

## Uslaner, The Moral Foundations of Trust, Chapter 8-1

### CHAPTER 8

#### Trust and the Democratic Temperament

It's difficult to have a civil society when the country is corrupt and criminalized...

When society is under stress, it's not a good time to talk about civil society. You need stability....Now, we are just surviving. We don't have enough energy, time, and money for this. It's hard times, like during the war, and you have to survive on your own.

Russian pollster Masha Volkenstein, quoted in Hoffman (1996, A40)

Some years ago the noted novelist E. M. Forster (1965, 70) gave "Two Cheers for Democracy":

...one because it admits variety and two because it permits criticism. Two cheers are quite enough: there is no occasion to give three. Only Love the Beloved Republic deserves that.

Perhaps there is a reason for a third cheer. Democratic societies are trusting societies.

The big pay-off from interpersonal trust, most contemporary observers say, is that it leads to "better" government and to a public that is happier with government performance. Or maybe good government makes people more likely to trust each other. Or perhaps both.

Here I seek to examine, in a broader, cross-national context, the causes and consequences of trust. More specifically, I shall show that the same arguments made about the effects of trust in American society and its polity apply more generally across nations. A host of factors have been

## Uslaner, The Moral Foundations of Trust, Chapter 8-2

cited as potential determinants of trust, including education levels, media usage, a strong legal system, corruption, and the foundation of a civil society, membership in voluntary organizations. And trust is held by many to be the hallmark of democratic societies. If you could bolster education, reduce television viewing, reform the judicial system, combat high-level corruption, get more people involved in voluntary organizations, and tinker with the constitutional system to make it “more democratic,” you could get a more trusting society—with all of the benefits that go with it. Wrong. Many of these “causes” have no effect in multivariate analysis. Others are more likely to be effects than determinants. When all is said and done, trust depends upon a supportive political culture and especially on a base of economic equality. Culture has a long shadow of history and cannot be readily changed. Economic equality is more malleable, but it seems to change slowly over time. It does not seem to be much easier to change trust at the aggregate level than for individuals.

The big pay-off for trust in the United States is a more engaged citizenry, greater toleration, and a more productive government (see Chapter 7). A more trusting citizenry is more cooperative and government seems to run more smoothly. Even though there is little direct connection between trust in people and faith in government, there might be an indirect linkage through improved governmental performance. This linkage was originally formulated by Putnam (1993). Trust, he argues, is what makes democracy work. A more trusting society leads to a cooperative spirit among the public and to a more participatory population. An active population, mostly through voluntary organizations, is more able to make demands on government, to keep it honest and responsive. And an honest and responsive government will bring its citizens greater prosperity.

### Uslaner, The Moral Foundations of Trust, Chapter 8-3

Putnam's argument about trust and governmental performance is mostly correct. Trust does lead to better government performance and greater prosperity. But it does so without the "middleman" of an active citizenry. As I argued in Chapters 2 and 5, joining civic groups may be all to the good, but they do not produce trust. Now we see that they do not produce better government either. Instead, the link between governmental performance and trust is direct.

A more cooperative spirit leads people to invest their governments with the power and authority to spend more on those who have less. Trusting societies also redistribute wealth from the haves to the have-nots. And trust in people also leads to a more responsive and efficient government. Trusting societies develop strong legal systems that gain the confidence of citizens. The opposite dynamic—strong legal systems leading to greater trust—does *not* hold. Trusting societies also have less corrupt governments. Trusting societies are also more open to free trade (see Chapter 7 for American public opinion)—so the cooperative spirit leads to greater wealth as well (Putnam, 1993, 180; Woolcock, 1998).

Trust, then, really is the chicken soup of much of social life. It is not an all-purpose elixir, but it has many important consequences. I shall detail them below, noting that they hold primarily for countries without a legacy of Communism. But as I show how trust is important, note what is *not* so critical for government performance: voluntary associations and democratization. It is trust, rather than civic engagement, that brings us so many good consequences. And it is trust, not democratization, that gives us better government. Reformers go from country to country tinkering with constitutions and seeking to instill a participatory spirit in people. Yet, there is little evidence that either will make a society work better. It is easy to make a democracy, as Mueller (1999) argues. It is tougher to make a democracy work (Putnam, 1993). That is the task

## Uslaner, The Moral Foundations of Trust, Chapter 8-4

of trust.

### Three Cheers for Democracy?

There is close to a consensus in theoretical and empirical cross-national discussions of trust that there is a link between democracy and generalized trust (Levi, 1998, 96; Offe, 1997, 26; Rahn, Brehm, and Carlson, 1997, 24; Putnam, 1993, 111-115; Rothstein, in press; Stolle, 1999b, 9). Democratic institutions are the foundation of a civil society. Democracy promotes the rule of law. When people feel that their government treats them fairly, they will also believe that their fellow citizens are trustworthy. Democracies can change preferences by structuring the range of acceptable choices in a society, Levi argues. She does not specify how these changes occur, but seems to argue that democracy empowers people who don't control many resources. When political leaders need to rely upon the mass citizenry for political support, they are not free to adopt policies that enrich themselves (corruption) or the dominant interests in a society (economic stratification).

Democracies also establish strong legal systems. The courts in democratic regimes relieve individual citizens of the burden of monitoring the trustworthiness of other people. When people know that they will be treated fairly, they will develop respect for the legal system (Tyler, 1990) and realize that they must behave honestly themselves (Levi, 1998).

Corrupt governments set bad examples for the types of behavior that will be tolerated from the citizenry. The most corrupt countries have the least trusting citizens.<sup>1</sup> This is hardly surprising, since "kleptocracies" send clear messages to the people that crime does pay.<sup>2</sup> Citizens feel free to flout the legal system, producing firmer crackdowns by authorities and leading to what Putnam (1993, 115) calls "interlocking vicious circles" of corruption and mistrust.

## Uslaner, The Moral Foundations of Trust, Chapter 8-5

Honest government both establishes a model for ethical behavior and enforces those standards. When governments are either repressive or corrupt, they send signals to citizens that honesty may not be the best policy. There is little debate over whether democracy and trust go together. The big question seems to be whether democracy causes trust (Muller and Seligman, 1994) or trust causes democracy (Inglehart, 1997, ch. 6).

I am part of a small coterie that challenges this conventional wisdom (cf. Mueller, 1999; Rosenblum, 1998). Just as trust in government does not lead to generalized trust (see Chapter 5), neither does democracy. Some democracies have lots of trusting citizens, others have relatively few. Authoritarian states *can* destroy trust—but you can't build trust by changing institutions. The formerly communist states of Eastern and Central Europe actually became *less trusting* as they became more democratic.<sup>3</sup> An Indian journalist commented on the sharp cleavages that led to a cycle of unstable coalitions, none of which could form a government: “We have the hardware of democracy, but not the software, and that can't be borrowed or mimicked” (Constable, 1999, A19).

Trust across countries, like trust in the United States, depends more on values (culture) and the distribution of resources (economic equality) than on political institutions. There is little evidence that trust depends either on democracy or on the level of group membership in a country. Trust instead depends (in varying specifications) on optimism, economic equality, and the basic values and beliefs among the population. Countries with large Protestant populations are more trusting and more egalitarian. The “Protestant ethic” is an individualistic creed: To succeed in a competitive world, we need to rely upon other people. In collectivist societies, people can rely upon their peer groups and get by with particularized trust. In individualistic

## Uslaner, The Moral Foundations of Trust, Chapter 8-6

societies, generalized trust becomes essential (Tocqueville, 1945, 98).

Cross-nationally, as well as in the United States, trust helps to bring about good things—better functioning government and more redistribution from the rich to the poor. They have more open economies and have higher growth rates. Countries with many generalized trusters have more efficient judiciaries and bureaucracies. They also have less corruption and their citizens have more confidence in the legal system (LaPorta et al., 1997, 335; Putnam, 1993, 111).

*Yet neither honest governments nor legal systems that meet with popular approval create trust.* Honest government depends upon a foundation of generalized trust. Trusting people have confidence in their laws because they know that they don't have to rely upon the strong arm of the law as a matter of course (cf. Macauley, 1963, 58, 60). Trust leads to empathy with others—and thus a respect for the law. Statutes simply ratify the moral codes that trusters strongly endorse (see Chapter 7).

Even the linkage between corruption and trust in other people is not the creation of the state. While there is no gainsaying the sizeable correlation between the two, the direction of causality goes from trust to cooperation. Political leaders are not quite so free to rob the public purse in high trust societies. They can only get away with their con games when many people already don't trust one another

Trusters also have an expansive view of their moral community—and feel that people who are less fortunate need to have a social safety net. So countries with many trusters have strong states that redistribute resources from the rich to the poor. Trusting publics will also produce more responsive governments and are more likely to adopt policies that will promote economic

## Uslaner, The Moral Foundations of Trust, Chapter 8-7

equality—and thus create more trust.

States don't create trust—and neither does confidence in the state. Our faith in government reflects our estimation of how well our leaders are performing their jobs. We pledge our allegiance to our leaders only when we have a reasonable expectation of “ethical reciprocity” from them (Levi, 1998, 86-88). Yet, this is precisely *not* what we mean when we place faith in other people, as I have emphasized in Chapters 2 and 4. It initially seems reasonable that people who trust government would also trust other people—and vice versa. But a little reflection will show such reasoning to be misplaced. We have come a long way from strategic trust, which I discussed at length in Chapter 2 and then largely dismissed as unrelated to my larger themes. Here I come back to it, showing that trust in government *is* contingent and depends upon what we know about our leaders and how we come to evaluate them. Trust in other people is *not* contingent upon our expectations of others. We demand evidence of trustworthiness from our leaders, perhaps because many have proven to be unworthy of our confidence. We are more willing to make leaps of faith about the good will of people we don't know.

Societies with many trusters are more pleasant places to live. Not only are they more equal, but they also have better performing governments (less red tape and more responsive judiciaries). Their governments pursue policies that lead to even more equality: a larger public sector, more transfers from the rich to the poor, and more spending on education.

### Trust and Experience

Democracy and trust have an uneasy relationship. On the one hand, social trust provides the bonds among an otherwise anonymous citizenry that, in Putnam's (1993) felicitous title, “makes democracy work.” You can have democracy without trust—and we often do (see below).

## Uslaner, The Moral Foundations of Trust, Chapter 8-8

But effective democracy, a government where people can come together to resolve pressing issues, may well depend upon the social bonds of trust.

On the other hand, democracy presumes distrust of authority as well. Consent in democratic regimes is always contingent upon leaders' fulfilling their part of a contract. Leaders must keep their promises, perform reasonably well, and treat citizens fairly (Levi, 1998, 88). The power of democracy is the ability to "chasten authority, to limit its claims and dangers" (Warren, 1996, 47).

A reasonable person might well conclude that most politicians can't be trusted. And this might not be such a bad thing if we used our skepticism wisely. One of the great virtues of democracy, Forster argued, is that it "permits criticism." Levi (1998, 95) goes further: It makes consent possible by exposing venality. In a democracy we can uncover misdeeds and punish those who perpetrate them. So it makes sense to be wary of our leaders: "...distrust may be the major engine for an even more democratic state" (Levi, 1998, 96).<sup>4</sup>

Yet not everyone agrees that democracy is either necessary or sufficient to generate trust. Mueller (1996, 118) argues: "...democracy...can function remarkably well even when people exhibit little in the way of self-discipline, restraint, commitment, knowledge, or, certainly, sacrifice for the general interest...Democracy's genius in practice is that it can work even if people rarely, if ever, rise above the selfishness and ignorance with which they have been so rich endowed by their creator." Well, yes and no. Mueller sees democracy as primarily procedural—the right of people to complain about things that go wrong. And the only precondition for such procedural democracy is the absence of "thugs with guns" (Mueller, 1996, 118). Without repressive authorities, people will find democracy an entirely natural system. So no wonder democracies are all over the



## Uslaner, The Moral Foundations of Trust, Chapter 8-9

map on trust. You don't need trust to get to democracy and there is little reason to believe that democratic regimes will build trust over time. Trust goes up and down in many nations over time even as institutional structures remain the same (cf. Inglehart, 1997, 207-208).

Democracies *are* more trusting. A wide range of measures of democratization show that *the more democratic the constitutional structure, the more trusting citizens are*. I show correlations between trust and measures of democracy in Table 8-1. The indicators of democratization I use are the measures of political freedoms, civil liberties, and the overall freedom score developed by Freedom House and reported in Gastil (1991); updated Freedom House measures for 1993-94 and 1998-99;<sup>5</sup> a summary measure of Freedom House scores that links assigns each country a democratization measure from the year closest to the trust measure in the WVS; Coppedge's (1991) indicator of polyarchy; measures of democratization reported in Bollen (1991); Gurr, Jagers, and Moore (1991); Vanhanen (1997), and updated scores for the Gurr measure from LaPorta et al. (1997). The measures of trust are the most recent available figures from the World Values Study for 63 countries over the course of the three waves of the WVS.<sup>6</sup>

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Table 8-1 about here

The correlations of measures of trust with indicators of democracy are mostly modest, though a few are robust.<sup>7</sup> The message is simple: Democracies don't necessarily go hand in hand with high trust (cf. Inglehart, 1999). You can't increase trust by making a country more democratic. But you can destroy trust by making a country undemocratic. Authoritarian governments that set people against each other, such as the former Communist regimes in Eastern and Central Europe,<sup>8</sup> can make trust hazardous. When people feel compelled to turn on their

**Uslaner, The Moral Foundations of Trust, Chapter 8-10**

friends lest the state turn on them, interpersonal trust may become too risky. In such a world, you really can't be too careful in dealing with people, even if everyone would strongly prefer to treat others as if they were trustworthy. Even with democratic institutions in place, people living in countries with legacies of oppression will neither trust their fellow citizens nor participate in civic life. Instead, they will form close bonds with rather small groups of close associates, as in Banfield's Montegrano, and shut the rest of society off (Krygier, 1997, 56).

Democracies may be trusting or mistrusting. In countries with no legacy of Communist rule, the mean proportion of trusters in highly democratic regimes is .411, compared to .217 in the formerly Communist regimes. (I shall also refer to countries with no legacy of Communist rule as "democracies" for short, fully recognizing that many of these nations have not always respected the rights and freedoms associated with democratic regimes.) Democracies are all over the place in trust, ranging from .03 (Brazil) to .65 (Norway). Formerly Communist regimes also vary in trust, but only from .06 to .34. Half of all democracies have more than 34 percent trusters. The standard deviation for democracies is .151. It is less than half that value (.062) for authoritarian states. Democracies make trust possible. They don't necessarily produce it. Totalitarian governments make trust implausible, though not impossible.

Democracies have higher levels of trust because authoritarian states have lower levels of trust. Democratic constitutions provide little guarantee—or even likelihood—of enhancing trust. Yes, they can maintain order better because people believe that law enforcement is fair. And, yes, democratic governments are almost assuredly more popular (and thus more trusted) than dictatorships. But trust in the legal system or in government more generally is not the same as faith in other people. Even in high trusting countries such as Sweden, there is only modest

## Uslaner, The Moral Foundations of Trust, Chapter 8-11

support for the claim that people who have faith in the legal system also trust others (Rothstein, 2000).

There is certainly little evidence that democratization increases trust. The correlation between change in trust in 22 nations from 1981 to the early 1990s (according to the World Values Survey) and variations in Freedom House scores from 1978 to 1988 is effectively zero.<sup>9</sup>

So is a third cheer for democracy misplaced? Maybe not. There is *some* evidence that democracy matters. Across 41 countries the correlation between the number of years of continuous democracy (Inglehart, 1997, 172) and trust is .769. And no set of controls or simultaneous equation estimation makes the linkage go away. One could, of course, agree with Inglehart's (1997, 180-188) reasonable argument that *stable* democracy depends upon a trusting public. Regimes that merely give constitutional protections against state interference don't need an underbelly of civic responsibility (Mueller, 1996, 118). The democratic march to trust is a long and winding road. It takes 46 years of continuous democracy to move a country from well below the mean on trust to above it. Countries with less than 46 years of continuous democracy are no more likely to have trusting citizens than authoritarian states. If institutions matter, their effects are very slow—and difficult to disentangle from other changes occurring in societies.<sup>10</sup>

Nor does there appear to be a special type of institution that builds trust. The only two measures of democracy (apart from the number of years of continuous democracy) that have strong correlations with interpersonal trust are the Vanhanen and Gurr et al. indices. The first is an indicator of political competition (the share of votes of the smallest party) and participation (voting turnout). The second is a mixture of constitutional provisions (restrictions on participation, the extent of executive power, and formal guarantees of civil liberties) and behavior (how

## Uslaner, The Moral Foundations of Trust, Chapter 8-12

executives are recruited and the levels of competition and openness of recruitment). While each of the other measures also have some component of how well constitutional promises are met, they focus more on the structural components of democracy. Yet, how well democratic institutions function depend more on how long a country has been a democracy rather than on how trusting its citizens are.<sup>11</sup>

Democratic institutions, such as they are, do little in the short-to-intermediate term to build trust. The correlations between democratization and social trust in formerly Communist states are minuscule. Some are even negative. Of the eight Eastern bloc countries for which we have measurements on trust in 1990 and 1995-96, only one nation had an increase in faith in others (Latvia, six percent), while seven had decreases, four of which were substantial.<sup>12</sup> The constitutions of Eastern and Central European nations have become increasingly democratic over time.<sup>13</sup> As democratization proceeded apace, trust lagged behind and the correlation between trust and democratization became increasingly (and significantly) negative.<sup>14</sup>

Trust is neither a prerequisite for nor a consequence of democracy. The democratic revolution that swept Eastern and Central Europe a decade ago—and quickly spread through many of the world's remaining autocracies—did not depend upon social trust. Eastern bloc countries with more trusting citizenries did not become democratic sooner than nations whose populations had less faith in others. Formerly Communist countries with higher levels of trust didn't create polities with more political or property rights. There is even a perverse *positive* relationship between trust and corruption in these nations as late as 1998.<sup>15</sup> There is no simple explanation for these results—though it may well be that Marxist regimes that permitted more economic inequality placed less emphasis on ideology and more on the market. Markets depend upon trust.

### Uslaner, The Moral Foundations of Trust, Chapter 8-13

Thus, democracy only effects trust in long-standing democracies. The correlations between levels of democracy and generalized trust are *almost always* higher for countries with no legacy of Communist rule than for all countries (see Table 8-1). The major exception is for the earlier Gurr et al. index where all Communist countries had identical scores at the bottom of the democratization scale. Democratization has no appreciable effect on trust for countries in Eastern and Central European that formerly were authoritarian regimes. In some cases the correlation between trust and democratization is even negative (though never significant).

Yes, many democracies in the sample have experienced authoritarian rule from time to time (and more than from time to time): Ghana, Nigeria, India, Spain, Portugal, Greece, Turkey, Peru, and Bangladesh are notable examples. And many “democracies” in form have not been quite so “free”: South Africa, South Korea, Mexico, Taiwan, and the Dominican Republic (among others) fit this pattern.

Democratization is correlated with trust for countries without a legacy of Communism (see Table 8-1). Yet, even here, the correlations are often modest and largely reflect the differences between countries with long-standing democratic traditions and countries that have not been democratic quite so long. And all of these effects, except for the years of continuous democracy, vanish in multivariate analyses. The long lag between democratization and trust in Inglehart’s continuous democracy measure show how difficult it is, if it can be done at all, to generate new values from a structural changes.

#### Trust Across Cultures

A principal reason why democratization does not lead to greater trust is that generalized faith in others doesn’t move much at all over time. There are powerful correlations for trust over

**Uslaner, The Moral Foundations of Trust, Chapter 8-14**

time, ranging from .834 (1981 to 1995) to .930 (1990 to 1995). In each time period, 90 percent of the countries experienced changes of less than 10 percent. Generalized trust simply doesn't change much over time. And half of the countries that experienced greater a than five percent change from 1990 to 1995 were democratizing nations that *became less trusting*.<sup>16</sup>

Why, then, are some nations more trusting than others? As in the United States, the most important determinant of trust is the level of economic inequality. Cultural factors matter as well, as reflected in a country's dominant religious tradition.

The more equitable the distribution of wealth in a country, the more trusting its people will be. For countries without a legacy of Communism, the simple correlation of generalized trust and the Gini index is -.684 (see Figure 8-1).<sup>17</sup> Economic inequality is strongly related to trust, and this connection does *not* vanish in multivariate tests. It *does* go away in the formerly Communist nations of Eastern and Central Europe (where the correlation falls to -.239).<sup>18</sup> The dynamic of economic inequality and trust clearly works differently in democracies and authoritarian societies.

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Figure 8-1 about here

I estimate two sets of models. The first has fewer cases (22), but it allows me to test the link between trust and optimism. I have argued in Chapter 2, supported by data analysis from surveys (Chapter 4) and over time (Chapter 6), that trust depends upon an upbeat world view. The best cross-national measure of optimism available is the aggregate measure from the WVS on whether people "can count on success in life." Countries with more optimistic populations should also have more trusting citizenries.<sup>19</sup> However, the "count on success" measure is only available for 26 countries without a legacy of communism. To estimate a broader model, I must drop the

## Uslaner, The Moral Foundations of Trust, Chapter 8-15

measure of optimism and focus on other values.

Beyond economic inequality and optimism, I posit a cultural basis for generalized trust. I expect that Protestant societies should be more trusting and Muslim societies less trusting. Inglehart (1999, 92-93) argues that Protestant societies are more trusting because Protestant churches have been more decentralized than Catholic churches. Decentralization meant local control, especially compared to the hierarchical Catholic church. Individual congregants thus could take on more responsibility and power within the Church (Lipset, 1990, ch. 5; Putnam, 1993, 175).<sup>20</sup> The Protestant ethic is an individualistic philosophy, and, as I argued in Chapter 2, generalized trust becomes more important in individualistic cultures (Weber, 1958, 105; Triandis, 1995, 126).

In contrast to my expectation of more trust in societies with large numbers of Protestants, I expect less trust in Muslim societies. There are no societies with even 15 percent Muslims in the smaller data set for the first estimation, so I only include the variable percent Muslim in the second estimation. The Protestant culture is individualistic, the Muslim culture more collectivist.<sup>21</sup> Many Muslims find Western culture threatening and are thus less likely to trust people unlike themselves—especially since Westerners had colonized many Muslim nations and tried to convert Muslims to Christianity. Muslims also see themselves as a community apart: Non-Muslims, according to Islamic law, belong to a “second class” of citizens, who must acknowledge the supremacy of Islam and who stand apart from the majority of Muslims, and thus removed from Muslims’ moral community (Esposito, 1991, 291).

Societies that are most heavily Protestant (Norway, Iceland, Denmark, and Finland) are 28 percent more trusting than the least (Spain, Italy, Belgium). And the country with the most

## Uslaner, The Moral Foundations of Trust, Chapter 8-16

Muslims (Bangladesh) is 16 percent less trusting than nations with no Muslims (distributed throughout Latin America, Asia, and Europe). To be sure, there are few countries with large shares of Muslims in the WVS surveys—and the countries included are hardly representative.<sup>22</sup> Nevertheless, the results below do conform to theoretical expectations; they warrant further investigation as the number of WVS countries expands.

In the first estimation, I *average* the aggregate proportion of trusters in the 1981 and 1990-93 WVS samples in each country, using only countries without a legacy of communism.<sup>23</sup> In the second I use the *most recent* estimate of trust, using either the 1990-93 or the 1995-96 wave. Knack (1999) argues that the causal arrow runs from trust to inequality—rather than from inequality to trust, as I argue. To test this claim, I estimate simultaneous-equation models to see whether trust is both the cause and effect of economic inequality.<sup>24</sup>

The first model for economic inequality includes trust and measures of economic growth, redistribution by the government, and individualism. (Individualistic societies should be more egalitarian.) These variables did not fare so well in the second estimation. Instead, I include the population growth rate, the percent Muslim, and a measure of corruption (the log of the black market currency value). Countries with more Muslims may be less trusting, but they are more egalitarian (cf. Esposito and Voll, 1996, 25).<sup>25</sup> And the final variable in the model indicates that the unofficial economy perpetuates inequality. The key point of this exercise is not to explain income inequality across countries, but rather to determine whether more trust also leads to a more equitable distribution of income—or whether the causal connection goes only from equality to trust. I report the estimations in Tables 8-2 and 8-3.<sup>26</sup>

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## Uslaner, The Moral Foundations of Trust, Chapter 8-17

Tables 8-2 and 8-3 about here

*In both models, economic inequality is a powerful predictor of trust. Yet, trust has no effect on economic inequality. The direction of causality goes only one way.* In the first model, inequality lags behind the percent Protestant as a predictor of trust. But in the second model, with more cases, it is by far the strongest determinant of trust. There is also support for the idea that optimism matters in the first model. There are more trusters in countries where many people expect to achieve success in life. And there are fewer trusters (model II, Table 8-2) in Muslim countries. In countries without a legacy of communism, trust depends upon a mixture of economic inequality, optimism, and culture. The statistical models perform admirably, accounting for between three quarters and 83 percent of the cross-national variation in trust.

Inequality does not depend upon trust. Instead, it reflects some cultural factors--Muslim societies and individualistic cultures are more equal--as well as economic conditions (the growth rate of the economy and the population), government policy (transfers), and corruption. Inequality is more of a cause of trust than a consequence. Yet, governments seem to have the wherewithal to reduce inequality through redistributive spending. And this suggests that by boosting equality, they can at least indirectly increase trust. And this is fortunate, since there is little we can do to change culture. Interpersonal trust has been *rising* in Sweden, from moderately high to very high levels (Rothstein, in press). And economic inequality has been falling.<sup>27</sup> The longer-term cultural variables don't change much over time.

There is evidence that the causal connection that starts with inequality, goes through optimism, and winds up with trust holds cross-nationally. It is not quite as strong as in the United States, which might be expected since optimism may be more ingrained into American culture

## Uslaner, The Moral Foundations of Trust, Chapter 8-18

than it is elsewhere. Cross-nationally, expectations for success do not track levels of inequality across cultures. But they are strongly related to the overall wealth of a society (as measured by the log of the gross national product) and a measure of the “total quality of life” offered by Diener.<sup>28</sup> I present graphs of these two relationships in Figures 8-2 and 8-3. In addition to these measures, expectations of success also vary with the infant mortality rate, how many years of school the average person has had, and life expectancy.<sup>29</sup>

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Figures 8-2 and 8-3 about here

Trust is essentially cultural, but, like culture itself, is shaped by our experiences. Ultimately culture, economics, and politics are all intertwined, so it is well near impossible to establish a simple causal ordering. What does stand out from the results in this chapter is that culture (and likely economics and politics) shapes institutions more than it is (they are) formed by formal structures.

### What Doesn't Matter

Skeptical readers might think that the models for trust may appear to leave out a lot. Inglehart (1999), for example, argues that rich nations are trusting, poor countries more distrustful. Putnam's (1993) logic goes the other way around: Trust brings economic growth and prosperity. We can argue either way around, but there ought to be a connection between trust and wealth. Beyond simple measures of riches, there are several other reasonable correlates of trust: education levels, poverty rates, infant mortality,<sup>30</sup> life expectancy, the fertility rate, ethnic diversity, postmaterial values, media exposure, and civic engagement. Are these factors also associated with trust across democracies?

## Uslaner, The Moral Foundations of Trust, Chapter 8-19

Perhaps the most important possible determinant of trust that I have left out so far is civic engagement. Trust, Putnam (1993, 180) argues, may lead to better government performance, but faith in others rests upon the foundation of an engaged citizenry. To increase trust, we must get people involved in their communities and politics.

Trusting societies *are* participatory societies—though trust is not sufficient to generate participation. More critically, trusting societies have “better” government, as Putnam (1993) argued. Governmental institutions in trusting countries perform better. They are simply more efficient. Corruption is less rampant in trusting societies. And, perhaps most critically, even though trust does not lead to social equality, it is a pathway to policies that can reduce income disparities between the rich and the poor—and, thus, boost trust in turn.

At least in democracies, membership in all organizations and secular groups are correlated with trust. So is turnout in elections. In multivariate analyses, trust is neither the cause nor the effect of civic engagement.<sup>31</sup> Group membership is highest in wealthy individualistic cultures (cf. Triandis *et al.*, 1988), and trust has nothing significant to add beyond these factors.<sup>32</sup> Mueller (1996, 117-118) is certainly correct when he says that “...democracy is at base a fairly simple thing—even a natural one. If people feel something is wrong, they will complain about it...”. You don’t need trust to be willing to petition the government. Indeed, the simple correlation between faith in others and willingness to petition is negative.<sup>33</sup> All you need is something to complain about, a feeling that the authorities are not responsive enough, and no thugs with guns. You don’t need trust.

Another likely source of trust is ethnic homogeneity. Knack and Keefer (1997, 1278-1279) argue that ethnically diverse societies are more likely to develop sharp cleavages—which, in

## Uslaner, The Moral Foundations of Trust, Chapter 8-20

turn, destroys trust. I showed in Chapter 4 that parents who wanted their children to hold values that emphasize the welfare of others are more likely to trust other people. Inglehart (1999) extends this logic: People whose own values are less materialistic (or *postmaterialistic*) should also be more trusting.<sup>34</sup> He finds support for this argument only in the 15 richest nations. Putnam (1995b) tracks changes in trust in the United States to increased viewing of television and a drop in newspaper readership. Newspapers tie us to other people, while television keeps us inside our homes, away from civic engagement. We might also expect that countries that rank high on corruption will also have less trust (LaPorta et al., 1997, 335). If others are untrustworthy, why should I play the fool, a reasonable person might ask? All of these arguments are reasonable and none of them hold. Various measures of income, education, and well-being all fall to insignificance in multivariate analyses.<sup>35</sup>

All of the measures of income and well-being fall to the greater explanatory power of economic inequality. Postmaterialist values are only modestly correlated with trust. All forms of media exposure, including television viewing, are *positively* related to trust. Television viewing supposedly destroys trust (Gerbner et al., 1980; Putnam, 1995b). Yet, in the aggregate analysis, it seems to *increase* trust. But all of these relationships vanish too in multivariate tests.<sup>36</sup>

When I tell people about the connection between trust and inequality and why it explains the high levels of faith in others in Scandinavian countries and in the American states of Minnesota and the Dakotas (cf. Rice and Feldman, 1997), at least one skeptic always points to ethnic homogeneity as an alternative thesis. It is easy to trust other people in a homogenous society. Of course, most people can be trusted. They look and think just like you do. And, yes, the Scandinavian countries *are* more homogenous,<sup>37</sup> but they are more egalitarian and especially more

## Uslaner, The Moral Foundations of Trust, Chapter 8-21

heavily Protestant.<sup>38</sup> Interpersonal trust in Sweden has been *increasing*, not declining (Rothstein, in press), even as the society is becoming *less* demographically homogenous.<sup>39</sup> Overall, ethnic diversity does not shape trust—or, even, indirectly, economic inequality.<sup>40</sup> Scandinavian societies are trusting because they are more equal and more Protestant, not just because they are all blond with blue eyes. A society doesn't need to be predominantly Protestant to be trusting. Even a small share such as 16 percent is enough to boost generalized faith significantly (to 44 percent). Societies with a majority of Protestants also, on average, have majorities of trusters. This analysis resolves the puzzle of why ethnic diversity doesn't seem to matter.

The story so far is reassuringly similar to the one I outlined for American politics. Trust reflects both an optimistic world view *and* the real world circumstances that make optimism rational, a more egalitarian distribution of income. The Gini index in turn is tied to both an individualistic culture and, more critically, public policies that promote economic growth and redistribution of income. And perceptions of the ability to become successful *are* also based upon reality. Such views are not strongly tied to the Gini index, but they are linked with the infant mortality rate and per capita income for countries with no legacy of Communism.<sup>41</sup>

Political culture and economics are thus complementary, rather than alternative explanations. Trust depends upon an optimistic world view and a more egalitarian distribution of income. Its strongest roots are in Protestant cultures, which stress both entrepreneurship and the equality of all parishioner (Lipset, 1990, ch. 5). There is something of an irony in these findings. Protestant denominations have not been notably active in pressing for economic equality, while Catholics have often been at the forefront of movements for economic justice, both in pronouncements from Rome and in movements such as Catholic Workers and liberation theology. Yet the

## Uslaner, The Moral Foundations of Trust, Chapter 8-22

ethic of social egalitarianism among Protestant denominations gave rise to the welfare state in Europe, which led to both wealthier and more equitable societies than we find in Catholic countries (Inglehart, 1997, 95). Individualistic cultures lead to more economic equality and hence to greater interpersonal trust.

### The Cross-National Consequences of Trust

The big payoffs from trust in the United States are ties to people who are different from yourself—through charitable contributions and volunteering—and more cooperation in political life. There are no comparable cross-national data, so I cannot make direct comparisons.<sup>42</sup> But there are three realms where there are clear cross-national effects of trust. Trusting countries have better governments, better economies, and arguably better public policies.

Putnam (1993, 176) is correct when he argues that trust in people leads to better government performance. Trusting countries are less corrupt than countries with many mistrusters. They also have better performing bureaucracies and more “efficient” judicial systems, as well as more people who trust the legal system (cf. LaPorta et al., 1997, 335-336).<sup>43</sup> *In each case, the causal connection goes from trust to better government and not the other way around.*

Trusting societies are less corrupt and have better government performance. Trust has powerful effects on corruption (cf. LaPorta et al., 1997). Theoretically, if you could make Chile as trusting as Denmark, it would also be as clean as this least corrupt country in the world.<sup>44</sup> The effect of trust on corruption is almost one and half times as large as the next most important predictor, the average number of school years completed. We might suspect that corruption has a greater impact on trust than faith in others has on robbing the public purse. But it doesn't. Kleptocracies thrive in low-trust societies. They can't get off the ground when most people trust

## Uslaner, The Moral Foundations of Trust, Chapter 8-23

each other.

Bureaucrats are more responsive—and less likely to keep public policy tied up in red tape (LaPorta et al., 1998)—when social trust is high (cf. LaPorta et al., 1997). And once more, a responsive bureaucracy does not lead citizens to trust each other (or, ironically, in the legislative branch of government either).

Trust also leads to better judicial systems. An efficient judicial system (Mauro, 1995) depends upon an underlying foundation of social trust. And, once again, good judges don't make good citizens. Countries with efficient judicial systems don't become more trusting.<sup>45</sup> The link from trust to judicial efficacy is strong and powerful, whereas the link in the opposite direction is insignificant with an incorrect sign.

More telling is confidence in the legal system, which Rothstein (in press) regards as the key mechanism for translating support for the government into trust in people (see Chapter 2). Yes, there is a link between confidence in the legal system and trust in people. There is a moderate correlation between them for countries without a legacy of communism and a powerful link from trust to approval of the legal system in a simultaneous equation model. Yet the direction of causality seems to go only one way, from trust to faith in the law. The link from confidence in the legal system to trust is insignificant with an incorrect sign. Since people who trust others have deeper commitments to the values underlying the law (see Chapter 7 and Uslaner, 1999b), it is hardly surprising that they have greater faith in the legal system. There is clear evidence that people did not see the legal authorities as brokers of trust in formerly Communist states: The aggregate correlation between confidence in the legal system and generalized trust is moderate and *negative*.<sup>46</sup>

## Uslaner, The Moral Foundations of Trust, Chapter 8-24

A better measure than confidence in the legal system is perceptions that the legal system is fair. While there is no direct measure of public opinion, the Institute for Management Development in Lausanne, Switzerland surveys business executives on their “confidence in the fair administration of justice in society” (published in the Institute’s World Competitiveness Yearbook and reported in Treisman, 1999, 18). The fairness of the justice system has a higher simple correlation with trust than confidence in the legal system. But the story is very much the same: When you have a trusting society, people see the justice system as fair. But an even-handed judicial system will *not* produce trust.<sup>47</sup>

Trusting societies may breed more than confidence in the law. They may also lead to compliance with the law. LaPorta et al. (1997, 335-336) report that countries ranking high on trust also have lower rates of tax evasion. Rates of tax evasion are strongly correlated with trust, even when I include formerly Communist countries. But if the model for tax evasion also includes confidence in the legal system, trust is no longer significant.<sup>48</sup> Since trust is a powerful predictor of confidence in the legal system, there is at least an indirect connection from trust to tax compliance.

Societies with more trusters also have a lower theft rate, especially when we include the formerly Communist countries in the analysis. Here the direction of causality is somewhat more difficult to establish (as in the time series results for the United States). Including the formerly Communist countries in the analysis shows a powerful reciprocal relationship between theft and trust: The more theft, the less trust; the less trust, the more theft. The theft rate is markedly higher in formerly Communist countries,<sup>49</sup> while the share of trusting people is smaller. When I eliminate formerly Communist countries, trusting countries still have fewer thefts, but there is



## Uslaner, The Moral Foundations of Trust, Chapter 8-25

only a weak link from thievery to mistrust. Trust, but not confidence in the legal system or the effectiveness of the judiciary, determines the rate of theft in both democracies and formerly Communist countries. The long arm of the law is thus not sufficient to deter crime. You are better off living in trusting Sweden than in a country with a reputation for swift and sure punishment, Singapore.<sup>50</sup> Trust is hardly a cure-all for crime, however. It is *not* a significant predictor of assaults or homicides, once I control for economic conditions in a country.

Just as democracy does not breed trust, neither does good government (but see Stolle, 1999b for an alternative view). While trust does not make democracy either, it does make democracy work (better).

In more than one way, trust makes democracies rich. The first link is indirect. Because trust reflects sentiments toward people who are different from ourselves, it makes it easier for societies to reach out and deal with other countries. Trusters favor free trade. And trusting societies are more willing to reach out to outsiders: High trust goes hand-in-hand with open economies and fewer restrictions on trade, which in turn leads to greater prosperity (cf. Woolcock, 1998, 158).

Even more critically, trust leads directly to economic prosperity. Trusting countries have greater economic growth—and trust is the *strongest predictor of growth*.<sup>51</sup> A growing economy does not, however, lead to more trust. Once again, the link goes just one way.

Trust depends upon economic equality—and it leads to even more equality. Trusting societies have bigger governments that redistribute wealth from the rich to the poor, spend more on education, and pursue policies that will stimulate economic growth. Thus, while there is no direct connection from trust to economic equality, trusting societies in democratic regimes pursue

**Uslaner, The Moral Foundations of Trust, Chapter 8-26**

programs that indirectly will boost faith in others. Trusting nations spend a more of their total income on governmental programs in general and on education in particular. They also have a larger share of their total population employed by the government. In particular, trusting societies are more likely to devote a higher share of their national wealth to transfer programs that assist the poor. Finally, trusting societies have more open economies, and trade promotes economic growth.<sup>52</sup>

Governments that redistribute income, spend money on education, transfer wealth from rich to poor, have large public sectors, and maintain open economies do *not* generate trust. Trust seems to come first. Well, almost. Economic equality is a strong determinant of trust. And trust leads to policies that create wealth and reduce inequalities.

Here we find what Putnam would call a “virtuous circle.” The equal become more equal. Yet, there is also a vicious circle: Misanthropy and inequality feed on themselves. Yes, you can increase trust indirectly by pursuing policies that reduce economic inequality: Each of the public policies I have considered leads to more economic equality, though the correlations are moderate except for one, for the openness of the economy.<sup>53</sup> And, yes, you can adopt these policies without a trusting citizenry. But a public that is public spirited gives some countries advantages over others in reducing inequality and boosting trust. My consideration of American politics and the findings in this chapter about responsive government also suggests that it is easier to make the hard political decisions when there is trust in the land (cf. Rothstein, 2000).

Trust in people may lead to trust in government. People have confidence in their leaders when government is working well. Their judgements about government performance reflect their evaluations of specific personalities, institutions, and policies. But each of these actors must work

**Uslaner, The Moral Foundations of Trust, Chapter 8-27**

in, and perhaps contribute to, an atmosphere of compromise or confrontation. And political leaders are ultimately responsible and responsive to the public and its hopes and fears. Government cannot produce trust in people. People can provide government officials with the latitude to work on major social problems—and thereby make it easier for government to function more effectively. Yet, a government that works well is not always a popular government. What the government does also matters. A regime that pursues unpopular policies may even become *less* popular if it manages to adopt a big agenda.

Whatever government does, a trusting environment makes it possible for government to act. Mueller (1996, 106) argues that we oversell the benefits of democratic government: “Democracy is...an extremely disorderly muddle in which contending ideas and forces do unkempt, if peaceful, battle and in which ideas often are reduced to slogans, data to distorted fragments, evidence to gestures, and arguments to poses.” Yes, but. If Inglehart (1997, 180-188) is correct, then democracies that are stable and that work well rest upon cultural foundations, especially social trust.

As I have shown in Chapters 4 and 7, trust rests upon egalitarian sentiments and leads to greater tolerance. There is some cross-national evidence for this as well. Countries where many people believe that there is only one true religion have less trusting citizenries. I show the relationship in Figure 8-4 (and the relationship is *not* confined to countries without a legacy of communism). The direction of causality is not clear here—since this question can reflect both acceptance of out-groups (see Chapter 4) and tolerance more generally (see Chapter 7). The relationship is very strong, either as cause or effect. I showed in Chapter 7 that trusters are more supportive of women’s rights in the United States. There is cross-national support for this as

**Uslaner, The Moral Foundations of Trust, Chapter 8-28**

well. The Gallup Millennium survey in 2000 asked a cross-national sample whether they agreed that families will be hurt when women work. Although the sample of countries where I can match the trust question with women's roles is small (15), the impact of trust on support for a woman's right to work is powerful and stable—and even slightly more powerful than the level of women's education.<sup>54</sup> Trust makes democracy work because it reflects a tolerant society.

Democratic structures cannot be dismissed, but overall they are generally less powerful determinants of inequality than trust and usually sink to insignificance in multivariate analyses. In the end, democracy is worth two cheers. Save the third for trust.

**Uslaner, The Moral Foundations of Trust, Chapter 8-29**

Table 8-1  
Correlations Between Measures of Democracy and Generalized Trust

<b>Measure</b>	<b>All countries</b>	<b>Non-Communist</b>	<b>Formerly Communist*</b>
Bollen democracy score	.375 (62)	.530 (29)	.114 (21)
Vanhanen democracy score	.439 (57)	.578 (37)	.139 (19)
Gastil civil liberties score (1988)**	.501 (58)	.617 (40)	-.029 (17)
Gastil political rights score (1988)**	.361 (58)	.369 (40)	-.100 (17)
Gastil composite freedom score (1988)**	.424 (58)	.497 (40)	-.070 (17)
Freedom House composite freedom score (1993-94)**	.377 (65)	.600 (41)	-.188 (18)
Freedom House composite freedom score (1998-99)**	.357 (69)	.639 (41)	-.402 (21)
Freedom House composite freedom score (Year closest to survey)*****	.393 ( 67)	.655 (41)	-.466 (19)
Gurr <u>et al.</u> democratization score (1978)	.604 (50)	.530 (29)	.000 (21)***
Gurr <u>et al.</u> democratization score (1994)*****	.439 (57)	.578 (37)	.130 (19)
Coppedge polyarchy score*	.311 (62)	.328 (40)	-.009 (21)
LaPorta <u>et al.</u> property rights score	.530 (55)	.627 (36)	-.053 (19)

\* China is excluded.

\*\* Scores reflected from original coding.

\*\*\* Scores reflected from original coding; when survey is from 1990, 1988 Freedom House scores used; when survey is from 1995 or 1996, 1993-94 Freedom House scores are used.

\*\*\*\* Correlation is zero because there is no variation in the coding of democratization.

\*\*\*\*\* Source: LaPorta et al. (1998)

**Uslaner, The Moral Foundations of Trust, Chapter 8-30**

Table 8-2

Two-Stage Least Squares Estimation of Trust and Economic Inequality  
for Countries With No Communist Legacy: Model I

	<b>Gini Index Equation Including Trust</b>				<b>Gini Index Equation Excluding Trust</b>			
	Coefficient	Standard Error	t Ratio	Bias	Coefficient	Standard Error	t Ratio	Bias
<i><b>Equation for Trust</b></i>	R <sup>2</sup> = .834 RMSE = .071							
Gini index of inequality	-.005**	.002	-2.251	-.0003				
Count on success in life (WVS)	.195**	.086	1.870	.005				
Percent Protestant	.003****	.001	5.215	.001				
Constant	.152	.179	.847					
<i><b>Equation for Gini index</b></i>	R <sup>2</sup> = .642 RMSE = 6.329				R <sup>2</sup> = .726 RMSE = 5.385			
Trust in people	18.367	17.949	1.023	-.724				
GDP growth rate	-5.184****	1.216	-4.263	-.007	-4.584 ****	.907	-5.057	.083
Individualism score (Hofstede)	-2.196**	1.197	-1.834	-.025	-1.304**	.698	-1.868	-.069
Transfers as % GDP 1974-94	-.465**	.218	-2.131	.007	-.401**	.178	-2.254	.009
Constant	60.511****	5.205	11.625		59.366** **	4.326	13.724	

\*\*\*\* p < .0001 \*\*\* p < .01 \*\* p < .05 \* p < .10

N = 22

**Uslaner, The Moral Foundations of Trust, Chapter 8-31**

Table 8-3

Two-Stage Least Squares Estimation of Trust and Economic Inequality  
for Countries With No Communist Legacy: Model II

	<b>Gini Index Equation Including Trust</b>				<b>Gini Index Equation Excluding Trust</b>			
	Coefficient	Standard Error	t Ratio	Bias	Coefficient	Standard Error	t Ratio	Bias
<i>Equation for Trust</i>	R <sup>2</sup> = .733 RMSE = .084							
Gini index of inequality	-.908** **	.192	-4.735	.004				
Percent Muslim	-.004**	.002	-2.062	-.002				
Percent Protestant	.003****	.001	4.963	.00002				
Constant	.626****	.077	8.125					
<i>Equation for Gini index</i>	R <sup>2</sup> = .619 RMSE = .066				R <sup>2</sup> = .642 RMSE = .063			
Trust in people	.041	.166	.245	.062				
Log black market currency value	.516***	.148	3.491	.103	.490****	.100	4.914	.372
Percent Muslim	-.013****	.003	-4.443	.00003	-.012****	.002	-5.733	.0002
Population growth rate	.072***	.025	2.951	.006	.069***	.020	3.452	-.003
Constant	.271****	.076	3.569		.289****	.020	14.542	

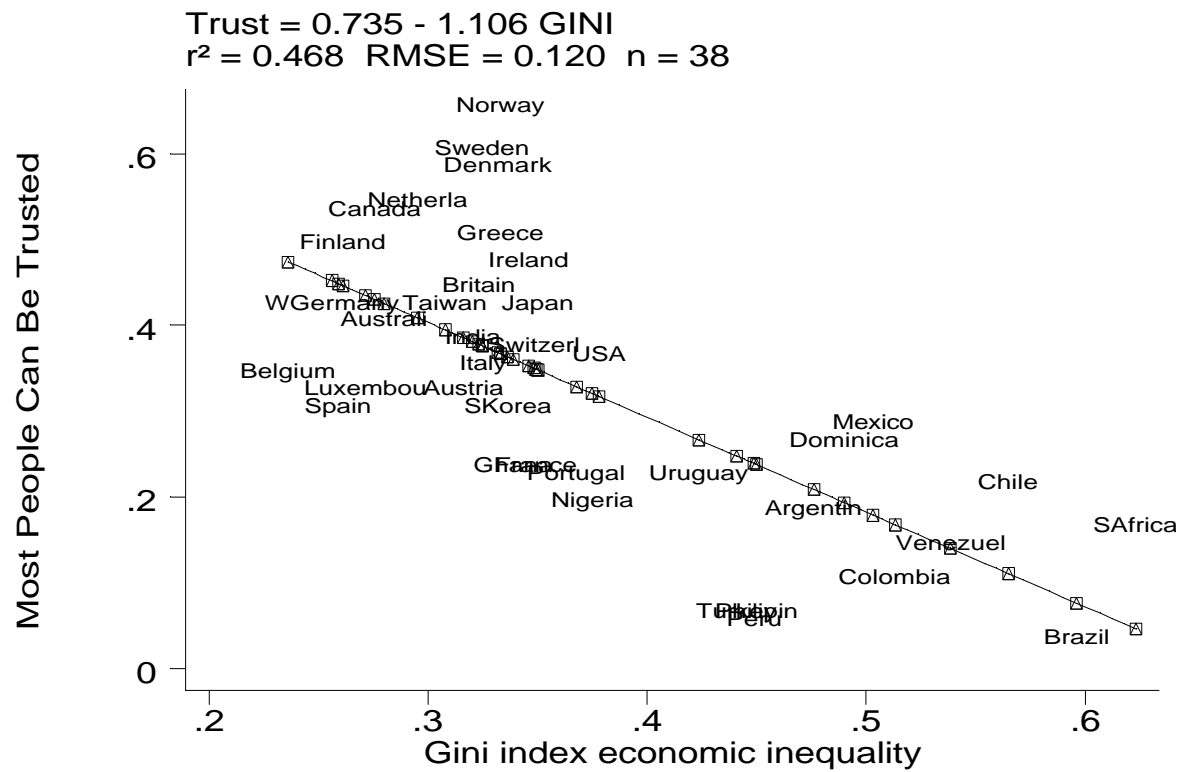
\*\*\*\* p < .0001 \*\*\* p < .01 \*\* p < .05 \* p < .10

N = 33

Uslaner, The Moral Foundations of Trust, Chapter 8-32

Figure 8-1

Trust and Economic Inequality for Countries With out Communist Legacies



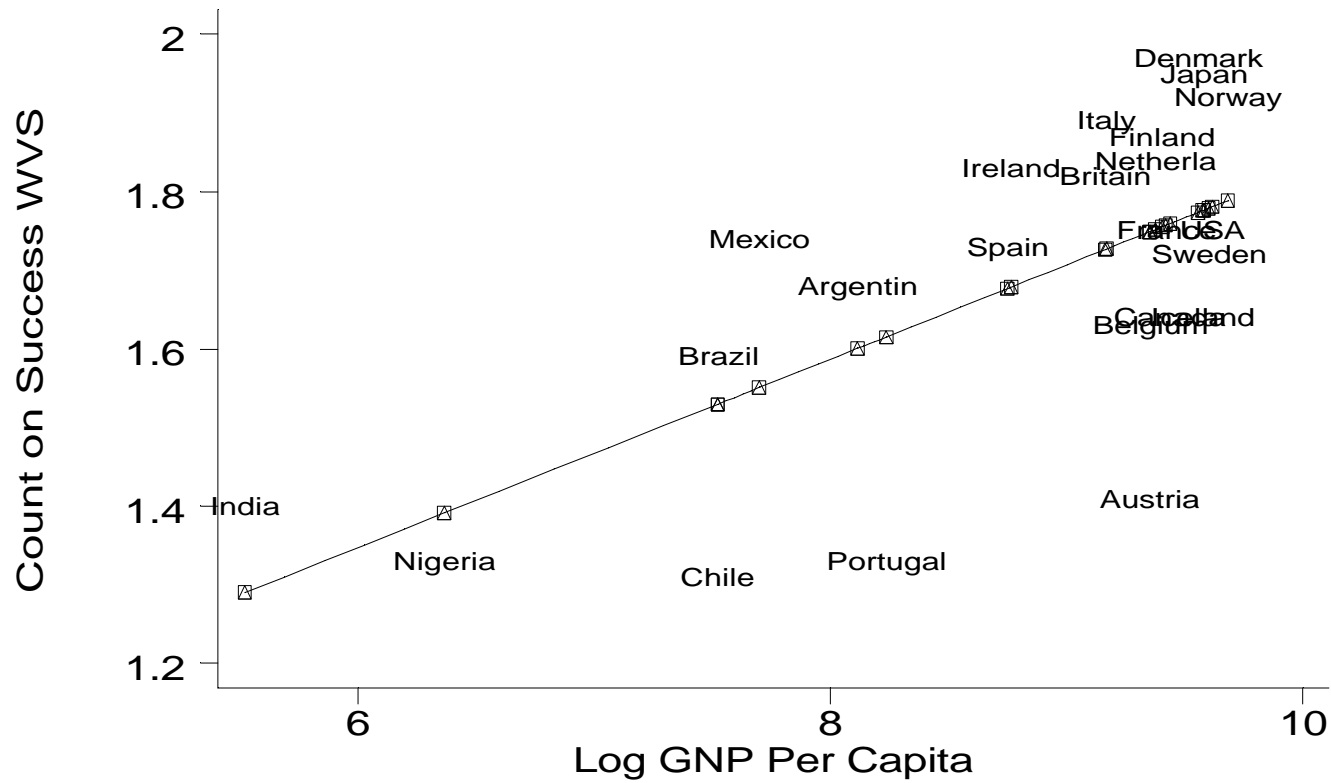


Uslaner, The Moral Foundations of Trust, Chapter 8-33

Figure 8-2

Counting on Success and Log of Gross National Product in Countries With No Communist Legacy

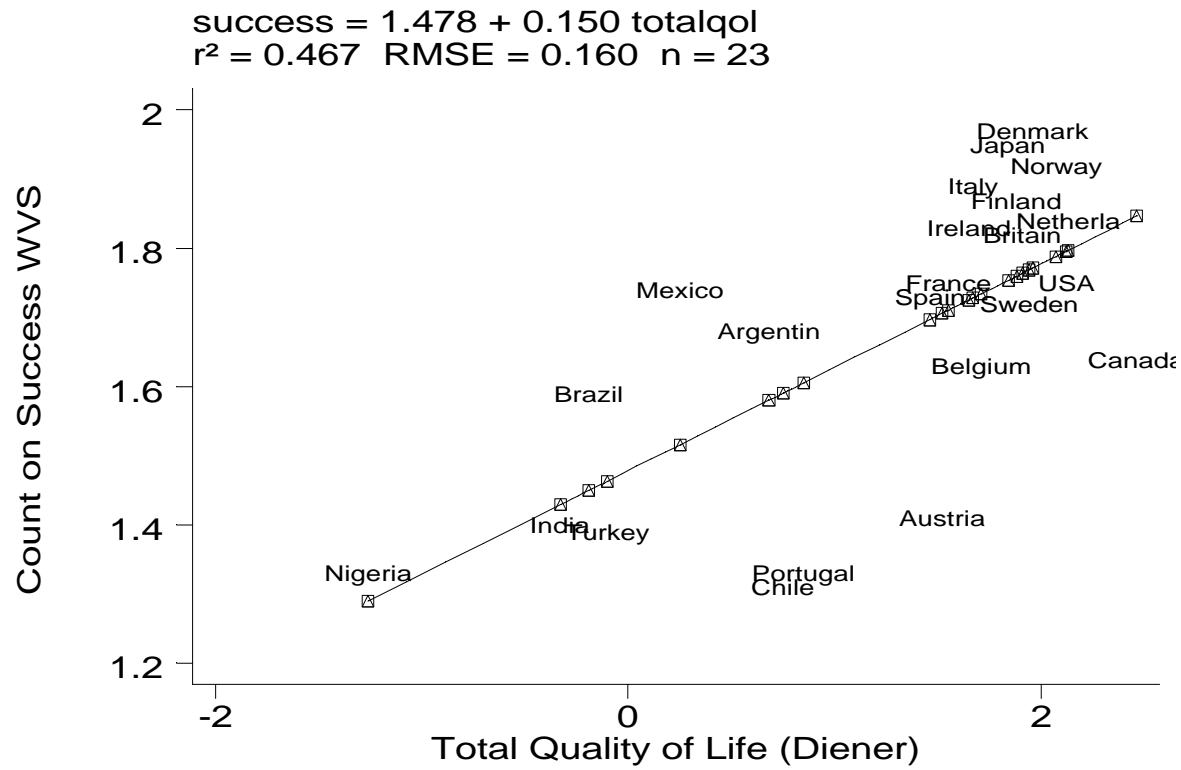
$$\text{success} = 0.628 + 0.120 \log\text{gnp}$$
$$r^2 = 0.436 \quad \text{RMSE} = 0.158 \quad n = 23$$



Uslaner, The Moral Foundations of Trust, Chapter 8-34

Figure 8-3

Counting on Success and Total Quality of Life in Countries With No Communist Legacy

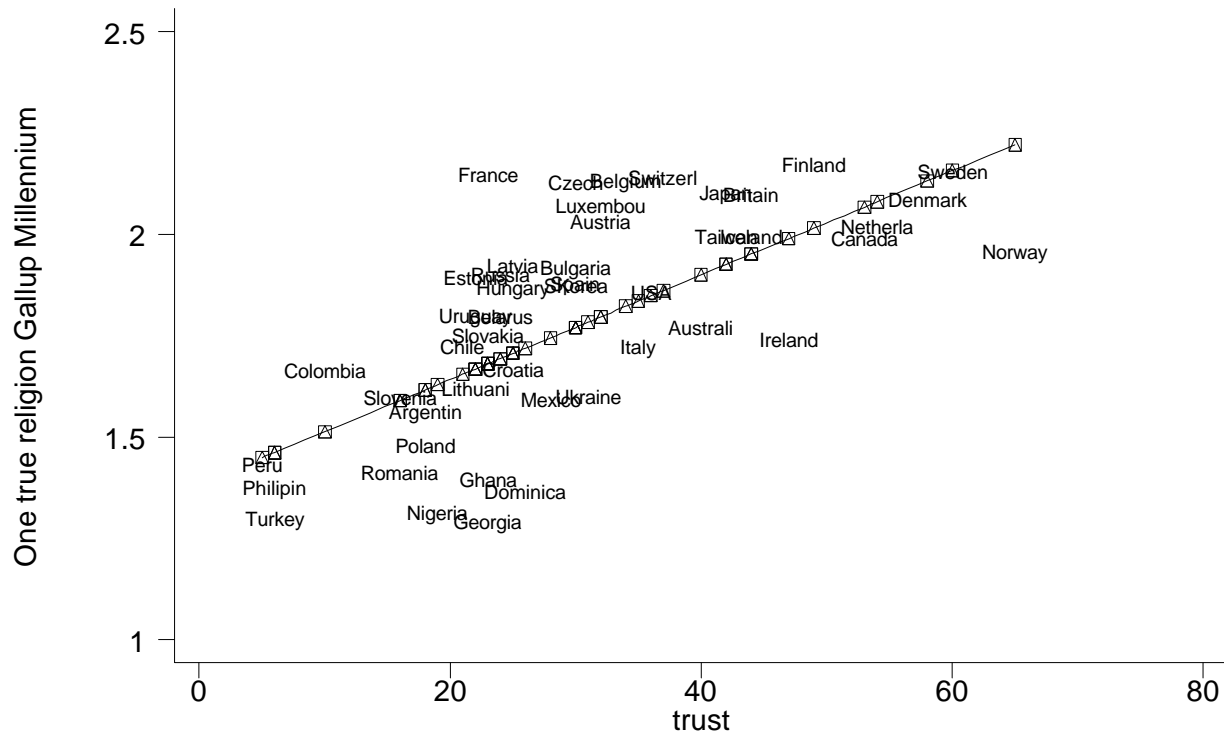


Uslaner, The Moral Foundations of Trust, Chapter 8-35

Figure 8-4

Belief in One True Religion and Trust in People

onetruegm = 1.385 + 0.013 trust  
r<sup>2</sup> = 0.463 RMSE = 0.198 n = 47



Uslaner, The Moral Foundations of Trust, Chapter 8-36

APPENDIX

For the equations below, variables significant at  $p < .10$  are underlined, variables significant at  $p < .05$  are **in bold**, variables significant at  $p < .001$  or better are *in italics*, and insignificant variables are in regular typeface.

**Organizational membership equation**: The other predictors are **whether people say that government rather than individuals are responsible for solving major problems (from the WVS)**; percent Protestant in the population, and a society's overall measure of subjective well-being (Diener, 1995).

**Secular group membership equation**: The other predictors are **a society's individualism score (Triandis)**, **the percentage of people with a secondary education (from Barro and Lee, 1994)**, and whether people say that government rather than individuals are responsible for solving major problems.

**Signing petitions equation**: Other variables are *not wanting neighbors of different races to move into your neighborhood*, from the WVS), low scores on Mauro's (1995) *judicial responsiveness index*, and the summary Freedom House measure of democratization.

**Bureaucratic delay index**: The index is an average of the thrice-annual scores from 1972-1995 of the Business Environmental Risk Intelligence's (BERI) Operation Risk Index. This equation also includes *the share of the public in nonfarm occupations* (Vanhanen, 1997); **the summary Freedom House democratization index; and the LaPorta et al. (1998)**

Uslaner, The Moral Foundations of Trust, Chapter 8-37

**index of property rights protection.**

**Corruption equation:** The equation also includes *the average number of school years citizens have attained* (Barro and Lee, 1994), and the **1998 Freedom House democratization score.**

**Judicial efficiency equation:** Other variables are *the average number of school years* and the **summary Freedom House democratization index.**

**Confidence in legal system equation:** A two-stage least squares estimation with trust also endogenous. The equation for trust also includes the *Gini index of inequality* and the *percentage of a country's population that is Protestant* (see below for an explication of the logic of these predictors). The other predictors in the model for confidence in the legal system are the *1988 Freedom House measure of civil liberties* (Gastil, 1991) and **assassinations in a country per million people per year from 1970-85** (Sachs and Warner, 1997). So countries with higher interpersonal trust, greater civil liberties, and fewer assassinations have more confidence in the law. The impact of civil liberties is the strongest, though the t-ratios for civil liberties and trust are about equal.

**Fairness in the legal system equation:** A two-stage least squares estimation with trust endogenous. The equation for trust also includes the **Gini index of inequality** and **percent Protestant**. The equation for fairness of the justice system includes *trust, how extensive the system of property rights is* (from LaPorta, 1997), and **assassinations in a country**

Uslaner, The Moral Foundations of Trust, Chapter 8-38

per million people per year from 1970-85 (Sachs and Warner, 1997).

**Theft rate equation**: The theft rate in 1990 comes from Daniel Lederman of the World Bank (personal communication, May, 1999). Estimated by two-stage least squares with trust endogenous. The trust equation including formerly Communist states (N =29) includes *theft rate*, **percent Protestant**, the Gini index of inequality, and the percent Muslim. The theft equation includes *trust* and the **Freedom House measure of civil liberties in 1988**. For countries without a legacy of Communism (N = 19), **trust** is significant at  $p < .05$  for theft, and theft is significant at  $p < .10$  for trust.

**Openness of the economy equation**: The measure comes from Barro and Lee (1994). Other predictors include *transfer payments as a percentage of GDP* and *the country's area* (smaller countries have more open economies). The area measure is also reported in Barro and Lee (1994).

**Growth in gross domestic product equation** (see n. 50): Estimated by two-stage least squares, with *the percentage Protestant*, **the Gini index of inequality**, and the growth in GDP rate in the trust equation. In the GDP growth equation are **trust**, **the change in years of education for population 15 and over from 1970 to 1990**, and **growth of trade from 1980 to 1990**.

**Percent GDP spent on government equation**: Other variables are *the percentage of the population not living on farms* (Vanhanen, 1997) and **how much the economy relies upon**

Uslaner, The Moral Foundations of Trust, Chapter 8-39

**government rather than the free market** (Barro and Lee, 1994).

**Education spending equation**: Other variables included are the **log of GNP per capita** (LaPorta et al., 1998) and the adult literacy rate (Vanhanen, 1997).

**Percent of population employed in public sector equation**: Other variables in the equation are *the percentage of people not living on farms* and **how much the economy relies upon the government rather than the free market**.

**Transfers and subsidies as a percentage of GDP (average from 1975-1995)** equation: This equation also includes the **log of GNP per capita**, bureaucratic delays, and tax compliance (from the Global Competitiveness Report 1996, as reported in LaPorta et al., 1998).

**Uslaner, The Moral Foundations of Trust, Chapter 8-40**

NOTES

1. The correlation between societal corruption and interpersonal trust across 52 countries is -.613. As in Chapter 2, the data base are the countries that have World Values Survey questions on interpersonal trust in either 1981-82 or 1990-93. For countries with surveys in both years, the figure for trust is the average. I eliminated China, since its trust score is suspiciously high. (The correlation is reflected, since higher scores on the corruption index indicate honesty in government.) Later in the chapter, I shall analyze trust data for countries without a legacy of Communism. I simply note here that the correlation rises to -.749 when I restrict the analysis to these 34 nations. The data on corruption (for 1998) come from the global organization Transparency International and are found on its web site, at <http://www.transparency.de/documents/cpi/index.html>.
2. The correlation between the measures of corruption and tax evasion in the LaPorta et al. (1998) Quality of Government data set are .619.
3. These data come from the eight formerly Communist countries surveyed by the World Study in 1990 and the mid-1990s: Belarus, East Germany, Estonia, Latvia, Lithuania, Poland, Russia, and Slovenia (see n. 5) and the Freedom House freedom scores (see n. 4). The eight formerly Communist countries became five percent *less* trusting, but the average freedom score increased from a “not free” 11 in 1988 to 4.75 in 1998, comparable to India, Chile, the Dominican Republic, the Philippines, and Venezuela.



**Uslaner, The Moral Foundations of Trust, Chapter 8-41**

4. The correlation between trust in people and confidence in the legal system in the World Value Survey is modest ( $\tau\text{-}c = .069$ ,  $\gamma = .122$ ). And the country by country correlations tend to be higher where trust in people is higher.
5. These updated measures were obtained from the web site: <http://www.freedomhouse.org/rankings.pdf>. The Freedom House web site contains scores for both political and civil liberties. They were very highly correlated, so I summed the two (cf. Inglehart, 1997, 357).
6. I am grateful to Ronald Inglehart for providing updated data for the third wave (1995-96) of the World Values Survey, where available. These figures are *not* averages (see below for some analyses that use the mean trusting shares for the first and second waves). The nations and the years for which I have trust data are: Argentina (1996), Armenia (1995)\*, Australia (1995)\*, Austria (1990)\*, Azerbaijan (1995)\*, Bangladesh (1997)\*, Belarus (1996)\*, Belgium (1990), Brazil (1996), Bulgaria (1990)\*, Canada (1990), Chile (1996), China (1995)\*, Colombia (1996), Croatia (1996)\*, Czech Republic (1990)\*, Denmark (1990), Dominican Republic (1996), East Germany (1996)\*, Estonia (1996)\*, Finland (1996), Georgia (1996)\*, Ghana (1995), Greece (1990), Hungary (1990)\*, Iceland (1990), India (1996), Ireland (1990), Italy (1990), Japan (1995), Latvia (1996), Lithuania (1996)\*, Luxembourg (1990), Mexico (1996), Moldova (1996)\*, Montenegro (1996)\*, Northern Ireland (1990), the Netherlands (1990), Nigeria (1995), Norway (1996), Peru

**Uslaner, The Moral Foundations of Trust, Chapter 8-42**

(1996), the Philippines (1996), Poland (1996)\*, Portugal (1990), Romania (1990)\*, Russia (1995)\*, South Africa (1996), South Korea (1996), Serbia (1996), Slovakia (1990)\*, Slovenia (1995)\*, Spain (1996), Sweden (1996), Switzerland (1996), Taiwan (1995), Turkey (1996), the United Kingdom (1990), the United States (1996), the Ukraine (1996)\*, Uruguay (1996), Venezuela (1995), and West Germany (1996).

Countries marked with an asterisk either formerly had Communist governments or are still Communist regimes (China). See the discussion in the text below. I generated some aggregate results directly from the WVS and in other cases used the compendium by Inglehart et al. (1998).

7. The range is from .3 for the Coppedge measure of polyarchy and the Freedom House indicator of political rights in 1988 and the Freedom House measures in 1993-94, 1998-99, and the summary index to .6 for the Gurr measure of democracy in 1978 and the Vanhanen democracy scores. And these differences tell an important tale: There are important differences between countries with democratic traditions and those without such legacies. The Gurr et al. measure places all of the Eastern bloc countries at the lowest end of the democracy scale—which is precisely where they were in 1978, when the index was constructed. Even two decades later, this measure of democratization, with its strong split between democracies and nondemocracies, has a stronger predictive power for interpersonal trust than do more nuanced indicators of civil, political, and property rights. Indeed,

**Uslaner, The Moral Foundations of Trust, Chapter 8-43**

the 1978 Gurr measure of democratization has a higher correlation with interpersonal trust than the 1994 index does. The other good predictor of trust, Vanhanen's (1997, 34-35) democratization score, is a composite of the level of party competition and popular participation in elections—and not of the constitutional structure of a nation.

8. Communist governments still existing elsewhere, as well as other tyrannical regimes fit the pattern as well. However, I omit China from all discussions below. It has a very high (52) percentage of generalized trusters. Inglehart (1999) attributes this to its Confucian culture, comparing it with Taiwan (where 42 percent of people say most people can be trusted) rather than with other countries with legacies of Communist rule. However, I see the Chinese figure as a likely outlier that might reflect the hazards of conducting survey research in a country that Freedom House ranks at the bottom of its rankings on both political and civil liberties.
9. The correlation is modestly *negative* (-.381). Yet, all of the variation seems to come from two countries that had large changes in freedom: Argentina and South Korea, both of which became more democratic and less trusting over the decade. Eliminating these cases drops the correlation to -.076.
10. The correlation is .056,  $N = 22$ ,  $p < .237$ , one-tailed test.
11. The partial correlations of the early Gurr et al. index and the Vanhanen measure of

**Uslaner, The Moral Foundations of Trust, Chapter 8-44**

democratization with trust, controlling for the years of continuous democracy, are  $-.036$  and  $.094$ , respectively. The partials with the years of continue democracy controlling for trust are  $.673$  and  $.616$ .

12. The rise in Latvia was 32 percent. The drops are: Estonia (six percent, 21.4 percent of 1990 base), Lithuania (nine percent, 29 percent of the base), Russia (14 percent, 37 percent of the base), and Poland (17 percent, 49 percent of the base). Belarus, East Germany, and Slovenia each had a drop of one percent (four, four, and six percent of the 1990 bases). The 1996 measure on Hungary was not yet available, but there is a 1981 survey and it has more of the same bad news: Trust fell eight percent from 1981 to 1990, or a third of the base.
13. The mean value on the freedom index ranges from 2 (completely free) to 14 (not at all free) and it moved from 12.167 in 1978 to 11.056 a decade later to 7.222 in 1993-94 and to 6.047 in 1998-99. By 1998-99, 44 percent of the nations of Eastern and Central Europe had scores of three or lower. Just 50 percent of countries with no legacy of Communism had scores of three or less. Belgium, Italy, Japan, Northern Ireland, South Africa, Spain, Uruguay, and the United Kingdom, and the former West Germany each had scores of three, as did the Czech Republic, the former East Germany, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovenia.

**Uslaner, The Moral Foundations of Trust, Chapter 8-45**

14. The correlation is  $-.466$  in 1998-99,  $p < .02$ , one-tailed,  $p < .04$ , two tailed.
15. The correlation is  $.274$ . The measures of political and property rights come from LaPorta et al. (1997). The correlation with corruption is reflected since higher scores on the corruption perceptions index indicate more honesty. The trust measure used is *not* an average, but rather the most recent available figure for social trust. I am grateful to Ronald Inglehart for providing some available data from the third wave of the World Values Survey.
16. Across 22 countries between 1981 and in 1990, the simple correlation is  $.907$ . The 1990-1995 comparison is for 26 countries and the 1981-95 comparison for 12. The democratizing countries that experienced more than 10 percent shifts are Estonia, Latvia, Lithuania, Poland, Russia, and South Africa. Two countries are omitted from this calculation: China (see n.1) and the United States, which had an unusually high percentage of trusters in the WVS compared to other surveys discussed in Chapter 3.
17. The Gini index comes from Deininger and Squire (1996) and the data base available at <http://www.worldbank.org>. I used the Gini index with the best available data in the Deininger-Squire data base and matched the Gini index to the year in which trust was measured for each case.
18. With China included, it turns positive ( $r = .255$ ).

**Uslaner, The Moral Foundations of Trust, Chapter 8-46**

19. Again, this only holds in countries with no legacy of Communism. In those societies, the simple aggregate correlation between trust and success is .646. For countries in Eastern and Central Europe, there is a *negative* correlation between the two measures ( $r = -.177$ ).
  
20. Inglehart (1999) argues that religious identification must be considered a historical cultural influence rather than a contemporary indicator of the depth of faith—since church attendance has fallen in many of the Protestant countries. The correlation between the frequency of church attendance and the share of Protestants in a country is -.242. The measures of percent Protestant (and later percent Muslim) come from LaPorta et al. (1998).
  
21. The correlation between the Protestant share of a nation's population and the Triandis ranking for individualism is .497 for democracies. The correlation with the percentage Muslim is -.472. There are not many Muslim nations in the data base—and the result is largely due to the extreme score on the individualism scale of the only country dominated by Islam in the data base (Bangladesh). Without Bangladesh, the correlation falls to -.198. The correlation between trust and percent Muslim is *not* appreciably reduced when I eliminate Bangladesh. Because of missing data on the Gini index, Bangladesh is not included in the model in Tables 8-2 or 8-3 anyway.

**Uslaner, The Moral Foundations of Trust, Chapter 8-47**

22. There are few public surveys in Muslim nations, perhaps reflecting a distrust of others' motives in seeking to find out what's on people's minds.
  
23. For countries that have only a 1990 measurement, I use that survey. The countries in this analysis are as follows: Argentina, Austria,\* Belgium, Brazil\*, Canada, Chile\*, Denmark, Finland, France, India\*, Ireland, Italy, Japan, Luxembourg\*, Mexico, the Netherlands, Norway, Portugal,\* Spain, Sweden, Turkey\*, the United Kingdom, and the United States. Nations marked with an asterisk only have 1990 surveys available. I constructed Gini indices from the Deininger-Squire data set for all available years from 1981 to 1990, using the most accurate data sources in their data set. For countries that only have 1990 measures of trust, I used the 1990 Gini index (or the year closest to it).
  
24. The method is again two-stage least squares, with bootstrapping (using 1000 samples). The model for economic inequality includes trust, the growth rate in gross domestic product (LaPorta et al., 1998), I use LaPorta et al.'s (1998) measure of transfers as a percentage of gross domestic product from 1974-1994. I also expect that countries with more entrepreneurial political cultures will be *more* equal than collectivist societies. Hofstede (1980) and Triandis (1989) have constructed cross-national measure of individualism versus collectivism. The data for the Triandis individualism scores come from Diener et al. (1995).

**Uslaner, The Moral Foundations of Trust, Chapter 8-48**

25. As Protestantism has stressed individual achievement, Islam has placed greater emphasis on collective goals, especially on one's economic responsibility to the larger community (as reflected in the prohibition on charging interest on loans). So it should not be surprising to find a powerful coefficient on percent Muslim for economic equality. Were the sample of Muslim nations more representative, the results might be even more powerful. Beyond Islam, two other variables shape economic equality. High population growth rates lead to more inequality—the poor getting poorer. The data on population growth rate come from LaPorta et al. (1998). The black market currency value is the premium of a nation's currency on the black market compared to its official rate. The higher the value of the (log) of the black market currency value, the more important the unofficial economy is to a country's well being.
26. The equations in Table 8-5 are rather robust. The bias measures from bootstrapping are quite small. Even the value for trust in people in the equation for the Gini index is modest, given the size (and insignificance) of the unstandardized regression coefficient. The root mean squared error values (RMSE) are all rather small, indicating that each equation has a good fit to the data.
27. According to data in the Deininger-Squire data base.
28. The wealth of a society is measured by the log of its gross national product. The total



**Uslaner, The Moral Foundations of Trust, Chapter 8-49**

quality of life index includes basic physical needs fulfillment, physicians per capita, the suicide rate, the literacy rate, college and university attendance, gross human rights violations, the Gini index, deforestation, major environmental treaties, the homicide rate, the monetary savings rate, purchasing parity power, per capita income, and subjective well being (represented by survey responses to happiness and life satisfaction). See Diener (1995, 113). Counting on success is a three-point scale with higher values indicating greater optimism. The correlations of counting on success with trust are  $-.323$  for 24 democratic countries,  $-.249$  for all 35 countries, with the log of GNP  $.660$  ( $N = 23$ ), and with the quality of life index  $.683$  ( $N = 23$ ).

29. The infant mortality and education rates are both logged and come from LaPorta et al. (1998); the average life expectancy comes from Barro and Lee (1994) and is my averaging of the male and female rates. The correlations with counting on success are  $-.662$  for infant mortality,  $.533$  for education, and  $.563$  for life expectancy.
30. I owe this suggestion to my colleague Ted Robert Gurr.
31. The correlations are  $.625$ ,  $.599$ , and  $.736$ , respectively for group membership, membership in secular organizations, and turnout..
32. The group membership variables and petitioning come from the WVS, while the turnout figures come from Vanhanen (1997, 34-42). These and subsequent analyses in this

**Uslaner, The Moral Foundations of Trust, Chapter 8-50**

chapter are based upon two-stage least squares estimations.

33. The correlation is  $-.389$ . Group membership and electoral turnout don't depend upon trust, but are strongly related to the number of years of continuous democracy. Group membership has an irregular pattern until a country has been democratic for 75 years and then it leaps dramatically. Electoral turnout increases more straightforwardly as the number of years of continue democracy gets larger. Civic engagement grows as people become accustomed to taking part in politics, not because they trust each other. Indeed, willingness to sign petitions points to a dissatisfaction with the political system rather than to the belief that politicians and other citizens are trustworthy and responsive, if they only know what's on your mind.
34. Postmaterial values include putting more emphasis on freedom of speech and having more say on the job (and in government) rather than maintaining order and fighting price rises (Inglehart, 1997, ch. 4).
35. At bivariate levels, most of these variables matter at least in countries with no legacy of Communist rule. Two measures of schooling—the total number of school years from the Barro and Lee (1994) data set and the log of school attainment from 1960 to 1985 from LaPorta et al. (1998)— show correlations about  $.60$  with trust for countries with no Communist legacy. A logged measure of infant mortality (also from LaPorta et al., 1998)

**Uslaner, The Moral Foundations of Trust, Chapter 8-51**

shows an even more powerful simple correlation for the same group of countries ( $r = -.711$ ). The same story holds across a wide variety of measures of income and life quality (Diener, 1995). The measures come from a variety of sources (and web sites): LaPorta et al. (1998); Diener et al. (1995); the World Bank, the United Nations, the Barro-Lee (1994) data set (located at <http://www.nber.org/pub/barro.lee/ZIP/BARLEE.ZIP>); the Easterly-Levine data set from <http://www.worldbank.org/growth/ddeale.htm>; the Johnson, Kaufmann and Zoido-Lobaton data set (1997) from <http://www.worldbank.org>. The log of per capita GNP (averaged from 1970 to 1995, from LaPorta et al., 1998) correlates at .625 with trust for countries with no legacy of Communism; the Diener et al. measures of total quality of life and advanced quality of life correlate at .683 and .732, respectively, with trust. For various measures of economic well-being, the correlations fall to around .45.

36. The measures are newspaper readership per 1,000 population and the number of television and radio receivers per 1,000 population (The Economist, 1990, 126-127). Newspaper readership in democracies is associated with higher faith in others ( $r = .686$ ). But television viewing supposedly destroys trust perversely also increases social trust ( $r = .597$ ), as does listening to the radio ( $r = .548$ ). The correlations for media use all vanish when I control for income and especially education.
37. The Scandinavian countries rank seventh (Denmark), 17<sup>th</sup> (Sweden), 20<sup>th</sup> (Norway), and

**Uslaner, The Moral Foundations of Trust, Chapter 8-52**

- 23<sup>rd</sup> (Finland) among 45 countries on the Easterly-Levine measure of ethnic fractionalization (see n. 25). The mean score for the Scandinavian nations is .067, compared to .220 for other countries with no legacy of Communism (which only reaches significance at  $p < .12$ , one-tailed test).
38. The average Gini index in Scandinavian countries is .383 compared to .313 for other countries with no legacy of Communism ( $p < .10$ ). But the five Scandinavian countries have an average of 88.63 percent Protestants, compared to 18.73 percent in other countries ( $p < .0001$ ).
  39. Bo Rothstein, personal communication.
  40. Data on ethnic diversity come from Ted Gurr's Minorities at Risk Phase I Dataset (Lee, 1993) and the Easterly-Levine (1997) measure of ethnic fractionalization (from LaPorta et al., 1998). The correlations with trust are -.242 and -.108, respectively.
  41. The correlation of trust with the Gini index is -.355. The correlations of logged infant mortality rate and logged GNP per capita (both from LaPorta et al., 1998) are -.696 and .683.
  42. The WVS data on volunteering are not directly comparable to the United States data, particularly the aggregate figures.

**Uslaner, The Moral Foundations of Trust, Chapter 8-53**

43. The data set is described in LaPorta et al. (1997, 1998). Each of the dependent variables except for confidence in the legal system (from the WVS), openness of the economy (Barro-Lee data set), and economic performance (Fedderke and Klitgaard, 1995) in this section come from the LaPorta data set. The independent variables in the economic performance equation also come from Fedderke and Klitgaard (1995).

I found that more trusting societies have higher rates of transfers and subsidies as a percentage of gross domestic product from 1974 to 1994 ( $r = .509$ ,  $N = 40$ ;  $r = .598$ ,  $N = 35$  for democracies). They also devote a greater part of their gross domestic product to government programs ( $r = .630$ ,  $N = 43$ ,  $r = .735$ ,  $N = 36$  for democracies). See Chapter 8 for a more detailed discussion and for multivariate analyses.

44. The corruption index comes from Transparency International and is the 1998 ranking.

45. In countries without a legacy of Communism, the correlation between confidence in the legal system and interpersonal trust in the 1990-91 World Values Survey is .372. With communist countries other than China included, it rises to .406.

46. In countries without a legacy of Communism, the correlation between confidence in the legal system and interpersonal trust in the WVS is .372. For the 13 former Communist countries, the correlation is -.470.

47. The simple correlation with trust (for all countries, including those with a legacy of

**Uslaner, The Moral Foundations of Trust, Chapter 8-54**

Communism) is .712, considerably higher than the correlation of .439 for confidence in the legal system (.439). I am grateful to Daniel Treisman for providing me with the data on this and other variables.

48. The simple correlations are .534 for the 32 countries with no Communist legacy and .569 for 36 countries. The multivariate estimation is a two-stage least squares including models for trust, confidence in the legal system, and tax evasion.
49. Thirteen of the 18 formerly Communist countries have theft rates above the median.
50. Sweden ranked last of 42 countries in the theft rate, compared to Singapore's rank of 27. On assault, Sweden was 37<sup>th</sup> of 38, while Singapore was 14<sup>th</sup>. On homicide, it is better to live in Singapore (ranked 35<sup>th</sup> of 47) compared to Sweden (ranked sixth).
51. The measure is the mean yearly growth in gross domestic product from Fedderke and Klitgaard (1995).
52. All of the dependent variables except openness come from LaPorta et al. (1998). Trust is significant at  $p < .01$  for the share of the population employed in the public sector and at  $p < .05$  in the other equations.
53. The correlations are in the range of .4 to .5, except for the openness of the economy (where the correlation approaches .7).

**Uslaner, The Moral Foundations of Trust, Chapter 8-55**

54. The data on women's rights come from the International Social Survey Programme's 1998 religion survey (which also includes the generalized trust question, although measured differently). The data are available for download at <ftp://unix1.za.uni-koeln.de/za-koeln/uher/relig98/>. Trust, the level of women's education, and a measure of left-right party identification of a nation's electorate are all significant predictors of attitudes toward women's working (other demographic and economic indicators are not significant) at  $p < .01$  or less. When I multiply the regression coefficients by the range of the predictors, the regression effects for trust, women's education levels, and left-right party identification are .708, .689, and .476 (all reflected to indicate support for women's right to work). To ensure that the estimates are reliable, I bootstrapped the estimates—and found support for the stability of all three coefficients. There is also a moderate correlation between a dichotomized measure of trust and support for women's working at the individual level ( $\tau\text{-}c = .143$ ,  $\gamma = .230$ ,  $N = 37,420$ ). Trust was a significant predictor of women's rights (at  $p < .0001$ ) in an individual-level ordered probit that also includes gender, age, education, how often one prays, how active one is in her place of worship, and whether one describes himself as religious, as well as a set of country dummy variables. The question on one true religion comes from the Gallup Millennium Survey. I am grateful to Meril James, Secretary General of Gallup International, for providing these data.