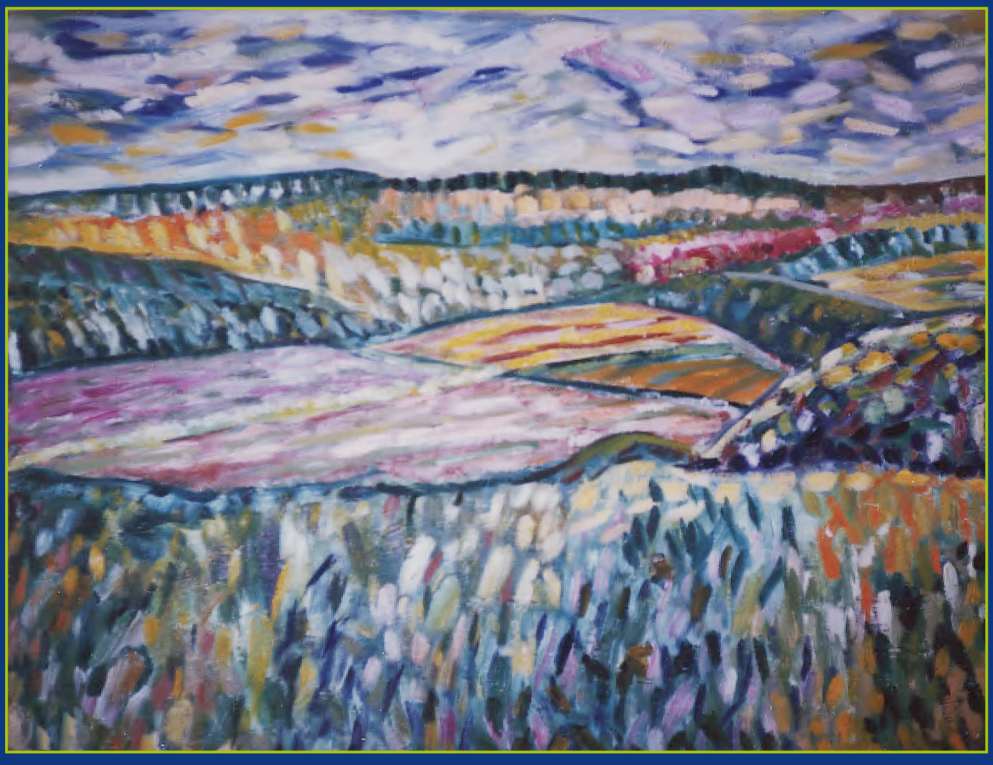
Edited by Masamichi Sasaki

Trust in Contemporary Society



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Introduction

Masamichi Sasaki

No one denies the importance of trust in social relationships. Many scholars view trust as extraordinarily important because of its influence on interpersonal and group relationships. Our economic system is in many ways entirely dependent upon trust because if there were no trust there could be no economic transactions. Thus trust has profound implications for interpersonal and social cooperation. Without trust, societies really could not exist. As we all know, social systems are becoming increasingly complex and confounded, meaning that trust plays an ever-increasingly important role. Trust in interpersonal and social cooperation implies commitment, which is intimately tied to obligation, which brings into play basic norms and values at individual and group levels. Norms and values speak to expectations. Expectations are implicit in trust because past and present individual and social behaviors dictate how future actions will unfold. Trust becomes a coping mechanism for societal complexity as it helps to overcome the accompanying uncertainty characteristic of a bourgeoning globalized social system.

In recent decades, trust has become a major issue in social science and the lay media, as globalization has become pervasive, in turn connecting peoples and nations, more so than ever before. Trust research encompasses a broad range of different fields such as psychology, philosophy, economics, sociology, political science, management and organizational studies, education, law and literature.

This collection of works, by authors who are well-known trust researchers, deals with conceptual, theoretical and social interaction analyses; historical data on societies, national surveys or cross-national comparative studies; and methodological issues related to the measurement of trust.

Another characteristic of this book is that the authors are from a variety of disciplines, such as psychology, sociology, political science, organizational studies, history, and philosophy, as well as countries – Britain, the United States, the Czech Republic, the Netherlands, Australia, Germany, and Japan. They bring their vast knowledge from different historical and cultural backgrounds to illuminate contemporary issues of trust and distrust.

Five of the eleven papers in this book stem from presentations at the International Conference on Trust: Interdisciplinary Perspectives which was held from November 18 through 20, 2017 at the Institute of Social Sciences of Chuo University in Tokyo.

1 Chapter Summaries

Trust research has been conducted from a number of different perspectives. Before proceeding to summaries of each of the chapters, it is worthwhile to explain the structure of this book to reflect those different approaches.

This book consists of five parts: Part 1: Theoretical and conceptual perspectives; Part 2: Historical Perspectives; Part 3: Dynamics of organizational and interpersonal interaction; Part 4: Cross-national comparative studies; and finally, Part 5: Methodology. All the chapters here focus on core elements of trust research which have been observed in the trust literature, such as conceptual and theoretical (Chapters 1, 2, 3, and 4) vs. empirical (Chapters 6, 8, 9, 10, 11); micro and meso (Chapters 7, 8, 9, 10) vs. macro (Chapters 5, 6); qualitative vs. quantitative (Chapters 6, 8, 9, 10, 11); single nation (Chapter 6) vs. multi-nation (Chapters 9, 10); and longitudinal (i.e., vertical; Chapters 5, 6) vs. cross-national (i.e., horizontal; Chapters 9, 10).

Part 1 of this book features, first of all, Chapter 1, Jack Barbalet's "The Experience of Trust: Its Content and Basis", which offers a fascinating look at the history of trust in the social sciences. Having performed Google Scholar searches by decade from 1900, he found that until 1950, the term "trust" was only found in work related to corporate trusts and anti-trust legislation. From the 1950s to the 1970s, trust was found primarily in interpersonal varieties, along with suspicion, likely stemming from the Cold War. It was management that predominated the field in the 1970s. It was not until the 1980s that trust became a theme in sociological literature. The explosion in the quantity of literature was astounding. Barbalet goes on to discuss various definitions of trust, as well as various types of trust. In an extensive section, Barbalet takes a close look at "the Chinese mode of relationship known as *guanxi*". The stark contrasts between the Chinese culture and the West are significant in the case of *guanxi*. He then describes how very different this is in Europe and the US.

Chapter 2 is Piotr Sztompka's "Trust in the Moral Space", a keynote speech presented (via video) at the International Conference on Trust. Here Sztompka paints a picture of uncertainty as it relates to the "moral space". But, to counteract this uncertainty there are beneficial qualities which speak to "individual or collective moral capital". He sees six moral bonds making up the core of moral space: trust, loyalty, reciprocity, solidarity, respect, and justice. He gives trust a special rank in the list because all other bonds "either presume or imply some measure of trust". Trust is the main tool in dealing with uncertainty in relationships; it is "a bet on the contingent, future actions of others". Trust, "whether interactional or cultural, engenders existential security". Distrust "produces suspiciousness and anxiety which are paralyzing for actions and interactions".

Trust is beneficial for individuals and groups. One can see how the other bonds are played out by the presence or absence of trust. In sum, "trust is the most valuable asset of the moral capital.... It is the foundation on which the edifice of good society stands".

We next turn to Chapter 3, which is Barbara Misztal's "Trust in Habit: A Way of Coping in Unsettled Times". She sees trust as a fundamental resource, especially in "unsettled times". While there is a "growing demand" for trust, she sees a simultaneous "growing deficit of trust". She brings habit into play to reinforce trust. In the context of its importance, she provides a detailed review of habit from its many different perspectives. She delves into an extended discussion of discontinuities in trust in habit, as well as a so-called "taming of the environment", in which "digitalization, globalization and the expansion of social media are new sources of anxieties, confusion and loss...". As a study, she explores loyalty in the context of e-commerce marketing. She sees habit as offering a "way of managing the discontinuity, taming of the environment and expanding capacities for change". All this is seen as increasing confidence in the system, as having the potential to be a solution to "today's deficit of trust".

Chapter 4 is Bart Nooteboom's "Uncertainty and the Economic Need for Trust", which explores trust from the vantage of uncertainty and risk with special reference to intentions and competence. When the expectations of trust are broken, it is not known what brought about the break, hence there is causal ambiguity. He goes on define and distinguish between risk and uncertainty: "With risk, one does not know what *will* happen but one does know what *can* happen.... With uncertainty one does not know all that can happen". He explores trust in Japan under a model he developed. He explores the work of Japanese psychoanalyst Takeo Doi (including a "dual self-structure" with outer and inner ego boundaries), and he explores competence trust with particular reference to Nietzsche and Levinas. His astute conclusions relate to intentional trust and its underlying factors; competence and the idea of joint innovation (reducing uncertainty); and, among other elements, networks and the role they can play vis-à-vis risk and uncertainty.

Part 2 begins with Chapter 5, Geoffrey Hosking's "The Decline of Trust in Government". Given sharp declines in general social trust, especially in the US and Europe, Hosking goes on to suggest that generalized social trust be studied systematically. He goes into considerable detail about shifting economic and political circumstances, especially in Europe. These include especially the intrusions of international firms and institutions, as well as runaway immigration policies. He delves into the roles of numerous populist parties throughout Europe. Hosking also goes into some considerable detail about the economic crash of 2008 and its far-reaching impacts. He also discusses Brexit and its

effects in some detail. As well, he explores the Greek crisis which began in 2010. In all, he presents a fascinating analysis of trust as it relates to nation-states, along with their political and economic structures.

Chapter 6 is Markéta Sedláčková and Jiří Šafr's "Trust in Transition: Culturalist and Institutionalist Debate Reflected in the Democratization Process in the Czech Republic 1991–2008". Here the authors examine a "laboratory of democracy" in the form of the Czech Republic during the period 1991–2008. At first sight, it appears that democratization and economic performance go hand in hand. But then, of course, politics, and culture, enter the picture as well. The chapter asks about trust; its bases in a new democracy, and whether it carries over "remnants of the communist legacy". The authors identify three stages of the transition and look to data from the European Values Study to "analyze the roots of institutional trust and systemic trust (i.e., popular support for democracy)" in each stage. Interestingly, they found no significant relationship between social trust and civic participation, nor was it seen for institutional confidence or support for democracy. The authors provide commentary on these and other findings vis-à-vis the various theories upon which their hypotheses were based.

Part 3 begins with Chapter 7, Guido Möllering and Jörg Sydow, "Trust Trap? Self-Reinforcing Processes in the Constitution of Inter-organizational Trust". The authors tell us that trust "may be desirable though not easily established, but also sometimes undesirable though hard to abandon". Interestingly, they provide case examples, such as Apple and Qualcomm or Microsoft and Intel, in which successful relationships were established but became "locked-in" and thus difficult to undo. How then can such "trust traps" be resolved? They discuss these relationships at some length and focus on trust and control. One seeks an optimal balance between the two, but that is not necessarily easy to "determine, maintain, or adjust". The resulting "entanglement" is the dilemma, but they look to path dependence for answers.

Chapter 8 is Ken Rotenberg's "The Relation between Interpersonal Trust and Adjustment: Is Trust Always Good?" He asks if "the assumption that trust is always good is justified?" That is, does trust "invariably promote psychosocial adjustment?" Rotenberg provides a review of related literature and cites "practical applications of the research findings" toward suggestions for future research. He provides a discussion of a statistical approach to this all-important question. He describes results among a number of age groups, often with emphasis on childhood and early adult experiences. For instance, should parents make their children "street smart" or not? He concludes that traditional analyses focus on linear relations, whereas curvilinear or quadratic relations should be explored as potentially more descriptive of what actually happens.

Part 4 starts with Chapter 9, by Masamichi Sasaki, "A Cross-National Study of Criteria for Judging the Trustworthiness of Others before a First Meeting". Here he has produced a specifically empirical work based on a cross-national survey conducted between 2008 and 2012. He asks what kinds of criteria are important for judging the trustworthiness of others (strangers) before a first meeting, in seven different nations and Taiwan. Do these categories form clusters for each nation? And how do they relate to status characteristics such as age and gender? The criteria are too numerous to mention here, but in brief he found that "being introduced by friends" showed the highest percentages in some countries; "fame and personal network" was the most important cluster. Nonetheless, there was considerable variation among the seven nations and Taiwan. Hence, some of the theoretical underpinnings were supported by his study.

Chapter 10 is Robert Marsh's "Social Trust in Japan and Taiwan: A Test of Fukuyama's Thesis". And this chapter does just that. Marsh proposes to answer the question about the causes and consequences of similarities or dissimilarities in trust levels between two or more societies. Here Marsh's design is to test "Fukuyama's claim that Japan has a higher level of generalized interpersonal trust than Taiwan". Fukuyama of course did not have access to the recent data through which Marsh re-explores the question. Using Sasaki's survey data, Marsh studies the responses from Japan and Taiwan in considerable detail at both micro and macro levels. Marsh's ultimate conclusion is that Fukuyama's thesis about Japan and Taiwan is "disconfirmed".

Part 5 features John Brehm and Meg Savel's "What do Survey Measures of Trust Actually Measure?" as Chapter 11, which moves us into the more strictly empirical part of this book. Chapter 9 provided a method (i.e., correspondence analysis) for the use of comparative survey data, but in this instance, we see a detailed comparison of two different surveys, along with serious critiques of methodologies as related to the assessment of generalized trust among varying national (or in this case, city) populations. One question raised concerns the respondents' moods, and another concerns the so-called "response set". The study compares the 1996 Greater Philadelphia Trust Survey and the General Social Survey. Their discussion raises a number of interesting points, not the least of which is the potential expense involved in improving general social surveys.

2 The Future Direction of Trust Research

For trust research it has been claimed that the cultural perspective of trust is quite important and is increasingly acknowledged as central to trust research.

To seek out the cultural elements of trust, it is highly recommended to perform cross-cultural or cross-national analyses. Hence, the following discussion is specifically focused on comparative approaches for carrying out trust research for its future development.

Virtually without exception the precursors and founders of modern social science were comparativists. This was true of the most conservative such as Machiavelli, and the most radical such as Marx. They also consistently were generalists, that is, they studied societies, cultures, and groups within them not mainly to describe their unique or distinctive properties but rather to extract from a set of different social arrangements that which was, if not universal, at least generally true of a large numbers of cases. This pattern is perhaps best exemplified in the work of Durkheim and his search for the general law that would explain variation in suicide rates across nations, religions, occupations, and other status groups. But even when one of these early great scholars took as his problem the understanding of a single nation in its uniqueness, as Tocqueville did in his enduring masterpiece *Democracy in America*, he sought to achieve his objective mainly by comparing and contrasting the United States with other countries, and especially with those of Europe.

Empirical research surveys on trust have become relatively common, despite their often-enormous complexity and expense. Complexities include the language barrier, which makes preparing comparable questionnaires difficult, and "cultural" barriers, which often make the preparation of comparable questionnaires virtually impossible. One of the most important tasks of comparative research is to ascertain whether the same dimension of a given concept, such as trust, can commonly be used as a relevant social indicator.

As there are few longitudinal and cross-national and/or cross-cultural studies of trust, we will discuss the two types of studies separately. So far as longitudinal studies are concerned, in a strict sense researchers are able to identify both the stable and unstable (or changing) components of people's trust, and thus trends over time within changing society, only if data are utilized which come from identical or almost identical questions and survey systems, which have been used repeatedly and persistently.

Generally speaking, the longer a series of cross-national and/or cross-cultural longitudinal surveys continues, the greater the confidence in the results, especially about changes in the long term. In this instance, we can determine whether trust shifts with changes in the social environment. Indeed, we are also able to identify situations in which the social environment reflects some change but where basic trust embedded in social relations and culture do not change. When trust and distrust changes do occur, they are not random, but rather can usually be attributed to important changes in people's historical, social and economic circumstances (as well as cohorts and/or aging).

For the future direction of trust research, the following tasks, some of which have been discussed in this book, need to be encouraged for comparative research on trust:

a) So far as comparative research on trust is concerned, compared with macro-level research, micro and meso-level analyses have not frequently been observed in the trust literature. Accordingly, both of these need to be implemented.

b) It is necessary to deal with not only static design, but also process perspectives of the dynamics of trust among the three different levels (i.e., micro, meso, and macro) for the unit of analysis for cross-national and longitudinal analyses (discussed in Chapter 7).

c) Comparative research is implemented under a variety of methodologies, ranging from strictly qualitative to rigorously quantitative. This also applies to trust research. So far as quantitative trust research is concerned, although the definition of trust in the trust literature has such diversity, except in the cases of some nations which do not have a term for trust (e.g., the absence of trust in Chinese *guanxi* and Chinese social relations; discussed in Chapter 1), it is imperative to construct questions regarding the measurement of trust which reflect the same, similar or equivalent definitions of trust which other research adopts as closely as possible (i.e., construct validity) for doing analyses (discussed in Chapters 1 and 11). On the other hand, when using secondary survey data, it is imperative to determine whether or not the measurement of trust used for questions reflects the definition of trust to be used before implementing the analysis.

d) Surveys which include intensive trust-related questions need to be conducted by including antecedents, i.e., the process of building trust and the consequences of trust (discussed in Chapter 6).

e) As the Internet has become one of the most influential means of communication, it is important to understand its social impact, in particular by viewing online communication as social capital which might lead to more, or less, trust or distrust.

f) International collaboration, not only for same-disciplinary but also interdisciplinary trust researchers or teams, is essential for joint research. It can be achieved by carrying out trust surveys using the same methodology and the same trust measurements and is therefore strongly encouraged.

Because trust, which is embedded in socio-cultural systems (including different languages and historical backgrounds), has varieties of concepts and definitions which need to be identified to compare and contrast trust research from these different backgrounds and countries, we need to find means to

broaden the knowledge of these concepts and definitions so that future research can be seen from new and different perspectives.

It is also essential for international collaboration to determine the universal or common elements vs. particular elements of trust and/or distrust, as well as the dynamic vs. static elements among different nations and cultural contexts as they relate to the socio-cultural characteristics of given nations.

Finally, we want to take the time to graciously thank all the authors for their contributions to this work, which we hope will in turn contribute to the enhancement of studies of trust in its many diverse and varied applications in this global and information age.

PART 1

Conceptual and Theoretical Perspectives

CHAPTER 1

The Experience of Trust: Its Content and Basis

Jack Barbalet

1 Introduction

The idea that trust is a perennial and core concern within social relations between persons is supported in commentaries by the frequently quoted statement, first published in 1900, that 'Without the general trust that people have in each other, society itself would disintegrate' (Simmel 1978: 178–79). The context of this statement is a discussion of the relationship between persons and a particular social artifact, namely money. Simmel's proposition claims that the social effectiveness of money cannot be based on 'rational proof or personal observation' but rather must be founded on 'trust'. Indeed, at the time of Simmel's writing the term 'trust' typically referred to a form of corporate governance, as when property is held in trust, and the relationship indicated by Simmel would have been better translated as 'confidence' rather than 'trust'. Indeed, to draw on sources such as Simmel – who was writing at the turn of the twentieth century – masks the fact that social science research interest in trust is relatively recent, beginning in the late 1970s.

This last proposition is supported by the findings of a Google Scholar search for the term 'trust' by decade from 1900, which reveals that up to 1950 the scholarly literature on trust predominantly refers not to interpersonal relations of support and cooperation, as the term is widely understood today, but rather to corporate trusts and anti-trust legislative measures. This pattern begins to change, however, from the 1950s through to the 1970s when a different understanding of trust emerges in the scholarly literature through the publications of social psychologists interested in interpersonal trust (Rotter 1967) and pursuing such themes as trust and suspicion (Deutsch 1958), trust and surveillance (Strickland 1958), trust and the F-scale (Deutsch 1960), and so on, reflecting the concerns and dispositions of the post-World War II period. During the following decade, 1970–80, management researchers began to turn their attention to trust. A landmark text of this literature is Zand (1972), whose focus on 'Trust and Managerial Problem Solving' raised problems that continue to occupy the management literature. It is only by the 1980s that trust becomes established as a theme firmly located in sociological research, encouraged by Luhmann's (1979) essay and Barber's (1983) short monograph, and marked by the revisions

presented by Lewis and Weigert (1985) among others. From this time a number of key sociological monographs on trust began to appear, the most notable including Misztal (1996), Seligman (1997), Sztompka (1999) and Möllering (2006).

In addition to the relative recentness of sociological interest in trust is the growing intensity of that interest. Scholarly and research outputs on trust have increased at expanding rates from 1900 to the present time. This is partly a result of the increase in the numbers of disciplines that have turned to treating the problem of trust as they conceive it. Up until the 1950s economists and legal researchers were practically alone in their interest in corporate trusts, and during the 1950s and 1960s psychologists began to turn their attention to interpersonal trust, as noted above, joined by management researchers in the 1970s and researchers in both of these disciplines were joined in their respective publications on social trust by sociologists from the 1980s. But the growth in the rate of English-language publications on trust reflects not only expanding disciplinary interests but growing research activity within all of these disciplines, but especially in business studies and sociology. The figures in Table 1.1 reveal a notable growth in publications on trust from the decade beginning in 1960 and a quantum leap from 1990. The data in this table is less important than the trend it reveals.

TABLE 1.1 Number of items published in English with the word 'trust' in the title, by decade

Decade	Number of items
1900–1909	13,700
1910–1919	15,400
1920–1929	15,800
1930–1939	19,100
1940–1949	20,100
1950–1959	22,600
1960–1969	46,500
1970–1979	136,000
1980–1989	306,000
1990–1999	1,460,000
2000–2009	2,030,000

SOURCE: GOOGLE SCHOLAR, ACCESSED 4TH FEBRUARY 2019

The growing research on and publications about interpersonal or social trust suggested here is not simply an observation regarding shifts in scholarly tastes. The growing attention given to trust over recent years is evidence of change in the social base of knowledge that promotes an interest in trust as a phenomenon requiring investigation. Indeed, a consideration of the social basis of an apprehension of trust by present-day social scientists can contribute to an understanding of the concept of trust itself. It is implicit in some discussion that trust becomes of interest or concern only under certain conditions, as when it is held that the function of trust is to reduce social complexity (Möllering 2001: 409–10), the latter being an historically emergent property of social systems. While different theorists draw upon distinctive vocabularies there is arguably a convergence of ideas which suggest that in late modernity trust becomes important for the maintenance of social order by preserving the viability of social relationships. It will be shown below that in late modernity a set of experiences arise that are expressed through a vocabulary of trust.

This is not the only strand of a basis for the growing interest in the notion of trust in social science literatures. The idea that trust, regarded sociologically, 'is an integrative mechanism that creates and sustains solidarity in social relationships and systems' means that it is 'a public good' (Barber 1983: 21), means that it is a 'property of *collective* units' (Lewis and Weigert 1985: 968; emphasis in original), an idea supported by the easy assimilation of the notion of trust into theories of social capital (Fukuyama 1995; Ostrom and Ahn 2003). But even then trust necessarily remains the property of (non-isolated) individuals who engage in trust relations. Trust operates in terms of dispositions, beliefs or cognitions and feelings or affects and emotions, and these are always properties of individual persons. A person who trusts avoids isolation in the sense that trust is necessarily extended from one person to another. But trust, unlike status or social norms and similar phenomena, cannot be defined in terms of third-party involvement, facilitation or enforcement. Trust relations are always essentially dyadic, between two individuals, even if one of those 'individuals' is a collective entity in the form of an institution, such as money or the government, or an organized body such as a profession. In all of these and similar cases the trust-giver him- or her-self is always an individual person.

The aspect of trust indicated here, then, resonates with emergent social conditions which are reflected in a number of recent developments. In broad terms, a growing research focus on trust coincides with the emergence and rise of rational choice theory, in which individual preference is treated as an independent variable (Coleman 1990; Goldthorpe 2000). It also coincides, more substantively, with a decline in institutional participation and commitment that arguably renders social life increasingly personalized, privatized and

individualized (Putnam 2000; McPherson et al. 2006). These trends converge with another, commonly known as neo-liberalism. Trust, then, as a means through which individuals connect with others, is methodologically, epistemologically and ideologically convergent with these other trends of late-modern social life and ideational formations. In spite of the insistence that trust must be conceived as a 'property of collective units', as reported above, the concept of trust refers to relations in which an individual, through their decision to trust, is the pivot and anchor of the implied connection. Only persons as individual actors can provide or reciprocate trust, or be the objects of trust.

2 What Trust Is

Those who give trust and those who receive trust are necessarily persons. The following section will consider the relation between trust and 'artificial persons', namely collective entities of various sorts. If we accept that trust givers and receivers are persons, then a characterization of trust requires a statement of the properties of trust as they relate to the actions of persons as individuals. For it to have any significance trust must make a difference to the actor's orientation and to the outcome of the action undertaken through an engagement of trust. To say that someone trusts someone else means one of two things and frequently both of these things together. First, for a person to trust another person means that that person believes or feels that the person they trust is reliable, that their needs or interests will be not contravened but in some way satisfied by the other person. This is more than an expectation of benign intent and typically includes a sense that dependence on the other's capacities or actions will not lead to a loss for the trustor, either through the other's incompetence or incapacity or through their pursuit of self-interest at the expense of the trust-giver: indeed, an engagement of trust implies that trust will yield some benefit to the giver and possibly the recipient of trust. Internal to this proposition, as noted here, is the idea that trust is a belief or a feeling. In the literature there is some discussion about whether it is belief or emotion that is operative in trust (Möllering 2001; Shapiro 2012). The point being made here, though, is that when belief or feelings about the other's intentions are indicated it is because there can be no certainty about those intentions. Trust is based on something other than, and less certain or solid than knowledge, namely a belief or a feeling. This connects with the idea that trust is always based on a certain type of expectation; trust, then, is by its nature future orientated. Trust is not simply a belief or feeling about another person but a belief or feeling about what that person is likely to do in the future.

What has been said so far is fundamental in understanding trust. It is generally stated that trust entails a belief or feeling about the reliability of another, so that in depending on another through trust one expects not to be subject to incompetent support or betrayal. It is possible, indeed likely, that a trusted person has been reliable in the past. But trust is necessary in a continuing (or new) relationship because the trusting person wishes to rely on the other at some future time, and only the future will tell whether the trust will (continue to) be honoured. The reliance of one person on another, implicit in the provision of trust, is always in terms of entering some type of prospective or future engagement with the other, some type of relationship in which cooperation between the trustor and the trusted is underscored by the vulnerability of the trust giver, which is an element of all relations of trust as a consequence of the trusting person's dependence in some way on the other in the absence of a known future outcome. This future related orientation is the second necessary element of trust.

If trust facilitates relations between persons then an absence of trust, on the basis of the above account, would lead to an inference that in the absence of trust relationships and cooperation might not occur. Indeed, implicit in this idea is the more positive supposition that given the prevalence of social relations it can be assumed that trust is self-enforcing and that the provision of trust in relations between persons leads to the generation of trust in others. An implication of the passage quoted from Simmel at the beginning of this chapter is that the fact that there are relationships in society may be taken as evidence of the supportive role of trust for social being. In a landmark discussion the argument concerning the self-enforcing nature of trust is presented in terms of the embeddedness of trust in social relations (Granovetter 1985). Granovetter (1985: 487–93) argues that through repeated exchanges participants in social relations acquire information about each other so that should opportunistic behavior occur it would be exposed, thus generating in others prosocial conduct through a fear of acquiring a reputation for unreliability or untrustworthiness with consequent loss of future opportunities to engage in relations with others. In this way trust arises out of socially embedded relations and those relations are in turn encouraged by trust. While Granovetter's argument has been cited in subsequent studies of trust its limitations are not typically explored. Granovetter (1985: 491) makes the obvious point himself:

> … networks of social relations penetrate irregularly and in differing degrees in different sectors of economic life, thus allowing for what we already know: distrust, opportunism, and disorder are by no means absent … [and] while social relations may indeed often be a necessary condition

> for trust and trustworthy behavior, they are not sufficient to guarantee these and may even provide occasion and means for malfeasance and conflict on a scale larger than in their absence.

The acknowledgement here, that while social relations may be a necessary condition for trust they are not sufficient to guarantee trust and may indeed be a source of malfeasance, encourages critical reflection on the type of argument offered by Granovetter (1985) that underpins a great deal of subsequent research on and discussion of trust in social science literature.

The prospect that trust may be the source of malfeasance is the foundation of an entire criminal industry, namely that of the con-artist (Goffman 1952; Frankel 2012). The basis of this industry can be easily stated. It is nicely summarized in a cartoon that readers may know in which a prosecutor asks the defendant: 'How could you swindle those good people who trusted you?' The defendant responds with what for our purposes is an important axiom: 'You can't swindle people who don't trust you'. But even in the more agreeable world of everyday interactions not only is trust in itself more precarious that is assumed in the literature mentioned above, but the inhibitions on the betrayal of trust, that have been suggested are internal to social relationships, in fact have little reliability. There are a number of reasons why this is so but two in particular can be mentioned here.

The provision of trust, like all investments, not only contains an element of risk but also a sense of commitment. In giving trust there is an implicit commitment to the relationship in question and the other participant or participants in that relationship. As with commitments in general the commitment inherent in trust relations includes a loyalty to the other and to the connection with them. This is seldom discussed in the relevant literature but it is important to appreciate that in making a commitment to the other, which is part of the experience of trust, the potential for cognitive distortion and misinterpretation of relational information is higher than would otherwise be the case. One who is committed to a trust relation really *wants* it to work and perception of any signals that it may not be working are frequently misread in favour of an optimistic interpretation of information that those outside the relationship would more likely regard with caution. The outcome of this pattern of over-estimation of the reliance of the trusted partner is that trust relations are less vulnerable to disruption by betrayal than Granovetter's argument would suggest. But this is not the only reason why trust is an unreliable basis for the security of social relations.

The arguments of Granovetter and others tell us that broken trust will lead to an interruption in the social relations in which the betrayed and the betrayer

are implicated. This follows from the idea that those relations are formed through or are in other ways dependent on trust. What this perspective fails to recognize, however, is that social relations are compelling irrespective of any other consideration through the practical interdependencies that they generate. Indeed, social relationships have a gravity of their own; they frequently contain an irresistible element and generate sanctions against defection or departure, even in the face of a failure of trust. Once entered into relationships have a tendency to 'lock in' their participants, irrespective of whether there is trust between them. Granovetter makes much of the argument that failure to respect trust in networks of social relations would lead to disclosure and that this inhibits betrayals of trust. But an experience of a betrayal of trust within an existing relationship is itself unlikely to lead to exposure of the betrayer. Broken trust not only reveals the limitations of the trusted betrayer but also limitations in the judgement of the trust giver; and it is always likely that this fact will inhibit public declaration of betrayal of trust. Much more significantly, though, is that any given relationship in most settings will have unavoidable elements that can and probably must continue even in the face of a betrayal of trust. The betrayal of trust in many instances will therefore not disrupt the affected relationship. A betrayed trust giver may continue to rely upon the trust betrayer in a number of ways. What characterizes these situations is not necessarily a disruption of a relationship but a new sense of the other, no longer trusted and regarded now with distaste, and a personal sense of injury. This is a shift of the consequences of betrayed trust to a plane of social reality distinctively different from the actual disruption of relations supposed by Granovetter.

In revising our understanding of the consequences of broken trust it is possible to propose a revised notion of trust, different from the statement concerning the nature of trust that we began this section with.

3 Varieties of 'Trust'

The characterization outlined in the preceding section of the paper does not exhaust the qualities that can be attributed to trust. It does, though, offer some basis on which to distinguish between trust and social phenomena that have frequently been taken as particular forms or variants of trust but which might better be characterized in terms of a different terminology, as will be indicated below. There is in the social science literature many instances of the model of interpersonal trust, more or less as indicated above, that is taken to be a variant form of trust correlative to what is described as 'generalized' or 'pervasive social trust'. These latter might simply be described, rather, as broad attitudes

of acceptance of social and especially political institutions. This is not to say that a person may not have trust in a collective entity; it is entirely meaningful to say that a person trusts the bank with which they have a mortgage. But this is more than a feeling that the bank is 'legitimate' or that they feel confident that the bank can perform its functions. The trust in the bank that a mortgagee might experience relates to a direct relationship with a bank predicated on the bank's actions in an effective engagement with the particular person who experiences a sense of trust in this context. As we shall see, the notion of generalized trust is something less than trust as indicated here and outlined above; in fact it is a different type of relationship than that covered by the term 'trust' as it is more consistently understood.

The issues underlying the concerns indicated here can be explored by considering notions such as 'trust in abstract systems' (Giddens 1990: 83–8) or 'system trust' (Luhmann 1979: 22, 88–9), trust as a 'prerequisite of order' (Misztal 1996: 26–32) and similar notions indicating an orientation of acceptance regarding social and political organizations and also various types of knowledge or information systems. This preparedness of sociologists to connect individuals to institutions through trust in this manner follows a political science tradition in which citizens are asked questions in surveys concerning their trust in government and associated institutions of state. While often methodologically sophisticated this literature is marked by a lack of conceptual clarity, with frequent confusion between 'trust' and 'confidence' in both the survey instrument and the title of publications (e.g., Cook and Gronke 2005). Research in this tradition typically finds that the association between social trust and political trust is at best weak (Nannestad 2008; Zmerli and Newton 2008), which in light of an underlying assumption of not only social capital theory (Fukuyama 1995) but also social exchange theory (Blau 1964) and network analysis (Buskens 2002), that trust begets trust, is suggestive of dissimilarity between these concepts.

Whether citizens would be prepared to say that they trust their government will be largely dependent not only on perceptions of the legitimacy or rightness of political rule, but more directly on the government's performance in the provision of economic wellbeing, social welfare, or some other good that might result from practices or policies of the institution in question. That there is 'trust' on the part of citizens in this situation must derive from a different sense of the term than the one outlined in the preceding section of this paper; rather than focused on the substance of an interactive relationship between the trust giver and the trusted, in the context indicated here 'trust' refers to a more procedural concern related to the behaviour or standing of the institution in question irrespective of direct interaction with it. In the history of

political philosophy this comes close to the Lockean conceptualization of the relationship between a government and those governed by it as one of 'trusteeship' (Locke 1963: 348–50). But in spite of the terminological similarity the relationships of trusteeship are formal, unlike those of trust, because they refer to the sustainability and effectiveness of (implicit) contract. The relations of trust are never formal in this sense but derive instead from the disposition of the trust-giver.

The difference between trust as it is understood in the previous section and the 'system trust' of political subjects is clear in the different relation each has to action. If it is to be meaningful, the possession of a sense of trust will make a difference to how a person behaves or acts. In the broad understanding of interpersonal trust, by giving trust to another an actor feels that they are able to engage in an activity that they would otherwise not participate in. In this sense trust is one form of access to enabling relationships, and even though the trust giver is dependent in such relationships, the dependency is accepted in order to actively achieve or create an outcome. Trust in this sense, then, includes a requisite disposition for action. 'System trust', on the other hand, and the implicit contract it assumes, provokes the action of individuals not in its operation but in its failure, when it breaks down. In Locke's classic account trusteeship does not require action; rather, it is a breach in trusteeship that calls for action. A properly functioning trustee acts for those subject to it and a trustee's incompetence, corruption or collapse justifies – indeed requires – the remedial action of those who had relied upon it (Locke 1963: 459–62).

Consideration of whether professionals might be trusted, described by Giddens (1990: 83–8) as the 'faceless commitments' that characterize 'trust in abstract systems', typically concerns beliefs about the adequacy of a knowledge base or its application, because these are the grounds on which professionals instruct lay persons about their best interests and how satisfaction of those interests might be achieved. A key element of such situations is the fiduciary obligation that putatively attaches to expertise as a societal norm (Barber 1983: 14–7). The obverse of such an obligation, on the part of those who receive professional services, is confidence that it will be honoured. But if such confidence were betrayed it is not the judgment of the confidence-giver that is brought into doubt, as would be the case if this were an instance of trust, as we shall see in a moment, but rather the competence or rectitude of the professional provider. Generalized 'trust' in professionals and other purveyors of abstract systems is another form of (implicit) contract in which there is an assumed or ascribed trusteeship. If the knowledge base of such systems were more diffuse and their services were provided by a third-party, such as the state or an insurer, then the language of the market rather than of trust would be

more readily seen to apply. In that case, reference to market confidence, which is entirely appropriate to these circumstances, would not lead to any assumptions concerning a necessary continuity of 'confidence' with 'trust'. Trust may assume confidence, but confidence does not imply trust.

In everyday usage the terms 'trust' and 'confidence' are frequently interchanged. Nevertheless, the differences between these terms can be meaningfully identified. Confidence is not the same as trust, not because of a difference in the degree of certainty attached to each (Misztal 1996: 16), but because of a difference of attribution between them (Luhmann 1990: 97). Confidence relates to contingent events whereas trust relates to the subject's own engagements. Confidence is a feeling or belief about a state of affairs or an event and in that sense pertains to facts or things that actually happen. In this sense confidence is extensive insofar as it primarily refers to something independent of the self that experiences it. Trust, on the other hand, rather than being extensive is intensive insofar as it primarily relates to the person's commitment to a behavioural or agentive disposition. For instance, my mistaken confidence about the likelihood of rain is a judgement concerning the weather; my mistaken trust, on the other hand, reflects on my judgement about another. While the other may be responsible for actually breaking a trust, they could only have done so because *I trusted them* and what they did or failed to do in the relationship of trust ultimately reflects my internal and mistaken assessment of their qualities or capacities. It is possible, nevertheless, to say that 'trust implies confidence' (Rose-Ackerman 2001: 526; see also Giddens 1990: 34) because trust is given to another who has independence of action; trust in another provides no control over them; I give my trust to another (an intensive state) because I am confident about what they might do (an extensive consideration). The frequent confusion between trust and confidence, then, understandably arises from the interplay between them in the direct experience of the provision of trust.

An additional use of the term 'trust' that similarly fails to include much of the substance of trust, as previously specified, is the idea of trust as a sense of personal reliance and security between persons, typically rooted in family experience, although possibly extending to those who, as Locke says, 'have some Acquaintance and Friendship together' (Locke 1963: 383). This is 'trust' as the basis of what Giddens (1990: 92–100) calls 'ontological security'. It is of interest that Charles Horton Cooley (1964), writing at approximately the same time that Simmel wrote the passage with which this chapter began, classically indicates that such a sense of security results from experience in primary groups; but he finds no reason to describe the phenomenon he refers to as trust and fails to use the term at all in this context preferring instead the notion of 'sympathy' (but see Barber 1983: 26–44). The idea that 'trust' meaningfully indicates

the reliability of others in familial associations refers to an aspect of relationships that is more completely described in triadic rather than dyadic terms. The obligatory nature of both kin and marital relations not only goes beyond the voluntary basis of trust as it is properly understood but draws upon third-party facilitations that are commonplace not only in intergenerational but also conjugal family relations, involving adult siblings, in-laws and others. The increasing use of the term 'trust' in the context of familial and intimate relationships indicates the degree to which these have been affected by individualizing forces derived both from the marketization of social life and by neo-liberal state policies and practices.

4 Where Trust Is Absent: Chinese *Guanxi*

The discussion so far has addressed formulations concerning the currency of trust. There are, though, cultural situations in which the concept of trust fails to resonate with the actual relations between persons. This is particularly so in the case of China and a typically Chinese mode of relationship known as *guanxi*. By way of brief introduction, it is important to notice that in Chinese culture malfeasance tends to be dealt with by attempts to return the relations between disputants to a situation of harmony rather than by attempting to correct wrongs with rights. In these circumstances courtesy is more important than verisimilitude, and not telling the truth is not necessarily regarded as lying (Blum 2007). An underlying requirement of trust relations, on the other hand, is strict truthfulness, the absence of which can be readily taken as evidence of untrustworthiness. A significant difference between Chinese culture on the one hand and West European and American cultures on the other is the different understandings and evaluations of strict truthfulness as a result of the hierarchical nature of social relations and the determination of social obligation through role requirements in China and the cultural significance of horizontal equivalence between persons in Europe and America. It is of particular interest that the majority of social science discussions of *guanxi* insist that it operates in terms of trust between *guanxi* participants. This can be taken as further evidence of the distorting consequences of the overwhelming dominance of the 'trust discourse' in the social sciences today.

Exchanges of gifts and the resulting obligations that give rise to favours are a fundamental element of traditional Chinese culture that continues to be significant in mainland China and Chinese cultural areas. This pattern of practices is systematized in *guanxi* as a form of asymmetrical exchange of favours between persons on the basis of enduring sentimental ties in which

enhancement of public reputation or 'face' is the aspirational outcome (Lin 2001; Qi 2011, 2013). A feature of the discussion of *guanxi* in the social science literature is the assumption that *guanxi* is a trust-based relation, in contradistinction to relations founded on more formal instruments of interaction and exchange, such as legal contract (Boisot and Child 1996; Lovett, Simmons, and Kali 1999; Tong and Yong 1998; Tsang 1998; Yeung and Tung 1996). Trust is not only regarded as the basis of *guanxi* relations in the relevant literature but these relations are also held to generate trust (Lee and Dawes 2005; Smart 1993). A generally agreed feature of trust, though, is that it is given by one person to another as a matter of individual choice and that compulsion has no role in trusting another (Luhmann 1979: 41) and therefore that it is 'not possible to demand the trust of others' (Luhmann 1979: 43). In Chinese society, on the other hand, and in *guanxi* relations in particular, close personal monitoring, pervasive hierarchy-based dependence and role obligation together mean that trust, as it is normally understood, is simply not possible. In addition, the invasiveness of official powers and the high incidence of corruption, among other things, produce low levels of social trust in China. Personal trust in business communities is also low given the prevalence of family involvement in business, which means that non-family members tend to be regarded with suspicion (Ermisch and Gambetta 2010; Whyte 1996: 3–4). Particular book-keeping practices, including the provision of inaccurate reporting of transactions to business partners (Kao 1996: 66; Wank 1999: 73 note 4), also lead to the absence of trust in business communities.

Rather than 'trust' the effective bond between *guanxi* participants is what might be described as 'sincerity', 'integrity', 'credibility', 'reputation' or possibly 'trustworthiness', captured by the Chinese term *xinyong* (Tong and Yong 1998: 85). Indicators of reliability are displayed through habituated behaviour which expresses role obligation through signals of probity and they are achieved through repeated and close contact and other bases of familiarity designed to reassure the other of the dependability of the person entering a *guanxi* exchange or continuing in a *guanxi* relationship. Trustworthiness, as distinct from trust (Hardin 1993: 512–13; Hardin 1996), is here premised on a social perception of reliability expressed as reputation or face. The distinction between trust and trustworthiness is frequently ignored, and while confusion between the two is almost a constant in discussion of both trust and *guanxi* it is in the study of *guanxi* that the importance of the distinction becomes especially clear. It was mentioned above that successful *guanxi* exchanges enhance the standing or reputation of the participants, that is to say, in their practice of *guanxi* participants gain face (*mianzi*) (Ho 1976; Hwang 1987; Qi 2014: 143–64).

Face and reputation stand as proxies for reliability or 'trustworthiness' in *guanxi* relations.

A point to notice in this brief account is that reputation, and especially its regulatory mechanism in face, do not operate in terms of dyadic relations, as with trust, but in triadic relations in which reputation and therefore 'trustworthiness' is a function of the public visibility or third-party judgements of performance of expectations regarding *guanxi* decorum and adherence to *guanxi* norms (Barbalet 2014: 63–4). This aspect of *guanxi* assurance is frequently noted in the literature. In his discussion of relations within the business community in a Taiwanese city DeGlopper (1995: 205–06) indicates that the 'firm's most valuable asset is *hsin-yung* [*xinyong*] … a reputation for meeting one's obligations'. The achievement of this reputational trustworthiness, he goes on to say, is in the fact that '[a]ll transactions take place before an audience or chorus of *nei-hang-ren* [fellow businessmen], who continually observe and comment on each other's doings' (DeGlopper 1995: 206). That *guanxi* exchanges necessarily involve third-party observation through which the currency of reputation is maintained and sanctions against possible defection from agreements are executed indicates a triadic form quite unlike the structure of trust relations (Barbalet 2014). Assurance in *guanxi* relations therefore derives not from interpersonal trust but from public or third-party scrutiny in which successful adherence to the norms and expectations of participation leads to enhancement of reputation or the gaining of face, and defection or incompetence in maintaining the decorum or norms of *guanxi* leads to loss of reputation or loss of face. Knowledge of adherence to these norms derives from mutual surveillance and close monitoring.

While the assurance mechanism of *guanxi* is triadic, in the actual formation of a *guanxi* relation participants relate to each other in dyadic form, often disclosing personal information as evidence of sincerity. It is possible that these practices of self-disclosure may be seen to be similar to those that are regarded by some writers as generative of what has been called 'swift trust' (Meyerson, Weick, and Kramer 1996; Robert, Dennis, and Hung 2009) and 'fast trust' (Blomqvist 2005; Perks and Halliday 2003). In the present case, however, the notion of trust – swift, fast or otherwise – as a basis of *guanxi* cooperation is misplaced. This is because the intimate bonding practices of *guanxi*, while convivial, also possess an underlying coercive element that is the obverse of trust. This latter factor is not pernicious, as in blackmail, but only because the covert potential threat is mutual rather than asymmetrical. These bonding practices are close to those of 'sworn brotherhood' (*jiebai xiongdi*), entailing not only secrecy but self-interest dressed as group loyalty. The basis of

cooperation in these cases, then, is not conceivably based on trust but is in fact its opposite.

The absence of trust in Chinese *guanxi* and Chinese social relations in general is largely a consequence of the continuing significance of intergenerational obligation in Chinese family life and social structure (Qi 2015, 2018; Yeh et al. 2013; Whyte 1997). In Europe, on the other hand, by the ninth century extended kinship structures ceased to underlie economic, social and legal forms and relations, and non-kin cooperation and impersonal exchanges were supported by developments that reinforced a generalized morality and a formalized infrastructure of enacted codes and regulations (Greif and Tabellini 2010). By the sixteenth century in England these developments were more or less completed (Stone 1975). In China, on the other hand, kinship solidarity and clan structure were the primary source of public goods, including education, welfare and public safety; economic and civic cooperation was sustained by family obligation and reputation (Hamilton 1990). Dispute resolution did not enforce an abstract morality or legal framework, as in Europe, but arbitrated compromise. Rather than an interdependence of ascriptive relations based on role obligation, persons in Western societies experience themselves as autonomous and independent from others, constrained only by the rules and requirements of the institutions that provide the basis of social being in the absence of socially determinative inter-generational kin relations.

5 Institutions and Trust

A conclusion to be drawn from the preceding discussion is that the framework in which trust operates as a meaningful category is a developed institutional structure characteristic of European and American economic, legal and familial refinement, but absent in China. Institutions permit trust between otherwise independent and autonomous persons because they provide sets of general rules and norms which support a number of qualities that encourage a sense of collective belonging (Offe 1999: 70–6), and at the same time and just as importantly provide third-party sanctions against defection from trust and compensation or protection for those whose vulnerability is exploited by untrustworthy compatriots, in the form of legally-based guarantees or means of compensation in the event of a failure of trust. West European and American individuals can feel that they might trust another, then, because they are supported by institutions that provide a sense of common belonging through rules and norms as well as sanctions and insurance enforced by third-party mechanisms and organizations, so that while trust always involves some risk it

is not reckless to risk trust when supporting institutions operate that provide respite to trustors.

This argument supports the proposition that while the notion of trust is out of place in consideration of Chinese social relationships it is central for understanding West European and American social relationships. This is because the persistence of kinship based norms and intergenerational family obligation in China means that the preconditions for trust, namely that it is prior to obligation and based on an unimpeded choice to trust or not to trust, are not available although they are defining of the social conditions that characterize Western European and American social life. In these latter, then, persons are independent of each other and also commonly subordinate to universalistic rule-governed and normatively-prescriptive institutions. The institutional framework through which trust is possible is typically not addressed in the literature on trust, but the normative orientations implicit in institutions and the sanctions and other functional supports of trust relations, including the instruments of legal protection that reduces the consequences of risk for trust-givers, have been present in varying degrees since the late-eighteenth century with the rise of liberal democratic polities. The broad institutional argument itself, then, does not explain the recent social science interest in trust which is taken here to reflect the historical newness of trust discourse in everyday experience and in social science exploration of that experience.

In a classic account Polanyi (2001) shows how customary society is subverted through the emergence and development of national markets. As he describes it, in customary society persons are inter-dependent members of kin-based collectives. The extension of market prerogatives in this context undermines customary society by ultimately constituting persons as self-sufficient and independent entities. The political corollary of this development is a state sovereignty which relates to individual persons as citizens defined by their political rights and freedoms. These dual processes of market and political individuation converge in constituting the experience of self as essentially isolated from other selves. In these circumstances, then, cooperation is necessarily based on relations of trust between persons who otherwise have no foundation for the formation of relationships or obligation to others.

It is necessary to schematically distinguish two distinct phases of this process. In the first phase the emergent self is not only independent but regarded by participants and observers alike as rational in being both proprietors of their own capacities and able managers of their own interests. The sense of rationality here, and the effectiveness of (calculative) consciousness as its mechanism, requires that persons have a sense of being able to exert some influence on the processes to which they are subjected. This is possible because in this phase

of development the scale of organizations in society is both effective and not overwhelming for persons. Cooperation between individuals based on trust relations at this time is perceived by participants to derive from conscious calibration of interests and is experienced in consciousness as secondary to those interests and simply a means of realizing them. In a second phase of the historical development of institutionalized society, however, while experience of self as an independent being continues the sense of possessing a capacity to exert an influence on market and state administrative processes is diminished and becomes remote so that there is a qualified reconceptualization of the notion of the self. The self in this phase is orientated not only to consciously managing external forces but is significantly experienced as an arena in which the psychic processes of individual being require self-management (see Barbalet 2001: 172–74). Trust as self-awareness is now experienced as belief and feeling; it emerges in these circumstances as a primary focus of interpersonal relations and consequently becomes an object of social science enquiry.

6 Conclusion

The growth of the social science interest in trust coincides with what was described at the beginning of this chapter as 'late modernity'. This is not the place to survey the literature on late modernity, but two of its features can be readily identified, namely its being global in its reach and comprising a public that 'shatters into a multitude of fragments' (Berman 1982: 17). These two elements, conjoined and complimentary, are widely regarded as forming the constitution of late modernity (Bauman 2000; Beck and Beck-Gensheim 2002; Giddens 1990). Their relevance here is that such developments are experienced by individuals as increased insecurity that leads to a sense that trust is necessary for social life even though it is perceived as precarious in itself. The salience of trust as a substance of experience is heightened in these circumstances and social science research interest in it follows the experiential concerns of persons as they navigate their relations with strangers in order to achieve future benefits. The effectiveness of trust, however, in realizing opportunities in social relations is largely over-estimated when only the sense of the importance of trust on the part of lay participants is the basis of research. This arises when the specific institutional context which supports the possibility of trust relations is not part of the framework of analysis. In these circumstances the fact that trust, as a social phenomenon, is a reactive attitude to late modernity and its precarious institutional maturity rather than a means of providing a basis to relational efficiency is incompletely understood in the literature that claims trust as it object.

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CHAPTER 2

Trust in the Moral Space

Piotr Sztompka

Philosophy and social theory have drawn many portraits of a human being: *homo politicus, homo economicus, homo faber, homo ludens.* Sociology has its own image: *homo sociologicus* (Ralf Dahrendorf 1968) based on four assumptions: relational existence, ascription of meaning, existential uncertainty, and normative regulation.

The fundamental truth about the people is that they always live in some relations to other people: with others, next to others, for others – but never alone. From birth to death we live in the inter-human space, surrounded by more or less "significant others" (George H. Mead 1964). The composition of our inter-human space changes, it is like a "social convoy" (Ray Pahl 2000) where with time some people drop out, some people appear and even after our death we are still for a moment accompanied by a funeral conduct of relatives, friends and acquaintances. For me this is the crucial trait of society. Society is not a holistic, supra-human entity, some presumed social organism or social system with *sui generis* properties and regularities. But it is neither a chaotic mass of separate, autonomous individuals living their life on their own. *Society for me is a network of relations among the people; what happens between and among individuals in the inter-human space.*

Human life is precarious, we are fragile animals, exposed to innumerable threats and finally destined to die. Large part of such precariousness is due to our social, relational existence, to the unavoidable and indispensable company of other people. We need others for a number of reasons. Without an intimate relation between our parents we would not have been born, and without maternal and parental care in our childhood we would not have survived. We need others as suppliers of goods and services that we cannot provide for ourselves. We need others as listeners and interlocutors in this most typical human action, talking. We need other as partners in cooperation, in order to reach goals which can be obtained only collectively, with our share directly dependent on the efforts of others. Finally, we need others as a social mirror (Charles H. Cooley 1983) in which we can estimate our worth and develop our self-concept.

We can never be entirely sure how others will behave toward ourselves, how they will respond to our actions. We encounter perennial uncertainty, relatively

small in the case of family or friends, much larger in the case of superficial and occasional acquaintances e.g., with the medical doctor, car dealer, the plumber, or sales person. But we have to act nevertheless, therefore we take risks, small and big.

To our relations with others we ascribe some meaning; personal meaning – our motivations, intentions, reasons, and cultural meaning shared and accepted by our group, community, society. In the areas which are most central for our life the social mechanism emerges which bridles and limits risks. Some relations are endowed with normative meaning, as good, right and proper, and therefore expected and sanctioned. *The relations subjected to normative regulation I will call moral bonds, and the part of inter-human space where they appear – the moral space.*

Before we turn to the detailed analysis of moral bonds, of which six I believe are crucial – trust, loyalty, reciprocity, solidarity, respect and justice – let me consider their common, general traits. First, how do we know that some relations are good, to be expected and exhorted. One may refer to philosophical considerations and the codes of ethics. One may apply functionalist reasoning that such relations are indispensable for the survival of society. One may refer to the theory of social evolution, claiming that in the struggle for existence societies which had not developed moral regulation were extinct. There is also a common sense view which perhaps is sufficient for our purposes and closest to sociological perspective, namely that most people on most occasions would consider some relations as welcome and others as wrong. Whether they are participants themselves or just observers, people react positively to the moral bonds and react negatively, with repulsion to their opposites: paranoid suspiciousness, disloyalty and cheating, egoism and exploitation, contempt and injustice. They simply feel happier to live in a society pervaded with good inter-human relations, and look with awe and envy at societies with a strong moral space. "Good", like "beauty" is in the eye of the beholder, in this case the people participating in social life, or looking at social life of other groups from the outside.

Second, what is the ontological status of moral bonds? The relation may be represented by the interaction between concrete individuals A and B. Then it is just a personal occurrence at a given space and time. It just happens to a couple of people. But it may also be the case that the same type of relation is repeated numerous times by various individuals A and B, but also C and D, F and G etc. At some level of statistical frequency people would say: "They do, as it is done", it is typical conduct in our group. But it may also occur that some type of relation is shared by a larger number of group members, as if objectified, external to each of them individually and most important – constraining,

obligatory. People would say "It should be done". At this moment the moral bond becomes what Emile Durkheim has called social fact *par excellence* (Emile Durkheim 1968), and in more modern language we would say that relations become embedded in a culture.

How does this route leads from what happens, through what is done, to what should be done? I use the term "meaning industry" to refer to the mechanism of this complex process of crystallization: people talk, exchange opinions, debate about which relations are good and which are bad, the media enter, art joins by means of literature, poetry, dramas, films, philosophy and ethics articulate and systematize the debate. In the negotiations of meanings the consensus emerges and some bonds become embedded in the domain of culture. The relations extend now not only to concrete, named partners but to anonymous others, to strangers. Normative pressure is expressed in various positive inducements for those who abide, and various negative penalties for deviation. In this way the cultural moral bond exerts feed-back on every concrete individual interaction within the same group, community or society. The cultural quality of moral bonds provides one additional asset; their long duration. Culture obtains of inertia, it is resistant to change. Once the moral bonds reach a cultural quality they turn into a lasting tradition reproducing itself and passed from generation to generation. Needless to add, this is a moral space at its strongest.

Third, we may investigate the form that moral bonds take. To take the inspiration from Georg Simmel (Georg Simmel 1971 and 1991) and to use the metaphors from geometry, some relations are linear, they extend like a single line between A and B. Plurality of such interconnected, crossing or parallel lines makes a different pattern: a sort of grid or network. This results in a holistic picture of the whole group, community, or society which may be compared to social shape. Collectivities pervaded by moral bonds obtain a specific shape ("Gestalt") which is grasped in the vernacular by such terms a "good social climate", "good group atmosphere", "team spirit", "*esprit de corps*", etc. It is only when moral space is deeply rooted in a whole group, that it obtains its strongest form.

Fourth, there is the question of the scope that the moral bonds embrace; is it particularistic or universalistic? Universalistic inclusion seems the imperative. As a matter of fact we would refuse the adjective good relations to those which Mark Granoveter and Robert Putnam call "binding", (Mark Granoveter 1973, Robert Putnam 1993 and 1995) which are exclusive, limited only to a narrow group, the sect, political party, the mafia, and oriented toward the outside with suspiciousness, disloyalty, exploitation, contempt, hostility. There is no moral space in this case. Just the reverse, Edward Banfield calls it "amoral familism" (Edward Banfield 1958). It is only when the relations take the "bridging" quality,

to use Granoveter's and Putnam's term again (ibid.), that the developed moral space appears.

After these general considerations concerning the moral space, let me turn to my list of six most important moral bonds: trust, loyalty, reciprocity, solidarity, respect and justice. These constitute specific positive and negative vectors of moral space; they prescribe what should be done, and prohibit what should not be done. Within the syndrome of such bonds there is a hierarchy, some are more important than others. I consider *trust as the core of the moral space*, the moral relation which is a prerequisite for all other five relations. They cannot exist without some measure of underlying trust. In this sense, trust is a prior moral imperative.

The importance of trust in social life is due to the fundamental fact, noticed already by ancient philosophers, namely that a human being is essentially social. We cannot survive without others. The trouble is that we can almost never be sure how others will act toward us, or react to our actions. Part of the reasons for this uncertainty is epistemological: we simply lack necessary knowledge or information about our partners, about their intentions and motivations, as well as contexts or situations in which they act. But even more importantly, there are ontological limits to our predictions. First, human actions are always under-determined, or as philosophers put it, people are endowed with free will. Second, the determinants of action are extremely complex, some found in the present conditions of action, some deriving from past experiences, and some linked to future dreams, aspirations and plans. Their unique combination is impossible to detect. Third, there is the phenomenon of reflexiveness: people act on beliefs, but not only adequate beliefs, often on gossips, rumors, prejudices, stereotypes, false information. Which hints and cues for action they will select from the sea of ideas and pieces of knowledge floating around is impossible to specify. And fourth, people are rule-directed creatures, they take into account values and norms of their community or wider society, but which rules they will accept and use among the multiple, often vague, mutually conflicting and even contradictory precepts indicating prescriptions, prohibitions, permissions and preferences (Merton 1982: 180) is a subjective choice and never easy to know.

Therefore in our actions we face pervasive uncertainty. And it is crucially important for us whether others will act in ways beneficial for us or harmful. But we have to act in spite of ignorance, in order to satisfy needs which cannot be met without others. Hence we resort to trust, a substitute for prediction and certainty. First, we formulate a belief about partners that they are trustworthy, i.e., that they will act in ways beneficial for us. But this is still purely contemplative and may be labeled as confidence. The second step is needed. Trust in a

full sense occurs only if we decide to act on such a belief, when we commit ourselves in action: marry a woman, lend money to a friend, sign a contract, make an investment, vote for a politician. Trust is the belief expressed in trustful action, that others are trustworthy, i.e., will meet our expectations and behave properly toward ourselves. Because we cannot be certain, the action in such conditions of uncertainty involves risk. Turning our confidence into action we take the risk, we gamble, we make ourselves vulnerable to possible abuse or breach of trust. Hence the simple definition I propose: *Trust is a bet about the future, contingent actions of others* (Sztompka 1999: 25; Sztompka 2014: 493).

The bond of trust means the expectation by A of the beneficial actions of B, and the trustworthiness of B means that it has a right to be trusted by A. Metaphorically speaking trust provides a bridge over the sea of uncertainty. When trust occurs in a single, concrete relationship the partners lower the risk by finding evidence as to their reputation, credentials, performance, appearance. On the other hand when trust becomes a normative, cultural precept, a relatively safe expectation may be that even anonymous strangers will be trustful and trustworthy. Trust, whether interactional or cultural, engenders existential security, predictability of the reactions of others, readiness to initiate interactions, to take risks and to embrace innovation and novelty in all transactions. Its opposite, distrust produces suspiciousness and anxiety which are paralyzing for actions and interactions. In that sense, trust makes the core of the moral space beneficial both for the individuals involved and for the whole groups where relations of trust dominate.

The second component of moral space is loyalty. Loyalty is the reverse side of trust, a duty to someone who trusts us. The bond of loyalty means the forfeiting of any harmful action by B toward A, when A trusts B. In this way loyalty is intimately linked to trust, in fact it presumes trust. Loyalty allows us to believe that someone whom we trust and whom we treat considerately will not take advantage of it against us, will not gossip about us behind our backs, keep silent about our secrets, will defend us against third parties, and will properly protect and return in due time whatever we have entrusted to him/her (a cash loan, a car, an apartment, a child for baby-sitting, etc.). We can also count on him/her to support our views and help us in what we do. The opposite of loyalty is opportunistic obedience imposed by force or threat of repression. The concept of loyalty does not apply to fawners. Obsequious yes-men obey their boss without reservations, because they do not wish to be thrown out of the party or sect, which gives them numerous benefits, and if one belongs to the mafia, one does not want to end up in a lake with bricks attached to legs. Such opportunism becomes uncomfortable, so yes-men quickly rationalise their conduct, begin to really believe in the infallibility and genius of their leader.

The American psychologist Irving Janis called this phenomenon "groupthink" (Janis 1972). It consists in people losing, or rather dissolving their personalities in a closed group, whose members mutually strengthen their beliefs and gradually move further and further away from reality.

The third moral value is reciprocity. Reciprocity in view of some authors is an innate, universal human impulse. Bronislaw Malinowski was discovering it among the primitive tribes of Trobdriand islanders (Bronislaw Malinowski 1967 [1932]). Marcel Mauss considered it as a spontaneous reaction to any received gift (Marcel Mauss 1964, 1971). As he wrote, a "gift" initiates a network of relationships between the donors and the beneficiaries, and forms the basis of a community. The essence of a gift is spontaneity and selflessness. And in contemporary sociology Alvin Gouldner was arguing for the central role of reciprocity among other moral bonds (Alvin Gouldner 1960). Reciprocity requires us to repay for the goods we have received from others, And conversely, reciprocity allows us to expect that the person to whom we have given something will feel obliged to return the favour, even if postponed in time or of a different kind (metaphorically speaking, in a different currency).

The opposite of a gift is a bribe, a benefit conveyed with an instrumental intention to obtain something specific. It contributes to the emergence of a "corrupt community", only outwardly based on mutual trust, but in fact united by a common fear of sanctions. Such a community is only apparently based on loyalty, but in reality on mutual blackmail, on the fact that both parties can blackmail each other.

The fourth moral value in our catalogue is solidarity. Solidarity means the readiness to sacrifice one's own interests for a larger or smaller community (family, neighbours, professional, ethnic, religious, national, continental, all-human) in the hope that such a community will show concern for our problems and will reciprocate with compassion, help and care when we are in need. We show solidarity with those whom we refer to in our conversations and thoughts as "we" or "us". The personal effect of solidarity is social identity linking our individual aspirations, goals, and hopes with the aspirations, goals, and hopes of a certain narrower or broader community. When authentic solidarity is lacking, a pathological, xenophobic and intolerant form of solidarity emerges, which was described by the British social anthropologist Edward Banfield as "amoral familism" (Banfield 1958). It denotes solidarity within a limited group – formerly a tribe, today a professional circle, trade union, political party, religious sect, or mafia organisation. The strength of such a solidarity relies on blind internal loyalty and absolute obedience to the leader, while being separated from society at large by a tight wall of reluctance and aggression. Such a solidarity does not unite, but divides, does not integrate, but excludes,

creating an insuperable dichotomy of "Us vs. Them", reserving all the virtues to us, and attributing all the sins to strangers, or even denying them human dignity. This is not a solidarity of cooperation, but a solidarity of the besieged fortress. A common ethical space exists only inside a closed group, while outside, tolerance towards others is replaced by xenophobia, trust – by paranoid suspicion, kindness – by brutal hostility, debate – by insults, and the common good – by particularistic group interest.

The bond number five is respect. Respect regulates relations between people who are unequal – better or worse – in various ways. It copes with the fundamental fact that people have unequal talents, skills, knowledge, achievements, exceptional biographical record, consistent moral standards. We direct respect at elderly people emphasizing their experience and wisdom, we give extra measure of respect to women. There are also some occupations and professions endowed with particular respect, so-called "helping professions" (Merton et al. 1983): medical doctors, firemen, attorney, soldiers, policemen, priests. The value of respect allows us to believe that our services, achievements and successes will be noticed and appreciated in proportion to our efforts, talents, and contribution. If a bond of respect exists A can trust that B will gratify his/her achievements and B may trust in the same action by A. By the same token, we are compelled to treat the achievements of others in the same way.

The opposite of respect is, on the one hand, contempt and, on the other hand, flattery, false compliments, sham applause, the purpose of which is to make others dependent on flattery or to force the flattered person to give us something in return (e.g., to shortlist us on the election slate or give us a lucrative job in a state company). As all rules, respect may be abused or misdirected. The notorious case of misdirected respect or its highest form – fame, is the category of so-called celebrities. Their elevated status in popular awareness is usually the product of media marketing, rather than authentic achievements.

Finally, the sixth moral bond is justice. Justice is supposed to ensure a fair balance or proper proportion between what we give to others and what others owe us. It requires that such proportion be equally respected with reference to all people, whichever their social status, with the help of universalistic criteria. In the normative regime of justice the person A can trust that the rewards will be distributed proportionally to his/her effort, or achievement, by B who commands resources of material and immaterial sort (money, praise etc.) Depending on the kind of proportion that is at stake we may distinguish five forms of justice. First, distributive (or meritocratic) justice concerns the proportion of achievements (merits) and gratifications. Higher achievements should be more rewarded. E.g., the effort at work should be compensated by proper wage.

Second, communitarian justice concerns proportion between the contribution, service to a community, a group, society and what the community provides for its members. Beneficial membership should be matched by more contributions, and vice versa more contributions should be matched by more benefits from the group. E.g., the level of dues in the association should be proportional to benefits or services that association provides for its members. Third, retributive justice demands proportional repayment for the losses, harms or pains inflicted by other people. E.g., repair or replacement of the damaged property. Particularly important is proportional inflicting of penalties for the violation of laws and other social rules. This is the role of the courts of law, but also of parents vis-a-vis children, teachers vis-a-vis pupils, priests setting penance for the sins of the parishioners. Fourth, transactional justice has to do with the proportion of prices between goods, commodities or services exchanged between the people. E.g., sellers and buyers in the common trade, employers and employees in the labour agreement, suppliers and receivers in the industrial contract. Finally, fifth, attributive justice relates to the opinions, evaluations of other people. The rule demands proper proportion between achievements and the received amount of praise, respect, fame. It may be therefore considered as a particular variety of meritocratic justice. E.g., it is expected of professors giving grades to the students, reviewers of books or films, employers giving recommendations to employees.

The most important meta-rule referring to all forms of justice is that it should be applied without regards to any particularistic criteria, in equal, universalistic way to all, irrespective of their social status or role. As in fact in all cases the application of the procedures of justice eventually produces or enhances some inequality – e.g., of unequal wages, unequal rewards, unequal penalties, unequal measures of verbal or symbolic respect – the general definition may be formulated in a paradoxical way: *Justice is the equal application of the equal principles of inequality.* The opposites of justice include partiality, nepotism, undeserved privileges, unjustified pay gaps, undeserved penalties, excessive prices, and unfair opinions.

Moral bonds permit individuals to be open, innovative, creative thanks to the sense of existential security, to a strong social identity (strong and inclusive "We" or "Us", who acknowledge our values), the predictability of others' actions and the ability to plan one's own actions. Without a place in the inter-human space and without recognized values, the fate of a person, as Thomas Hobbes wrote, is "solitary, poor, nasty, brutish, and short", entangled in "the war of all against all". (Hobbes 1946 [1551]). The benefits for the community are vitality, efficiency and developmental dynamics (social order and social emergence). This is due to several circumstances. First, thanks to community integration.

Metaphorically speaking, moral bonds constitute "the cement of society", or "the glue that keeps society together" (Elster 1989, p. 251). Second, moral values encourage cooperation with others. They mesh together "the gears of the social machine" (Sennett 1998, 2013). Third, they support coordination of various activities, enable harmonious relations. They serve as the "social lubricant" (Ossowska 1968).

The moral bonds are interrelated into a sort of syndrome, they mutually influence and enhance each other producing strong tendency for cooperation and vivid experience of a community. But in the syndrome trust plays a central role, it may be treated as a meta-bond, over and above others. Trust is the most valuable asset of the moral space. It is the mobilizing force of human agency, enabling it to overcome its own limitations, to transgress itself and push society forward. It is the foundation on which the edifice of good society stands.

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CHAPTER 3

Trust in Habit: A Way of Coping in Unsettled Times

Barbara A. Misztal

1 Introduction: Why to Trust Habit?

With the re-conceptualization of modernity in terms of high levels of risk, complexity and uncertainty, trust has come to be seen as the essential asset in the unsettled times without which we can make no decisions and take no initiatives. More generally, trust is a fundamental resource, as with trust societies flourish and 'when trust is destroyed, societies falter and collapse' (Bok 1979: 26), thus it is the important condition of societal well-being. Presently, the growing demand for trust is accompanied by the growing deficit of trust. The current breakdown of trust is evident all over the world; it is observable in many Western political systems (Hosking 2014), it is noticeable among many industrialized nations (Sasaki 2016), there is empirical evidence of the erosion of trust in professions on the global scale (Drezner 2017) and the growing distrust of facts is reported around the world (Greenfield 2017). As the erosion of trust has reached a new global level, the loss of trust in established institutions is particularly evident; for example, in the United States, where people's trust in Congress fell from 42 percent in 1973 to 7 percent in 2014. Americans have also lost confidence in unions, public schools, organized religion, business, healthcare, police and media; in 2016, a Gallup poll found that only three in ten Americans trusted mass media to accurately report the news (Drezner 2017: 23–5). The noticeable decline of the trust levels in the contemporary world, together with the continuous demand for it, calls for searching for new ways of regaining the feelings of continuity, security and strength to face change. In other words, as 'we are doomed more and more to trust under complex conditions' (Sloterdijk 2016: 161), we need to debate how to manage the discontinuity, risk and change without having 'to combine trust with alarm systems' (Sloterdijk 2016: 162).

This paper asserts that one of the ways to address the issue of trust deficit should start with the appreciation of the habit's capacity to reinforce trust. While realizing that habit is still often seen as a very old-fashioned notion connected with such ideas as tradition, irrationality, reproduction and passivity, it focuses on trust's links with habit and the habit's plasticity (Bernacer, Lombo

and Murillo 2015). Habit, like trust, is central to social life and it is particularly useful in unsettled times as the habit's creative potentials enhance change, innovation and renewal of trust relationships. The importance of habit is connected with the fact that the great bulk of everyday action is habitual, that habits 'are patrons saint of laid-out routes, pathways, and trails', that they provide scaffolding for institutions (Latour 2013: 265, 280) and that habitual actions are one of the main practices on which people rely to solve problems (Joas 1996; Gross 2009). In the context of the growing demand for creative strategies for dealing with the complexities and uncertainties of today's digitalized world, habit, defined as the disposition offering the basis of continuity and precondition for change, transformation and creativity, comes to be seen as one of the ways to negotiate the current conditions (Grosz 2013; Latour 2013; Sloterdijk 2013). Since habit is linked to trust through their common roots in familiarity, past experiences and risk avoidance and since both, trust and habit, perform the central role in shaping social relations, it can be argued that trust in habit could be our answer to the growing deficit of trust in the context of the changing nature of contemporary societies.

Taking into account the omnipresence of both habit and trust in social life and the reinforcing role of the indirect connections between trust and habit, this paper re-examines the role of trust in habit as a way to manage the discontinuity, tame the environment and expand our capacities for change. More specifically, trust in habit cannot be ignored as it helps to overcome challenges of the complex world in three ways. Firstly, trust in habit contributes to the establishment of continuity and stability of social relationships by making it easier to prevail over fractures. Trust in habit, like habit itself, makes 'the world habitable' by helping to overcome perceptions of discontinuity (Latour 2013: 268). Secondly, trust in habit can provide for more predictable, systematizing, quicker decisions which not only free our attention but also increase our feelings of renowned certainty and safety. Hence, trust in habit, by making the nature and organization of the surrounding seem normal, predictable, known, helps us to tame our surrounding (Grosz 2013). Thirdly, trust in habit can contribute to creative responses to change as we can rely on habit, seen as self-training and discipline, to enhance our capacities to address change and to strive for improvement (Sloterdijk 2013). In short, this paper argues for the relevance and importance of trust in habit in reducing the complexity of our choice, increasing the predictability of our lives and enhancing our potentials to adapt to change.

Since the notion of habit, in contrast to the concept of trust, which in the last few decades has become one of the most regularly invoked and debated themes in social science, has been devalued and overlooked in the social

sciences, the paper will start with scrutinizing sociological theories' conceptualizations of good habit and understanding of its functions. Following the re-evaluation, the concept of habit, the papers' focus will be on the relevance of trust in habit to manage the discontinuities of contemporary life, to reduce its complexity and to develop self-mastery required to deal with change. In concluding remarks, it will be argued that trust in habit becomes very important not only because of the pervasiveness of both in our lives but also because of the potential of trust in habit to provide some answers to the changing nature of contemporary societies.

2 The Importance of Habit

Since the late 1980s trust's appeal to social scientists has resulted in the proliferation of middle-range theories about trust (Lewis and Weigert 1985; Zucker 1986; Gambetta 1988; Misztal 1996; Seligman 1997; Sztompka 1999; Warren 1999; Uslaner 2002; Mollering 2013). In contrast to the popularity of the notion of trust, the concept of habit, regarded as synonymous with stasis, fixity and as referring to rather non-reflective, routinized, rooted in the past experience ways of dealing with reality, has remained written out 'of the whole history of modern social theory' for decades (Camic 1986: 1076). And this is despite the fact that the importance of the 'force of habit' was already appreciated by the ancients, valued by the classical theory of habitus and was also recognized by some 19th century philosophers and social scientists, with Henri Bergson praising habits for their 'leaping' power and Emil Durkheim applying the metaphor of 'lifting' to emphasize habits' capability to transcend bodily instinct (Carlisle 2013; Sloterdijk 2013; White 2013). In contrast to these initial appreciations of the enabling potential of habit, seen as implicated in the capacity for self-determination, in modern social theory's under-theorized view of this concept, habitual activity is seen as proof 'of irrationality' (Latour 2013: 267) and as having limited potentials for creativity and spontaneity.

Yet, there are many reasons why habit should be one of the most useful tools of sociology. Since 'humans are condemned to repetition' (Sloterdijk 2016: 311) and since social reality is governed by habit, investigations of this relatively unexplored topic are essential. Of course, the applicability of this notion depends on its definition which, however, in itself is a problem as in the various sociological perspectives the notion of habit and its role are differently defined. For example, the pragmatists viewed habit as 'acquired predisposition(s) to ways or modes of response' of which people are usually not conscious in the moment (Dewey 1922: 42), while according to Bourdieu (1984) habitus refers to

people's entire system of durable thoughts and orientations toward behavior in general. Finally, in a more recent perspective which focuses on people's unequal capabilities to develop habits due to disabilities, habit is conceptualized as 'constituted by a homology between an actor's embodied knowledge of a particular set of situations and the manifestation of those situations in his or her lived experience' (Engman and Cranford 2016: 31). Yet, even though definitions of the concept of habit in different theoretical traditions vary and refer to the diversity of actions, all perspectives tend to acknowledge that the notion habit 'generally denominates a more or less self-actuating disposition or tendency to engage in a previously adopted or acquired form of action' (Camic 1986: 1044). All sociological theories of habit emphasize that the formation of habits is fundamental to human experience and generally view habits as 'self-valorizing repetitive behaviors that can be performed with minimal conscious effort on the part of the subject' (Engman and Cranford 2016: 31). Once a habit is formed, such a repeated, regular and non-conscious behaviour is integrating into the pre-existing stock of habits.

This raises questions: what is the role of habit in structuring people's lives and why do people form a repertoire of stable habits? The positive role of habit, according to Aristotle, is connected with the value of discipline in the cultivation of morality, while for Thomas Aquinas the power of improvement through repetitive actions enhances the possibility of the 'virtuous within us' (Sloterdijk 2013: 150). Thus, in both the ancient and in the classical theory of habitus the importance of habit was based on the assumption that habits – as essential tools in self-shaping – were constitutive of people's personal culture. Also, the American pragmatists, who defined action as either a habitually or creatively developed response to a problem situation which is always 'interpreted through cultural lenses' (Gross 2009: 366), view habits as behaviour determined by culturally mediated interpretations of the environment. Their conceptualization of habit as that 'ordering or systematization of the more minor elements of human action, which is projective, dynamic in quality, ready for overt manifestation, and operative even when not obviously dominating activity' (Dewey quoted in Camic 1986: 1046) reflects the pragmatists' interest in habit as one of the main practices on which people rely to solve problems (Joas 1996; Gross 2009). The pragmatists do not simply equate habit with routine, they rather talk about a reflexive understanding of habit. According to them, because of the problem-driven nature of human actions, which all are creative enactment, to fully appreciate habit as a reflexive concept one must set it in episodes of creativity (Camic 1999: 283–92).

By seeing habits as practice which is learned through social experience or from previous individual attempts at problem solving, the pragmatist approach

grants a central role in human activity to the notion of habit. The pragmatists assumed that habits stabilize our ability to solve problems because repetitious actions allow for the development of sets of behavior that can be applied to problems that are likely to be encountered frequently (Gross 2009; Joas 1996; Engman and Cranford 2016). However, habits not only stabilize our ways of dealing with the dilemma at hand, they also – when automatic procedure of action is not interrupted – allow us to focus our attention on other issues or problems (Engman and Cranford 2016; Joas 1996). Thus, habits are not only fused with creativity from the start as creative action always occurs against the background of pre-existing habit, but they are also additionally related to creativity as they could also free our capacity for more creative approaches to new problems or contexts.

Yet, as the pragmatist model suggests, even successful habits could be shattered, met with resistance, interrupted or not offer solutions. The only way out of such a phase of real doubts is the reconstruction of our perception of new contexts and the liberation of the capacity for new actions (Joas 1996: 128–33). In the pragmatists' theory, which can be seen as 'a theory of situated creativity' (Joas 1996: 133), a shift from habit to creativity takes place only when pre-existing habits fail to solve a problem. The pragmatists argued that 'humankind's innate capacity for creativity comes into play as actors dream up possible solutions, later integrating some of these into their stocks of habits for use on subsequent occasions' (Gross 2009: 366). In a next stage, the creatively developed solutions to a problem situation become new unconsciously performed habits.

Pragmatism's suggestions that habits are always habits in a particular environment, and that habits' re-evaluation occurs in dialogue with new and changing situations, offer a useful framework for exploration of how habits perform in the unsettled times. Furthermore, lessons from recent research employing the pragmatists' vision to study the experiences of people with physical disabilities, bring to our attention that in any discussion of the formation of habits it is fundamental to give 'adequate consideration to the wide variability in people's capacities to form habits' (Engman and Cranford, 2016: 27). Hence, in researching trust in habit, as in any study of the habit formation, there is a need to recognize the existence of many barriers to habit construction, including an absence of all types of resources (physical, mental, financial, cultural). By adopting the pragmatist definition of habit as an active and creative way of dealing with the situational problems, we will focus here on habits as learned and reflexive actions that both rely on the past successes in solving the surrounding's difficulties and that are manifestations of the re-evaluation of new and changing situations. Moreover, viewing habit as not limited to routine, repetitious and passive actions connected with tradition, will allow us to

recognize the importance of the plurality and plasticity of habits in the contemporary world in which the growing significance of reflexivity and individualization are challenging how people implement their practical knowledge of their environments.

Presently, moreover, the role of habit is getting new attention from human neuroscientists who are interested in habit's capacities to release cognitive resources for creative responses to the context and who emphasize the plasticity of habit (Bernacer, Lombo and Murillo 2015). Additionally, also economists become appreciative of the role of habit in stabilizing market relations. For example, Skidelsky (2017), while observing that the continuity of British consumers' habit to spend after the referendum to leave the European Union means that economic negative effects of the Brexit are not yet visible, concluded that habitual behaviour covers for the new discontinuity. Finally, there is evidence of the recent appreciation of the positive role of habit in the literature on information systems, research on use of social networking websites, and investigation of e-marketing, which all show the prominent role of habit in determining online actions (Chechen Liao et al. 2006; Chao-Min Chiu et al. 2012).

All these new approaches, studies, evidence and interests in habit indirectly suggest that our trust in our daily habitual practices is essential for the certainty, stability and creativity in our lives. Since without trust we would be living in a 'state of permanent uncertainty' (Luhmann 1979: 97) and since without habit 'we would make new mistakes, no longer through ignorance of the various prepositions, but because this time, we would be limiting ourselves to them without heading toward what they designate' (Latour 2013: 266), it can be argued that reliance on trust in habit could play role in stabilizing, structuring and changing people lives.

3 Trust in Habit: Managing the Discontinuity

To deepen our understanding of trust in habit, there is a need to say something about the nature or form of this type of trust. People not only trust 'on the assumption that others trust' but they also evaluate their conditions as less or more encouraging trusting dispositions, calculate the probability of some events and hold some specific beliefs to justify the specific relations (Luhmann 1979: 69). However, in modern societies, with the increased reflexivity and the indeterminability of interaction, the cognitive bases of trust are becoming more problematic and personal trust becomes increasingly difficult to establish (Luhmann 1979). What's more, this decreasing potential of personal

trust is not anymore overcome by the system trust, which added, according to Luhmann (1979), to people's trust in the stability of the system. With trust, which is 'indispensable in order to increase a social system's potential for action beyond these elementary forms' (Luhmann 1979: 88), being not anymore a property of the system, a question arises: how do people solve the problem of trust?

In solving the problems of trust, which comes to play in situations involving the vulnerability of one party to the other as well as unpredictability and uncertainty, people select strategies that reduce vulnerability, undermine unpredictability and control uncertainty. When people opt for habitual actions as a way of reducing these three core elements of trust, we can talk about trust in habit as a mechanism for coping in the unsettled word. The decision to trust habit is based on some information about the expected repetitiveness of the other party's actions. It means that when deciding to trust habit, we do not follow our interests or moral standards, but we rather follow our knowledge about the predictability of observed actions. In other words, when we place trust in habit, we rely on information about the probable habitual actions as the basis for our assessment of trustworthiness of the other party, which means that we use observed habits as 'proxies for more complete information' about the other party's trustworthiness (Cook 2001: xvii). Thus, given information limits, trust in habit can be referred to as 'depersonalized trust' – trust based on category, not personal information or experience. It means that we tend to trust one kind of settings or phenomena more than another; for instance, we can trust one type of behaviours more than other (we tend to trust more good habits rather than bad habits), and we tend to trust one category of people more than another one (we tend to trust more nurses than politicians) (Uslaner 2002; Warren 1999). Since trusting means that 'certain possibilities of development can be excluded from consideration' (Luhmann 1979: 25), trust in habit amounts to a selection of reliance on action which seems to appear capable of reinforcing the predictability, stability and continuity. In other words, trust 'rests on illusion' which ensures that everything is seen to be in proper order, which – in turn – increases our 'trust in trust' (Luhmann 1979: 32).

Since 'our virtues are habits as much as our vices' (James 1899: 64), a need for the differentiation between good and bad habit is recognized by many, including Latour (2013: 266), according to whom, the distinction between habits must be preserved as without good habits 'no trajectory would ensue, the action would no longer follow any course'. While rejecting habit's links to custom, tradition and irrationality, Latour (2013: 272) argues that '[h]abit – this is its virtue but also its danger – obtains effects of substance on the basis of

subsistence'. Habit makes explicit the majority of actions and therefore it could produce the images of 'what stays in place on the basis of what does not stay in place', thus trusting habit involves risk (Latour 2013: 268). Following Latour's (2103: 268) attempt to restore 'ontological dignity' to habit by developing a subtler account of habit than is customary within the social sciences and by preserving the distinction between good and bad habits, we will examine the consequences of the habit's quality and plasticity for the capacity of trust in habit to deal with discontinuities.

Habit veils but does not hide and carries out the smoothing operation through which 'the phenomenon has to make the risky passage in order to subsist' (Latour 2013: 272), thus trusting habit involves risk. Although habit keeps us from reflecting on what we are doing, still knowledge remains implicit in habitual skills and this implicitness is what makes habit useful and ensures that we strive forward. In contrast to the mechanical model of habit adopted by the 'modernization front' which links habit with irrationality and customary action, for Latour (2013: 10) knowledge is implicated in habitual skills. According to Latour (2013: 268), habit becomes a necessary form of short circuitry to enable living as it smoothes over discontinuities and engenders the continuity by helping us to veil, although not to hide, something. By bringing the veiling that habit accomplishes into consciousness, the connections between habit and institutions make discontinuities explicit (Latour 2013: 273). 'Through habit discontinuities are not forgotten but they are temporarily omitted, which means that we remember them perfectly well, but obscurely in a particular sort of memory that we risk losing any time' (Latour 2013: 267).

According to Latour (2013: 269, 273), good habits are characterized by their spontaneity, reflexivity and lightness, they 'make us more and more skillful', while bad habits are dysfunctional routines and not flexible dispositions, not allowing for switching between different habitual courses of action, so they are to 'good ones what spam is to electronic messages'. For Latour, good habits are those that can be remembered – their assembling can be traced and their purpose recovered – whilst bad habits are those that have moved closer to the unconscious, not reflexive, rather numbing ones relying on which can lead to a crisis situation or catastrophe (Latour 2013: 275). As all habits have 'the effect of rendering implicit the vast majority of courses of action', bad habits can be made explicit by specifying 'the key to reading that it veils while maintaining its presence through vigilant attention' (Latour 2013: 273). By emphasizing a need for maintaining the good habits' presence through the continuous monitoring, Latour (2013) highlights the urgency of keeping an eye on the distinction between good and bad habits. In an absence of such control, which can lead to the persistence of bad habits, many institutions can become routinized,

artificial and repetitive. Even though the initial struggle against such institutions seems to be liberating and without any risk, its historical consequences, especially for the subsequent generation, can be devastating (Latour 2013: 278–9). While fighting for spontaneity and criticizing soulless institutions, we should avoid 'slipping from critical spirit to fundamentalism', and not undermine ways in which next generations can ensure continuity (Latour 2013: 278). However, good habits can help to define institutions positively and ensure the continuity and contribute to the maintenance of flexible institutions. Such habits can be reflexive and rational as they are able to presuppose and follow the tread of the particular reason and they can even preserve the presupposition (Latour 2013: 270–8).

The problem with the habits' persistence is not that we place too much trust in habits but that 'we slip unwittingly from omission to forgetting' (Latour 2013: 275). Thus, a question arises how to prevent people from the error of forgetting that habit only veils discontinuities and that it does not provide an answer to everything. In other words, there is a need to avoid a blind trust in habit as such a trust, especially in a crisis or catastrophe, will make us totally lost, unable to find a way or too confused to start again. Too much unreflective trust in habit can transform '[w]hat was only a slight, legitimate veiling, a necessary omission… into oblivion' (Latour 2013: 275). Yet, as underneath even forgetful and reflexive habits 'something has remained awake', something that can 'take things in hand' when necessary (Latour 2013: 265), it seems that the only way to deal with lack of trust or unrewarding trust is to persevere with repairing and managing discontinuities.

4 Trust in Habit: Taming of the Environment

Today, as the digitalization, globalization and the expansion of social media are new sources of anxieties, confusion and loss, habit, and subsequently trust in habit, can become a very useful tool in reducing some of those problems by taming the environment. To comprehend how habit can offer the possibility of lowering effort of choice and a need for monitoring, as well as the possibility of reducing the complexities of the surrounding while increasing the predictability of action, we may need to reject the view of habit that assumes that habit is guided by automated cognitive processes, that habit reflects people's automatic behaviour tendencies, passivity and lack of reflexivity. Viewing habit as the disposition offering the condition not only for continuity but also for change, together with the pragmatists' concern with the interaction between habit and specific concrete situations, could be one step in developing our understanding

of the creative role of trust in habit in the course of practical challenges. By following the pragmatists' notion of situation, which assumes that prevailing situations are imposed on us, but our reactions to them are not, and by appreciating the habit's plasticity, we can focus on the habit's role in the necessary dealing with specific contexts of action.

Viewing habit as a 'change contracted, compressed, contained', Grosz (2013: 219) asserts that habit's capacities entail a new tendency to act and a new potentiality. Habits 'bring about a new ability, the capacity to persist, thrive, change and grow in the face of a world that is itself subject to endless and often random change' (Grosz 2013: 220). However, apart from habits' ability to change actions, habit also 'schematizes our ways of acting of living things and the effects of the forces that impinge on and affect living things' (Grosz 2013: 220). Thus, as habit makes us 'able to experience the unexpected' (Grosz 2013: 220), it standardizes or normalizes the internal organization of a milieu. Habits, viewed as the contraction of past activities into present actions, enable us to get used to external surroundings, and thereby trust in such a habit could help us to tame the environment, thus making us feeling safe and in control.

Trust in habit in the situation underwritten by a high level of complexity and uncertainty plays an important role in creating a predictable environment by 'ordering 'or 'patterning' our daily life. By its ability to make life simpler as well as its potential for making the complex and uncertain situation more predictable and normal, trust in habit tames the hazardous and full of anxieties world. When habit, established through repeated performance, offers positive experience and reduces a need for cognitive monitoring, trust in this habitual action, which gradually develops with repeated satisfaction, tames new or changing surroundings. In other words, in the case of the complexity of the context, trust in habit can free us from paying attention to numerous choices, abundance of information and various demands for decision; it can lower anxiety and ensure minimal energy expenditure (Grosz 2013). The taming of the complexity and uncertainty manifests itself in the expansion of trust in habit, which makes irregular events predictable and reduces the complexity of the system, is the result of 'striving' for security' and consistent with people's preference for normalcy (Misztal 2015). In short, trust in habit, seen as the purposeful action aimed at schematizing life to make shared existence the predictable one, helps us to tame the unsettled environment.

New examples of attempts at taming the complexity and uncertainty of surroundings by inventing and sustaining habits are indirectly provided by the growing number of studies of the expanding online commerce which examines the role of factors shaping customers' loyalty. Until recently the focus of the marketing literature has been predominately on trust as the main factor

shaping clients' faithfulness in the context of the open structure of the Internet, which means the spatial and temporal separation between consumers and web retailers, the increased complexity and range of choice and more uncertainty and higher risk are present. However, this prior research on online behaviour, which was mainly concerned with the role of trust in determining continued adoption or loyalty, overlooked the important role of habit. Yet, with the development of new types of e-commerce transactions, conducted through mobile devices, using wireless telecommunication networks and other wired e-commerce technologies, now many studies emphasise the role of habit as the major determinant of customers' loyalty. Even more importantly, these new investigations of using m-mobile commerce (m-commerce), while attempting to explain how repeated behaviours, that is, habit, help us to predict customers' behaviour, offer some potential, indirect, suggestions on the relationships between habit and trust.

For example, in their study of customer loyalty to online stores, Chao-Min Chiu et al. (2012) provide evidence of the moderating role of habit on the relationship between trust and repeat purchases. Their research shows that a higher level of habit reduces the effect of trust in the provider on repeat purchase intention. Chechen Liao's et al. (2006) study of online repeat purchasing illustrates the positive effects of habitual activity on a web site user's intention to continue using the web site. These investigations conclude that when habit is strong, or once the use of a specific web site becomes routine, people rely much more on habit than on external information and on choice strategies. Thus, the providers can trust their customers' habit of using their web site, while customers' trust their habits when making decisions to continue their online activities. Hsin-Hui Lin and Yi-Shun Wang's (2006) data demonstrate that repeat mobile purchase intentions are also the product of habitual prior usage; that customer loyalty was affected by perceived value, trust and habit.

To sum up, the role of habit is of increasing concern to information systems and marketing researchers. However, while they view habit as the important predictor of customer loyalty or repeat purchase intention, their definition of habit, as an automatic, unreflective behaviour tendency developed during the past history of the individual, leads them to conclude that customers' loyalty and trust are guided by automated cognitive processes, rather than by elaborate decision processes. Consequently, this type of study does not fully appreciate the role of trust in habit as they limit the role of habit to only moderating or deflating the impact of trust on repeat purchase intentions. Since these investigators assumed that habit's repetitiveness is not preceded by a cognitive analysis process, they overlooked that habits provide the ability to change

people's tendencies, to reorient customers' actions to address new circumstances and that habit not only weakens 'passivity' but it also 'strengthens activity' as it accommodates 'passive impressions and gradually transforms them into desires of its own; and its own activity becomes easier and quicker, more accurate and successful, the more it occurs' (Grosz 2013: 220). As habit becomes more mechanical and 'mutes and neutralizes activity' (Grosz 2013: 220), it can be trusted to tame the environment.

5 Trust in Habit: Expanding Capacities for Change

The notion of habit as a vehicle for self-improvement and for self-determination, despite the decades of systematical devaluation of habit in modern social science, has not totally disappeared. Presently, the idea of the habit's potential to improve people's ability to perform the operation at the next repetition, after being appreciated by the ancient Greeks and the classical scholars, has been re-introduced by Sloterdijk (2013). Sloterdijk, like Latour (2013), argues for the distinction between good and bad habits and views good habits as means of self-improvement and locates them at the core of the personal culture. While referring to Rilke's poem, *You must change your life,* Sloterdijk (2013) develops a theory of habitus as 'a theory of training', which provides the basis for the argument that trust in habit can be seen as a way to elevate our capacity to cope with change.

Sloterdijk's approach is in a direct contrast to Bourdieu's (1977) theory of habitus, which until recently has been the dominant theory in sociology. Thus, while discussing the role of habit in the constitution of people's view of the world and attitude to it, we start by scrutinizing Bourdieu's claims that habit performs the essential function in the process of cultural reproduction. Bourdieu's (1977: 72) concept of habitus refers to the system of 'durable dispositions' to act that are produced by objective structures and conditions which are also capable of producing and reproducing those structures. The notion of habitus comprises strategies and practices through which social order 'accomplishes itself' and makes itself 'self – evident' and 'meaningful' (Bourdieu and Wacquant 1992: 127–8). It assumes that our dispositions to act are determined by the past experience as it is 'a past which survives in the present and tends to perpetuate itself into the future by making itself present in practices structured according to its principles' (Bourdieu 1977: 82). Being 'the cognitive structures which social agents implement in their practical knowledge of the social world' (Bourdieu 1984: 468), habits are incorporated in social interaction

within an historically formed social context. As such, habitus organizes the way in which individuals see the world and act in it.

Thus, Bourdieu's view of habitus as a system of practice-generating schemes which expresses identities and memories constituted by structural differences, accounts mainly for social reproduction (Gross 2009). Even if Bourdieu's notion of habitus permits to conceive some scope of creativity as the interaction between habitual action and specific environmental conditions as it does not fully appreciate human's creativity and the plasticity of habit as it does not adequately grasp 'the individualized forms of existential self-designs' (Sloterdijk 2013: 182). Bourdieu's (1977: 82) main focus is on the role of class location in the structuring of habitus, seen as 'principle of continuity and regularity' is based on the assumption about people being motivated only by self-interested competition for status. In other words, Bourdieu's notion of habitus, used mainly to explain how society infiltrates individuals and reproduces the existing social system, is too deterministic as it focuses on 'social reproduction' at the expense of social change and it is too reductive as it is mainly 'usable for the purpose of a critique of power' (Sloterdijk 2013: 182).

The weakness of Bourdieu's notion of habitus, namely its failure to sufficiently account for the plurality of habits and their engagement with change, has been especially revealed by the contemporary processes which have been leading to the growing importance of the structuring role of generation, gender or ethnicity, and other factors for self-production of identity (Eyerman and Turner 1998). In other words, today, with the new significance of various structuring factors, which, moreover, are often overlapping, 'the relevance of habitus began to decrease' (Archer 2010: 273). Habitual forms are incapable of providing guidelines for people's lives, hence the role of reflexivity increases. Now we live in the world which generates the diversity in people's experiences and therefore one which is likely to enhance the plurality of habits. As habitus does not anymore organize the way in which individuals see the world and act in it, according to Archer (2010), the actor's reflexivity, self-knowledge, self-making practices are becoming more important. Archer, who criticizes Bourdieu by arguing that presently habitus does not provide the cognitive structures to deal with the world full of discontinuities, views habit as repetitious and routinised action connected with tradition. However, habit – as the pragmatist perspective adopted here asserts – does not mean the absence of reflexivity and therefore it cannot be argued that now habit is being displaced in favour of reflexivity. Moreover, today, as people are more reflexive in order to compensate for the breaking of the basic security systems, their reliance on the plasticity of habit in adjusting to and dealing with changing surroundings

is increasing. Such an account of the role of habit is offered by Sloterdijk (2013: 150) who views habits as a very important means for dealing with change, getting into form and self-shaping.

Sloterdijk invites us to understand the 21st century not as the century of work or communication but rather as the period of exercise or training, with humans engaged in self-forming and self-enhancing behaviour. His theory of habit as a vehicle of self-improvement, argues that habit's central role is a result of the fact that humans, seen as condemned to repetition, are creatures of habits and that they 'live in habits, not territories' (Sloterdijk 2016: 407). Sloterdijk (2013: 59) bases our common need for self-shaping or improvement on the fact that each of us 'has good reason to understand their existence as an incentive for corrective exercises'. In his view, people's only option in life is to select their exercises and practice them purposely or to be condemned to conventional repetitions. Unsurprisingly, humans desire to avoid unauthentic routines, and this aspiration is sustained by a widespread embrace of training techniques of self-improvement or getting 'into form' by the reliance on specific exercises for the training of the self (Sloterdijk 2013: 442). This human proclivity for self-remaking means that people, through the practice of 'de-passivizing' themselves, can achieve what really matters, that is, self-mastery (Sloterdijk 2013: 407). Aiming at exceeding yourself, or going 'higher' in every sense, is a way to overcome the probability of decline and to ensure self-renewal (Sloterdijk 2013: 408). In short, 'being means being-in-form', or achieving – through habit, that is, training practices – 'de-trivialized life' (Sloterdijk 2013: 408).

To sum up so far, the 'de-trivialization of life' can be achieved only by the cultivation of habits which are subject to conscious reflection and which are acquired voluntarily. For Sloterdijk (2013), getting into form is associated with distancing oneself from customary and not individually settled on habits and making space for consciously selected habits that can ensure a comprehensive transformation, can offer feelings of change and choice, and which are self designed and provide individualized freedom. Sloterdijk (2013: 182) places such habits at the core of personal culture and defines them as key means for shaping the individualized self-transformation and as an inhibitor of decline. Good habits, which are the tools for reflexive self-designs, 'are not given a priori but must rather be built up in longer periods of training and practice' (Sloterdijk 2013: 150). Such new habits can help us to gain control over our most routine actions, intense passions and commonly shared opinions. What's more, their role is not limited to providing control or solutions to emerging situational problems, but their function is also to enhance people's transformation to the level at which 'the impossible has become easy, the wondrous has become

habit, and detachment has become everyday' (Sloterdijk 2013: 256). In other words, reflexive habits are aids to people's power of self-shaping as they increase people's capacity for wondering, that is, for a desire or curiosity to gather all that has been in the present, which further enhances the human's aspiration for self-improvement. Such a conceptualization of habits as tools of self-shaping and transformation, allows Sloterdijk to argue that people, who are conscious of the surrounding reality through habitual trainings, increase their chances for self-renewal.

Unsurprising, Sloterdijk (2013: 407) argues that habits are changeable, especially with radical changes of location. While discussing the art of controlling the habit formation, Sloterdijk (2013: 193) relies on the metaphor of stepping out of the river, which means 'abandoning the old security of the habitus in the inherited culture'. Becoming interested in the search for new habits, and becoming attentive to the sphere of mental routine, is like exiting the mainstream of ordinary life. The beginning of the process of the individualization of one's habits starts with a first step 'out of the river of emotions and habitus' or the adoption of a certain distance from old routines, opinions and passions (Sloterdijk 2013: 191).

Of course, achieving personal development and self-mastery through training techniques is not equally available to all people; it depends on people's financial and time resources, their ages, health and physical capacities and moreover, keeping 'fit for everything to come' through sequences of exercise (Sloterdijk 2016: 200) cannot not be our task forever. Yet, habits' function as tools of self-improvement and means of gaining control over one's life should not be overlooked particularly in situations which call for solutions. The importance of this habit's role can be illustrated by a new American habit of 'self-care' which has just become a very popular social practice developed in the context of the increased 'national stress levels' (Kisner 2017). That habit is now as widely spread and popularized as social media, through images, pictures and videos, this keeps proliferating the vision of the art of self-care as a 'gesture of defiance' or political act of protest against a violent and oppressive culture (Kisner 2017). With the help of trust in the habit which calls for a person to show that she is 'able not only to care for herself but to prove to society that she's doing it' in the difficult surrounding, all challenges can be effectively met (Kisner 2017). Trusting the habit of self-care, which is rooted in the puritanical values of self-improvement and self-examination as well as in the American idea of full citizenship, could increase the chance for a successful dealing with individual and collective difficulties and changes.

This example illustrates that trust in habit is a trust in people's potential to use their power of self shaping not only to address their individual problems.

'People should keep fit for everything to come' (Sloterdijk 2016: 200) and in the power of their situations to force or dictate change. The individual and collective improvements are dependent on each other as 'one wants not only different society, one wants to go deeper, to transform oneself and to revolutionize relationships to be complementary "other"' (Sloterdijk 2013: 151). Thus, with an increasing number of calls to address today's global crisis, from climate change, immigration to financial breakdowns, trust in habits, understood as conscious exercises ensuring radical changes, can guard us against passivity and be a means to enhance our capacity to strive for change.

Trust in habit, defined as potentially flexible dispositions rather than an automatic routine rooted in the past experiences, refers to trusting the habit's potential to increase our ability to react and adapt to changes, prepare for unknown and for self – transformation when the case demands it. To trust this new practice of self-improvement means to trust the people's capability, achieved and sustained through the continuous discipline and training, to cope with the disturbing change.

6 Conclusion: Dealing with the Trust Deficit?

Habit is often perceived as playing the role of 'conservative agent' (James 1950: 121) that damages people's creativity and openness, cuts off any spontaneous type of behaviour and lowers the capacity of individuals to choose actions appropriate for the situations. In a stable world, which is running smoothly and presents no problems of any kind, the development of habits requires a certain amount of repetition or practice and once they are formed, they can be performed routinely and automatically. However, when the context's intricacy increases and the surrounding's stability and security are broken, there is a need for a new set of habits which are both the basis of continuity and precondition for change. The contemporary processes of technological, economic and cultural change make social life often unscripted, requiring actors to improvise, thus old automatic habits could not be relied on in such a changing environment full of anxiety, confusion and uncertainties. Since our time is characterized by widespread risks and complexities, we embrace new habits to provide the creatively developed solutions to the emerging problems and to enhance improvements. Taking into account trust and habit's prominent roles in social life as well as the fact that trust and habit are indirectly connected via their independent links with familiarity, past experiences and risk avoidance, it can be said that trust in habit can be one of the key tools to anchor us in the unsettled world.

In the unstable world of endless change characterized by the trust deficit, the trust in habit offers a very powerful proposition on how to manage the discontinuity, how to enhance the predictability of surroundings through compressing action and how to train for embracing progression and change. While Bourdieu's writing on the habitus, which has been criticized on a number of grounds, is not well suited to grasp challenges of continuous change, Grosz, Latour and Sloterdijk's approaches' values include their focus on the habit's plasticity and reflexivity and discipline involved. In keeping with their ideas of reflective, conscious habit, seen as located at the core of personal culture and as means for embracing challenges, this paper argues that habit is essential for the retraining and development of human creative capacities and that habit – by establishing discipline on the basis of accumulated experience – releases potentials for dealing with change. Since habit does not mean the absence of reflexivity and is a very important means for self-improvement and coping with change, trust in habit offers a way of managing the discontinuity, taming of the environment and expanding capacities for change. Since it is the common phenomenon that once a certain connection has been established, the connecting link itself disappears because it is no longer required, it can be concluded that once the function of the performance of trustworthiness is reinforced by relying on habit, the confidence in the system increases. Thus, trust in habit, by helping us to restore and preserve institutional continuity and renew our feelings of safety and control over one's destiny, could also be one of the solutions to today's deficit of trust.

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CHAPTER 4

Uncertainty and the Economic Need for Trust

Bart Nooteboom

1 Introduction

By way of introduction I start with some known features of trust that are relevant to the present chapter.

Trust pricks up its ears when expectations are disappointed. That may be due to an accident that is no-one's fault. Expectations can be broken due to inattention, lack of commitment, lack of competence or outright cheating.

One does not automatically know which cause of broken expectations is at play. There is *causal ambiguity*, and this is part of the uncertainty or risk of trust. Especially the cheating opportunist will claim some mishap. This implies the crucial importance of openness for trust. If something is about to go wrong, one should not hide it but inform the partner of the imminent problem, pledge help to minimize the damage, and to come up with proposals, for after the crisis, of how one will prevent such problems from occurring in the future. That is trustworthy conduct. Openness is also a crucial part of dealing with risk and uncertainty.

Such openness by the trustee concerning his errors must be earned by the trustor, in extending the benefit of the doubt when something goes wrong, and give the trustee the opportunity to explain and make amends. It is also wise for the trustor to be sufficiently open about what one fears, in a relationship, to give the partner the opportunity to take measures that eliminate the fear, give assurances.

I want to note in passing that I have little confidence in surveys of generalized trust, in comparison between cultures. Trust is too diverse for that. Among other things, there is the well-known distinction between competence trust and intentional trust. The first concerns the competence to act according to agreement or expectations, intentional trust concerns the intention and commitment to do so to the best of one's competence. I give an example. Many years ago I was involved in an investigation into the trust of Dutch citizens in the police. The outcome was that they have considerable intentional trust, here trust in the integrity, incorruptibility of the police, but much less competence trust, here the competence of catching criminals. Count your blessings.

That is much better than the reverse: a police that is highly competent in its corruption. One prefers enemies not to be competent.

A second differentiation concerns different levels of trust: on the level of systems (democracy, for example), organizations (parliament, ministry), and individuals (politicians). A recent survey in the Netherlands showed that people still have trust in the institution of democracy but trust in politicians has declined.

Something or someone may be reliable in one thing and not another, under some conditions and not others. People may have several obligations of loyalty, and conditions can arise where they have to choose between them: family, friends, customers, suppliers, employees, and shareholders. Trust requires the practical wisdom to take contexts and conditions into account. People may be entangled in webs of interests, roles, and positions, where they cannot afford to follow their ethical or moral sense. I call that *system tragedy.* In sum, trust is a four-place predicate: the trustor trusts the trustee (or not), in some respects (intention, competence), under certain conditions.

Trust is interactive, and when the context of interaction is not given, what does it mean? There is also the important distinction between reliance on the basis of control, and on the basis of trust that goes beyond control, and it should be clear which is intended.

If with all this it is not clear to respondents in a survey which trust is intended, they will pick what happens to come to mind, based on recent experience, perhaps, and on the phrasing of the interview question, or even the tone of it.

I take a process view of trust. It is not something given but something developed, or broken down, in interaction. It is both the basis and the outcome of a relationship. People infer trustworthiness, rationally or emotionally, on the basis of signals given off in actions and utterances.

2 Risk and Uncertainty

It is well accepted that trust entails risk. I define trust as being vulnerable to actions of another, yet expecting that 'things will be all right'. That can go wrong, and there lies the risk. If one knew for certain what will happen, trust is not at issue. Are we dealing here with risk or with uncertainty? With risk, one does not know what *will* happen but one does know what *can* happen, and then one can append probabilities to possible outcomes, to calculate, in particular, optimal expected outcome. With uncertainty one does not know all that can happen. Under uncertainty, trust becomes a leap of faith. The more one does know, the more uncertainty can approach risk.

How to deal with uncertainty? One method is to use scenarios. One does not know all that can happen, but one can imagine some possible futures, and see what one could do in each of them. One cannot calculate optimal conduct across all futures, since one does not know them all, but one can see how robust certain courses of action would be in the futures one can imagine: what action yields a reasonable outcome across those futures? Here, attention shifts from optimality, as illustrated in Figure 4.1a, to robustness, as illustrated in Figure 4.1b. In the former one can crash into an abyss when the future deviates from what was expected, in the latter the outcome may be lower but is less sensitive to a difference in conditions from those expected. One may surrender a chance of profit but gains less vulnerability.

Another measure one can take is to develop flexibility, reserve competence and resources, to respond to unexpected conditions, or to develop resilience, the ability to absorb unpleasant outcomes. One form for that is to maintain a buffer to absorb shocks. From a traditional economic perspective such reserves may seem like a waste of resources lying idle, but from the perspective of uncertainty it is prudent.

It is said that there is an overall decline of trust, in societies. Is this due to a real decline of trustworthiness, on the part of the trustee, or to an increase of fear, of risk-aversion, on the part of the trustor? Or to lack of flexibility and resilience? There seems to be a rising demand for security, elimination of all

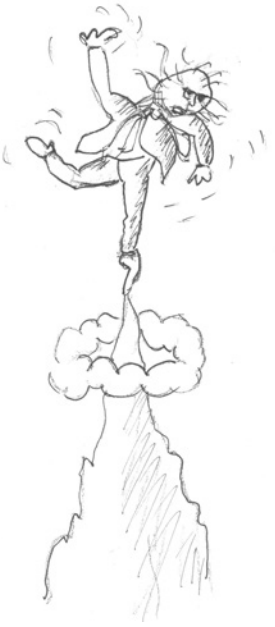

FIGURE 4.1A Maximum

FIGURE 4.1B Robust

risk. That is leading to an excess of monitoring and control that is suffocating professional work.

3 Intentional Trust

Here, I first focus on intentional trust, and I will consider competence trust later.

Trust has an important emotional and intuitive dimension, since it deals with vulnerability and uncertainty. Yet one can also be rational about trust, analysing the conditions where and why people may be reliable or not. For rational trust, one should consider the presence or absence of trustworthiness. So the question becomes: why would people be trustworthy in their intentions, commit to agreements?

For the analysis I use a tool that I developed in earlier work (Nooteboom 2002), which can be used for diagnosing trustworthiness and for building it. It is summarized in Table 4.1. There, I make a distinction, vertically, along the two columns, between factors outside the relationship, based on institutions, along the left column, and factors within the relationship, based on the relationship itself, where trust is both the basis and the outcome of the relationship, along the right column.

Horizontally, along the two rows, I make use of the notion of reliance, which can be based on control or on trust, beyond control.

Along the upper row we have control, based on calculative self-interest; it is the world of the economist. One form of control is to manage room for action, expanding or reducing the options the trustee can choose from. When agreements

TABLE 4.1 Sources of reliability of intentions: trust and control

	Outside	**Inside the relationship**
	Institution based	***Relation based***
Control:		
Calculative self-interest		
Room for action	contract, law	hierarchy, mutual dependence,
Incentives	reputation, go-between	hostage, rewards, punishments
Trust	ethics, morality	routinization, empathy, identification, loyalty, friendship,
Beyond self-interest	generalized trust, go-between	familiarity

are not met, room for action can be reduced. Another form of control is to influence the choice made from the repertoire of options, by means of incentives, punishments or rewards. Outside the relationship one can make use of the institution of the law, using legal contracts, which constrains actions. Or one can use a reputation mechanism. That is a matter of self-interest: one behaves well in order not to lose fruitful opportunities for future actions. One can also make use of go-betweens to assist in control, in mediation or arbitration.

Within the relationship control can take the form of hierarchy that directs and constrains action, or gives incentives of reward or punishment, including career prospects. Inside control also includes hostages (as a notion taken from Transaction Cost Economics). This may require some explanation. A hostage has value for the hostage giver but not to the hostage taker, in order for the latter to not have any qualms about killing the hostage when the hostage giver defaults on commitments. It is an old instrument, used by Kings in treaties among each other, with the hostage taken from royal family or nobility at the court. In economics it can be sensitive information, such as information that would cause harm when divulged to competitors of the hostage giver, which is kept secret as long as the hostage giver is loyal to agreements. It can also take the form of a package of shares that can be sold to a party that wants to engage in a hostile take-over of the hostage giver. Particularly in family business hostages can also arise in intermarriage between families, where care for spouses and children become part of the guarantee of loyalty.

Along the lower row we have the basis for trustworthiness, going beyond control. Outside the relationship that is the area of generalized trust, based on shared ethics, morality or custom, in a culture. Here we also find the possibility of using a go-between, here not for control, but to assist in the process of trust building and avoiding collapse, by preventing or eliminating misunderstandings, reducing the uncertainty of causal ambiguity, helping to find a path for building and preserving trust.

Inside the relationship it is the build-up of loyalty, habit, familiarity, empathy, friendship, love, or identification. In empathy one understands 'what makes the other tick', in identification 'one ticks in the same way' or has a sense of shared destiny. Empathy is crucial, indeed indispensable for trust, but identification can go too far, yielding blindness to outside opportunity, turning the relationship into a prison.

4 Conditions

Each of the factors in Table 4.1 has its conditions. A contract makes no sense if compliance with it cannot be monitored. A contract can be counterproductive,

restricting space for action too much. Both conditions apply, in particular, when the purpose of collaboration is innovation. Next, a detailed contract can easily be interpreted as a sign of distrust, with distrust as a likely response, yielding an escalation of distrust. However, sometimes a contract is detailed not to prevent cheating, but for reasons of technical complexity, more a matter of competence trust than of intentional trust.

For reputation one needs a reputation mechanism, with someone or some organization serving to separate gossip and slander from legitimate complaint, and to broadcast reputation. This can be informal, as at a golf-club, or formal, in some public office (governmental), or private associate (bank, bookkeeper, consultant).

Both contracts and hierarchical control have their limits in modern professional work. One employs people or suppliers because they offer a specialized competence one lacks oneself, and then it is odd to pretend that one can tell people what, precisely, to do, and how to do it. That uncertainty calls for forms of control that include suggestions for control given by the one to be controlled, called *horizontal control,* which calls for trust.

Extrinsic reward, in remuneration or bonus may diminish intrinsic rewards of job satisfaction, appreciation, and the exercise of one's own responsibility and judgement.

Concerning the sources of trust, shared ethics and morality may not be in place, or may be weak, and varies between cultures. For example, in the literature much has been made of the Confucian ethic in Asia, versus the more individualistic stance in the West. I will turn to such comparison in the following paragraph.

Concerning factors within the relationship, empathy requires relevant mentality, skill and experience, and time, to build familiarity. Empathy and familiarity require time to develop. The practice or ethic of maximum flexibility of relationships will block this. There should be optimal, not maximum flexibility: enough not to get bogged down in rigidity, but not so much as to prevent familiarity and empathy to develop, to block the process of trust.

Important also is external pressure. It may lead to an unravelling of trust, with everyone trying to save his neck, if necessary at the expense of others. On the other hand, if there is no alternative to the relationship, one will simply have to make do with each other, accept sacrifices and build trust.

5 Japan

The matrix of factors underlying intentional trustworthiness, in Table 4.1, can be applied to individual relationships, industries or countries. The present

chapter was a contribution to a conference on trust in Japan, and I thought it appropriate to apply the analysis there.

Concerning trust in Japan, a puzzle presents itself. Fukuyama (1996: 150, 182) claimed that Japan is a 'high trust society', along with the US: 'the society that displays perhaps the greatest degree of spontaneous sociability among contemporary nations', where that sociability is defined as: 'the ability to come together and cohere in new groups, and to thrive in innovative organizational settings'. According to the 'World Values Survey' (2005), Japan had among the highest score on 'most people can be trusted'.

I noted above that I do not have much appreciation for the comparison 'between cultures' in surveys of generalized trust.

Yamagishi and Yamagishi (1994), on the contrary, claimed the *opposite*: trust in people in general is much lower in Japan than in the US: 'Most of the time people try to be helpful', 47% agreed in the US vs. 26% in Japan. Instead, as a compensation, Japanese employ stable relationships, in tight networks of family and long term 'insider relationships', based on loyalty, a sense of connectedness, and internal monitoring and sanctioning. In Table 4.1, according to the Yamagishis the US would be positioned along the left column of the matrix, and Japan along the right column.

The Yamagishis had a negative view on the Japanese mode: Japan is in danger of locking itself up in too tight and enduring relationships, foregoing novel opportunities in outside relationships. There is also a vicious circle: not stepping into outside relationships one robs oneself of the experience by which one can learn to deal with them.

Interestingly, Fukuyama did note that when Confucianism migrated from China to Japan, in the seventh century, emphasis shifted away from benevolence and filial piety to loyalty to the leader, and 'reciprocal obligation based on exchange of services … entrenched in feudal traditions' (Fukuyama 1996). That does seem to connect with the analysis of the Yamagishis.

The Yamagishis called the ability to judge the factors behind reliability 'social intelligence'. Here, that would mean: knowing all the factors involved in Table 4.1, and being able to judge them and employ them.

Now my point here is that to the extent one does have that ability, this moves uncertainty in the direction of risk. It is not so much that one can calculate all the factors, and add and subtract them into an overall measure, but one does know fairly well what is at play, what can happen, in order to diagnose and improve a relationship. This requires knowledge and insight not only in the factors at work, but also in the conditions for them to apply and work, as discussed above.

6 Japan and the US

So how would I now position the US and Japan? The US does not strike Europeans as based on generalized trust, but more on the law, with conflict rapidly resulting in litigation, and on reputation, and work relationships seem more based on hierarchy than in, say, the Netherlands or Scandinavian countries. So, I would position the US along the top row of Table 4.1, as illustrated in Table 4.2: outside control on the basis of contracts and reputation, and inside control with hierarchy and incentives.

In line with the analysis of Yamagishi and Yamagishi, I would position Japan along the right-hand column: inside control with hierarchy, perhaps hostages in the family, and inside trust on the basis of loyalty, empathy, familiarity and identification.

All-round trust would employ all sources, in all four quadrants. Which sources are mobilized depends on the type of relation and on the context. Here again I emphasize that there is no single best instrument for all cases and conditions: it depends on the case and its context.

7 Multiple Selves

I wanted to know more about what lies behind all this. For that, I found the work of the Japanese psychoanalyst Takeo Doi (see Roland 1997). He recognized

TABLE 4.2 Intentional trust in the US and Japan

	Outside *Institution based*	**Inside the relationship** *Relation based*
Control: *Calculative self-interest*	→ US	
Room for action Incentives	contract, law reputation, go-between	hierarchy, mutual dependence, hostage, rewards, punishments
Trust	ethics, morality	routinization, empathy, familiarity,
Beyond self-interest	generalized trust, go-between	identification, loyalty, friendship
		↓ Japan

a dual self-structure. On one side one has 'outer ego boundaries' (*omote*, in Japanese): ego being more or less in touch with others, and on another side 'inner ego boundaries' (*ura*): being more or less in touch with one's own inner feelings, fantasies, and impulses.

Now, according to Roland, in the US the outer boundaries are firm, maintaining a sharply demarcated ego. With such firm outer boundaries, they claim, there is more reliance on verbal communication. In Japan, by contrast, in the inside relationships, inside circles of family, clan, friends, familiar people, recognized by Yamagishi and Yamagishi, the outside boundaries with others in that inside crowd are vaguer, more penetrable, while they are quite firm and sharp outside the clan. With such vaguer, more diffuse boundaries, communication is more non-verbal, intuitive, in 'empathic sensing'.

In the US, purportedly the inside boundaries, within the self, are fairly permeable, with people 'being in touch with themselves', while in Japan they are more firm, with a more hidden self.

8 Competence

Now I turn to competence trust. How uncertain is the competence of a partner? To what extent can one judge the content and meaning of what a partner can offer? I propose that the most fruitful relationships, in economics and personal development, are those that one cannot predict or foresee.

Here, I have been inspired by the 'philosophy of the other' of Emmanuel Levinas (1961), with the awe for 'the visage of the other'. He pleaded for a radical openness to the other, which I can best explain with a metaphor: one does not simply open the door of one's house to the other, but lets the other take part in its construction. That openness requires what Levinas called 'passivity', avoiding all prejudgement of the other, all 'totalization' where one assimilates the other into one's established mental frameworks. One needs the other to become oneself, to form those frameworks. That fits well with the pragmatist perspective that I employ. More than that: one needs opposition from the other to have any chance of being freed from one's own prejudices, which constitutes the highest form of freedom.

I have discussed this in a book (Nooteboom 2012). There, I tried to find a path between Nietzsche and Levinas. I value Nietzsche for his creative destruction, which connects with my earlier interest in innovation, but here it concerns the effort to transcend oneself in personal intellectual and spiritual development. Nietzsche talked of tending oneself as a garden. I disagreed with

the underlying idea that one can achieve this by oneself. The 'will to power' he posited was a will to overcome obstacles. Rather than seeing the other as such an obstacle to be overcome, one should cede to the obstacle, admitting it onto oneself, and transform the obstacle onto an opportunity. There, I used Levinas, with the other as the source of self-transcendence.

In the present chapter, the point is that what the other may offer is by definition uncertain: if it were predictable, foreseeable, it would no longer contribute to transcendence. So, in conclusion, it seems that competence, what the other may offer in a relationship, is at its best uncertain. Here, trust remains a leap of faith.

However, like trust, competence also is not a given but something to be developed and maintained, including the effort to make a match between what the one partner can offer to the other, and can absorb from the other. Several insights are relevant here.

9 Cognitive Distance and Discovery

In earlier work (Nooteboom 2000), I investigated what I call *cognitive distance*: difference in thought, both intellectual or technical, and moral, concerning relationships. The higher the distance the more difficult it is to collaborate. On the other hand, larger distance yields more potential for novelty, in the 'novel combinations' of innovation. So, one should aim for *optimal distance*: large enough for the potential of novelty, but not so large that there is insufficient ability to understand, agree and collaborate.

The ability to understand, absorb what another is saying and doing is called *absorptive capacity.* That is a function of knowledge one has built up, and experience gained in collaborating with others who think differently. However, there is another side to it, of communicative, expressive capacity: to help the other understand what one says and does.

That requires empathy: the ability to know how the other thinks and sees things. So, that is important for intentional trust, to understand the risks and threats the partner is facing, as well as for competence trust, to match competencies. The ability to understand and clarify is also not given, but is subject to development, as a function of collecting knowledge and experience in collaboration.

In the first instance, the notion of cognitive distance applies to individuals, but it can and has been applied also to organizations. There cognitive distance was operationalized as the difference in innovation profile, built up from patent data.

There is a connection with another body of thought, concerning how invention or discovery (I treat them as being the same) works, in a 'cycle of discovery', as developed also in Nooteboom (2000). The basic idea is as follows.

One gets new ideas from applying what one knows and can do, which has settled down in some area of application, in novel contexts of application, subjecting it to new challenges, exposing it to new threats to survival, which I call *generalization*.

When such a threat arises, one will try to give some new twist, some *differentiation*, to the practice one is applying, tapping from memory of trials from the time the practice was developed.

When that is not enough for survival in the new environment, one will look around to see what local practices in the new environment succeed where yours fails, and to adopt some of that into your practice, making hybrids between the old and the new, in what I call *reciprocation*. That is an important stage, where one takes the opportunity of experimenting with novel elements without yet surrendering to a wholesale rejection of the basic logic or design of your existing practice.

That allows you to do two things. First, explore how worthwhile the novel elements are. Second, and subsequently, find out where and how the existing basic logic or design becomes dysfunctional, in two ways. One is that there arises an incoherent, messy and inefficient 'spaghetti' of old and new elements and their connections, with workarounds of inconsistencies to make it work. The second is that one finds out what elements of basic logic or structure obstruct the realization of the full potential of the novel elements, which gives hints as to which of those basic principles need to be replaced and by what.

That gives both a motive and an indication for experiments with more radical, architectural change in basic logic and design, in what I call *accommodation.* That gives rise to experimentation with old and new elements and principles, which takes time to settle into the best design that then becomes dominant.

I now claim that this logic applies also in crossing cognitive distance. You and your partner are facing the challenge to fit each other's thought and actions each into his/her own cognitive and organizational frameworks, following the logic of generalization, differentiation, reciprocation, to yield accommodation, in shared innovation. That yields an elaboration of the Levinassian point of opening up your house in order to reconstruct it.

10 Specific Investments

The second element I now want to add is the notion of *specific investments*, derived from Transaction Cost Economics (TCE).

Let me add, in passing, that like other trust researchers I have criticized TCE for reducing trust to control, in calculative self-interest, and next setting that aside as either not adding anything to the enlightened self-interest already present in economics, or going beyond that and then not surviving under the competition of markets, hence as irrelevant for one reason or the other. However, I have argued that TCE also offers notions that are valid and worth preserving. The notion of specific investments is one of them.

An investment is specific to a relationship if it is worth much less or nothing outside the relationship. Having made such an investment, one then becomes vulnerable to the partner breaking up the relationship. Then the specific investment is lost and has to be made anew in a different relationship. Yet such investments are needed to achieve the special, non-standard products that are more profitable. The relationship has to last sufficiently long for the investment to be recouped. This brings me back to what I said before: relationships should not be maximally flexible, but optimally so, here to evoke the specific investments that yield high quality and specialty, by giving them time to be recouped.

To reduce the risk involved, one can demand that the ownership of the investment, and hence vulnerability, is shared. But that may not be necessary. Precisely because of the investment being specific one may offer something unique that makes the partner dependent as well. This shows that vulnerability is not necessarily a bad thing, as long as there is a balance of dependence. Mutual dependence can be the basis for an upward spiral of quality and novelty. I recall that mutual dependence was one of the factors of reliability in its control mode, in Table 4.1.

Specific investments can be of different kinds: in dedicated installations, machinery, instruments, locations of facilities, and knowledge. The building of trust also is of that kind: it is specific to the person or organization one has a relationship with.

Risk has two sides: the size of possible loss and the probability that the loss will occur.[i] The size of possible loss lies, in particular, in the size of any specific investments. The probability of loss depends, in particular, on the degree of trustworthiness analysed in Table 4.1.

11 Conclusion

For the present chapter, the main point now is this. For intentional trust I argued that uncertainty may be reduced in the direction of risk by getting to know what factors lie behind intentional trustworthiness, how they depend on circumstances, and how they can be used to assess risk, in 'social intelligence' and 'practical wisdom'.

Concerning competence, I argued that one should be ready to accept uncertainty concerning what the other can offer. However, in crossing cognitive distance and engaging in joint discovery one can learn what the other has to offer, and contribute to its development, in joint innovation. So, there also, uncertainty can be reduced in the process of collaboration.

And then there is a possibility that cognitive distance is reduced too much, in mutual familiarization, reducing uncertainty but also the innovative potential of the relationship. Then, new uncertainty may need to be injected, as follows. A relationship can remain innovative when both sides also have non-overlapping relationships with others, that continually refresh knowledge and competence of both sides of the relationship. This is illustrated in Figure 4.2.

That shows that one should resist looking only at two sides of a relationship, ignoring the relationships that the two have with others, and positions in networks. Georg Simmel showed the fundamental transition from two to three and more. That has consequences for both intentional and competence trust. Figure 4.2 shows some of the competence side.

Another feature concerning the competence side is that in networks sensitive knowledge can 'leak' or 'spill over' from a partner to other parties who may be one's competitors. That raises the question how that risk may be controlled. A customary measure is to demand exclusiveness: in the area concerned, the partner is not allowed to collaborate with one's competitors. One pays a price for that, locking the partner up in the relationship with you, thus missing out on other sources of knowledge and competence, which also reduces his value to you. Here, one should go beyond the question whether sensitive knowledge reaches your competitors. The question is whether that competitor then will have the absorptive capacity to understand and implement that knowledge, and whether by that time, that knowledge has already become obsolete.

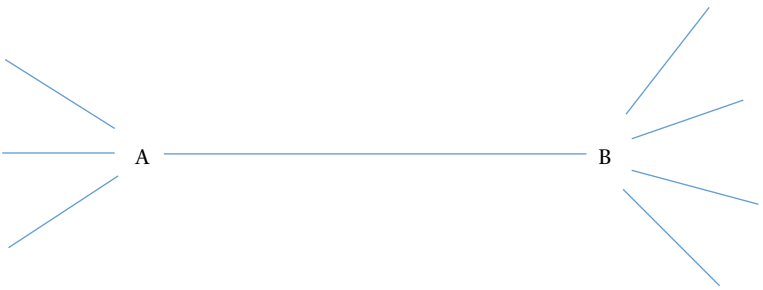

FIGURE 4.2 Non-overlapping outside contacts

On the intentional side, in networks there arise possibilities of coalitions of two or more against one. One's perspectives and risks depend on the structure of the network and one's position in it. Having many direct contacts can yield access to outside resources, but those contacts can also constrain your actions. However, that is too large a subject to include in the present chapter.

Let it suffice here to say that with networks uncertainty increases again. They can both enable and constrain activities, extend and reduce the value of a partner, and jeopardize his position. What, for example, when your partner gets taken over by your competitor?

So, next to relational uncertainty, discussed in this chapter, and institutional uncertainty, as in the economy, or in politics, there is an intermediate level of network uncertainty. For a treatise on collaboration that includes network effects, see Nooteboom (2004).

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PART 2

Historical Perspectives

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CHAPTER 5

The Decline of Trust in Government

Geoffrey Hosking

Observers' surprise at the recent rise of populist parties in many European countries, the triumph of Brexit in the UK referendum of June 2016 and the election of Donald Trump to the US Presidency in November 2016 has shown how poorly questions of generalised social trust are understood by most political commentators and social scientists. The best explanation for these epochal events is a sharp decline in public trust. The Edelman Trust Barometer records this decline in recent years. It is a worldwide poll, but its figures show European countries and the USA as being among the worst affected, with half or more of their populations believing the present system is not working. The Edelman figures suggest that public trust in government, business, the public media and NGOs are all falling, trust in the Chief Executive Officers of large businesses especially sharply. The result is a rising sense of injustice and helplessness, a lack of hope and confidence in the present system, and a desire for radical change. All of these features help to explain the public's loss of faith in established parties of government and opposition and its growing attachment to populist parties which offer faith in ordinary people and simple solutions to complex problems.[1]

In order to understand what is going on, then, it is crucial that we study generalised social trust systematically. I offered a framework for doing so in my *Trust: a History* (Oxford University Press, 2014), and I also suggested why social distrust is growing within modern Western societies. In this paper I take that account further, up to the critical votes and decisions of 2015–16.

Trust is a universal human need. We all need to take decisions every day about how to behave in certain situations. Most of those decisions concern the future in some way. We are virtually never in a position to know and weigh rationally all the factors affecting any given decision; instead we have to trust certain constants in our life, and decide according to habit, feeling and personal taste.

The trust involved here can always be traced back to general social trust. Individual trust is always placed within a framework of broader trust vectors within society. The guarantees of our trust are cultural and social entities:

1 The Edelman Trust Barometer Global Report 2017.

symbolic systems and the institutions which harbour and develop them.[2] In practice all individuals seek confidence in the future within a collectivity to which they have become accustomed or which they believe to be stronger or more reliable than rival collectivities. We grow up in communities which have certain norms about personal behaviour and interaction, and inevitably we are strongly influenced by them. Those norms, and the resulting configurations of trust, dominate our lives unless we consciously turn against them. Mostly our search for the trustworthy takes place unreflectively: we do not think about why we trust banks or doctors or lawyers. We simply place our spare money in banks, take the pills doctors prescribe and sign the contracts lawyers draw up, because everyone else does so, we long ago became used to doing so, and we lack the expertise to perform ourselves the assessments we presume they carry out. We trust unthinkingly until something goes seriously wrong: the bank is threatened with bankruptcy, the pills turn out to be harmful, the contract does not protect us against incompetence or fraud. Distrust is much more conscious than trust.

In recent decades it has become clear that the populations of Europe have lost a good deal of trust in their governments and in the established political parties of right and left which had ruled most European countries since the end of the Second World War. From the 1980s those parties had championed a form of economic globalisation which encouraged large-scale immigration and a set of neo-liberal financial policies which led to serious cuts in welfare state provision as well as the weakening of state control of broad swathes of the economy. The theoretical basis of these policies was that financial markets were rational and self-correcting and therefore trustworthy, that they brokered actors' self-interest to work for the benefit of all and that state intervention was therefore unnecessary and indeed harmful.[3]

The financial crash of 2007–8 refuted that theory – or it should have done. Testifying to a Congressional committee, Alan Greenspan, former chairman of the US Federal Reserve, confessed 'Those of us who have looked to the self-interest of lending institutions to protect shareholders' equity – myself especially – are in a state of shocked disbelief'.[4]

On the whole, though, governments in Europe and North America continued to work on the basis of the discredited theory, as if the crash had been

2 For development of this idea see my *Trust: a history*, Oxford University Press, 2014, Chapter 2.

3 Sue Jaffer, Susanna Knaudt and Nicholas Morris, 'Failures of regulation and governance', in Nicholas Morris and David Vines (eds.), *Capital Failure: rebuilding trust in financial services*, Oxford University Press, 2014, 121.

4 *The Independent*, 24 October 2008, 43.

a minor disruption which could be corrected by somewhat more disciplined budgetary policies. Such reforms as were carried out tended to enrich the already wealthy while depriving many of the poor and disadvantaged of basic protections.

Many people were left with the feeling that neo-liberal globalisation had surrounded them with alien citizens whom they could not trust and who were claiming state benefits they had not paid for. Moreover, people no longer had confidence in the safety nets provided by state benefits in case of adversity such as accident, sickness, unemployment or old age. Islamist terrorism then added extra impetus to their fears. The result was widespread exaggerated distrust of all immigrants and of international institutions generally.

An early sign came in France in 2002, when in the first round of the presidential election, the Socialist Party was outvoted by the Front National which thus gained second place and the right to challenge the centre-right Republicans in the second and decisive round. The Front National's programme called for resistance to further immigration, especially of Muslims (the election came soon after Al-Qaeda destroyed the New York World Trade Center in September 2001), and for an end to the European Union's open market in order to protect French jobs for French people. In 2004, moreover, both France and the Netherlands voted in referendums to reject the proposed Constitutional Treaty of the EU, which would have transferred more power from nation-states to the central EU institutions.

In both cases it seemed that national populations were rejecting the consequences of economic globalisation, which had curtailed the political power of nation-states and their parliaments, and had placed it in the hands of EU bureaucrats and unelected international business tycoons who could transfer resources across frontiers at the click of a mouse regardless of the needs and wishes of local communities. After the financial crisis of 2008 disillusionment intensified sharply. In the Netherlands in June 2010 the Freedom Party headed by Geert Wilders gained 15% of the vote and 24 seats (out of 150) in the parliament. Wilders was calling for a moratorium on the immigration of non-westerners and on the construction of new mosques and Islamic schools. He also proposed that the Quran should be banned as a book which incites hatred. Europe, he asserted, was gradually turning into 'Eurabia'. 'Take a walk down the street and see how things are going. You no longer feel you are living in your own country. There is a battle going on, and we have to defend ourselves. Before you know it there will be more mosques than churches!'[5]

5 *Expatica*, 13 February 2007: www.expatica.com/actual/article.asp?subchannel_id=1&story_id=36456, accessed 8 August 2012.

In Finland the True Finns won 39 seats in 2013 and became the third largest party in parliament on a programme of opposition to the EU, of limiting immigration and deporting immigrants convicted of serious crimes. In Hungary Jobbik won 16.7% of the votes in calling for a 'struggle against the EU, which colonises and enslaves Hungarians'.[6] Jobbik described itself as a 'principled, conservative and radically patriotic Christian party… protecting Hungarian values and interests', and resisting 'ever more blatant attempts to eradicate the nation as the foundation of human community'.[7]

What has been happening is that right-wing populist parties, in response to the widely perceived economic crisis, caused at least in part by globalisation, were utilising an opportunity to make themselves more acceptable to the general public. They were purging their programmes of their more obviously racist and neo-Nazi features and moving closer to the mainstream of political life in their various countries. In the face of cultural and religious conflicts apparently caused by immigrants and terrorism, the populist parties claimed to stand for 'European values', national sovereignty, national democracy and civil society against Islamism and multi-culturalism; some, though not all, also inveighed against gay liberation and same-sex marriage.[8]

The populist parties were rejecting the 'double liberalism' taken for granted by elites in most European countries: (a) economic liberalism, which required national borders as open as possible to capital, commodities, services and labour; (b) social liberalism, which promoted religious and ethnic toleration, and individual rights, including the rights of sexual minorities. Against both forms of liberalism the populists asserted the rights of long established communities, those of family, religion and nation, as the most worthy repositories of generalised social trust. They claimed to represent the authentic people, whom they portrayed as pure, generous and united, a healthy contrast to the corrupt, greedy, feuding politicians and financial elites who had become alienated from their own voters.[9]

In order to make such a grandiose claim, the populist parties had to dissociate themselves from the political fringe of the racist and violent neo-Nazis. In France from 2011 the Front National under Marine Le Pen launched a 'demonisation' of its political line, and in 2015 actually expelled its previous

6 www.jobbik.com/jobbik-news/jobbik-announcements/3245.html, accessed 8 August 2012.

7 www.jobbik.com/about_jobbik/3207.html, accessed 8 August 2012.

8 Alina Polyakova and Anton Shekhovtsov, 'On the rise: Europe's fringe right', *World Affairs*, vol 179, 1 (spring 2016), 70–80.

9 Pierre Rosanvallon, *Counter-Democracy: politics in an age of distrust* (translated by Arthur Goldhammer), Cambridge University Press, 2008, Chapter 12.

leader, Marine's father, Jean Marie, for discreditable racist attitudes.[10] With the party's newly detoxified brand, it was able to become the largest single French party in the European Parliament after the 2014 elections. Moreover Marine Le Pen gained 21.3% of the vote in the first round of the French presidential election of 2017, and 33.9% in the second round, the highest national vote it had ever attained.

Similar trends could be seen elsewhere. In Britain UKIP (the United Kingdom Independence Party) advocated withdrawing from the EU and reclaiming for the Westminster parliament all the powers it had ceded to the EU. At the European Parliament elections of 2009 UKIP won 12 out of 75 UK seats, and in 2014 24 seats, to become the largest British party represented in the parliament. In local government elections of 2013 it picked up 23% of the votes in the constituencies it contested.[11]

In Hungary the centre-right Fidesz government under Viktor Urban moved somewhat in the opposite direction, closer to Jobbik's position. His party became more sceptical about neo-liberal economic globalisation, and indeed about liberalism in general: Urban boasted that Hungary was an 'illiberal democracy', by which he apparently meant that Hungary would restore elements of national protectionism and reinforce its borders against unwanted immigration. In 2015 in response to the large influx of refugees from Syria and other war-torn Middle Eastern countries Urban closed the border with Serbia.[12]

The isolationist, protectionist trend culminated in the British people's June 2016 vote to leave the EU, the first time that any nation (with the partial exception of Greenland, a Danish federal territory) had opted to quit what had hitherto seemed an inexorably expanding supra-national organisation. The margin of the Brexiteers' victory was not huge (51.9% against 48.1%), but it was definite. Examination of the voting patterns revealed that the vote for Remain (57%) was highest in the two top social strata (As and Bs), was lower (49%) in the middle (C1s) and at its minimum (36%) in the lowest strata (C2s, Ds and Es). The main fault lines, however, were not social class, but education and age. 68% of voters with completed higher education voted Remain, while 70% of those who never advanced beyond GCSE (basic secondary school graduation) voted Leave. Of people over 65 years of age 64% voted Leave, 36% Remain,

10 BBC News Report 20 August 2015: French National Front expels founder Jean-Marie Le Pen.

11 *Keesing's Contemporary Archives,* 2009, 49273; 2013, 52696.

12 BBC News report 15 September 2015: Migrant Crisis: Hungary's closed border leaves many stranded.

while of those aged 18–24 71% voted Remain and only 29% Leave.[13] The greatest constrasts then depended on level of education and on stage of life rather than on social class as such, though of course those with better education tend to belong to a higher social class; furthermore, older people will tend to have been less well educated. It is noteworthy too that, while the Remain campaign concentrated on economic arguments, the Leave campaign put questions of identity, national sovereignty and immigration at the forefront, claiming that Britain was losing control of its own frontiers, its nationhood and its political system. 'Give us back our nation!' summed up their campaign in a few words.[14]

Why in an era of increasing economic globalisation and of increased mobility around the world should there be such a marked reassertion of national distinctiveness? At the heart of the explanation for this apparent anomaly lies social trust, whose significance I outline above. I shall concentrate here on two forms of trust in particular: trust in money and economic institutions, and trust derived from the norms of national culture and national institutions. I shall argue that the symbolic attraction of the nation is far stronger than that of the economy.

Wolfgang Streeck has diagnosed the present crisis as a culmination of the breakdown of the alliance of capitalism and democracy, a process which he sees unfolding in four stages following the postwar glory years of capitalist democracy: starting with inflation in the 1970s and going on to public indebtedness in the 1980s, private debt in the 1990s and 2000s, and terminal crisis beginning in 2008.[15]

Streeck is not alone in diagnosing a dangerous tension between capitalism and democracy. In 2014 the sober *Financial Times* economic columnist Martin Wolf, at one time a staunch supporter of globalisation, wrote:

> In democratic societies, a tacit bargain exists between elites and the rest of society. The latter say to the former: we will accept your power, prestige and prosperity, but only if we prosper too. A huge crisis dissolves that bargain. The elites come to be seen as incompetent, rapacious or, in this case, both.

He added that globalised elites have

13 'How Britain Voted', https://yougov.co.uk/news/2016/06/27/how-britain-voted/, accessed 11 July 2017.

14 David Goodhart, *The Road to Somewhere: the Populist revolt and the future of politics,* London: Hurst, 2017, 19–26.

15 Wolfgang Streeck, *How Will Capitalism End? Essays on a failing system*, London: Verso, 2016, Introduction and Chapter 2.

> become ever more detached from the countries that produced them. In the process, the glue that binds democracy – the notion of citizenship – has weakened.... The loss of confidence in the competence and probity of elites inevitably reduces trust in democratic legitimacy. People feel even more than before that the country is not being governed for them, but for a narrow segment of well-connected insiders who reap most of the gains and, when things go wrong, are not just shielded from loss but impose massive costs on everybody else.[16]

This is a pretty good description of what has been happening to Western societies for several decades, and of what has propelled populist parties into the foreground of politics. The financial crash of 2007–8 naturally intensified the resultant resentments. At the roots of the crash was the massively untrustworthy behaviour of banks, financial institutions and building societies. During the 1980s and 1990s most of the legal restrictions which had previously kept them cautious and undynamic but trustworthy had been lifted by governments anxious to promote rapid economic growth. Britain experienced the 'big bang' of 1986, which removed restrictions and opened British banks to full-scale international competition.

The resulting 'freedom' left them well placed to respond to growing demand. In the last 50–60 years in most Western countries we have made ever increasing use of financial trust to minimise the impact of disaster. Whereas previously people usually relied on family, friends, local community, charities or religious institutions to help with facing risks, nowadays most put their trust at least to some extent in savings banks, insurance policies, pension funds and, only failing all else, state welfare systems. In 1963 pension and insurance funds owned 19 per cent of UK shares; by 1998 that was 65 per cent.[17] In the USA total pension fund assets rose astronomically, from $0.2 trillion in 1975, to $3tr in 1990, $8tr in 1998, and £16tr in 2006.[18] With the deregulation of capital markets, between 1980 and 1995 investments from mutual funds, insurance funds and pension funds grew some tenfold. This growth played a major role in the globalisation of finance, since much of this investment was in foreign markets.[19]

16 Martin Wolf, *The Shifts and the Shocks: what we've learned – and have still to learn -from the financial crisis,* L: Allen Lane, 2014, 351–2.

17 Jonathan Ford, 'A greedy giant out of control', *Prospect,* November 2008, 22–8.

18 Michael J. Clowes, *The Money Flood: how pension funds revolutionized investing*, New York: John Wiley & Sons, 2000, 277; OECD statistics at http://stats.oecd.org/wbos/Index.aspx?usercontext=sourceoecd.

19 Robert Gilpin, *The Challenge of Global Capitalism: the world economy in the 21st century*, Princeton University Press, 2000, 140–1.

This expansion, however, did not fully include those who have never had enough money to invest extensively in insurance, pensions or real estate.

Another form of security which attracts those with the means to attain it is real estate. Not only do bricks and mortar provide a roof over one's head, but in the decades from the 1960s they have also been a reliable form of investment – the most reliable form whenever returns from stock market investment were meagre. Real estate worked well for those who could afford to take out a long-term mortgage, but, as Martin Wolf pointed out in 2008, it also turned them into 'highly leveraged speculators in a fixed asset that dominates most portfolios and impairs personal mobility'.[20]

To enable the less advantaged to undertake this form of investment and extend real estate purchase as far down the social scale as possible – and of course enhance their profits – banks and building societies used their ingenuity to find ways to offer access to the housing market to those who would not normally qualify. They offered credit (financial term for trust) to them on easy terms. To cover the extra risk involved, they split up the debt into different packages with calibrated degrees of risk, and offered them as securities for other financial institutions to buy. However, the mathematical models on which these operations were based were hopelessly outdated: they did not take into account the possibility of a major depression, such as had occurred seventy years earlier, in the 1930s. Hence they ignored the possibility of one default sparking off a chain of others. The trade in such securities had risen dizzyingly in very recent years: in the USA from $80 billion in 2000 to $800 billion in 2005, in the UK from £13 billion in 2000 to no less than £257 billion in 2007.[21]

In the end the whole process became so complex and involved such huge sums that very few bank employees even understood how the securitised packages were made up or what they were worth. The Dutch anthropologist Joris Luyendijk worked for a time in an international bank in the 2000s; he reported that the competition between banks and between individuals within the same bank became so acute that all restraints were dropped. Traders worked, he reported, on 'vast trading floors where mercenaries survive in a haze of complexity and *caveat emptor*, an atmosphere of deep mutual distrust, a relentless and amoral focus on profit and "revenue responsibility", a brutal hire and fire culture'. Yet at the same time, this ruthless competition forced some traders to form expedient alliances with one another which in the end, under constant

20 *Financial Times*, 10 September 2008, 15.

21 Gillian Tett, *Fool's Gold: how unrestrained greed corrupted a dream, shattered global markets and unleashed a catastrophe*, London: Abacus, 2010, 52–9, 111–2; *Financial Times*, 12 December 2008, 11.

pressure, became 'tribal bonding, belonging and sticking with your mates'. This frenetic attachment to temporary allies readily degenerated into groupthink, in which individuals were absolved from individual calculation and went along with what everyone else was doing.[22]

In 2007–8 the result was a massive financial crisis in which no one could work out any more which banks were solvent from one hour to the next. Banks refused to even make overnight loans to one another – hitherto a normal practice to help each other cope with momentary liquidity problems – because they no longer trusted the solvency of the rival institutions. The climax was reached in September 2008 with the collapse of Lehman Brothers, one of the five top investment banks in the USA, with tentacles in most countries of the world.

Alistair Darling, British Chancellor of the Exchequer, was faced with the imminent bankruptcy of the Royal Bank of Scotland, the second largest UK bank, and he realised with horror: 'It was that stark: the banks did not trust one another any more…. If we didn't act immediately, the bank's doors would close, cash machines would be switched off, cheques would not be honoured, people would not be paid'.[23] The invisible bonds of routine trust which enable complex economies to function at all would freeze up, with unpredictable and potential terrifying consequences.

Faced for the first time with such a horrifying scenario, Luyendijk reports that in other banks colleagues 'sat frozen before their screens, paralysed, unable to act… Some got on the phone to their families: "Get as much money from the ATM as you can". "Rush to the supermarket and hoard food". "Buy gold!" "Get everything ready to evacuate the kids to the countryside". Bankers were stocking up on guns, ready to bed down in bunkers if civil society collapsed'.[24] In a supreme crisis like this, all normal unreflective modes of trust break down and no one knows what they can have confidence in any more.

Darling and other finance ministers had to decide swiftly that major banks could not be allowed to fail, to avert the total financial collapse which he and Luyendijk's bankers feared. State treasuries had to provide first aid to their stricken banks through subsidies, guarantees, large-scale share purchases and sometimes outright nationalisation, in order to enable economic activity to continue at all.

22 Joris Luyendijk, *Swimming with Sharks: my journey into the world of the bankers*, London: Guardian Faber, 2015, 153–4.

23 Alistair Darling, *Back from the Brink*, London: Atlantic Books, 2011, 150, 154.

24 Luyendijk, *Swimming with Sharks,* 32.

As a result of the outlays they incurred, governments were themselves left with huge debts – debts which in effect they had taken over from feckless and untrustworthy banks. In order to balance their budgets and make their bonds attractive to international investors those governments imposed spending cuts whose brunt was borne by the disadvantaged, i.e., by those who depend on welfare and social security systems. In the UK, for example, the costs have included funding cuts to hospitals and schools; the closure of numerous public libraries; extreme strain on the facilities of the National Health Service; repeated crises in the prison service caused at least partly by a shortage of prison officers; families forced out of their homes and communities because they are deemed to have too many bedrooms, because their housing benefit has been cut, or because the local council or housing association has sold their home to a developer; reductions in invalidity benefits and tax credits, which have left many claimants with anxiety-creating forms to fill in and intimidating tests to undergo; the withdrawal of many youth services and careers advice centres; reductions in legal aid which exclude many people from access to the law, especially women, recent immigrants and people newly dismissed from employment. One could go on. Cumulatively, these cuts deprived many people, especially the poor and disadvantaged, of their confidence in the future and of their feeling of belonging to a community. That is what has made them prey to populist parties.

It is not even clear that treasury cuts have improved the economic situation. UK GDP may have recovered since the crash of 2007–8, but the wages of ordinary employees have not. Many people are aware that their pay is stagnant while prices are rising and welfare cuts are making their standard of living hard to maintain. The result is a steady rise in private debt as hard-pressed households make maximum use of their credit cards or take out loans on unfavourable terms.[25] Altogether, the 'austerity' mandated by the Conservative-Liberal Democrat coalition government in 2010 has lasted far longer than expected and has not delivered the intended results. The public therefore not only resents the effects, but also has little confidence in the government's competence.

The disruption to stable routines and to household budgets, the restriction of access to the law, the impoverishment of collectively provided facilities – all these deprivations loosened the bonds of attachment and routine confidence in the future which most of us take for granted most of the time and which are the underpinning of democracy and civil society. Not many families follow politics closely, but most have become aware of the gradually increasing

25 Zoe Williams, 'With Britain's addiction to debt, another crash is certain', *The Guardian*, 4 Sept 2017, 23.

disentitlements imposed on them by a national government yielding to the demands of global finance. They also notice that the already wealthy are actually augmenting their wealth at the same time, apparently at everyone else's expense. The victims of this process feel that the government has violated the tacit social contract which holds democracies together. That is a perfect setting for the rise of populist parties.

Global finance has, then, revealed itself to be untrustworthy. It rests on a neo-liberal consensus regarding the well-springs of a functioning economy. It has long been taught in economic theory that the economic behaviour of individuals – therefore of efficient markets – was driven by rational calculation of self-interest. In a misunderstanding of Adam Smith's term 'the invisible hand', the aggregate of everyone's individual selfishness, was held to generate the public good. Trustworthiness was irrelevant. Markets were self-correcting because good risk models enabled them to cope with short-term anomalies. In the crisis of 2007–8, however, huge banks lost the most elementary trust in each other. The crisis revealed that, contrary to previous assumptions, risk had been grossly under-estimated and that mutual trust was much shakier than everyone had assumed.[26] Markets were not self-correcting and trustworthiness *was* relevant after all.

In the years after the crisis it gradually became clear that the big banks and international firms which had caused the crisis through their underestimate of trustworthiness had actually profited from it, while imposing the costs on the poor and disadvantaged in their own societies, who were in no way responsible for it. By 2017 figures showed that FTSE chief executive officers were earning 386 times the national living wage, or more specifically 132 times more than the average police officer, 140 times more than a schoolteacher, 165 times more than a nurse and 312 times more than a care worker.[27] Moreover, inherited wealth had become a far better determinant of social and economic status than either exceptional talent or hard work.[28] Those with inherited wealth could expect to have it protected and enhanced by dedicated, discreet and

26 Sue Jaffer, Susanna Knaudt and Nicholas Morris, 'Failures of regulation and governance', in Nicholas Morris (eds.), *Capital Failure: rebuilding trust in financial services*, Oxford University Press, 2014, Chapter 5.

27 Equality Trust report, March 2017: equalitytrust.org.uk/paytracker, accessed 4 December 2017.

28 With a few specialised exceptions such as pop singers and international footballers. For a detailed presentation of the thesis that inherited wealth offers better returns than exceptional talent or hard work, see Thomas Piketty, *Capital in the twenty-first century* (translated by Arthur Goldhammer), Cambridge, MA: Belknap Press of Harvard University Press, 2014.

extremely confidential wealth managers, handpicked for their trustworthy qualities.[29] Much of it would be placed in minimally regulated private equity funds, hedge funds or in tax havens (many of them in Switzerland or in British dependencies), where it would be concealed from the tax authorities.[30] The resulting inequalities severely undermined confidence in the political and economic system as a whole.

Statistics on the extent of the sums thus spirited away are naturally mostly unavailable, but, according to Gabriel Zucman, who has made a special study of what can be inferred from national statistical records, some 8% of international wealth – $7.6 trillion dollars – is hidden in this way, leading to an average 1% loss of wealth tax revenue by nation-states. Other sources of tax revenue are also reduced by tax havens. Zucman estimates that the equivalent of 10% of global GDP is held offshore by rich individuals, mostly through the facade of faceless shell corporations, foundations and trusts.[31] The higher the level of wealth, the greater the tax evasion: he estimates that the top 0.01% evade 25–35% of taxes (probably somewhat more in the UK, Spain and France), compared with an average 3% for all levels of wealth.[32] States of the EU lost about $78 billion in 2014; the effect is especially strong there because most countries are practising the economics of austerity, and the ratio of public debt to GDP is rising. If France could tax all its citizens' hidden wealth at 100%, Zucman estimates, it would immediately raise about €350 billion, or 15% of GDP.[33] The loss is more significant than appears on the surface for another reason: 'When tax evasion is possible for the wealthy, there can be no consent for taxes'.[34] In other words, tax havens undermine trust in the tax system: potential taxpayers feel they are being taken for a ride, become reluctant to contribute to an unjust system, and try to find their own small-scale ways of avoiding tax. Martin Daunton, in his major history of British taxation, asserts that 'the creation of

29 Brooke Harrington, *Capital without Borders: wealth managers and the one per cent*, Cambridge, MA: Harvard University Press, 2016.

30 Philip Coggan, *Paper Promises: money, debt and the new world order*, London: Penguin Books, 2012, 153–4, 189–91; Coggan, *The Money Machine: how the City works*, revised edition, London: Penguin Books, 2009, 82–90; Nicholas Shaxson, *Treasure Islands: tax havens and the men who stole the world*, London: Bodley Head, 2011.

31 The Guardian, 8 November 2017, 31.

32 Annette Alstadsaeter, Nils Johannesen & Gabriel Zucman, 'Tax evasion and inequality', available at gabriel-zucman.eu/files/AJZ2017.pdf. This analysis draws on the massive HSBC Switzerland leak of 2007, the Panama Papers and random audits conducted by tax authorities.

33 Gabriel Zucman, *The Hidden Wealth of Nations: the scourge of tax havens*, University of Chicago Press, 2015, especially pp. 52–5.

34 Zucman, *Hidden Wealth*, 56.

a high degree of trust in the state and public action permitted a shift in attitudes, away from criticism of the state as prodigal to acceptance of the state as efficient'.[35] Tax havens encourage the reverse process, towards distrust of the state.

The publication of the Panama Papers in 2016 opened the eyes of many to the clandestine procedures by which 1% of the world's population was able to hold half of the world's wealth and avoid being taxed on much of it. The confidential documents, summaries of which were published in several European newspapers, derived from Mossack Fonseca, a law firm based in Panama, which provided legal services to clients wishing to set up 'offshore' companies in tax havens. The papers disclosed an intricate web of ownership structures by which firms and individuals made their identity, and the identity of beneficiaries, almost impossible to trace. Tax inspectors who came looking for information were fobbed off with claims of confidentiality or with confusing and unhelpful information. Among the beneficiaries of such offshore manoeuvres were the prime ministers of Pakistan and Iceland, the president of Ukraine, a close friend of the president of Russia and the late father of British Prime Minister David Cameron.[36]

The effect of these publications was deepened by the later publication of the so-called Paradise Papers. These were obtained by the German newspaper *Süddeutsche Zeitung* from the company registers of 19 tax havens and two offshore service providers, and were shared with the Internation Consortium of Investigative Journalists, which conducted a thorough examination of them. In many ways the most shocking aspect of the materials was that the practices they disclosed (unlike the Panama Papers) were all legal and accepted as legitimate by those involved. They showed that a large number of respected individuals and companies had knowingly or unknowingly hidden a considerable proportion of their wealth in tax havens, where they were taxed at a minimal rate or not at all. The investors included several actors, a prominent motor-racing driver, the footwear company Nike, advisers of President Putin, members of President Trump's cabinet, the governor of the Nigerian Central Bank, subsidiary companies of Apple, colleges of Oxford and Cambridge Universities, the estate of the British Queen – and many more.[37]

35 Martin Daunton, *Trusting Leviathan: the politics of taxation in Britain, 1799–1914*, Cambridge University Press, 2001, 178. See also the conversation between Bo Rothstein and a Russian tax-inspector in Bo Rothstein, *Social Traps and the Problem of Trust,* Cambridge University Press, 2005, 2–4.

36 *The Guardian*, 5 & 8 April 2016.

37 *The Guardian*, 7–11 November 2017, passim.

While the general public in the UK and other European countries did not know many details – and would probably not have been able to understand them if they had – they were aware in general that the wealthy and influential were protecting and increasing their own fortunes at everyone else's expense, at the very time when national governments were pursuing a policy of 'austerity' (as explained above). As the economist Thomas Piketty commented, 'Austerity is what led to the rise of national selfishness and tensions around national identity'.[38]

What we are dealing with here is the tension between two types of generalised social trust: in (a) the trustworthiness of the nation-state as a provider of security, a protector of rights and a purveyor of services, and which has the right to demand loyalty as a corollary; in (b) the trustworthiness of financial stability as a guarantee of the timely servicing and repayment of debt, making investment a reliable option for those who wish to save for the future. In effect, democratic governments have to appeal to two sets of constituents: those who vote them into office and those who purchase their bonds and enable them to issue debt securely.

Wolfgang Streeck has labelled these two categories *Staatsvolk* and *Marktvolk*. The former are the democratic electorate who choose between the main parties' manifestoes and leaders and who depend on the safety nets provided by the state; the latter are the financial markets, who guarantee investors' financial security by demanding from governments that they prove their reliability as borrowers. Streeck lays out the main features, demands and expectations of the two categories as follows:

Staatsvolk	*Marktvolk*
national	international
citizens	investors
civil rights	contractual claims
voters	creditors
elections (periodic)	auctions (continual)
loyalty	'confidence'
public opinion	interest rates
public services	debt service[39]

38 Thomas Piketty, *Chronicles: on our troubled times* (translated and annotated by Seth Ackerman), London: Viking, 2016, 174.

39 Streeck, *How Will Capitalism End?*, 124.

It is evident that the ongoing development and separation of these two categories will tend to generate increasing inequality, since the *Staatsvolk,* more dependent on public services and welfare benefits provided by the state or local government, will tend from the outset to be poorer and more disadvantaged than the *Marktvolk*, and will become progressively more so.

The clash between global markets and national democracy (or between *Marktvolk* and *Staatsvolk*) was dramatised in the Greek crisis of 2010 and after. This crisis is worth observing closely, since it vividly illustrates the collision of global markets and national democracies, as well as the role of trust in driving that conflict.

Underlying the Greek conflict was a fundamental defect in the design of the euro, the currency shared by nineteen nations in the EU, including Greece. It was launched without several of the pre-conditions for creating confidence in a currency: a common fiscal policy, a single finance ministry, central financial supervision or a central bank able to act as lender of last resort. Hence in a crisis the euro lacked the full and credible commitment of all its members, an essential prerequisite for mutual trust. Its founders were aware of the problem, and tried to maintain confidence through a 'Stability and Growth Pact' (1997), which committed member states to keep their annual budget deficits under 3% of GDP, and their total national debt lower than 60% of GDP. Governments continued however to bridle at having their budgets controlled by an international institution, and in 2003 France and Germany breached the prescribed limits; thereupon they both agreed not to enforce the Pact, so that they could promote economic growth in their own ways. Most of the other members followed suit.[40]

This breach by two leading members of the eurozone eliminated the one tangible restraint on the expenditure of member governments. Henceforth they could continue to pile up debt uninhibited by the disciplines normally imposed on a national currency. That was a recipe for untrustworthy and destabilising behaviour. The problem was exacerbated by the fact that among some of the more recent entrants the state had never really been trusted as public risk manager, since many people regarded it, with some justification, as staffed by employees looking primarily after their own interests, finding jobs for their cronies and generally cushioning life for their elites. This suspicion fuelled a general reluctance to pay taxes among the whole population; hence tax

40 Ivan T. Berend, *Europe in Crisis:* bolt *from the blue*?, London: Routledge, 2012, 86–7; David Marsh, *The Euro: the politics of the new global currency*, Yale University Press, 2009, 196, 212, 234.

proved difficult to collect, welfare difficult to finance, and people sought risk mitigation in traditional patron-client networks, at local or national level.[41]

These newer and less competitive members had initially gained from the stable currency: they were able to borrow as if their economies were as sound as Germany's. The drawback was that they could no longer cope with financial crises by devaluing their currency. Because of the absence of any collective responsibility for debt, they had to bear the entire brunt of any crisis inside their own national economy: a supra-national currency was relying on national treasuries to deal with risk. That meant that when the international financial crisis burst on the euro in 2008–9, investors' trust in the weaker eurozone economies turned abruptly to toxic distrust. Individual nation-states had to bail out their own banks, even though some of those banks were huge international players, with assets which exceeded the entire annual GDP of their home countries. As a result national treasuries fell deep into debt: 137% of annual GDP in Greece, 119% in Italy, 85% in Portugal, all well above the prescribed eurozone maximum of 60%.[42]

The crisis hit Greece especially hard. Its government had gained entry to the eurozone by misrepresenting its fiscal position, then had used the advantages of the single currency to buy huge quantities of arms, play lavish host to the Olympic Games, support a bloated and corrupt state sector, turn a blind eye to tax evasion and put off reform designed to make the economy more competitive. In 2010 the newly elected government of George Papandreou published a more honest set of budget figures. They caused consternation among Greece's creditors: its bonds were downgraded to junk status on international markets, which made them virtually impossible to sell.

Since inside the euro Greece could not escape the crisis by devaluing its currency or by defaulting on its debt, it requested a bailout from the eurozone and the IMF, which it was granted under very stringent conditions: steep tax rises, the privatisation of much state-owned property and swingeing cuts in welfare spending. (To add insult to injury, most of the bailout funds released never entered Greece, but went straight to international banks which had incautiously purchased Greek treasury bonds earlier.) These conditions were so onerous as to provoke a direct clash between markets and democracy. Papandreou decided to ask the Greek people through a referendum whether they were prepared to accept the bailout conditions. The other euro countries' leaders reacted with horror at this proposed 'interference' with financial markets. Under pressure

41 Berend, *Europe in Crisis*, 29–30.

42 Berend, *Europe in Crisis*, 52–9.

Papandreou withdrew his proposal and resigned.[43] His successor accepted the bailout conditions. For the moment, at least, markets had triumphed over democracy.

However, tens of thousands took to the streets in Athens to protest against mass unemployment and the degradation of their education, health care and welfare systems.[44] The uninquisitive trust of ordinary people had turned into convulsive distrust.

The clash was recapitulated in January 2015, when the left-wing Syriza party was elected to government committed – at least initially – to obtaining large-scale reduction of the debt, or, failing that, its outright repudiation and a default which would probably entail Greece's exit from the euro.

The new Greek government contained one minister, an economist, who was not a member of Syriza, but who offered them a programme for dealing once and for all with the debt crisis. That was Yanis Varoufakis. He was invited to join the government because the party leader, Alexis Tsipras, was impressed by his plan for negotiating with the institutions responsible for the Greek bailout. What Varoufakis proposed was that, faced with an ultimatum to accept the eurogroup's demands or have Greek banks closed down, the government should accept the bluff, announce a default, nationalise the Greek banks and mobilise an alternative payments system through temporary tax credits, to be converted later if necessary into a new Greek currency.[45] Varoufakis argued that such a response to the eurozone's threat would wreck the illusions on which the euro economies were based and spark off similar threats from other debt-burdened governments: Spain, Italy, Portugal, Ireland. For that reason the eurogroup would never allow it to happen, but would pull back at the mere threat and offer Greece massive debt relief and a serious plan for relaunching its economy.

The EU, however, refused to contemplate any possibility of reducing the debt. The Finnish vice-president of the European Commission, Jyrki Katainen, reacted to Syriza's election by reaffirming the EU's demands on Greece with the words 'We don't change policies depending on election results'. To which Timothy Garton Ash justifiably responded in *The Guardian* 'Oh yes you bloody

43 Berend, *Europe in Crisis*, 13–22.

44 Berend, *Europe in Crisis*, 52–9.

45 The plan is summarised in full in Yanis Varoufakis, *Adults in the Room: my battle with Europe's deep establishment*, London: Bodley Head, 2017, 95–8. As the title of this book suggests, Varoufakis writes in a dramatic and 'black-and-white' manner, depicting himself as a hero with uniquely correct policies conducting a battle with an entrenched and mendacious EU bureaucracy. Allowing for these personal foibles, the picture Varoufakis presents seems substantially accurate.

well do. It's called democracy and it's Europe's greatest political invention'.[46] Moreover, Wolfgang Schäuble, Germany's Finance Minister, told Yanis Varoufakis, his Greek counterpart: 'Elections cannot be allowed to change economic policy', adding that Greece had assumed obligations which must be honoured before its bailout programme could be reconsidered. The clash Streeck posits between democracy and capitalism could not be more starkly expressed. Varoufakis adds, 'The fact that the Greek programme *could not* be completed was apparently of no concern to him'.[47]

When the Tsipras government decided (like Papandreou earlier) to hold a referendum to determine whether to surrender to the demands of the eurogroup or to defy them and declare a default, 'the idea that a government should consult its people on a problematic proposal put to it by the institutions met with incomprehension and was treated with a disdain that bordered on contempt'. An Italian financial official asked, 'How could we expect normal people to understand such complex issues?' Varoufakis replied, 'We are strong believers in the capacity of the people, of the voters, to be active citizens, and to make a considered analysis and to take decisions responsibly concerning the future of their country. That is what democracy is all about!'[48]

The crisis also offers a lesson in the need for trust to be mutual and for trust to be placed in what is trustworthy. Jeroen Dijsselbloem, chairman of the eurogroup (a committee consisting of representatives of the European Commission, the ECB and the IMF) told Varoufakis that the Greek government needed to 'build trust', to re-establish 'confidence that the [repayment] programme will be back on track'. Varoufakis replied, 'I accept that. I understand that. But do you understand that confidence is a two-way process? That the Greek population does not have confidence in the eurogroup to deliver this? The eurogroup does not have confidence in Greek governments. Trust has broken down on both sides of the equation'.[49]

The final stages of the 2015 crisis illustrates the way trust functions in circumstances of great uncertainty and high risk. On this occasion the Greek government ignored the threat and went ahead with the referendum, held in July 2015. It confirmed Varoufakis's assertion: the Greek people voted No to the eurogroup's terms by 61.25%.[50]

To accept the referendum verdict and to follow through by defaulting obviously involved a critical risk. Accepting it entailed Tsipras reposing enormous

46 *The Guardian*, 9 March 2015, 29.
47 Varoufakis, *Adults in the Room*, 237.
48 Varoufakis, *Adults in the Room*, 446–7.
49 Varoufakis, *Adults in the Room,* 446.
50 Varoufakis, *Adults in the Room,* 467.

trust in Varoufakis's economic and political judgement. When it came to the crunch, however, Tsipras, though torn by the dilemma, understandably in the end decided not to take the risk and capitulated in the face of the eurogroup's threat to respond to a Greek default by closing down the country's banks. One has to understand Tsipras's decision in the light of Greece's turbulent history since 1945: it had been through a murderous internecine civil war and then, at a later stage, the tyranny of the colonels. For many Greeks, especially the 38.75% who voted Yes, both the EU and the eurozone were trust-generating institutions which gave them unprecedented security. Their demands might provoke enormous resentment, but a serious break with them seemed to carry the hazard of once more turning its back on Europe and lurching back into a destructive recent history.

There was another motive influencing Tsipras as well. All groups of people interacting in the framework of certain institutions learn gradually to speak an 'insider' language and even to adapt their thinking to the mentality which that language articulates. It helps to explain why a number of senior economists (including Christine Lagarde, president of the IMF) assured Varoufakis they agreed with him, but then in public joined the eurozone consensus.[51] Tsipras and many of his advisers had learned that language and absorbed that mentality. Tsipras fell under what Varoufakis calls 'Merkel's spell': he thought (wrongly) that he had an agreement with Merkel to support him against her own colleague Wolfgang Schäuble, who was especially rigid and adamant in his demands on Greece. He still hoped against hope that a solution could be found *within* the existing euro system.

'Insiders don't criticise other insiders'.[52] That, rather than deliberate conspiracy, is the key to understanding the collective response of the eurogroup and the EU institutions. As individuals, they might approve Varoufakis's ideas, but as members of institutions they had to stick to their variety of groupthink. Institutions have to protect their members, and those members, to 'deserve' such protection, have to agree to repeat the same formulas, like members of a tribe before a major battle with another tribe.

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To return to the question posed earlier. The crisis unleashed on Europe in recent decades is mainly an economic one; why then do the political conflicts

51 Lagarde did not entirely: she demanded a serious reduction in Greek debt, as Varoufakis wanted to achieve. Otherwise, however, she joined the consensus putting extreme pressure on the Greek government.

52 Varoufakis, *Adults in the Room*, 499, n 1.

generated by it take a nationalist form? Why is it that the *Staatsvolk*, who have suffered most from the financial crisis of 2008, have tended to place their trust in nationalist politicians and their movements?

As we have seen, there are two distinct modes of trust in our economic future. Even in a globalised economy, the nation-state remains our public risk manager and the trustee of what I call the 'fiscal covenant', the tacit agreement that, if you pay your taxes, the state will look after you, or at least prevent you slipping into utter destitution, if you suffer unemployment, a serious accident or illness, and when you reach old age. The second world war generated widespread public consciousness of the need for mutual solidarity within society, including between rich and poor. The fiscal covenant created a way of making such solidarity real: the sharing of national wealth through progressive taxation proved a powerful factor in consolidating the sense of nationhood engendered by war. The national treasury became the clearing-house through which the whole nation shared the cost of providing mutual security and well-being: defence, communications, education, health services, pensions, welfare benefits and other forms of social good. The fiscal covenant became a major component of national identity.

The global economy, however, demanded security of a different kind: through states offering secure returns on the bonds they have to sell to finance their own debts. States can do that only if they sustain budgetary balance. The global economy made its demands on nation-state treasuries, but it did not provide equivalent pooled security to compensate states unable to balance their budgets. In the absence of any international pooled financial security, nation-states remain our public risk managers, and populations are therefore very loath to surrender control of that management to outside institutions. This has applied even within the EU's eurozone, where the creation of a single currency was not supplemented by the establishing of supra-national risk-bearing collective provisions. The result is that the populations of Europe have increasingly looked to their own nation-states as public risk managers and as guarantors of the fiscal covenant.

Those are the economic motives for clinging to the nation-state. There are other, no less important, symbolic reasons why the *Staatsvolk* should look first of all to their own nation-states. Streeck's Marktvolk/Staatsvolk dichotomy roughly corresponds to the dichotomy expounded by another thinker concerned with the condition of our contemporary democracies: in a recent book David Goodhart distinguishes between 'somewhere' people and 'anywhere' people.[53]

53 David Goodhart, *The Road to Somewhere: the Populist revolt and the future of politics*, London: Hurst, 2017.

The people Goodhart classifies as Anywheres are animated by what he calls 'progressive individualism', that is, they value individual freedom very highly and are prepared to accept its social corollaries. Their worldview 'places a high value on autonomy, mobility and novelty, and a much lower value on group identity, tradition and national social contracts (faith, flag and family)'. They 'are comfortable with immigration, European integration and the spread of human rights legislation, all of which tend to dilute the claims of national citizenship'. By contrast, the Somewheres hold a worldview which Goodhart calls 'decent populism' (though he notes that a small minority of 'hard authoritarians' among them do not qualify as 'decent'). They 'are more socially conservative and communitarian by instinct.... They feel uncomfortable about many aspects of cultural and economic change – such as mass immigration, an achievement society in which they struggle to achieve, the reduced status of non-graduate employment and more fluid gender roles'.[54] They react against both forms of 'double liberalism'.

Drawing on recent opinion polls, Goodhart observes that in recent years more than half of the British people have agreed with the statement 'Britain has changed in recent times beyond recognition, it sometimes feels like a foreign country, and this makes me feel uncomfortable'.[55] One cause of this feeling has been the recent steep growth in immigration: there were approximately 1 million immigrants from EU countries living in Britain in the late 1990s, whereas by 2016 there were 3.3 million.[56] Somewheres are not totally opposed to immigration, but feel there are too many immigrants in the country, that their ubiquity has changed the country beyond recognition, and that their presence has put unacceptable strains on the NHS, the education system, the social welfare budget and the demand for housing, especially in certain localities. The perception takes root that immigrants have come to Britain only to claim welfare benefits without having paid their share into the system first. Their dress, their food, their music, their customs and their religion (often Islam) feel alien and even threatening to native Brits, especially in certain towns, usually economically disadvantaged ones, in which immigrants have clustered in large numbers, and in some cases have recreated Pakistani, Bangladeshi or Somali communities as distinct ghetto-like areas. The growing problem of Islamist terrorism has naturally exacerbated this hostile perception.[57]

54 Goodhart, *Road*, 5–6.

55 Goodhart, *Road*, 2–3.

56 ONS dataset, 'Population of the United Kingdom by country of birth and nationality', August 2016, quoted in Goodhart, *Road*, 122–5.

57 Goodhart, *Road*, 129–31.

Clearly here we are talking about both nation and state. The state is public risk manager and guarantor of the fiscal covenant, but it is the nation which evokes the trust-generating symbolic motifs augmenting social solidarity. The nation is the largest collective – usually many millions of people – with which the individual can feel a sense of community solidarity. A nation is a huge community, each of whose members can know personally only a tiny proportion of its other members. Imagining the unknown members as people to whom one can extend at least a preliminary presumption of trust and with whom one can engage more readily than with those outside the nation's borders requires a symbolic repertoire capable of summing up the nation's identity and projecting it to all its members. The characteristics of this symbolic repertoire have been summed up by Anthony D. Smith in his seminal work *National Identity,* in which he defines a nation as 'A named human population sharing a historic territory, common myths and historical memories, a mass public culture, a common economy and common legal rights and duties for all members'.[58]

Let us consider some of these symbolic motifs. Sometimes the nation will be conceived as akin to a family, if you like, a hugely augmented extended family, which has its own established territory, its own heritage, its lineage reaching back into the distant past, its own shared memories and narratives, which evoke a sense of community and impart confidence in the continuity of that community, extending well into the future.

Historical memories and shared myths about the past provide common reference points which enable members of the nation to communicate more readily with each other. They intensify the feeling of belonging to a community which will support one through difficult times, which has done so for one's ancestors and is likely to continue to do so for one's descendants, and can thus underwrite our confidence in the future. That is why romantic nationalists attribute a 'primordial' quality to national identity, implying that it has existed from time immemorial, will always do so, and that therefore the nation has the right to make demands on us which outweigh those of individual personal interest.[59]

National memories tend to be selective: nations 'forget' the less creditable elements of their past, the periods when they were oppressors or committed atrocities. As Ernest Renan remarked, 'every French citizen must have forgotten St Bartholomew and the thirteenth century massacres in the Midi [in the

58 Anthony D. Smith, *National Identity*, London: Penguin Books, 1991, 14.

59 Anthony D. Smith, *The Nation in History: historiographical debates about ethnicity and nationalism,* Cambridge, UK: Polity Press, 2000.

Albigensian crusade]'.[60] British history tends to screen out the unpalatable fact that the country's wealth and economic dynamism in the eighteenth and nineteenth centuries were built quite largely on slavery. The invention of tradition[61] is not possible, but its exaggeration, selection and partial falsification certainly are.

Smith's 'mass public culture' includes regular customs and ceremonies which bring people into contact with each other in shared activity, enable them to get to know each other better, and strengthen the sense of community. These will include national anniversaries, celebrated with public processions or marches, usually accompanied by music which bears a distinct national flavour. Or there may be performances of drama, opera or pageant in which the audience is drawn in through the setting of myths, legends or heroicised history. Matthew Riley and Anthony Smith describe national music's function as 'celebration of community and citizenship, evocation of landscape and homeland, recreation of heroic histories, and commemoration of national sacrifice and destiny'.[62]

Another crucial symbolic system is the spoken and written language. Customs, ceremonies and myths are usually expressed in a generally understood national language. This includes such taken-for-granted features of everyday life as dress, food, music and body language. There is often an elite culture which takes elements of popular mythology and projects them in a wider context of political and cultural debate, couched in a national language. In some countries, e.g., Finland, where a national language did not exist, one has been consciously created, to enable these symbolic elements to be articulated in a distinctively national way.[63] According to Jürgen Habermas, since the eighteenth century a mass public culture, couched in the national language, has created a 'public space' in which diverse parties and currents of opinion can exchange knowledge and ideas within a shared consensus on non-violent contestation.[64] The shared culture enables individuals to communicate with each other, even when they disagree, much more easily and peacefully than in its absence, and thus to lay a bedrock of mutual trust.

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60 Ernest Renan, *Qu'est ce qu'une nation,* Paris: Calmann-Lévy, 1882, 9.

61 As evoked in Eric Hobsbawm & Terence Ranger (eds.), *The Invention of Tradition*, Cambridge University Press, 1983.

62 Matthew Riley & Anthony D. Smith, *Nation and Classical Music: from Handel to Copland*, Woodbridge: Boydell Press, 2016, 22.

63 See the introduction to *The Kalevala: an Epic Poem after the Oral tradition,* by Elias Lönnrot, translated and introduced by Keith Bosley.

64 Jürgen Habermas, *The Structural Transformation of the Public Sphere: an inquiry into* a *category of bourgeois society* (translated by Thomas Burger & Frederick Lawrence), Cambridge, UK: Polity Press, 1989 (original 1962).

Religion plays a complex role in national identity. Some nations see their religion as an essential element of their nationhood and as a distinctive marker against alien 'others'. In the nineteenth and much of the twentieth centuries, for example, the Irish, Poles and Lithuanians have viewed Catholicism as their own national faith, defending them from the oppression of the English or the Russians, giving them a feeling of moral superiority and cementing their sense of their own communities. In England and the Netherlands Protestantism served as an analogous spiritual bulwark against 'Popish' domination by the French and/or Spanish; though in England it is also true that two distinct types of Protestantism, Anglican and Nonconformist, delineated two distinct types of national identity from the sixteenth through to the early twentieth century.

In some cases nationalism itself takes on some of the characteristics of a religion, providing the core element of the national identity, generating law, a moral code, spiritual comfort and a sense of solidarity in an otherwise comfortless and threatening world. The idea of a covenant with God gave the Jewish people for centuries a moral code, a sense of mission and of community which were crucial when they had no territory of their own; it underpinned their legal traditions and their sacred texts. Something similar might be said of the Armenians in their embattled homeland surrounded by rival empires and religions, or of the Afrikaans in the struggle against both black Africans and the British.[65]

In yet other cases nationalism transfers religious conceptions of the sacred on to the secular institutions of the modern state and the population underlying it: something of the kind could be stated about post-1789 France and the USA. In France, though, the secular republican concept of the state was not universally accepted; it had to battle with a traditional Catholic hierarchical concept – a battle which reached its climax with the Dreyfus affair in the early twentieth century. In all these cases, national identity combines with religion to deepen and spiritualise the sense of community inherent in the nation.

Law is another symbolic system which nowadays mainly functions within national boundaries – though there is of course international law, and also local bye-laws. Law is especially important for civic concepts of national identity. The Abbé Sieyès, in his seminal *What is a nation,* defined it as 'a body of people who join together to live under common laws and be represented by the same legislative assembly'.[66] His vision was of a democratically constituted nation,

65 Anthony D. Smith, *Chosen Peoples: sacred sources of national identity*, Oxford University Press, 2003, Chapter 4; Donald H. Akenson, *God's Peoples: covenant and land in South Africa, Israel and Ulster*, Ithaca: Cornell UP, 1992.

66 Quoted in D. Williams (ed.), *The Enlightenment*, Cambridge University Press, 1999, 494–5.

in which representatives of the people would make laws for them all. But even in more authoritarian states, to have a known and settled law provides a framework of peaceful interaction within which individuals, families and businesses can carry on their everyday interactions in the confidence that they will be able to settle disputes without fearing violence or sudden disruptions.

A national currency can become a booster of patriotic pride. Most national banknotes carry a portrait of the country's sovereign (monarch or president) together with an image recalling a famous event or personality from the nation's history. Even the supra-national euro bears distinctive national as well as European symbols. Islamic notes bear a quotation from the Quran, implying the absolute dependability of the currency. On English banknotes the chief cashier of the Bank of England gives the following undertaking: 'I promise to pay the bearer on demand the sum of…'. This promise implies the existence of a permanent 100% reliable stock of gold bullion covering every banknote in circulation, available to be drawn upon at any moment. The claim is of course false, and most people know it is, but we continue to act as if it were true: we continue trusting the banknotes we receive. US treasury bills make an even more ambitious claim: 'In God we trust', implying that the Almighty himself guarantees the trustworthiness of the dollar as a means of payment.

In some respects the conflict between the international economy and national democracy recalls the 1930s, when widespread poverty tended to induce not only distrust in government and the ruling class, but also to strengthen social solidarity among the poor. Nationalism and socialism were in ferocious competition with each other. Today that class solidarity of the poor and disadvantaged is no longer in evidence. One reason for this is the decline of large-scale industry as a dominant factor in Western economies. The proportion of service employment requiring individual rather than collective input has increased greatly.

In many of those service industries pay is low, while 'zero-hours' contracts render it also irregular and unstable. Individuals feel their contribution is not valued, while they themselves lose much of their motivation, self-respect and sense of personal dignity. More and more, as a result of financial machinations, they are cast afloat in the 'gig economy', on zero-hours contracts or precarious self-employment without sickness or holiday pay. Feeling undervalued, not having a social status and fearing for the future leads to loss of self-respect and self-confidence, indeed a weakening of the sense of settled personal identity which enables one to trust at all.

The victims of this process have sought a way to regain some control over their lives, to rediscover identity and the sense of belonging to a community. Needing to find a recipient of the trust without which life is impossible, they

find it easier to relate to persons rather than institutions; and they look for a spiritual anchor in the national community. That is why populist politics focuses on strong leaders and national identity.

Social media have provided further impetus to populist politics. Their prevalence in recent years has greatly reduced the incidence of public meetings as well as of membership of collective organisations such as political parties. While it is possible to organise collective activities such as strikes and demonstrations through Twitter and Facebook, the prior communication of the individuals involved is minimal. For these reasons nowadays class identity has totally lost its connection with political party voting.[67]

Social media also tend to act as an 'echo chamber'. That is, individuals receive the kind of news they want to hear and the kind of political comment whose lines of argument they already find congenial. In a parody of Habermas's 'public sphere', public discussion tends to proceed in closed boxes of strongly held and often exaggerated opinions without differentiated mutual debate. This is the milieu in which 'fake news' and 'post-truth' assertions become apparently valid currency. These are all symptoms of fragmented social trust.

As a result of these developments, poverty today has become an individual rather than a collective experience. As a recent analysis of the socio-psychological effects of the post-2007 crisis shows, poverty tends to isolate those afflicted by it. It ensures that their participation in social life is restricted: they can no longer buy a return round of drinks or offer reciprocal hospitality during social contact. They feel deprived and rejected, even if they own a car or a colour television. The resulting anxiety, depression and low self-esteem leave lasting scars, so that they are more vulnerable to the next bout of unemployment or of exploitation on low wages.

Public attitudes have reinforced these feelings: in 1993, according to a British Social Attitudes survey, the idea that welfare benefits were too high was rejected by 55% of the population, as against 24% who thought it was true. By 2011 the reverse was the case: 19% rejected the idea, compared with 62% who accepted it. This was partly the result of high levels of immigration in the intervening years: people accept the welfare state provided they can readily identify with its recipients,[68] which is more problematic where there are many immigrants bringing alien languages and cultures. Politicians have also contributed to this change, however: the Blair–Brown Labour government redistributed

67 Lecture by David Sanders, 'The UK's changing party landscape', British Academy, 4 July 2017.

68 Peter H. Lindert, *Growing Public: social spending and economic growth since the 18th century*, vol 1, CUP, 2004.

income for the benefit of the poor and disadvantaged, but avoided advertising the fact, as if ashamed of it, while since 2010 Conservative leaders have implied that those receiving social security benefits were 'scroungers'.[69]

1 Conclusions

The decline of trust in governments and in the established parties of government and opposition arises from factors in which economic causes and identity politics are intertwined. In both Britain and the EU a substantial minority, in some countries a majority, of the population feels that the economy no longer works for them. They connect this perception with the intrusive operation of remote international firms and institutions and with the mass immigration which partly results from the domination of international financial institutions and from the enlargement of the EU. They can no longer have confidence in their economic future, nor can they trust the human solidarity embodied in the symbolism of national identity and in the fiscal covenant guaranteed by the nation-state.

In this sense, there is a serious tension between democracy and the global market. Does that tension amount to total incompatibility? We do not know yet, because governments and established political parties have not even acknowledged the problem. The populist parties have recognised it, but their proposed solutions seem likely actually to make the problem worse. Where do we go from here? That is the question all democratic societies face. There is one possible comfort: democracies tend to be better at solving serious problems than authoritarian states[70] – *provided they retain the basic principles of democracy.* They certainly need to demonstrate that superiority now. So far there is precious little sign that they know how to do so.

69 Tom Clark with Anthony Heath, *Hard Times: the divisive toll of the economic slump,* New Haven: Yale University Press, 2014.

70 David Runciman, *The Confidence Trap: a history of democracy in crisis from world war 1 to the present*, Princeton University Press, 2013.

CHAPTER 6

Trust in Transition: Culturalist and Institutionalist Debate Reflected in the Democratization Process in the Czech Republic, 1991–2008

Markéta Sedláčková and Jiří Šafr

> The communists knew well
> why they needed to control, manipulate
> and suppress all the beekeepers' associations.
>
> VÁCLAV HAVEL

Democracy is more than just a well-built institutional system. Even a democracy which relies on functional institutions and on good systemic conditions, such as rule of law, a working bureaucracy and economic performance, would be merely an empty shell if citizens did not believe in the democratic regime and actively support it. At the beginning of the 1990s, Ralf Dahrendorf outlined the timeline for the transition to democracy and freedom for post-communist countries as follows: political or constitutional changes can be made in 6 months, economic reforms over 6 years, and solid democratic foundations, in the form of an active civil society in 60 years (Dahrendorf 1991: 92). This has come under much criticism from various sides – from those pointing to an excessively long period of civil society formation to those who have denied the importance of civil society for the functioning of the democratic system. Over a quarter of a century later, we are privileged to be able to take a look at this "laboratory of democracy" and, in the case of one of the post-communist countries, assess the state of democracy, focusing primarily on the roots of support for the regime and its stability, and on the functioning of civil society.

The democratic transition in Central and Eastern European countries has again raised the question of establishing a democratic system and of the conditions necessary for its stable functioning. On the one hand, there are those who claim that democracy is primarily a system of institutions. By introducing institutions, adopted from advanced democracies, democracy can be created

on practically a clean slate, provided it is supported by an effective economy. It is important to add that, by virtue of the fact that democracy and capitalism came to Central Europe at the same time, the economic and political systems were perceived as one. Consequently, a focus on economic performance prevailed in the region, supported by a radical economic thesis such as "the market precedes the law". On the other hand, there were those who saw that "institutional xerox" was totally inadequate when it came to building a democratic society. They pointed to the need to transform citizens' values, behavior and thinking, that is, to create a specific political culture – a civic culture.[1]

The process of democratization in the 1990s also reopened the debate about democracy and its political culture. A fundamental dispute had arisen in the 1960s between the so-called rationalist or institutional stream and the cultural stream. Rationalists claimed that the democratic system is based on the rational evaluation of its performance and that citizens support democratic institutions insofar as they are effective for them. On the contrary, culturalists argued that in order to function, the democratic system also needs to be embedded in a specific political culture based on a society's general value system.

On the basis of this discussion between institutionalists and culturalists, as well as the explanation which takes into account the specific development in post-communist countries, we ask the following questions: What are the bases of diverse layers of trust in new democracy? Do they carry the remnants of the communist legacy? Does institutional and systemic trust mainly reflect the perceived performance of the system or is it grounded in civic virtues, specifically social trust and engagement? Has there been a change in the impact of these factors during the two decades of the democratization process in the new democracies in Central Europe?

This chapter examines the above questions in relation to the specific case of the Czech Republic in its transition and post-transition period after 1989. A country undergoing the process of transition from a totalitarian to a democratic regime presents a great opportunity to study the formation of the democratic system and analyze its key components and the way in which they are interrelated. Using data from the European Values Study, conducted in 1991, 1999 and 2008, we analyze the roots of institutional trust and systemic trust (i.e., popular support for democracy) in the three distinct stages of transition. Furthermore, we test a hypothesis based on the institutionalist approach that

1 In the case of the Czech Republic the first stream was promoted by economist and then prime minister Václav Klaus, whereas the second stream was represented mainly by then president Václav Havel, some neo-institutionalist economists and sociologists (Mlčoch, Machonin and Sojka 2000).

public support for democracy is influenced by evaluations of the performance of the system and its institutions. On the contrary we assess the hypothesis based on cultural theories, namely that trust in institutions along with collective social capital, more specifically civic participation and social trust, contribute to public support of the democratic regime.

1 Trust and the Democratic System

Trust plays an important role in democratic societies as a medium of communication at all its levels: from mutual communication between citizens to their relations with different organizations, constitutional institutions and the democratic regime as such. We define three basic types of trust that exist in democratic systems: systemic trust (Sztompka 1999: 45), institutional trust and so-called social trust. Systemic trust, i.e., the legitimacy of a political regime, is a fundamental prerequisite for the existence of a democratic system because it represents people's trust based on their belief that a democratic regime is both just and beneficial to their society. The second pillar of the democratic system is built upon the relation of citizens to the democratic institutions representing them (the government, the parliament, courts, etc.). Experience with the functioning of the institutions either leads to citizen satisfaction or dissatisfaction which they express through trust or distrust. Long-term dissatisfaction can be reflected not only in distrust and a questioning of the existence of particular institutions, but can also influence the very perception of the rightfulness of the democratic system as such, i.e., its legitimacy. Third, social trust is defined as general trust in other people. While based on primary socialization within the family, this type of social trust goes beyond family or a small community because it is crucially associated with links between socially "distant" groups. Social trust together with an inter-group tolerance and respect for differences contribute towards creating a civic culture, and thus towards supporting democracy as such (Putnam 2000).

1.1 *Rationalist versus Culturalist Approach to Trust*

The debate about the role of trust in the democratic system takes place mainly between institutionalists and culturalists. It is important to note that each approach is based on very different assumptions about the nature of social systems and the behavior of actors in them.

Institutionalists follow the theory of rational choice, which considers man to be a rationally behaving actor, evaluating the costs and benefits of his conduct. Trust is defined as an encapsulated interest, which means that "I trust

if I believe that the other person's action is 'encapsulated' in an incentive structure by which it is in her interest to behave trustworthy" (Hardin 2001: 14). In the context of democracy, this means that citizens and government officials will trust each other if it is beneficial for both parties (Braithwaite and Levi 1998: 376). If the government builds trust by making credible commitments and declaring trust in citizens, citizens, in turn, can show a willingness to contribute to public well-being and behave in accordance with the law (Levi 1998; Daunton 1998). Contrary to the culturalist stream, which understands trust as a moral virtue, institutionalists more often point to the danger of unwarranted trust and to the potential positive function of distrust (Warren 1999). Hardin (2001) even claims that democracy is based not so much on trust but on institutionalized distrust.[2] The institutional framework plays a central role in this approach, as the institutionalists seek to describe what institutional arrangements can support the emergence of trust (Jackman and Miller 1998: 50).

In contrast, culturalists emphasize that people of different cultures evaluate information differently and their behavior is therefore different under the same institutional conditions. A culturalist approach assumes that societies have their own specific value systems and that these cultural patterns are somewhat permanent. Beyond that, specific cultural patterns are assumed to affect the political and economic system (following on from Weber's thesis on Protestantism and capitalism). There is a definite link to modernization theories (Parsons 1951; Almond and Verba 1963; Eckstein 1988), according to which democratic institutions can operate only in societies that have sufficiently undergone processes of industrialization, urbanization and education (Hanson 2001).[3] Trust, when considered as one of the culture traits, is important for democracy for three reasons: it contributes to public support for the democratic regime; it increases the tendency towards democratic values; and it positively affects political engagement.

Knowing the general perspective of these two theoretical approaches, we can now ask how they perceive the relations between systemic trust, trust in institutions and social trust. According to the institutional stream, trust has limited effects on democracy and the distinct types of trust are not related to one another, whereas the cultural stream argues not only that trust influences all levels of the democratic system but also that the different types of trust affect

2 The concept of institutionalized distrust can also be found in Piotr Sztompka's model "the social becoming of trust culture". He claims that the fundamental premises of the democratic system are in actual fact modelled on distrust: justification of all power, periodical elections and terms of office, the division of power, etc. (Sztompka 1999: 140–3).

3 At the same time, Lipset (1959) is also considered to be one of the first proponents of the "theory of modernization", which states that democracy is the direct result of economic growth.

one another. Institutional theories understand institutional trust as politically endogenous, i.e., unrelated to the interpersonal trust which we obtain in primary socialization, and instead locate its roots in people's rational evaluation of institutional performance (e.g., Dasgupta 1988; Hetherington 1998; Hardin 1998). In contrast, cultural theories understand trust in political institutions as exogenous, i.e., rooted outside the political realm. They see institutional trust as an extension of interpersonal trust, which in turn is based on cultural norms and emerges from social networks, and in particular from the networks of civic engagement, which are thus understood as a vital element for the functioning of the democratic system (Almond and Verba 1963; Inglehart 1997; Putnam, Leonardi and Nanetti 1993).

Although at first glance these two schools of thought seem to be completely incompatible, Mishler and Rose construct a so-called life-time learning model, which partially integrates the two contrasting explanations of the origins of trust (Rose, Mishler and Haerpfer 1998). According to this model, social trust may develop initially as a result of youthful, pre-political experiences and may subsequently be projected onto institutions (cultural theories). However, this initial predisposition to trust or distrust institutions may be then reinforced or revised by later-life experiences, including adult evaluations of political performance (institutional theories).

The arguments put forward in support of the two above-discussed approaches can also be applied to systemic trust. For the purpose of our investigation of the associations between regime legitimacy and institutional trust, we have found it useful to apply Easton's distinction between specific support, which is based on citizen satisfaction with the current working of institutions, and diffuse support, which represents generalized loyalty to the regime (Easton 1965). This distinction is crucial because institutional trust has only limited influence on overall regime legitimacy in the former case (see e.g., Citrin 1974; Lipset and Schneider 1983; Rose, Haerpfer and Mishler 1997), while lack of trust in democratic institutions may destabilize the regime (Weatherford 1992; Miller and Listhaug 1999) and increase people's support for authoritarian alternatives in the latter case.

1.2 *Origins of Systemic Trust*

No political regime can last without legitimacy. While order can be procured by means of incentives and sanctions, social cooperation requires systemic trust (Misztal 1996: 245). Legitimacy can be understood as a bridge between an institutional system and cultural factors on which the political system is built. On what pillars is support for the democratic regime based? In other words what are the origins of systemic trust?

Economic effects are undoubtedly among the most frequently discussed factors influencing the legitimacy of any regime (including non-democratic ones). Regime legitimacy relies primarily on the long-term performance of the entire system which in turn relies on a working economy, as pointed out by Lipset more than fifty years ago ((1960) 1981).[4] The basic tenet is that as countries develop, social structures become increasingly complex, thus rendering authoritarian rule more and more difficult. Institutionalists emphasize that performance should not be understood just as economic efficiency but also as the real ability of the state to meet the basic needs and requirements of the population through institutions. Although the economic thesis is generally accepted, opinions differ on whether this is related to macroeconomic conditions (macro-theories) or, for example, personal financial situations (micro-theories). However, support for democracy is seen as endogenous, i.e., as political and economic performance feedback (Easton 1965). Thus, institutionalists are generally more optimistic about the implementation of democratic systems in various cultures.

While economic prosperity continues to be viewed as important, it is treated merely as one of the factors that influence legitimacy (Dogan 1997: 16; similarly, Maravell 1997). Many authors emphasize the fact that the influence of economic and political performance on the legitimacy of democracy is somewhat indirect, i.e., mediated by citizens' beliefs, attitudes and values (e.g., Diamond 1999; Lipset and Lakin 2004; Linz and Stepan 1996). Thus, people's evaluations not only reflect the objective economic and political situation but also subjective perceptions that are shaped by belonging to a particular social category (gender, age, social status) and relating to reference groups (relative deprivation), (micro-level socialization theories) (Almond and Verba 1963; Mishler and Rose 2001). According to theories of individual socialization, political attitudes and beliefs are based on pre-political attitudes already acquired in the socialization process in early childhood (e.g., Eckstein 1988).

Cultural theories emphasize the macro-context within which political learning occurs. People's political values, attitudes and individual activities are formed and strengthened in their interactions with other citizens, not only through informal networks but, importantly for the development of democratic values, through civic and voluntary associations (secondary socialization) (Almond and Verba 1963). Some proponents of cultural theories have adopted the concept of "collective social capital" (Putnam et al. 1993; Putnam 2000), the essence of which are two dimensions: a cultural one (mutual trust among

4 Lipset's famous thesis: "The more well-to-do a nation, the greater the chances that it will sustain democracy" (Lipset 1981: 31).

people and groups, the values and norms of tolerance, cooperation and solidarity), which is generated and reinforced in the milieu of a structural dimension (links and social contacts that are open and horizontal and networks of public engagement such as participation and volunteering). According to this neo-Tocquevillian theory, it is believed that higher social capital – an active civil society, creating more social trust – leads people to be more active in politics and thus supportive of democracy.

The theories of trust and civic participation discussed above describe a typical pattern of stable democratic systems, where civil society delineates the area between the private interest sphere and that of the state. Internally, civic associations are believed to affect their members in such a way that they socialize them into a democratic culture and teach them the subtleties of trust and cooperation. Externally, different forms of civic participation link citizens to the political system and its institutions, aggregate and articulate interest, and provide a range and variety of competing and cooperating groups, which constitute a pluralist polity (Newton 1999: 11). However, the validity of this theory is criticized from different angles.

1.3 *Critique of Collective Social Capital Theory: Civic Engagement and Democracy*

Despite the strong influence of the neo-Tocquevillian theory, there is little evidence that there is much of a correlation between membership in voluntary organizations and individual attitudes of trust (Newton 2001; Jackman and Miller 1998); and it is worth questioning whether voluntary organizations do, in fact, play a major role in this respect. The problem is that we do not know the extent to which membership affects trust creation in comparison with other possible sources of trust – such as family, personal experiences, or the impact of national institutions (Stolle 2001: 118; Levi 1996: 50). Moreover, as it is difficult to figure out the complicated cause-and-effect relationships between memberships in voluntary associations and trust, when "the possibility remains that people who are more trusting self-select into associations" (Stolle 2001: 120; van Deth 1997). In addition, these people, who are more likely to find others as well as society trustworthy and to express life satisfaction and happiness, very often represent a specific social group characterized by higher social status, income, and education (Newton 2006: 93). Thus, this exclusivity of voluntary groups, neglected by culturalists, can, instead of building social trust, lead rather to the erosion and division of society (Jackman and Miller 1998: 59).

The critique also points out that, on closer inspection, the effect of participation on social trust depends on the type of organization, the heterogeneity of membership, as well as the objective of the association, e.g., whether it can

be characterized as an altruistic or egoistic association, and also on the degree of the (in)formality of engagement. Even if at first glance it seems that Putnam fails to make a distinction between types of associations in terms of their effect on trust, upon closer examination one has to admit, however, that he describes some specific traits of associations which are conducive to trust: horizontality, face-to-face interaction and the overcoming of subcultural barriers (Wollebaek and Selle 2002: 39). Therefore, cultural and community associations (such as church groups, arts societies, local action groups, health care groups, etc.) are supposed to be more strongly linked to generalized trust and to democracy than, for example, political associations (unions, political parties, environmental and feminist organizations) (Stolle and Rochon 1998). Contrary to this theory, many scholars refute that these internally-focused local associations can foster civic skills and values. It is even less probable that they can act as a counterweight to the state, as is the case with political associations and social movements (Quigley 1996; Foley and Edwards 1998; Wollebaek and Selle 2002). More specifically, political associations and movements can foster debate, which is a cornerstone of social trust and democracy (Herreros 2004). However, it should be noted that not all civic or political movements have democratic goals and express their preferences and beliefs from the perspective of the common good. On the contrary, they can threaten the democratic system (extremist groups, anti-establishment movements). Another factor to consider is the association's degree of professionalization. With the rise in power of professionals, the importance of volunteers is decreasing, which changes the nature of relationships and thus the social functioning of the organization as a whole (Štovíčková Jantulová 2005: 144).

Moreover, it is often argued that the form of civic participation has changed since the 1990s, and as citizens have become increasingly critical of politicians and political parties, they are more likely to engage in more non-conventional forms of political activism. However, culturalists particularly emphasize membership in traditional associations and communities, while, in their opinion, membership in new mass organizations and movements (e.g., pro-environmental and feminist), where people do not meet regularly face-to-face in a community and do not share common interests does not contribute to trust and, following on from that, to democracy (Putnam 2000). Contrary to these arguments, there are alternative explanations for the link between trust and participation. Max Kaase (1999) argues that if theories of social capital stress the link between trust and cooperation, then non-institutionalized participation based on collective action (such as demonstrating, taking part in boycotts, etc.) should be linked to social trust more strongly than in the case of conventional participation. However, empirical research in the post-communist

countries of Central and Eastern Europe also questions this source of trust (Vráblíková 2009).

1.4 *Specifics of Legitimacy of Democracy in Transitioning Societies of Central and Eastern Europe*

As we have just shown, according to culturalists, a vibrant civil society is an essential prerequisite of a stable democracy. From the rationalist perspective, democracy is consolidated when political institutions are evaluated by citizens as just, reliable and effective, and ideally supported by good economic performance (Przeworski 1991).

However, new democratic regimes in the post-communist countries of Central and Eastern Europe tapped into other sources of legitimacy, at least in the initial stages of their transition. Since the democratization process was accompanied by economic change from planned to market economy, the sense of insecurity was high. Therefore, Mishler and Rose explain the legitimacy of democracy through the "fear and hope" model, arguing that support for the new regime relied primarily on a rejection of the old regime and confidence in future economic prosperity (Mishler and Rose 2002). Similarly, Marková points out that post-communist societies had to go through a mental shift from authoritarian legitimacy based on trust as the opposite to fear to democratic legitimacy based on trust as a free choice, as a risk (Marková 2004: 11).[5] In general post-communist societies are considered rather as distrustful in terms of social, institutional as well as systemic trust (Vlachová 2001; Badescu and Uslaner 2003; Delhey and Newton 2003; Kornai, Rothstein and Rose-Ackerman 2004).

Although economic determinists feared that an economic crisis might bring back the previous regime, other scholars emphasized that while economic variables explain a large amount of the variance in regime support, the effects of political performance grow over time, which is a key stabilizing factor for democracy (Mishler and Rose 2002: 26). Lipset talks about so-called negative legitimacy based on "an inoculation against authoritarianism in reaction to the viciousness of the previous dictatorial regimes" (Lipset 1994: 8). Nevertheless, political attitudes are already acquired during early socialization, and those effects are not necessarily negative. In contrast, residues of positive sentiment may be exhibited by those who grew up in the nascent stages of the socialist

5 The method of legitimation based on fear in today's world is once again on the rise whereby citizen choices are motivated by fear. This time not directly by the political representatives of the regime, but by what they declare to present a threat to society, a threat that only they can supposedly safeguard society from.

regime and were influenced by the propaganda-fuelled optimism. In sum, people's evaluations of the current regime from the 1990s to the 2010s are shaped by generation-specific attitudes and experiences.

This view is confirmed by the results of long-term research conducted in the Czech Republic, which shows (based on ISSP data for 2004, 2006, 2014 and regular public opinion polls) that legitimacy is somewhat stable and factors influencing it are deeply rooted, as they are "shaped primarily by political socialization during the communist regime" (Linek 2010: 141) and by social status. In particular, people who vote for the communist party and partly also individuals with low social status still identify themselves less with the democratic system than those who are right-wing. Based on their research in post-Communist societies, Mishler and Rose confirm the influence of the previous political system and its institutions on individual attitudes and behavior (Mishler and Rose 2001: 41). Consequently, all types of trust seem to be lower than in consolidated democracies: culturalists base their arguments on the legacy of distrust from communist times and the culture of authoritarianism, while institutionalists point to the performance deficit of new institutions, as well as the problems arising from the transformation of society.

On the other hand, it is important to note that democracy means not only the freedom to trust but also the freedom not to trust (Dunn 2004: 204). The aim is not the highest measure of trust, since the level of trust should critically reflect the quality of democratic institutions. Thus, the low rating of institutions and somewhat sceptical attitude toward the democratic system in the 1990s can be seen rather as proof of the political wisdom of the people in post-communist countries (Rose, Haerpfer and Mishler 1997: 30). Nevertheless, legitimacy does not exclusively emerge from the ways citizens evaluate political institutions' performance. Indeed, systemic trust means that citizens may stay loyal to the democratic regime even if they are dissatisfied with the current functioning of political institutions; they do not resort to passive criticism but actively use their civil rights. And that is something post-communist societies are still learning, and they are not alone.

2 The Czech Republic: Rebuilding Democracy despite the Path Dependency of the Communist Mentality

Democratic institutions and trust relationships do not exist in a vacuum. Political systems are always embedded in some culture and influenced by the specificity of a historical period. To set the scene it is important to review a brief history of the democratization process in the Czech Republic after 1989,

accompanied by a look back at the previous circumstances of society, something that can be described as the legacy of communism.

2.1 *The Legacy of Communism*

In 1989 the new democratic states did not start with a clean slate; there was a historical burden from the previous forty years of communism. This communist heritage was present in institutions, rules, symbols and beliefs. The Polish sociologist Piotr Sztompka (1996) distinguishes three main sources of specific culture in socialist societies: The first was bloc culture, characterized by primitive equality, paternalism, anti-elitism and anti-intellectual and anti-capitalist stereotypes. The second source was represented by domestic culture but suppressed by bloc culture and the third influence came from Western culture, bringing modernization to Eastern Europe. These three influences together created an incoherent system of values which led to value confusion in the 1990s. Accordingly, many Czech social scientists saw the biggest obstacle towards building a democratic society to be a moral crisis within the Czech nation (Musil and Linhart 1990; Mlčoch 2006). They pointed out that totalitarianism was not just a political system but was also a system of human relations, of specific values, which lasted after the fall of the political system (Ilner 1996). Social trust was damaged by the abusive practices of the secret police which had disseminated distrust among members of society. Living in a period of double standards in terms of information – official and unofficial – produced a rift between thinking and acting. This contradiction created uncertainty and thus people were socialized into fear and distrust (Watier and Marková 2004: 45), learning to be on their guard and reserved in their dealings with others. Manifestations of this mentality of distrust seem to persist in post-communist societies and still influence the atmosphere in society.

Another distinct cultural feature in the "real socialism" countries was the ubiquitous opposition between the private and the public as the domains of good and evil. This dichotomy together with a double standard of truth in both thought and action had a significant impact on trust as well (Sztompka 1999: 153). Everything somehow related to the state became untrustworthy; one could only trust information acquired personally or information coming from "abroad". The public sphere was dominated by autocratic rules, political despotism and paternalism which produced apathy and passivity. Political authorities did not enjoy the trust of the wider public; the government was regarded by many as treacherous and incapable. It could be said that pathological distrust towards the state and all kinds of authorities undermined trust in the whole social order. In a certain sense, this accumulated experience persisted in the institutions, rules, symbols, beliefs, as well as in the minds of people.

In the beginning of the 1990s this experience complicated the building of the democratic public sphere as well as learning to trust state institutions.

Another issue that frequently comes up in the context of post-communist societies is clientelism, which played a major role in the functioning of communist systems. Clientelistic networks did not collapse with the fall of communism; on the contrary, it appears that these networks were further strengthened during the transformation process, since it opened up very wide opportunities both in business and in politics. The legacy of the past, which was characterized by a greater than usual interconnection of the political and economic sphere, the absence of a division of power, the persistence of a subject political culture and the continued importance of personal connections, led to a system which not only saw the interconnection of political parties and non-transparent business, but also of non-transparent business and the state administration (Klíma 2015: 37). According to Klíma, this brought about a so-called clientelistic democracy, which has the characteristics of a broader term known as "defective democracy" (Merkel 2004). This describes a system in which formal democratic procedures are fulfilled, but in reality, there is a deliberate weakening of the safeguards of power-sharing, of the legal environment through the unenforceability of law, as well as a weakening of the rules of fair competition within politics and the economy (Klíma 2015: 28). The result of this was the so-called "capture of the state". The revelation of these practices later led to the discrediting of traditional political parties, growing distrust, and subsequently to the emergence of new, mostly more radical movements and, with them, to the challenging of some of the basic principles of parliamentary democracy.

2.2 *Political and Economic Development 1989–2009*

As we pointed out in the theoretical part, support for the regime can be greatly influenced both by the economic and the political situation. Therefore, we consider it important to briefly outline the conditions under which democracy was shaped in the Czech Republic in the first twenty years.

For clarity, we can divide the development of Czech society over the past almost twenty years into several phases, which mainly follow the logic of economic and, to a certain extent, political cycles. The first phase (1990–1993) can be historically defined as being from regime change to the split of Czechoslovakia. At that time, the prevailing attitude among the population was one of trust in the new political system and in its goals and values while, at the same time, there was no significant evidence of a link between these attitudes and the socio-economic characteristics of people. During that stage, the perception of democracy in public opinion was connected with the dreamed ideal of a

free society rather than an awareness of the pitfalls and problems involved in the real democratic system. Moreover, the confidence in the power of the democratic system during this period was further reinforced by the "uniting of citizens against the negative phenomena of the past" (Tuček et al. 1999).

The second phase (1993–1996) was initially dominated by the optimistic notion of smooth economic development, and after the elections in 1992, there was also an increase in the level of confidence in the professional qualifications and moral reliability of the new government. This was followed by a steady increase in negative attitudes, which was also related to the split of Czechoslovakia into two separate countries. Given that this was a political decision taken from above and that the possibility of a referendum was dismissed, this step greatly contributed to the feeling that even in a democracy "those in positions of power are not very interested in the opinions of the people". Opinions on democracy and social development slowly diverged, and increasingly reflected the population's actual experiences and specific living conditions. People also began to realise the negative aspects of and risks associated with life in a free democratic society and at the same time started to feel the threat of social inequality, which had slowly but surely been developing in the country. Public opinion started to indicate a lower level of satisfaction with developments in the political arena (Tuček et al. 1999).

There was a significant decrease in the positive assessment of the democratic regime for the first time in 1997 (phase three 1997–1999). This decrease was connected with the so-called "crisis of trust" in Czech society which followed the overall disillusionment with the outcomes of economic reform. This was marked by privatization, often accompanied by corruption and a credit crunch caused by major banks, and was reinforced by the international financial crisis (1997–1998). These factors resulted in growing unemployment, increasing social insecurity and fears of future development. All this led to early elections in 1998, which the former ruling political party lost and as a result was forced to sign the so-called "opposition agreement" with the left-wing Czech Social Democratic Party. This step was perceived by a large part of the public as a betrayal to voters. This resulted in disenchantment with politics, and thus a loss of confidence in the government and parliament. President Václav Havel symbolically characterized this period and the atmosphere in Czech society at the time as a "bad mood". By doing so, Havel was primarily pointing out the disillusionment of the people not only with the economic and political situation, but also with the moral development of society after 1989, as well as a growing passivity, bitterness, civic apathy and distrust.

The fourth phase (after 2000) was a period of economic growth, characterised by a slow return of optimism, also reflected in a growth in confidence in

constitutional institutions. The Czech Republic became integrated into international structures, joining NATO in 1999 and the European Union in 2004. Nonetheless, despite continuing positive economic development, 2003–2005 saw a decline in public satisfaction and confidence due to a series of corruption scandals on the part of the Social Democrats (ČSSD), the party in government at the time. The period of rapid growth came to an end with the global economic crisis that had a relatively mild effect on the Czech economy in 2009. The financial crisis that followed had a negative impact, not only on public confidence in financial institutions but also in political institutions.

2.3 *Democratic Attitudes in the Czech Republic*

This political and economic course of events was manifestly reflected in the development of the level of support for democracy in the Czech Republic. As we said earlier, the assessment of democracy in the newly established countries draws on a comparison between the former regime and the current one. In the years that immediately followed the Velvet Revolution, a significantly positive assessment of the current regime, as compared to the former one, prevailed in Czech society, while great expectations of a further improvement in the state of democracy in the Czech Republic predominated until the mid-1990s.[6] Extensive privatization fraud, which came to light in 1997, followed by the conclusion of the previously mentioned opposition agreement led to a loss of confidence in both the economic and political development of the country and therefore to a decline in confidence in the entire democratic system. One of the consequences was a moderate increase in the number of people who positively evaluated the Communist regime. It seems, however, that this was more a reflection of nostalgia for the certainties provided by the socialist state rather than a real wish to "return to the old order". This is also evidenced by the fact that although there was a drop in the positive perception of the further development of democracy, the vision remained optimistic. Public opinion research results from the 1990s show that even after the crisis year of 1997, two-thirds of citizens were invariably inclined to believe that the current political regime would bring a better future for their children than the former regime would have done (Kudy kam 2000: 67).

If we examine public opinion regarding the state of democracy in the last ten years, polls show that although between two-fifths and half of the population expressed their satisfaction with the functioning of democracy in the

6 According to the data from the international research project New Democracies Barometer II (1992), IV (1995) and V (1998), the research of CVVM (Public Opinion Research Centre) and ISSP (International Social Survey Programme) 2006.

Czech Republic (Kunštát 2010), more than two-thirds are convinced that the change in regime in 1989 was positive. By contrast, in 1999 only approximately half the population assessed regime change as being beneficial (Veselský 2009). Although support for democracy in the Czech Republic seems to be quite high in the context of post-communist countries – in Hungary the level of support is similar and in Slovakia and Poland it is somewhat lower. Nonetheless, compared to the old democracies of Western Europe, up to 20% fewer people say they are in favour of democracy in the Czech Republic (Linek 2010: 66). Although we can regard democracy as relatively well rooted in Czech society, it seems that we are midway towards building a democracy rather than at the end – if there is any such thing at all as an end.

2.4 *The Renewal of Czech Civil Society*

Civil society played a significant role in the building of democracy in the Czech Republic, as it brought about the fall of the communist regime. The non-profit sector did not emerge from scratch after 1989, since even during the communist regime there were some officially recognized organizations. Yet, it is arguable to what extent they served as ideological tools for controlling the population rather than as a means of free participation. At the same time, there were also illegal or semi-legal civic (dissident) initiatives. Together with renewed traditional organizations rooted before the Communist takeover in 1948, these initiatives played an important role in the process of transition to democracy. Brand-new organizations and associations emerged during the 1990s and they contributed significantly to easing the social and economic impact of reforms, for example, by providing charity (Angelovská, Frič and Goulli 2009: 62–6). Many of these new civic movements later transformed into professional non-profit organizations (e.g., some environmental movements), thus, as we mentioned, their potential for fostering civic skills could diminish over time. The non-profit sector in the Czech Republic has managed to reach a relatively decent level of development, especially compared to other post-communist countries (Rakušanová 2005; Vlachová and Lebeda 2006). According to survey data (ISSP 2004), almost half the people in the Czech Republic (46%) were members of some type of voluntary association, with almost one-third of them involved in more than one organization. Most frequently, Czechs are members of sports and recreational organizations and leisure-time associations (hobby associations, fishing, hunting societies) (Rakušanová 2005).

As conventional participation was typically discredited by the communist regime, the newly permitted forms of non-conventional participation may have seemed more attractive. However, it is also argued that the acquired freedom was perceived by some as freedom "not to participate", compared to obligatory participation during communism (Rose 1995). Another issue is that

since non-conventional participation seems to be quite a recent phenomenon in western democracies, post-communist countries could have skipped the conventional participation phase and immediately adopted the newer forms of civic engagement instead. In reality, unconventional participation in the Czech Republic is somewhere around the average among other post-communist countries (Vráblíková 2009). Roughly half of Czechs have, at some time, taken part in some form of political or social activity, with almost three-fifths of them participating in more than one (ISSP 2004). Compared to the level of membership in voluntary organizations, this percentage is slightly higher, but not sufficiently so to claim a predominant tendency among Czech citizens to be politically and civically active. Signing petitions, making donations and attending political meetings or demonstrations are only relatively common (Sedláčková and Šafr 2008). Although Czechs are more likely to express their discontent on a daily basis in the pub than out on the streets, the country's short democratic history shows that they are ready to mobilize when the principles of democracy are threatened (movements such as Impulz 99, Thank You and Leave 1999, Yes for Europe, etc.)

3 Three Layers of Trust: Trends and Explanations

3.1 *Data and Research Questions*

Based on the debate between the cultural and institutional paradigms and taking into account the specifics of post-communist transformation of Czech society, we analyse the factors that influence institutional and systemic trust and debate the way in which they are interconnected with social trust in the Czech democratic system. We address the following questions: Does civic participation foster general social trust, institutional trust and legitimacy of democracy? What is the relationship between institutional and social trust? Is trust in institutions dependent on public evaluation of governing system performance, whereas the legitimacy of democracy is based on somewhat more stable factors? Is public support for the democratic regime somehow influenced by the legacy of the communist past?

The present study aims to answer these questions using data from the European Values Study waves II, III and IV carried out in the Czech Republic during the transition period in 1991, 1999 and 2008, respectively.[7] Our main objective is

7 The samples of respondents are representative of the adult population of Czech citizens living in households (i.e., not in social care institutions, etc.). Based on random stratified sampling, the following numbers of standardized interviews were collected during the respective waves: 2109 interviews in 1991, 1908 in 1999 and 1821 in 2008. The data are not

to assess whether factors such as collective social capital, the evaluation of political system performance, as well as the specific legacy of post-communism shed light on the level of institutional trust and support for democracy, respectively, and whether and how the effects of those factors change over time.

On the basis of the cultural theories presented above, we expect both the structural and the cultural layer of collective social capital, i.e., civic participation (both conventional and unconventional) and social trust, to have an impact. We also examine the relationship between the three levels of trust – social, institutional and systemic. Another possible explanation for both institutional and systemic trust is the evaluation of the performance of the political system as assumed by institutional theory. Finally, we consider the factors related to the communist legacy as expressed, in addition to generational differences, also through the declared election of the Communist Party by respondents.

3.2 *Measures*

The first outcome variable in the model measures *institutional trust*. During the three waves of the EVS, institutional trust was measured by a battery of questions from which we have selected the following items that reflect trust in state institutions: the armed forces, the education system, the police, the Chamber of Deputies (the Czechoslovak Federal Assembly in 1991), the civil service, the social security system, the justice system. The summary index of institutional trust is constructed using the standardized (mean 0, variance 1) values of the individual items.[8]

The second dependent variable in the model measures the level of agreement of an individual with four statements depicting *support for democracy*, and so it focuses on one of the key aspects of the legitimacy of the democratic regime.[9] Respondents were regrettably only asked these questions in the third and fourth EVS wave. As a result, we are missing important information on the level of trust in the democratic regime at the very beginning of the transformation

weighted. However, the percentages are representative of the Czech Republic's population. Cases with missing values were excluded from these analyses using listwise deletion. With regard to the possibility of completing secondary education, we restricted the sample only to the population aged 21 and over.

8 Respondents rated each item on a four-point scale, with one indicating trust and four distrust. The item reliability of the scale in terms of Cronbach's alpha is 0.84 for 1991, 0.81 for 1999 and 0.85 for 2008, respectively.

9 These are the following statements: "Democracy may have problems but it is better than any other form of government", "In democracy, the economic system runs badly", "Democracies are indecisive and have too much squabbling", "Democracies aren't good at maintaining order"; with answers on a 4-point scale; where 1 represents strongly agree and 4 represents strongly disagree (the scale was reversed).

process. Again, the summary index of support for democracy is constructed using the standardized (mean 0, variance 1) values of the individual items.[10]

Social trust is measured by a one-item standard question regarding interpersonal trust, with a dichotomous answer.[11] *Membership in voluntary associations*. On the bases of internal logic, as well as preliminary analyses, we decided to divide NGOs into two types. The first type aim their activities *internally* – at their own members (e.g., cultural, sports or professional associations) – and second type *externally* i.e., at society at large (e.g., social services). The dummy variable[12] for membership in NGOs with internal goals – was constructed as an indicator of belonging to at least one of five types of organisations: educational and cultural activities; trade unions; political parties; professional associations; sports and recreation organizations. The second type membership – in NGOs with external goals – includes nine types of organisations: social welfare services; religious organisations; local community activities to combat poverty and unemployment; human rights; ecology; youth work; women's groups; peace movements; health organisations. Further, to capture active members of civil society we use an additional measure of *voluntary work in NGOs*. Active members were defined as those who stated that they were currently performing an unpaid volunteer job in at least one of the above mentioned voluntary organization.[13] For *unconventional participation* we use the summary index comprising five different forms of political action ever taken by the respondent: signing a petition, joining in boycotts, attending lawful demonstrations, joining unofficial strikes, occupying buildings/factories.[14]

For *rating the political system of governing the country*, we have chosen a single survey question (available only in 1999 and 2008) concerning evaluating

10 The item reliability of the scale in terms of Cronbach's alpha is 0.73 for 1999 and 0.73 for 2008, respectively.

11 The EVS question is worded as follows: "Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people?", with dichotomous answer options of "most people can be trusted" or "you can't be too careful".

12 We also constructed these measures as summary indexes. They feature very low internal consistency. However, it is hard to assume that membership in (different) voluntary associations would have, in essence, a cumulative character and therefore the index would measure one lucid latent attribute. Also dichotomy indicators make much more sense when interpreting the results (it is tricky to interpret the effect of a unit change in the "volume" of an organization of which a person is a member). Nevertheless, using this alternative operationalization, the results in all analyses were the same.

13 Again, due to high positive skewness (5.03 for pooled data) we prefer using dichotomized version of this variable.

14 The reliability of the resulting scale in terms of Cronbach's alpha is 0.76 for 1991, 0.69 for 1999 and 0.81 for 2008, respectively.

how well the political system is functioning.[15] However, a separate assessment of economic system performance is not available in EVS data. Last but not least *Intention to vote for the Communist Party* is derived from the question: Which political party would the respondent vote for in a general election tomorrow, with one of the answers being the Communist Party of Bohemia and Moravia.

In addition to these predictors associated with the key concepts, our models comprise a number of socio-demographic background variables designed to serve as controls in the models: gender, age (birth cohorts), educational attainment (two categories),[16] household income (recorded in quintiles and centered). Of these, age is especially important since basic beliefs are impressed on an individual's mind already at a young age and therefore different age cohorts who socialized in a different historical/political period will have a different perception of the world because of differences in the political and economic setting. We distinguish between three basic cohorts: the World War II and building of communism generation, the "normalization" generation (after the Russian occupation in 1968) and the new democracy generation (cf. Linek et al. 2018). The table in the appendix contains information about all the variables in the models.

To explain the variance in levels of the two outcome variables, we apply ordinary least squares regressions. In order to address the neo-Tocquevillian assumption in particular we assess the interaction effect of social trust and civic participation. The results we present are in unstandardized form accompanied by effect size measure (partial Eta^2 with values expressed as percentages).

3.3 *Social Trust and Civic Participation*

The level of social trust in the Czech Republic has been relatively stable during the past twenty years, with a slight increase in the first decade of the new millennium (26% in 1991, 25% in 1999, and 30% in 2008). Over the long term, about one-fourth of Czechs stated that they had generalized trust in other people, which – considering the results of the fourth EVS wave of 2008 in which 39 countries participated – appears to be average in terms of level of social trust. Compared to the Nordic countries, such as Denmark, Norway and Finland, the level of trust is somewhat lower. Nonetheless, in relation to Central and Eastern European countries, the Czech Republic is among those with the highest level of trust in other people.

15 The question was: "People have different views about the system for governing this country. Here is a scale for rating how well things are going: 1–very bad; 10–very good".

16 Secondary level of education with school leaving diploma, and university degree; the reference category is lower education.

As argued by the cultural theories, the character of social networks of NGOs facilitates the building of social trust. This mechanism cannot be tested directly with cross-sectional data which means we can only compare the level of general trust between members and non-members. As seen in Figure 6.1,[17] no difference in the level of trust between non-members and members in both types of NGOs (internal, external) was identified, even when only active members (voluntary work) were compared to non-members.[18]

In a similar way we looked at an alternative explanation for the relationship between social trust and civic participation. The argument is that unconventional participation based on collective activity facilitates the building of social trust based on mutual cooperation better than classic NGO membership (Kaase 1999). We believe that this alternative explanation might be further supported by the fact that whereas the communist regime discredited formally-organized mass participation for many people, unconventional forms of participation might represent a new democratic setting for civic participation. Although in 1991 a fairly negligible relationship between unconventional participation and trust was identified, in general this alternative explanation of trust building cannot be considered as plausible. When we take into account that civic activities (such as demonstrations, petitions) measured in EVS surveys are primarily one-off activities, creating mutual trust among participants is fairly unlikely.

Regardless of the mechanisms which create social trust, the key issue addressed in this chapter is the way in which social trust influences institutional confidence and systemic trust, in other words, supports democracy. In the next section, this topic will be dealt with in detail.

3.4 *Institutional Trust: Social Capital versus Political Performance*

The level of trust in government institutions varies with the country's political and economic developments. Czech EVS data fits this trend only in part: the initial optimism of the early 1990s was confirmed by high trust in 1991, the generally low trust in 1999 coincided with a political and economic crisis and the similarly low level in 2008 reflected dissatisfaction with politics despite the period of economic growth (see Figure 6.2). These trends practically confirm the shared assumption of both cultural and institutional theories that after

17 The graph in Figure 6.1 is based on predicted values calculated from logistic regression model controlling for individual characteristics (gender, age cohort, education, household income) since both civic engagement (NGO membership, volunteering and nonconventional activities) and social trust vary in relation to key socio-demographic variables.

18 A very weak statistically-significant association between volunteering and trust was identified in 1991, but this association was not statistically significant in other years.

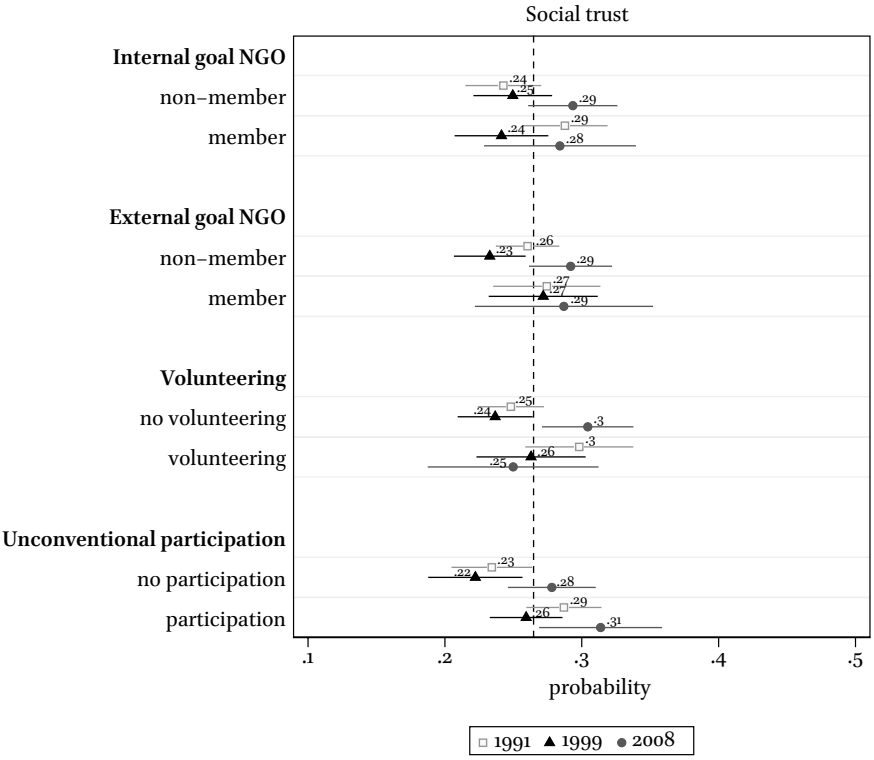

FIGURE 6.1 Social trust and civic participation, predicted values, Czech adults, 1991, 1999 and 2008

SOURCE: EVS 1991, 1999, 2008

Note: ¦ = estimated mean probability on pooled data all covariates (gender, age cohort, education, household income) as observed

the initial wave of enthusiasm following the establishment of a free democratic regime, citizens of post-communist countries are unlikely to declare a high level of trust in government institutions for some time as a result of both transitional difficulties and an inherited general lack of institutional trust (Mishler and Rose 2001). Of all the institutions observed (and which make up the index), the education system alone enjoyed the long-term trust of more than half of Czechs, while approximately two-fifths declared trust in the police and the social security system in 2008. Trust in the police and the justice system can be considered as a litmus paper for the level of trust in society, as demonstrated for example by Newton and Norris (2000). The most significant decline in trust was recorded for the Chamber of Deputies, with less than one-fifth of the population declaring confidence in that institution in 2008,

reflecting the above-mentioned developments on the domestic political scene. As practically the most important institution within the parliamentary system, this is certainly not a good sign regarding the state of democracy.

It is almost impossible to explain the variance in the institutional trust index by means of sociodemographic characteristics alone (see OLS model results in Figure 6.3). In 1991 and 1999 (but not in 2008), institutional trust was most frequently declared by the "post-war/dawn of communism" generation (born before 1954). In the early stages of the new political system, people with tertiary education were more sceptical, but this difference has disappeared in recent years.

As for the central assumption of cultural theories that social trust is related to institutional trust, a very weak but stable positive relationship between the two types of trust can be observed. The association between institutional trust and civic participation is weak and contradictory. Membership in NGOs with an external orientation (social services, youth work, human rights, etc.) slightly increases institutional trust but it is weakened over time, whereas this did not

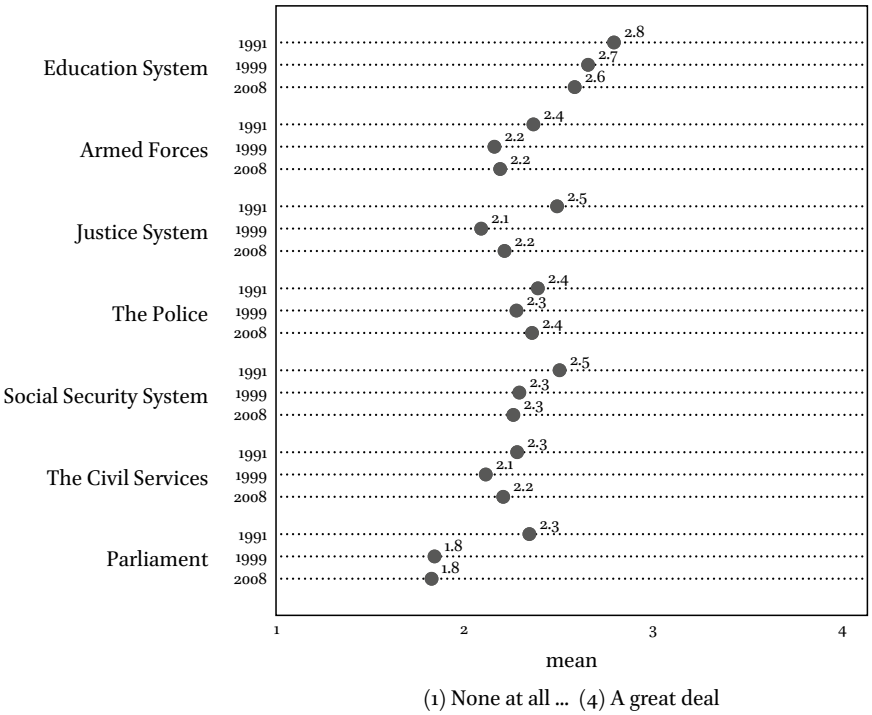

FIGURE 6.2 Development of trust in selected institutions (means) in 1991, 1999 and 2008, Czech adults
SOURCE: EVS 1991, 1999, 2008

apply to internal types of NGOs whose activities are aimed towards their own members (trade unions, sports clubs, artists' organizations, etc.). Unconventional participation (taking part in a rally, signing a petition, etc.) had practically no effect on the level of institutional trust. A very weak and, moreover, negative effect was only observed in 1991. This reflects the specific political events of 1989 that brought many people to the streets in mass demonstrations, led them to strike and sign petitions in protest against the Communist regime. Paradoxically, people who voted for the Communist Party were also more reserved with regard to institutions, but their level of distrust has weakened in recent times. We can only guess that whereas the first group perceived state institutions as being still burdened by the communist legacy, the second group expressed their distance toward the institutions of the new democratic system.

Hence institutional trust was boosted virtually only by people's positive evaluation of the functioning of the system of governing the country in the Czech Republic. This effect – remember it was only measured in the 1999 and 2008 surveys – even grew between 1999 and 2008. It can be assumed that this occurs in cases where individual assessments of political (and economic) performance contribute to institutional confidence since during this decade the

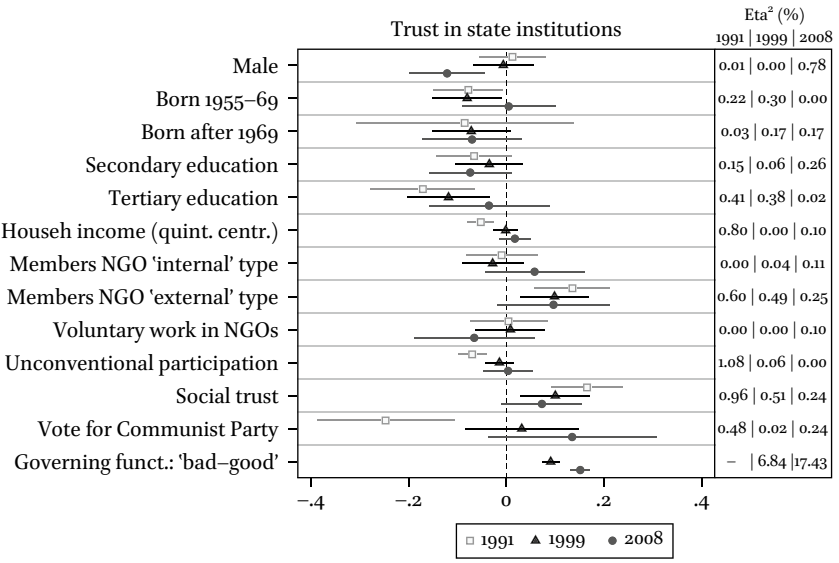

FIGURE 6.3 Trust in institutions, estimated unstandardized coefficients from the OLS model with 95% confidence intervals, effect-size (partial Eta²) on the right, Czech adults, 1991, 1999 and 2008

SOURCE: EVS 1991, 1999, 2008

Note: Adj. R-squared 0.046 (1991) | 0.082 (1999) | 0.187 (2008)

Czech Republic has experienced a period of both economic growth and significant achievements in the area of international integration.

3.5 *Support for Democracy*

Support for the democratic regime, measured by the pro-democratic attitudes index, fell slightly between 1999 and 2008. In international comparisons (both in the 3rd and 4th EVS waves), the Czech Republic was among the countries with slightly below-average public support for democracy. However, when substantively considering the most representative item in the index, in 1999 as many as 92% of the population agreed with the statement that "democracy is better than any other form of government" (40% strongly agreed, 52% agreed), whereas only 84% agreed with this statement in 2008 (31% strongly agreed, 52% agreed). Thus, although in 1999 the Czech Republic was among Western countries, such as France, Ireland, Portugal and Belgium in terms of support for democracy, albeit with a somewhat lower level of legitimacy, in 2008 it was among mainly post-communist European countries such as Bulgaria, Bosnia and Herzegovina, and Serbia.

What factors affect legitimacy and in what way has the impact of these factors possibly changed? Results of the OLS model for support for democracy index are shown in Figure 6.4. Democracy was most frequently declared legitimate by those with secondary and tertiary education and by those with higher household incomes, while the impact of these two variables became stronger in 2008.

As regards the cultural theory explanation, the legitimacy of democracy is increased only by cultural layers of social capital, i.e., social trust. As in the case of institutional trust, structural layer – conventional civic participation – does not have any effect. Thus, mere membership in voluntary organizations does not increase support for democracy. Indeed, only those who play an active role (voluntary work for an NGO) find democracy more legitimate. In order to address the neo-Tocquevillian assumption more directly, we further tested the interaction between social trust and associational life and found no significant effect. This means that there is no indication that people who are members of NGOs or do voluntary work for them and are simultaneously trusting of other people, demonstrate a higher level of support for democracy. As for unconventional participation, involvement in political activities had only a weak positive effect on people's support for democracy.

Similar to social trust, trust in institutions indicates a fairly weak, positive effect on the level of legitimacy, even becoming statistically insignificant in 2008. Communist party voters express less support for democracy. Whereas this proved to be the strongest factor influencing legitimacy in 1999, ten years later the effect of the evaluation of the functioning of the governing system

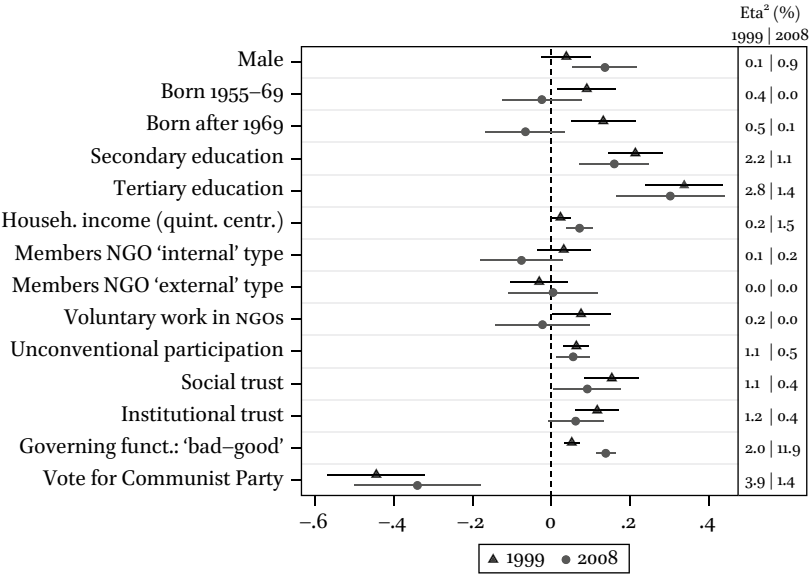

FIGURE 6.4 Support for democracy, estimated unstandardized coefficients from the OLS model with 95% confidence intervals, effect-size (partial Eta²) on the right, Czech adults, 1999 and 2008
SOURCE: EVS 1999, 2008
Note: Adj. R-squared 0.197 (1999) | 0.242 (2008)

massively increased and became by far the most decisive factor affecting legitimacy.

4 Discussion

In this study, we focused on three elements of the democratic system in the Czech Republic over the twenty-year period of transition – specifically, social trust, institutional trust, and systemic trust (legitimacy of democracy). By asking questions about their roots as well as the way in which they are related, we based our analysis on cultural and institutional theories.

First, our analysis demonstrated no significant relationship between social trust and civic participation (both conventional and unconventional). This somewhat confirms the critique of the contemporary neo-Tocquevillian theory of social capital (e.g., Newton 2001; Jackman and Miller 1998; Edwards and Foley 1998). Similarly, no substantial relation was proven for institutional confidence, nor was it verified for support for democracy. If trust is generated in associational life, or according to an alternative hypothesis, people with a

higher level of trust in others tend to join voluntary organizations. Therefore, those engaged in NGOs who, at the same time, display higher levels of social trust are more likely to be more trusting of institutions as well as having greater support for democracy. But again, this has not proven to be true. We believe that this lack of relationship might be partially caused by the specifics of NGO membership in post-communist countries, which often takes the form of membership in the so-called old types of organizations. Given the heritage of the past with its frequent mass, formal or otherwise instrumental membership (e.g., labour unions or some leisure clubs), the character of such organizations does not *de facto* correspond with the character of NGOs as understood by classical theories of civic culture (Almond and Verba 1963; Putnam 2000).[19]

The cultural theory argument that institutional trust is exogenous is somewhat valid because the data showed at least a weak relationship between social trust and institutional trust (cf. Čermák and Stachová 2010; Sedláčková and Šafr 2008). However, this weak relationship supports more the so-called institutional theories which understand institutional trust as politically endogenous, i.e., shaped primarily by political factors. Mishler and Rose (2001) reached a similar conclusion in their studies of post-communist countries: in societies which had undergone fundamental social transitions and changes to the entire political regime, institutional trust is more variable and is determined primarily by the perceived performance of economic and political institutions. All in all, our findings corroborate more the micro-institutional theories.

We believe that the association between legitimacy and the two other types of trust is a crucial one: if institutional trust or social trust affects overall regime legitimacy then low levels of institutional trust or an overall lack of trust among the population might undermine the very stability of the democratic regime. The results of our findings demonstrate that both social and institutional trust slightly affect legitimacy. Thus, regime legitimacy in the Czech Republic does not seem to be affected by specific support based on people's satisfaction with the current functioning of institutions. This is also indicated by certain differences between the determinants of institutional trust and legitimacy, and especially by the fact that institutional trust has a substantially stronger relationship with political performance, compared to regime legitimacy.

Our results prevent us from either definitively confirming or fully rejecting the cultural hypothesis that trust plays a role in the democratic system in the Czech Republic. We conclude that links between the different elements of the Czech Republic's democratic system can be better explained using institutional

19 Another explanation can be methodological, since we ask about membership and trust at the same time with the result that the effect of time spent as a member of an association on the level of trust cannot be measured.

theories, according to which the functioning of democracies does not essentially depend on a high level of institutional trust (similarly Sedláčková 2012). Such theoretical implications can be somewhat encouraging, given the generally rather low level of institutional trust in Czech society.

When interpreting support for the regime in transition democracies, it can be explained to some extent by examining path-dependency, i.e., by the generational differences in experience with the former regime (socialization theory). Even though we did not prove cohort differences, our results at least show that Communist voters, in particular, expressed lower levels of support for democracy in the period under review. This was only true for institutional trust in 1991, however. Considering rather low levels of social, institutional and systemic trust in Czech society, in this respect similar to most of the post-communist societies, the legacy of distrust from the previous regime still seems to play a definite role.

The fact that the declared legitimacy of the democratic regime is somewhat unrelated to current political affairs was suggested by the effect of people's evaluations of the system of governing in the Czech Republic compared to their impact on the level of institutional trust. Thus, political performance contributes, as Lipset ((1960) 1981) argues, to regime legitimacy, but our analysis of Czech society reveals that this influence is far from decisive. This theory further assumes the effect of economic performance. However, we could not verify this assumption in our analysis because the EVS did not include any question evaluating economic development. Nonetheless, we do observe a slight fall in regime legitimacy in the period under review, although the Czech Republic was in the midst of an economic crisis in 1999 and even the year 2008 represented the peak of several years of economic prosperity. A plausible explanation is that the corruption environment in the Czech Republic deteriorated significantly during the same time period, as demonstrated by the Corruption Perceptions Index, and this had a negative impact on people's evaluation of democracy in the country.[20] Thus, the public were reacting to the interconnection of political parties, non-transparent business and state administration (clientelistic democracy) (Klíma 2015).

20 In an EU comparison of the level of corruption in the member states, the Czech Republic was behind not only western states but also some central and eastern European countries. Among 180 countries for which the level of perceived corruption was rated by Transparency International, the Czech Republic ranked 52nd in 2009, with 4.9 points out of 10 (where 0 means a high level of corruption and 10 refers to an almost corruption-free country) (Transparency International 2010).

To sum up, new regime legitimacy is somewhat affected by performance, mainly political, which affects citizens' satisfaction with the working of the system, but this fact does not automatically depreciate the political system as such.

4.1 *Postscript*

Although our research has not demonstrated any measurable impact of engagement in civic associations or unconventional participation on social, institutional or systemic confidence, this definitely does not have to weaken the role of civil society in the democratic system. Civil society networks bridge the gap between the individual and political institutions (Tocqueville (1835) 1990), whereby they can act as a safeguard against both an over-expansive state and despotism by the majority. Nowadays, however, this pillar of democracy is somewhat overlooked in post-communist countries, and the majority of people consider a prosperous economy and the effectiveness of state governance to be the main pillar. Therefore, in recent years, entrepreneurs and managers have taken leading positions in government and they look on the state as a business and democracy as a system of institutions that merely need to be effectively managed. Instead of supporting civil society, people's participation in politics is addressed through the promise of direct elections, which, at first glance, gives the impression of an increase in the influence of citizens in politics, but in practice often means the formation of voters' opinions under the strong pressure of populist campaigns. As we said in the introduction, building a civil society takes decades and is not always that socially evident at first. Nevertheless, we should not forget that the democratic system cannot only rely on visible political and economic performance, but in order for it to be consolidated, civil society networks and an atmosphere of trust are also necessary.

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Appendix

Descriptive statistics

			1991		1999		2008	
	Min	**Max**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**
Support for democracy	−2,37	2,03			0,038	0,686	−0,108	0,798
Institutional trust	−1,73	2,19	0,200	0,734	−0,118	0,619	−0,073	0,736
Social trust	0	1	0,261	0,439	0,245	0,430	0,300	0,458
Male	0	1	0,487	0,500	0,476	0,500	0,472	0,499
Born before 1955	0	1	0,660	0,474	0,550	0,498	0,429	0,495
Born 1955–69	0	1	0,280	0,449	0,255	0,436	0,253	0,435
Born after 1969	0	1	0,059	0,237	0,195	0,396	0,318	0,466
Secondary education	0	1	0,294	0,456	0,329	0,470	0,395	0,489
Tertiary education	0	1	0,089	0,285	0,141	0,348	0,092	0,290
Househ. income (quint. centr.)	−2	2	−0,169	1,350	−0,241	1,307	−0,271	1,362
Members NGO "internal" type	0	1	0,448	0,497	0,413	0,492	0,295	0,456
Members NGO "external" type	0	1	0,260	0,439	0,320	0,467	0,219	0,414
Voluntary work in NGOs	0	1	0,297	0,457	0,333	0,472	0,254	0,436
Unconventional participation	0	5	0,988	1,148	1,015	1,033	0,538	0,899
Governing funct.: bad–good	1	10			4,350	1,800	4,571	2,052
Vote for Communist Party	0	1	0,043	0,203	0,090	0,286	0,062	0,242
N (listwise)			1967		1650		1234	

Source: EVS 1991, 1999, 2008

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PART 3

Dynamics of Organizational and Interpersonal Interaction

CHAPTER 7

Trust Trap? Self-Reinforcing Processes in the Constitution of Inter-organizational Trust

Guido Möllering and Jörg Sydow

1 Introduction: Problems of Trust Development

This chapter points to the peculiar nature of trust as a property of inter-organizational relations that may be desirable though not easily established, but also sometimes undesirable though hard to abandon. We argue that this is due to self-reinforcing processes that may be slow to get started but that tend to spiral up to levels that essentially lock organizations into their trust-based relationships, even when the trust has been jeopardized.

The perspective we offer is needed in order to understand better how trust works and how inter-organizational relations are not only initiated, but also maintained or, if necessary, terminated successfully. This is a practically relevant issue, because organizations are biased towards favoring continuity over change, especially when relationships have been working well for a while and trust between the partners has become institutionalized. They may thus find themselves in a position where change is no longer possible when problems arise. An extreme example is the Apple vs. Qualcomm battle that emerged from what used to be a very lucrative relationship for both sides for a long time. An even more interesting example is the relationship between Microsoft and Intel: their close collaboration has been pointed out, alternately, to explain both their huge successes and their trailing behind the competition over the last few decades. How many currently trustful and successful alliances may be headed for a lock-in scenario and to what extent can this be explained by the trust they developed?

Stevens et al. (2015) studied the issue outlined above in the context of the automobile sector. Their research focused on the possibility of reorienting and recalibrating inter-organizational relationships towards an optimal level of trust and away from excessively high (or low) trust levels. However, while their study illustrates the remedies very well, it does not explain the origins of the problem and it, therefore, overestimates the malleability of inter-organizational trust, especially in the kind of situation of locked-in trust, mentioned already by Nooteboom (1996), that we refer to as *trust trap* (a metaphor

that also appears in Skinner et al., 2014). We deliberately invoke this extreme lock-in scenario, although even Apple and Microsoft seem to find ways of finding new partners, not to mention Qualcomm and Intel. How difficult this is for them gives an idea of the strength of the self-reinforcing forces that we will discuss and that still need to be better understood with a view to the social dynamics of inter-organizational relations.

In the following parts of this chapter we first revisit the "old" problem of how trust may be conceptualized and developed at the inter-organizational level. This leads to the "new" problem that, still somewhat counterintuitively, trust may not always be desirable between organizations. It follows that we then need to look at the "real" problem of possible trust lock-ins, which is to be seen as part of the "larger" problem of self-reinforcement leading to persistence and even path dependence in inter-organizational relations. The chapter ends with a discussion of preliminary ideas on how the *trust trap* problems may be solved and, more importantly, how future research might shed further light on these issues in order to advance theory on trust and inter-organizational relations.

2 The "Old" Problem: Trust between Organizations

In research on inter-organizational relationships, trust became a prominent construct in the 1980s and 1990s when it was mobilized in order to explain hybrid organizational forms (Powell, 1990; Williamson, 1991) and especially the growing prevalence of strategic alliances and joint ventures (e.g., Borys and Jemison, 1989). Authors such as Bradach and Eccles (1989) even talked about trust as a third governance mechanism besides price and authority. Powell (1996) also discussed "trust-based forms of governance" and how different inter-organizational forms are enabled by trust to a greater or lesser extent. Many other authors demonstrated conceptually (e.g., Ring and Van de Ven, 1994) and empirically (e.g., Sako, 1992) the importance of trust in inter-organizational collaboration.

However, the underlying conception of trust was – and it often still is – rooted in psychology and thus it has mostly been framed at the individual and interpersonal level. Trust is defined as people's positive expectations in the face of vulnerability and uncertainty towards other people (e.g., Rousseau et al., 1998). One of us (Sydow, 1998) pointed out early on that while individuals and interpersonal trust should be taken into account, more sophisticated concepts are needed to explain the constitution of trust at the inter-organizational level, that is, beyond the interpersonal trust between boundary spanners: "How can systems trust systems?" (Sydow, 2006). Zaheer et al. (1998) take credit for

including both trust in a partner organization's representatives and trust in the partner organization at-large, arguing that individuals cannot only have trust in other individuals, but also in collectives. Still, if organizations can be trusted, does it also make sense to say they are trusting *as* organizations in individuals or in other organizations?

One of us (Sydow, 1998, 2006) applied structuration theory to show that trust at the inter-organizational level can be constituted as a set of practices that (re)produce trust as a meaningful pattern of interaction which, as such, is not separated from the actors involved but not dependent on specific individuals either. Thus, acting on trust and trustfully becomes an "organizing principle" governing the interactions between organizations in general and in various forms of strategic alliances in particular (McEvily et al., 2003). The other one of us (Möllering, 2006) referred to neo-institutional organization theory and ethnomethodology in order to explain why trusting is often a matter of routine and taken-for-grantedness. When people interact across organizational boundaries, they are guided by rules, roles and routines which apply generally and contain expectations as to the level of trust that is appropriate to display within an organization or across an organizational boundary. This makes trust not only a "social decision" (Kramer et al., 1996) but an (inter-)organizationally constituted practice (Lane and Bachmann, 1996), which implies that, when people leave, trust stays and newcomers will be socialized into the same practices. To the extent that this is the case, one can speak of trust as constituted and institutionalized not only within but also between organizations.

More recent research has taken up this question again, asking in particular how trust emerges and becomes institutionalized (e.g., Kroeger 2012; Schilke and Cook, 2013; Vanneste, 2016). Many models rely on a bottom-up process whereby individual trustful interactions are tried, repeated, observed, imitated and, thus, diffused up to the point where they are seen as the normal and habitual way of interacting with the other organization. Although authors use different theoretical foundations, this process resembles Berger and Luckmann's (1966) theory of institutionalization. We would like to emphasize that Berger and Luckmann point to second-order objectivation as a process that stabilizes institutionalized practices and ensures their continuity (see also Möllering, 2006). Thus we may expect that inter-organizational trust can be observed in how representatives of the organizations involved interact routinely and also in how they make sense of their relationship and perceive it as being based on trust (e.g., Adobor, 2005).

The considerations above give rise to several additional issues that we can only refer to selectively in this chapter. We will not discuss in more detail the fact that there are of course a number of different organizational and societal

levels and layers beyond the individual which could be the medium and object of trust institutionalization (e.g., Fulmer and Gelfand, 2012). All the more, we may ask if inter-organizational trust is only a matter of emergence – behind the actors' backs as a by-product of their interaction (e.g., Sabel, 1993) – or a matter of active development and intentional management (Gausdal et al., 2016). This is important, given that we will later talk about the threat of a trust lock-in which, as such, assumes little agency in inter-organizational processes: the idea of a *trust trap* connotes rather helpless trustors and trustees. Hence we also acknowledge the potential of active trust development (e.g., Child and Möllering, 2003) as well as recent research on multi-level trust that points to various forms of action in order to account for inter-organizational trust development (e.g., Swärd, 2016a).

Moreover, as we consider in detail below, we need to emphasize our assumption that, from a practice perspective informed by structuration theory (Giddens, 1984) and new institutionalism (Scott, 2014), inter-organizational trust is not static, even when properly constituted, but dynamic (e.g., Möllering, 2013). With this in mind, we need a better understanding of when and how trust can (still) be influenced by the actors involved. This question is crucial especially if we acknowledge that trust may not always be desirable and there may be situations where the partners might want to reorient or recalibrate their trust (Stevens et al., 2015) if not abandon the relationship completely. Interestingly, in an early process model of inter-organizational relationship development, Ring and Van de Ven (1994) not only postulated the possibility of renegotiation over time, but also suggested that successful collaboration will lead to ever stronger bonds between the organizations involved.

3 The "New" Problem: Downsides of Trust

It is well established by now that trust is not always desirable and may have its downsides such as carelessness, complacency or inefficiency (see also Zaheer et al., 1998; McEvily et al., 2003). In this view, positive effects from trust are not denied but there is a notion that one should not trust too much, because a "surfeit" of trust (Kern, 1998) or "excessive trust" (Gargiulo and Ertug, 2006) can make it "too much of a good thing" (Langfred, 2004) in interpersonal as well as inter-organizational relationships (see also McAllister, 1997). This has usually led researchers to conceptualize "optimal" trust as the level of trust that would be appropriate for a given relationship at a given point in time (e.g., Wicks et al., 1999; Gargiulo and Ertug, 2006; Bidault and Castello, 2009; Molina-Morales et al., 2011; Stevens et al., 2015). We argue that it is important to acknowledge

the dark sides but that there are several problems with the notion of optimal trust, too, which are necessary to keep in mind when considering if and how organizations may get trapped in undesirable trust relationships.

Firstly, most work on the dark side of trust makes a rather quantitative point ('too much') and does not differentiate according to the qualitative content of trust ('wrong kind'), which seems equally relevant to us. Irrespective of its strength, trust may involve expectations that are not favorable to either or both sides of the relationship. For one, trust may be "spurious" (Fox, 1974), i.e., not genuine, but still referred to and superficially relied upon. In this case, the positive outcomes of trust may not be forthcoming and one may rather observe the "politics of trust" (Culbert and McDonough, 1986) where, for example, empowerment is introduced cynically. Skinner et al. (2014), in a review of the dark-side trust literature, describe five exemplary scenarios where trust represents a "poisoned chalice" and has negative consequences for at least one of the parties involved. Even when the context is less political, trust may not always be welcome, but hard to avoid, and feeling trusted can lead to outcomes such as exhaustion (Baer et al., 2015). Skinner et al. (2014) speak of "lock-in" (see also Nooteboom, 1996) and it remains to be explained, especially at the inter-organizational level, why it may be so hard to avoid not only too much trust, but also the wrong kind of trust. Therefore, we take a closer look at the dynamics of trust below.

Secondly, the optimal trust literature assumes that excessive trust can be balanced by (re)introducing elements of control (e.g., Wicks et al., 1999; Gargiulo and Ertug, 2006). However, this idea relies on an outdated conceptualization of trust and control as being separate and substitutional mechanisms while it is very well established by now that trust and control are inseparable and complementary in how they work in relationships (e.g., Bijlsma-Frankema and Costa, 2005; Jagd, 2010). While both views allow for a general notion of balancing trust and control, the duality of trust and control (see Möllering, 2005) adds that actors have limited control over control, because it is entangled with trust and also with knowledge (Sydow and Windeler, 2003). This is important to remember especially when asking why relationships continue even though trust may have been broken and outcomes are seen as undesirable. It hinges very much on the trustors' ability to assess and, potentially, adjust the relationship, which is neither trivial between individuals nor between organizations.

This leads to uncertainty as the third issue related to the dark side of trust, the notion of optimal trust and the threat of inter-organizational lock-in. Interestingly, known in various specific meanings as the trust paradox (e.g., James, 2002; Zaheer and Zaheer, 2006), trust is presented as a solution to uncertainty that works when markets and hierarchies fail; but in as much as trust deals

with a lack of knowledge, it cannot be fully justified by knowledge. Trustors accept vulnerability as if it were unproblematic, but in this they take a leap of faith (Möllering, 2006) also in inter-organizational relationships (Latusek and Vlaar, 2018). They may regret in hindsight that they trusted a partner in the past, but this does not mean that they can reliably assess if their trust in current partners is justified in the present, nor if they should continue trusting in the future. To be sure, and to cut a long story short (see Möllering, 2006), there may be quite obvious signals that a partner should not be trusted and that a relationship should not rely mainly on trust, but the point is that even when partners are carefully selected and to some extent still monitored, it remains impossible to maintain an optimal level of trust, simply because it cannot be known. Hence, optimal trust is a contradiction in terms. More importantly, downsides of trust are not easily detectable. Where exactly are the thresholds between openness and carelessness, loyalty and complacency, flexibility and inefficiency? When do strong ties turn into a weakness (e.g., Grabher, 1993)? And how can organizations realize that they have passed such thresholds? What if, when they do, it is too late?

4 The "Real" Problem: Self-Reinforcing Dynamics of Trust

So far, we have highlighted that inter-organizational trust requires the institutionalization of certain practices. Now we take a closer look at the dynamics of trust development. We have also argued above that trust may have positive or negative outcomes which are impossible to fully predict. Now we add the point that positive outcomes, understood as goals, are moving targets and change along with the relationship (Huxham and Vangen, 2005). Both extensions are in line with, and called for, from a structuration theoretical understanding of trust practices (Sydow, 2006) as well as various process views of trusting (Möllering, 2013). In order to further develop the idea that relationships could get locked into trust, we will also review insights on the robustness of trust that contradict the common assumption of trust's fragility.

In research on inter-organizational governance, Nooteboom (1996) confirmed the crucial role of trust and presented a process model whereby trust is part of a cycle of relationship development. Quite a number of other contributions contain the same basic idea so that it is actually surprising that most trust research continued with rather static research designs. Process perspectives looking at the dynamics of trust have only recently started to receive more attention again (Möllering, 2013; Jagd and Fuglsang, 2016; Latusek and Vlaar, 2018), although a well-known spiral reinforcement model of trust at the

interpersonal and group level was already proposed by Zand (1972; see also Golembiewski and McConkie, 1975). And, two decades later, Ring and Van de Ven (1994) included trust in a general model of inter-organizational relationship development. Like in an earlier paper (Ring and Van de Ven, 1992) they assume that trust emerges from positive interaction outcomes over time, subsequently serving as a basis for less formalized interactions in the future (Ring and Van de Ven, 1994; McAllister, 1995).

This approach is in line with social exchange theory (e.g., Blau, 1964; Skinner et al., 2014) and the widely accepted idea of gradual trust development that Blau (1968: 454) summarized early on as follows: "Social exchange relations evolve in a slow process, starting with minor transactions in which little trust is required because little risk is involved and in which both partners can prove their trustworthiness, enabling them to expand their relation and engage in major transactions. Thus, the process of social exchange leads to the trust required for it in a self-governing fashion" (see also Möllering, 2006: 85) that is essentially driven by norms of reciprocity (e.g., Serva et al., 2005; Vanneste, 2016).

These and many other conceptions of relationship development as well as general models of trust development (e.g., Mayer et al., 1995) postulate somewhat casually that positive outcomes of trust will lead actors to continue acting on the basis of trust, so that trust, but inversely also distrust, becomes "self-amplifying" (Sitkin and Stickel, 1996; see also Bhattacharya et al., 1998). Crucially, they also predict that trust will grow stronger, become more resilient (Ring, 1997) while the level of vulnerability increases and necessitates further trust (Misztal, 2011). And trust will also change qualitatively from deterrence-based trust to knowledge-based or even identification-based trust (Lewicki and Bunker, 1996). If successful trust-based interactions lead to stronger and profounder trust as a basis for further interactions, where does the relationship end up?

In a functionalist or mechanistic feedback model, we would assume that trust levels out when more trust does not result in better outcomes anymore. We would also assume that negative outcomes will disrupt trust, set it back to a lower level, from which it can hopefully be repaired (e.g., Kramer and Lewicki, 2010; Tsui-Auch and Möllering, 2010; Bachmann et al., 2015), or the relationship will be terminated. However, while this may happen in many cases, trust is actually more robust than it is often assumed.

A psychological explanation was offered by Good (1988) who reviewed evidence of the confirmation bias in the context of trust. Once a certain level of trust has been reached, trustors look for evidence that the partner is trustworthy and they ignore or discount evidence to the contrary. The robustness of trust may also be explained by fundamental attribution errors (e.g., Ross

and Nisbett, 1991) that confirm one's own choice of partner, especially as long as outcomes are positive. More interesting is what happens when things do not go well. Interestingly, when trust is already strong, one can also witness a kind of collective self-serving bias in combination with the confirmatory bias, so that disappointments in the relationship are initially explained by external circumstances and not by problems within the relationship or by the partners' lack of trustworthiness.

External attribution also takes the blame away from trustors who could otherwise be challenged for misplacing their trust. Moreover, research has demonstrated in many ways how reluctant people are in detecting and voicing undesirable behaviors in others, especially unethical ones such as deceiving or defecting (see O'Sullivan, 2009). Even stronger, trustors and trustees build and maintain a positive image of each other and interact in what deception research would call a "shared delusional system" (Mitchell, 1996: 841; see Möllering, 2009) that perpetuates trusting relationships.

Hence, breaches have to be fairly drastic before the trustor reconsiders, possibly too late. Inter-organizational practices of trusting may equally be sluggish in their readjustment and it is probably desirable that trust does not break down too easily, but the inherent danger is obvious, too. Alternative, though not competing, explanations point to the emotional attachment, identification and sense of a moral duty that develops between trusting parties (e.g., Simmel, 1950; Jones, 1996; Lewicki and Bunker, 1996; Ring, 1997; Kramer, 2001). Can these explanations also be applied at the inter-organizational level? Although Gulati et al. (2000) talk about network lock-in caused by fidelity and loyalty, we support Zaheer et al.'s (1998: 142) warning not to "anthropomorphize the organization". Instead, a multi-level analysis of organizational and, in particular, inter-organizational trust is needed (Sydow, 2006; Fulmer and Gelfand, 2012). Nevertheless, trust practices may imply that a sense of attachment, identification and obligation toward another organization is routinely passed on to new members and thus institutionalized beyond specific individuals, for example, in a long-term buyer relationship with a company like Toyota. Even if this idea is generally acceptable, we suggest that trust research needs to take a closer look at other, less psychological explanations for the robustness of inter-organizational trust in the face of negative interaction experiences.

Before we look at such explanations below, note that all of the above explanations contain the idea that trust will be robust, and no longer "fragile" (Ring, 1997), once it has grown to a certain level and when, figuratively speaking, trustors really lower their guard. (Before this level, cautious trust may not even be regarded as proper trust.) Most spiral reinforcement models referred to above would suggest that trust gradually becomes more robust. However, it

might also be the case that the mode of trusting switches at a specific "tipping point" (Perlow and Repenning, 2009) from cautious testing to complete commitment. For example, Lewicki and Bunker's (1996) model envisages that trust does not simply grow stronger but changes in quality as deterrence-based trust is supplemented by knowledge-based and identification-based trust. Similarly, trust may differ before and after partner selection, whereby once enough trust has been established to commit to a partner, this partner is no longer treated with suspicious reservation but fully supported (e.g., Johansen et al., 2016).

Altogether, trust is self-reinforcing, it changes its character as it grows, and the transition between weaker and stronger modes of trusting may not be gradual but step-wise, which might explain why individual and organizational actors can be "stuck" at relatively high (or low) levels of trust that do not correspond precisely with their recent experiences in the relationship. We think it is important to understand if there are such thresholds that, once crossed, cannot easily be reverted, because they imply a degree of commitment and involvement that is hard to drop. This would explain why trust is fairly robust.

5 The "Larger" Problem: Inter-organizational Path Dependence

We will now turn to self-reinforcing processes within and between organizations in general with two aims in mind. First, the mechanisms identified can serve as insightful analogies for inter-organizational trust development. Second, we need to be able to distinguish between relational lock-ins in general and those that are specifically, or predominantly, caused by falling into the trust trap rather than by other factors, such as resource dependence (Pfeffer and Salancik, 1978; Grabher, 1993).

The spiral reinforcement models of trust development mentioned above and others (e.g., Shapiro, 1987) which, by the way, can also be applied to explain the escalation of distrust (Bijlsma-Frankema et al., 2015), resonate with a rich organizational literature that has pointed out self-reinforcing processes within and between organizations (see Sydow and Schreyögg, 2013). On the whole, organization theory has been disappointingly silent on this topic and empirical research in particular has been stuck in static, cross-sectional research paradigms for too long. Still, there are various organizational studies and concepts from other disciplines that provide a solid basis for conceptualizing self-reinforcing processes in general and inter-organizational path dependence in particular. Interestingly, even the more recent process and practice turns in organization research, especially if adopting a strong rather than moderate process perspective (e.g., Tsoukas and Chia, 2002; Langley et al., 2013), tend

to overlook the importance of self-reinforcement. We will review and discuss some of the core ideas in the following paragraphs.

Some classic studies on self-reinforcing processes at the individual and group level may also inform inter-organizational trust research. For example, the phenomenon of escalating commitments (Staw, 1981) may explain dysfunctional inter-personal trust (McAllister, 1997) but also a general reluctance of boundary spanners to abandon relationships that they have already invested in personally. Janis' (1982) notion of group think, which includes the idea that the overemphasis on cohesion within the group is self-reinforcing, can be applied to excessive in-group trust and overconfidence of an inter-organizational team that manages an alliance. As our perspective on inter-organizational relations focuses very much on practices of interaction between organizations, we acknowledge that self-reinforcing mechanisms at the individual and interpersonal level have to be taken into account in order to fully understand how practices are enacted. At the same time, we are mostly interested in how the practices themselves can become self-reinforcing, which requires looking beyond the actors involved. In other words, we doubt that inter-organizational path dependence, including a possible trust lock-in, can be explained by individual- or interpersonal-level phenomena only.

At the organizational level, there are several well-known phenomena that are explained by self-reinforcing dynamics such as, for example, the competency trap (Levinthal and March, 1993; Becker, 2004), speed trap (Perlow et al., 2002), strategic commitment (Ghemawat, 1991), bureaucratic circle (Gouldner, 1954), silencing conflict (Perlow and Repenning, 2009) or knowledge management circles (Garud and Kumaraswamy, 2005). The basic principles underlying these phenomena entail that a reinforcing feedback loop operates, from a certain point onwards, so that two variables positively influence each other, meaning that an increase in one will lead to an increase in the other one, which in turn increases the first one further and so on. This suggests interesting questions such as how the process got started in the first place, how it became self-reinforcing (rather that self-sustaining), or how the automatic escalation might still be stopped.

We propose to use theoretical insights from organizational path dependence (e.g., Sydow et al., 2009; Koch, 2011; Dobusch and Schüßler, 2013) that we have applied and developed in our previous research also with a view to inter-organizational relations (e.g., Sydow et al., 2012; Burger and Sydow, 2014). In a nutshell, path dependence theory entails a number of premises and explanations that could be particularly relevant for explaining the threat of a trust trap in inter-organizational relations. First, with reference to the model described in Sydow et al. (2009), there is an initial phase where self-reinforcement is not

yet noticeable, many potential partners and many different ways of collaborating with those partners are still available, limited only by imprinting effects (Stinchcombe, 1965; see Swärd, 2016b, on imprinting and inter-organizational trust). The next phase, however, starts after a "critical juncture" at which certain choices have been made, e.g., to trust particular partners and to enter into collaboration with them, which subsequently limits the further options that are available, i.e., alternative partners or alternative governance mechanisms for the alliance. This will lead the organizations involved to continue and even intensify their collaboration according to the patterns and practices they have already developed together. This results potentially in a "lock-in" which makes it impossible for the partners to switch to other partners or governance modes in the future. They are bound to continue with each other and to perpetuate the practices of interaction they have established.

This model holds a number of interesting assumptions with practical implications. First, "critical junctures" are usually not apparent at the time but only in hindsight, if at all. Second, "lock-ins" severely limit the organizations' flexibility, but this may actually be desirable as long as the outcomes of the relationship are favorable. What makes path dependence theory interesting, is that it tries to explain why processes will continue even though the outcomes are no longer favorable. Third, the model suggests that lock-ins are likely to arise under the condition of positive feedback or self-reinforcement. But it is an interesting and difficult to answer question if and how these lock-ins should be, and could be, avoided before or after they occur. Translating the model to inter-organizational trust, we thus have to try and specify the meaning of "critical junctures" for trust and the notion of "lock-in" as a more or less desirable property of a trust relationship between organizations.

Critical junctures in a trust relationship should be those instances when perceptions of trustworthiness become trusting practices and the willingness to be vulnerable becomes an actual state of vulnerability. As long as organizations are still considering many potential partners or entering only cautious initial interactions with a few of them, they may already be narrowing down their options, but the fragility of their trust also means that they are still likely and able to switch. Only when they enter into a deeper commitment with partners and subsequently experience positive outcomes from the interaction are they likely to develop deeper and more resilient trust that will lead them to reinforce the relationship with the partners rather than investing in other, less familiar partners. One might even suggest that the situation of "lock-in" is the ultimate aim of a trustful relationship, whereby all sides have a primary interest in continuing the relationship and making it as beneficial as possible.

Then again, since inter-organizational relationships are dynamic in themselves and embedded in changing environments, it may happen, for example, that the positive outcomes from the interaction are no longer forthcoming, whilst the partners are still attached to, and dependent upon, each other. In the unfavorable scenario, much depends on whether the parties involved blame each other for their performance issues or whether they see themselves as joint victims of outside circumstances. Accordingly, we can expect that some dysfunctional relations will continue in-spite of a loss of trust, while others might persist on the basis of trust in spite of the lower performance. Finally, contrary to core definitions in path dependence theory, "lock-ins" may not be so definitive and relationships may still be ended, for better or worse, or even shifted to a new trajectory that makes them successful again (e.g., Stevens et al. 2015).

In order to apply path dependence theory more specifically to inter-organizational trust dynamics, we believe that insights from social exchange theory will be useful that are already applied in trust research, as mentioned above (Blau, 1964). Browning et al. (1995) show with the example of the SEMATECH consortium that the notion of "self-amplifying reciprocity" can be applied at the inter-organizational level. We would add to this the idea that there are critical junctures and lock-in points in such a process.

Given the concepts highlighted above, it will be difficult to disentangle the self-reinforcing effects of trust from any other factors that contribute to relational path dependence and lock-in, such as relation-specific investments or resource dependence, because material decisions taken at critical junctures are shaped by social dynamics of the relationship in any case. Nevertheless, it is valid to ask if excessive trust is mainly a contributing factor or the core explanation of dysfunctional relations that are not abandoned. However, we think it is a moot point whether a relationship has fallen into the trust trap or whether trust makes it difficult to get out of some other trap, for example, an inter-organizational competency trap (see Levinthal and March, 1993; Becker, 2004). We emphasize the dual insight that trust can become locked-in and also contribute to relational lock-in more generally.

6 Discussion: Stay Alert, Stay Alive?

Inter-organizational relationships in a trust trap may ultimately be abandoned not because the partners recognized the problem early enough, but because they simply fail and are forced to dissolve. From an evolutionary perspective, this may be a good thing, presuming that "healthy" relationships will survive.

From a management perspective, less cynical solutions are sought after (see Stevens et al., 2015), which is justified, if the notion of lock-in is relaxed and some level of agency retained. From a structuration perspective, we highlight that structure and action shape each other and that "reflexive monitoring" (Giddens, 1984) is performed by those involved. Hence we also presume that partners in inter-organizational relationships can become aware of the possible downsides of trust and relational lock-in and do something about them. However, borrowing an expression from military and terrorist contexts, is staying alert enough to stay alive?

Our answer to this question has to be semi-optimistic, because actors will never be able to step outside of the process that is partly driven by self-reinforcing mechanisms. That is, they may be alert, but they may still misjudge the threats or not be able to avoid them completely. Still, individual or collective actors may promote mechanisms that work against the escalation of self-reinforcement – hopefully without triggering a spiral movement in the opposite direction. For example, as already mentioned briefly above, the idea of balancing trust and control is not entirely misguided, if trust and control are treated as a duality (Möllering, 2005). Carelessness, complacency and inefficiency in a strong trust relationship (e.g., Gargiulo and Ertug, 2006; Molina-Morales et al., 2011) can be anticipated and the partners can trustfully devise instruments to work against them, such as the role of devil's advocate, routine internal checks or regular external evaluations (see Provan and Sydow, 2008). The institutionalization of distrust (by control) in order to build and maintain trust is a familiar notion especially in organizational and institutional contexts (e.g., Zucker, 1986; Tsui-Auch and Möllering, 2010) and so is the idea of institutionalizing doubt – trust, but verify – as a remedy for too much trust (Shapiro, 1987). This seems reasonable, but may not always have the intended effect either, because distrust and doubt may ultimately drive out trust and then become self-reinforcing, too (e.g., Sitkin and Stickel, 1996; Walgenbach, 2001). The optimal balance between trust and control cannot easily be determined, maintained or adjusted from within the relationship, not least due to the uncertainty inherent in trust and the entanglement of the partners in the very practices they may want to alter. Nevertheless, we encourage new thinking on path dependence that recognizes the structure-agency duality in seemingly locked-in *path extension* as well as seemingly heroic path-breaking *path creation* (e.g., Sydow et al., 2012). This approach can also inform research and practice on the successful initiation, maintenance and termination of trustful inter-organizational relationships.

We hope that future research can build on the ideas developed in this chapter. There is certainly still much left to be done in order to further substantiate

the notion of a trust trap in inter-organizational relationships. We call for empirical work in order to get an idea of the prevalence of relational lock-ins caused by self-reinforcing trust. There are countless inter-organizational relationships that have continued for a very long time, but how can we tell if they are really path dependent or even locked-in; including whether this is problematic, and whether this is caused by (excessive) trust? It will be a challenge to operationalize these questions, but we think it is a challenge worth tackling, especially if the research also investigates self-reinforcing and self-sustaining mechanisms at the level of inter-organizational practices. Overall, the issues we raised confirm the need for research on the dynamics of trust in general and especially across boundaries between groups, organizations, fields and so on with longitudinal and cross-level research designs. Trust has a bright side and a dark side. Collaborations can be beneficial or harmful for individuals, organizations and even society. We cannot tell in advance which side will dominate, but we know that self-reinforcing mechanisms are involved when inter-organizational relationships lose the ability of adjusting their practices.

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CHAPTER 8

The Relation between Interpersonal Trust and Adjustment: Is Trust Always Good?

Ken J. Rotenberg

From the very beginning of contemporary psychology, trust as opposed to mistrust has been regarded as essential to psychosocial adjustment (e.g., Erikson, 1963). The principle that trust is good and mistrust is bad has served as the bedrock of contemporary approaches to interpersonal trust and its relation to adjustment. For example, Attachment Theory posits that secure attachment promotes the infants' trust in care providers which, via the Internal working Model to others, promotes competence and psychological adjustment (Cohn, 1990). According to the Social Capital, trust is a quality established among members of society, or social networks that bind individuals together and promote norms of reciprocal cooperation. The cooperation results in benefits to individuals themselves as well as to bystanders (Cozzolino, 2011). The approach to romantic relationships by Rempel, Holmes, and Zanna (1985) posits that trust in the form of predictability, dependability and faith result in the most satisfying and durable close relationships in adults.

The question addressed by this chapter is whether the assumption that trust is always good is justified? In other words, is trust invariably promoting psychosocial adjustment? Frank Crane (1935: 72) observed that "You may be deceived if you trust too much, but you will live in torment if you do not trust enough". This observation highlights the notion that there are negative consequences of trusting too much, as well as trusting too little. The Chapter will then review the research that has assessed linear as well as curvilinear (specifically quadratic) relations between trust and measures of psychosocial adjustment. The chapter will culminate in a discussion of the: (a) mechanism responsible for the observed relations, (b) practical implications of the research findings, and (c) future directions for research.

1 Conceptualization of Trust

There are a wide range of approaches and conceptualizations of trust in the psychological literature (see Rotenberg, 2018). This chapter is guided by the

Basis, Domain, and Target Interpersonal Trust Framework (Rotenberg, 2010; Betts, Rotenberg, and Trueman, 2013). One reason for adopting the BDT is that it is an inclusive framework that encompasses a wide range of approaches to trust. According to this framework, trust beliefs are individuals' expectations that others show three bases of trustworthy behavior. The bases comprise expectations that others show: (a) reliability by fulfilling a word or promise; (b) emotional trustworthiness by refraining from emotional harm including the acceptance of personal disclosure and maintaining confidentiality of it, and (c) honesty by telling the truth as opposed to lying and engaging in behavior guided by benign rather than malevolent intentions. According to this framework, individuals' trust beliefs in targets vary by the dimensions of familiarity (ranging familiar to slightly unfamiliar) and specificity (ranging from specific to general). Also, trust is manifested in the domain of behavior-dependent trust and behavior-enacting trust (i.e., trustworthiness). Finally, according to the BDT, trust has a strong reciprocal quality which involves each partner in dyad matching each other's beliefs/behavior and thus establishing a common social history.

2 Testing the Relation between Trust and Psychosocial Adjustment: Statistical Issues

Drawing upon previously conducted studies, Rotter (1980) examined the relation between trust beliefs and gullibility as one aspect of psychosocial maladjustment. Using a median split statistical method, Rotter compared those individuals with high and those with low generalized trust on their dependence on others' communication when there was the potential deception (as evidence for gullibility). Rotter (1980) reported that that there was no appreciable difference between those with high and those with low trust beliefs on the measures of gullibility and concluded that those with the former were not more gullible than the latter. One limitation with this research is its reliance on median splits to assess levels of generalized trust beliefs. The difference between the two levels of generalized trust beliefs on the measures represents a rough correspondence between the two variables. It is the case that that statistical analysis is not sufficient to address the question posed. In order to examine the question properly it is necessary examine the relation between the complete continuum of trust beliefs and psychosocial adjustment. Only then would it be possible to test the hypothesis, for example, that those who hold very high trust beliefs (as well as those who hold very low trust beliefs) are prone to psychosocial maladjustment.

Studies on the relation between trust and psychosocial maladjustment most commonly use Pearson Product Correlation, or a variation of it, to test the relation. Unfortunately, such tests of association also do not show the precise relation between trust and psychosocial maladjustment. Specific forms of regression analyses are required to detect curvilinear relations between the variables (see Cohen, Cohen, West, and Aiken, 2003). These entail hierarchical regressions which first test the main effects of the predictor on the dependent measure and then the test of the higher order curvilinear relations as a residual. In the case of testing a quadratic relation, the hierarchical regression tests for the unique effects of the square of the predictor on the dependent measure.

The regression analyses may yield a concave curve shown in Figure 8.1 and convex curve shown in Figure 8.2. In Figure 8.1, the vertical axis is a measure of psychosocial maladjustment and the horizontal axis is the measure of trust beliefs. In Figure 8.2 the vertical axis is a measure of psychosocial adjustment and the horizontal axis is the measure of trust beliefs. These prototypical curves will be referred to when describing quadratic relations found in the research on trust beliefs in this Chapter.

3 Relations between Trust Beliefs and Psychosocial Adjustment

Research has documented the relations between trust beliefs and adjustment. Before reviewing this research though, it is worthwhile to note that researchers commonly do not directly test whether the reported relations are linear. This would require carrying out regression analyses accompanied by scatter plots in order to ensure linearity and avoid the inclusion of outliners in the data (see Cohen et al., 2003). The findings reviewed in this section of this Chapter should to be considered in that light.

Rotter (1980) summarized the research regarding the relations between generalized trust beliefs and trustworthiness. Rotter (1980) reported studies which showed that individuals' generalized trust beliefs were: (a) negatively associated with their covert cheating for the purpose of gaining a reward, (b) positively associated with their working on a task even when not observed by an experimenter; (c) negatively associated with delinquent behavior during high school; and (d) positively associated with completion of the Incomplete Sentences Blank as a measure of adjustment. The studies yielded support for the conclusion that individuals who hold high trust beliefs in others are inclined to show trustworthiness than their low trusting counterparts.

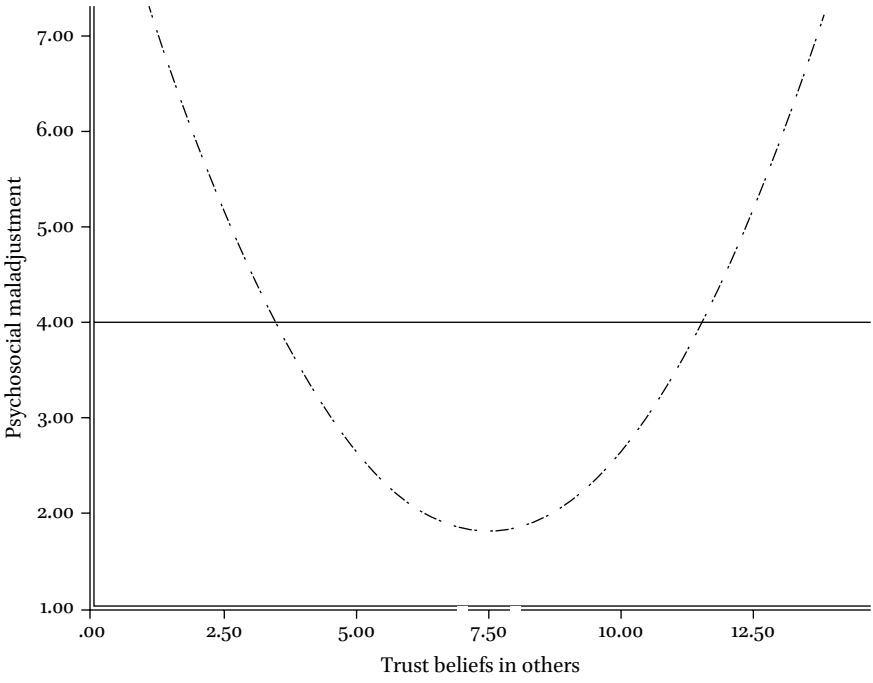

FIGURE 8.1 Concave curve. Figure generated by Author

A range of studies has shown that trust beliefs are positively associated with prosocial and co-operative behavior during childhood and adulthood. Rotenberg, Fox, et al. (2005) found that children's trust beliefs in others were associated with prosocial behavior (i.e., helping) as reported by classmates. Malti et al. (2016) examined the developmental trajectories of prosocial behavior in a four-wave longitudinal study of children (beginning at 8 years of age) residing in Switzerland. The study examined reliability based trust beliefs (promise keeping) and trustworthiness as reported by classmates. Teachers reported the prosocial behavior of the children. The latent growth curve analysis yielded four trajectory classes of prosocial behavior: high-stable, low-stable, increasing, and decreasing. It was found that children who were in the high-stable prosocial behavior group were higher on trustworthiness than children in the low-stable and increasing prosocial behavior groups. Children in the high-stable prosocial behavior group were also higher on trust beliefs in peers than children in the low-stable prosocial behavior group. The findings showed that both high trust beliefs and trustworthiness predicted, and thus were a probable cause of, prosocial behavior during the course of childhood.

Regarding adulthood, Rotenberg (1994) found that young adults' generalized trust beliefs were associated with their tendency to reciprocate co-operation

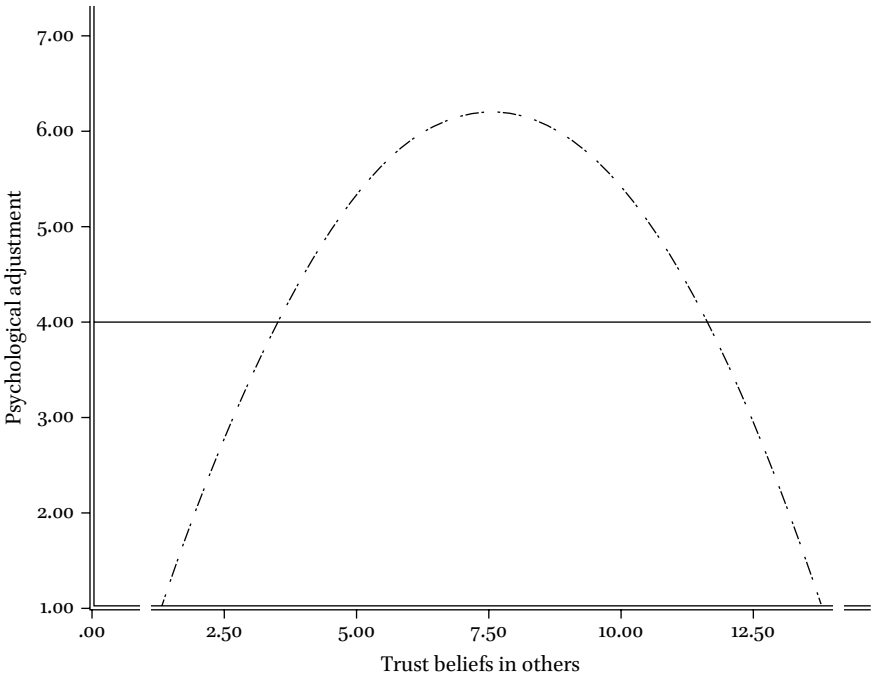

FIGURE 8.2 Convex curve. Figure generated by Author

in a variation of the Prisoners' Dilemma Game. Carlo, Randall, Rotenberg, and Armenta (2010) found that young adults' altruistic tendencies and helping in an emergency were associated with their emotional trust beliefs in their mothers. Also, it was found that young adults' altruistic tendencies were associated with their honesty trust beliefs in fathers and romantic partners. Research guided by Social Capital formulations have shown that individuals' trust within social networks are associated with a tendency to reciprocate positive actions of others and to co-operative with them (Coleman, 1988; Cozzolino, 2011; Lenzi, Vieno, Pastore, and Santinello, 2013; Wray-Lake, Syvertsen and Flanagan, 2016).

Researchers have found relations between trust beliefs and both internalizing problems (i.e., loneliness and depression) and externalizing problems (i.e., aggression). Regarding internalizing problems, Rotenberg et al. (2010) found that low trust beliefs were concurrently and prospectively associated with loneliness for three age groups: early childhood, middle childhood, and young adulthood. The studies showed that there was a direct path and relation between trust beliefs and loneliness. Also, the studies showed that the relation between trust beliefs and loneliness was mediated, in part, by social integration

(e.g., on-task activities at school, having friends, and social support): low trust was associated with the lack of social integration.

The fourth study by Rotenberg et al. (2010; Study 4) highlights the role that trust cognitions play in social integration. In the study, a word memorization technique was used to prime young adult females for thoughts of "trust" or for thoughts of "distrust". The young adults completed standardized measures of affect, trust beliefs, and disclosure and then were engaged in a brief conversation with a same-sex peer. The findings showed that, compared to females primed for trust cognition, those primed for distrust cognitions showed; (1) high feelings of loneliness and withdrawal, (2) a lesser willingness to disclose to others, (3) a lesser willingness to disclose intimate topics to their conversation partner, and (4) less perceptions of achieving rapport in the conversation. The findings support the conclusion that distrust cognition promotes lack of social integration in the forms of withdrawal affect, low disclosure, and lack of perceived social connectedness with others.

In another line of research, Malti et al. (2013) found a relation between trust beliefs and aggressive behavior during childhood. Using the same database as Malti et al. (2016), the researchers examined children's reliability trust beliefs in peers, children's reliability trustworthiness as reported by peers, and children's aggression as reported by teachers in a 5-wave longitudinal design. It was found that children who had low trust beliefs and low trustworthiness demonstrated stable and increasing aggressive trajectories. The findings showed that low trust beliefs and low trustworthiness predicted, and thus were probable causes of, aggressive behavior during the course of childhood.

4 Curvilinear Relations between Trust Beliefs and Maladjustment

Quadratic relations have been found between trust beliefs in others and psychosocial maladjustment (including aggression) during childhood and early adolescence. Rotenberg, Boulton, and Fox (2005) found a quadratic relation between trust beliefs and internalized maladjustment in elementary school children. Children with very low trust beliefs and those with very high trust beliefs in peers showed greater increases in internalized maladjustment across time than that expected by a linear relation (similar to Figure 8.1 but skewed to the right of the mean). Also, it was found that, compared to children with the middle range of trust beliefs, children with very high trust beliefs and those with very low trust beliefs in peers were: (a) lower in self-perceived

social acceptance (similar to Figure 8.2), (b) more excluded by peers (similar to Figure 8.1), and (c) more rejected as opposed to accepted by peers (similar to Figure 8.1).

Quadratic relations have been found between children's trust beliefs in peers and aggression in a natural setting. Rotenberg et al. (2014) examined elementary school children's trust beliefs in peers and their social behavior in the playground. It was found that girls with very low beliefs and those with very high beliefs showed greater indirect aggression (similar to Figure 8.1), less peer group interaction (similar to Figure 8.2), and distress (similar to Figure 8.1), than did girls with the middle range of trust beliefs. It also was found that children (across gender) with very high and those with very low trust beliefs showed greater direct aggression than did children within the middle range of trust beliefs (similar to Figure 8.1).

Quadratic relations have been found between trust beliefs and aggression during early adolescence. Rotenberg, Betts, and Moore (2013) presented early adolescents (11 to 12-year-olds) with vignettes depicting peer provocation and were required to report (as victims) the intentions for, and retaliation to, the provocation. The study only yielded a quadratic relation between trust beliefs in peers and retaliatory aggression. Early adolescents with low and those with very high trust beliefs in peers showed greater retaliatory aggression than did those with the middle range of trust beliefs (similar to Figure 8.2).

Quadratic relations between trust beliefs and aggression have been found in a study by Rotenberg et al. (under review). In the study, 139 young adults (76 female) from the UK were presented vignettes depicting three types of provocation (physical, verbal and social) and two types of motivation (hostilely motivated and ambiguously motivated). The young adults were asked to imagine being victims of the provocation and to report the intentions of the perpetrators and retaliation to them. It was found that trust beliefs were negatively correlated with the measures of aggressive behavior (attribution of intention, and retaliation). Quadratic relations were found, though, in which individuals with very low and those with very high trust beliefs (primarily emotional based) showed elevated aggression compared to individuals within the middle range of trust beliefs (similar to Figure 8.2). The curves were skewed to the right of the mean of trust beliefs showing that holding levels of trust beliefs above the mean are inversely associated with aggression. The findings showed that young adults' trust beliefs are negatively and linearly associated with aggression but that those individuals with very high and those with very low trust beliefs are inclined to show that form of psychosocial maladjustment.

5 Why Are There Quadratic Relations?

Researchers have proposed mechanisms to account for the observed quadratic relations between trust beliefs and psychosocial adjustment. Rotenberg and his colleagues (Rotenberg, Fox, et al., 2005, Rotenberg et al., 2013; Rotenberg et al., 2014) proposed three mechanisms to account for the relations. First, it was proposed that individuals with extreme trust beliefs violated social norms and therefore tended to be rejected by others. Second, it was proposed that the elevated psychosocial maladjustment by individuals with very low trust beliefs was due to lack of positive social engagement with others and thus their lack of social integration. Third and finally, it was proposed that the elevated psychosocial maladjustment by individuals with very high trust beliefs was due to their elevated risk for betrayal by others.

6 Practical Implications

One issue of concern by parents is the issue of making their children "street smart" (e.g., Maddox, 2017). The focus of these concerns has been protecting children from strangers (or modestly familiar adults), primarily from being sexually abused by them. Implicit in these concerns is the notion that children are often too trusting and thus vulnerable to maltreatment by those adults. Aside from that form of risk for maltreatment, the quadratic relations lend support for parents' concerns as they bear on children's trust beliefs in peers. A body of research attests to aggressive exchanges, peer rejection, and victimization/bullying among children. Some interventions have been used in the schools to reduce bullying and victimization with considerable success (Kärnä et al., 2011). In addition, it appears that peers often do not fulfil their promises and keep secrets and thus are not trustworthy (see Rotenberg et al., 2004). Trustworthiness is dependent on children's inhibitory control (Rotenberg, Michalik, Eisenberg and Betts, 2008) and inhibitory control becomes increasingly developed across childhood.

The quadratic findings lend support for the notion that children who hold very high, as well as very low trust beliefs, are the subject of peer maltreatment including aggression and rejection. Of course, parents should be concerned with making children *street smart* and not be too trusting of strangers or modestly familiar adults: they have the potential to mistreat children. The current findings and perspective highlight the principle that parents should be concerned with making their children *street smart* regarding their peers – persons with whom they interact with almost every day. Parents might be tempted to

dismiss peers' mistreatment of very trusting children because "kids will be kids". The position advocated here is that parents should be concerned with making children street smart, and not be too trusting of their peers.

7 Directions for Future Research

In future, researchers should test for curvilinear (notably quadratic) relations between trust beliefs and psychosocial adjustment. What researchers should seek to identify is under what conditions do we find curvilinear relations between trust beliefs and psychosocial adjustment. To what extent are they found across age, gender, and culture? As noted, the risk of betrayal is potentially responsible for the elevated psychosocial maladjustment of individuals who hold very high trust beliefs (Rotenberg et al., 2005). The BDT provides the basis for identifying the types of betrayal as violations of trust-engaging behavior (i.e., trustworthiness). Betrayal would include violations of: (a) reliability when others fail to fulfil their word of promise, (b) emotional trustworthiness when others cause emotional harm such critically evaluating disclosure and revealing confidential information; and (c) dishonesty by the being recipient of deception and behavior guided by malevolent and insincere behavior.

Some research has examined experiences of betrayal in adults and children. Adults report being betrayed by others engaging in extramarital affairs (violation of a promise), lying and revealing confidences. Children report corresponding forms of age-appropriate behaviors as betrayal (Jones, Chan, and Miller, 1991). The question that warrants investigation is when children and adults are betrayed and by whom and how those bear on the psychosocial maladjustment shown by those individuals with very high trust beliefs. As an example of this issue, the quadratic relations between trust beliefs and psychosocial maladjustment have been found in children with trust beliefs in peers (Rotenberg et al., 2013).

One other direction for future research is the investigation of social-cognitive factors that account for the observed linear and quadratic relations. The contribution of intelligence, specifically social intelligence, to trust beliefs warrants investigation. Most importantly, it may be worthwhile to examine differentiating trust beliefs as a contributor to the observed relations. The children who hold the middle range of trust beliefs have the opportunity of differentiating trust beliefs in which they accurately identify those who are trustworthy. Almost by definition the children who hold very high and those who hold very low trust beliefs in others (notably peers) are

less likely to have that opportunity. They appear to follow a simple decision rule: always trust and always distrust others. Differentiating trust beliefs may account for the elevated psychosocial adjustment shown by those who hold a middle range of trust beliefs in others. Examining differentiating trust beliefs as a separate quality of trust beliefs could yield a more refined test of the relation between trust beliefs and psychosocial maladjustment. Researchers may be interested in whether these patterns are found in adults, as well as children.

Some cautions regarding the investigation of the quadratic relations between trust beliefs and psychosocial adjustment are in order. Because detecting such relations depends on examining the continuum of trust beliefs, it is wise to have sufficient sample sizes in the investigation. For a similar reason, it is wise to test a normative sample of individuals. Atypical samples of individuals (e.g., clinical samples) have the potential to hold either very low or very high trust beliefs and thus it is unreasonable to expect that quadratic relations would be found. Finally, trust beliefs are by definition self-reports (i.e., expectations) which would be associated with self-reports of psychosocial adjustment because of common method variance (see Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). This is one of the problems in studies yielding linear relations between trust beliefs and psychosocial adjustment. Many of the quadratic relations reported in this chapter have examined the relations between trust beliefs and other reported or observed measures. It would be reasonable to continue that type of investigation.

8 Conclusions

In conclusion, there is a preponderance of research which shows that trust beliefs are positively associated with psychosocial adjustment. These findings lend support for the trust promotes psychosocial adjustment hypothesis. Nevertheless, there are a growing number of studies that show (as Crane suggested) quadratic relations in which trusting too much, as well as too little, are associated with psychosocial maladjustment. The problem in weighing the evidence regarding the competing hypotheses is that researchers do not typically assess whether there are curvilinear relations. The preponderance of studies showing linear relations between trust beliefs and adjustment may be simply due to conventional analysis practices rather than actual relations. There may be many quadratic relations yet to be found in those studies conducted and yet to be conducted. Even based on quadratic relations observed so far, it would be reasonable to shift from the traditional view of trust as

promoting psychosocial adjustment to the view that trust within the middle range of beliefs promotes psychosocial adjustment.

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PART 4

Cross-National Comparative Studies

∴

CHAPTER 9

A Cross-National Study of Criteria for Judging the Trustworthiness of Others before a First Meeting

Masamichi Sasaki

1 Introduction

Modernization, with its attendant migration to predominantly urban communities, has brought about profound change in a nearly endless number of social circumstances. One such circumstance is the increasingly frequent need to deal with strangers. This lies at the root of a fundamental change in the structure of interpersonal interactions and relationships. And here, in the overarching context of trust, we need to study the impacts and nature of these profound changes, toward a more thorough understanding of trust, distrust, and trustworthiness. That is, if one anticipates an imminent meeting with a stranger, what does one use to assess the trustworthiness of this stranger? Giddens (1990: 80), for instance, points out that "in many urban settings, we interact more or less continuously with others whom we either do not know well or have never met before…". Marková, Linell, and Gillespie (2008: 17) have stated "Modernization has brought out not only liberty but since it has led to fragmentation of roles and of individuals, it has created the necessity of dealing with strangers".

Cook, Hardin and Levi (2005: 194) have noted: "As globalization has taken hold and interconnectedness across continents has increased dramatically, citizens everywhere have become more wary of the stranger in their midst". Gillespie (2008: 287)[1] goes on to explain that there is increasing interaction with strangers, meaning that "we must perceive people in terms of categories, social positions, and group memberships". Clearly this has major implications for trust and distrust.

1 According to Sztompka (1999: 73), "…since the Internet has become a widely used resource, there is a new practice in the academic community of checking on the credibility of newly acquainted professional colleagues or authors of recently read books by looking at the catalogs of the Library of Congress, or the British Library, and searching for their bibliographies".

Sztompka (1999: 14) has stated that in coping with strangers "trust becomes a necessary resource". How does one judge the trustworthiness of a stranger with whom some anticipated interaction is imminent? Such criteria, including educational background, achievement, high social status, high qualifications (such as being a doctor or lawyer), fame, reputation, and assessment by others for whom one already has opted to trust, have become quite important. Regarding reputation, Misztal (1996: 120–121) has stated that "Reputation permits us to trust another person by providing us with some information about the sort of person we are dealing with, before we have had a chance to have contact with that person". She further stated "A person's reputation … serves as a warrant for trust and as a measure of distanciation. Thus, reputation helps us to manage the complexity of social life by singling out trustworthy people …" (Misztal 1996: 121).

Cook, Hardin and Levi (2005: 28) took these thoughts a bit further, by referring to stereotypes; that is, whether strangers belong to groups already thought of as trustworthy. "We might first rely on stereotypes and deem those individuals with socially valued characteristics as more trustworthy than individuals without such characteristics". From the point of view of a stereotype, we might think of this as based on a social stratification system in which the general trend is to assign greater trust to persons of higher status.

McKnight and Chervany (2006: 31) have discussed the processes which lead to *initial trus*t as follows:

> …several cognitive processes impact initial trust: reputation inference, and two social categorization mechanisms – in group categorization and stereotyping – and illusions of control. Reputation inference means one infers positive traits about the trustee based on second-hand information. In-group categorization refers to placing the trustee in the same grouping as oneself. Stereotyping means placing the trustee in a general grouping from which inferences can be made about trustee attributes. Reputation inference, in-group categorization and stereotyping have direct effects on initial trust.

Sztompka (1999: 83) has stated that "…we have treated three types of cues to trustworthiness – reputation, performance, and appearance – analytically and separately. But in actual estimates of trustworthiness, people often take all three, or various combinations of them into account, sometimes arranging them in preference order". Sztompka (1999, 74) introduces the relevance of culture and time periods: "Some societies attach more significance to titles, diplomas, medals, and other symbolic marks of distinction. This is usually the case in traditional, elitist societies.… Other societies, more democratic and

egalitarian, pay more attention to popular fame, visibility in the media, and a mass following".

Yet another case that acts as a criterion for judging the trustworthiness of others centers around those persons who have inherent similarities, such as being of the same gender, the same nationality, having the same birthplace, and/or being alumni of the same school. These individuals tend to be trusted, whereas those who do not have such similarities tend not to be trusted (cf. Earle and Cvetkovich 1995: 17; Elsbach 2004: 279; Sztompka, 1999; Cook, Hardin, and Levi 2005: 28).

Also, these criteria can act in concert in the business environment. For example, a person who has the same birthplace is often treated as if he/she were a relative who might be expected to become a partner in a business transaction. In this case, despite being strangers, the probability is high for recognizing a mutual connection through a personal network that has already been made. This is called "substitution for fame" (Cook, Hardin, and Levi 2005: 25). In this respect, there are good examples among Chinese companies, where, if they find it difficult to hire relatives, a person with the same birthplace is hired instead; that is, by means of substitution (Hamilton and Cheng-Shu 1990).

Cook, Hardin, and Levi (2005: 194) have pointed out that in the trust literature cultural differences have been given very little attention in terms of "providing the conditions for building trust relations". Hardin (2002: 138) has stated "Every initial effort to establish a trust relationship or even to cooperate a single time entails some degree of risk". McKnight and Chervany have stated (2006: 29–30) "In part, initial trust formation is important because it is pervasive. Almost every relationship begins with an initial phase. The initial phase can be characterized by uncertainty and doubt, in which parties feel around for the right level of trust to accord the other. Initial trust is also important because many critical tasks or transactions are done in the initial phase".

Dietz, Gillespie, and Chao (2010: 23) have emphasized that empirical work and consequent theoretical models are sorely needed to attempt to bridge cross-cultural gaps in understanding the dynamics of social trust (also cf. Barbar 1983 and Luhman 1979). Recently, however, a number of cross-national studies of trust have been conducted to attempt to bridge this gap (e.g., Delhey and Newton 2003, 2005; Paxton 2007; Gheorghiu, Vignoles and Smith 2009; Sasaki and Marsh 2012).

The present study focuses on the comparative analysis of criteria (i.e., categories) for judging the trustworthiness of another (i.e., a stranger) before a first meeting among different nations. Based on the above discussion, the following aims are addressed: (a) What kinds of categories, as criteria, are important for judging the trustworthiness of others before a first meeting among

different nations? (b) Do categories which are close together form a cluster or clusters which make them interpretable for detecting or identifying the structure of criteria (categories) for each nation? (c) If a cluster or clusters form, how are they related among different nations? (d) How do a cluster or clusters relate to status characteristics such as gender and age for each nation? The present study will employ a cross-national survey data set to pursue these four aims.

2 Data and Methods

The data for the present study were collected based on nationwide attitudinal surveys of general trust conducted among seven nations (i.e., Russia, Japan, the US, Finland, the Czech Republic, Germany, and Turkey) and Taiwan. These nations and Taiwan were selected based on their overall trust indices in the World Values Surveys conducted between 1995 and 2009. They form four groups: high trust: Finland; relatively high trust: Japan, the US, Germany, and Taiwan; middle trust: Russia and the Czech Republic; and low trust: Turkey.

The surveys (Surveys on Attitudes toward Life and Society; SALS) were carried out among persons 20 years of age and older between November 2008 and February 2011. The surveys used personal (face-to-face) interviews of groups of subjects obtained utilizing quota sampling and random sampling methods (see Appendix for details on the surveys).

Did individuals in these seven nations and Taiwan interpret the questions asked in the same way? This of course is a crucial issue. The present study, using pretest samples in each nation and Taiwan, utilized the back-translation technique to confirm nearly equivocal interpretation of the questions in all seven nations and Taiwan.

For the analysis of the present study, crosstabulations and correspondence analysis are utilized. Correspondence analysis is a statistical technique especially useful for those who collect categorical data; for example, data collected in social surveys. "It is commonplace to speak of correspondence analysis as 'Bourdieu's statistical method'" (Le Roux and Rouanet 2010: 4). "In sociology, multiple correspondence analysis has figured prominently in the work of Pierre Bourdieu" (Le Roux and Rouanet 2010: viii). The method is particularly useful in analyzing cross-tabulated data in the form of numerical frequencies, and it results in elegant but simple graphic displays in Euclidean space, thereby facilitating holistic understanding of the data (cf. Greenacre and Blasius 1994). The basic outcomes of these geometric methods show a multidimensional pattern

of relative degrees of similarity between items or objects. In a technical sense they do not depend on the size of the data set (Le Roux and Rouanet 2010: 2).

3 Research Findings

3.1 *Criteria for Judging the Trustworthiness of Others before a First Meeting*

To achieve the first aim (a), an attempt was made to identify the criteria for judging the trustworthiness of others before a first meeting. The following question was used. Response categories to be treated as criteria for this question were chosen based on previous trust literature.

Question: Before you meet a person for the first time (such as for everyday interaction, conducting business, obtaining consultations and/or information, and so on), which of the following are most likely to make you think the person is trustworthy? (Select as many as you want):

1. Being introduced by your friend(s)
2. Fame or a good reputation
3. Performance record
4. Word-of-mouth communication or information obtained from other(s)
5. High social or occupational status
6. High level of educational background
7. Qualifications that are difficult to obtain (such as medical doctors and lawyers)
8. Alumni of my school(s)
9. The same birthplace or hometown as mine
10. Other (PLEASE SPECIFY:_____)
11. Don't know

The crosstabulations of the responses to the question by the seven nations and Taiwan are shown in Table 9.1.

From Table 9.1 we find that "Being introduced by friend(s)" has the highest percentages among four nations and Taiwan, except Germany, the Czech Republic, and Finland. "Fame or a good reputation" has the highest percentages for Germany and the Czech Republic and it has also high percentages for the US, Taiwan, and Russia. "Performance record" has the highest percentage for Finland and it also has high percentages for the US, Japan, and the Czech Republic. "Word-of-mouth communication or information obtained from other(s)" has high percentages for the US, the Czech Republic, and Finland. "High level of educational background" has relatively high percentages for the

TABLE 9.1. Crosstabulations of question by seven nations and Taiwan (%) (multiple choices)

	US	Japan	Taiwan	Germany	Russia	Turkey	Czech Republic	Finland
1. Being introduced by your friend(s)	64.5	61.3	54.3	48.6	37.1	28.1	55.9	44.6
2. Fame or good reputation	48.2	21.2	41.5	52.2	35.3	7.5	69.2	24.6
3. Performance record	54.5	43.9	10.7	25.2	15.4	16.5	45.1	48.9
4. Word-of-mouth communication or information obtained from other(s)	55.0	32.3	38.8	33.1	16.7	7.9	62.9	48.1
5. High social or occupational status	13.1	11.9	13.4	12.3	16.7	8.2	18.7	10.8
6. High level of educational background	21.0	2.1	6.9	15.5	19.0	15.5	26.6	13.1
7. Qualifications that are difficult to obtain	23.4	8.5	10.5	17.0	15.3	5.1	31.7	33.3
8. Alumni of my school(s)	5.3	11.5	5.6	4.0	3.9	4.6	15.0	5.4
9. The same birthplace or hometown as mine	7.6	15.3	6.3	11.5	4.4	14.2	15.5	6.8

Source: SALS 2008, 2009, 2010, 2012

US and the Czech Republic compared to the other five nations and Taiwan. "Qualifications that are difficult to obtain" has relatively high percentages for the US, the Czech Republic, and Finland compared to the other four nations and Taiwan. Accordingly, this finding indicates that each one of the three response categories (we will refer to them as category or categories in the present study), "Being introduced by friend(s)", "Fame or a good reputation", and "Performance record" have the highest percentages as criteria for judging the trustworthiness of others before a first meeting for the seven nations and Taiwan. Out of the three categories, "Being introduced by your friend(s)" has

the highest percentage among four nations and Taiwan. It can be speculated that personal networks through friends may help to reduce the perceived degree of risk and uncertainty.

3.2 *Formation of Clusters Based on Criteria for Judging the Trustworthiness of Others before a First Meeting for Seven Nations and Taiwan*

To achieve the second aim (b), correspondence analysis was utilized. Before performing correspondence analysis, it is necessary to have roughly even sample sizes for all seven nations and Taiwan; consequently, the sample size for Russia was weighted at 65%, making that sample size 1,040 for the present analysis. Also, it is important to look at the percentages of each category for each nation and Taiwan because very infrequent categories need to be discarded from the analysis (they are not properly representable by a point in Euclidean space by correspondence analysis), together with category of "other" (a category made up of heterogeneous entities).[2] The exceptions include categories which averaged fewer than ten percent across all seven nations and Taiwan but which had relatively high response rates among one or more nations.

For the case of the US, because percentages of the categories "Alumni of my school(s)" and "The same birthplace or hometown as mine" are quite low (i.e., 5.3% and 7.6%, respectively) and the locations of the other seven categories in Euclidean space are crowded together in quite a small area, both categories were eliminated from the analysis. For the case of Japan, as the percentage of "High level of educational background" is quite low (i.e., only 2.1 %) compared with that of the other six nations and Taiwan, it is eliminated from the analysis.

For the Russian case, like the US, "Alumni of my school(s)" and "The same birthplace or hometown as mine" are quite low (i.e., 3.9% and 4.4%, respectively) and are located quite far from the centroid in the same direction. On the other hand, the other seven categories are huddled together in a small cramped area in Euclidian space. Hence, the seven categories are used for the analysis by excluding these two categories for the case of Russia.

Figures 9.1 through 9.8 depict the actual numeric positions of the categories which form clusters.[3] For all figures shown hereafter, the horizontal line indicates axis 1 (i.e., the first dimension) and the vertical line indicates axis 2 (the second dimension). Also, $\lambda 1$ means the variance of axis 1 and $\lambda 2$ means the variance of axis 2.

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2 See Le Roux and Rouanet (2010: 62) for elimination of "other" for correspondence analysis.

3 As each axis is arbitrarily directed, the signs of coordinates on an axis can be changed for categories and nations at the convenience of users.

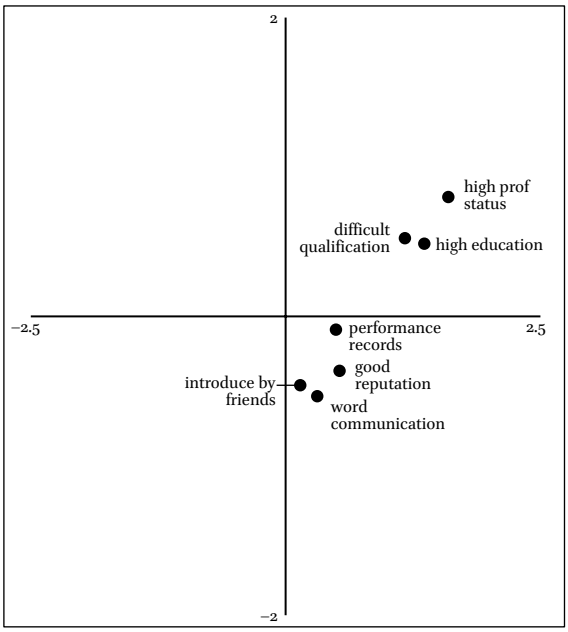
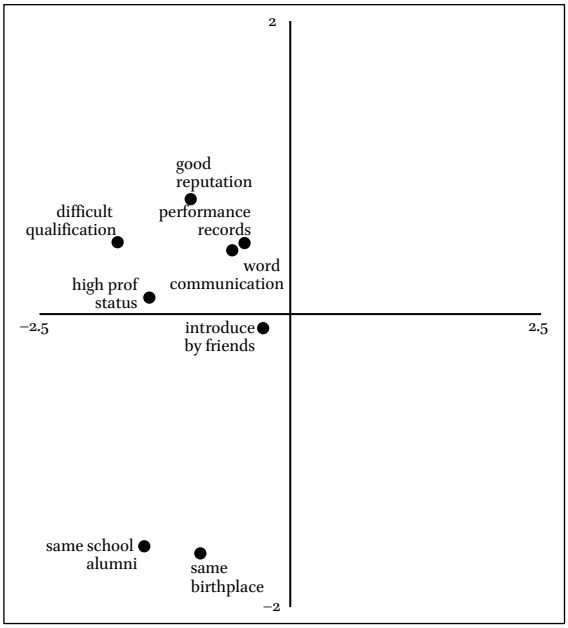


FIGURE 9.1 Cloud of response categories generated by correspondence analysis for US

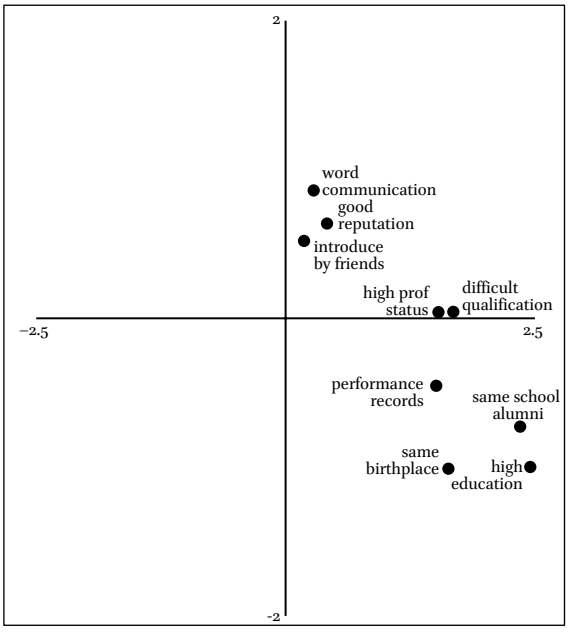
SOURCE: SALS 2008

Note: Abbreviations in the cloud are as follows:
introduce by friends = Being introduced by your friend(s)
good reputation = Fame or good reputation
performance records = Performance record
word communication = Word-of-mouth communication or information obtained from other(s)
high prof status = High social or occupational status
high education = High level of educational background
difficult qualification = Qualifications that are difficult to obtain
same school alumni = Alumni of my school(s)
same birthplace = The same birthplace or hometown as mine



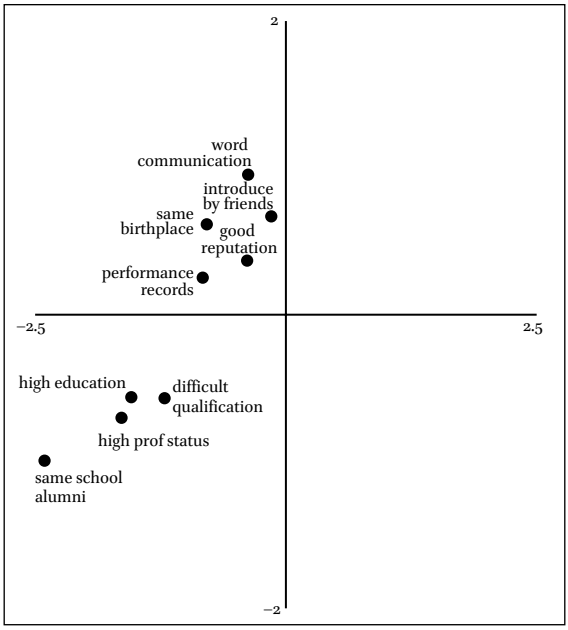
λ1 = 1.666
λ2 = 1.284

FIGURE 9.2 Cloud of response categories generated by correspondence analysis for Japan
SOURCE: SALS 2008



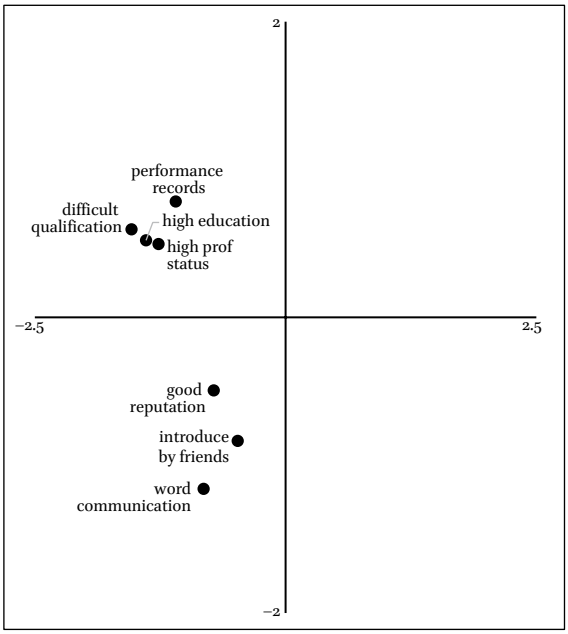
λ1 = 2.135
λ2 = 1.276

FIGURE 9.3 Cloud of response categories generated by correspondence analysis for Taiwan
SOURCE: SALS 2009



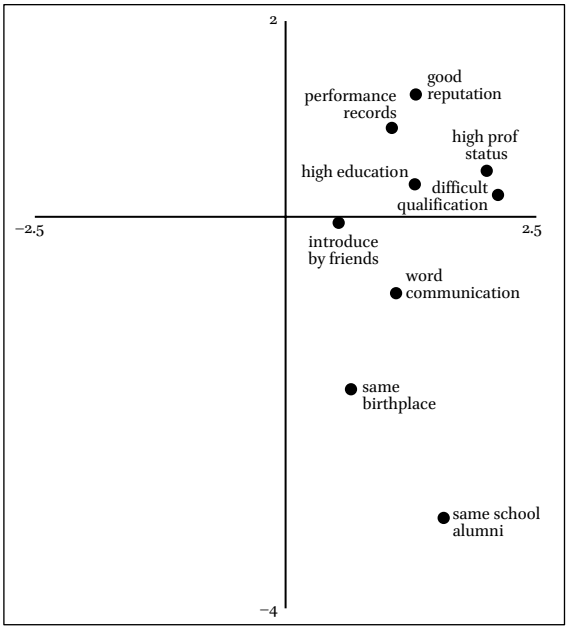
λ1 = 1.921
λ2 = 1.327

FIGURE 9.4 Cloud of response categories generated by correspondence analysis for Germany
SOURCE: SALS 2009



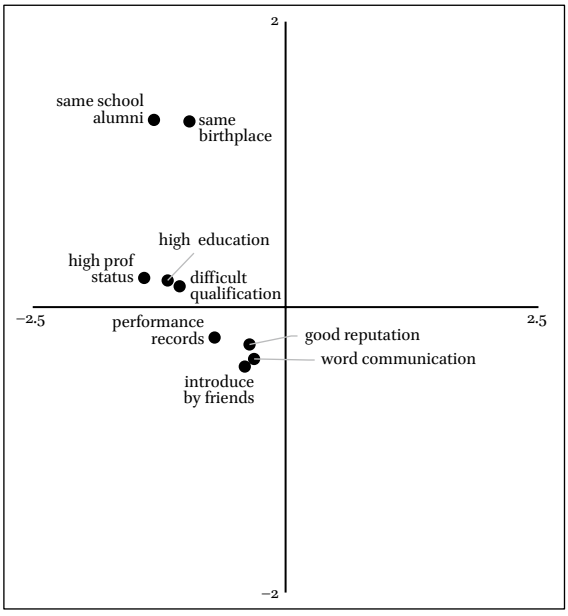
λ1 = 1.968
λ2 = 1.102

FIGURE 9.5 Cloud of response categories generated by correspondence analysis for Russia
SOURCE: SALS 2009



$\lambda_1 = 1.631$
$\lambda_2 = 1.354$

FIGURE 9.6 Cloud of response categories generated by correspondence analysis for Turkey
SOURCE: SALS 2010



$\lambda_1 = 2.978$
$\lambda_2 = 1.278$

FIGURE 9.7 Cloud of response categories generated by correspondence analysis for Czech Republic
SOURCE: SALS 2009

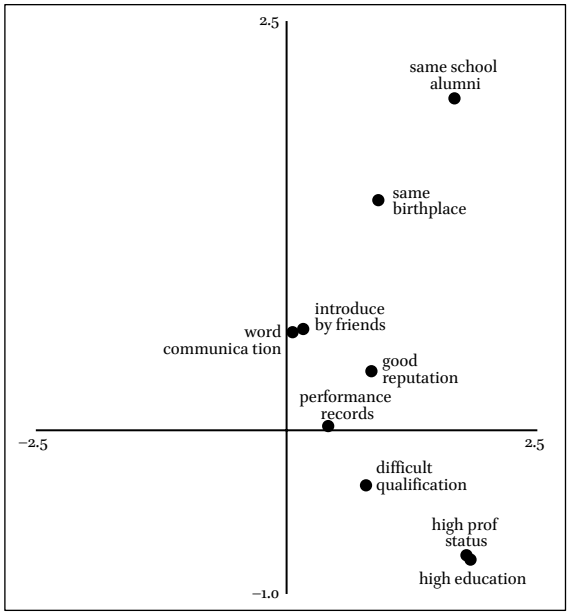


FIGURE 9.8 Cloud of response categories generated by correspondence analysis for Finland
SOURCE: SALS 2012

As a result, it was found that three clusters were formed by several combinations of all nine categories among five nations and Taiwan. We call these three Clusters A, B, and C, as follows:

> Cluster A is composed of "Being introduced by your friend(s)", "Fame or a good reputation", "Performance record", and "Word-of-mouth communication or information obtained from other(s)". We will refer to this as "Fame and interpersonal network".
>
> Cluster B is composed of "High social or occupational status", "High level of educational background", and "Qualifications that are difficult to obtain (such as medical doctors and lawyers)". We will refer to this as "High achieved status".
>
> Cluster C is composed of "Alumni of my school(s)" and "The same birthplace or hometown as mine". We will refer to this as "The same alumni and birth place".

To compare and contrast with the remaining five nations and Taiwan, all nine categories were included for the US and Russia and re-analysis was

carried out with correspondence analysis. As a result, although these two categories are located quite far from the centroid and also from the other seven categories in the first two dimensions, they are closely located in the third dimension and form a cluster. Accordingly, they are regarded as being equivalent to cluster C. Thus, we can determine that all seven nations and Taiwan have three clusters.

To which cluster each category (as criteria for judging the trustworthiness of others before a first meeting) belongs is shown in Table 9.2. Here we find that although all nations and Taiwan have three clusters, there are discrepancies between each category and the clusters to which each category belongs.

For Taiwan, "Performance record" belongs to cluster B and "High level of educational background" belongs to cluster C. For Germany, "The same birthplace or hometown as mine" belongs to cluster A in the first two dimensions. However in the third dimension. "The same birthplace or hometown as mine" and "Alumni of my school(s)" are far from the other seven categories but closely located. Accordingly, both response categories can be regarded as composing cluster C. For Turkey, "High level of educational background" belongs to Clusters A and B. For Russia, "Performance record" belongs to cluster B.

Although the clusters to which various categories belong varies a little among some nations and Taiwan, as shown in Table 9.2, when accompanied with the percentages shown in Table 9.1, the average percentage of cluster A (i.e., "Fame and interpersonal network") is the highest, followed by cluster B (i.e., "High achieved status") and then by cluster C ("The same alumni and birthplace") for all nations and Taiwan.[4]

Sztompka (1999: 83) pointed out that fame, performance, and appearance are three important bases for judging the trustworthiness of others. The findings of the present study empirically support Sztompka's claim and those of others (e.g., Misztal 1996; Hardin 2004; Herreros 2004; Six 2005; Cook, Hardin and Levi 2005, 2009; McKnight and Chervany 2006; Nooteboom 2015), that all seven nations and Taiwan commonly place importance on fame to determine whether or not the other is trustworthy before a first meeting, even if they have different social and cultural backgrounds.

Regarding the importance of interpersonal networks, the findings of the present study empirically support the claim of Cook, Hardin and Levi (2005: 34) that "In fact, in most circumstances those we come to trust are embedded

4 The ratios of Cluster A/Cluster B are: 2.9 for the US, 5.3 for Japan, 3.5 for Taiwan, 2.7 for Germany, 1.5 for Russia, 1.6 for Turkey, 2.3 for the Czech Republic, and 2.2 for Finland.

TABLE 9.2 Three clusters which belong to each response category by seven nations and Taiwan

	US	Japan	Taiwan	Germany	Russia	Turkey	Czech Republic	Finland
1. Being introduced by your friend(s)	A	A	A	A	A	A	A	A
2. Fame or a good reputation	A	A	A	A	A	A	A	A
3. Performance record	A	A	B	A	B	A	A	A
4. Word-of-mouth communication or information obtained from other(s)	A	A	A	A	A	A	A	A
5. High social or occupational status	B	B	B	B	B	B	B	B
6. High level of educational background	B	delete	C	B	B	AB	B	B
7. Qualifications that are difficult to obtain	B	B	B	B	B	B	B	B
8. Alumni of my school(s)	(C)	C	C	C	(C)	C	C	C
9. The same birthplace or hometown as mine	(C)	C	C	A (C in the 3rd dimension)	(C)	C	C	C

Source: SALS 2008, 2009, 2010, 2012. Figure generated by Author

in a network of relations that provides assurance of their trustworthiness". With respect to a cluster based on "High achieved status" (i.e., Cluster B) and a cluster based on "The same alumni and birthplace" (i.e., Cluster C), Cook, Hardin and Levi (2005) pointed out that sometimes the judgement whether or not to trust others is made based on a stereotype. If we regard "High achieved status", "Alumni and birthplace" as positive stereotypes, our finding supports their claim. Also, regarding a cluster based on "The same alumni and birthplace", as previously mentioned there is a tendency that we trust a person who has similarities and do not trust those who do not have similarities (cf. Earle and Cvetkovich 1995: 17; Elsbach 2004: 279; Sztompka 1999; Cook, Hardin and Levi 2005).[5] This tendency is supported by the results of the present study, although the percentages of a cluster based on "The same alumni and birthplace" are quite low for the US, Taiwan, Russia, and Finland.

3.3 *The Relationships of Each Cluster with the Seven Nations and Taiwan*

As a result of the present study's analysis confirming that there is a commonality that all seven nations and Taiwan form three clusters (although with small variations of categories which belong to different clusters), it is legitimate to combine all data (i.e., a bond sample) for all seven nations and Taiwan and attempt to determine the relationships of each cluster with the seven nations and Taiwan in Euclidean space by performing correspondence analysis.

Figure 9.9 shows the result of the analysis of the relations between each cluster and the seven nations and Taiwan.

We can see from Figure 9.9 that axis 2 partitions three clusters. The cluster based on "Fame and interpersonal network" is located at the top of axis 2, and the cluster based on "High achieved status" and the cluster based on "The same alumni and birthplace" are both located at the bottom of axis 2.

The relations of the clusters with the seven nations and Taiwan are that the US, Japan, Taiwan, Germany, the Czech Republic, and Finland are located close together with a cluster based on "Fame and interpersonal network" on the top of axis 2. On the other hand, Russia and Turkey are located on the bottom of axis 2 where clusters based on "High achieved status" and "The same alumni and birthplace" are also located. Thus, we can interpret that to some extent the relations between clusters and the seven nations and Taiwan correspond to the level of trust which is reported in the World Value Surveys (ASEP/JDS,

5 Also, as mentioned above, McKnight and Chervany (2006: 31) refer to placing the trustee in the same grouping as oneself as "in-group categorization".

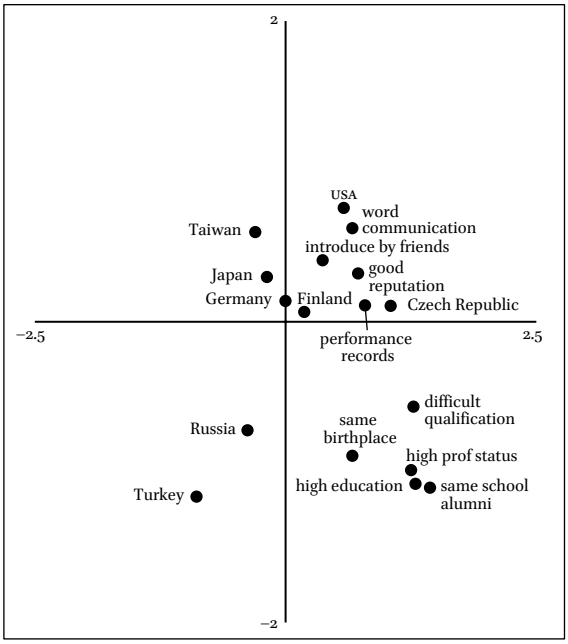


FIGURE 9.9 Cloud of response categories generated by correspondence analysis for seven nations and Taiwan
SOURCE: SALS 2008, 2009, 2010, 2012

2010). In other words, the US, Japan, Taiwan, and Germany are middle-high trust nations, the Czech Republic is a middle trust nation and Finland is a high trust nation and these five nations and Taiwan are closely located to a cluster based on "Fame and interpersonal network". Russia is a middle trust nation and Turkey is a low trust nation and they are located on the same bottom of axis 2 with a cluster based on "High achieved status" and a cluster based on "The same alumni and birthplace".

From the perspective of the relationships between these three clusters and the trust levels of the seven nations and Taiwan (except the Czech Republic[6]), middle-high and high-level trust nations emphasize "Fame and personal trust" and middle and lower-level trust nations emphasize "High achieved status" and "The same alumni and birthplace" for criteria for judging the trustworthiness of others before a first meeting.

6 The Czech Republic was a low-trust nation in our previous study (Sasaki 2012: 364).

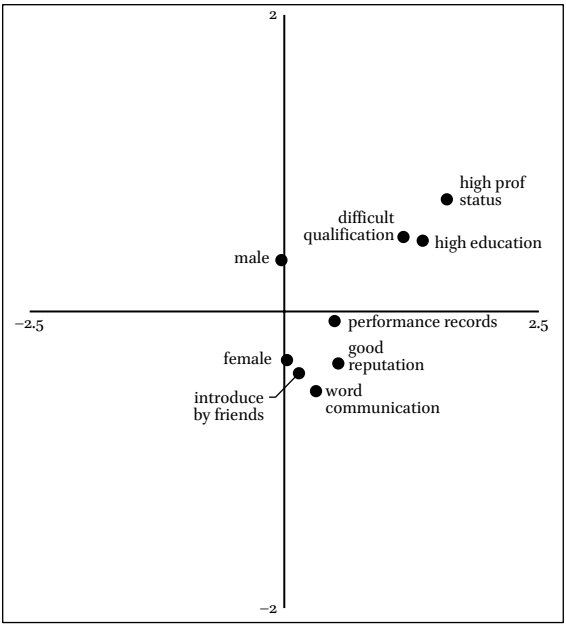
4 The Relationships of Each Cluster with Gender and Age for the Seven Nations and Taiwan

4.1 *Gender*

As it has been pointed out that status characteristics such as gender and age seem to have a bearing on trust (e.g., Delhey and Newton 2003: 110; Patterson 1999: 173; Sasaki 2016: 526), we attempted to determine the relationships between the three clusters and gender for each nation and Taiwan in Euclidean space, again by performing correspondence analysis. It was found that the locations of the categories in Euclidean space are almost the same as those which do not include gender for each nation and Taiwan. From Figures 9.10 through 9.17, it was found that all categories for all nations and Taiwan are located either on the left or right sides of axis 1 and both genders are partitioned in the axis 2. However, both genders are quite closely located to each other and also closely located to the centroid for all nations and Taiwan, except the US and Turkey. In other words, the relationships between clusters and gender are quite weak for four nations (i.e., Japan, Germany, Russia, and the Czech Republic) and Taiwan. Table 9.3 shows the relationship between both genders and each cluster for each nation and Taiwan.[7]

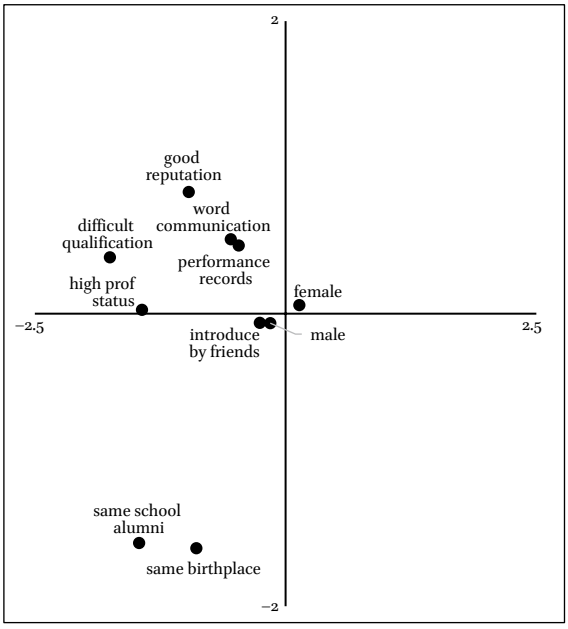
Females in the US and the Czech Republic, and males in Germany are closely located to cluster A based on "Fame and interpersonal network", which means there is a relationship between the cluster and gender among three nations, but cluster A is located, for both genders, for Japan, Taiwan, Russia, and Turkey. Males in the US, Turkey and the Czech Republic and females in Japan, Germany, and Russia are located in Cluster B based on "High achieved status". Males in Japan, Taiwan, and the Czech Republic and females in Turkey are located in Cluster C based on "The same alumni and birthplace". For Finland, both males and females are located at almost the same point at the centroid, which means there is no relationship between the three clusters and gender. Also, for Germany, although the categories of "Alumni of my school(s)" and "The same birthplace or hometown as mine" were located far from each other in the first two dimensions, they are closely located in the third dimension, and it was found that this cluster is located on the male side. Therefore, we can regard this as equivalent to Cluster C based on "The same alumni and birthplace".

7 The distances between both genders for each nation and Taiwan are: 0.67 for the US, 0.31 for Japan, 0.27 for Taiwan, 0.25 for Germany, 0.20 for Russia, 0.63 for Turkey, and 0.26 for the Czech Republic.



λ1 = 1.99
λ2 = 1.122

FIGURE 9.10 Cloud of response categories by gender generated by correspondence analysis for US
SOURCE: SALS 2008



λ1 = 1.674
λ2 = 1.285

FIGURE 9.11 Cloud of response categories by gender generated by correspondence analysis for Japan
SOURCE: SALS 2008

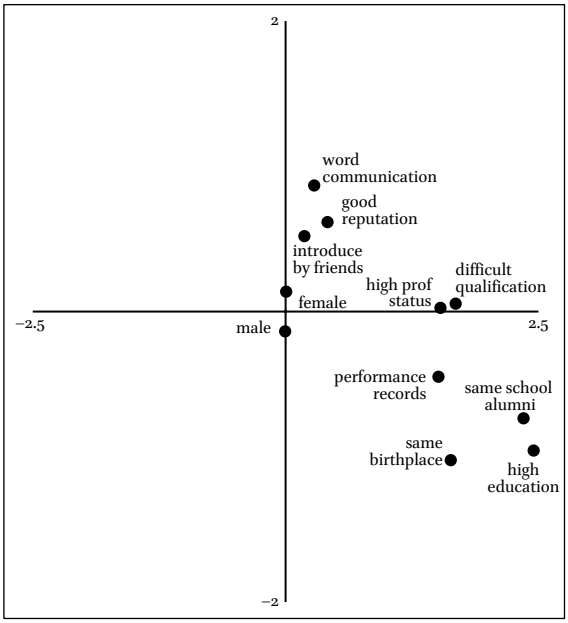


FIGURE 9.12 Cloud of response categories by gender generated by correspondence analysis for Taiwan
SOURCE: SALS 2009

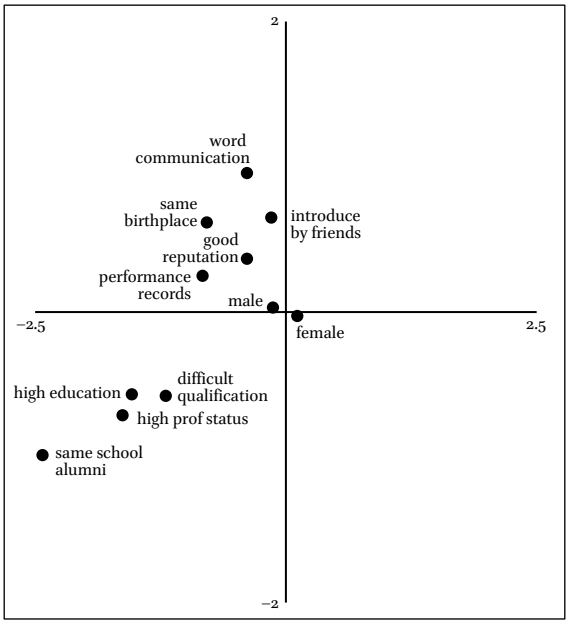


FIGURE 9.13 Cloud of response categories by gender generated by correspondence analysis for Germany
SOURCE: SALS 2009

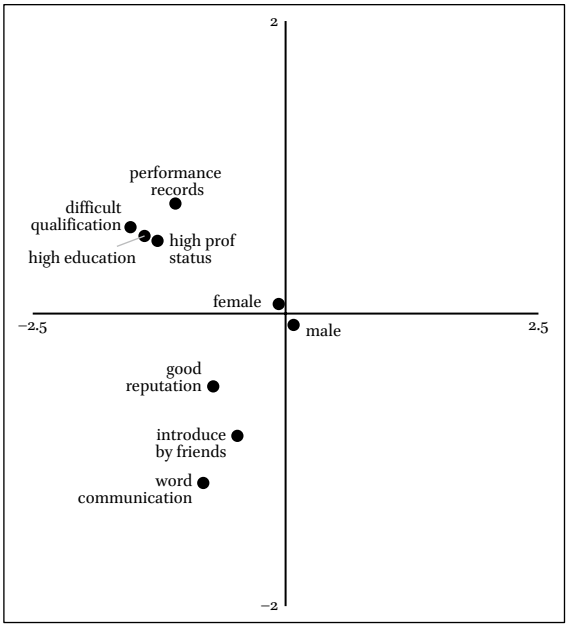


FIGURE 9.14 Cloud of response categories by gender generated by correspondence analysis for Russia
SOURCE: SALS 2009

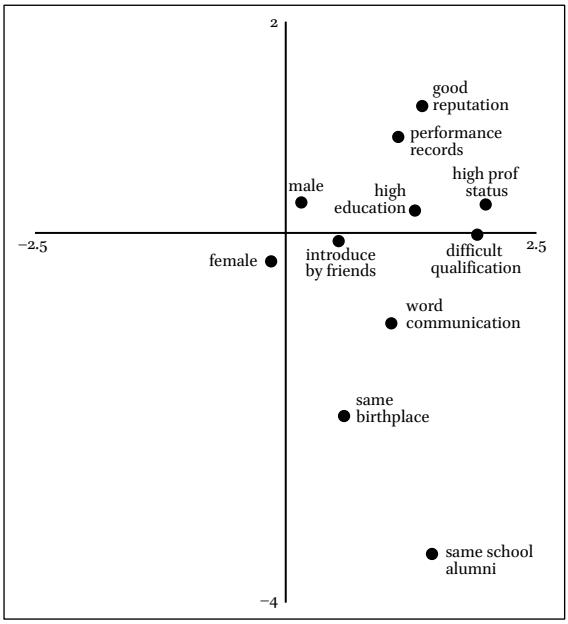


FIGURE 9.15 Cloud of response categories by gender generated by correspondence analysis for Turkey
SOURCE: SALS 2010

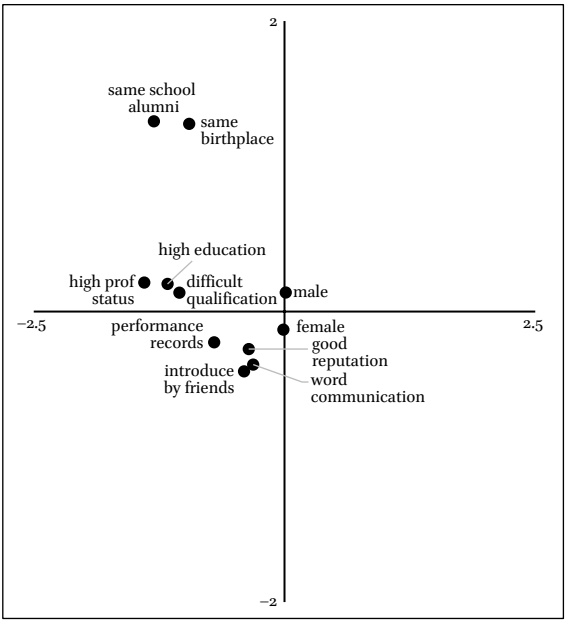


FIGURE 9.16 Cloud of response categories by gender generated by correspondence analysis for Czech Republic
SOURCE: SALS 2009

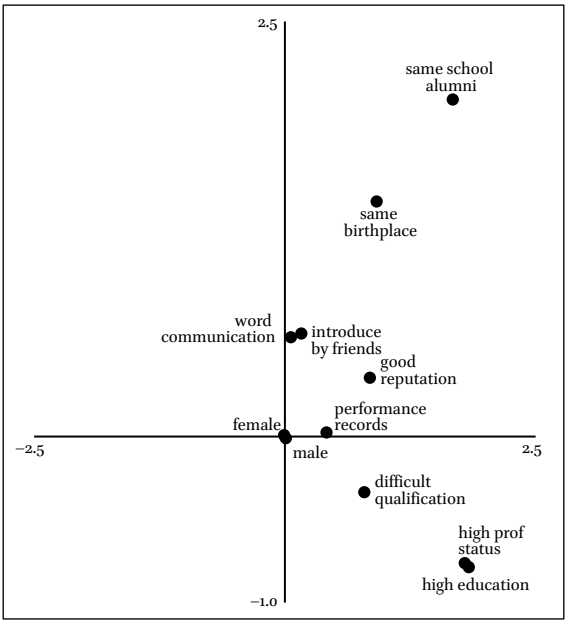


FIGURE 9.17 Cloud of response categories by gender generated by correspondence analysis for Finland
SOURCE: SALS 2012

TABLE 9.3 Three clusters with gender by seven nations and Taiwan

	US	Japan	Taiwan	Germany	Turkey	Russia	Czech Republic	Finland
Cluster A	Female	Both genders	Both genders	Male	Both genders	Both genders	Female	No relation
Cluster B	Male	Female	Both genders	Female	Male	Female	Male	No relation
Cluster C	(Male)*	Male	Male	(Male)*	Female	Male	(Male)*	No relation

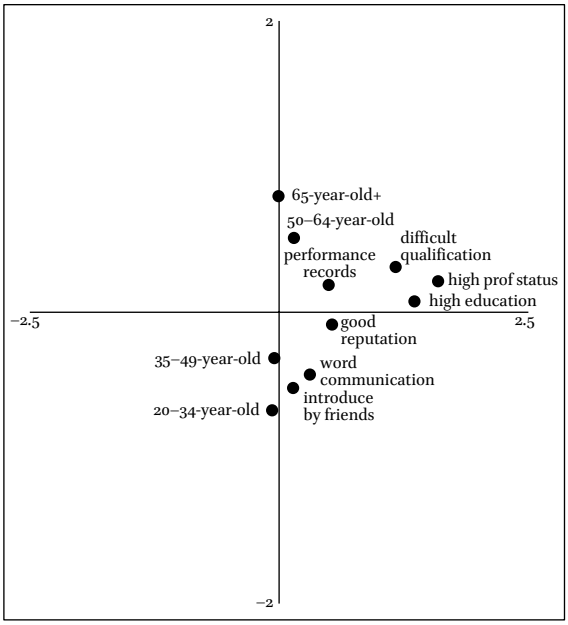
Note: * belong to cluster C in the third dimension
Source: SALS 2008, 2009, 2010, 2012

For the US and Russia, we performed a re-analysis by including the two categories "Alumni of my school(s)" and "The same birthplace or hometown as mine" (which were originally eliminated from the analysis), and found that Cluster C based on "The same alumni and birthplace" is located on the male side in the third dimension for both nations.

From Table 9.3, we can interpret that there is no tendency for either gender to relate with Cluster A and Cluster B, but Cluster C, based on "The same alumni and birthplace", has all males except Turkey. In this respect, males in five nations and Taiwan have a tendency to have "The same alumni and birthplace" for a criterion for judging the trustworthiness of others before a first meeting, although both genders have quite weak relations with the three clusters.

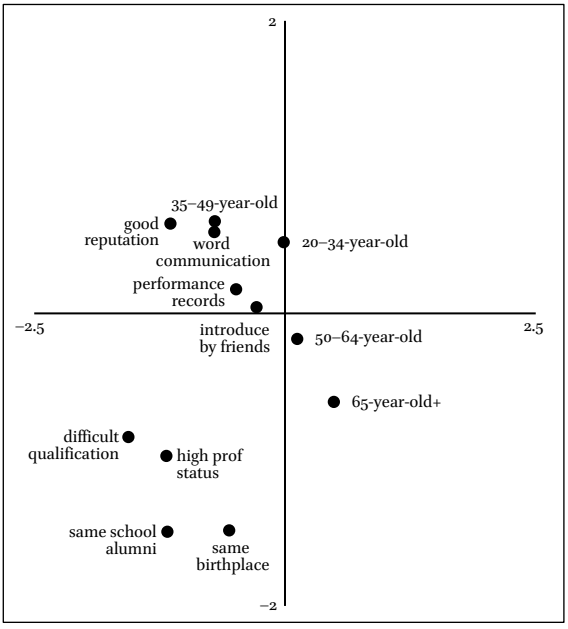
4.2 *Age*

Regarding the association between trust and age (seen as one of the major demographic variables), it was found that young people are distrusting, while the elderly (i.e., over 50 years old) are trusting (e.g., Glaeser et al. 2000; Alesina and La Ferrara 2000; Sasaki 2016). The present study will attempt to determine how this is related with the criteria for judging the trustworthiness of others before a first meeting. For the analysis of the relationships between the three clusters and age, first of all, for age we created four categories consisting of "20 through 34 years old", "35 through 49 years old", "50 through 64 years old" and "over 65 years old", and performed correspondence analysis using these four categories and the three clusters. The results of the analysis are shown in Figures 9.18 through 9.25.



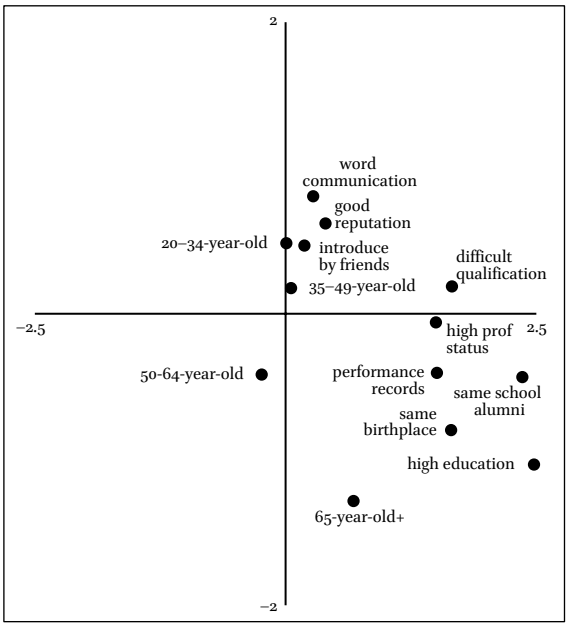
λ1 = 2.002
λ2 = 1.140

FIGURE 9.18 Cloud of response categories by age generated by correspondence analysis for US
SOURCE: SALS 2008



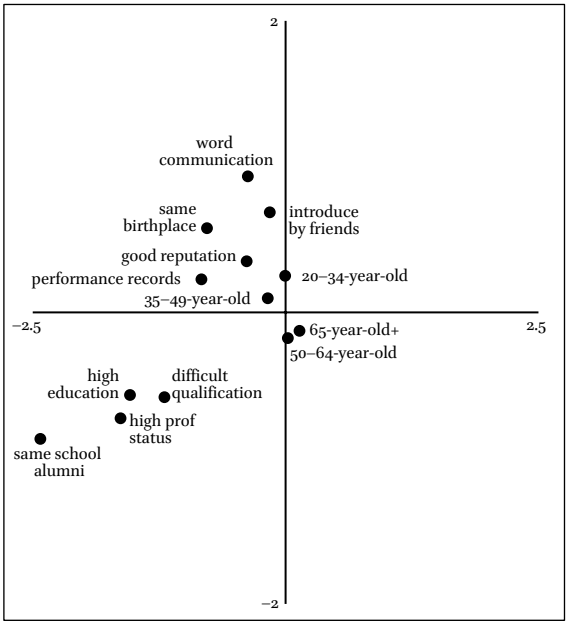
λ1 = 1.743
λ2 = 1.393

FIGURE 9.19 Cloud of response categories by age generated by correspondence analysis for Japan
SOURCE: SALS 2009



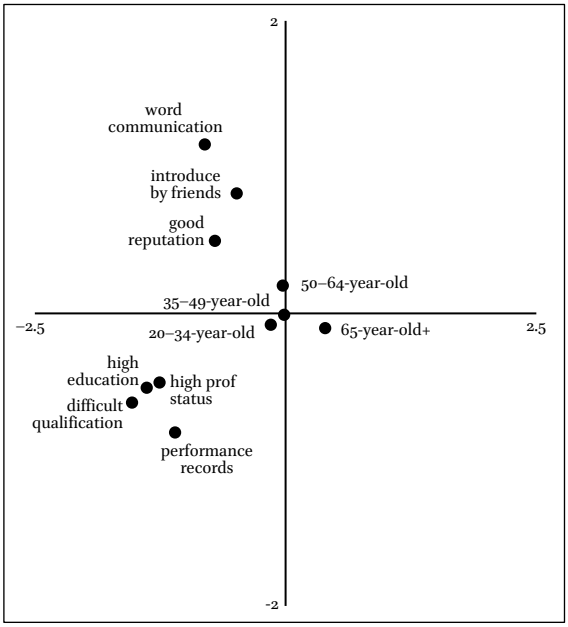
λ1 = 2.162
λ2 = 1.357

FIGURE 9.20 Cloud of response categories by age generated by corvrespondence analysis for Taiwan
SOURCE: SALS 2009



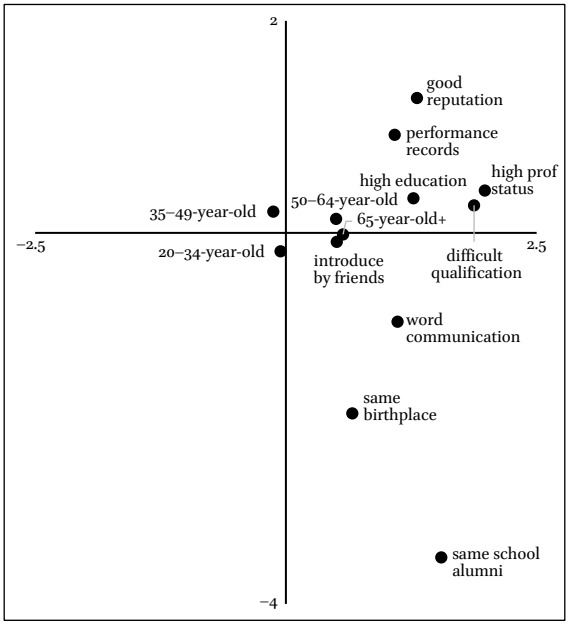
λ1 = 1.928
λ2 = 1.333

FIGURE 9.21 Cloud of response categories by age generated by correspondence analysis for Germany
SOURCE: SALS 2009



λ1 = 1.983
λ2 = 1.103

FIGURE 9.22 Cloud of response categories by age generated by correspondence analysis for Russia
SOURCE: SALS 2009



λ1 = 1.649
λ2 = 1.362

FIGURE 9.23 Cloud of response categories by age generated by correspondence analysis for Turkey
SOURCE: SALS 2010

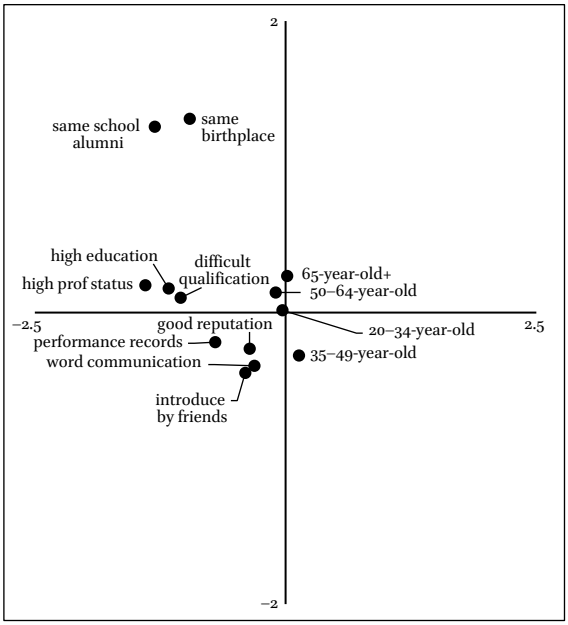


FIGURE 9.24 Cloud of response categories by age generated by correspondence analysis for Czech Republic
SOURCE: SALS 2009

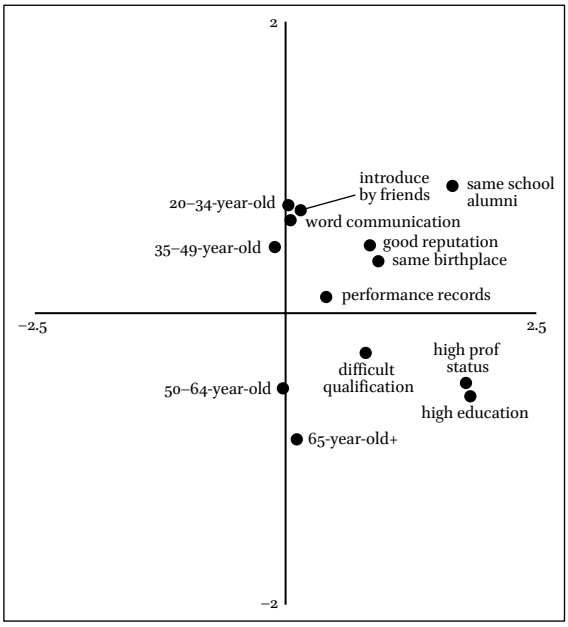


FIGURE 9.25 Cloud of response categories by age generated by correspondence analysis for Finland
SOURCE: SALS 2012

So far as the locations of the clusters for each nation and Taiwan are concerned, the results of the analysis are almost the same as the clusters without age for Germany, the Czech Republic, and Turkey. For the Russian case, they are inversely located on axis 2. The locations of age are almost in order, from the younger generation to the older generation on axis 1 for the US, Taiwan, and Finland. For Cluster A, based on "Fame and interpersonal network", they are located most closely to the 20 through 49-year old groups for the US, Japan, Taiwan, Germany, and Finland. For Turkey, it is located close to the over 50-year-old groups. For the Czech Republic, the 20–34-year-olds are located at the centroid, which means this age group relates to all three clusters. Cluster B, based on "High achieved status", is located on the top or bottom of axis 2 with over 50-year-olds for six nations and Taiwan, except Russia. For Russia, the 35–49-year-olds are located at the centroid, which means this age group relates to all three clusters. For Cluster C based on "The same alumni and birthplace", Japan, Taiwan, and the Czech Republic are located on the top or bottom of axis 2 with those over 50 years old. For Germany, "The alumni of my school(s)" and "The same birthplace or hometown as mine" are far from each other in the first two dimensions, but in the third dimension both categories are closely located and are close to the groups of those 20 through 49 years old. For Turkey, it is located to the side of those over 65 years old. And for Finland it is located on the top of axis 2 with those 20 through 49 years old. For the US and Russia, we reanalyzed the data by including two categories, "Alumni of my school(s)"and "The same birthplace or hometown as mine" and found that both nations are closely related to those over 50 years old in the third dimension.

By looking at all seven nations and Taiwan in Table 9.4, the young and middle aged (20 through 49 years old) regard "Fame and personal network" as important for judging the trustworthiness of others before a first meeting among four nations (the US, Japan, Germany, Finland) and Taiwan. Those aged 50–64 years old and those over 65 years old regard "High achieved status" as important for judging the trustworthiness of others before a first meeting among six nations (the US, Japan, Germany, Turkey, the Czech Republic, and Finland) and Taiwan. Those over 50 years old or those over 65 years old also regard "The same alumni and birthplace" as important for judging the trustworthiness of others before a first meeting among five nations (i.e., the US, Japan, Russia, Turkey, and the Czech Republic), as well as Taiwan.

5 Summary and Conclusion

In contemporary society, mobility in urban areas has increased and people have greater opportunity to meet and communicate with strangers. In these

TABLE 9.4 Three clusters with age by seven nations and Taiwan

	US	Japan	Taiwan	Germany	Russia	Turkey	Czech Republic	Finland
Cluster A	20–49	20–49	20–49	20–49	50–64	Over 50	20–49	20–49
Cluster B	50–64	Over 50	Over 50	50–64	20–34	50–64	50–64	50–64
Cluster C	Over 50	Over 50	Over 50	20–49	Over 50	Over 65	Over 50	20–49

Source: SALS 2008, 2009, 2010, 2012

situations, we typically rely on such things as fame or reputation, personal networks, and past performance to determine whether a person is trustworthy. Occasionally, people also rely on trust stereotypes. The present study set up four aims to determine the criteria for judging the trustworthiness of others before a first meeting. To achieve the first aim, a survey data set on trust among seven nations and Taiwan was used for the analysis of crosstabulations for a question and nine response categories. For the second aim, it was found that a response of "Being introduced by friend(s)" had the highest percentage except for Germany, the Czech Republic, and Finland. To achieve the second through fourth aims, correspondence analysis was performed. It was found that three clusters emerge for judging whether the other is trustworthy before a first meeting. The cluster called "Fame and personal network", formed by a combination of "Being introduced by friend(s)", "Fame or a good reputation", "Performance record" and "Word-of-mouth communication or information obtained from other(s)" is the most important cluster; followed by a cluster called "High achieved status" formed by "High social or occupational status" and "High level of educational background"; and finally a cluster called "The same alumni and birthplace".

To achieve the third aim, the national differences reveal that there are two separated groups. For judging the trustworthiness of others before a first meeting, "Fame and interpersonal trust" is prevalent as an important criterion for three relatively high-trust nations (i.e., the US, Japan, Germany, and Taiwan), a middle-trust nation (i.e., Czech Republic), and a high-trust nation (Finland). On the other hand, "High achieved status" and "The same alumni and birthplace" are prevalent as an important criterion for another middle-trust nation (i.e., Russia) as well as a low-trust nation (i.e., Turkey).

To achieve the fourth aim, our findings indicate that the relationships between gender and the three clusters are quite weak among six nations and

Taiwan, except Finland, where there is no relationship between them. With respect to "Fame and personal network" and "High achieved status", there is no tendency for either gender to be related to them. There is, however, a tendency for males to relate to "The same alumni and birthplace", but not females. Finally, as for the relationship between age and the three clusters, the young and middle-aged regard "Fame and personal network" as an important criterion and the older age strata regard "High achieved status" and "The same alumni and birthplace" as important criteria.

Overall, the results of the present study indicate that in our contemporary complex world, where it is common for us to interact with strangers, we have a tendency to rely on the categories of other(s) (although which categories varies depending on the trust levels of the nations) to conveniently judge the trustworthiness of other(s) as antecedent factors of trust before establishing trust relations. This might be a rational way to avoid uncertainty and/or attempt to reduce the risk involved with trust in our everyday lives, as has been claimed by many trust researchers.

Also, regarding the characteristics of trust, Putnam (2000: 138) has stated that "In virtually all societies 'have nots' are less trusting than 'haves', probably because 'haves' are treated by others with more honesty and respect". The results of the present study indicate that "haves" means "fame and interpersonal network" and "high achieved status". In addition, "same background" can be regarded as "haves" because of their being treated by others similarly and with familiarity.

The present study has empirically supported some of the theoretical discussions and previous empirical findings, especially research on the antecedents of trust which have not heretofore been given sufficient attention in the trust literature.

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Appendix

For the nationwide surveys conducted for the present study, specific details for each survey are described below. With regard to sampling methods, research institutions

and commercial polling organizations which carry out attitudinal surveys have been pursuing the most appropriate survey methods because of budget constraints, difficulty with field surveys, and so on. The World Value Surveys (WVS, http:www .theworldvaluessurvey.org/wvs/), which data is widely used, permits the quota sampling method with some strict controls because the full probability sampling method is very expensive. For the present study, the quota sampling method (with these strict controls) and the random sampling method were used because of budget constraints and to facilitate comparison and contrast with other trust-related survey results in each nation and Taiwan. For example, Japan and Germany have for quite some time used the random sampling method for many of their domestic, cross-national, and longitudinal surveys. These surveys adopted the methods most commonly used in each of the seven nations, to facilitate comparison and contrast with other survey results in each respective nation.

Czech Republic

September 2009

Sampling method and sampling points: Quota sampling for 184 sampling points

Sample size: 981

Survey institute: Public Opinion Research Centre, Institute of Sociology, Academy of Sciences of the Czech Republic, Prague, the Czech Republic

Germany

April–May 2009

Sampling method and sampling points: Random sampling based on the ADM-Master Sample (the standard in Germany for professional scientific studies) for 153 sampling points

Sample size: 1,007

Survey institute: Marplan Research Institute, Frankfort, Germany

Japan

October 2008

Sampling method and sampling points: Two-stage stratified random sampling for 130 sampling points

Sample size: 924

Survey institute: Shin Joho Center, Tokyo, Japan

Russia

February 2009

Sampling method and sampling points: Quota sampling for 140 sampling points

Sample size: 1,600

Survey institute: VCIOM, Moscow, Russia

Taiwan
October–November 2009
Sampling method and sampling points: Quota Sampling for 138 sampling points
Sample size: 981
Survey institute: Gallup Market Research Corporation, Taipei, Taiwan

Turkey
January–February 2010
Sampling method and sampling points: Quota sampling for 86 sampling points
Sample size: 1,007
Survey institute: Ipsos KMG, Istanbul, Turkey

United States
November–December 2008
Sampling method and sampling points: Quota sampling for 100 sampling points
Sample size: 1,008
Survey institute: Kanes, Parsons & Associates, New York, US

Finland
May 2012
Sampling method and sampling points: Quota sampling for 87 sampling points
Sample size: 881
Survey institute: Taloustutkimus Oy, Helsinki, Finland

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CHAPTER 10

Social Trust in Japan and Taiwan: A Test of Fukuyama's Thesis

Robert Marsh

Beginning around 1980, a new wave of theoretical concern with trust emerged (Sztompka 2001). This was a response to two things: the perception that social and political trust are in decline, and the argument that trust is essential to a good society (Levi 2001). The profusion of recent studies of trust contains a variety of methodologies, ranging from psychological approaches to trust as a personality attribute and experiments using Prisoner's Dilemma games, to historical, ethnographic and survey research, with the last of these divided into studies of particular communities or a single society and cross-societal comparative surveys.

The present study uses the last of these methods in order to answer the question: when the people of two or more societies have similar or different levels of trust, what are the causes and consequences of this? In earlier research, Hall (1999) sought explanations for the decline of trust in both Britain and the United States. Paxton (1999) suggested that generalized trust (of strangers) is low in societies where the rule of law is weak and corruption rampant. The causal mechanisms through which trust, generated by participation in voluntary organizations, is generalized to trust of strangers, in Sweden, Germany and the United States, were analyzed by Stolle (2001). Freitag (2003) compared the development of generalized trust in Japan and Switzerland. Economists interested in economic growth have also begun to empirically examine the role of trust. Zak and Knack (2001), for example, used data on generalized trust from 41 societies in the World Values Surveys to demonstrate that formal institutions (property rights and contract enforceability), the relative absence of corruption, lower levels of income and land inequality, and social homogeneity increase economic growth in part by building on the trust that exists among people.

The present study is designed to test Francis Fukuyama's claim that Japan has a higher level of generalized interpersonal trust than Taiwan, and to reconsider what he sees as the causes and consequences of this. What disturbed me when I recently read Fukuyama's 1995 book, *Trust: The Social Virtues and*

the Generation of Prosperity, was that he deployed certain types of evidence to support this claim, but did not have the advantage of more recently collected data from survey research on people's attitudes and behavior concerning trust in Japan and Taiwan. My study will introduce such data.

1 Fukuyama's Theory of Trust

Fukuyama is interested in the effect of societal trust on economic development. The thrust of his argument is that "certain societies can save substantially on transaction costs because economic agents trust one another in their interactions and therefore can be more efficient than low-trust societies, which require detailed contracts and enforcement mechanisms" (Fukuyama 1995: 352). His key concept is "spontaneous sociability", which can take alternative forms: interpersonal trust between kin, work associates, neighbors, strangers and others; organizational participation; and other forms of social capital. He broadly characterizes the United States, Japan and Germany as high-trust societies, in contrast to Italy, France, China and China-type societies – Taiwan and Hong Kong – as low-trust societies.

For Fukuyama, a key characteristic of low-trust societies is that they are "familistic". In such societies, family and kinship ties are particularly strong, but generalized trust of people one does not know is not very developed. Unrelated people have no basis for trusting one another. Fukuyama cites Banfield's (1967) study of Italy, where "amoral familism" hindered economic growth. The essence of Chinese Confucianism is the elevation of kinship bonds above all other social loyalties. This has implications for the formation of business firms. Fukuyama contends that the size distribution of firms in Japan is larger than that in Taiwan. Firms in Taiwan are more often *family* businesses; the inability to trust non-kin acts as a brake on the expansion of the size of the enterprise. In order to expand its scale, a firm must find competent new high level management. When the pool of competent *kin* is exhausted, and non-kin are distrusted, the result is that the great majority of firms in Taiwan are small or medium size, with few large-scale enterprises. "[V]irtually all private-sector businesses are family owned and family managed …. The large, hierarchical, publically owned, professionally managed corporation … does not exist in culturally Chinese societies" (Fukuyama 1995: 74).

Note the kind of inference Fukuyama is making. He contends that Japan, but not Taiwan, has large modern corporations. Why is this? It is a consequence of the fact that Japan is a high-trust culture, while Taiwan is a low-trust culture. There are at least two logical problems here. First, even if Japan is

indeed a high-trust culture, there are factors other than trust, even taking into account the multidimensional aspects of trust, that explain the size distribution of firms and the emergence of large modern corporations. For example, in a comparative study of 44 societies, Beck, Demirguc-Kunt and Maksimovic (2003) showed that the size of a society's banking system and the efficiency of its legal system are positively related to the size reached by its largest industrial firms. Second, if one wants to show the effect of trust on the size distribution of firms, one must investigate all possible sources of data on trust, including survey data, which are lacking in Fukuyama's book.

2 The Concept of Trust

My basic distinction is between micro and macro levels of trust. The difference is relative, not absolute. Some aspects of trust are relatively micro, others more macro. Micro trust is what Hardin (1993) calls *thick trust:* trust based on a long sequence of trusting interactions with given persons – parents, spouse, children, friends, etc. When the trust between person A and person B is only one-sided – A trusts B but B does not trust A – it is less "thick" than when the trust is reciprocal.

It is also useful to distinguish cognitive and emotional aspects of trust. In the cognitive aspect, we discriminate between persons who are trustworthy, distrusted, and unknown. But knowledge alone can never cause us to trust. We come to a point when we no longer need or want any further *evidence* for our confidence in the object of trust. According to Lewis and Weigert (1985) we then make an emotional leap from the cognitive foundation into the feeling that the trusted person will do such-and-such under certain conditions. Trust creates a social situation in which intense emotional investments may be made, and this is why betrayal of a personal trust arouses a sense of emotional outrage in the betrayed. Lewis and Weigert also make a distinction between personal trust and system trust, which parallels my distinction between micro and macro trust. Personal trust is at the level of primary group relations, where the emotional aspects of trust tend to outweigh the cognitive aspects. System trust is the trust one may have for strangers and the generalized other. Laws and the state are more likely to be involved in safeguarding trust at the system (macro) level. At that level, the cognitive aspects of trust tend to be more important than the emotional aspects.

I have suggested how trust at the micro level *differs* from trust at the macro level. But trust also has commonalities that cut across the micro and macro levels. To trust someone, whether a family member or a stranger, is to trust that

the *intentions* of that person, in the relationship, are to refrain from opportunism and interest-seeking with guile. The popular understanding of "real trust" is the expectation that the partner will not engage in opportunistic behavior even when there are incentives for opportunism and the absence of formal mechanisms to monitor or control the partner (Woolthuis, Hillebrand and Nooteboom 2005: 814, 816).

3 Data and Measures

Surveys of trust using identical interview schedules were carried out in 2009 with representative samples of the population in seven nations – Japan, Taiwan, the United States, Germany, Russia, the Czech Republic and Turkey. Masamichi Sasaki of Chuo University, Japan was the principal investigator, and the project was funded by the Japan Society for the Promotion of Science. The Japan survey was done by the Shin Joho Center, Tokyo; the Taiwan survey by Gallup International Association's Taiwan agency. The sample N for Japan is 924, for Taiwan, 1,005.

Table 10.1 is statistically based on a series of contingency tables, not shown here. In each table the column variable is *country*, with Japan as column 1 and Taiwan as column 2. The row variable is a particular measure of trust. Responses to each trust question are coded so that the low score indicates low trust and the high score, high trust. The measure of association is Kendall's tau-c, appropriate when the variables are discrete rather than continuous, and when one variable, country, is nominal and non-orderable, and the second variable is discrete but orderable. The trust responses are orderable in the sense that a "yes" answer to the question "Do you trust your spouse?" expresses more trust than a "no". Similarly, in the question "When you were a child, to what extent would your parents keep their promises about what they said they would do for you?" the responses are orderable: (1) "no, not at all", (2) "no, more than yes", (3) "yes, to some extent", and (4) "yes, to a great extent".

Because each original contingency table is in this format, whenever the difference between Japan and Taiwan in Table 10.1 is significant at the .05 level or beyond, a positive sign for the tau-c always means trust is higher in Taiwan than in Japan; when the sign is negative, Japan has the higher level of trust.

The analysis will proceed by comparing responses to each trust variable in the order in which they appear in Table 10.1. Questions 1 through 7 are conceptualized as dealing with trust at the micro level; Questions 8 through 18 get at the more macro levels of trust.

TABLE 10.1 Which is the more high-trust society: Japan or Taiwan?

Micro Trust: trust or distrust of specific persons you know	**Tau-c**	**Which society has higher trust?**
1. Who among the following people do you or did you trust?		
Parents and grandparents	.133[c]	Taiwan
Spouse (husband or wife)/partner	–.120[c]	Japan
Child or children	–.079[c]	Japan
Brother(s) and/or sister(s)	.192[c]	Taiwan
Friend(s)	.145[c]	Taiwan
Boyfriend/girlfriend	.217[c]	Taiwan
Colleague(s) at work	.138[c]	Taiwan
Relative(s)	.114[c]	Taiwan
Neighbor(s)	.008	Neither
None (volunteered)	–.005	Neither
2. Which of them trust or did trust you?		
Parents and grandparents	.140[c]	Taiwan
Spouse (husband or wife)/partner	–.101[c]	Japan
Child or children	–.129[c]	Japan
Brother(s) and/or sister(s)	.187[c]	Taiwan
Friend(s)	.140[c]	Taiwan
Boyfriend/girlfriend	.222[c]	Taiwan
Colleague(s) at work	.104[c]	Taiwan
Relative(s)	.094[c]	Taiwan
Neighbor(s)	–.018	Neither
None (volunteered)	–.001	Neither
3. When you were a child, would your parent(s) usually keep their promises about what they said they would do for you?	–.165[c]	Japan
4. Is mutual trust lacking or unsatisfactory at present in your family and/or at home?	–.104[c]	Japan
5. When someone places their trust in us, this makes it harder to betray that trust	–.096[c]	Japan

Micro Trust: trust or distrust of specific persons you know	Tau-c	Which society has higher trust?
6. Suppose you are seriously ill and require special surgery. Would you choose a surgeon because he/she was recommended by your close friend, or not make a decision about a surgeon until you investigated more about the surgeon your friend recommended?	–.014	Neither
7. Have you ever been betrayed by others?	–.056[a]	Japan
Macro Trust: generalized trust or distrust of people you don't know, strangers		
8. When you were a child, did your parent(s) teach you that you can trust most people, or that you can't be too careful in dealing with people?	–.152[c]	Japan
9. I cannot trust those whom I meet for the first time. (volunteered)	–.114[c]	Japan
10. Should one determine the trustworthiness of a another person before working or doing things together with that person, or can one better determine the trustworthiness of that person after working or doing things together?	–.058[b]	Japan
11. Would you say that most of the time people try to be helpful, or that they are mostly just looking out for themselves?	.175[c]	Taiwan
12. Do you think most people would try to take advantage of you if they got the chance, or would they try to be fair?	–.022	Neither
13. Would you say that most people can be trusted, or that you can't be too careful in dealing with people?	–.068[b]	Japan

Table 10.1 Which is the more high-trust society: Japan or Taiwan? (*cont.*)

Macro Trust: generalized trust or distrust of people you don't know, strangers	Tau-c	Which society has higher trust?
14. If most people were trusted by others, they would reciprocate with trust toward others. To what extent do you agree or disagree?	–.031	Neither
15. Most people are good persons by nature. To what extent do you agree or disagree?	.172[c]	Taiwan
16. How often are you unable to recognize which information you get is reliable?	.259[c]	Taiwan
17. Compared to now, do you think Japanese [Taiwanese] in the future should place more importance on the common good than on individual interest, or vice versa?	.232[c]	Taiwan
18. Fear of social disgrace or punishment rather than conscience prevents most people from breaking the law. To what extent do you agree or disagree?	–.193[c]	Japan

a $p < .05$
b $p < .01$
c $p < .001$

Note: Responses to each question are coded such that the low score indicates low trust and the high score, high trust. For example, in the first two sets of questions, "Who among the following people do you or did you trust ?" and "Which of them trust or did trust you?" the response categories are 1 = no, 2 = yes. When there is a four-category scale of responses, e.g., 1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree, category 4 is the high trust response.
Source: Survey on Attitudes towards Life and Society, 2008 and 2009

4 Trust at the Micro Level in Japan and Taiwan

Let us start, then, with private or personalized trust, i.e., trust resulting from cooperation and repeated interactions with people in one's immediate circle, whether that be family and kin, friends, associates at work, or neighbors (Stolle 2001: 205). Respondents were asked "Who among the following people do you

trust or did you trust?" (Table 10.1, Question 1). The term for "trust" in the interview schedule is *shinrai* in Japanese, *hsinjen* in Chinese. The purpose of the question's having both the present and past tense is not to discover if one's trust for a given person changed from the past to the present, but rather to assess whether one trusted them when they were alive, if they are now dead, or to assess trust of a boyfriend or girlfriend in what may have been a long-ago relationship.

Taiwanese are significantly more likely than Japanese to trust their parent(s) and grandparent(s): tau-c = .133*** (significant at the .001 level). Space does not permit giving the percentage differences in each relationship, but for illustration, in the case of parents and grandparents, 85.2% of the Taiwanese, in contrast to 71.9% of the Japanese, trust or trusted them. The same pattern of higher trust in Taiwan holds for trust of siblings, friends, boyfriend or girlfriend, colleagues at work, and relatives. Toward only two kinds of kin are Japanese more trusting than Taiwanese: spouse or partner, and children. Thus, it is at the most basic nuclear family level – relationships with spouse/partner and children – that the Japanese are the more trusting. For two other questions there is no significant difference in trust level between Japan and Taiwan: trust of neighbors, and the very alienated response "I trust none of these [nine types of] people", which was volunteered by one per cent of the sample in both Japan and Taiwan,

Having seen whom the respondent does and does not trust, Question 2 in Table 10.1 turns to the reciprocal aspect of trust at the micro level: which of these kin, friends, work associates and neighbors trust (or trusted) the respondent? In other words, we shift from considering whether the respondent regards specific other people as trustworthy to how trustworthy each of them considers the respondent to be.

The survey provides only the *respondent's* version of whether these alters (parents, spouse, etc.) trust him or her, not their own version. If we found almost perfect reported reciprocity – everyone whom the respondent trusts in turn trusts him or her – there would be reason to doubt the validity of the findings. We would suspect that some respondents were claiming certain alters trusted them when in fact they did not. This methodological concern is at least partially offset by the fact that the relationship between the respondent's trust of given alters and their reciprocal trust of him or her is only in the moderate, not high, range, with the contingency coefficient, C, varying between .41 and .60 in Taiwan and between .56 and .64 in Japan. In each relationship between the respondent and an alter, there is a certain percentage of *asymmetrical* trust relationships. For example, in Japan, 5% of those who say they trust their spouse report that their spouse does not trust them. This tendency rises

to between 12% and 14% in relationships with neighbors, friends, extended kin, and work associates in Japan. In Taiwan, asymmetrical trust relationships in which the respondent's trust is met by *distrust* from alter vary from a low frequency of 5% for parents and grandparents to a high of between 18% and 25% for extended kin, work associates, boyfriend or girlfriend, and neighbors. In short, while these findings may understate the frequency of asymmetrical relationships (trust combined with distrust), they suggest at least some validity in respondents' reporting of others' trust for them.

The pattern of findings for who trusts the respondent is similar to that already seen for whom the respondent trusts. Parents and grandparents, siblings, friends, boyfriends and girlfriends, colleagues at work and relatives are reported to trust the respondent more in Taiwan than in Japan. Japanese report more trust from their spouse or partner, and from their children, than do Taiwan respondents. There is no significant difference between Japan and Taiwan in trust by neighbors and in the alienated belief that "none of these people trust me".

In general, studies have found that people who are willing to trust others are more likely to be trustworthy, in the sense that they are less likely to lie, cheat or steal (Rotter 1980). Thus, we should observe a high frequency of reciprocal trust: when the respondent trusts a given alter, alter in turn trusts the respondent. This is what we find in both Japan and Taiwan. In Japan, reciprocal trust varies from 95% between the respondent and his or her spouse, to 86%, between the respondent and colleagues at work. The range for mutual trust in Taiwan is from 95% between the respondent and grandparents and parents to 75% between the respondent and neighbors.

I created two summary measures: how many of the nine persons or types of persons – parents and grandparents, spouse/partner, children, siblings, friends, boyfriend or girlfriend, work associates, relatives, and neighbors – (1) does (or did) the respondent trust, and (2) how many of the nine types of persons trust (or trusted) the respondent? The range on each measure is from 0 to 9, with 0 meaning none of the nine types of persons is trusted, or trusts the respondent, and 9 meaning all nine types of persons are trusted or trust the respondent. We have seen that trust was higher in Taiwan more often than in Japan, in responses to Questions 1 and 2 in Table 10.1. It is therefore not surprising that the mean trust scores are higher in Taiwan than in Japan: 4.83 for Taiwan versus 4.08 for Japan on how many people the respondent trusts, and 5.01 (Taiwan) versus 4.37 (Japan) on how many people trust the respondent.

Question 3 in Table 10.2 gets at the respondent's *early socialization* in trust and promise keeping. Beginning in the early years of life, our parents may or may not instill in us trust in parents, relatives and friends, and we may or may not have experiences that encourage reliance on others (Rotenberg 2001). When our parents are trustworthy to us, and give us many opportunities to test

TABLE 10.2 Size distribution of industrial firms: Japan 1996, Taiwan 1996

Size of firm (no. of employees)	Japan, 1996		Taiwan, 1996	
	Number of establishments	Percent	Number of firms	Percent
1–9	5,321,629	81.60	771,148	86.20
10–49	1,049,447	16.09	107,484	12.01
50–99	94,741	1.45	9,981	1.12
100–499	51,649	0.79	5,341	0.60
500 and above	4,371	0.07	675	0.08
Total	6,521,837	100.00	894,629	100.00

Sources: Japan: Ministry of Internal Affairs and Communications, Statistics Bureau: (*e-Stat* Portal Site of Official Statistics of Japan: Establishment and Enterprise Census of Japan, 1999). Taiwan: Republic of China. 1996. *Industry, Commerce and Service Census.* Table 42, Number of Establishment Units, all Industry, by Percent of Persons Engaged, 1996. http://eng.stat.gov.tw/public/Attachment/55171617471.pdf.

their trustworthiness while we are growing up, they teach us to trust (Stolle and Nishikawa forthcoming). Respondents were asked, "When you were a child, would your parents usually keep their promises about what they said they would do for you?" Japanese parents were significantly more likely (tau-c = –.165) than parents in Taiwan to keep their promises.

The next question (Table 10.1, Question 4) was part of a longer question about "what do you think are most lacking or unsatisfactory at present in your family and/or at home?" Among this list of shortcomings in family life was "mutual trust". We have already seen that *mutual* trust within the nuclear family – between the respondent, his or her spouse, and their children – was greater in Japan than in Taiwan. It is not surprising, therefore, that when asked whether mutual trust was lacking or unsatisfactory in family relationships at home, sixteen per cent of the Taiwan respondents, in contrast to only six per cent in Japan, report a deficit of mutual trust at home. This type of trust is significantly more common in Japan (tau-c = –.104).

To get at the reciprocity of trust in another way, respondents were asked to what extent they agreed or disagreed with the statement "When someone places their trust in us, this makes it harder to betray that trust" (Question 5). The term for "betray" is *uragiru* in Japanese and *beipan* in Chinese. Note that we are now dealing with the expectation that trust should be a two-way relationship with "someone", i.e., a person who need not be a family member.

I have included this as a micro-trust variable because it refers to a singular "some*one*", in contrast to the more macro category of trusting "most people", which will be considered later. The Japanese are again more trusting: they are significantly (tau-c = –.096), though only slightly more likely than the Taiwanese to agree that when someone trusts us, we are constrained from betraying them.

Respondents were asked in Question 6 to "imagine the following situation. Suppose you are seriously ill and require special surgery. In your search for a trustworthy surgeon, a long-time close friend refers you to a surgeon he/she believes to be trustworthy. Would your reaction be (1) to choose that surgeon because he/she was recommended by your close friend, or (2) to not make a decision about which surgeon to choose until you had investigated more about the surgeon your friend recommended?" Response (1), which indicates greater trust of one's friend as a recommender of a surgeon, was chosen by 38% of the Japanese and 36% in Taiwan; the difference was non-significant.

Earlier research has shown that individual life events such as criminal victimization and divorce can lower a person's generalized trust of others (Smith 1997). When we use a broker to recommend what we should invest in, if the broker knows what the actual return earned on the investment will be, but the potential investor does not, there is a moral hazard problem: the broker can cheat the client (Zak and Knack 2001). This is another life experience than can undermine our trust. We have already seen the effect on trust of parents' keeping their promises to the respondent when s/he was a child. Question 7 explores this further by asking "Have you ever been betrayed by others?" Among the Taiwanese, 54% say they have been betrayed by others, in contrast to 49% of the Japanese. This difference is significant, though only marginal (tau-c = –.056). The Japanese are somewhat more likely to have experienced trust rather than betrayal in their lives.

This completes our analysis of trust at the micro-level. What can we conclude thus far with regard to Fukuyama's thesis? He contends that trust of people we do not know, generalized trust, what I am calling macro-trust, is higher in Japan than in Taiwan. We test this in the next section of this paper. It is less clear what he is arguing at the level of micro-trust. One interpretation is that he means Taiwan's higher level of micro-trust holds for both (1) trust between the respondent and his or her family and kin, and (2) mutual trust between the respondent and non-kin whom s/he knows, e.g., friends, work associates and neighbors. Of the 25 comparisons we have made for micro-trust, based on Questions 1 through 7, Taiwan has a significantly higher level of trust than Japan 12 times; Japan has significantly more trust than Taiwan 8 times; and in five comparisons the differences are non-significant. These findings lend some support to my first interpretation of Fukuyama's thesis: Taiwanese are somewhat more likely than Japanese to trust at the micro-level.

Recall, however, one of Fukuyama's main arguments: the reason Taiwan is a low-trust society is because it is a more "familistic" society than Japan. This suggests a second interpretation of what he means: if Taiwan is more "familistic", it is trust among family members and kin, not among non-kin such as friends, work associates and neighbors, where we should observe more trust than in Japan. To be precise about whether this is what we have found so far, let us compare only questions, among the 25 we have studied so far, that have to do with *trust among family and kin:* between the respondent and his or her grandparents and parents, spouse, children, siblings, and (extended) relatives; the extent to which one's parents kept their promises, and mutual trust within the family. Of these 12 comparisons, Taiwan and Japan are tied: each has significantly more trust 6 times. The evidence thus does not support Fukuyama's claim that Taiwan has more trust of a "familistic" type than does Japan.

5 Trust at the Macro Level in Japan and Taiwan

Trust functions as a deep assumption underwriting the social order. When we focus upon whether one trusts "most people", strangers, the generalized other, we are in a realm in which trust is a way of dealing with the risks inherent in the complexity of modern society (Luhmann 1988). By trusting, we may reduce these risks. Luhmann suggests that if we do not *risk trust*, we lose confidence in the system and, through a vicious circle, we are made "less prepared to risk trust at all" (Luhmann 1988). Hirschman (1984) expressed a similar notion about the positive functions of trust: trust is not a resource like others that get depleted by being used. On the contrary, trust is depleted by not being used.

This line of theorizing is based on the assumption that trust is essential to a good society. But this is a one-sided emphasis because it ignores the objective dangers one can face when the person one trusts turns out to be untrustworthy. A strong counter-argument has been made by Cook and Gerbasi (2009). The role of trust has been oversold as a necessary and wholly positive force. *Distrust* is more functional in complex interpersonal (and institutional) relationships when it activates monitoring and other institutional safeguards over the suspicious actors we distrust (Barber 1983). Although my study focuses only on trust and distrust, it is well to keep in mind that trust is only one mechanism by which we motivate cooperation and manage the social order. Alternative mechanisms such as monitoring and the enforcement of laws are often more effective than trust when we face increasing uncertainty and risk.

In Table 10.1, we begin the comparison of trust at the macro level with Question 8, which again deals with the respondent's early childhood socialization. "When you were a child, did your parents teach you that you can trust most

people, or that you can't be too careful in dealing with people?" In addition to this question, we have data, to be presented below in Question 13, on the extent of respondents' own generalized trust, expressed in terms of the same two alternatives – most people can be trusted, or you cannot be too careful. The temptation is to take responses to these two questions as evidence of the causal effect of childhood trust socialization on adult trust. Ideally, we should have longitudinal data: observations on how parents actually socialized their children (if at all) concerning trust, followed up years later with data on the level of trust after those children had become adults. We lack longitudinal data and are relying on the adult respondents' memory of parental socialization, or their attribution to parents of a certain kind of socialization concerning trust. The methodological skeptic will suggest that the actual causal direction is the opposite of the one we are tempted to assert: if the adult respondents believe in generalized trust, they attribute this kind of socialization to their parents. If they believe "you cannot be too careful in dealing with people", they "remember" getting *that* kind of socialization from their parents.

One way to check for causal direction is to cross-tabulate how respondents say parents socialized them with the respondents' own present, adult view on generalized trust. If what the respondent now believes is not what the parents are reported to have taught, this indicates that the respondent is *not* attributing his or her views backward in time onto parents. In Japan, 32.5%, and in Taiwan 25.8% of the respondents hold the *opposite* view of what they say their parents taught them about generalized trust. Among these respondents, those whose present belief is that most people can be trusted say parents taught them "you can't be too careful", and vice versa. This offers some evidence that respondents are reporting what their parents actually taught, not just projecting their current view back in time onto their parents.

In response to Question 8, Japanese are significantly more likely than Taiwanese to report that their parents socialized them to believe most people can be trusted (tau-c = –.152). Sixty-two per cent of the Taiwanese, in contrast to only 44% of the Japanese, were taught that you cannot be too careful in dealing with people.

Question 9 in Table 10.1 is part of a more general question: "Before you meet a person for the first time (such as for everyday interaction, conducting business, obtaining consultations and/or information, and so on), which of the following are most likely to make you think the person is trustworthy?" Factors such as being introduced by my friend(s), high social or occupational status, and alumni of my school were listed as possible reasons for trustworthiness. My interest is in the last of the pre-coded response categories: "I cannot trust those whom I meet for the first time". I interpret this as a full-blown rejection of trust of strangers and the generalized other. The great majority of respondents – 96% in Japan

and 85% in Taiwan – *reject* the statement. However, the difference between the 4% of the Japanese and the 15% of the Taiwanese who say they cannot trust people they meet for the first time is significant (tau-c = –.114). On this second measure of generalized trust, the Japanese are the more trusting.

A question raised earlier was: how do we make the leap of faith to trust people we do not know? Hardin's (1993) answer is that we *learn to trust* other people. The process can be represented as Bayesian learning from experience and as an iterated prisoner's dilemma game. The sucker's payoff is his loss when he cooperates with another player who defects. As this loss increases, rates of cooperative play decrease. On the other hand, in a world in which trust leads, on average, more to gain than to loss, the low-trusting person never takes chances of trusting others and therefore never *learns* he can raise his trust expectations a little, toward the mean. The high-trusting person, in contrast, learns from experience with others that he should *lower* his expected trust, toward the mean. Over time, what Merton (1968) calls the Matthew Effect occurs, and the advantages the higher trust person has gained from taking chances with trust increase, while the low-trust person's disadvantages remain, since s/he never benefits from those instances in which risk-taking on trust would have paid off.

This line of theory raises the question: to what extent can cooperation come about independently of trust, with trust therefore being a result rather than a precondition of cooperation? (Gambetta 1988). In the surveys I am analyzing, Question 10 in Table 10.1 gets at this.

"Which of these two statements about collaborating with others comes closer to your own opinion? 1. One should determine the trustworthiness of another person before working or doing things together. 2. One can better determine the trustworthiness of another person after working or doing things together". Response 2 indicates a higher level of generalized trust than response 1, because one *risks trust* in order to do things with another person, and then on the basis of this experience decides if the person is trustworthy. The Japanese are significantly more willing than the Taiwanese to trust *before the fact* (tau-c = –.058). The difference is, again, small: 73% of the Japanese, in contrast to 67% of the Taiwanese, are willing to collaborate first and decide whether the partner is trustworthy afterward, depending on how the collaboration worked out.

The next three questions in Table 10.1 – 11, 12 and 13 – were first formulated by Morris Rosenberg (1956). Over years of use in research they have come to have the status of standard measures of generalized trust. Each of them refers to trust of "most people" or "people most of the time". A number of methodological objections, especially to Question 13, have been raised, and a digression to address them is called for before we proceed with the data analysis.

In answering Question 13, respondents choose either "most people can be trusted" or "you cannot be too careful in dealing with people". Some methodological objections have in common the idea that we should not take the "most people can be trusted" alternative too seriously as a good measure of generalized trust because it is a *spuriously facile* response. Thus, Hardin (2002: 61) contends that "even if I trust most of those I deal with most of the time, that is because most of the time there is little at stake in my dealings with them – I would not trust many of them for very high stakes" (Hardin 2002: 61). A related criticism sees another kind of response bias: a respondent may feel good about herself is she answers "yes, most people can be trusted" even though in her actual behavior she may not be a trusting person (Alesina and La Ferrara 2000: 5).

The common thrust of these objections is that a high percentage of respondents will agree with the "most people can be trusted" view and thus overstate the level of generalized trust. In fact, however, 72% of the Japanese and 79% of the Taiwan respondents took the position that you cannot be too careful in dealing with people. Thus, while the question may generate a majority of generalized trust responses in some societies, it does not do so in Japan and Taiwan. The modal response in both of these societies is, if not generalized *distrust*, at least generalized wariness and caution in dealing with people.

Let us now consider the findings in Questions 11–13 in Table 10.1. Question 11 asked "Would you say that most of the time people try to be helpful, or that they are mostly just looking out for themselves?" The Taiwanese are significantly more trustful (tau-c = .175): 50% of them, in contrast to only 33% of the Japanese, believe people try to be helpful, rather than only looking out for themselves. There is no significant difference in responses to Question 12: 66% of the Japanese and 64% in Taiwan subscribe to the generalized trust response, that most people try to be fair, instead of taking advantage of you if they get the chance.

The pattern of responses to Question 13 differs from both of the previous two questions. Since, as already noted, the majority response in both societies is "you can't be too careful in dealing with people", it is more accurate to say the Japanese are significantly less *distrustful* than people in Taiwan (tau-c = –.068).

When Rosenberg first proposed these three measures of generalized trust, he was focused on American society. Although they have become standard measures of generalized trust in surveys done in various societies, in the case of the two societies of interest in this study, it is difficult to see how they could be indicators of some common latent variable of "generalized trust". One of the three measures shows Taiwan to have a higher level of generalized trust, one shows Japan to be more trusting, and the third reveals no significant difference. Nor are the findings consistent when we consider modal responses. The majority in both Japan and Taiwan support generalized trust in Question

12, but generalized distrust in Question 13. In Question 11, two-thirds of the Japanese have generalized distrust, while the Taiwanese are equally divided between generalized trust and distrust.

We have seen that in studying trust, it is always important to consider the reciprocity issue. At the micro level, to what extent do family members, friends, work associates and neighbors whom I trust (distrust) reciprocate by also trusting (distrusting) me? If an individual places trust in me, does this make me more trustworthy, i.e., less likely to betray that person? Question 14 returns to this issue, this time at the level of macro-trust: Respondents were asked to what extent they agreed or disagreed with the statement "If most people were trusted by others, they would reciprocate with trust toward others". There is no significant difference between Japanese and Taiwanese responses: the modal response, 66% in Japan and 61% in Taiwan, was to "mildly agree" with the statement. That only about one-fifth in each sample *strongly* agreed suggests that in most people's minds there is some skepticism about whether trusting "others" unfailingly results in reciprocal trust from those others.

Question 15 asks the extent to which one agrees or disagrees with the statement "Most people are good persons by nature". This does not ask explicitly about trust, but acceptance of this tenet of Confucian philosophy, traditional in both Japan and Taiwan, presumably should make a person more favorably disposed toward generalized trust. If most people are good, they are probably trustworthy, and therefore I can trust them. The force of this Confucian precept is significantly greater in Taiwan than in Japan (tau-c = .172). Thirty-two percent of the Taiwanese in contrast to 21% of the Japanese "strongly agree" that human nature is good. This does not, of course, mean Taiwanese always respond with a higher level of macro-trust than the Japanese. Of the macro-trust questions in Table 10.1 that we have analyzed thus far, four have shown the Japanese to be more trusting, and only one attests to the greater trust of the Taiwanese.

Until now, all of the trust questions in Table 10.1 have involved trust in persons – either specific persons like kin or friends, or the generalized other. Question 16 introduces a different dimension of trust: trust or confidence in the *information* we get. In response to the question "How often are you unable to recognize which information you get is reliable?" it is the Taiwanese who have more trust (tau-c = .259). Thirty-five percent of the Taiwanese, but only 16% of the Japanese, say they are "not very often" or "not at all" unable to tell if the information they get is reliable.

Value systems may emphasize "other-regarding" or "self-regarding" orientations. When faced with a trade-off between the collective interest and self-interest, some people believe that behavior which is personally advantageous but harmful to the collectivity is not generally justifiable. Others endorse

such behavior. Hall (1999) suggests that these opposing value orientations have an effect on a person's level of generalized trust. People who endorse self-regarding behavior are presumably more likely to engage in such behavior and to expect it from others. Thus, they should trust others less. Hall (1999: 447) confirmed this hypothesis with British data. When a number of variables such as age are held constant, British respondents with self-regarding values tend to have significantly lower levels of trust.

Question 17 in Table 10.1 is related to this line of theory. It asks "Compared to now, do you think Japanese (Taiwanese) people in the future should place more importance on the common good than on individual interest, or vice versa?" Taiwanese are significantly more in favor of emphasizing the common good in the future (tau-c = .232). Fifty-nine percent of the Taiwanese, but only 43% of the Japanese, want more emphasis on the common good.

The last question in Table 10.1, Question 18, implicitly relates to trust by asking what deters most people from breaking the law. I have already noted that formal contracts and the law are more important as safeguards of trust at the macro, or system level of trust. To the extent we take the risk of trusting strangers and "most people", it may have a lot to do with our assurance that the law will protect us if those strangers we trust turn out to be untrustworthy. If we believe legal sanctions against cheating are ineffective, we are probably more inclined not to trust the generalized other. Question 18 asked "To what extent do you agree or disagree with the statement: Fear of social disgrace or punishment rather than conscience prevents most people from breaking the law". The term for "conscience" in Taiwan is *liang hsin ch'ien tse*, literally, "reproach by a good heart". In Japanese it is *ryōshin ni terashite*, "illuminated by a good heart".

Japanese are significantly more likely than Taiwanese to *disagree* that it is fear of punishment that prevents most people from breaking the law (tau-c = –.193). In other words, although more than half of the respondents in each sample agree that fear of punishment is more important than conscience, 41% of the Japanese in contrast to only 27% in Taiwan disagree with this, and by implication, regard conscience as the more important motivator of law-abiding behavior.

6 Reappraisal of Fukuyama's Thesis

In his 1995 book on trust, Fukuyama compared several societies he categorized as either high-trust or low-trust societies. I have attempted to test his thesis concerning two societies, Japan and Taiwan. His causal argument can be stated in terms of three main variables: familism, trust at the micro- and macro

levels, and the size distribution of business firms. To the extent that a society is familistic, i.e., family and kinship bonds are particularly strong relative to other kinds of bonds, trust at the micro-level is conspicuous, but generalized trust toward persons one does not know is not very developed. As a result of this, firms in familistic societies tend to be family businesses, and the inability to trust non-kin as managers acts as a brake on the expansion of the size of the enterprise.

Applied to Japan and Taiwan, the thesis becomes: Taiwan, a Chinese-type society, is more familistic than Japan. Taiwan's familism results in a lower level of generalized trust, while Japan, less familistic, is more trusting of non-kin and the generalized other. This difference in the level of trust has the consequence that while in Taiwan "virtually all private-sector businesses are family-owned and family-managed" and therefore *smaller* in size, Japan's higher level of macro-trust enables it to create more "large, hierarchical, publically owned, professionally managed corporation[s]" (Fukuyama 1995: 74).

In empirically assessing this theory, I begin by noting that Fukuyama's depiction of Taiwan as a more "familistic" society than Japan is basically only an assertion; he makes little attempt to provide what a social scientist would regard as convincing evidence. To do this for any two or more societies is not easy, which explains why it has not often been done. My data in Table 10.1 certainly do not settle the issue of the degree of familism in Taiwan and Japan. But at least they offer more evidence than Fukuyama provided. My data do not support Fukuyama. Trust among family and kin is *equally common* in Taiwan and Japan. By at least these measures of trust, Taiwan cannot be said to be a more "familistic" society than Japan.

I also question what Fukuyama claims are two effects of familism – the relative level of trust at the *macro-level* and the size distribution of firms, in Japan and Taiwan. There are 11 comparisons of macro-trust – trust of strangers, of "most people" and of the generalized other – in Table 10.1 (Questions 8–18). Of the 11, five show Japan to have more trust, four demonstrate that Taiwan is more trusting; and the difference is non-significant in the other two. Thus, at the macro-level, Japanese are more trusting *in only one comparison more* than are the Taiwan respondents.

To conclude on the basis of these findings that Japan is even *marginally* more trusting than Taiwan at the macro level would be generous. Thus, our conclusion concerning the relative levels of trust in Japan and Taiwan must be: Fukuyama's thesis is not proved.

The same is true for the last part of Fukuyama's causal argument. Again, he simply asserts that Japan has proportionately more large firms; he offers no data of the kind I present in Table 10.2 on the size distribution of firms.

A fair test should use firm size data ideally from the early 1990's, the time he was writing his 1995 book. Comparable data are not easy to come by, and the best I have been able to find are for Japan and Taiwan in 1996. The results strikingly disconfirm Fukuyama. Rather than having proportionately more large firms, only 0.07% of Japan's establishments in all industries have 500 or more employees, in contrast to 0.08% in Taiwan. Contrary to Fukuyama's thesis, Japan and Taiwan are basically similar in the proportion of their firms that are large-scale.

In conclusion, Fukuyama's analytic style in *Trust: The Social Virtues and the Creation of Prosperity* is reminiscent of his earlier, much-criticized 1992 book, *The End of History and the Last Man*: bold in assertion, disappointing in the kind of empirical social scientific evidence provided to confirm it, and, in the end, disconfirmed.

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PART 5

Methodology

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CHAPTER 11

What Do Survey Measures of Trust Actually Measure?

John Brehm and Meg Savel

Nearly thirty years after Coleman's seminal work on trust (1990), diverse scholarly disciplines still devote a lot of attention to the idea that trust, broadly construed, is an important concept to understand social interaction, political support, and even general wealth and prosperity.[1] In Coleman's discussion, two self-interested individuals, truster and trustee, each have something to gain or lose: the former by making herself vulnerable to the actions of another, the latter by finding herself unable to win the unguarded belief in mutually beneficial action. "Trust", according to Coleman, is an instrumental interchange among the actors. But the far more common understanding of "trust" is not the instrumental interchange, but a more diffuse sense of "generalized trust". This chapter supports the idea of generalized trust, but will also note that there are significant problems in the ways that we have typically assessed generalized trust in surveys due to response sets and mood. Fortunately, we see feasible, though perhaps costly, remedies to these biases.

Quite a great deal of research would concur with Coleman that trust is fundamentally an instrumental interchange between actors who know one another. Some very strong evidence about instrumental trust comes from experimental contexts, especially in economics (Kreps 1990; McCabe, Rassenti, and Smith 1996); some from interview studies in anthropology (especially Ensminger and Henrich 2014); and some from very specialized studies of trust within specific social contexts including of Congress (Bianco 1994), within local bureaucracies (Brehm and Gates 2008), within Federal bureaucracy (Miller and Whitford 2016), and of the law (Tyler 2001).

Perhaps the most prominent empirical work on trust comes from large scale surveys of populations. In these surveys, trust appears to be in a near catastrophic state of decline, where trust in government has fallen from high levels of support in the 1960s to bottom-scraping lows. In much of this work, the idea of "trust" is not explicitly the instrumental interchange between actors, but

1 We dedicate this chapter to the memory of Russell Hardin, a wise and welcoming voice in the search for better understanding of the idea of trust.

of a more diffuse, generalized form. By this view, we trust specific actors (the Federal Government, the Courts, TV, etc.) or even "people in general" without regard to specific actions. We will refer to the latter idea as "generalized trust".

There is a great deal of empirical evidence to support the idea of generalized trust, too. The evidence ranges from Putnam's signature work on the idea of generalized trust as a component of social capital in the United States (Putnam, 2000), to equivalent research in other nations (Rothstein and Stolle 2008; Yamagishi and Yamagishi 1994), to cross-national work (Bjørnskov 2006; Catterberg and Moreno 2006; Jamal and Nooruddin 2010; Mackie 2001; Schyns and Koop 2010). "Generalized trust" in the form of a predisposition to trust appears to exist (or be in crisis) in the minds of survey respondents across the globe, and for decades.

Of course, there is a spirited exchange between advocates of an instrumental conception of trust and a more diffuse generalized trust. Perhaps the most pointed criticism of the diffuse generalized trust idea comes from the late Russell Hardin, who argued that generalized trust is a fundamentally flawed concept:

> Trust is a three-part relation: A trusts B to do X. Typically, I trust you to do certain kinds of things. I might distrust you with respect to some other things and I may merely be skeptical or unsure with respect to still other things. To say "I trust you" seems almost always elliptical, as though we can assume such phrases as "to do X" or "in matters Y". Only a small child, a lover, Abraham speaking to God, or a rabid follower of a charismatic leader might be able to say "I trust you" without implicit modifier. Even in their cases, we are apt to mistake both themselves and the objects of their trust.
>
> HARDIN, 1993, p. 507

Instead, Hardin argued strongly in favor of an idea of trust as "encapsulated self-interest", that "I trust you because it is in your interest to do what I trust you to do" (p. 506). And in good part on the basis of Hardin's arguments, the Russell Sage Foundation launched a long-running special panel on the study of trust convened by Hardin, Karen Cook, and Margaret Levi which sought to explore trust (in both the instrumentalized version as encapsulated self-interest and as generalized trust), leading to the publication of numerous special volumes and funding a great number of specific studies.

There is surely a point to Hardin's criticism of generalized trust as a concept. There are occasions when the idea of trust surely seems to be about something other than one's willingness to trust either government or one another. In the

days before Sept 11, 2001, only a minority of US respondents would say that they trusted the government "most of the time" or "just about always" (e.g., 29% in the *Los Angeles Times*), yet immediately in the aftermath of 9/11, some 64% reported that they trusted "the government in Washington to do what is right" (e.g., Chanley 2002; Sander and Putnam 2010). The spike in apparent trust proved to be short-lived, with trust falling to pre-9/11 levels not long afterwards.

Why would trust have spiked on 9/11? Numerous explanations are available, but some surely have to do with the momentarily clearer conception of "the government in Washington" as well as "what is right". The respondent answering the generalized trust question from an encapsulated trust framework now could see the "*A* trust *B* to do *X*" relation in starker terms: not only was *B* (the "government in Washington") a clearer entity but the *X* ("what is right") would be clearer, too.

And yet, survey support for the idea of generalized trust remains robust and consistent. But is it possible that the reason for apparent stability in trust is an artifact of the way in which we measure generalized trust in surveys? In this chapter, we suggest that survey measures of trust are very much confounded with at least two other explanations – the respondent's mood and the artifact of answering questions in batteries of repeated items with set points. At the same time, we also argue that trust exists in the mind of the respondent in ways that meaningfully indicate a general state of trustingness that responds in sensible ways to personal and collective experiences. "Generalized trust" is a measurable construct, but survey measures of trust are flawed though in reparable ways.

1 Why Would Survey Measures of Trust Vary?

One's general willingness to trust should vary for reasons that stem from the personal to the social. Among the more immediate personal explanations would be one's experience with traumatic events such as personal victimization in crime or experience with divorce (or similar events for an immediate family member), or more positively, aspects about one's childhood that could include where one came of age, or the circumstances of one's childhood, or the nature of how parents would have socialized their children. There are other personal experiences which are more diffuse, but quite plausibly important. The experiences of Black people in the United States can certainly include that of hostility from many institutions (the police, varying levels of government, banks and other financial institutions, the press) or from other people in the immediate community outside of family. The shared experiences of people by

age during one's childhood or early adulthood could induce cohort effects, or immediate experiences at different stages throughout one's life would all lead us to expect that age would also be a systematic factor.

There are reasons that stem more from orientation towards institutions (especially political ones) including general belief in the responsiveness of government or even appropriateness of government itself would also be reasons to expect trust to vary by individuals.

But we should also be wary of relying too heavily on survey measures of trust. These measures of trust might vary that stem from reasons outside of the well-known and systematic factors. In particular, we will be able to test for *mood* and *response set* (or "anchoring").

The *mood* that the respondent happens to be in at the moment of a survey hardly falls into the category of systematic, substantive reasons for trust, but it can account for a wide range of survey assessments.[2] Respondents who are in a more positive mood are more open to persuasion (Schwartz, Bless, and Bohner 1991), increases risk-taking (Johnson and Tversky 1983); and in general boosts judgments about scales requiring positive or negative assessments (Tourangeau, Rips, and Rasinski 2000). Even such simple external factors as the provision of a survey incentive of a dollar can induce positive moods in respondents (as seen by a general rise in survey measurements of the respondent's affect towards political figures and groups (Brehm 1994)). Transient emotional states hardly fall in the same level of consideration as systematic factors that might correlate with trust.

Surveys are often in the position where they need to administer highly repetitive batteries of scales across a number of different trustees. In the General Social Survey, for example, a typical questionnaire will inquire about confidence across thirteen (or fourteen) separate entities, eighteen different spending categories, eighteen different measures of tolerance (which vary act and trustee), ten different images of heaven, twelve different conceptions of God, five measures of satisfaction, and more. (One of the other major academic surveys, the 2016 American National Election Studies, asked for "feeling thermometer" scores for eleven different people or entities before the election, and over thirty different people or entities after the election.) From the respondent's side, each of these questions is distinguished from the one before it by only a brief phrase, and is asked in a somewhat rapid sequence.

2 By "mood" here we refer to a mental state of happiness, frustration, anger, or other emotional states that a respondent may be in either at the moment (or even more chronically). "Mood" in this context is distinct from a somewhat peculiar disciplinary choice within political science to refer to a general preference for the scope of government, or being generally "liberal" or "conservative" in one's preferences (Stimson 1999); the political science use of the word is a measure at the level of aggregate political surveys about policy preferences.

No one should expect the respondents to be offering answers to these questions as if they were independent from one another, and sensible calculations of the psychometric model should adjust for the non-independence of the measures. But worse, we expect that the respondents will slip into a "response set" whereby the answer to one question strongly influences the answer immediately to follow. This phenomenon, called "anchoring", is well-known in the extensive literature on heuristics (e.g., Tversky and Kahneman 1974).

Importantly for the present analysis, we posit that there are differences across respondents in their tendency to slip into a pattern of anchoring. We will test for the possibility that respondents vary in the consistency of their answers across questions, regardless of what the battery of questions will be "about".

At the same time, there is compelling evidence that there are both immediate, personal explanations for varying reasons that a person would be generally trusting of others, as well as those that are more collective in nature.

In order to test the relative effect of the survey artifacts of mood and response set upon the weight of the standing evidence, we draw upon two distinct datasets: the 1996 Greater Philadelphia Area Social Trust Survey conducted by the Princeton Survey Research Associates for the Pew Research Center, and the long standing 1973–2016 General Social Survey conducted by the National Opinion Research Center.

While the 1996 Philadelphia study is obviously limited in geographic scope and time scale, this dataset offers what we have found to be the single best test of the logic of an underlying generalized trust via its inquiries into the respondent's trust in six different institutions ranging from the fire department to the Federal Government, and social groups ranging from one's family to people in stores. Although this data collection is limited (as are all) in terms of the measures that the survey contains, and is weak on measures of mood or response set, it represents a superb test of the stability of "trust" across different trustees.

The General Social Survey has asked a series of questions pertinent to confidence in a list of thirteen quite varied trustees, from education to the Executive Branch. While "confidence" in another is not really the same idea as "trust" in another, they are closely related (Seligman 1997). And in Coleman's seminal discussion of trust, the very first set of illustrations he draws upon are exactly the same GSS data (although of course covering a more narrow time span considering the earlier publication data of Coleman's book). The GSS provides a solid test of the idea of a latent generalized confidence affecting confidence in any one of the thirteen trustees, excellent measures of the respondent's mood and inclination to answer questions according to a response set. In addition, the GSS represents the longest running series of measures of confidence, spanning now over four decades of research, and allows for a longitudinal comparison.

2 The Components of "Generalized Trust"

What do we mean by "generalized trust", and why would surveys be a uniquely appropriate tool to measure the concept? We refer to a general inclination to be a trusting (or distrusting) individual, which while context-sensitive in the sense of the entity towards which trust would be directed, stands largely independent of the trustee. That is, while person *A* may trust, say, the fire department more than strangers on the street, the variation in the level of trust person *A* exhibits across many trustees would be systematic.

Why *would* there be variation in trust of multiple trustees? One might think of the differences in the trustee's intentions to act in the best interest of the truster, and differences in the trustee's abilities to follow through on their intentions. That is, while I may believe that my neighbors to my right and left share my best interests, are fine people, and do not want to do me any harm, they might differ in abilities to follow through. If I had a serious medical issue, I would trust the wisdom of the surgeon to my left perhaps more than the wisdom of the repairman to my right. If my furnace broke down, I would trust the opinion of my repairman neighbor more than the surgeon. But we could reasonably posit that my general tendency to trust the repairman or surgeon would be reflected in my general tendency to trust others across a range of trustees.

By their nature as measures of expressed willingness to trust people across a potentially large range of trustees, and for very large samples, surveys might be particularly well-poised. While one respondent may have idiosyncratic reasons to distrust a particular trustee (*B*), that reason should be unlikely to be shared by other respondents barring systematic factors that account for trust. What, then, is the survey evidence about the existence of generalized trust? In the terms of Hardin's, "*A* trusts *B* to do *X*", generalized trust would refer to the "*A* trusts" part of the expression. In both the 1996 Greater Philadelphia Area Study and the long-running General Social Survey, we find quite strong evidence about (perhaps surprisingly high) levels of trust across trustees.

2.1 *1996 Greater Philadelphia Area Study*

While quite a number of years in the past, the 1996 Philadelphia data offer perhaps one of the best tests of whether a general predisposition to trust exists (*A* trusts, in Hardin's formulation).[3] What makes this study unique is that the Princeton Survey Research Associates (PSRA) asked its respondents about a

3 The Greater Philadelphia Area Study was a telephone survey using a random digit dial sample of 2,517 adults in Philadelphia and four adjacent counties conducted in 1996 by Princeton Survey Research Associates on behalf of the Pew Research Center. The study is archived by the Pew Research Center (www.people-press.org).

series of *B* entities, and whether the respondents trusted them "A lot", "Some", "Only a little", and "Not at all". The entities were asked in two batteries. One about institutions such as the police, fire department, local government, and so on. The other battery asked about groups that might be thought of as "social": one's boss or co-workers, neighbors, people in clubs and such forth.

We display the distribution of the data for each of the trustees as a "joyplot", a histogram of each of the trust categories, stratified by trustee. The advantage of a joyplot over other displays is that the distributions of responses for each of the fourteen different entities can be shown with an overlap and a translucency in each distribution, allowing a sense of whether or not there is a common tendency to trust, or generalized trust. Figure 11.1 presents the general distribution.

There are a number of common patterns that stand out in the Philadelphia data. The most prominent is that the Philadelphia respondents report a fairly high level of trust in all of the targets, institutional or social, though the social trustees are trusted slightly more than the institutional trustees: while there is heterogeneity in the trust that respondents have across trustees, the general impression one should have is that respondents express a relatively high degree of trust regardless of trustee: somewhere between "Some" and "A Lot" of trust.

Some of the variation is also of note. Three of the trustees elicit extremely high levels of trust: the Fire Department, one's Family, and People in one's Church (one institutional and two social). For the latter two, the respondent would be perhaps more familiar with the people in one's family or church, and have a baseline of a shared interest in one another's wellbeing. For the fire department however, the respondent may well have next to no contact with the fire department (except perhaps in rural areas). High levels of trust are quite possibly strictly symbolic. One might wonder whether the very high levels of trust in the fire department reflect a measurement issue due to the bounds of the scale, a symbolic belief in the availability of the fire department, or even just wishful thinking. Importantly, much of the speculated foundations for trust in a specific other cannot obtain: for the fire department, we may well not know of a single responsible person and cannot credibly assess their fire department's "will" to act on our behalf; for one's family and church, one may not have a particularly strong idea about what it is that we would be asked to trust family or church to do on our behalf (the *X* in Hardin's representation).

The respondents were slightly more likely to trust the police department and one's boss at work "a lot" relatively to the other categories. We find both somewhat surprising in that given the unusually large fraction of African-Americans in Philadelphia and historical patterns of distrust, the overall level is quite high (we will learn more about the relationship between race and trust

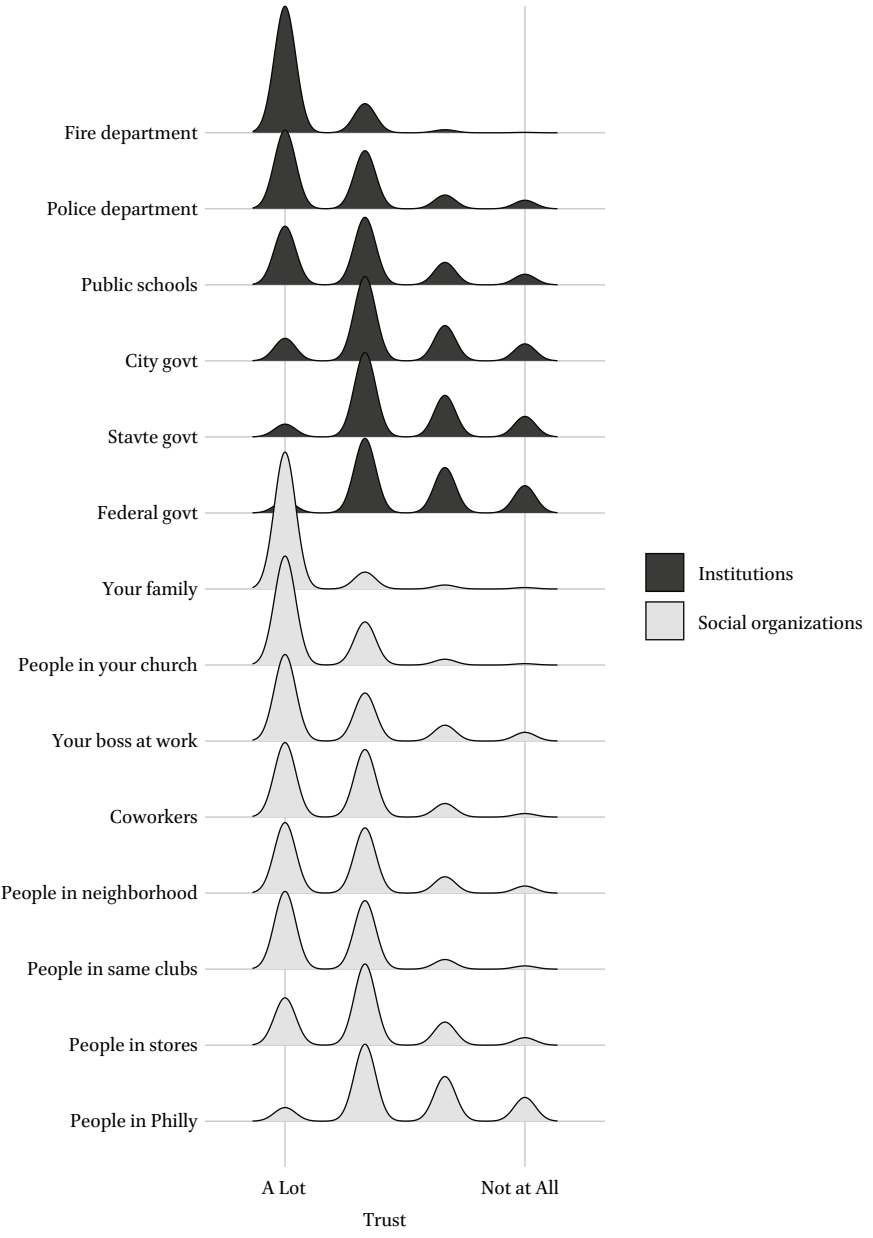

FIGURE 11.1 Reported trust in institutions and social organizations, 1996 Greater Philadelphia Area Study

below). It is perhaps also surprising that people trust their boss at work more than they trust their coworkers, though the difference is rather small.

Importantly, *none* of the trustees are really distrusted: the percentage of extreme distrusters for each target is well below the mode. There is no evidence of a crisis in trust in this one city at this one point in time, even though trust in urban areas is typically far below trust elsewhere, and trust appeared to be at a historical nadir.

Note also, that the patterns of trust are quite consistent between the two groups of trustees. Institutional trustees are generally trusted somewhere between "some" and "a lot" of the time, while social trustees are trusted even more. The advantage of the "joyplot" is that it does convey a sense of where the balance is across the many different categories, and the balance is extremely consistent.

2.2 *The General Social Survey Data*

We also make use of the very long running questions in the 1973–2016 General Social Survey about the respondent's level of confidence in a variety of institutions and informal organizations.[4] Respondents reported their level of confidence in three categories: "A great deal", "Only some", and "Hardly any".

We acknowledge that "confidence" and "trust" are not identical concepts, certainly in some languages (including English), though the two are intimately related. (Hardin notes that the absence of a parallel translation of the word(s) for trust across multiple languages hinders the generalizability of the terminology (Hardin 2002, pp. 57–8)).[5] However, the word for "trust" is translated into Spanish as *"confiar en",* and French as *"avoir confiance en"* or "confidence". Further, James Coleman drew upon the exact same time-series of data (for fewer years) as the first illustration in his chapters on trust in his seminal (1990) book.

Because these questions are asked with three categories of response, it raises a new methodological artifact: respondents' tendency to answer in the middle of the scale. Do the respondents deliberately select the middle on the basis of the meaning of the category, or simply because it is in the middle of the range? (See O'Muircheartaigh, Krosnick, and Helic 1999, for further discussion.)

4 The General Social Survey is a survey conducted by the National Opinion Research Center (later, simply NORC) that took place in February, March, and April of the years from 1973–2016. Across the entire battery of surveys, there were 62,466 respondents, administered a survey with a median length of 1.5 hours. Each survey was independent. Survey years prior to and including 1976 relied on block quota sampling, with full probability samples conducted thereafter. The survey is one of the highest quality academic surveys of social issues of the American public. The study is archived at gss.norc.org.

5 Hardin further expands upon the translation issues with the words "trust" and "confidence". "Trust" has no verb form ("to trust") in French, Norwegian, and colloquial Arabic, and the meaning is ambiguous in Norwegian, Japanese, Chinese, Hebrew, and German.

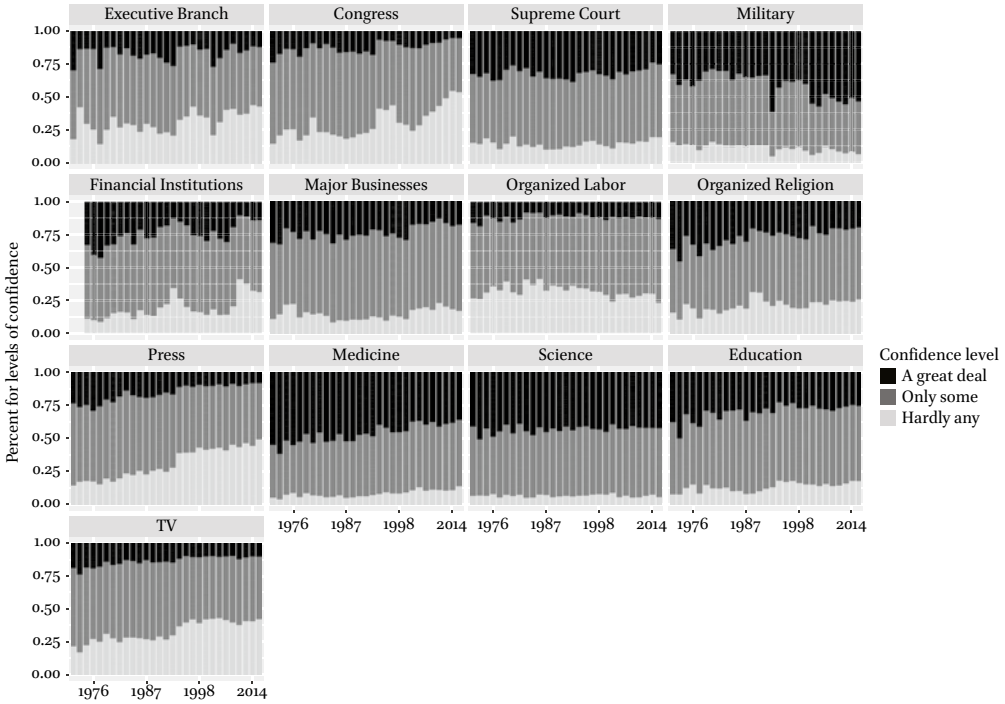

FIGURE 11.2 Confidence in institutions and informal organizations, 1973–2016 General Social Survey

But nonetheless, these data permit a consideration of questions about alleged crisis in "trust" (as seen in surveys) in decline. Figure 11.2 shows a stacked bar plot, over time, of the respondents' expressed level of confidence in each of the thirteen institutions and informal organizations.

There is a plain pattern across all of the distributions over the many years: most of the respondents answer "only some". There are only two cases where the majority of the respondents answer at the lowest category on the scale (for the Congress, and only in recent years, and nearly so for the Executive Branch and the Press). TV and the Press are similar in the lack of responses in the least confidence-inducing category, but still it is more accurate to say that there is an even split between "only some" and "hardly any", and only in more recent years.

Importantly, only a few of the distributions for any of the trustees show the widely claimed (e.g., Putnam 2000) decline in confidence in US institutions and social organizations. In addition to Congress, there is a strong increase in the least confident category for the press, TV, and organized religion, and only somewhat for financial institutions and major businesses. Further, one of the

trustees even shows sharply increasing confidence – the military – affirming results by King and Karabell (2003).

If we were to consider the answer categories literally: the majority of the tens of thousands of respondents in over thirty years have at least some degree of confidence in the vast majority of the trustees.

2.3 *Discussion*

Many of the widespread claims about a crisis in trust in America do not bear out in these two quite different empirical datasets. In the cross-sectional data for a single city at what was potentially a low point of trust in both institutions and in social organizations, there is little evidence to support a claim of widespread public distrust. In the longitudinal data for confidence in the country's formal and informal institutions, there was likewise little evidence to support a *general* claim of a crisis in confidence: yes, in particular entities (Congress, the Executive Branch, the Press) there is stark evidence of a failure in confidence in the institution; but for most of the entities in the GSS very long term surveys, there was more a sense of only moderate levels of confidence (not its utter absence).

Descriptively, the general patterns of trust are helpful, but they say little about why trust might vary across each individual. The standing research argues that trust varies systematically by one's experience with formative events such as crime and divorce, or with one's age and race; likewise, the research has also shown that education is also a factor in confidence, and we know that education rates have been climbing over the period from the early 1970s to the present. To answer these kinds of questions, and to ascertain what might be described as a "generalized trust", we turn towards a particular multivariate tool well suited to the task. Measurement and modeling of trust are the subjects of the next section.

3 Structural Equations Models as a Method

Our approach here is to treat trust and confidence as general phenomena, and ask what accounts for their variation, as well as to assess whether those variations hold in light of quite plausible and demonstrable effects of the survey method itself.

In brief, the idea of a structural equation model (SEM) is to combine two key features: a measurement model that regards "trust" (or confidence) as a generalizable concept across many different indicators of trust. This latent variable for trust is simultaneously regressed upon a selection of those variables which

the extensive literature on trust informs are the best explanations, as well as (in the case of the GSS) the two new variables for mood and response set.[6]

3.1 *Measurement of Generalized Trust*

Structural equation models are estimated[7] as an entire model combining the two parts (measurement, structural equation model). We will display the models for the Philadelphia data and the General Social Survey data in their entirety, although in the discussion to follow, we will be focusing upon the separate parts. The initial question is to what extent can we model the phenomenon of "generalized trust" as a whole?

As it turns out, while a pooled generalized trust model can be computed, the model performs better if we distinguish between institutions and social groups. While both the GSS and the Philadelphia data *can* be estimated as if there was a single underlying form of trust that explained trust in the combined list of groups, the fit measures are substantially improved when we distinguish between the two broad categories of trust. And while both sets of data can also be effectively measured with trust in both institutions and social groups as themselves stemming from a second order latent measure of trust, the fit for the second order model is also somewhat weaker than the fit for a conception of trust in the two categories – institutions and social groups – as if these were separate, although correlated objects in the mind.

Why would the distinction happen? In the case of the Philadelphia data, perhaps the distinction is simply due to the way the survey instrument was administered. The respondents to the Philadelphia data were asked in two distinct groups of trustees, one after the other, and randomly sorted within group. Perhaps the reason for the separation simply has to do with how the survey inquired about levels of trust, and in lieu of an experimental trial, we can only speculate.

6 There are myriad possible specifications of the SEM: assigning different indicators for the different latent variables, specifying the regression differently, as well as regarding trust in institutions and social groups or informal institutions itself as the product of a second-order latent measure. We adjudicate between a number of the alternative specifications on the basis of the BIC (Bayesian Information Criterion), which is computed as $\ln(n)k - 2 \ln \mathcal{L}$, where n is the number of observations, k the number of free parameters, and $\mathcal{L}$ is the likelihood of the model. The BIC is a strong evaluation tool as it accounts for the number of variables in the system and the change in the underlying likelihood while not falling susceptible to the inevitable problems of huge sample sizes and interpreting the traditional χ^2 fit statistics. The BIC is only a tool for comparing the *relative* fit of the model with respect to other models of the same data, and not an absolute measure of fit.

7 In this case, by Maximum Likelihood.

The GSS series intermixed the trustees, institutions and informal organizations, in a fixed order from survey to survey over the many years. Questions about the respondent's level of confidence in "Major Companies" were always followed by questions about confidence in "The Clergy" which were always followed by questions about confidence in "Education". Still, the respondents seemed to be drawing a distinction between "institutions" and "informal organizations".

3.1.1 1996 Greater Philadelphia Area Study

We turn initially to the estimated results of the SEM for the 1996 Philadelphia study, and to the upper part of the table, "Measurement Model", displayed in Table 11.1. As with all well-identified measurement models, it is useful to restrict one of the indicator variables' loadings to be 1, with no variance, and thus interpretation of the usefulness of the different indicators' strength as a part of generalized trust have a fixed scale. We choose for both Institutional and Social trust to fix the loadings for the most trusted trustee in the category (the fire department and family, respectively).

We constrain the measurement of Institutional trust to be based on the levels of trust in the fire department. As should be expected, the respondent's level of trust in the fire department is so high and the variance so constrained, that we would not expect trust in the fire department to be particularly informative about trust in institutions. Instead, trust in the three levels of government (City, State, Federal) prove to be much more informative about a generalized trust in institutions. All three levels of government are left as very abstract entities: when we think about "City Government", are respondents thinking about the mayor or city council or the various agencies of the government, or all of the above? when respondents thinking about the President, Congress, or even specific agencies such as the IRS? Despite the diffuseness of the question, each of these three forms of government are by far the most useful measures of institutional trust.

We can easily contrast how vast the scope and diffuse the responsibilities of the three levels of government with the fire department. The trustee with the most restricted domain of actions is the fire department which has a very narrow charge of responsibilities for a great many respondents. By these measures, trust in the fire department is the least helpful as a specific measure of trust, as shown in the tightly constrained variation of the measure.[8] (Trust in

8 While one might think that the chief responsibility of the fire department is to put out fires, the fire department in the US remains the primary provider of emergency services in general, and especially in rural areas (Brown and Urbina 2014).

TABLE 11.1 Structural equation error model of confidence in institutions, 1996 Greater Philadelphia Area Study

Variable	Institutions		Social organizations	
Measurement portion				
Fire	1			
Police	1.63	(0.22)		
Public schools	1.5	(0.21)		
City government	1.98	(0.26)		
State government	1.79	(0.24)		
Federal government	1.71	(0.25)		
Family			1	
Neighborhood			1.92	(0.27)
Boss			1.47	(0.23)
Co-workers			1.70	(0.25)
Church			1.55	(0.23)
Same clubs			1.76	(0.25)
Stores			1.70	(0.25)
People in Phil.			1.49	(0.23)
Regression portion				
Black	−0.10	(0.02)	−0.12	(0.02)
Education	0.04	(0.17)	0.05	(0.01)
Family income	0.02	(0.02)	0.04	(0.02)
Age	0.08	(0.02)	0.11	(0.02)
Party identification	0.01	(0.02)		
Ever divorced?			−0.01	(0.01)
Feel safe in home			0.06	(0.02)
Victim of crime			0.002	(0.01)
Family victim?			0.003	(0.01)
Taught to trust?			0.03	(0.01)
Covariance	0.06	(0.01)		
BIC	−771.4			

Note: Cell entries are factor loadings and structural equation regression estimates of the confidence data from the 1996 Greater Philadelphia Area Study. Estimates are obtained by maximum likelihood, standard errors are in parentheses adjacent to coefficients, $N = 522$.

the public schools, also a trustee with a very narrow range of responsibilities, *is* more helpful in assessing generalized trust in that its loading is statistically indistinguishable from that of the City Government.)

Trust in the family is quite high, but the specific actions that the family would be responsible for are quite vague. The trustee that is least identifiable as to *who* they are and the range of actions that they might be trusted over would be "People in Philadelphia", and has a very weak loading on the scale, comparable to "Family".

The most informative groups for assessing trust would be people in one's neighborhood, followed in a cluster by people in the same clubs, in stores, or one's co-workers. There simply is not the same pattern of which of the non-institutional trustees are the most useful ways to consider trust in social groups.

Across the findings for trust in institutions and social groups, the respondents were quite willing to express their level of trust (or in some cases, distrust) of actors. Further, the respondents were willing to express trust even though the survey did not ask them about what they might be trusting (or distrusting) the trustee to do. Although it may well not make sense for someone to answer a question of the *A* trusts *B* format, the respondents systematically understood the question. And although the question did not ask a general trust question itself (i.e., *A* trusts), one can be gleaned for the two separate categories.

The covariance between the two scales for trust was a surprisingly weak .06, or that the two are for all intents and purposes independent of one another.

3.1.2 1973–2016 General Social Survey

The GSS data allow us to ask questions about the generalized state of trust over four decades.[9] As with the Philadelphia data, the model which regards confidence in institutions (the Executive, Legislature, Judiciary, and Military) as separable from confidence in informal organizations (Business, etc.) is the stronger fit over rivals which either pool confidence in a single measure or consider a second order factor of generalized confidence explaining both.

9 The SEM model for the GSS models for all the years as if they had a common structure of trust, pooling by year. A model that explicitly analyzed trust as a dynamic model might also be estimated, although we do not do so here. These models would be referred to as DYMIMIC models (dynamic models with multiple indicators). The overwhelming stability apparent in the bulk of the confidence graphs (Figure 11.2) suggests the appropriateness of a general model of trust for the full period although we have no doubt that a more dynamic model could also yield fruitful insights.

TABLE 11.2 Structural equation error model of confidence in institutions, 1973–2016 General Social Survey

Variable	Institutions		Informal organizations	
Measurement portion				
Executive	1			
Legislature	0.816	(0.005)		
Judiciary	0.718	(0.005)		
Army	0.507	(0.005)		
Business			1	(0.005)
Clergy			0.494	(0.005)
Labor unions			0.443	(0.005)
Press			0.544	(0.005)
TV news			0.532	(0.005)
Education			0.615	(0.005)
Science			0.514	(0.005)
Medicine			0.629	(0.005)
Finance			0.662	(0.005)
Covariance	.887	(0.003)		
Regression portion				
Black	−0.022	(0.004)	−0.015	(0.005)
Education	−0.027	(0.006)	−0.032	(0.006)
Income	−0.068	(0.006)	−0.089	(0.006)
Age	−0.037	(0.006)	−0.035	(0.006)
Pub OFF	−0.109	(0.004)		
Don't Care				
Liberal-Conservative	0.005	(0.004)		
Ever divorced?			−0.038	(0.005)
Size of city			0.029	(0.004)
Unemployed			−0.004	(0.004)
Fear of crime			−0.010	(0.004)
Robbed?			−0.005	(0.004)
Burglarized?			0.005	(0.004)

Variable	Institutions		Informal organizations	
Read Newspaper			0.054	(0.004)
Income at 16			0.026	(0.004)
Mood	0.087	(0.006)	0.097	(0.006)
Response set	0.066	(0.006)	0.073	(0.006)
BIC	67942.76			

Note: Cell entries are factor loadings and structural equation regression estimates of the confidence data from the 1973–2016 General Social Survey. Estimates are obtained by maximum likelihood, standard errors are in parentheses adjacent to coefficients, $N = 39991$.

Table 11.2 displays the full results; the present discussion concerns the measurement portion in the upper half of the table.

As with the Philadelphia data, we fix the loadings for two trustees to be 1: confidence in the Executive (for institutions) and in business (for informal organizations). Unlike the Philadelphia data, the loadings here are all well below 1, and should be interpreted in terms of how close to 1 they are as far as appropriateness of an indicator of general trust.

In the Philadelphia data, we observed that trust in the Federal Government was the strongest indicator of generalized trust in institutions. The Federal Government, of course, comprised of the three constitutional branches (Executive, Legislature, and Judiciary), and potentially the Military as well. What is evident from the GSS data is that confidence in institutions is best indicated by reported confidence in the Executive branch, followed closely by the Legislature, and followed again by the Judiciary. The precision of the GSS estimates is extraordinary, of course, a product of the very large pooled sample size (39,991 observations). As such, the same small differences that were evident in the Philadelphia data *do* turn out to be statistically distinguishable. We would have a good case to argue that generalized confidence in institutions in the national sample over forty years is really a product of confidence in the two most prominent branches of government, the Executive (especially) and the Legislature.

Confidence in the Military is another matter. While it is a better indicator of confidence in institutions than in informal organizations (by BIC measures and small modification scores, not shown here), it is only a modest indicator of confidence in institutions. Furthermore, as the plots (Figure 11.2) showed, confidence in the Military has been rising, while it has been falling for the

Legislature and variable for the Executive and the Judiciary. The GSS respondents appear to be thinking about confidence in the Military as operating differently from confidence in other institutions.

As far as confidence in informal organizations, the loadings are again below 1, and in most cases, substantially so. Our general inference from the data is that confidence in Business is the best indicator of generalized confidence in informal organizations, although it is followed by confidence in Finance, Medicine, and Education. Confidence in Labor Unions and the Clergy, however, are not particularly good indicators of confidence in informal organizations.

We again note that the specificity of the trustee is really quite diffuse in both confidence in institutions and informal organizations. We cannot know whether the respondent is thinking of a particular member of the body in question (for the legislature or judiciary), a specific person (their clergy member or physician), of the collective (all members of the legislature, judiciary, organized religion, or physicians), or the symbolic references. Ironically, the only specific individual in the entire array of thirteen trustees would be the President, although the question is worded about confidence in the "Executive Branch", not the President specifically. The GSS respondents were also quite willing to express their confidence in quite vague entities, again running counter to Hardin's observations about the looseness of the question.

3.1.3 Discussion

There are also good theoretical reasons to expect a distinction between how we think about institutions and how we think about the people comprising institutions. We (may) have a direct and personal relationship with a named entity when the questions are about family members, bosses and co-workers, and even larger groups such as our neighborhoods or churches. For these personal relationships, we may have the capacity to draw upon a direct and well-informed sense of the person's intentions, knowledge, interests, the reasons for trust (X in Hardin's representation) and capacities – all previously theorized as critical components of trust (e.g., Hardin 1993, 2002). There is a meaningful and systematic reason we may have all the ingredients at hand to maintain a trusting or distrusting relationship with the person. For our relationships with institutions, one or more of those key qualities (capacity, intentions, and such forth) may be unattainable or too imprecise or charged only with a symbolic and non-interest based connection to start. This line of reasoning applies squarely to the more focused Philadelphia study.

For the General Social Survey data, *all* of the trustees are diffuse to one degree or another. When asked about level of confidence that a respondent

has about "Congress" or "the Supreme Court", is the person thinking about the entity as a whole and the collective choices that entity makes, or thinking about representative members of the Court? When asked about entire professions – "Science" or "Medicine" or "Organized Religion" – the members of the respective trustees may be entirely unclear.

Still, for both the more focused Philadelphia study and the GSS data, respondents were drawing a distinction between the different forms of the trustees.

3.2 *Models of Trust*

The comparative strength of the SEM approach over that of the confirmatory factor approach is that while both measure a generalized trust (our latent variables), we can account for the movement in these latent variables with a straightforward, readily interpretable regression model. But as with all covariational models, the models make more sense if we have strong theoretical reasons backed by external evidence. Here, we argue that a model of generalized trust should be based on not only personal experiences, but also one's more collective experiences.

Numerous scholars have observed that Black people are much less trusting of government and of others than non-Black people (Abramson 1983; Brehm and Rahn 1997; Gay 2002; Howell and Fagan 1988; Marschall and Stolle 2004), although several of these authors suggest that the level of trust is entirely contingent on the representation provided by Black people in government (Gay 2002; Howell and Fagan 1988; Marschall and Stolle 2004).

One's age is another of the usual covariates of trust, but its effect can take two forms. One might be a life-cycle effect, that people become more trusting as they age, and reports here vary considerably from study to study (e.g., Delhey and Newton 2003). Another might be a cohort effect, that the culture of one's early life, and having to resolve collective problems leads to higher levels of trust (Brehm and Rahn 1997; Putnam 2000). In the present analysis, we will be directly testing the life-cycle effect with the Philadelphia data and the GSS data, and although a test of the cohort effect is not possible with the Philadelphia data (they were measured at one point in time), such an effect would be possible to estimate with the GSS data.

Other scholars have postulated that those with greater life resources would be more trusting of others, and we will test for the effects of both income and education. Those with greater incomes might be able to isolate themselves from distrustful situations, or afford the opportunities to engage in trust-building in civic associations. Those with more years of education would be more exposed to a broader culture, reducing unfamiliarity (Sullivan, Piereson, Marcus 1982).

Direct experience with more recent events might make a substantial difference towards one's trust in others, especially if one is a victim of crime (Ferraro 1995), or one has been divorced or is the child of divorce. Conversely, Brehm and Rahn (1997) report that more frequent reading of newspapers led towards greater trust in others.

We do expect that those who are politically conservative and those who believe that government is run by people out for their own interests would be especially distrustful of government (Brehm and Rahn 1997).

3.2.1 Philadelphia Study

The lower portion of Table 11.1 presents the regression estimates for the models of generalized trust in institutions and informal organizations. We turn first to a discussion of the model component for institutions.

As has been generally hypothesized about trust in the US, individuals who are Black are much less likely to trust institutions. Of course, the present data do not permit a further query as to why it is that African American people would be so much less trusting of institutions than people of other races, but the effect is dramatic, statistically precise, and greater than any other effect observed in the model (although the effect of age is close).

Age is the only other explanatory variable in the model for trust in institutions that is statistically significant at $p < .01$, and it is quite strong: older individuals are much more likely to trust institutions than younger ones. Of course, with a single-year survey, it is not possible to study cohort effects (these would be perfectly explained by age), but the general finding is also consistent with the observations raised in Brehm and Rahn (1997) and Putnam (2000) that generational experiences are particularly good explanations of trust.

We hypothesized that those with more years of education and greater income would also be more likely to be trusting of others, though the data do not support such a conclusion. The estimated coefficients are quite small, and not in the least statistically significant.

We also hypothesized that people who are Democrats would be more likely to trust institutions – after all, Democrats might be expected to employ institutions to solve collective problems. But again the evidence here does not support the claim: the coefficient is again nearly zero and not statistically significant.

Turning to trust in social organizations, we can again draw upon some common measures, but here the support is perhaps stronger. People who are Black are considerably less likely to trust others: the coefficient is the largest in the model, negative, and statistically significant at $p < .01$. As with the models for trust in institutions, education is the second strongest predictor of trust, and again statistically significant at $p < .01$. Being Black and having higher levels of education did follow the same pattern we observed with trust in institutions.

Unlike trust in institutions, income is also a positive predictor of trust ($p < .05$) : wealthier individuals were more likely to report trusting social organizations than less wealthy individuals. The effect is only modest.

We also expected that personal experiences with traumatic events such as divorce or crime would undermine trust in social groups. Here, the evidence is quite mixed. Having been divorced does not matter: the coefficient is tiny and not statistically significant at $p < .05$. The effect of reporting being a victim of crime or having a family member who was a victim of crime does not matter either. Instead, what seems to matter, but only slightly, is whether the respondent reported feeling safe at home: those who did were noticeably more trusting of informal organization (and statistically significant at $p < .05$). The meaning of reporting "feeling safe at home" is perhaps of questionable causal ordering with respect to trust in social groups: does one report feeling safe because one trusts other people, or does one trust other people because one reports being safe?

What is additionally interesting is the effect on having been taught to trust other people as a child. Those who said they had reported being taught to trust are somewhat more trusting of informal organizations (and again statistically significant at $p < .05$).

The general implication of this structural equation model of a dataset gathered in the 1990s, in one particular urban area, is that generalized trust is most affected by the circumstances of one's life: one's race and age especially, but also (for informal organizations) by education and family income. Trust was not really affected by experiences with traumatic events (save for reporting feeling safe), but was affected by being taught to trust as a child (for informal organizations). The Philadelphia data imply that simple measures of demographics might perform quite well.

These data cannot, however, verify that one's reported trust in institutions or informal organizations are not survey artifacts, due simply to one's state of mind ("mood") or to the repetitiveness of the questions themselves. For these problems, we look to the long running General Social Survey for further insight.

3.2.2 1973–2016 General Social Survey

The regression portion of Table 11.2 provides our estimates for the models of generalized trust in institutions and informal organizations. Our aim in this model is to reproduce the measures included in the model for the 1996 Philadelphia data, and to supplement as we can. We are able to add to the substantive measures in a number of ways, but most importantly of all, we are able to provide for direct measures of the respondent's mood and whether their answers tended to follow a persistent pattern.

We turn first to the model for confidence in institutions. Whereas the effect of race was strong in the Philadelphia dataset, the effect is considerably attenuated for the forty year GSS data. Respondents who are Black are less trusting of institutions than non-Black respondents, but the effect is really quite small even if statistically significant at $p < .01$. (The sample size is so large that all of the standard errors for the regression are in the thousandths place, and thus even small effects may still be statistically precise.) The effects of education, income, and age are opposite to our hypotheses (and the effect for income is larger than many of the other measures in the model). Since we were hypothesizing positive effects of income, age, and years of education, the negative effects estimated here should be read as not confirming our expectations.

We did expect that political measures would affect confidence in (political) institutions, and here the effects are really quite strong for one measure, and non-existent for another. We hypothesized that a sense that public officials did not care would positively covary with confidence in institutions, and here the effect is strong, negative, and statistically significant at $p < .01$. (The causal arrow is ambiguous: do people lose confidence in institutions on the basis of a disbelief that public officials care, or is a lack of confidence the result of the disbelief that officials care?) While we would hypothesize that liberals would have more confidence in institutions, the effect here is miniscule and not statistically significant at $p < .05$ despite the very large sample size. (We do note that the political parties in charge of the Presidency and the Legislature have cycled between Republicans to Democrats three times over, and that any ideological orientation towards institutions would plausibly vary by who is in "charge".).

Unlike the Philadelphia data, here we can actually gain some purchase on whether some of these effects are an artifact of the survey itself. We measure "mood" by taking the average across five separate scales of satisfaction with dimensions of life.[10] The effect of being in a satisfied mood is almost as strong an effect as the strongest substantive measure in the model ("Public Officials Don't Care"), but without the ambiguity: the coefficient is positive, substantial, and statistically significant at $p < .01$.

We measure whether the respondent was in a "response set", or had a general inclination to answer questions on the basis of the question before by measures on spending priorities.[11] Here, too, the effect is strong, a little weaker than

10 We combined the average of the respondent's reported satisfaction with their city, hobbies, family, friends, and health.

11 Specifically, we use questions about whether the respondent believed that national spending on *X* should be increased, decreased, or kept the same, where *X* included the

family income, but approximately of the same magnitude. By asking respondents to provide statements about their level of confidence in a list of thirteen (and sometimes fourteen) different entities, it is perhaps entirely unreasonable to expect that the answer to any one of these questions would be independent from another. People who were most likely to repeat their responses were most likely to report higher levels of confidence in institutions.

The regression for the model of trust in informal organizations yields results that are in many ways similar to the regression for trust in institutions. Among the demographic measures, we find that the effect of education is negligibly small (even smaller than for trust in institutions), a result which is surprising given the general research finding that Black people are also less trusting of informal organizations. Here, Black people are less trusting, but not by very much. There is a modest effect of education on trust in informal organizations, but it is negative, and contrary to our general expectations. The same holds for income: wealthier people are less trusting of informal organizations than less wealthy people. The negative effect of age also holds: older people are less trusting of informal organizations than younger people.

In short, the effects that we anticipated of age, education, and income run contrary to our expectations, and the effect of race is really quite small.

The effects of measures of personal experiences, however, do generally confirm our expectations. The effect of being divorced is strong, and negative. People from urban areas are more confident than those from less urban areas. The direct effects of crime (being robbed or burglarized), and a fear of crime are all negative, as anticipated, but quite weak. The effects of regularly reading a newspaper leads to greater confidence in informal organizations, and here the effect is more sizable than others. One's income while growing up (at age 16) tends to lead to higher levels of confidence, which is opposite to the effect of one's current income.

Some of the issues with interpretation of the apparent inconsistencies of effects on confidence in "informal organizations" may well have to do with two important differences from work on trust. "Confidence" itself may not be the most appropriate direct measure of "trust", but operate more as a pre-cursor (Seligman 1997). But perhaps the bigger difference may lie in the literal meaning of the organizations that comprise the bulk of the informal organizations

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space program, the environment, health care, cities, crime, fighting drugs, education, race relations, defense, foreign aid, roads, social programs, parks, childcare, science, and energy. Respondents who offered an answer to one question in the set that was identical to the one above were coded as 1, otherwise 0. The total score was obtained by averaging across the sixteen programs.

latent factor: education, science, medicine, finance, and such forth are emphatically not the same kinds of social categories as the Philadelphia survey was able to study. All are abstract and general references to categories of quite diverse individuals. Note also that the measure of "informal organizations" is anchored by the level of confidence in business, and general attitudes towards, say, one's family, might run entirely contrary to attitudes towards business itself.

The strongest results for the regression on informal organizations arise in the two measures of specific survey artifacts. General mood is the strongest explanatory variable in this part of the model: people who are more satisfied with their lives are more likely to express confidence in informal organizations, to a degree which is quite in parallel with the regression on institutions. Further, respondents who would generally fall into a response set when answering repetitive questions were also more likely to express confidence in informal organizations, to a degree which is quite similar to the effect on confidence in institutions. Being stuck in a survey rut accounts for systematically answering questions about confidence the same, creating an artificial explanation for the scores.

3.3 *Discussion*

Each of the two separate structural equation models yields somewhat different results for the core questions about what accounts for variation in generalized trust, but each also yields some findings that are in common. In particular, being Black adversely affects the chances that an individual would trust either institutions, informal organizations, or people. But the levels of the effects vary sharply: the Philadelphia study demonstrated that Black people were substantially less likely to trust others, while the accumulated General Social Survey suggested only slightly less so.

Some of the other social covariates yielded results that were sharply split between the studies. We hypothesized (and were supported by the literature in our hypotheses) that older people, those with more education, and greater resources, as well as a sense of personal safety would be more likely to trust others (especially other people). The Philadelphia study conformed with these expectations. But the General Social Survey did not: wealthier individuals, those with additional education and older people were less likely to trust others. Yet for the more immediate effects, divorce, fear of crime, a wealthier family growing up, and greater likelihood of reading the newspaper accounted for more trust (in informal organizations).

What could be accounting for the sharp differences in the effects of the most common covariates (age, education, income)? Multiple possibilities, of course.

The GSS spans forty years of variation in the composition of the institution and social organizations. Over those forty years, partisan control of the institution has changed multiple times, the role of the military in warfare has changed at least once, scandals about the clergy (and even TV), and the reliability of financial institutions has changed. Just considering the last of these, individuals who have greater incomes may well have more at stake in financial institutions, and come to change their attitudes. Likewise, the effects of age change with the aging of the populations. If the effects were really cohort effects and not life-cycle effects, then jaded twenty year olds in the earlier samples would be now the jaded sixty year olds in the older samples. But experience with crime, divorce, and the conditions of childhood would remain fixed over the sample itself.

There is a substantive story, but the bigger story here should be that the effects of what surely are survey artifacts – mood and response set – can dominate over all the other measures of the study.

4 Generalized Discussion and Recommendations

Given the strong effects of mood and response set, surveys that measure trust should not discard the ideas, omitting demonstrably important explanations from the models, but should both work to reduce the effects with better survey designs, and make a point of assessing both in the model. In addition, there are suggestions of a third possible confound in that the range of response categories can induce respondents to select the middle category, not because they believe in the middle category, but for lack of consideration of the question itself.

Yet every time one suggests a new variable to be included, especially one which requires multiple questions to assess, one adds to the costs of administration of the study itself. The measure of mood that we use in the GSS analysis used five questions, the measure of the response set was drawn from a set of eleven questions, and *neither* of these would be intrinsically critical to a substantive model of trust (nor perhaps other purposes). A reasonable battery of three questions could assess mood, but the longer battery would have to be used to detect whether a response set was in place.

The least expensive revision to the study would be to insure that there are an even number of response categories to the questions, precluding the possibility of landing in the direct middle of the scale. The four item Philadelphia study showed more nuance to how the respondent placed her or his answer than the three category GSS confidence scale. The costs of administering a four item scale compared to a three item scale are minor, at best.

A more reasonable approach to measuring the tendency of respondents to slip into a response set would be to reduce the chances of the response set itself. The batteries of questions could be decomposed into smaller batteries and distributed throughout the questionnaire (although also incurring the possibilities of question-ordering effects). The questions need to be randomized within the batteries (as was done with the Philadelphia study, but not the GSS).

Surveys are an effective way to measure generalized trust, but they do require an expenditure of resources. That is, while Russell Hardin may have argued that only small children, Abraham-like adorers of God, or zealots in a cult of personality would say "I trust", there is quite a strong amount of evidence that people do answer questions about trust, and that a general tendency to trust can be gleaned from repetition of the categories. The keys would be to acknowledge the limitations of what survey research of trust can accomplish, and to best use the prodigious amount of data that are available.

Although not the principal point of inquiry in this chapter, it is quite striking in the two different studies: there is little evidence of a "crisis" in trust. The Philadelphia study assessed trust in 1996, a low point in public trust by only the most extreme measures (City, State, and Federal Government, People in Philadelphia), yet when inquired about specific other entities, there was no particular entity which engendered widespread distrust across the respondents. Further, some entities were trusted quite a bit: families, people at church, and the fire department. The General Social Survey's forty-year assessment of confidence certainly revealed some dynamism about the series, but across the board, only a handful of entities were distinctly distrusted (the Congress, the Executive Branch, the Press), while some were trusted quite a lot.

Perhaps this last point is the most relevant conclusion to draw from Hardin's observation from over thirty years ago. Abstract statements of trust may be vacuous, but specific statements of trust do reveal consistent patterns of trust on the part of survey respondents. While the survey artifacts are real and do affect the systematic patterns, generalized trust is not so abstract after all.

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