
TRUST AND GOVERNANCE

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EDITORS

VOLUME I IN THE RUSSELL SAGE FOUNDATION SERIES ON TRUST

Russell Sage Foundation • New York

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Library of Congress Cataloging-in-Publication Data

Trust and governance / Valerie Braithwaite and Margaret Levi, eds.
p. cm.

Includes bibliographical references and index.

ISBN 0-87154-134-3

1. Political ethics. 2. Political sociology. 3. Democracy.

I. Braithwaite, V. A. (Valerie A.), 1951- II. Levi, Margaret.

JA79.T78 1998

98-2935

306.2—dc21

CIP

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To Patrick N. Troy

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Introduction

MARGARET LEVI AND VALERIE BRAITHWAITE

ON THE walls of the *Sala della Pace*, Hall of Peace, of Siena's City Hall are some glorious fourteenth-century frescoes illustrating the effects of good and evil government. The first depicts a form of heaven; the other is clearly hell. These are not, however, religious paintings. The character of one's government is neither a consequence of fate nor a reward for a life well led. Rather, the quality of governance reflects the quality of one's leaders and one's laws. Both the people and the rulers of this city of good government appear serene, even happy; they exit and enter their walls without fear; they engage in exchange and cooperative ventures with ease. There is no evidence of either policing or venality, the images that dominate the paintings of evil government. The viewer can only assume that good governance implies a mutual trust between citizens and governors and among the citizens themselves.

It may seem intuitively obvious that good governance requires trust, but is this in fact the case? Is the social trust that occurs among individuals the cause or the effect of good government? If trust is indeed a necessary feature of good government, what kinds of trust are essential? When does good governance depend on strong laws strongly enforced, and when does it depend on trust? Are the two mutually exclusive? Does one drive the other out, or do they reinforce each other? For that matter, is trust even a goal worth seeking? Theorists often write of the healthy mistrust that maintains democracies; checks and balances are a major credo of democratic government.

These are among the questions that shape the essays in this volume. In particular, the authors provide arguments and evidence for several very different perspectives on trust, especially as it relates to

governance. Some of the differences reflect disagreements, but some are more reflections of the range of disciplines represented in the discussion. This book grows out of a workshop and two conferences held at the Research School of Social Sciences (RSSH) of the Australian National University under the combined auspices of the Program on Administration, Compliance and Governability, the Program in Social Theory, and the Reshaping Australian Institutions Project, with some additional support from the Russell Sage Foundation. Another conference, cosponsored by the Russell Sage Foundation and the Department of Political Science, University of Washington, was a further source of papers and comments. The participants in this collaborative book come from the fields of psychology, political science, philosophy, history, sociology, economics, and law. They bring to these papers the particularities—and often peculiarities—of their academic branches as well as their own personal approaches, perspectives, beliefs, and findings.

The book is organized around four questions crucial to an understanding of the relationship between trust and governance. The first concerns the grounds on which someone might trust government. Russell Hardin claims that the logic of rational choice reveals the impossibility of a meaningful account of trust in government since most citizens do not have the information they need to decide to trust. Hardin argues for institutional designs that encapsulate the self-interest of officials and thus safeguard citizens against enticements to malfeasance.

Simon Blackburn does not deny the importance of institutional structures, but he argues that trust is both essential and achievable. Blackburn claims that being trusting and trustworthy are socially valued attributes and that their very desirability motivates trusting and trustworthy behavior.

Valerie Braithwaite pursues the normative argument by demonstrating that the conditions for trusting government and its agents are expressions of shared social values. Braithwaite identifies two sets of trust norms that are brought into play in different institutional contexts, one concerned with the regularity and predictability of action, the other concerned with an awareness of and capacity to act in the interests of the other.

The second question has to do with the evidence for the effects of trustworthy governments on both governance and the economy. Margaret Levi provides an overview of the existing literature, details the institutional arrangements that make government agents trustworthy, and elaborates some of the implications for democracy. Instituting fair procedures and ensuring credible commitments enhance a government's trustworthiness, which in turn contributes to citizen compli-

ance and ethical reciprocity. Levi's model highlights the dynamic nature of trust and reveals the role of democratic institutions in providing corrections when breaches of trust occur.

Martin Daunton provides a historical account of how British politicians extended the extractive capacity of the state by means of rules, regulations, and institutions that assured citizens of the limits on government power. The British government won legitimacy for and compliance with its tax system by means of credible commitments to curtail government spending, bring equity into the tax system, and increase accountability and transparency.

John Scholz presents findings from three studies that demonstrate the limited utility of deterrence for tax compliance and the more significant role of trust and duty heuristics. Scholz offers empirical evidence for his claim that changes to the tax law that favor the taxpayer produce a higher sense of duty than changes that are unfavorable to the taxpayer.

Susan Whiting examines the relationship between trust and economic development in two provinces in China. Whiting uses the notion of encapsulated self-interest to explain why more private investment flourishes in the region with the weaker legacy of public enterprise development. Reliance on private capital for economic development means that local officials are motivated to work through the complexities posed by the political-legal framework of the central government to provide credible commitments to investors seeking security for their enterprises.

The third section of the book focuses more specifically on issues of democratic governance. Geoffrey Brennan explains how consideration of the subjective payoffs of guilt and loss of esteem over and above objective payoffs turns the reliance game into a trust game. Brennan argues that it is rational for us to adopt a trustworthy disposition when our guilt and shame exceed the benefits of defecting and when the other party communicates a judgment of us as trustworthy. Brennan concludes that when officials are elected for their trustworthiness, when expectations of trustworthiness are communicated, and when officials value the esteem in which they are held, rational actor theory offers a plausible account of how representative democracy can produce elected officials who are trustworthy and a citizenry that can trust its officials.

Kent Jennings and William Bianco explore the role that trust actually seems to play in U.S. democratic government. Jennings uses survey data over a thirty-year period to show how trust in the national government has been eroded through a failure to meet performance expectations. In contrast, trust in local and state governments has not suffered. He argues that on the subnational level trust is based less on

criteria of performance than on criteria of linkage—that is, the capacity to convince constituents that government officials care about and represent the concerns of ordinary people. Jennings concludes that loss of confidence in government at the national level has helped popularize the move toward devolution of responsibility for service provision to the local level.

Bianco models the interplay of constituent trust and legislator response with the Evaluation Game and finds that constituent trust and distrust of legislators may play a greater constraining role on representatives than current critics of democratic institutions seem to credit. Bianco shows the importance to legislators of having their constituents believe that they share the constituents' interests. Once beliefs of common interest are established, constituents will trust legislators, regardless of the extent of their own knowledge about particular issues.

The final section turns to the way in which trusting and trustworthiness are mutually reinforcing. Tom Tyler uses the findings from a series of studies to build a model of social as opposed to instrumental trust. Tyler argues that governments that are regarded as trustworthy, procedurally fair, and respectful of citizens generate social trust through establishing a social bond or a shared identity. Citizens derive a sense of pride and respect from their identification with their government. This sense in turn enhances the legitimacy of the authorities as well as a willingness to defer to the authorities.

Examining trust from a republican perspective, Philip Pettit points out that institutional constraints can go only so far to ensure freedom from the domination of others. Pettit argues that in addition to external constraints that institutionalize impersonal trust, a mechanism is required to reinvigorate trustworthiness as a civic virtue. The mechanism Pettit proposes is trust responsiveness, triggering trustworthiness by trusting. For the nonvirtuous reasons of esteem and love of glory, individuals will desire to be seen as trustworthy. Communicating personal trust in another who desires to be thought trustworthy gives that person a powerful incentive to act in a trustworthy way in the republican state where vigilance through impersonal trust is high.

Mark Peel uses case studies of four disadvantaged Australian communities to tell the reverse story of spirals of reciprocal distrust. Peel details the way in which the imposition of control mechanisms of accountability and surveillance by government has communicated lack of confidence in both the competence and integrity of citizens to design community services to meet their needs. Peel describes a citizenry that has disengaged from government and views government assistance with cynicism and distrust.

Finally, John Braithwaite presents a defense of the proposition that

trust is a virtue and is the most important resource available for combating breaches of trust. Braithwaite argues that trust as confidence increases efficiency, while trust as obligation protects against the abuse of power, and that both types of trust are mutually reinforcing. Institutional safeguards against exploitation of this culture of trust are provided by republican circles of guardianship in which each community of dialogue is accountable to each other, with draconian strategies of distrust waiting in the wings for use with rational calculators who persistently breach the trust that has been placed in them.

The chapters in this volume offer a variety of claims for the kind of work that trust can do for governance. Trust may ease coordination among citizens and with government actors, reduce transaction costs, increase the probability of citizen compliance with government demands, and contribute to political support of the government. Most of the authors concur that trust may do these things but disagree over the mechanisms by which trust brings about these desiderata and the extent to which trust is even necessary for their achievement. Underlying the claims of nearly all the authors, however, is the assumption that rules and institutions are necessary to protect citizens from the worst effects of misplaced trust. The best design of those rules and institutions remains a subject of scholarly and political debate.

Chapter 3

Communal and Exchange Trust Norms: Their Value Base and Relevance to Institutional Trust

VALERIE BRAITHWAITE

IN THE PREVIOUS chapters, Russell Hardin and Simon Blackburn have given two different accounts of how people come to trust government. For Hardin, trust is based on knowledge, knowledge that allows good predictions about how one party will respond to the expectations placed on it by another. For Blackburn, such an informational base contributes to trust but is not sufficient; trust comes with a shared understanding that one is relying on the other. Trust in the Blackburn sense transcends information and has its source in the social bond.

The purpose of this chapter is to show that both conceptions of trust not only have theoretical roots in the social sciences but have empirical counterparts within the belief systems of individuals. The criteria that individuals use to arrive at judgments about the trustworthiness of government and its agents align with the notions of trust as knowledge about others and trust as social connectedness to others. From the perspective of citizens, the two types of trust are not mutually exclusive, although they are based on different social values, and they come into play in different institutional settings.

The chapter is organized into four sections. First, different understandings of the social world and collective action are analyzed through the concept of values—specifically, value systems that further the ends of security and harmony. The second section argues that these values shape expectations of others and are linked to the criteria used

to identify others as trustworthy. These criteria, as Kent Jennings shows later in this volume, are used consistently by individuals, and can be regarded as trust norms. Trust norms, along with values, play a role in determining the degree to which citizens trust government and its branches. The third section presents data demonstrating that security values are linked with trust norms based on exchange principles and harmony values with trust norms based on communal principles. It also brings data to bear on the relationship between values, trust norms, and trust in institutions. The importance that individuals place on security values and institutional compliance with exchange trust norms are hypothesized as predictive of trust in security-based institutions. The importance placed on harmony values and the extent to which harmony-based institutions comply with communal trust norms are hypothesized as predictive of the trust they are accorded by citizens. In the final section, I argue that different trust norms can work in a symbiotic relationship in a democratic society, mutually reinforcing each other, with one type counterbalancing the inherent weaknesses of the other.

Values as a Key to Understanding Trust Relations

Trust defines a relationship between actors or groups in which one party adopts the position, expressed either verbally or behaviorally, that the other will pursue a course of action that is considered preferable to alternative courses of action. The alternatives are plausible options that may benefit the holder of trust or harm the giver of trust, yet trust is expected to be honored and often is. Explaining this phenomenon involves a broad range of social science concepts of both an individual and a societal kind. On the individual side are self-interest, motives, needs, and attitudes; on the societal side, cooperation, norms, laws, and institutions.

In general, analyses of trust focus on the tension between individual and collective interests. As important and interesting as such conflicts are, they constitute a relatively small proportion of the socially coordinated activities of daily life. Resolution of much self/collective conflict occurs spontaneously and effortlessly. Socialization ensures that individuals are well practiced in juggling their own needs and the expectations of others, a process that is greatly facilitated by the internalization of shared conceptions of how things should be done. Knowledge of this kind, acquired throughout life, becomes part of the individual's belief system used to interpret future events and guide decision making (Rokeach 1973). Beliefs may be specific and tightly organized, as with a decision heuristic (see Scholz, chapter 6), or com-

plex and multifaceted, as with an ideology (Rose and McAllister 1986), or universal and overarching, as with a value system (Kluckhohn 1951; Rokeach 1973; Schwartz 1992, 1994).

Values are enduring, abstract, and socially shared principles that regulate action (Kluckhohn 1951; Scott 1965; Williams 1968). They incorporate goals toward which individuals and groups should strive, as well as standards for how humans should interact with each other (Rokeach 1973). Value studies show that most people believe that they should be both trusting and reliable in their relationships with others (Braithwaite 1979; Rokeach 1973; Scott 1965). Yet experience tells us that trust can be breached, often with dire consequences. Given that honoring and breaching trust feature so prominently in human consciousness, one might expect to find that individuals hold coherent sets of beliefs about the criteria that should be used to gauge the trustworthiness of the other. Furthermore, such criteria, like the values themselves, are likely to be shared in the community, assuming the status of trust norms and not simply individually tailored trust beliefs.

Belief systems are widely recognized for their interconnectedness; attitudes, values, needs, and interests often show high levels of cognitive consistency with each other (Abelson 1983; Rokeach 1973). Thus, it is unlikely that trust norms exist in isolation from the other beliefs that individuals hold, particularly those representing a person's understanding of the social world and how it operates. Value systems capture such world views and therefore should be linked with the criteria that individuals prefer to use in assessing trustworthiness.

The hypothesized relationship between value systems and trust norms requires that a theoretical distinction be made between these concepts at the outset. A value is defined as an enduring belief that a certain mode of conduct or goal in life is personally and socially preferable to the converse mode of conduct or goal in life across specific objects and situations (Rokeach 1973). For example, honesty would be a value if a person believed this mode of conduct to be personally and socially preferable to dishonesty, regardless of context. Similarly, economic prosperity would be a value if a person believed this goal in life to be personally and socially preferable to poverty, regardless of context. As principles with a personal and social "oughtness" that transcends situations, values differ from the more context-sensitive concepts of attitudes and norms. Attitudes are clusters of beliefs that focus on a particular object or situation and give rise to a favorable or unfavorable response predisposition on the part of the individual. Norms, like attitudes, are more commonly observed within particular contexts but are less individualistic phenomena. Norms represent socially defined and enforced standards of behavior (Deaux and Wrights-

man 1988). Norms need not be conscious beliefs spontaneously articulated by individuals. The current analysis, however, assumes that individuals can recognize trust norms as criteria to which they attach varying levels of importance in assessing trustworthiness.

Values are interconnected and organized into value systems (Braithwaite and Law 1985; Braithwaite and Scott 1991; Rokeach 1973; Schwartz and Bilsky 1987; Scott 1960). In previous work, I have drawn a distinction between security and harmony values (Braithwaite 1982, 1994, 1997, 1998). The security value system brings together personal and social goals and modes of conduct that are considered important for protecting oneself or one's group from oppression by others. At a social level, values such as national economic development, the rule of law, and national greatness are socially sanctioned goals for ensuring the safety of one's group and individuals within it. At a personal level, security values include having social recognition, economic prosperity, authority, and competitiveness. These goals and modes of conduct ensure that one is well positioned to protect one's interests and further them within the existing social order (see appendix to this chapter for sample items).

In contrast, the harmony value system brings together social and personal values with goals of furthering peaceful coexistence through a social order that shares resources, communicates mutual respect, and cooperates to allow individuals to develop their potential to the full. Harmony values for society include a good life for others, rule by the people, international cooperation, a world at peace, human dignity, greater economic equality, and the preservation of the natural environment. Harmony values for the individual include self-insight, inner harmony, the pursuit of knowledge, self-respect, and wisdom, as well as being tolerant, generous, forgiving, helpful, and loving (see appendix to this chapter for sample items).

The security and harmony systems are stable, enduring, and valued at some level by the vast majority of the population (Blamey and Braithwaite 1997a; Braithwaite and Blamey forthcoming). In spite of very high levels of acceptance of these values in the community, individuals differ in the way in which they prioritize them (Braithwaite 1994, 1997, 1998). They are useful, therefore, for explaining how individuals see their obligations to the collectivity (Blamey and Braithwaite 1997b; Dryzek and Braithwaite 1997). Of particular interest are those who rate security and harmony values equally as either high in importance (*dualists*) or low in importance (*moral relativists*). Compared with dualists, moral relativists are less engaged with the political system, more cynical about those with power, more likely to take context into account in their decision making, and more self-interested. Those whose security and harmony values are in a state of

imbalance have familiar profiles reflecting the typical conservative and the typical progressive. The security-oriented (high security, low harmony) support the political right, deregulation, tougher law enforcement, and the death penalty; they are opposed to political protests, welfare, high taxes, and programs to assist women and minority groups. The harmony-oriented (high harmony, low security) support the political left, political activism, wealth redistribution, the protection of wilderness areas, and affirmative-action programs; they oppose increases in police power and stiffer sentencing practices (Blamey and Braithwaite 1997a, 1997b; Braithwaite 1982, 1994, 1997, 1998; Heaven 1990, 1991; Thannhauser and Caird 1990).

The value orientations of harmony and security bear a theoretical resemblance to other two-dimensional value models that have appeared in the social science literature. William Scott (1960) distinguished competitive and cooperative goals and modes of engagement; Seymour Lipset (1963) identified achievement and equality as core American values; Milton Rokeach (1973) argued for a modified version comprising freedom and equality; Irwin Katz and R. Glen Hass (1988) elaborated on these themes with the value orientations of individualism and communalism; Kenneth Rasinski (1987) contrasted principles of justice in terms of proportionality and egalitarianism; Ronald Inglehart (1971, 1977) coined the terms *materialism* and *post-materialism*; Pitirim Sorokin (1962) postulated sensate and ideational cultural mentalities; Max Weber (1946) contrasted the ethic of ultimate ends with the ethic of responsibility; and Erich Fromm (1949) theorized about the individual's engagement with society in terms of the authoritarian conscience and humanistic conscience. All described their two value systems in terms of distinctive dimensions that are not necessarily conflictual, oftentimes existing side by side.

Despite differences in emphasis and the breadth of territory covered, commonality can be found across these models in the principles being articulated. One ethical system legitimates competition for resources of a material and social kind, expresses reservations about the capacity of humans to restrain their antisocial impulses, and advocates reliance on authority and externally imposed rules to establish order. Those for whom security values dominate can be expected to see societal relationships in terms of winning and losing and a need for enforceable rules to ensure that the competitive game does not lead to social destruction.

The second ethical system represents the humanistic expression of integrity, placing supreme importance on finding inner harmony and harmony with the external world and on having knowledge and understanding of one's moral principles, the strength of character to act on these principles, and the realization of human potential in relation

to others as well as to the self. Those for whom harmony values dominate can be expected to see relationships in less adversarial terms than do the security-oriented. For the harmony-oriented, what is at stake is not finite external resources for which one must compete but rather inner experience and feelings of spiritual well-being achieved through personal integrity.

Four Theoretical Perspectives on Trust Norms

The key to linking value systems and trust norms lies in the way in which "the other" is construed. By definition, the construction of the other is central to both the concept of trust and that of values. From the perspective of security values, the other is a competitor. Harm rendered by this competitor can be minimized through rules and laws that structure the other's actions (at the value level) and through the ability to predict the other's actions (at the trust level). Thus, it is hypothesized that those who are predominantly security-oriented will express a greater likelihood of trusting when they are in a position to know the other's competence, commitments, track record, and competing interests. For the security-oriented, knowledge increases predictability and minimizes risk, making trust possible.

For those who favor harmony values, the relationship between self and other is not conflictual but mutually reinforcing. Rewards are internal and spiritual and therefore not dependent on the external resources for which individuals must compete. Furthermore, the other is seen as an equal, worthy of the respect and opportunities one wishes for oneself. Harmony is sought through sharing resources and understanding and accommodating the needs of others. From the perspective of the harmony-oriented, giving the gift of trust (Pettit 1995) is part of establishing social connectedness and reinforcing shared identities, and trustworthiness is built through respecting others, sharing resources, and meeting others' needs.

Thus the two value systems point to different bases for inferring trustworthiness; the former emphasizes information about likely outcomes and constraints, while the latter relies on social connectedness. This distinction has parallels in other literatures, most notably typologies of trust, theories of social cooperation, and justice norms.

The multidimensional nature of trust is widely recognized and variously represented (Barber 1983; Butler 1991; Cummings and Bromiley 1996; Deutsch 1973; Lewicki and Bunker 1996; Mishra 1996; Shapiro, Sheppard, and Cheraskin 1992; Sheppard and Tuchinsky 1996; Sitkin and Roth 1993; Tyler and Degoey 1996). Three recurring themes can be extracted from the typologies proposed. The first in-

involves inferences of trustworthiness from openness, concern, not taking advantage of others, identification, value congruence, and respect for others. These behaviors reveal commonalities between actors and enhance perceptions of similarity. As such, they are consistent with a harmony perspective on trust: Trust is a by-product of shared understandings, goals, and social responsibility. A second theme associates trust with calculation of risk, knowledge, and the capacity to control and predict outcomes to achieve a desired benefit. This basis for trust is consistent with a security-oriented perspective. The third theme is the notion of trust as performance, captured by such concepts as commitment, competence, reliability, meeting obligations, and civic order. Trust based on performance has elements in common with both a harmony orientation (responsibility for others) and a security orientation (consistency of performance), although it might be expected to have stronger connections with security. Security-based trust depends on a detailed knowledge of what might happen and the capacity to constrain and predict outcomes. Performance by another that entails consistency, competence, and reliability is likely to enhance greatly the likelihood of the development of a relationship of trust. In contrast, where trust emanates from a harmony base, performance is not essential to the trust relationship. Good intentions and confirmation of shared goals and understandings are a sufficient basis for trust.

Theories of cooperation can also be divided along the axis of how the other is conceptualized—that is, whether in terms of individual/other exchange (see, for example, Williamson 1993) or in terms of shared social identity (for example, Tyler, Degoey, and Smith 1996). From the exchange perspective, the key explanatory concept is motivational interdependence, the idea that individuals cooperate because they expect such cooperation to result in the satisfaction of individual needs or the achievement of rewarding outcomes at some time in the future. When applied to relationships of trust, exchange theories focus attention on utilities—material, social, or psychic—evaluated and weighed by the actor in deciding whether it is in the actor's interest to give or honor trust. Unlike this perspective, the social-identity perspective does not start from the position of the individual distinct from the social group. In this view, there can be no individual identity without identification with social groups and therefore "acting in terms of self" must incorporate both group and individual behavior (Turner 1987). From this perspective, trust is a by-product of shared social identity. Once the collective "we" and "I" have merged—that is, once an actor has identified with a group because of some perceived salient similarity—trusting others in the group to pursue the group's interest is little different from trusting oneself to do so. Giving and honoring trust is a function of how well actors

have been imbued with norms and values furthering collective interests, how well they see others in the group sharing these same norms and values, and how resistant they are to adopting alternative identities that compete for salience as the social context changes.

The importance of the distinction between exchange- and identity-based trust in explaining deference to authority is illustrated by Tom Tyler in chapter 11 of the present volume. A related example of why these types of trust should be distinguished has been provided by the social psychologist Roderick Kramer (1996), who showed that individuals with different levels of power in an organization use different frames of reference in assessing trustworthiness. Those with power were more likely to adopt a perspective that fits the exchange model of trust, while those without power were more likely to adopt a shared social identity perspective. Kramer's work suggests that naive theories of trust are not idiosyncratic but constitute shared understandings among different subcultures within the society.

A major goal of this chapter is to provide a fuller appreciation of the cultural underpinnings of different expressions of trust. Trust based on knowledge and exchange and trust based on oneness and connectedness are institutionalized in our society. Both types of trust can be expressed as beliefs that are widely shared and prescriptive, so much so that they constitute trust norms that are tied to our major value systems. Furthermore, security- and harmony-based trust norms are brought into play in different institutional settings.

Conceiving of security- and harmony-based trust as two sets of institutionalized norms owes much to the work of the psychologist Margaret Clark and her colleagues (Clark 1984, 1986; Clark and Mills 1979; Clark, Mills, and Powell 1986; Williamson and Clark 1989). They have identified two types of justice norms regulating social relationships among families, friends, and acquaintances: communal norms and exchange norms. Harmony-based trust is consistent with Clark's conception of communal norms, which define relationships in which there are mutual feelings of responsibility for the other's well-being. Benefits are given in response to the other's needs or simply to please the other with no expectation of repayment. Behaviors that reflect special obligations for others include giving help, feeling good about helping and bad about not helping, keeping track of others' needs and allocating resources on this basis, and being sensitive to others' emotions. Security-based trust is compatible with Clark's exchange norms. Exchange norms do not involve feeling a special responsibility for the well-being of another. Benefits are given to repay debts created by benefits previously received or in anticipation of receiving payment in the future. Behaviors that reflect exchange norms include prompt repayment for social benefits, giving and receiving compara-

ble benefits, requesting payment for benefits, and keeping track of individual inputs into joint ventures.

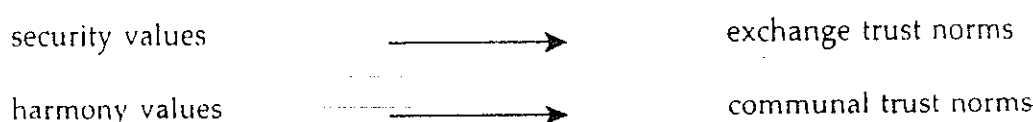
Williamson and Clark (1989) have argued that experimental manipulations of the social context can determine which type of norm is activated but that at the same time, there are individual differences in preferences for one kind of relationship over the other. Some people prefer to operate under principles of exchange, while others favor communal norms.

The work of Clark and her colleagues on justice in personal settings (Clark 1984, 1986; Clark and Mills 1979; Clark, Mills, and Powell 1986; Williamson and Clark, 1989) can be extended to clarify the bases of trust between government and its citizens. In general, exchange norms are based on knowledge of the performance of the other and the benefits the other has delivered reliably and consistently in the past. They allow for security in relationships of trust. For the purposes of understanding trust in government, exchange trust norms can be defined as shared beliefs that government and its branches are trustworthy if they act in ways that are predictable, consistent, orderly, and competent, and if they deliver on promises in a timely fashion. They are hypothesized as the expression of security values geared to safeguarding the individual or group against the exploitation and domination of others. Communal norms in general are based on perceptions of need and feelings of responsibility for others. They promote trust through harmony in social relationships. In relation to citizens and government, communal trust norms are defined as shared beliefs that government and its branches are trustworthy if they act in ways to uncover the needs of citizens, show concern for their well-being, foresee their difficulties, share their aspirations, respect them, and treat them with dignity. They are hypothesized as the expression of harmony values that prescribe service to the other as a social ideal.

The association between exchange trust norms and the security value system, on the one hand, and communal trust norms and the harmony value system on the other are examined empirically in the next section. As figure 3.1 suggests, those more committed to security values are hypothesized to place greater reliance on exchange trust norms to assess trustworthiness. Those who are more strongly predisposed to harmony values are expected to attach more importance to communal trust norms in deciding who should be trusted.

At the same time different sets of trust norms are hypothesized as operating in different domains of governance. For instance, exchange trust norms might be expected to guide judgments of the trustworthiness of tax collectors, in questions about whether they have acted

Figure 3.1 Values and Their Relationship to Trust Norms



Notes: The theoretical model postulates values as causally prior to trust norms. The present study, however, provides only an empirical test of association.

competently, consistently, and reliably as keepers of the public purse. In contrast, when disasters strike communities, citizens may be more likely to look for understanding and concern when deciding whether to trust rescue workers to help them out of their predicament. In a later chapter, Kent Jennings suggests that communal trust norms may be more important locally, exchange trust norms nationally.

It is tempting to infer from the discussion in this chapter that institutions with security objectives rely on exchange trust, while those with harmony objectives rely on communal trust. This need not be the case. When national security is addressed through the raising of an army in time of war, appeals can be made both to communal and to exchange trust. Similarly, in pursuing the harmony objective of a democratically elected government, the outcome is safeguarded through an electoral process that stringently adheres to norms of exchange trust. The congruence between security values and exchange trust and between harmony values and communal trust within the belief systems of citizens is based on "psycho-logic" or the need for cognitive consistency. Such a principle should not be extended from the individual to the institutional level.

Nevertheless, to simplify the research question, this study analyzed institutions where objectives and trust norms are aligned in a way that matches the belief systems of individuals. Security institutions were defined as those that pursue security objectives and that rely on exchange norms to build trust. Harmony institutions, on the other hand, were defined as those that pursue harmony goals and rely on communal norms to win the trust of their constituents.

Four institutions were selected for empirical analysis. The High Court of Australia and Australia's central bank, the Reserve Bank, were judged to be examples of institutions that advance security values at the levels of law and order and economic development and that rely most heavily on exchange trust norms in their relations with citizens. Representing the peak bodies of law and monetary policy, both institutions are remote from citizens. They steadfastly proclaim freedom from interference from either private interests or govern-

ment; justify their operations in terms of precedent and tradition; are judged on outcomes, since processes are hidden from view; and value consistency, experience, and ability in appointees. The behaviors that can be witnessed by citizens are behaviors that fit exchange trust norms rather than communal trust norms.

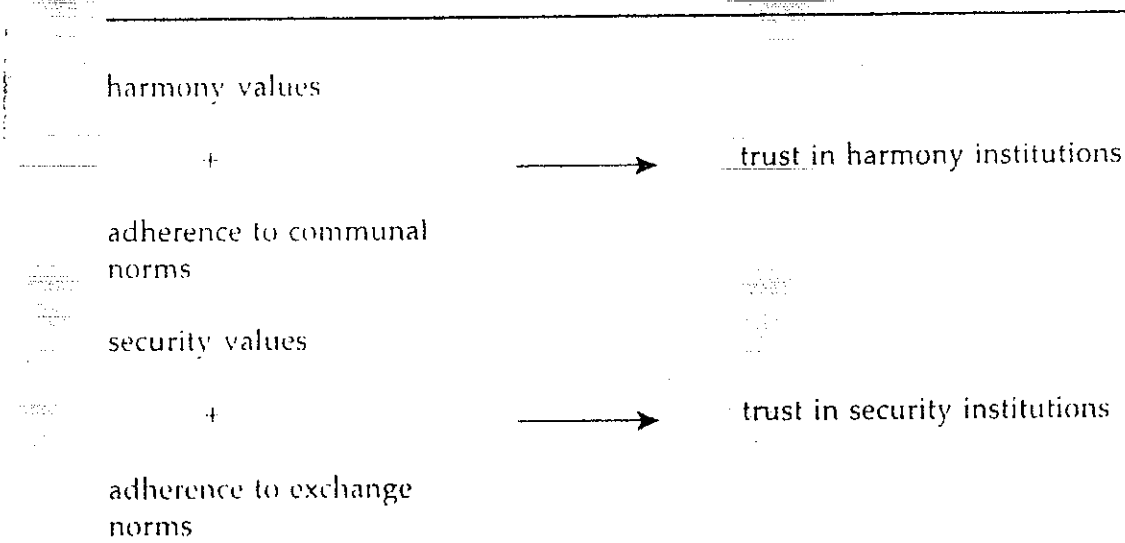
Institutions that contrast with the Reserve Bank and High Court in their advancement of harmony values and advocacy of communal trust are the Family Court and charities. Charities in Australia are increasingly coming under the scrutiny of the Australian government as they take on more of the welfare role of the state (Industry Commission, 1995). The Family Court and charities focus on reconstructing family relations and assisting those in need of support, thereby reversing injustices and reestablishing harmonious relationships. The trademark of both the Family Court and charities is their ability and willingness to understand the difficulties facing individuals, to act responsively to their needs, to avoid blame and punishment where possible, and to provide the support necessary to empower clients to resolve their conflicts and problems through processes of conciliation. These ways of doing business rely for their success on the operation of communal trust norms.

The values that individuals hold and their perceptions of compliance with trust norms by institutions are expected to contribute to how much trust they place in public institutions. These expectations are formalized as hypotheses in figure 3.2. Trust in security institutions should be highest among those who value the institutional mission (that is, who have a high commitment to security values) and perceive the institution as complying with exchange trust norms. Trust in harmony institutions should be highest among those who value the institutional mission (that is, who have a high commitment to harmony values) and who rely on communal trust norms.

These hypotheses are based on the notion of congruence in objectives and expectations between individuals and institutions. Value congruence refers to the degree to which there is a good fit between the interests of the individual and those of the institution. Value congruence is an integral part of an individual's adaptation to any social system (Feather 1972, 1979; Hofstede 1980, 1994) and, more specifically, of trusting relationships (Bianco, this volume; Shapiro, Sheppard, and Cheraskin 1992).

Congruence in trustworthiness norms between institutions and individuals means that institutions provide the feedback necessary for citizens to reaffirm their trust in the institution. A common language of trust must be developed if there is to be meaningful engagement

Figure 3.2 Values and Norm Adherence as Predictors of Institutional Trust



Notes: The theoretical model postulates a causal relationship. The present study, however, provides only an empirical test of association.

across the micro/macro divide. Once institutions and citizens agree on relevant trust norms, citizens can evaluate the extent to which institutions have complied with them. If institutions fail to comply, or if they switch trust norms, the trust relationship is likely to suffer. Institutional signals seeking to establish communal trust will be wasted on a citizenry focusing on exchange trust, and, conversely, institutional expressions of exchange trust will do little to impress when citizens expect signs of communal trust.

An Empirical Analysis of Values, Trust Norms, and Institutional Trust

The Data Base

Questionnaire data from 504 respondents were used to test the hypotheses represented in figures 3.1 and 3.2. The sample was nonrandom, obtained through a snowball strategy whereby undergraduate students recruited family and friends to take part in the study.

Measures

Values The security value system was represented by four scales measuring the value accorded to (a) national strength and order, (b) propriety in dress and manners, (c) social standing and getting ahead, and (d) competence and effectiveness. The harmony value system was

represented by three scales measuring the value accorded to (a) international harmony and equality, (b) personal growth and inner harmony, and (c) a positive orientation to others. These multi-item scales are part of the *Goal, Mode, and Social Values Inventories* (Braithwaite and Law 1985; Braithwaite and Scott 1991). Respondents are asked to rate each item in terms of its importance as a guiding principle in life, using a seven-point scale where 1 = "I reject this," 2 = "I am inclined to reject this," 3 = "I neither reject nor accept this," 4 = "I am inclined to accept this," 5 = "I accept this as important," 6 = "I accept this as very important," 7 = "I accept this as of the utmost importance."

Item responses were summed to produce a scale score for each of the seven scales. To aid interpretation and comparison, total scores were divided by the number of items in the scale, so that the possible range for scale means was 1 to 7. The descriptive statistics for these scales (means, standard deviations, and alpha reliability coefficients) are given in table 3.1. The identification of each value scale as part of the security or harmony system has been established in previous work (Braithwaite 1997). The principal components analysis with varimax rotation reported in table 3.1 confirms the distinctiveness of the security and harmony value scales in the present data set.

Trust Norms Trust norms were represented by thirteen behaviors, and respondents were asked how important each was for bringing about and maintaining trust in society's institutions. Five behaviors represented exchange trust norms of predictability, orderliness, consistency, and sound performance: (a) not taking risks, (b) acting in a predictable fashion, (c) being consistent in decision making, (d) having a track record of getting things done, and (e) showing strong leadership. Eight behaviors represented communal trust norms of respecting, protecting, sharing, and representing the collective identity: (a) treating people with respect, (b) having insight into future problems, (c) having an interest in the lives of ordinary Australians, (d) consulting widely with different groups, (e) keeping citizens fully informed, (f) being accountable for own actions, (g) sharing the goals of the people, and (h) understanding the position of others. Each item was rated on a five-point scale from "not at all important" to "very important."

A principal components analysis with an oblique rotation reduced the data set to two factors, one corresponding to exchange trust, the other to communal trust (see table 3.2). The two factors accounted for 43 percent of the variance in the item set. The factors were correlated positively ($r = .34$). Scales to measure the importance of exchange trust and communal trust were constructed by

Table 3.1 The Security and Harmony Components Underlying the Personal and Social Values Scales

| Value Scales | M (SD) α | Factor 1 Security | Factor 2 Har- mony |
|---|-----------------|----------------------|--------------------------|
| Security values | | | |
| National strength and order | 5.02 (1.07) .80 | .82 | .02 |
| Propriety in dress and man- ners | 4.88 (.96) .83 | .73 | .23 |
| Social standing and getting ahead | 4.15 (1.04) .78 | .78 | .03 |
| Competence and effectiveness | 5.34 (.74) .73 | .74 | .39 |
| Harmony values | | | |
| International harmony and equality | 5.64 (.68) .79 | .07 | .76 |
| Personal growth and inner harmony | 5.71 (.79) .77 | .27 | .74 |
| Positive orientation to others | 5.39 (.84) .78 | .06 | .83 |
| Percentage of variance (before rotation) | | 43.7 | 20.1 |

Notes: This table features means, standard deviations, and alpha reliability coefficients for the personal and social values scales. The factor loadings were derived from a principal components analysis and variant rotation of the personal and social values scales.

summing the responses to relevant items and dividing by the number of items in the scale. With regard to exchange trust, the majority considered these behaviors as important indicators of trust ($M = 3.63$, $SD = .64$), with 80 percent scoring above the midpoint on the "not at all important" to "very important" rating scale. Endorsement rates were even higher for communal trust ($M = 4.37$, $SD = .49$), with 98 percent locating themselves above the midpoint. Thus, exchange trust and communal trust, like values, enjoy a high degree of support within the community, suggesting that they are not individualistic variables but widely shared societal norms. The alpha reliability coefficient for the exchange trust norm scale was .68, and for the communal trust norm scale it was .79. The scales were positively correlated ($r = .48$, $p < .01$), indicating that support for exchange trust norms and support for communal trust norms go hand in hand in society.

Compliance with Trust Norms Respondents were required to indicate whether or not they thought the thirteen behaviors were characteristic

Table 3.2 The Components of Communal and Exchange Trust

| Trust Items | Factor 1 Communal | Factor 2 Exchange |
|--|----------------------|----------------------|
| Exchange trust | | |
| Not taking risks | -.13 (.12) | .73 (.68) |
| Acting in a predictable fashion | .10 (.36) | .75 (.79) |
| Being consistent in decision making | .05 (.30) | .75 (.76) |
| Having a track record of getting things done ^a | .40 (.51) | .32 (.46) |
| Showing strong leadership ^a | .37 (.47) | .29 (.42) |
| Communal trust | | |
| Treating the people with respect | .80 (.74) | -.16 (.12) |
| Having an interest in the lives of ordinary Australians | .73 (.72) | -.03 (.22) |
| Consulting widely with different groups | .69 (.67) | -.05 (.18) |
| Keeping citizens fully informed | .64 (.64) | .00 (.22) |
| Having insight into future problems | .62 (.59) | -.09 (.12) |
| Being accountable for own actions | .53 (.54) | .04 (.22) |
| Sharing the goals of the people | .51 (.54) | .11 (.28) |
| Understanding the position of others | .52 (.58) | .17 (.35) |
| Percentage of variance (before rotation) | 32.2 | 11.1 |

Notes: This table features factor pattern (structure) loadings from principal components analysis and oblimin rotation of the exchange trust and communal trust items. These items were retained as exchange items, in spite of the higher pattern matrix loadings on communal trust, because of their theoretical importance to the exchange concept and because of the structure matrix loadings, which show that both types of trust are present in the item in this data set. To take account of this finding, exchange trust is used as a statistical control in analyses involving communal trust and vice versa.

of each of four institutions: (a) the High Court, (b) the Reserve Bank, (c) charities, and (d) the Family Court (1 = "yes," 0 = "no"). For each institution, responses were summed over relevant behaviors to give a score of perceived compliance with exchange trust norms and perceived compliance with communal trust norms. Total scores were divided by the number of behaviors making up the scale. Mean scores and standard deviations for each institution are presented in table 3.3. The High Court was regarded as showing strongest adherence to exchange trust norms and the Family Court weakest. Charities showed strongest adherence to communal trust norms and the Reserve Bank weakest. The differences between communal and exchange trust norms in adherence by the four institutions were in the expected directions but were not substantial.

Table 3.3 Levels of Compliance with Exchange and Communal Trust Norms in the High Court, the Reserve Bank, the Family Court, and Charities

| Norms | High Court | Reserve Bank | Family Court | Charities |
|----------------|------------|--------------|--------------|-----------|
| Exchange trust | .46 (.32) | .38 (.31) | .36 (.31) | .39 (.31) |
| Communal trust | .32 (.31) | .24 (.26) | .37 (.32) | .56 (.30) |

Notes: This table features means and standard deviations for levels of compliance. Scores can range from 0 (no compliance) to 1 (compliance on all criteria).

Institutional Trust Institutional trust was indexed through single-item measures asking respondents to indicate how much personal trust they were prepared to place in the High Court of Australia, the Reserve Bank, the Family Court, and Australian charities (for example, the St. Vincent de Paul Society and the Smith family). Responses were made on a five-point rating scale from "very little trust" to "a great deal of trust." For each institution, the mean score was above the midpoint ($M = 3.57$, $SD = .96$ for the High Court, $M = 3.12$, $SD = .99$ for the Reserve Bank, $M = 3.12$, $SD = .97$ for the Family Court, $M = 4.09$, $SD = .94$ for charities), suggesting all enjoyed a reasonable degree of trust within the community.

Findings

Values and Trust Norms The hypotheses in figure 3.1 linking the security value system to exchange trust and the harmony value system to communal trust were tested using ordinary least squares (OLS) regression analysis. Placing importance on trust norms was predicted for exchange trust norms in the first analysis and for communal trust norms in the second analysis from the seven value scales and one control variable. The importance placed on communal trust norms was used as a control variable in predicting exchange trust norm preference, and the importance of exchange trust norms was used as a control in predicting communal trust norm preference. This step was taken because of the strong positive correlation between the two trust scales, possibly reflecting the individual difference variable of a generalized willingness to trust (Rotter 1980; Stack 1978). The intention was to use the seven value scales to explain the portion of trust uniquely related to exchange and, similarly, the uniquely communal portion of trust.

Table 3.4 The Prediction of Exchange Trust Norms from Security and Harmony Values Scales

| Controls and Values | <i>r</i> | β |
|------------------------------------|----------|---------|
| Communal trust norms | .48** | .38** |
| National strength and order | .39** | .15** |
| Propriety in dress and manners | .46** | .22** |
| Social standing and getting ahead | .27** | .04 |
| Competence and effectiveness | .38** | .09 |
| International harmony and equality | .22** | .00 |
| Personal growth and inner harmony | .17** | .12* |
| Positive orientation to others | .22** | .01 |
| Adjusted R^2 | | .36** |

Notes: This table features Pearson product-moment correlation coefficients between the values scales and exchange trust norms, and the standardized regression coefficients for the values scales when used to predict exchange trust norms in an ordinary least squares regression analysis. Communal trust norms appear in the regression analysis as a control variable.

* $p < .05$ ** $p < .01$

The results of the OLS regression analysis predicting the importance of exchange trust norms appear in table 3.4. The predictors together accounted for 36 percent of the variance in the outcome variable. The standardized regression coefficients reported in table 3.4 indicate that the major value predictors were the security value scales for national strength and order and propriety in dress and manners. The social standing and getting ahead and competence and effectiveness scales did not have significant beta coefficients because of their strong correlation with the other security value scales (Braithwaite 1997). A significant negative beta coefficient for the personal growth and inner harmony scale from the harmony system showed that those who value the search for self-knowledge, wisdom, personal development, and inner tranquillity are less likely to rely on exchange principles for inferring trust.

The OLS regression analysis demonstrating that communal trust norms are more strongly endorsed by those with harmony values is reported in table 3.5. Together the predictors accounted for 40 percent of the variance in the outcome variable. International harmony and equality, personal growth and inner harmony, and a positive orientation to others had significant and positive standardized regression coefficients in predicting communal trust.

These analyses confirm predictions about the different bases for exchange and communal trust norms. Both flourish in the community

Table 3.5 The Prediction of Communal Trust Norms from Security and Harmony Values Scales

| Controls and Values | <i>r</i> | β |
|------------------------------------|----------|---------|
| Exchange trust norms | .48** | .36** |
| National strength and order | .22** | -.02 |
| Propriety in dress and manners | .29** | .05 |
| Social standing and getting ahead | .13** | -.06 |
| Competence and effectiveness | .30** | .01 |
| International harmony and equality | .47** | .29** |
| Personal growth and inner harmony | .38** | .14** |
| Positive orientation to others | .40** | .11* |
| Adjusted R^2 | | .40** |

Notes: The table features Pearson product-moment correlation coefficients between the values scales and communal trust norms, and the standardized regression coefficients for the values scales when used to predict communal trust norms in an ordinary least squares regression analysis. Exchange trust norms appear in the regression analysis as a control variable.

* $p < .05$ ** $p < .01$

in that the majority of citizens consider them to be important behaviors for inferring the trustworthiness of society's major institutions. At the same time, they are expressions of two different value orientations, both of which are widely endorsed in the society. Exchange trust norms are found to be linked to a constellation of values that reflect concern for security. Exchange trust norms have most appeal to those who view themselves and their groups as engaging in a competitive struggle for social and material resources; who value the standards of propriety that society imposes on individuals to ensure that behavior is regulated and civility is maintained; and who are less preoccupied with the pursuit of inner peace and harmony. Communal trust norms are most enthusiastically endorsed by those who favor harmony-oriented societal goals such as international cooperation, equality, rule by the people, and a good life for others; who pursue inner peace and personal development at an individual level; and who value a positive attitude to others (being loving, understanding, helpful, forgiving). Communal trust norms rest on a philosophy that seeks well-being through harmonious social bonds between self and other.

Values, Compliance with Trust Norms and Institutional Trust OLS regression analyses were used to test the hypotheses in figure 3.2 for each of the four institutions separately. An overall security system

Table 3.6 The Prediction of Trust in the Reserve Bank and the High Court from Value Orientations and Perceived Use of Trust Norms, Using OLS Regression Analysis

| Predictors | Reserve Bank | | High Court | |
|---------------------------------|--------------|---------|------------|---------|
| | <i>r</i> | β | <i>r</i> | β |
| Security value orientation | .10* | .11* | .12** | .09 |
| Harmony value orientation | -.03 | -.08 | .11* | .05 |
| Perceived use of exchange norms | .28** | .26** | .22** | .12* |
| Perceived use of communal norms | .20** | .04 | .23** | .14* |
| Adjusted R^2 | | .09** | | .07** |

Note: The table features Pearson product-moment correlation coefficients and standardized regression coefficients.

* $p < .05$ ** $p < .01$

score was calculated through summing scores on national strength and order, propriety in dress and manners, social standing and getting ahead, and competence and effectiveness. The harmony system score was an aggregate of international harmony and equality, personal growth and inner harmony, and a positive orientation to others. Thus, for each institution, the independent variables were the importance that individuals attached to the two value systems—security and harmony—and the degree to which they believed the institution adhered to exchange and communal trust norms. Institutional trust was the dependent variable. The results are reported in tables 3.6 and 3.7.

In the case of the Reserve Bank, the hypothesis was confirmed, with trust being higher among those who valued security and observed exchange trust norms operating in the institution (see table 3.6). The findings in relation to the High Court, however, differed from expectations in important ways. Trust in the High Court was determined by the degree to which the institution projected an image of compliance with both exchange and communal trust norms (see table 3.6). The importance of communal trust norms above and beyond exchange trust norms is a revealing finding, since the High Court is not an institution that is readily accessible to ordinary Australians. Most interestingly, trust in the High Court was not dependent on an individual's basic value orientation.

The findings for the Family Court and charities, presented in table 3.7, were in keeping with expectations. Trust in these institutions was higher for those who were more strongly oriented to harmony values

Table 3.7 The Prediction of Trust in the Family Court and Charities from Value Orientations and Perceived Use of Trust Norms, Using OLS Regression Analysis

| Predictors | Family Court | | Charities | |
|---------------------------------|--------------|---------|-----------|---------|
| | <i>r</i> | β | <i>r</i> | β |
| Security value orientation | -.02 | -.07 | .04 | .00 |
| Harmony value orientation | .09 | .10* | .17** | .17** |
| Perceived use of exchange norms | .25** | .08 | .19** | .08 |
| Perceived use of communal norms | .33** | .28** | .23** | .17** |
| Adjusted R^2 | | .12** | | .07** |

Notes: The table features Pearson product-moment correlation coefficients and standardized regression coefficients.

* $p < .05$ ** $p < .01$

and who perceived the institutions as abiding by the rules of communal trust.

Summary of Findings and Implications for Governance

This chapter has identified two sets of trust norms that vary in importance across institutions and individuals. Exchange trust norms are built on behaviors that reflect competence, predictability, consistency, and cautious decision making. They are important in predicting trust in institutions such as the High Court and the Reserve Bank, which base their reputations on meeting high performance standards and on procedural correctness, consistency, and predictability. Exchange trust norms are endorsed most strongly as the basis for assessing trustworthiness by those who are strong supporters of security values at both a social and a personal level. Such people endorse competitive values, aspiring to positions of status at a national and a personal level. They believe in the rule of law, and they endorse traditional standards of behavior such as being polite, reliable, prompt, and neat.

Communal trust norms exist comfortably alongside exchange trust norms as a basis for judging trustworthiness. They are influential, however, in different institutional settings. Communal trust norms, with their emphasis on communicating with others, understanding and responding to the needs of others, and treating others with respect are important in predicting trust in the Family Court and charities, institutions that are designed to be flexible and adaptable to meet

the demands of the people they serve. In terms of the individual difference dimension, communal trust norms are more likely to be used by those who are harmony-oriented, believing in such values as equality, rule by the people, wisdom, the pursuit of knowledge, tolerance, and helpfulness.

Any supposed cleavage between harmony- and security-oriented individuals and institutions was disrupted by the findings associated with the High Court, which was postulated as an institution that pursued security values and relied predominantly on exchange norms. Trust in the High Court, however, was related to neither value orientation but to both sets of trust norms. Thus, even institutions that are structured such that they are distant from the people and not directly accountable to them can engender perceptions of adherence to communal trust norms. The High Court, through its decisions and the conduct of its judges, had given the message of a commitment to, an understanding of, and a concern for the well-being of ordinary Australians.

The last and most important finding from these data is that perceptions of adherence to trust norms influence trust regardless of the individual's basic value orientation. Trust can be cultivated, it seems, even by institutions whose agenda does not coincide with that of citizens.

This chapter presents data showing that both communal and exchange trust norms flourish in the community and are relevant to understanding trust in government. How important they are remains unclear from this study alone. The R^2 values are small, suggesting that other factors may shape institutional trust. On the other hand, the trust data are derived from single-item measures, and such items are notorious for large proportions of unexplained variation. These methodological issues will be resolved through further research. In the meantime, the findings signal some important principles for designing institutions that will deliver effective and popular governance in a democratic society.

Both exchange and communal trust norms are important in the community, and social problems are more likely to be created than solved by a failure to recognize the role each may play in any institutional context. To illustrate the risks, a recent government inquiry has focused considerable attention on the efficiency, financial accountability, and management of charitable organizations in Australia (Industry Commission 1995). This inquiry has been endeavoring to build a base for stronger exchange trust norms in this sector in anticipation of the increased involvement of charities in delivering welfare services. In itself, the goal is reasonable, but the wisdom of redesigning charitable institutions in this way needs to be assessed more broadly,

given the findings presented in this chapter. In Australia, charities are dependent for their survival on community trust—the trust of clients who come to seek help and the trust of donors and volunteers who keep services going. The findings reported here show that trust in charities stems from compliance with communal norms. If the increased attention that is given to exchange trust norms undermines the capacity to operate under communal trust norms, the future of charitable institutions may be seriously threatened. They may be efficiently run and well-funded organizations, but they may lose the confidence of the constituencies that they were originally designed to serve and that have traditionally supported them. This story is illustrated later in this volume in Mark Peel's case studies of how disadvantaged communities have resisted or disengaged from government agencies because public officials are seen to operate on exchange trust norms that suit political masters and to fail to respect the communal trust norms that could earn them credibility in the eyes of the disadvantaged groups they are trying to serve.

The importance of looking at questions of institutional design from the perspective of both exchange and communal trust norms is the primary message to emerge from this research. Changing one set of norms without considering the effects on the other can destroy established bases of trust in society. This is not to suggest that exchange and communal trust norms function in a hydraulic relationship; they can flourish simultaneously and, as was evident in the case of the High Court, have an additive effect on levels of trust in institutions.

Clearly, the structures and functions of institutions can lend themselves to the implementation of one set of trust norms more readily than the other. Yet the findings in relation to the High Court demonstrate that structures that are distant, hierarchical, and closed from public scrutiny nevertheless are capable of adhering to trust norms that one might expect were possible only in open, flat, and consultative structures. How this state of affairs has actually come about in the case of the High Court of Australia is beyond the scope of this chapter, although one possibility might be that the historic Mabo decision, giving land rights to Aboriginal communities and reducing the security of land tenure for white interest groups, has played a significant role. At this point, the important finding is that trust in the High Court is not a function of the value congruence of individuals and their institution but rather of compliance with both types of trust norms. The political ramifications of this result provide an interesting basis for future work. Values represent goals, goals that traditionally separate those on the right from those on the left of the political spectrum (Braithwaite 1994). In cases where bipartisan support for an institution is sought, or in cases where neither the right nor the left can

be satisfied, promotion of both exchange and communal trust norms may be useful for building trust.

In addition to finding that different trust norms are influential in different institutions, this study has shown that individuals vary in the degree to which they infer trust on the basis of seeing communal trust norms or exchange trust norms in action. Social actors who seek security, order, and stability prefer to rely on exchange trust norms, while those seeking cooperation and harmony prefer to rely on communal trust norms. This finding reinforces the case for the nurturance of both sets of trust norms in society wherever possible. A high-trust society would best be supported through encouraging the operation of both sets of trust norms. For one to prosper at the expense of the other is to deny one part of the polity the conditions of social life necessary for their engagement with society.

Finally, both exchange and communal trust norms have socially maladaptive faces, creating an institutional design challenge of maximizing the benefits of each while minimizing the risks. Trust based on exchange norms is inherently conservative in that it favors those whose reputations provide capital to trade for being a trust recipient. Exchange trust norms emphasize the importance of knowledge, of being able to predict future actions, of being sure the other will deliver on commitments, and of seeing consistency in the actions of the other. Without information of this kind, there can be little trust. As such, exchange trust works against newcomers or marginalized groups who have not had the opportunity to earn what Geoffrey Brennan and Philip Pettit refer to in this volume as the status that goes with being considered trustworthy. Exchange trust, therefore, might be expected to privilege past leaders who have done their job steadfastly and reliably but not necessarily with the imagination or energy to find new modes of adaptation to meet the challenges of the future. Exchange trust is likely to entrench power in the hands of elites until breaches of trust are discovered by citizens.

When citizens are not well served through trusting those with established track records, communal trust norms provide an avenue for adaptation. A chance can be taken with those who offer innovative ideas, promising an unconventional and untried approach to society's problems. Where little knowledge is available, trust can be placed on the belief that the other understands needs, has insight and commitment to the group, and will not act in a way that will hurt the group. The trust is based on shared identity without a knowledge of the specific actions that the other is likely to take in particular circumstances. Trust based on communal norms can be a gift enjoyed by anyone who captures the identity of the other. As such, communal

trust can undermine elite power cliques who are in a position to protect their reputational capital against assaults by the less powerful. At the same time, communal trust offers no performance guarantees. The factors that lead to the establishment of a shared identity may have nothing to do with the personal qualities necessary for effective leadership. Electing a leader on the basis of shared identity may lead to surprises that seriously jeopardize the stability of government.

Exchange trust and communal trust are dynamic qualities in a well-functioning society, and both need to be strong to check the weaknesses of the other. Democracy is an institution that allows citizens to make judgments not only about political platforms but also about the trustworthiness of leaders and to signal the type of trust that they believe is necessary for good governance at any particular point in a nation's political history. At times, exchange and communal trust are closely tied to each other in leadership contests, but not always. Exchange trust depends on a track record. It follows that those holding office and seeking reelection, be they of the left or of the right, can be judged in terms of their compliance with exchange trust norms: Did they do what they promised? Have they been consistent and sound in their decision making? Have they avoided making mistakes? In contrast, those seeking election for the first time have less of a track record and therefore are less likely to have recourse to exchange trust as a means of establishing trustworthiness. In such situations, communal trust norms provide a useful vehicle for building support. One possible model of the workings of exchange and communal trust in the political sphere is that incumbents need to attend more to their adherence to exchange trust norms, while challengers need to be conscious of building communal trust. Winning elections depends on more than the attractiveness of political platforms (Dalton and Wattenberg 1993). Knowing the type of trust norms relevant in different situations as well as having the capacity to deliver on these expectations may be central dimensions in campaign planning.

Theoretically, this chapter strengthens the argument for a multi-dimensional conceptualization of trust relationships. Communal and exchange trust are seen to have their origins in different psychological processes, to be cultivated through different actions, and to have different consequences for the quality of democratic governance. Their importance varies across individuals and across institutional contexts, but at the same time they are interdependent. In adopting a pluralist perspective on trust, this chapter purposefully avoids entering a debate that pits self-interest and exchange-based theories against procedural fairness and identity-based theories. As proponents of each continue to vie for the theoretical crown of providing the most funda-

mental explanation of human cooperation, this chapter is intended to demonstrate that institutions of democratic governance may be sufficiently complex to accommodate both world views. Debate focused on fundamental processes of human cooperation may be well complemented by theory that delineates the sequencing and interdependencies of exchange and communal trust and that explains when and why citizens expect different norms to operate and when good governance depends on their operation.

Appendix

Table 3A.1 Sample Items from the Goal, Mode and Social Values Inventories

Security: societal

National strength and order

National greatness (being a united, strong, independent, and powerful nation)

National economic development (greater economic progress and prosperity for the nation)

The rule of law (punishing the guilty and protecting the innocent)

National security (protection of the nation from enemies)

Security: personal

Propriety in dress and manners

Politeness (being well-mannered)

Neatness (being tidy)

Promptness (being on time)

Reliability (being dependable)

Social standing and getting ahead

Economic prosperity (being financially well off)

Authority (having power to influence others and control decisions)

Ambition (being eager to do well)

Competitiveness (always trying to do better than others)

Competence and effectiveness

Competence (being capable)

Resourcefulness (being clever at finding ways to achieve a goal)

Self-discipline (being self-controlled)

Logicalness (being rational)

Harmony: societal

International harmony and equality

A good life for others (improving the welfare of all people in need)

Rule by the people (involvement by all citizens in decisions that affect their community)

International cooperation (having all nations working together to help each other)

Table 3A.1 *Continued*

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|--|
| Greater economic equality (lessening the gap between the rich and the poor) |
| Harmony: personal |
| Personal growth and inner harmony |
| The pursuit of knowledge (always trying to find out new things about the world we live in) |
| Wisdom (having a mature understanding of life) |
| Self-knowledge or self-insight (being more aware of what sort of person one is) |
| Inner harmony (feeling free of conflict within oneself) |
| A positive orientation to others |
| Tolerance (accepting others even though they are different) |
| Helpfulness (always ready to assist others) |
| Generosity (sharing what one has with others) |
| Forgiveness (willing to pardon others) |

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Conclusion

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WHEN AND how trust affects actions of citizens and government officials depends on the assumptions that are made about motives, cognitions, and emotions. This volume represents a variety of perspectives on trust, ranging from trust that is rationally grounded to trust that springs from shared identity and emotional connectedness.

In the more rationalist approach, individuals are assumed to be rational, and trust is a form of encapsulated self-interest. For these theorists, trust is responsive to data, to beliefs about the trusted, and to likely outcomes from the trusting relationship. Its sources include familiarity, reliable information, generalizations based on experience with similar actors, on-going interactions, and confidence in the constraints provided by institutions. Russell Hardin, Margaret Levi, Martin Daunton, Susan Whiting, Kent Jennings, and William Bianco all emphasize trust as a phenomenon of this sort. Although these authors differ in the weightings they attach to various kinds of beliefs, norms, and knowledge, they share the view that citizens and government officials will trust each other when there are benefits to each in doing so.

Others in the volume—Simon Blackburn, Valerie Braithwaite, Geoffrey Brennan, Philip Pettit, Tom Tyler, Mark Peel, and John Braithwaite—define trusting and trustworthiness as desirable qualities that may enter into rational calculations but that acquire value outside self-interested discourse. Trusting and trustworthiness are virtues, moral standards, or gifts given and received. Giving, honoring, and betraying trust are linked not only with cognition but also with the emotions of pride, shame, guilt, and anger. Such emotions can disrupt rational calculations. They are not simply additive terms in a

subjective utility model; they are moderating factors, framing the selection of relevant information and affecting the form that the subjective utility model will take.

In spite of differing understandings of human motivation, the contributors agree that the effects of the act of trust are normatively ambiguous. Trust may be good when it leads to socially productive cooperation, but it can equally lead to exploitation of the trusting by the trusted, confirm a person's sense of inability to make good judgments, or produce support for unjust or morally retrograde rulers. We approve when government facilitates the social trust that enables residents to walk their neighborhoods without fear of attack from their neighbors. We tremble when trust among one group of neighbors leads them to act collectively but illiberally and violently against others who reside in their community.

For all the contributors, these two faces of trust pose an institutional design challenge: how to attain the social advantages of trust while avoiding its undesirable effects. The authors nonetheless diverge in their perceptions of the importance of trust to good governance.

Among the rationalists, Hardin is the most skeptical about how essential trust is to the maintenance and performance of government. He argues forcefully that trust is most likely among individuals who have considerable information about each other or about the effectiveness of institutional constraints, information that is unattainable about distant officials. Others offer a somewhat broader definition of the informational requirements of trust and argue that trust is crucial to good governance. It may ease coordination by citizens with each other and with government actors, reduce transaction costs, increase the probability of citizen compliance with government demands, and contribute to political support of the government. Whiting uses Hardin's notion of encapsulated self-interest to show how local Chinese officials can win the trust of private investors and bring economic prosperity to their region. Levi and Daunton develop dynamic models of trust; government builds trust by making credible commitments and showing good faith with the citizenry, and citizens reciprocate by demonstrating willingness to contribute to public goods and comply with law.

Maintaining trust requires work on the part of government officials, and failure to meet performance standards brings an erosion of trust, as Jennings illustrates with survey data tracking loss of confidence in the U.S. government over a thirty-year period. The process of building and retaining trust, however, may not be as labor intensive as the discussion so far implies. Scholz points out how individuals compensate for poor information with a trust heuristic, which fluctuates with the perception of the favorability of tax law, the per-

vasiveness of a sense of civic duty, and the estimate of the compliance of others. Bianco argues that citizens can reduce their calculation costs by relying on stereotypes of officials as those who share common interests with constituents and those who do not. A belief in common interest becomes the heuristic for trust.

In the second conception of trust, individuals are motivated to give and honor trust without deliberation over outcomes. Trust is socially valued as a symbol of social-emotional connectedness. The argument of these contributors is that trustworthiness is generated through the communication to the other that one is trusted. Trust is responsive to the attribution of trustworthiness. For Blackburn and Brennan, the relationship between trusting and trustworthiness is direct. For Pettit, it may be direct for those who are virtuous, or it can be mediated by the desire for esteem and glory, the desire to be thought trustworthy. Tyler posits a more complex explanation of this form of trust. A trust relationship between government and citizens creates a shared social identity that gives citizens both respect and pride in their group. The rewards gleaned through membership in the group lead citizens to defer to the authority of government, even when it acts in ways that are counter to the self-interest of individuals.

Trust of both kinds appears to exist and to have legitimacy among the citizenry. Jennings describes these basic types as performance and linkage trust and notes consistency of usage among American voters over a long period of time. Valerie Braithwaite identifies similar standards in Australia but defines them as exchange and communal trust norms, based on the enduring societal values of security and harmony. Both Jennings and Braithwaite produce data to show that different types of trust relationships exist between citizens and government in different contexts.

By and large, the papers in this volume suggest that rational and communal trust offer comparable benefits—that is, reduced transaction costs, the control of abuse of power, support for government, and compliance. Communal trust theorists, however, especially Tyler, John Braithwaite, Peel, and Valerie Braithwaite, argue for an additional benefit. Trust that entails social-emotional ties creates a collective identity, engages citizens in the community, facilitates cooperation, and engenders a willingness to forgo self-interest.

This particular benefit is a double-edged sword that communal theorists carry and rationalists avoid. Rational trust entails continuous collection and assessment of data to justify trusting. The risks of trust are a function of poor information collection, inappropriate generalization, or the transmission of misinformation. Communal trust involves a willingness to allow oneself to believe, regardless of the perfor-

mance information one has. Bearers of communal trust are particularly vulnerable to those who seek advantage through breaching trust.

What kinds of institutions can be set in place to protect against these vulnerabilities? Levi, Bianco, and Brennan see the institutions of democracy as vital to the enterprise of ensuring the trustworthiness of elected representatives. Making credible commitments by setting performance goals, facilitating transparency, and ensuring accountability to the citizenry have been shown effective by both Levi and Daunton. Whiting demonstrates how certain kinds of markets secured trust between Chinese government officials and private investors, in spite of a legal-political framework that might have concealed common interest.

But do the institutions that support rational trust also support communal trust, or can one undermine the other? Peel raises concerns about imposing performance standards and accountability mechanisms on a community that is suspicious of government. In this case, rational trust offered by the in-group to the out-group magnifies divisions between community and government. Tyler's work suggests that when groups see themselves as in-groups and out-groups, communal trust is likely to be in short supply, leaving rational trust as the most viable means of doing business.

How to turn a culture where rational trust dominates into one that fosters communal trust is the question that drives the empirical work reported by John Braithwaite. He advocates trusting as a moral imperative, fully recognizing the implications for risk that this course of action brings. His response is an elaborate institutional infrastructure to come down hard on those who take advantage of the gift of trust they have been offered. His regulatory pyramid and circles of guardianship are designed not only to detect abuse of trust but also to punish, with sanctions escalating in severity for those who act with persistent disregard for cooperation in the trust game.

Similarly, Pettit and Brennan rely on heavy institutional artillery to reinforce the value of trustworthiness in the community. Communal trust relies on the normative properties trust has acquired through the socialization process. As such, it may be a fragile commodity. Thus, Pettit argues for institutionalized impersonal trust in society, where vigilance and performance requirements are knit into the fabric of daily life. Against this fabric, an individual can distinguish herself by being singled out as a trustworthy person and, in turn, behaving in a trustworthy fashion. Brennan presents a case for rewarding trustworthiness. Those who have demonstrated their trustworthiness should be recognized by being elevated to positions of trust in society. He also raises the concern that trusting and trustworthiness will lose

their currency as symbols of virtue if institutions are too directive in channeling performance in certain directions. Institutions that virtually guarantee performance may constrain choice in such a way as to deny individuals the discretion to be virtuous or not. Without practice and recognition, virtue falters.

To ensure that rational and communal trust do not undermine each other, some contributors such as Blackburn, Brennan, Pettit, and John Braithwaite have favored institutional designs that bring each into play at a different level of social functioning. Trust as gift giving dominates in personal contexts and first encounters, while rational trust operates in impersonal contexts or when the gift of trust is abused. Institutional designs that accommodate communal and rational trust at different levels offer opportunities for achieving three seemingly conflicting objectives: (1) a strengthening of an individual's motivation for trustworthiness, (2) elevation of trustworthiness as a virtue above self-interest, and (3) an overarching regulating infrastructure that identifies and contains risk when trust falters.

The relationship between rational and communal trust is addressed by a number of contributors but is far from resolved. To many of the more rationalist theorists, such a relationship is beside the point. Both Hardin and Levi argue that trustworthiness is a virtue, yet they see no benefit—and much danger—from encouraging trust as a virtue. Fairness, respect, and acceptance of norms are important in the models of Scholz and Levi, but they play informational and institutional roles rather than normative ones. On the other hand, Tyler regards communal trust as more fundamental to stable government than rational trust. John Braithwaite also gives priority to the role of communal trust but regards different kinds of trust as mutually constituting. Valerie Braithwaite shows that where rational trust is strong so is communal trust; she argues that each can serve as a corrective for the weaknesses of the other. Jennings suggests that the two kinds of trust operate at different levels of government.

In spite of the considerable differences among the authors and in spite of the many puzzles and issues still unresolved, this volume has achieved its purposes. It creates the basis for an intellectual exchange and shared agenda among scholars of various disciplines, and it lays the groundwork for a more systematic investigation, both logical and empirical, of the relationship between trust and governance. By making explicit the differences among good scholars looking at similar evidence, we hope we have revealed new insights and arguments concerning the institutionalization of both rational and communal trust and the role both play in good governance.