What Have We Learned About Generalized Trust, If Anything?

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Abstract

After discussing issues related to the conceptualization, measurement, and statistical analysis of data on generalized trust, I survey recent empirical work (mainly from about 2000–2007) on this topic. First, results concerning cross-country differences in the level of generalized trust and the dynamics of these levels are presented. Then comes an investigation of empirical work on the determinants of generalized trust, covering contributions focusing on the impact of civic society, quality of institutions, culture and values, and ethnic heterogeneity. In these studies, generalized trust is treated as the dependent variable. After that, I survey recent empirical work on societal impacts of generalized trust, covering research on the impact of generalized trust on economic outcomes, on politics and "good government," and on the welfare state. Here, generalized trust is treated as an independent variable. I conclude with a short assessment of where we stand and how research on generalized trust may proceed from here.
INTRODUCTION

In several respects, the present review is a sequel to the survey of research into trust and trustworthiness in this Annual Review by Levi & Stoker (2000). Thus, relevant research primarily from the period 2000–2007 is covered. But whereas Levi & Stoker concentrated mainly on micro and macro studies of political trust, I emphasize studies of generalized or social trust, thus taking into account a research trend observed in the social sciences over the past decade. Furthermore, I devote stronger attention to methodological issues. For reviews partly overlapping the present one, see Sobel (2002), Welch et al. (2005), or Hardin (2006, ch. 3).

The first step is an overview of central issues and debates relating to the conceptualization, measurement, and statistical analysis of data on generalized trust. Next cross-country variations in levels of generalized trust and their dynamics are considered. Subsequently there is an examination of recent research into the origins of generalized trust with a special focus on the debate concerning the role of institutions versus the role of associational activities (“civic society”) and the role of culture and norms. Here, generalized trust is considered the dependent variable. Then I consider recent work on the societal and political impacts and consequences of generalized trust—or the lack of it. Here, generalized trust is considered one of the independent variables in the analysis. I conclude by assessing where we stand today and where we might go from here.

GENERALIZED TRUST:
CONCEPTS, MEASUREMENT, AND ESTIMATION

Conceptualizing Trust

So far, research on generalized trust—or other types of trust for that matter—does (still) not proceed from a common understanding of what the term “trust” designates. There is not even agreement on the category to which trust belongs. Is it “a general outlook on human nature” (Uslaner 2002, p. 17), an affective or emotional attitude (Jones 1996, Miller 2000), a relationship (Hardin 2001, 2002, 2003, 2006), a decision (Bohnet & Zeckhauser 2004, Eckel & Wilson 2004, Herreros 2004), an action (Sztompka 1999), or a kind of (social) capital (Sztompka 1999)? Or, stepping somewhat outside the confines of social science, is trust something hard-wired into our brains by evolution (Kurzban 2003), or just a physiological response to oxytocin (Korsfeld et al. 2005)?

Concepts of trust found in the literature can be classified in different ways [cf. for instance Macy (2002) or Hardin (2006)]. In the following account, I consider two main dimensions. Along the first dimension, some conceptions of trust treat it as rational whereas others consider it norm-driven. Borrowing from the terminology of institutionalism, one can say that rational concepts of trust see the phenomenon as embedded in a logic of consequentiality, while norm-based concepts see it as embedded in a logic of appropriateness. Along the second dimension, trust may be conceived of as generalized or particularized. At one extreme of this dimension lies the view that trust must necessarily be trust in a particular person we know or at least have information on, and that it must necessarily refer to some particular issue or domain. At the other end lies the view that one can trust strangers and/or that it is possible to speak about trust even if the domain of trust is not well-specified.

One of the theoretically most developed examples of a rational concept of trust is “encapsulated interest” (Hardin 2001, 2002, 2006): “[F]or us to trust you we must believe your motivations toward us are to serve our interests, broadly conceived, with respect to the issues at stake” (Hardin 2006, p. 68). The incentive to make our interests part of your own—encapsulate them in your interests—may typically come from your valuation of our relationship and your interest in its...
continuation. Levi & Stoker’s (2000, p. 476) definition of trust is in some respects quite close to Hardin’s concept, making trust a function of our assessment of another’s incentive to further our interests and of her ability to do so. Herreros (2004, p. 8) defines trust as “a more or less well-grounded expectation about the preferences of other people.” Delhey & Newton’s (2005, p. 311) definition of trust as “the belief that others will not deliberately or knowingly do us harm, if they can avoid it, and will look after our interests, if this is possible” can be considered as representing a rational concept of trust. Besides conceiving of trust as rational, all these concepts also stress the relational nature of trust.

Yamagishi (2001, 2003) provides a different, but still rational, concept of trust, which puts less emphasis on the relational aspects than does encapsulated interest and related concepts. Yamagishi distinguishes between assurance and trust: Assurance is based on encapsulated interest, whereas social trust is based on skills or “social intelligence,” defined as “the ability to detect and process signs of risk in social interactions” (Yamagishi 2001, p. 126). According to that concept, trust is ultimately dependent on certain characteristics of the trusted, which we learn to detect and process.

Both the encapsulated-interest and the social-intelligence concepts of trust imply that trust and trustworthiness should be linked. At the aggregate level, though not necessarily within an individual, we should expect to find levels of trust and of trustworthiness to be correlated. However, the two concepts have different implications with respect to whether trust or trustworthiness should be considered the causal prior in this relationship. For Hardin, debates about trust are in most cases really about trustworthiness. It is (assessed) trustworthiness that gives rise to trust, and it is trustworthiness (rather than trust) that is the base of social cooperation. From the social-intelligence point of view, it is trust—the ability to detect and act on signs of risk (lack of trustworthiness in others)—that creates incentives to be trustworthy in the first place. It is well-informed trust that constitutes the foundation for social cooperation.

The main example of a concept of trust as norm-driven is Uslaner’s (2002) “moralistic,” as opposed to “strategic,” trust. According to this concept, (moralistic) trust is something inherited through socialization rather than acquired. It is not primarily based on personal experiences or other information, and certainly not based on calculations of utility or risk. “It is a general outlook on human nature and mostly [emphasis in the original] does not depend on personal experiences or upon the assumption that others are trustworthy” (Uslaner 2002, p. 17).

Along the second dimension—generalized versus particularized trust—the encapsulated-interest concept of trust falls close to the “particularized” extreme. Talking about “trusting” people one does not even know and has no relations with, and possibly with respect to unspecified issues, does not make much sense in that context. Uslaner’s moralistic trust seems close to the “generalized” extreme. Whereas the encapsulated-interest concept implies that trust is a three-part relationship in which A trusts B with respect to x, Uslaner’s moralistic trust is close to entailing a one-part relationship, where neither B nor x enters explicitly. Although Uslaner recognizes the existence and—in some contexts—importance of particularized trust, in his opinion it is generalized trust that is important at the societal level. This, however, is hardly a conceptual issue.

Measuring Trust

Unfortunately, there is still a wide gap between much of the theoretical and conceptual work on trust and the bulk of empirical studies. Much of the recent empirical work on trust—be it based on surveys or experiments—does not seem to proceed from any clear account of what is meant by trust in the first place. Rather, trust is taken to be what is measured by one or more survey questions,
or by subjects’ observable behavior in certain experimental games. Thus, the results do not normally tell much—if anything—about the merits of one theoretical concept of trust versus the merits of another, as empirical studies are seldom designed to distinguish between different concepts of trust and their implications.

Empirical research on trust relies on three measurement methods: experiments, surveys, and anthropological observation with “thick” descriptions. Although the latter method underlies one of the classics in the field (Banfield 1958) and has been used in more recent work as well (e.g., Ensminger 2001, Brown 2004), my focus is on experimental and survey-based research on trust.

**Experimental research.** A sizeable part of the recent work on trust relies on experimental research. Cook & Cooper (2003) provide a useful survey. Experiments still appear to be a method more popular with economists and (social) psychologists than with political scientists and sociologists, however.

The attractiveness of the experimental method to nonexperimentalists (see, e.g., Levi 2003) is not hard to understand. Experiments hold out the promise of enabling the researcher to study the relationship(s) of interest under strictly controlled conditions, thus being able by design to do away with spuriousness, endogeneity, and other problems that typically pester survey-based research (Fehr et al. 2002).

Recent experimental work on trust—generalized or particularized—normally uses as one of its principal instruments the “trust game” or “investment game” originally introduced by Berg et al. (1995), often combined with one or several other games. The investment game can be varied in many respects, for instance by setting it up as a one-shot or a repeated game or by varying the amount and type of information provided to the players about each other, thus creating situations where trust is more or less generalized. This flexibility is useful for adapting experiments to different research questions, but it makes comparison of results from different experiments difficult, since the setup of the game is rarely exactly the same in different experiments.

The weakest point of much recent experimental work on trust is external validity. The external validity of experiment-based trust studies can primarily be compromised by the common use of “convenience sampling” in the selection of subjects, including self-selection in some cases. Furthermore, and more specifically, subjects’ behavior in the first stage of the investment game may not be a valid indicator of trust.

Many trust experiments are conducted with students as subjects (Fehr et al. 2002, p. 521). When nonstudent subjects are studied, it is often difficult to determine what population they represent, and to what population one can hence generalize experimental results in a straightforward manner. The obvious solution to this problem is replication of the experiment with different subjects and an otherwise identical setup. Holm & Danielson (2005), for instance, using Swedish and Tanzanian students, replicate the trust experiment originally conducted by Glaeser et al. (2000) with Harvard undergraduates; they find that Glaeser et al.’s main result generalizes to Tanzanian but not to Swedish students. But in general there are still too few examples of such replication studies, and hence the scope of validity of the results from quite a few experimental studies on trust remains an unsettled issue.

Furthermore, in some cases, the participants in trust experiments are volunteers from some nonrepresentative group (undergraduates, residents of certain neighborhoods, etc.), which may compound the problems from using convenience samples. If the volunteers happen to differ systematically from others in their group, the experimental results may not even generalize to the group the subjects belong to. An example of such a characteristic could be attitude to risk. If self-selection results in a pool of subjects uniformly low on
risk aversion, the impact of risk aversion on trust will be difficult or impossible to determine due to lack of variation in that variable.

Both Levi (2003) and Hardin (2003, 2006) have pointed to a specific problem of interpretation in connection with the investment game. What can be observed in the first stage of this game, they argue, is not trust (however defined) but rather cooperation. Taking cooperation as a proxy for trust, as is routinely done in many trust experiments, is valid only if trust is from the outset defined as cooperation, or if it is assumed that trust is a necessary condition for the cooperation observed. As the latter assumption is contested (Cox 2004, Cook et al. 2005), so is the validity of interpreting cooperative behavior in the first stage of the investment game as an expression of trust.

Survey-based studies. Survey-based studies of generalized trust normally use as their measurement instrument the trust question “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?”. This question has migrated from the American General Social Surveys (GSS) to the World/European Values Survey (WVS; various waves) as well as to the European Social Surveys (ESS), and it has been used in other surveys as well. The responses are recorded either on a binary scale (GSS and WVS) or on an 11-point Likert scale (ESS). By now, data elicited by this question are available for respondents from a large number of countries throughout the world and from several points in time.

The Achilles’ heel of empirical work based on responses to this generalized trust question is the validity of the responses as indicators of social or generalized trust. The main issue here is the wording of the question, which leaves a number of crucial interpretations to the respondents.

If trust is considered a three-way relationship—as in the encapsulated interest concept, where A trusts some specific B with respect to some specific x—it is obvious that the trust question is seriously underspecified (Hardin 2006). B is specified only as “most people,” and x is not specified at all. Here the respondents will have to fill in their own specifications, which may or may not vary widely over individual respondents and/or groups of respondents. As a consequence, responses to the generalized trust question may be partially or totally incommensurable across individuals, groups, or countries, and/or across points in time. Worse, they may not be expressions of generalized trust at all. And even if they are, they may be unreliable with large stochastic errors.

For good reasons, probably nobody trusts everybody. The generalized trust question most likely elicits responses as to whether one trusts members of one’s self-defined “moral community” (Uslaner 2002). If the inclusiveness or exclusiveness of peoples’ moral communities varies, this may make responses difficult to compare.

This objection is not purely speculative, as Delhey & Newton (2005, p. 314) would have it. In a 2004 Danish survey of nonwestern immigrants (P. Nannestad, unpublished data), 83.1% of the respondents in a control group of Danish respondents indicated that they in general trusted most people. Of those who in general trusted most people, however, 16.8% did not trust immigrants. Thus, the percentage exhibiting “true” generalized trust (including trust in immigrants) was arguably not 83.1% but rather 69.2%. Among immigrant respondents in the same survey, 47.1% indicated that they in general trusted most people. Of those, however, 7.6% did not trust native Danes, 10.1% did not trust other immigrants from their own ethnic group, 14.7% did not trust Danish Catholics, 15.2% did not trust immigrants from other ethnic groups than their own, and 26.2% did not trust Danish Jews. Thus, the borders of the moral communities to which Danish and immigrant respondents referred in answering the generalized trust question were obviously quite different. Therefore, although it still may be safe to state that the percentage of generalized trusters is higher among native Danes in the sample than
among immigrant respondents, it is not easy to say how big the difference actually is. If the only information available were the percentages indicating that in general the respondents trust most people, the difference would be 36 percentage points. But if one includes among the true “generalized trusters” in both groups only those who trust Danes, (other) immigrants, Danish Catholics, and Danish Jews, thus forcing the moral communities of Danish and immigrant respondents to be equal, then the difference widens to 53.9 percentage points! As this example implies, comparisons of the levels of generalized trust between individuals, groups, countries, or time periods risk being seriously misleading unless the borders of the moral community to which the respondents implicitly refer when answering the generalized trust question are approximately the same and stable across individuals, groups, countries, and/or points in time.

For equally good reasons, probably nobody trusts anybody with respect to everything. Trust can be argued to be issue- or domain-specific: I may trust you to handle my economic affairs but not my children, or vice versa. The generalized trust question, as it is normally posed, ignores this aspect as well. In order to be able to answer it, the respondents have to somehow fill in the void themselves, and they may do so in widely different ways. As before, this means that comparisons of the levels of generalized trust between individuals, groups, countries, or time periods cannot be valid unless the respondents implicitly refer to approximately the same domain of trust, and this reference is reasonably stable across individuals, groups, countries, and/or points in time.

Experimental results reported by Glaeser et al. (2000) seem to give empirical support to doubts about the validity of responses to the generalized trust question. Combining experiment and survey methodology, they find that responses to the generalized trust question were uncorrelated with behavior in the first stage of the game. In the interpretation given by Glaeser et al., responses to the generalized trust question were uncorrelated with trust but were correlated with trustworthiness. Independently of this work, Ahn et al. (2003) have arrived at very similar results.

Although these experimental results indicate the existence of a validity issue, they are not conclusive evidence that the problem lies with the trust question, or lies exclusively there. In the first place, the scope of validity of the findings reported by Glaeser et al. is unclear. Holm & Danielson (2005), as mentioned before, did find different results with Swedish respondents. In the second place, the interpretation that lack of cooperation in the first stage of the investment game indicates lack of trust can be contested (Hardin 2003, Levi 2003). Finally, the setup of the Glaeser et al. experiment actually increased the likelihood that subjects who knew each other beforehand were paired in the investment game. Thus, it can be doubted to what extent the experiment really concerned generalized trust, defined as trust in people one does not know, since at least some participants did know each other.

From the underspecification of the trust question, with respect to both the borders of the moral community it refers to and the domain of trust it implies, one might expect it to return wildly unstable measurement results. Paradoxically, at first glance, such is not the case, at least not at the aggregate level. Ciriolo (2007) examines the reliability of responses to the trust question by comparing the country levels of trust found in the EVS/WVS (4. wave, except for Norway and Switzerland) and in the ESS (1. round, except for Estonia, Israel, Slovakia, and Ukraine). Excluding Israel, which for good reasons turns out to be an outlier, he reports a strong linear relationship ($r = 0.93$) between the measures of generalized trust in the two surveys. Thus, given the open-ended wording of the generalized trust question, there seems to be a remarkably high level of test-retest stability at the aggregate level.
Furthermore, as mentioned above, aggregate levels of generalized trust can be shown to correlate acceptably well across countries with a number of indicators of levels of trustworthiness, such as the proportion of wallets returned intact in wallet-dropping experiments (Bjørnskov 2007), or the prevalence of corruption (Uslaner 2002) and of violent crime (Lederman et al. 2002). This should not be expected if the open-ended wording of the generalized trust question would lead the respondents to rely on widely different interpretations (or guesses) as to what the question refers to.

Moreover, the respondents do not in general seem to find the generalized trust question difficult. In the ESS (1. round), the percentage of nonresponses (no answer + don't know) lies between zero (Norway) and 1.5% (Spain), and the corresponding percentages in the WVS (3. and 4. waves combined) lie between zero (Korea) and 24.1% (Iran) with an average of 3.6%.

One hypothetical explanation for the within-country stability of levels of generalized trust as measured by the generalized-trust question, as well as for the existence of relatively stable cross-country patterns in the responses to the question and the apparent ease with which the respondents answer it, could be that respondents apply largely the same mental frame when selecting their response, and that this mental frame has a certain stability over time. Such a shared mental frame could be part of a common historical and cultural background. Assuming that such shared mental frames do not change rapidly, comparing levels of generalized trust within countries over time should be less awkward than anticipated. On the other hand, such mental frames should add to the difficulties in comparing levels of generalized trust across countries, or perhaps even across culturally different groups within countries, especially when cultural differences are large.

An analysis (Reeskens & Hooghe 2008) of the three generalized trust items in the two ESS waves (2002 and 2004) shows that the measurements of generalized trust fulfill weak equivalence conditions across the countries included, indicating that these measurements are weakly cross-nationally comparable. But they do not meet stricter equivalence conditions. When measurements of generalized trust are compared within countries across the two waves, they can be shown to fulfill relatively strong equivalence conditions in most cases.

In summary, it appears that the generalized trust question—its shortcomings notwithstanding—is not quite as unreliable and invalid a survey instrument as some claim on the basis of the question’s undisputable underspecification. There must be some stochastic noise in the responses at the individual level, but still, individual responses do not appear to be just noise. At the aggregate level, as one would expect, there is considerably less noise. Although it is hard to disagree with Hardin’s (2002) verdict that “[s]ome researchers read such responses far too loosely” (p. 61), altogether discarding data obtained by the generalized trust question appears to be throwing out the baby with the bathwater.

### Estimating Trust Equations

Almost all empirical studies involving generalized trust estimate trust equations relating some measure of generalized trust to a set of theoretically determined covariates. Several pitfalls can threaten the validity of inferences drawn from such trust equations. Among the most important are endogeneity biases, omitted variable biases, and biases due to unobserved heterogeneity (Durlauf 2002).

Endogeneity problems abound in the analysis of survey data on generalized trust. Putnam’s (2000) apt remark that “[t]he causal arrows among civic involvement, reciprocity, honesty, and social trust are as tangled aswell-tossed spaghetti” (p. 137) extends to many other relationships involving generalized trust as the (supposedly) dependent or (supposedly) independent variable. Do high levels of
corruption drive down levels of generalized
trust, or do low levels of generalized trust lead
to high levels of corruption? Or are the
levels of generalized trust and corruption locked
in a vicious or virtuous circle? Does the wel-
fare state create higher levels of generalized
trust, or are high levels of generalized trust
a precondition for the welfare state? Are the
Nordic countries rich because they have high
levels of generalized trust, or do they have high
levels of generalized trust because they
are rich (making the risk of trusting strangers
more affordable)? This list could be extended
almost indefinitely.

The most commonly applied statistical
methods used to estimate trust equations—
ordinary least squares (OLS) and related
single-equation techniques such as probit or
logit regressions—are built on the assump-
tion that the independent variables in the es-

timated relationship are exogenous. (Techni-
cally, this is equivalent to the independent
variables being uncorrelated with the error
term in the equation.) This assumption breaks
down if generalized trust is entered as an ex-
planatory variable but is in fact determined—
totally or in part—by the dependent variable,
i.e., is endogenous to it. Likewise, the assump-
tion breaks down if generalized trust enters as
the dependent variable but does in fact totally
or partly determine one of the independent
variables in the equation, causing this variable
to be endogenous. In the case of endogenous
independent variables, OLS and related esti-
mation techniques will return biased and in-
consistent estimates of the equation’s param-
eters. We may both over- and underestimate
the strength of the impact of generalized trust
on some other variable or of some other vari-
able on generalized trust. In the limit, we may
fail to detect a significant impact even though
it is there, or we may conclude that there is a
significant impact even though there is none.
Furthermore, because our estimates will be
inconsistent, the precision of these estimates
will not increase with sample size, render-
ing conventional significance tests potentially
misleading as well.

Econometric tests for exogeneity do ex-
ist, but unfortunately they require long time
series that are unavailable with generalized
trust data. The alternative is to rely on es-
timation techniques that return valid esti-
mates of the trust equation’s parameters even
in the presence of endogeneity. Structural
equation modeling or instrument-variable re-
gression (IV regression) are examples of such
techniques. A couple of results in Bjørnskov
(2007) indicate that changing to one of the
econometrically appropriate estimation tech-
iques in the presence of endogeneity prob-
lems (instrument-variable regression in his
case) can change some results based on OLS
estimation rather dramatically.

In general, endogeneity problems pose a
greater challenge to survey-based than to ex-
perimental work. In experimental work, en-
dogeneity problems can largely be avoided by
design (Fehr et al. 2002, p. 521).

Omitted-variable biases may occur with
both experimental and survey-based studies.
Omitting empirically relevant variables
from trust equations results in biased es-
timates of the coefficients to some or all
variables included. Schechter (2007) provides
a frightening illustration of how omitting a
risk-aversion variable affects both signs and
significance levels of some coefficients in her
trust model.

Empirically relevant variables may get
omitted for various reasons. There may be a
flaw in the theoretical model on which the
trust equation is based. This can happen both
in experimental and in survey-based studies.
Alternatively, relevant data may be unavail-
able, forcing the researcher to leave out a rel-
vant variable. This is probably more likely
with survey-based studies—especially those
that utilize a pre-existing data set, such as
the WWS and ESS—than with experimental
studies.

Finally, both experimental and survey-
based studies share the problem of the possi-
ibility of unobserved heterogeneity, which can
result in a special kind of omitted-variable
bias. This problem is most likely to occur
when comparing trust levels in different groups, given that the subjects are self-selected into these groups. For instance, in a study of the relationship between the level of ethnic heterogeneity and the level of generalized trust across neighborhoods, subjects may be self-selected into neighborhoods. If this selection into neighborhoods is affected by variables that also have an impact on generalized trust, and if such variables remain unobserved, we have unobserved heterogeneity between our groups, and results from OLS estimation (or similar estimation techniques) of the parameters of trust equations risk being biased. As with endogeneity problems, the safe way to handle situations involving the possibility of unobserved heterogeneity is to rely on robust estimation techniques such as instrument-variable regression.

Durlauf (2002) argues that endogeneity and other estimation problems are pervasive in survey-based research and advocates stronger reliance on experimental approaches as a more promising way to obtain empirical insights. This, too, may be throwing out the baby with the bathwater. Newer survey-based empirical research on generalized trust has become ever more aware of the econometric challenges in estimating trust equations properly and has become more sophisticated in that respect, even though there is still room for improvement.

**GENERALIZED TRUST: LEVELS AND DYNAMICS**

Cross-country variations in the levels of generalized trust and the development in these levels over time within countries are interesting in their own right. But they are also interesting because observed patterns may suggest hypotheses about the determinants and consequences of generalized trust.

Levels of generalized trust vary widely across countries. In some WVS polls, almost 70% of respondents indicate that one can in general trust other people; in others, close to 0% offer that opinion. The average trust level over all 188 WVS polls is 29.95%. The Nordic countries invariably turn out to have the highest trust levels, together with Holland. Generalized trust levels are particularly low in South America and in most post-communist countries. Such patterns in the distribution of trust levels suggest that differences in trust levels may be driven by cultural and/or historical differences between countries, as claimed by Putnam (1993), Uslaner (2002), Bjørnskov (2007, p. 17), and others.

The culturalist interpretation of generalized trust would be strengthened further if generalized trust levels were stable over time. Trust levels in general do appear to be quite sticky. Mostly, country-specific trust levels seem to fluctuate around stable averages (Bjørnskov 2007, pp. 3–5). However, these fluctuations can be rather big. According to calculations in Paldam (2007, p. 7–11), the average absolute (numerical) change in trust levels over all five-year periods computed from the WVS polls is 6.9 percentage points, with 16.7% of the changes exceeding 10 percentage points (in either direction). On the other hand, average changes over 10-, 15-, and 20-year intervals are not much bigger than the average change over all five-year periods, thus confirming the relative longer-term stickiness of trust levels. It should be noticed, however, that the available data in most cases do not go back very far in time.

The United States appears to stand out as an important exception to this general picture of stickiness in trust levels. According to Putnam (2000, p. 140), “[e]very year more and more of us caution that ‘you can’t be too careful in dealing with people.’” This finding, together with similar results concerning other aspects of social capital, has sparked vivid debates (surveyed by Stolle & Hooghe 2005). Despite disagreement on a number of points, most observers agree with Putnam that generalized trust in the United States did indeed erode between the 1970s and the mid-1990s (Paxton 1999, Robinson & Jackson 2001, Wuthnow 2003). Uslaner (2002, p. 6, fn. 3) reports a simple correlation of $r = –0.85$
between a time dummy and the level of generalized trust for the period 1960–1999. Although data are more sparse in Europe than in the United States, most observers also tend to agree that there is no comparable erosion of generalized trust levels in European countries (Stolle & Hooghe 2005, p. 154).

It thus seems that research into generalized trust has to come to terms with the fact that the level of generalized trust can behave like “a fairly stable cultural feature of society” (Bjørnskov 2007, p. 17) in some countries while changing precipitously in another. This might seem to pose a challenge primarily to cultural-historical explanations of generalized trust, such as those of Putnam (1993) or Uslaner (2002), since cultural changes are normally not precipitous. After all, Putnam (1993) explains differences between regions in northern and southern Italy with respect to levels of social capital (including trust) by historical and cultural differences reaching back several hundred years!

DETERMINANTS OF GENERALIZED TRUST

Research into the determinants of generalized trust has been strongly motivated by two observations and one idea. The observations are that some countries are lacking in generalized trust and that generalized trust is eroding in the United States. The idea—backed by rich correlational evidence—is that generalized trust, as the bedrock of cooperation, is important for social integration and for “good” social, economic, and political outcomes in society. Thus, the natural question is how to redress erosion or lack of generalized trust. This motivation most clearly underlies much recent work (e.g., Kornai & Rose-Ackerman 2004, Kornai et al. 2004) on trust in postcommunist countries.

Because there is no general theory of trust yet (Delhey & Newton 2003, 2005), the list of variables proposed as potential determinants of levels of generalized trust is long. One study of trust levels in 60 nations uses 35 variables pertaining to six different theoretical propositions about the determinants of generalized trust levels (Delhey & Newton 2005, pp. 316–17). Another author examines 21 potential explanatory variables drawn from the literature (Bjørnskov 2007, p. 9).

In dealing with the determinants of generalized trust, one inevitably confronts the task of disentangling several “bowls of well-tossed spaghetti,” since many of the variables claimed to be determinants of generalized trust levels may as well be their effects. In Bjørnskov’s study, only five of the original 21 variables turn out to be statistically related to generalized trust levels once the issues of endogeneity and spuriousness have been appropriately dealt with (Bjørnskov 2007, pp. 15–17).

This section reviews recent empirical work and focuses on four types of explanations for generalized trust. The civic society explanation focuses on participation in voluntary associations and civic activities as the source of generalized trust. The institutional explanation focuses on the importance of “good” institutions for generating and maintaining generalized trust. The cultural-values explanation focuses on the importance of certain core values—such as optimism, egalitarianism, and religious values—and of their intergenerational transmission for generalized trust. A fourth explanation, which has gained some prominence lately, focuses on the impact of ethnic and/or linguistic heterogeneity on generalized trust.

Civic Society and Generalized Trust

The idea that people learn civic virtues such as trust, reciprocity, and cooperation in voluntary associations and through other forms of participation in civic interactions and civic society dates back at least to Mill and Tocqueville and has been immensely popularized by Putnam (1993). Nevertheless, some have questioned the underlying assumption of a spillover effect from learning to trust other members in voluntary associations to
trusting others in different contexts (Levi 1996, Tarrow 1996). Others have questioned the formative importance of voluntary associations on the grounds that they take up relatively little of most individuals’ time, compared to the time spent in other social contexts (Cohen 1999, Newton 1999).

Empirical studies have returned mixed results. Brehm & Rahn (1997) examine the reciprocal relationships between social trust, trust in government, and civic engagement in the United States at the individual level. In their model, the strongest relationship is from trust in government to social trust, but the relationship from civic engagement to social trust is rather strong as well, which lends some support to the civic society explanation. The opposite relationships—from social trust to trust in government and to civic engagement—are of moderate strength. Knack & Keefer (1997), Stolle & Rochon (2001), and Herreros (2004) also find support for the civic society explanation. So do Wollebæk & Selle (2002, 2003), but since they fail to address the endogeneity issue, the robustness of their results remains an open question. The same caveat applies to Herreros’ findings.

Others report only weak or no relationships between membership in voluntary associations and generalized trust. Uslaner (2002, ch. 5), criticizing Brehm & Rahn for the omission of alternative explanatory variables, finds that the effect of civic engagement (and trust in government as well) on generalized trust is greatly reduced if indicators of optimism are included in the model. According to his results, the main causal nexus runs from generalized trust to civic participation. In a cross-national analysis, Whiteley (1999) finds that participation in voluntary associations has only a very weak impact on social trust. Claibourn & Martin (2000) obtain the same result in a micro-level study conducted in the United States. Focusing on the United Kingdom, Hall (1999) does not find a stable over-time relationship between levels of associational memberships and generalized trust. Examining data from Germany, the United States, and Sweden, Stolle (2001) finds that the reason why membership in voluntary associations and generalized trust are correlated is self-selection. Generalized trust is not created by membership in voluntary associations. The skills and attitudes people learn through membership in voluntary associations can only be used in the group context. They are private social capital that is not universal and cannot be generalized to other settings. Using IV regression with aggregated American state-level data for the 1970s, 1980s, and 1990s, Uslaner & Brown (2003) show that the causal relationship runs from trust to civic participation. In their 60-nations study, Delhey & Newton (2005, p. 323) find that “the four measures of voluntary membership and activity used in this study fail multivariate tests, showing that voluntary membership and activity does rather little for generalized social trust, a finding that is consistent with much individual level analysis.”

It seems that most empirical studies have not been kind to the civic society explanation of generalized trust, and that this is true especially for studies addressing endogeneity problems properly.

Quality of Institutions and Generalized Trust

The civic society explanation of generalized trust has increasingly been criticized by institutionalist scholars who consider the institutional context of individuals’ interactions fundamental to levels of generalized trust. Herreros (2004) occupies the middle ground, suggesting a model in which both the state and civic society have a direct impact on generalized trust, with the state furthermore having an indirect impact through its impact on civic society.

Some scholars emphasize the importance of “good” institutions in creating and maintaining incentives for behaving trustworthy (Farrell & Knight 2003, Levi 1998, Rothstein & Stolle 2002). According to Levi (1996,
p. 47–48), if an actor has reason to expect that another actor is not likely to betray the trust invested in him because this betrayal would be detected and sanctioned by the appropriate institutions in society, there is a rational basis for trusting the other actor. Thus “good” institutions may further generalized trust by diminishing the risk associated with trusting other people.

Other scholars (e.g., Rothstein 2000, Rothstein & Stolle 2002) emphasize the importance of norms in creating and maintaining generalized trust and the importance of institutions for such norms. If in their dealings with bureaucrats people find it necessary to bribe them, they will infer that corruption is the norm and that corruption pays off. This means that not only the bureaucrats but most other people as well must be dishonest (bribing the bureaucrats) and hence cannot be trusted. Moreover, people will infer that they have to act dishonestly themselves in order to avoid the “sucker’s payoff.” In that way “bad” institutions may create a vicious circle: Dishonesty begets lack of trust, leading in turn to more widespread dishonesty.

Still others, such as Knight (2001), emphasize the importance of institutional fairness and evenhandedness for generalized trust, especially in socially or ethnically diverse societies. Without institutional fairness and evenhandedness, underprivileged groups will infer that institutions serve mainly the interests of the privileged and become less inclined to act in accordance with these institutions, thus undermining the incentives provided by them. Because democracy normally assigns the same rights and duties to all members of society, this evenhandedness of democratic institutions should encourage generalized trust (Levi & Stoker 2000, p. 493). In a similar vein, Szompka (1998) argues that democratic institutions contribute to creating conditions that are conducive to trust, such as normative certainty, transparency, stability, and accountability.

Uslaner (2002, pp. 43–48, 148–58) strongly criticizes all institutional explanations of generalized trust, with the third one as a possible partial exception (Uslaner 2002, pp. 46–47). The basic premise binding his various criticisms together is that generalized trust does not to any large extent depend on (individual) experiences and hence does not depend on the assessed trustworthiness of others (Uslaner 2002, p. 44, ch. 5). That is a very strong premise. He seems to agree, however, that “bad” institutions can destroy trust (Uslaner 2002, p. 48), so somehow institutions (and individual experiences?) may matter for levels of generalized trust nevertheless.

Another objection could be that institutions, rather than functioning as builders or facilitators, might function as substitutes for generalized trust. Why trust at all if there are good institutions to rely on? Cook et al. (2005), for instance, consider in some detail how cooperation without trust might be enabled through institutional design. They deal with trust as encapsulated interest, not generalized trust, but the argument may generalize.

Institutional quality can be measured either “objectively” through various indices (e.g., the Polity IV index for democracy or the Transparency index for corruption levels) or through measures of institutional trust. Examples of both strategies can be found in the literature. But regardless of how institutional quality is measured, most empirical studies of the relationship between institutions and generalized trust face a serious endogeneity problem.

Once more, empirical evidence appears mixed. Brehm & Rahn (1997) find empirical support for the institutional explanation alongside the civic society explanation, but their results have been challenged by Uslaner (2002, ch. 5) with respect to the relationship between trust in government and generalized trust. Delhey & Newton (2005) find rather strong evidence for the effect of “good government” on levels of generalized trust, using a composite quality-of-government scale based on a rule-of-law index, a government efficiency index, a political stability index,
a cumulated freedom score, and a law-and-order index. Mishler & Rose (2001) find that institutional trust has only a small impact on generalized trust in postcommunist countries in Eastern Europe, while indicators of institutional performance are related to generalized trust. Letki & Evans (2005) confirm the latter result. Kumlin & Rothstein (2003) present empirical evidence from Sweden showing that contact with institutions of a universal welfare state tends to increase social trust, whereas experience with means-tested social programs tends to lead to lower social trust. According to Berggren & Jordahl (2006), the degree of economic freedom, as measured by the Economic Freedom Index, and especially one of its constituent scales, “legal structure and security of property rights,” is a strong and significant predictor of generalized trust.

In contrast, Bjørnskov (2007) finds little empirical support for a causal relationship running from institutions to generalized trust. Among the 21 potential determinants he examines, six are institutional. However, only one of them (monarchy!) is found to be significantly related to levels of generalized trust. Bjørnskov suggests that the strong bivariate associations between generalized trust and, for instance, democracy or the rule of law “appear to reflect the effects of trust, if not spurious correlations” (Bjørnskov 2007, p. 17), thus basically supporting Uslaner’s claims.

One reason for these somewhat contradictory results from studies on the relationship between institutions and generalized trust might well be that different researchers are relying on different operationalizations of the concept of “institutions” or of the quality of institutions. Furthermore, it is not always clear how these operationalizations relate to relevant theoretical concepts in the literature. Whereas Herreros (2004) is careful in trying to link his operationalization of institutions to theoretical concepts, Bjørnskov’s six institutional variables appear to measure something other than institutions understood as rules that structure incentives.

For that reason, it is probably fair to conclude that the various theoretical propositions about the relationship between institutions and generalized trust—and the mechanisms linking the two—have not been exhaustively tested yet. Therefore, it is too early to judge their empirical value.

**Culture, Values, and Generalized Trust**

Still another school of thought claims that generalized trust is ultimately based on moral norms, as argued especially, but not exclusively, by Uslaner (2000, 2002). According to this view, which has a long pedigree in social psychology, generalized trust is most strongly related to a general outlook on the world, the most important constituents of which are optimism, certain religious values most strongly embodied in Protestantism, and egalitarianism. These values and norms are learned early in life and are largely stable. Generalized trust is determined by cultural norms that are transmitted through socialization processes. This seems to entail a fairly deterministic understanding of generalized trust.

Uslaner (2002, ch. 4) provides empirical support for causal effects of levels of optimism, Protestant religious traditions, and income inequality on generalized trust. The most important determinant of generalized trust among these turns out to be the level of income inequality. “Don’t get rich, get equal!” is Uslaner’s prescription for furthering the “cooperative spirit” in society (Uslaner 2002, p. 255). According to Uslaner, cross-country differences in income inequality can account for a large part of cross-country differences in trust levels. Likewise, it is mainly the growth in income inequality in the United States in recent decades that has driven the erosion of generalized trust.

Other studies have largely confirmed Uslaner’s central findings with respect to these three variables. Delhey & Newton (2005) find significant effects of Protestant religious traditions and income inequality on generalized
trust levels, while not testing for an optimism effect. Bjørnskov (2007) likewise finds significant effects from Protestantism and income inequality but not from optimism. The optimism finding may be due to the way in which optimism is operationalized in his study, however (Bjørnskov 2007, p. 15). Further support for the importance of income inequality for levels of generalized trust is provided by Zak & Knack (2001) and Knack & Zak (2002).

Nevertheless, the relationship between income inequality and trust levels may appear somewhat underspecified in Uslaner’s account. In keeping with the basic tenets of “moralistic” trust, what should matter for generalized trust are not Gini coefficients per se, but rather egalitarian value orientations. One could question how good a proxy for egalitarian value orientations the Gini coefficient really is. After all, Gini coefficients measure actual income inequality. Although it may seem reasonable to argue that in the long run actual income inequality and the degree of egalitarianism in society will probably be in some kind of equilibrium, not every change in the Gini coefficient necessarily heralds a strengthening or weakening of egalitarian values in society.

The case of the United Kingdom between 1980 and 1990 seems to pose another problem when trying to account for the development in trust levels primarily by the development in income inequality. Between 1980 and 1990, income inequality as measured by the Gini index increased sharply in Britain. However, levels of generalized trust in the first and second waves of the WVS actually increased slightly (Hall 1999, p. 432). Of course the effect of increasing inequality on trust could be lagged, as trust levels did indeed fall in the United Kingdom after 1990. But if the effect of inequality on trust is contemporaneous in the United States while it is lagged in the United Kingdom, then something must be missing from the story about inequality and generalized trust.

### Ethnic Heterogeneity and Generalized Trust

During the period under review here, there has been an upsurge in the number of studies on the effects of ethnic heterogeneity on generalized trust. In part, this interest may have been spurred by the increasing levels of ethnic heterogeneity in a number of countries, especially western countries, in the wake of growing migration flows over the past three decades.

Anything that increases the social distance between citizens in a country—such as income inequality or religious cleavages—is normally considered potentially detrimental to generalized trust. Therefore, one would intuitively expect ethnic heterogeneity to have a negative impact on generalized trust (Delhey & Newton 2005, p. 312). The simplest hypothesis is that ethnic heterogeneity will be conducive to the development of intraethnic (or bonding) trust in individuals at the expense of interethnic, generalized (or bridging) trust.

There is evidence, however, that ethnic heterogeneity need not have this crowding-out effect on generalized trust. Bahry et al. (2005) report a positive relationship between intra- and interethnic trust involving Russians, Tatars, and Yakuts in the two republics Tatarstan and Sakha-Yakutia. This finding might of course be attributed to a response set effect (always a real danger when several questions about trust in different groups are asked in the same interview), but Nannestad et al. (2008) obtain a corresponding result in a survey of the five largest nonwestern immigrant groups in Denmark. They also show that the positive association holds not only for intra- and interethnic trust, but also for two other indicators of social capital: the number of intra- and interethnic friendships and the number of memberships in intra- and interethnic voluntary associations. This makes it less likely that the positive relationship between intra- and interethnic trust in Danish immigrants is invalidated by the problems in obtaining comparable...
measurements of trust in culturally different
groups through the standard trust question,
as discussed above. It also makes it less likely
that the result reflects a response set effect,
since the respondents were asked to pick the
voluntary associations they were members
of from a list where intra- and interethnic
associations were presented in random order.

It should be noted, however, that both
Bahry et al. (2005) and Nannestad et al. (2008)
find their positive correlations between intra-
and interethnic trust at fairly low levels of
both. It is thus entirely possible that high lev-
els of intraethnic trust would indeed be able
to crowd out interethnic trust.

Alternatively—or additionally—ethnic
heterogeneity may affect generalized trust by
influencing the breadth of the moral com-
monity to which respondents refer when
answering the survey question on generalized
trust. Ethnic heterogeneity may likewise have
an impact on how wide a domain of trust
people are referring to. The conventional
survey question on generalized trust will not
pick up such impacts. If ethnic heterogeneity
makes people reduce the size of their moral
communities, or makes them trustful with
respect to fewer issues, analyses of the effect
of ethnic heterogeneity on generalized trust
based on survey responses may actually
underestimate this effect.

Empirical results from within-country
studies of ethnic heterogeneity and gener-
alized trust span the whole range of possi-
bility outcomes. At one end Marschall & Stolle
(2004), using data from the Detroit Area
Studies of 1975 and 1976, find that living in
racially homogeneous neighborhoods in-
creases the probability of expressing general-
ized trust among African-Americans but not
among white respondents. Thus, ethnic het-
erogeneity has a positive effect on generalized
trust with one group of respondents and no
demonstrably negative effect with the other.

At the other end, Alesina & La Ferrara
(2002), likewise using individual-level data
from US localities, find that living in a racially
mixed community is strongly associated with
low trust, whereas ethnic origin has no signif-
icant impact. Also, the study by Stolle et al.
(2005), based on an American and a Canadian
survey, shows that the percentage of “visible
minorities” in the neighborhood reduces the
probability that members of the majority ex-
press generalized trust, both in the United
States and in Canada. Putnam (2007) too finds
a strong negative impact of ethnic hetero-
genosity on generalized trust, as well as on
other indicators of social capital, in the United
States. Using data from the 2003 Home Of-


...
and generalized trust may vary across and maybe even within countries. Hooghe (2007) has suggested a number of variables that could be mediating the impact of ethnic heterogeneity on generalized trust. These suggestions seem worth testing empirically, despite some difficulties with respect to operationalization and to determining the direction of causality.

Some researchers have approached the question at the macro level, examining the relationship between levels of ethnic heterogeneity and generalized trust across countries. Results from cross-country studies of the relationship between ethnic heterogeneity and generalized trust need not agree with results from within-country studies. Any form of covariance between ethnic heterogeneity and generalized trust across countries (positive, zero, or negative) is compatible with any form of covariance between ethnic heterogeneity and generalized trust within countries, and vice versa. Thus, macro-level findings cannot be used as arguments for or against findings from within-country studies, nor the other way around.

Delhey & Newton (2005) report a clear negative relationship between levels of ethnic heterogeneity and levels of generalized trust across countries. On the other hand Paxton (2002) and Bjørnskov (2007) find no significant relationship between ethnic heterogeneity and trust levels. Differences with respect to what countries are included and with respect to model specification may account for such differences. So far it seems fair to conclude that macro-level studies of the relationship between levels of ethnic heterogeneity and levels of generalized trust have not yet turned out robust results.

**SOME CONSEQUENCES OF GENERALIZED TRUST**

Generalized trust has been posited as the cause or precondition of much of what is good and valuable in society and in individual lives. The main theoretical underpinning of many accounts of the beneficial effects of generalized trust at the societal level is the claim that generalized trust is the bedrock of cooperation, and that trust-based cooperation is central to the well-being of society. Trust helps avoid or solve collective action problems and reduces transaction costs, for instance in principal-agent situations. Both collective action and principal-agent problems abound in social, political, and economic life and both impair cooperation, so if generalized trust is the cure for these ailments, its beneficial impacts can be expected to be large.

Such claims appear intuitively plausible. But, interestingly, there is little research actually showing that trusters engage in more and different economic and/or political exchanges than nontrusters, and that the reason for this is indeed a difference in the transaction costs they confront. Likewise, there is little research demonstrating that trusters are in fact better at solving collective action dilemmas and at avoiding “rationality traps” in the real world than nontrusters are. In a Danish survey, Nannestad (2007) finds that generalized trust is positively and significantly related to the number of memberships in common interest associations (where the membership decision raises a collective action problem), when the reverse causality is taken out by means of IV regression. But it turns out that the impact of generalized trust is small compared to other factors. Nannestad (2008) also finds that generalized trust helps explain to what extent the collective action problem of integrating immigrants into local labor markets has been solved in the 15 old European Union countries. But this result is only obtained after controlling for welfare state type. Thus, in this case, selective incentives, as embodied in different welfare systems, appear to be more important for the solution of this particular collective action problem than generalized trust.

Nevertheless, in the following subsections, I briefly consider recent empirical research on the effects of generalized trust in producing outputs in three areas: economic wealth and growth, politics and good government, and the welfare state. I concentrate on the societal
consequences of generalized trust rather than the individual gains.

**Trust and Economic Outcomes**

Numerous older and more recent studies claim that trust furthers economic prosperity and growth in society (e.g., Putnam 1993; Fukuyama 1995; Knack & Keefer 1997; Dasgupta & Serageldin 2000; Whiteley 2000; Zak & Knack 2001; Grootaert & van Bastelaer 2002; Uslaner 2002, p. 245; Beugelsdijk et al. 2004). In this perspective, generalized trust is a factor of production on par with—or, according to Whiteley (2000), even more important than—human capital.

There are two main issues with this work. One concerns the direction of causality: Is growth the effect or one of the causes of generalized trust, or is there a two-way causation between generalized trust and growth/prosperity? The other issue, which has beleaguered the economic growth literature since Levine & Renelt (1992), concerns the robustness of conventional growth regressions. The main problem here is the risk of obtaining biased estimates by unwittingly omitting variables that are causally related to growth and correlated with the independent variable of interest—in this case, generalized trust.

The study by Beugelsdijk et al. (2004) addresses the robustness issue through a reanalysis of the results reported by Zak & Knack (2001), who, based on a sample of 41 countries, report an average increase in growth of close to one percentage point for each 15 percentage points (one standard deviation) increase in generalized trust levels for the period 1960–2000. American annual growth rates (percentage growth in GDP from the World Bank’s Development Indicators) for that period appeared stationary according to a Dickey-Fuller unit-root test \( Z(t) = -4.92 \), MacKinnon \( p \)-value = 0.00 and a Portmanneau test for white noise \( Q = 17.27, p = 0.50 \). The correlation of annual growth rates with a time dummy is close to zero \( r = -0.09 \). Thus, it appears that in the US case, trust cannot, as Uslaner (2002, p. 245) would have it, be “the strongest predictor of growth,” at least not during that period.

**Trust, Politics, and “Good Government”**

If the impact of trust levels on economic growth remains elusive, maybe the impact of trust on government performance and output is more clearly manifest. Is it generalized trust that makes democracy work, or makes democracy work better?

As pointed out by Boix & Posner (1998) already, the relationship between social capital and the performance of government institutions remains theoretically underspecified, and this is true also for the particular case of generalized trust. Boix & Posner sketch
five possible mechanisms that might produce a positive relationship between generalized trust and the achievement of good government. Recent empirical research has begun to address at least some of the five. Knack (2002) examines the impact of a number of social capital indicators, including generalized trust, on government performance across American states. His measures of government performance come from the Government Performance Project in 1999, which graded all 50 state governments according to their “overall performance” as well as on five separate performance dimensions (Knack 2002, p. 775). He finds that levels of generalized trust are significantly related to overall performance: an increase of seven to eight percentage points in generalized trust levels increases overall government performance by one performance grade. This suggests a relationship between generalized trust and good government but tells us nothing about how it works.

Turning to the five separate performance dimensions, generalized trust is positively associated with only two of them: performance with respect to human resources and with respect to information technology. The former relationship may suggest that generalized trust has an effect on government performance by reducing incentives for opportunistic behavior in bureaucrats, thus making flexible use of human resources feasible. The association between generalized trust and performance with respect to information technology may be taken to suggest that part of the relationship between generalized trust and government performance goes through the effect of generalized trust on the innovativeness of government policies (Knack 2002, p. 782).

Uslaner (2002, p. 219–22) has examined the relationship between generalized trust and corruption. He finds that the level of generalized trust has a clear impact on the level of corruption. High-corruption countries are low-trust countries. But they have high levels of corruption because they have low levels of generalized trust, not the other way around.

Using American state-level data, Uslaner & Brown (2003) further show that trust is related to both political and communal participation. Thus, there is some support for the claim that generalized trust may help overcome collective action problems in connection with the democratic control of government. However, they also find that the impact of generalized trust on political participation is weaker than on communal participation (volunteering and charitable giving). This finding suggests that one should not overrate the role of generalized trust in bringing about a cooperative solution to collective action problems.

**Trust and the (Universal) Welfare State**

The universal welfare state can be considered a “social dilemma” (Rothstein 2002). It produces a broad range of collective benefits that are mainly tax-financed (Barr 2004). As a result, incentives for free-riding should abound, especially in universal welfare states where access to many benefits is not means-tested and taxes are high. Free-riding would imply excessive use of welfare benefits and low levels of labor market participation. As a result, there should be big efficiency losses in the economy. Ceteris paribus, universal welfare states should be more equal but less wealthy than less universal welfare states.

Because the universal welfare states are also high-trust countries, it is tempting to hypothesize that it is their high level of generalized trust that has enabled them to solve the collective action dilemma created by their welfare systems. People contribute their share because they (justifiably) trust that others will do the same and will not abuse the system. Thus, generalized trust is what makes the universal welfare system sustainable and allows equality to coexist with wealth. This line of
reasoning would at the same time explain why countries with lower levels of generalized trust have developed different welfare systems that give rise to fewer and smaller collective action dilemmas.

A related version of this argument claims that it is not generalized trust but rather institutional trust, especially trust in the institutions of the welfare state, that makes the universal welfare state possible. How different these two versions are depends on how institutional trust and generalized trust are related.

So far, there is not much systematic empirical research in this field. Svallfors (2002) examines the relationship between institutional trust and attitudes to state intervention in Sweden, Germany, Australia, and the United States. He finds considerable differences in overall support for welfare state–related interventions in the four countries, but these differences are not related to differences in levels of trust in the political system. Examining data from Sweden only, however, he finds a different picture: Political trust matters for attitudes toward welfare policies. People with high trust are considerably more willing to finance welfare services through taxes, and they tend to be less suspicious about welfare clients.

Rothstein & Uslaner (2005) suggest a model that posits universal welfare states as a virtuous circle. In their model, equality is the causal prior. Equality leads to honest government and, together with honest government, to universal redistributive policies and to generalized trust. The feedback to greater trust and less inequality secures a positive equilibrium. In contrast, countries that start out with high levels of inequality and corrupt governments will be caught in a vicious circle or “inequality trap” (Rothstein & Uslaner 2005, p. 45). As the authors admit, this may not be good news for people in a majority of countries. But the gyroscopic stability built into their model is reassuring for those who were “born in the right place.”

**CONCLUSION: WHAT HAVE WE LEARNED, IF ANYTHING?**

Hardin (2006, p. 74), after reviewing current experimental and survey-based research on trust, arrives at a conclusion that comes close to a wholesale dismissal of it all. “In sum, therefore, there is relatively little to learn about trust from these two massive research programs. Without retuning their protocols to address standard conceptions of trust, they cannot contribute much to understanding trust as we generally know it, and they cannot play a very constructive role in explaining social behavior, institutions, or social and political change.” Basically, then, we have not learned a thing.

This point of view may not be altogether wrong, but it is certainly extreme. It is correct that both empirical researchers and theorists might gain from putting more effort into reducing the gap that presently separates much of their work on trust. It is also true that there are unresolved issues regarding instrument validity in both experimental and survey-based studies of trust. But such problems are increasingly recognized and taken into account in actual research and in the interpretation of its results. Furthermore, the level of statistical sophistication has clearly improved; problems in the data, such as endogeneity and unobserved heterogeneity, are increasingly dealt with in appropriate ways, although there are still exceptions, even among famous researchers in the field.

In recent years, both experimental and survey-based research on trust has turned out an impressive amount of empirical evidence claimed to tell something “true” about trust and its correlates. Admittedly, many of the findings are contradictory. There are still few stylized facts about generalized trust and its correlates that most or all scholars in the field agree on.

In this situation, three possible strategies suggest themselves. One is to acknowledge defeat and withdraw. The second is to
keep going, producing ever more empirical findings in the hope that, by a process of scientific Darwinism, knowledge in the end will emerge from continuous variations of existing research programs. But there is a third alternative: Rather than keep adding to the pile of studies already in front of us, the time may now have come to begin sifting these results to find out which generalize and which do not. Systematic replication of experimental studies is very much needed so that we may assess their scope of validity. Replications are tedious and as a rule unglamorous, but they are a necessary step in the production of knowledge. Likewise, survey-based results need to be submitted to more rigorous robustness analysis, as is increasingly applied in, for instance, economic growth theory (see, e.g., Sturm & de Haan 2005).

The question of trust is a huge puzzle that is not even near solution. But at least recent research on trust has helped to identify a number of the pieces that seem to belong in the puzzle, as well as some that do not. That is some kind of progress, even if we do not have the picture assembled yet.

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The author is not aware of any biases that might be perceived as affecting the objectivity of this review.

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