The State and Social Capital

An Institutional Theory of Generalized Trust

Bo Rothstein and Dietlind Stolle

The Theory of Social Capital

How is social capital generated? A wealth of empirical research shows that social capital is associated with a number of outcomes that for most people are normatively desirable. Among these outcomes are well-performing democratic institutions, personal happiness, optimism and tolerance, economic growth, and democratic stability. However, in this abundance of positive associations between social capital and various social and political outcomes, the sources of social capital often remain undertheorized and empirically unexplored.

Social capital has been defined as generalized trust, access to and membership in various types of networks, and norms of reciprocity. The attitudinal aspects of the concept, such as generalized interpersonal trust, are the most important part of social capital. The reason is that individuals can be members of networks that consist of untrustworthy agents, which play a destructive role for the values listed above. There is thus no logical reason why membership in networks per se should be a desired social value. Attitudes of generalized trust extend beyond the boundaries of face-to-face interaction and incorporate people who are not personally known to each other.

That citizens in some countries, regions, cities, or villages are able to trust each other and thereby solve many of their collective action problems while others are not turns out to be one of the most interesting puzzles in the social sciences. This article addresses this particular issue in more detail and sketches out a theory of the formation of generalized trust that is embedded in the structure and characteristics of political institutions. In fact, many of the effects that social capital has been shown to have on institutions might be caused as much by the effects of institutional differences on social capital. Thus, this article presents a theory in which the causal logic that has been the established wisdom in most studies of social capital is reversed.
The Generation of Social Capital: Society and Institution Centered Models

Studies of social capital are divided on its causes and origins. On the one side are scholars who argue that variations in the amount and type of social capital can be explained primarily by society-centered approaches.9 In this Tocquevillian approach, the capacity of a society to produce social capital among its citizens is determined by its long-term experience of social organization, anchored in historical and cultural experiences that can be traced back over very long periods. The society-centered approach views regular social interaction, preferably through membership in voluntary associations, as the most important mechanism for the generation of social capital. Following the Tocquevillian tradition, formal and informal associations and networks are seen as creators of social capital because of their socializing effects on democratic and cooperative values and norms.

A number of studies carried out in different democratic countries over the last few years has called into question the effect of participation in many voluntary associations directed at benevolent purposes on social trust and the willingness to cooperate outside of the specific group. While it is true that people who are joiners also generally trust others more, this categorization seems to be an effect of self-selection. People who—for some other reason—score high on the social ability to trust and cooperate with others join voluntary associations disproportionately. However, activity in such organizations does not add much in these desired traits, at least not for adults. Members become purely more trusting of their fellow members and they cooperate more for group purposes only.10 Thus, the evidence that associational membership of adults creates social capital that can be used in the wider society simply does not hold.11

A second issue is that, even if the importance of voluntary engagement is accepted, not all associations serve a normatively desirable purpose. In fact, many associations are established to create distrust. Alan Brinkley refers to parochial communities that do not reach out but instead manifest and nurture an inward-looking and segregating culture.12 Sheri Berman has argued that the Nazis in Weimar Germany used existing voluntary associations as vehicles for their Machtübernahme.13 Far from such extreme cases, some voluntary associations may use their power, for example as producer organizations, to extract resources from society in a way that comes close to blackmail, giving undue or disproportional advantages to their members to the detriment of the rest of society.14

The problem of having good and bad associations is readily admitted in social capital research, and promising new analyses distinguish groups according to the degree of contact members have with individuals unlike themselves. This distinction in social interaction has been labeled as bridging (contact with many people who are dissimilar) versus bonding (contact with people like oneself). Bridging interactions are believed to create more desirable outcomes.15 In a similar vein, Warren distinguishes between groups oriented toward status, group identity, and material goods, as well as those focused on
inclusive social, public, or identity goods. However, both theoretical accounts need to be tested empirically. Generally, the struggle to distinguish between the good, the bad, and the ugly in the world of voluntary associations underlines the lack of theoretical parameters that define a micro-theory of social capital. The use of membership in adult voluntary associations as a measurement of social capital should be handled with great caution, and its use as a producer of social capital is in all likelihood misplaced.

As a response to the society-centered approach, the institution-centered accounts of social capital theory claim that for social capital to flourish it needs to be embedded in and linked to the political context as well as formal political and legal institutions. According to this group of scholars, government institutions and policies create, channel, and influence social capital. However, it is noteworthy that the “new institutionalism” and the social capital research agenda have been mostly disconnected.

Two main types of institutional arguments can be distinguished in relation to social capital: an attitudinal and an institutional-structural approach. In the former, scholars examine the relationship between institutional/political trust and generalized trust. For example, Hall indicates that political trust and generalized trust are correlated in Britain. Kaase discusses the consistently positive but weak correlation between the two types of trust in cross-national survey samples. However, interpretations of this correlation vary. Some recognize the correlation between the two types of trust but see generalized trust mostly as a predictor of political trust. For example, Lipset and Schneider claim that in the United States what they call the “personal characteristic of trust in others” might explain developments in public confidence. “A general feeling of confidence in institutions seems to derive from a personal outlook of optimism, satisfaction and trust.” Newton and Norris elaborate this causal flow when they find a strong positive correlation at the aggregate level in the analysis of the World Value Surveys in seventeen trilateral democracies. They interpret their findings as evidence that social capital “can help build effective social and political institutions, which can help governments perform effectively, and this in turn encourages confidence in civic institutions.” Putnam’s argument also follows this logic. It shows that regional governmental performance depends on levels of regional social capital. The problem with these analyses is that it is not clear how the causality operates. For example, using the U.S. General Social Surveys (GSS), Brehm and Rahn found that confidence in institutions has a larger effect on interpersonal trust than the other way around.

There are three main problems with the attitudinal arguments regarding the relationship between institutions and social capital. First, attitudes are not connected to the actual institutional characteristics. It is not known what in the institutional characteristics may generate or destroy generalized trust. Second, since there is a variety of forms of institutional trust that can be identified in the study of advanced industrialized democracies, it is problematic to collapse them all under one label (trust in government). The reason why several studies find weak or no correlations between generalized trust
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and trust/confidence in political institutions is that they focus on political institutions in general without further specification. Third, the mechanism for both causal claims remains unclear. Given Putnam’s logic from generalized trust to institutional performance to confidence in politicians, it is not known how trusting people create better service performance and better, more responsive local politicians.26 Do more trusting citizens contact governmental officials more frequently to pressure them into good performance? Or do local politicians just reflect the culture of trust or distrust that prevails in their local societies? The reverse logic is just as plausible.

The second institutional approach overcomes some of these problems because it centers on the role of the state as a source of social capital generation.27 States, for example, enable the establishment of reliable contracts between citizens because they provide information and monitor legislation about contracts and enforce rights and rules that sanction lawbreakers, protect minorities, and actively support the integration and participation of citizens.28 Certain types of institutions, such as those that deal with lawbreakers, are also emphasized. Still missing is a specification of the causal mechanism between institutional arrangements and generalized trust.

The Role of Political Institutions, but Which Ones?

As stated above, the problem is that many forms of institutional trust and confidence are collapsed under one label as trust in government. No distinction has been made between confidence in the institutions on the representational side of the political system (parties, parliaments, cabinets) and confidence in the institutions on the implementation side of the political system. The theoretical reason why the confidence that people place in these two types of political institutions differ is the following. On the representational side, one of the main roles for political institutions is to be partisan. A political party that holds government power is supposed to try to implement its ideology in a partisan way. Thus, people who support the ideology of the ruling party (or parties) are likely to have confidence in them, while citizens who oppose their ideology are likely to report a lack of confidence. However, it is less likely that this type of partisan trust or distrust should influence one’s generalized trust in other people. There is no plausible causal mechanism linking these two phenomena. A strong correlation is thus usually between political leanings and political trust, but a weak correlation is found between confidence in these types of political institutions and social trust.29 The weak findings of causal relationships between generalized trust and trust in government are mostly due to this failure to distinguish the cause of trust in various kinds of political institutions.

The major source of variations in generalized trust is to be found at the other side of the state machinery, the legal and administrative branches of the state responsible for the implementation of public policies. These branches of government need to be distinguished

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from the influence of representational institutions such as the legislative and the executive for two main reasons. First, while the basis for trusting (or distrusting) the institutions dominated by politicians is partisanship, the reason for trusting civil servants, judges, the police, and social service institutions is their even-handedness and/or impartiality. Second, compared to other political institutions the courts, the police, and the other legal institutions of the state have a special task: to detect and punish people who, in game theory parlance, use opportunistic strategies (treacherous would be a better term). In other words, these political institutions—the order institutions—are in the business of taking care of people who are better not to be trusted. How do the implementation side of the state in general and the order institutions in particular influence generalized trust?

Institutions, Corruption, and Social Capital: The Causal Mechanism

Why would unfair, corrupt, inefficient, and biased practices in the administrative machinery of the state influence people’s propensity to trust others in their society? The causal link is by no means obvious since there are (at least) two possible answers. First, in societies where people can not trust the police or the judicial system, citizens would compensate by increasing their trust-based networks. In this vein, Michael Woolcock writes that “rampant corruption, frustrating bureaucratic delays, suppressed civil liberties, failure to safeguard property rights and uphold the rule of law, force communities back on themselves, demanding that they supply privately and informally what should be delivered publicly and formally.” Della Porta, a leading authority on corruption, claims that in order to make corrupt exchanges one has to trust the others who are involved in corruption.

However, the type of trust that can thrive in such communities would be particularized and not generalized trust. For example, the small, dense niche networks in former East Germany characterized by high levels of in-group trust were so special because they actually were created as a protection against weak ties and other types of broader networks. The high degree of norm conformity within such networks and the resulting trust relations can not be revealed and applied to the outside world.

For attitudes of a generalized nature, such as generalized trust, things work the other way around. A biased, unfair, and corrupt administrative system generally goes hand in hand with low levels of social capital, particularly when measured as generalized trust. Institutions of law and order have one particularly important task, to detect and punish people who break contracts and who therefore should not be trusted. Thus, if citizens think that these order institutions do what they are supposed to do in a fair, reasonably efficient, and unbiased manner, then they also have reason to believe that the chance people will get away with treacherous behavior is relatively small. If so, citizens believe that most people have good reason to refrain from acting in a treacherous manner and...
thus conclude that most people can be trusted. However, it is not just the efficiency with which treacherous behavior is punished that matters for generalized trust, but also the combination of efficiency and fairness of order institutions. Police officers, social service bureaucrats, and judges are both representatives of the people and exhibitors of institutionalized values. In short, their behaviors function as important signals to citizens about the moral standard of the society in which they live. This theory might work asymmetrically, in the sense that over time the building of fair and efficient institutions might yield slower and less visible success than the decline in institutional quality. This asymmetry is expected as generally trust is more easily destroyed than created.

This theory helps to identify some of the important dimensions of state institutions that are closely related to generalized trust. Four different parts of this causal mechanism between institutional characteristics and generalized trust will be developed. First, various levels of institutional efficiency and fairness influence the individual agent’s perception of his/her safety and security. The absence or presence of fear of others will obviously influence the belief that most other people ought or ought not to be trusted. Second, they determine the individual agent’s inference from those who are given the responsibility of guarding the public interest to the rest of society. For example, if those in positions of responsibility can not be trusted, then most other people can surely not be trusted. Third, they shape the observance of the behavior of fellow citizens, as institutional fairness sets the tone. The message of corrupt systems is, for example, that in order to get what one needs in life one must be engaged in various forms of corruption. Hence the individual agent will witness the use of corruption among fellow citizens and will feel obliged to engage in corrupt practices in order to get what he or she deems necessary in life. However, there can be no generalized trust in those individuals who just take advantage of others and the system. Fourth, they cause positive or negative experiences with these institutions when in direct contact with them. Corrupt and unfair institutions, for example, might lead to experiences of discrimination and injustice, which negatively influence generalized trust.

Empirical Illustrations

Data and Methods  This theory will be demonstrated with a variety of data sources and methods. First, it will be explored in a pooled cross-sectional data set whether the general argument about varieties of institutional confidence and trust holds and whether certain types of institutions such as the legal system, the police, and social welfare institutions play a more important role for generalized trust than the political/representational institutions. The question of the sources of social capital is of course best explored in a longitudinal setting. Thus, the longitudinal character of the World Value Survey will be used to estimate how the changes in attitudes about institutions relate to the changes in generalized trust.
in various societies. The third step moves beyond this attitudinal approach to include measurements of the institutions themselves. This empirical illustration of the theory requires the merging of aggregate statistical institutional measurements (taken before the survey to assure the correct causal logic) with the aggregate cross-sectional World Value Survey. Fourth, this work does not just show how the specified causal mechanism captures the way institutions might influence aggregate attitudes, but adds tests at the micro level, as well. Are individuals who have experienced corruption, unfair institutions, discrimination, or lack of protection also less trusting?

For these various steps, a longitudinal cross-national sample provided by the World Values Survey, as well as data from several national country surveys (for example, from Sweden and Canada), will be utilized. The cross-national survey data are merged with aggregate statistical data at the country level. The data sources include the various waves of the World Values Surveys (1980/1990/1995–97); International Country Risk Guide (ICRG) data which provide annual values for indicators of the quality of governance (1982–1997); governance indicators for 1996–2002 from the World Bank; the pooled data from the Swedish survey 1996–2000 conducted by the Society–Opinion–Media (SOM) institute at Goteborg University, Sweden; and the national sample of the Equality, Security and Community (ESC) survey of Canada, which was completed at the Institute for Social Research (ISR), York University in 1999/2000.

**Varieties of Institutional Trust: A General Exploration** The previous discussion demonstrated that there are at least two dimensions along which citizens might judge political institutions. They expect representatives of political, legal, and social institutions to function as their agents; at the same time, they focus on neutrality, fairness, and impartiality. Moreover, citizens expect more political bias from elected offices, whereas they expect impartiality from order institutions. Of course, the lack of impartiality of order institutions damages generalized trust; alternatively, an institution’s perceived impartiality should support generalized trust. Is it possible to determine the difference between trust in political institutions that are perhaps seen as partisan and trust in order institutions from which citizens should expect more fairness and impartiality?

In order to see whether trust in various political institutions actually falls into different dimensions, the individual level third wave of the World Values Survey was subjected to a factor analysis. As the results in Table 1 indicate, citizens from fifty-six countries make distinctions between types of confidence in institutions according to a list of nine different types of confidence. The factor analysis (principal component, with varimax rotation) reveals that three different dimensions of institutions emerge. Indeed, most political institutions with elected offices fall under the first dimension, such as confidence in parliaments, governments, political parties, and surprisingly, the civil service. In many countries, it may be that the high-level civil service is seen as partisan and as an extension of elected governmental offices, and indeed in various countries high-level civil servants
are often politicized. The second dimension reflects the group of order institutions that are expected to function with less political bias and in an impartial manner, even though the actual experiences in authoritarian systems, for example, are sometimes very different. Under this dimension falls trust in the army, legal institutions, and the police. A third dimension taps confidence in institutions that are mostly control institutions that check the power of institutions with elected offices; this dimension includes the media (see Table 1). In other words, citizens do make distinctions between government institutions in the way the theory predicts, particularly as political institutions are distinguished from those that help preserve law and order. The question now is whether these different types of institutional confidence also reveal differences in their relationship to generalized trust. Do the institutional characteristics of fairness and impartiality versus corruption explain levels of generalized trust?

**Perceptions of Institutions and Generalized Trust: The Attitudinal Approach** Even more interesting in the light of this argument is the relationship between the dimensions of institutional confidence and generalized trust. The spread of generalized trust is very wide: it ranges from five to six percent in Peru and Brazil to over 60 percent in Sweden and Norway. In the large cross-national sample of the WVS, the correlation between confidence in partisan institutions, as well as between confidence in power-checking institutions, is quite large (Table 1).

**Table 1 Confidence in Various Institutions**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Factor 1: Partisan Institutions</th>
<th>Factor 2: Neutral and Order Institutions</th>
<th>Factor 3: Power Checking Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidence in Parliament</td>
<td>.829</td>
<td>.184</td>
<td>.079</td>
</tr>
<tr>
<td>Confidence in Political Parties</td>
<td>.782</td>
<td>.036</td>
<td>.150</td>
</tr>
<tr>
<td>Confidence in Government</td>
<td>.740</td>
<td>.267</td>
<td>.088</td>
</tr>
<tr>
<td>Confidence in the Civil Service</td>
<td>.576</td>
<td>.282</td>
<td>.172</td>
</tr>
<tr>
<td>Confidence in the Army</td>
<td>.060</td>
<td>.796</td>
<td>.060</td>
</tr>
<tr>
<td>Confidence in the Police</td>
<td>.258</td>
<td>.694</td>
<td>.056</td>
</tr>
<tr>
<td>Confidence in Legal Institutions</td>
<td>.282</td>
<td>.639</td>
<td>.241</td>
</tr>
<tr>
<td>Confidence in the Press</td>
<td>.153</td>
<td>.118</td>
<td>.887</td>
</tr>
<tr>
<td>Confidence in TV</td>
<td>.149</td>
<td>.131</td>
<td>.878</td>
</tr>
</tbody>
</table>

Explained Variance (Rotation Sums of squared loadings): 26%, 19%, 19%

Results represent loadings from a factor analysis (extraction method: Principal Component Analysis) with Varimax rotation. Data Source: World Value Survey, Wave 3. Number of countries=56, Number of included respondents: 64,997.
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Figure 1a

Confidence in Partisan Institutions and Generalized Trust

Data Source: Third wave of the World Value Survey. For factor scores see Table 1.

Figure 1b

Confidence in Order Institutions and Generalized Trust

Data Source: Third wave of the World Value Survey. For factor scores see Table 1.

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institutions and generalized trust, is both negative and low (see Figure 1a for evidence of the former). As predicted by the theory, there is no relationship between political institutions with elected office and generalized trust at the aggregate level. Trust in solely political institutions with elected office is mostly determined by party preference and political ideology. At the individual level, this kind of trust should fluctuate much more over time, depending on who is in power. However, in line with the expectations, there is a rather strong relationship between aggregate levels of confidence in order institutions and generalized trust. The results support the claim that societies in which the impartiality of the order institutions can not be guaranteed, as expressed by citizens' confidence in these types of institutions, also show lower levels of generalized trust (and vice versa) (see Figure 1b).

Surely the development of this causal mechanism ensures a causal logic that underlies the empirical analysis, yet if institutions are in any way responsible for social capital in the form of generalized trust, then a connection ought to be seen longitudinally as well. In other words, if institutions become more or less impartial over time, a positive or negative effect on generalized trust, respectively, would be expected. In fact, these effects might be asymmetrical; a loss in impartiality might be more devastating to generalized trust than a gain is to its development. Accordingly, strong negative consequences for generalized trust would be expected when trust in order institutions has declined in countries over time.

For Figure 2, data were compiled from countries that participated in the first and last waves of the World Value survey. The nineteen year span between the first wave in 1981 and the last one in 2000 represents a good time frame for examining the relationship between longitudinal changes in institutional trust and generalized trust. More precisely, it will be analyzed whether changes in trust in the police are related to generalized trust. Unfortunately, only twenty countries have data in both waves; very few countries experienced a slip in police trust, most visibly Britain, Northern Ireland, South Korea, and Japan. Two of these countries, Britain and South Korea, also experienced a rather strong decline in generalized trust. Overall, the changes in police trust and changes in generalized trust over this period are somewhat related. Generally, countries with a loss of 10 percentage points in confidence in the police in this period had on average a 6 percentage point loss in generalized trust. A positive or stable trend did not lead to significant positive changes in generalized trust. This result suggests that negative institutional trends relate to generalized trust, whereas it is not certain whether positive trends have an equally positive relationship. The overall correlation of changes in police trust and changes in generalized trust is .26 for the small sample of twenty countries (the relationship is not significant).

Since it has been established that citizens distinguish between various types of institutional trust and that at the aggregate level generalized trust is more closely related to trust in order institutions than to institutions with elected offices, the next task is to
analyze which institutional experiences relate to generalized trust. Important aspects of confidence in order institutions are institutional efficiency, in terms of protection and safety, as well as institutional impartiality and fairness. Particularly, this analysis emphasizes four causal linkages from institutional experiences to generalized trust: citizens’ feelings of safety and protection, their inferences from elites’ and from fellow citizens’ behavior, and their experiences with discrimination. If these are correct, citizens should be less able to trust when they experience widespread corruption, inefficient institutions, unreliable police, and arbitrariness and bias of courts.

**Institutional Characteristics and Generalized Trust: Macro Results**

The question, then, is whether not only perceptions of order institutions but also actual
"objective" variances in their characteristics are related to the spread of generalized trust across countries. For this part of the analysis, the aggregate data of the World Value Survey are used. The second and third waves are collapsed into a cross-sectional data set. For the multivariate analysis, two important institutional dimensions, which according to the theory should matter most for social capital, are identified: institutional effectiveness and institutional impartiality. The government effectiveness point estimate indicator for 1996 used by the World Bank's research unit was chosen as the measure of institutional effectiveness. It measures the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies. The impartiality measure is complementary and delves into the level of bias in important institutions. It is a summated rating index of three measures from the IRIS data that taps the impartiality of courts and the bureaucracy as well as the corruption in politics more generally. The three items scale with a Cronbach's alpha of .927. In addition to the measures of institutional efficiency and impartiality, the common measure of longevity of democracy is also included as a measure of overall institutional quality over time. Long-term democratic institutions should imply impartial rule of law and fair police practices compared to authoritarian regimes, although there is of course a strong variance between democracies as to the level of impartiality of their institutions. Furthermore, a measure of equality of outcomes, the GINI index was included. More egalitarian societies without major socioeconomic gaps are believed to achieve higher levels of generalized trust than societies in which inequality is rampant.

In the multivariate model, control variables that are related to generalized trust at the country level are also included. Basic patterns of religion, ethnic and religious fractionalization, and the experience of Communism, as well as classic network indicators of social capital, such as aggregated memberships in voluntary associations, should all matter for generalized trust. For example, Protestant countries, countries with a high GDP per capita and high secondary educational enrollment rates, and countries with fewer ethnic and religious divisions should be better able to develop interpersonal citizen trust than other countries. Of course, the GDP per capita and educational enrollment also play a role, but these factors are not included in the baseline model because they are highly correlated with the institutional variables and other controls.

In the multivariate model, Protestant culture, ethnic and religious diversity, the influence of a Communist background, and membership in voluntary associations are used as the most important cultural control variables, but the other factors are not used in the baseline model because all institutional variables are related to the longevity of democracy, GDP per capita, and educational enrollment and these variables are also related to each other. Because of multicollinearity, therefore, the institutional variables are examined individually in addition to the baseline model. GDP per capita and secondary school enrollment did not withstand the multivariate test and lost statistical significance in a multivariate model. As Table 2 indicates, all institutional variables are significantly related to generalized trust.
related to generalized trust, even when controlling for important societal characteristics and historical experiences. Countries with high levels of generalized trust also have the most effective and impartial institutions and the longest experiences with democracy, as well as most egalitarian socioeconomic outcomes, controlled for important societal attributes.

Moreover, the theory implies that, when institutional effectiveness and impartiality come together, particularly strong effects on trust should be seen. Therefore, an interaction term was created by multiplying institutional efficiency and impartiality. Countries with institutions that are both efficient and impartial have significantly higher levels of trust than other countries. The interaction effect accounts for 3.2 percent of the variance in generalized trust. In a second interaction model countries with highly efficient institu-

<table>
<thead>
<tr>
<th>Table 2 Institutional Characteristics and Generalized Trust</th>
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<tbody>
<tr>
<td><strong>Independent Variables</strong></td>
</tr>
<tr>
<td>Protestant Dummy</td>
</tr>
<tr>
<td>Ethnic Fractionalization</td>
</tr>
<tr>
<td>Religious Fractionalization</td>
</tr>
<tr>
<td>Communist Dummy</td>
</tr>
<tr>
<td>Associational Membership</td>
</tr>
<tr>
<td>Length of Democracy</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Sec. School Enrollment</td>
</tr>
<tr>
<td>Gini Index</td>
</tr>
<tr>
<td>Institutional Effectiveness</td>
</tr>
<tr>
<td>Institutional Impartiality Index</td>
</tr>
<tr>
<td>Interaction Institutional Impart. Index*Institutional Effectiveness</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>R²</td>
</tr>
<tr>
<td>Mean VIF</td>
</tr>
</tbody>
</table>

Note: Entries are OLS regression coefficients with robust standard errors in parentheses. Data Source: The aggregate data of the second and third waves of the World Values Survey.

* = p<.1; ** = p<.05; *** = p<.01; **** = p<.001.

* Non-efficient institutions are coded zero.
tions were compared to all others, and this score was multiplied with the impartiality measure. Both models indicate that the effect of high institutional impartiality conditional upon high effectiveness is particularly strong. In order to examine the relationship between institutional characteristics and experiences as well as generalized trust fully, it is necessary to analyze this connection in a multivariate micro model as well.

**Linkages at the Micro Level** Do individual experiences with institutions also translate into specific patterns of generalized trust, as the theory would predict? To get closer to the way the causal mechanism operates at the micro level, it was analyzed whether trust in order institutions influences generalized trust in a multivariate setting. If trust in order institutions remains an important factor in relation to generalized trust, even when controlling for other variables, there would be further evidence for how the theory works at the micro level. Results for tests in three different data sets—the Swedish SOM surveys, the ESC Canadian national survey, and the second and third waves of the World Value surveys—are presented.

Table 3 shows three similar models in three different data sets in which the micro-relationship between institutional experiences and generalized trust is analyzed. As in the macro models, here too various other micro level predictors that have been shown to be important for generalized trust, such as socioeconomic resources, attitudes such as life satisfaction, and of course trust in order institutions are included. Variables that have been put forth by other theoretical approaches, such as associational membership and trust in political institutions (or trust in government), are included. Many socioeconomic resources emerge as important factors for trust. Education is predominant, but individual associational membership and attitudes such as life satisfaction are also significant. Model 1 includes trust in order institutions which, when controlling for all these other variables, emerges as a very strong factor: a one unit increase in trust in order institutions (on a four point scale) corresponds to a .4 increase in generalized trust on an eleven point scale. The fact that trust in order institutions holds in a model in which trust in political institutions and associational membership is controlled strengthens the idea that order institutions are not unimportant for generalized trust.

The Canadian data do not have the same indicators of trust in order institutions. However, a ranking of some political institutions exists. According to the theory, the ranking of courts and the police as political institutions from which citizens expect impartiality and effectiveness should be highly correlated with values of generalized trust. Indeed, the relationship between selected institutional ratings and generalized trust is found. Those citizens who rate courts highly are also those who trust other citizens, controlling for a variety of factors, including a ranking of the government. More specifically, each additional point on the 0–100 court rating scale increases the odds of generalized trust by about 10 percent, controlling for other variables in the model. The courts take a more important role here than the police and the government, although these
Table 3 Explaining Generalized Trust, Individual-level Models

<table>
<thead>
<tr>
<th></th>
<th>Model 1a</th>
<th>Model 2b</th>
<th>Model 3c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>5.16**** (.12)</td>
<td>-2.58**** (.27)</td>
<td>-1.63**** (.06)</td>
</tr>
<tr>
<td>Education</td>
<td>.10**** (.01)</td>
<td>.12**** (1.13 (.02)</td>
<td>.01**** (1.00 (.00)</td>
</tr>
<tr>
<td>Age</td>
<td>.10**** (.01)</td>
<td>.01*** (.01)</td>
<td>.00**** (1.00 (.00)</td>
</tr>
<tr>
<td>Married</td>
<td>.10** (.04)</td>
<td>.17** (1.13 (.09)</td>
<td>-.00 (99 (.03)</td>
</tr>
<tr>
<td>Unemployed</td>
<td>-.28*** (.09)</td>
<td>-.27* (.76 (.15)</td>
<td>-.23*** (.79 (.02)</td>
</tr>
<tr>
<td>Quebec (francophone)</td>
<td>-1.16**** (.314)</td>
<td>-.314 (.12)</td>
<td></td>
</tr>
<tr>
<td>Size of Location</td>
<td>-.00 (.00)</td>
<td>-.22*** (.24 (.06)</td>
<td>-.03 (.97 (.02)</td>
</tr>
<tr>
<td>Life Satisfaction</td>
<td>.53**** (.03)</td>
<td>.43**** (1.54 (.01)</td>
<td></td>
</tr>
<tr>
<td>Associational Involvement</td>
<td>.84**** (.11)</td>
<td>.30*** (1.36 (.09)</td>
<td>.95**** (2.58 (.06)</td>
</tr>
<tr>
<td>Institutional Trust in Order Institutions</td>
<td>.40**** (.03)</td>
<td>-.39**** (1.48 (.04)</td>
<td></td>
</tr>
<tr>
<td>Rating of Courts</td>
<td>.01**** (1.01 (.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating of Police</td>
<td>.00** (1.00 (.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political trust in Political Institutions or Rating of Government</td>
<td>.22**** (1.00 (.02)</td>
<td>.00** (1.00 (.00)</td>
<td>.69**** (1.99 (.03)</td>
</tr>
<tr>
<td>Adjusted R square -2 Log likelihood Nagelkerke R square</td>
<td>.11</td>
<td>3117.494 (.142)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>11,903</td>
<td>2,456</td>
<td>84,006</td>
</tr>
<tr>
<td>Number of aggregate units</td>
<td>11</td>
<td>74</td>
<td></td>
</tr>
</tbody>
</table>

a Model 1: Results show OLS regression coefficients with standard errors in parentheses.
b Model 2: Results show logit coefficients, with odds ratios and standard errors in parentheses below.
c Model 3: Results show svylogit coefficients, with odds ratios and standard errors in parentheses below.

are also positively related to trust.52 Second, Quebecers are also generally less trusting than other Canadians.53 It is common for minority social and ethnic groups to experience collective discrimination from a variety of political institutions, which translates into
perceived unfairness or bias, and the lack of perceived impartiality may translate into lasting feelings of distrust towards the wider society. African-Americans in the United States, immigrants in various democratic systems, and ethnic minorities do not perceive that the system works for them.\textsuperscript{54} Soroka, Helliwell, and Johnston found that immigrants in Canada do not have a favorable view of the police.\textsuperscript{55} Overall, with other variables held constant, generalized trust is positively related to education, age, employment, and associational membership, whereas people in larger metropolitan areas are less trusting in Canada, holding other variables constant. Most important, institutional evaluations of the courts shape how citizens view other people.

Finally, this individual-level relationship is confirmed in the World Value survey. A summated rating scale of trust in order institutions is used here, including trust in the police, trust in legal institutions, and trust in the army.\textsuperscript{56} Stata’s svylogit is utilized here in order to control for the nested structure of the cross-national data set. Socioeconomic resources, associational membership, life satisfaction, and size of the community are controlled. Trust in order institutions again significantly relates to generalized trust. With regard to the comparison to trust in political institutions, though, the results are perhaps least convincing in the World Values survey. Moving from no trust to trust on the scale for order institutions yields an increase of the odds of generalized trust by about 48 percent, controlling for other variables in the model, whereas the same unit increase on the political trust scale increases the odds of generalized trust by 99 percent. Nevertheless, the importance of trust in order institutions for generalized trust holds up vis-à-vis other control variables.

Conclusion

The structure and characteristics of contemporary government institutions are both important and often overlooked factors that matter for the generation of generalized trust. The theory presented here explains how the causal flow from impartial institutions to generalized trust might operate. The procedural fairness of these institutions influences citizens’ institutional trust and, more specifically, how citizens experience feelings of safety and protection, how they make inferences from the system and public officials to other citizens, how they observe the behavior of fellow citizens, and how they experience discrimination against themselves or those close to them.

Empirical data provide evidence for these causal mechanisms. The empirical analysis especially works at both the micro and the macro levels. Citizens seem to make distinctions between various types of institutions, and trust in order institutions and in other institutions that implement policy is more important for generalized trust than other types of institutional confidence, in most of the models. A key point is the direction of causality. How can it be proven that institutions shape social capital and not the other way
around? Clearly, many more tests and analyses have to be performed in order to ensure that this direction of causality holds. However, the first step in this discussion must surely be the development of a causal mechanism based on a strong theoretical account. Taken alone, each of the results is not enough to make the point. Yet the causal mechanism and the multiplicity of results presented throughout this article reveal a great deal about how civic attitudes such as trust are related to and most likely embedded in impartial, fair, and efficient institutions.

Finally, important policy implications may follow from these results. If the society-centered model is correct, governments can claim that the main problems that plague their societies are caused by too little volunteering. To make democracy work and the economy grow, citizens have to get involved. However, if the theory presented here is correct, governments can not blame their citizens for the lack of social capital. Instead, the policy message becomes a very different one: that the lack of social capital is caused by dysfunctional government institutions.

NOTES

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27. Tarrow, p. 395.


31. Woolcock, p. 16.


35. The argument is certainly not that all forms of “generalized trust” are caused by experiences with and trust in the impartiality and fairness of certain government institutions.

36. For a full description of the WVS data set, see www.worldvaluessurvey.org. For the SOM project, questions about trust were added to five surveys, 1996 to 2000, with funding from the Swedish Council for...
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Research in the Humanities and Social Services. For information about sampling and response rates, see www.som.gu.se. The survey component of the ESC project is designed to provide information on social networks, well-being, socioeconomic status, civic participation, and attitudes toward government policies. See http://www.yorku.ca/isr/download/ESC/ESC_Wave%201_20Q_INDEX.pdf.

37. The third wave WVS contains the most complete battery of questions about confidence in a variety of institutions.

38. The results are confirmed in the WVS aggregate data set.


41. Trust in legal institutions could not be chosen because this item was not asked in wave 4. Therefore, trust in the army was dropped as well as the least central indicator of trust in order institutions.


44. These are not ideal measures of institutional impartiality, but indicators of police corruption or court corruption are not readily available.

45. Inglehart, “Trust, Well-Being and Democracy.”


49. See Delhey and Newton and Freitag for a similar approach.

50. This was calculated by comparing the R-squared of a regression model with institutional efficiency and impartiality measures and a model with these variables and the interaction term. On this procedure, see J. Jaccard, Interaction Effects in Multiple Regressions (Thousand Oaks: Sage, 2003).

51. This effect is difficult to compare to associational involvement because of their different scales; for example, being an associational member as compared to not being a member pushes .84 on the eleven point generalized trust scale.

52. The one point increase on the 0–100 scale for police rating increases the odds of trust by 6 percent, and for the rating if government scale by 5 percent.


55. Soroka, Helliwell, and Johnston.

56. Since all three items were included in the second and third wave of the WVS, both of them are utilized here as a cross-sectional data set. The Cronbach’s alpha using these three items is alpha=.66.