



# Social Trust – the Nordic gold?

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## Abstract

Interpersonal trust is among the highest in the world in Scandinavia. Since everything in a society functions better if high trust reduces all transaction costs, Scandinavian trustfulness is truly a Nordic gold. Findings from Swedish studies, from the 1980s up to the present day, suggest however a small recent dip—and some social and political groups betray distinctly lower, and in some cases diminishing, trust. These groups tend to be more vulnerable and socially dependent, as well as politically distant from established society: the unemployed, those with poor health, early retirees and individuals otherwise supported by welfare benefits. Politically, sympathisers with the populist, nationalist Sweden Democrats, as well as citizens without any party preference, tend also to manifest markedly lower interpersonal trust. Explaining the results, we propose a corruption-trust theory focusing on how people perceive how social institutions function and public officials behave. People draw personal conclusions from the actions they observe—or think they observe—in others.

### Introduction

In 2017 the Nordic Council of Ministers, the official body for intergovernmental co-operation in the Nordic region, published a report entitled Trust—the Nordic Gold. An unusual name for an official report, it concluded that one of the main reasons for the success of Nordic countries—when it comes to quality of life, health care, low corruption, economic growth and good governance—was the exceptionally high social trust prevailing there. Most studies of interpersonal trust around the world are topped by one or all of the Scandinavian countries. The report concluded that ‘trust can be regarded as a type of gold for the Nordic countries’ (Andreasson, 2017).

Social-science research is not known for self-evident axioms. But the thesis—or rather the truism—that social trust builds good societies is a close candidate to be one. If people in a society do not trust each other, most things work less well. High interpersonal trust—sometimes called ‘social capital’—works as a lubricant, making everything less unwieldy and less expensive (Putnam et al, 1993; Fukuyama, 1995). Most decisions become more efficient, flexible and faster. In the terms economists use, trust lowers transaction costs while mistrust increases them. If most people in a society think that most other people can be trusted, more beneficial transactions will be done—for the good of the concerned individuals and of the society as a whole (Uslaner, 2018; Putnam, 2000).

It is not obvious what people mean when they say that they in general trust or do not trust other people. One possible interpretation is that this is a perception

of the moral standard of the society in which they live (Uslaner, 2002). If one regards morals to be deficient, most people will be very cautious in dealing with strangers and reveal low social trust in a survey. On the other hand, if one perceives the moral standard to be high—strangers are most often honest and reliable—then co-operating with unknown individuals is made much easier and respondents will score high on trust questions in surveys (Holmberg and Rothstein, 2017).

Given this approach, high social trust will be one of the determining factors for successfully delivering collective utilities such as a welfare system, environmental protection and compulsory military service. Utilities of this sort are usually financed through taxes. If citizens do not trust that other citizens pay their share, willingness to participate goes down. Low trust can instigate a vicious circle, destroying solidarity as well as compliance in a society (Charron and Rothstein, 2018; Povitkina, 2018; Levi, 1998). In short, people should believe in each other: if most others are seen as dishonest cheats, things look less promising for the good society.

The blessing of high average social trust however diminishes if there are groups within the society exhibiting markedly lower trust. This can create problems not only for them but for the society as a whole. Low trust is like gravel in an engine. Welfare services involving low-trusting groups risk becoming less efficient and more time-consuming, further eroding trust and possibly engendering a downward spiral (Rothstein and Uslaner, 2005).

Ideally then, social trust should be high overall and with small differences across social and political groups. Women and men, old and young, immigrants and native-born, employed and unemployed, individuals with good health and bad health, voters supporting different political parties and citizens with divergent ideological leanings—all of them should, in the best of all worlds, enjoy high social trust, with minimal differentials. Furthermore, across time, trust should remain high and group differences should gradually diminish.

Thus, what we want in the best of circumstances is even, stable and high social trust. Yet, internationally, this is a very demanding goal. On average, the proportion of people in the world who claim that in general they trust other people is a meagre 30 per cent—and the trend is downward in many countries (Sønderskov and Dinesen, 2014; Holmberg and Rothstein, 2017). The question is: are these demanding goals being met in today's Sweden?

Comparative studies performed by the World Values Survey (WVS) and the Quality of Government Institute (QoG) reveal drastic differences in social trust between countries around the world. In Scandinavia around 70 per cent of citizens say that in general they trust other people. The comparative share is about 40 per cent in countries such as Germany, Canada and the United States, less than 30 per cent in Mediterranean countries, and even lower in many countries in eastern Europe and the Balkans. In emerging democracies and authoritarian regimes, trust levels are sometimes as low as around 10 per cent, for example in Malaysia, Zimbabwe, Philippines,

Brazil, Peru, Colombia, Ghana and Iran (Uslaner, 2018; Holmberg and Rothstein, 2017).<sup>1</sup>

The QoG has done extensive research on social trust among citizens in some 200 regions in Europe. Differences turn out to be huge. The highest proportion of people reporting that they generally trust other people is found in the Copenhagen region (80 per cent). In contrast, the lowest proportion of social trusters live in a region in Slovakia (7 per cent). Thus, a staggering tenfold difference in social trust can be found between different regions within Europe (Charron and Rothstein, 2018).

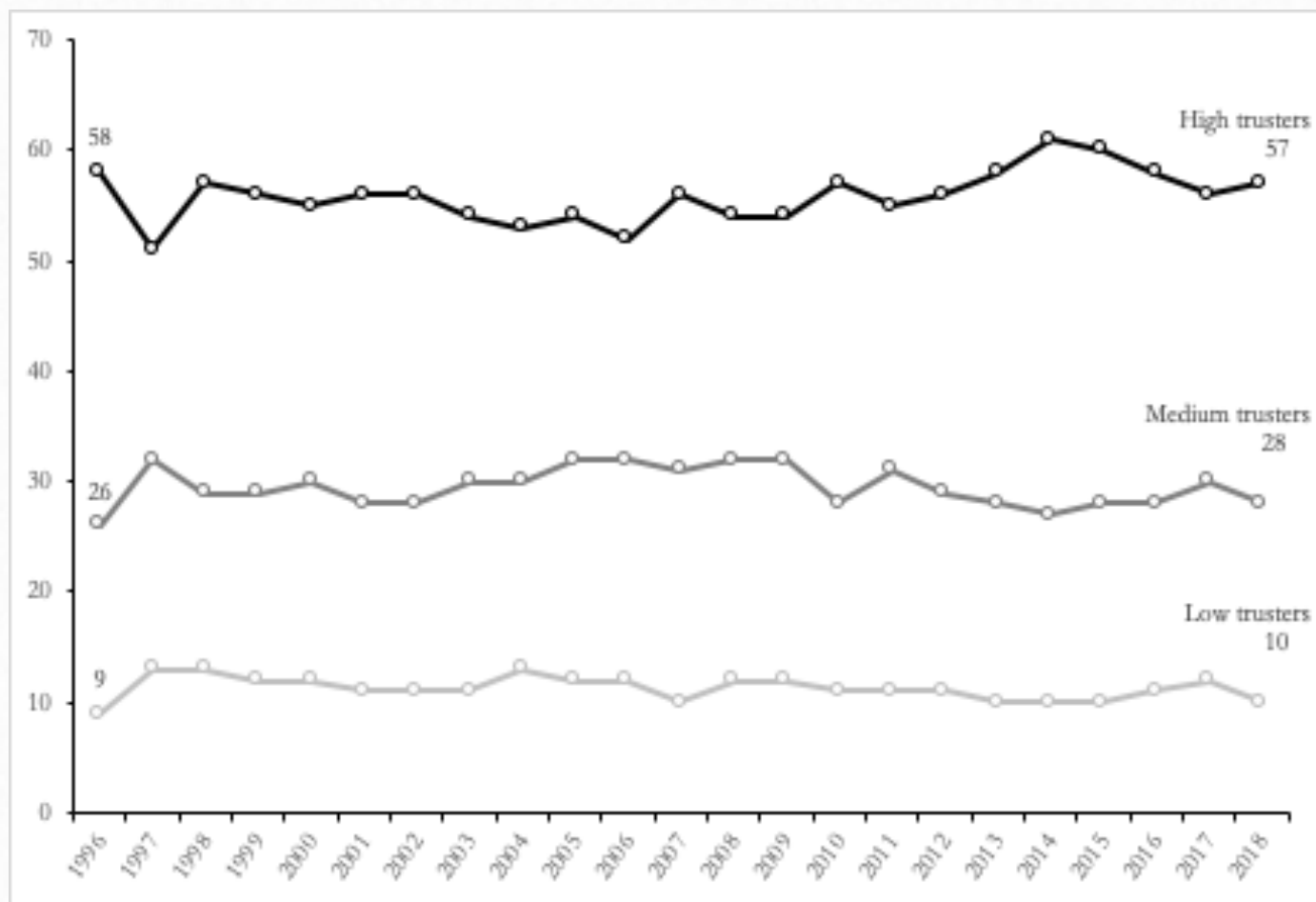
Focusing on high-trusting Sweden, our task in this article is systematically to test the hypothesis that social trust is not only high among Swedes but also evenly spread across social and political groups, and stable over time. Previous research has shown some cracks in the shiny, crystal-glass image. There are segments of citizens in Sweden with clearly lower social trust and there are groups where trust is on its way down (Holmberg and Rothstein, 2015). Based on trust data from annual surveys going back to the mid-1990s, the extent and seriousness of these cracks will be analysed in the following pages.

### **Social trust among Swedes**

In the annual surveys conducted by the SOM Institute at the University of Gothenburg, around 10,000 respondents from all over Sweden are asked about their trust in other people.<sup>2</sup> The rather crude, dichotomous question used by the WVS is not employed by SOM. Instead trust is measured on a fine-grained, 11-point scale between 0 (one cannot

<sup>1</sup> To the extent that we can believe the results from authoritarian states such as China and Vietnam, their social trust is quite high—64 and 52 percent respectively according to WVS waves 5 and 6 (Holmberg and Rothstein, 2017).

<sup>2</sup> In the earlier studies in the 1990s, the number of respondents was lower—some 2-4,000.

*Figure 1: interpersonal trust 1996-2018 (%)*

Source: national SOM surveys 1996-2018. Percentages do not sum to 100 owing to residual non-respondents.

trust people in general) and 10 (one can trust people in general). The question is introduced thus:

‘According to your view, to what extent can one trust people in general?’ Invented by Bo Rothstein (1997), the scale answers are divided into three categories: high (7-10), medium (4-6) and low (0-3) trusters.

Figure 1 shows their distribution in the population.

Ever since the surveys began in the mid-1990s, it has been possible to classify a clear majority of Swedish citizens as high trusters. The proportion has varied between 55 and 61 per cent, with the 2018 figure 57 per cent compared with 58 per cent at the outset in 1996. The more tepid medium trusters are fewer, between 26 and 30 per cent over the years. Least

common are the low trusters, with around 9-12 per cent over the last 20 years.

Noteworthy, though, is that a recent assessment (2017) found the highest proportion so far of low trusters in Sweden (12 per cent). Combined with the fact that the proportion of high trusters has slowly fallen since a peak in 2014, maybe we are seeing the beginning of a new, less stable trend in social trust in Sweden. An avalanche always starts slowly before picking up speed. It is going to be important to follow future Swedish trust measurements closely. Are these the first signs of the Nordic gold eventually turning into sand in Sweden? Or, if not sand, at least yellow mica!<sup>3</sup>

<sup>3</sup> In a well-known song in the musical *Kristina från Duvemåla* (1995), gold turns into sand.

### **Distinct and increasing group differences in social trust**

The normative hope for non-existent, or at least very small, group differences in social trust is not fulfilled. Certainly, results for some important groups reveal very limited differences. Women and men have recorded very similar trust across the decades. Inhabitants of metropolitan areas tend to have somewhat higher social trust than rural dwellers but the difference is small.

Looking at other important social groups, however, differences tend to be larger. Young people (16-29 years) stand out with lower trust, as do blue-collar workers, individuals with only basic education and immigrants from outside Europe. In these groups, the average proportion of high trusters is around 45 per cent, compared with 57 per cent among all Swedes.

For some other groups, social trust is even lower. Here we are focusing on vulnerable people as in every welfare society: the unemployed, those in poor health and individuals on sick leave or with disabilities. The average proportion of high trusters in these groups is only about 35 per cent (Table 1).

**Table 1: high trusters in different social groups 1996-2018 (%)**

	1996	1998	2002	2004	2008	2010	2014	2015	2016	2017	2018
All	58	57	56	53	54	57	61	60	58	56	57
Number of respondents	1779	3561	6305	3606	3257	5005	6866	8249	9828	10812	10796
Women	60	57	55	52	56	57	61	61	58	57	58
Men	57	56	57	55	51	57	61	58	58	55	56
16-29 years	51	51	49	47	43	47	47	48	46	44	42
30-49 years	59	58	59	55	56	61	65	65	62	60	57
50-65 years	59	58	59	55	56	61	65	65	62	60	61
65+ years	57	56	57	49	50	54	61	60	58	57	62
Basic education	51	48	48	46	41	45	47	47	46	43	46
Some secondary	59	54	58	51	47	54	57	54	52	49	51
More secondary	53	57	56	54	60	59	62	60	58	57	56
University	72	73	69	69	72	73	74	73	72	70	71
Blue-collar home	53	49	50	44	47	48	52	50	47	45	47
White-collar home	67	64	66	63	69	68	70	69	68	67	68
Higher white-collar home	77	72	69	68	70	73	78	76	74	71	71
Entrepreneurial home	50	57	57	56	46	55	61	58	58	57	59
Rural	56	57	53	53	45	55	61	59	57	53	57
Village	58	54	54	52	51	54	59	56	55	54	55
City	61	58	60	55	57	60	62	61	59	57	58
Big city	62	56	58	55	58	58	62	63	62	59	60
Raised in Sweden	60	58	59	56	55	59	63	62	61	58	59
... in a Nordic country	51	53	46	46	51	55	57	60	56	58	61
... in Europe	51	38	40	32	46	44	41	41	44	43	42
... outside Europe	39	48	43	37	39	44	45	39	43	45	42
Employed	65	61	60	60	61	64	67	65	63	61	61
Unemployed	47	45	46	41	42	36	39	42	39	36	35
Sick/Activity compensation	56	46	47	38	41	40	37	39	35	34	35
Subjective health:											
Bad (0-4)	-	44	43	28	33	34	35	33	35	31	35
In-between (5-8)	-	57	56	53	52	56	61	59	57	55	36
Good (9-10)	-	57	66	67	66	70	73	73	68	66	62

Source: national SOM surveys 1996-2018

These relatively low trust results can be compared with results for the groups exhibiting the highest trust in Sweden. Here we find high-ranking white-collar workers, university graduates and Swedes with the best subjective health. Among them the proportion of high trusters varies between 62 and 71 per cent. It is obvious that the traditional class society is reflected in degrees of social trust: people upstairs trust more than people downstairs. Wellbeing plays a role as well: healthy people tend to trust other people more than less healthy people do.

These rather dismal results do not become less dismal when we investigate changes in trust over time. Overall, the proportion of high trusters in Sweden between 1996 and 2018 is remarkably stable—a downturn of only a percentage point. In most social groups change is barely noticeable. The proportion of high trusters moves a few percentage points up or down in a not significant way. This random-walk pattern characterises trust levels among women and men, among middle-aged and older people, among white-collar workers, among people living in the countryside and in big cities, among immigrants from outside Europe and among people with good health.

This striking stability is not however present in all social groups. There are segments where trust declines almost precipitously. The downward tendency is most noticeable among the most vulnerable citizens in the welfare society. Between 1996 and 2018, the proportion of high trusters fell by 23 percentage points among people on sick leave and the disabled, by nine points among people with poor

health and by 12 among the unemployed. Signs of weakened trust are also observable among young people, blue-collar workers and citizens with less than university education.

Differences in social trust between divergent political groups are less eye-catching (Table 2). Citizens' ideologically to the left or the right evidence about the same trust.<sup>4</sup> Similarly, trust levels differ little between supporters of different parties. Yet with an important exception: voters for the Sweden Democrats—a new, socially-conservative, nationalist and populist party in the Swedish parliament—harbour much less trust than the average Swede. The proportion of high trusters among SD supporters is only 38 per cent in the 2018 SOM study. The comparable result for the supporters of the other parties is distinctly higher, between 58 and 74 per cent.

Besides sympathisers with the SD, there are two other political groups showing clearly lower social trust—those without any party leanings and supporters of minor parties outside of the Riksdag. In both these cases, the proportion of high trusters is only around 43 per cent. Thus, social trust in Sweden is markedly lower among citizens outside the establishment—among voters supporting the pariah SD party and among people without sympathy for any established party. In today's Sweden, these outside groups comprise no small minority: together they make up about 25-30 per cent of the adult population.

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<sup>4</sup> The election of 2014 and the shift in government from a centre-right to a centre-left cabinet seem to have had some effect on social trust among people on the extreme left (increase in social trust) and the extreme right (decrease in social trust).

**Table 2: high trusters in different ideological and party sympathy groups (%)**

	1996	1998	2002	2004	2008	2010	2014	2015	2016	2017	2018
All	58	57	56	53	54	57	61	60	58	56	57
Number of respondents	1779	3561	6305	3606	3257	5005	6866	8249	9828	10812	10711
Clear left	67	59	61	51	55	57	62	64	67	62	66
Leaning left	63	59	60	63	60	61	65	65	66	64	63
Neither nor	52	48	49	44	48	48	52	50	49	48	49
Leaning right	62	65	62	62	57	64	66	66	64	61	61
Clear right	63	59	55	53	55	57	63	58	55	50	51
Left Party	61	51	54	50	51	63	62	63	65	64	65
Social Democrats	61	56	57	55	53	52	59	61	60	60	58
Greens	53	55	49	53	67	65	70	69	70	67	74
Centre Party	60	67	58	55	54	59	72	70	68	68	67
Liberals	70	78	66	60	64	67	73	73	73	67	66
Christian Democrats	66	59	56	56	55	63	66	67	71	54	59
Conservatives	62	60	57	57	59	62	66	66	63	57	59
Sweden Democrats	-	-	-	-	28	34	40	39	37	37	38
Feminist Initiative	-	-	-	-	-	-	68	60	71	55	61
Other party	51	42	42	42	39	47	41	40	36	43	42
No party	38	40	41	41	39	38	45	39	47	41	43

Source: national SOM surveys 1996-2018. The left-right position is based on a self-classification question.

On a more positive note, trust levels are not tending to decline among people in the outside groups. For supporters of the SD, on the contrary, we can notice a weak trend upwards. A possible explanation is that the party has grown dramatically and recruited many new voters with higher trust from the established parties, especially the Social Democrats and the Moderates.

### Explaining social trust

With the publication of Robert Putnam's modern classic *Making Democracy Work* in 1993 and his succeeding book *Bowling Alone* in 2000, the issue of social capital and social trust became a huge research industry. Defined as a combination of interpersonal, generalised (aka social) trust and networks based on

reciprocity, social capital is seen as a major asset for individuals as well as for groups and societies.

Although, as he readily admits, Putnam was not the first to advance the significance of social capital, he showed how it could be deployed in important (and very ingeniously designed) empirical research.

Putnam's work came largely to be interpreted as putting civil society and voluntary associations on the agenda. By being active in such associations, citizens would learn to develop social trust and understand the value of positive reciprocity. To many, this provided arguments for a political agenda in which the responsibilities of the state for social welfare should be scaled back and replaced by an emphasis on the role of voluntary associations.



It was argued that with 'big government' came a 'crowding out' effect: expansion of the responsibilities of the state was detrimental to a vibrant civil society (Ostrom, 2000; Cohen and Arato, 1993). Moreover, it was argued that where government assumes responsibility for a large number of social needs, citizens do not have to develop and maintain trusting relationships and invest in social networks (Cohen and Arato, 1993). Social-capital research has to a large extent been used to send a message that the bad things in society are caused by too little volunteering (Putnam and Feldstein, 2003; Winter, 2002; Woolcock and Narayan, 2000).

Yet when this research agenda went comparative and the concept of social capital was subjected to empirical scrutiny, it came as a surprise to many that it appeared strongest in the Nordic countries, irrespective of the measure used (Rothstein, 2002). Interpersonal, generalised trust is highest in the Nordics, whose citizens are among the most active in voluntary associations (Sivesind and Selle, 2010). And, according to measures of corruption and other indices of quality of government, the Nordic countries are among the 'cleanest' in the world (Rothstein and Holmberg, 2014, 2019). Now, much can be said about these countries—but not that they have small, non-interventionist governments.

The theoretical reason why trust is important comes from 'the problem with many names' in the social sciences: social dilemmas, the problem of collective action, the provision of public goods, the tragedy of the commons, social traps and the prisoners' dilemma (Ostrom, 1998; Rothstein, 2005). Behind all these metaphors lies a common scenario.

A group of agents know that if they can collaborate they will all gain. This collaboration is not however costless but carries economic burdens or requires other efforts on the part of all involved. Without a contribution from all agents, the public good involved (being non-rival) will not be produced. It makes no sense, though, for an individual agent to contribute if s/he does not trust that everyone else will contribute. Moreover, a public good (being non-exclusive) can be consumed by everyone, regardless of whether or not an individual agent has contributed. There is thus always a risk that agents will act opportunistically by freeriding—hoping that they can reap the benefits of the good without contributing. Without trust that most agents will refrain from such treacherous behavior, most will then not contribute to the common good. The result of this lack of trust is that everyone in the group stands to lose, although all know that if they could trust each other they would all be better off.

Examples of this problem are endless. It makes no sense to be the only one who recycles rubbish, pays what is to be paid in taxes, does not abuse the social-insurance system, follows the rule of law, abstains from participating in corruption, does not overuse the group's common natural resources or shows up well-prepared to the academic department's research seminar. Since trust is a psychologically delicate thing which is hard to repair once it has become truly damaged, we prefer the metaphor 'social traps': agents in a group who have lost trust in one another cannot easily mimic or fabricate the trust needed to ensure collaboration, even if they all know they would benefit if only they could (Ostrom, 1998; Rothstein, 2005).

### **If it's that important, how can social trust be created?**

The problem with this research path is that, in the abundance of correlations between generalised trust, social capital and various desired social and political outcomes, the sources of social trust have remained something of a mystery. If it is such an important societal resource, we need to know more about how it is generated and maintained.

The social-capital literature has been strongly divided on the causes and origins of social trust. On one side are scholars who argue that variations in trust can be explained primarily by society-centred approaches (Hooghe and Stolle, 2003). In this Tocquevillian tradition, the capacity of a society to produce social capital among its citizens is determined by its long-term experience of social organisation, anchored in historical and cultural experiences which can be traced back over very long periods. Regular social interaction, preferably through activity in voluntary associations, is viewed as the most important mechanism for generating social capital. Formal and informal associations and networks are seen as creators of social capital because of their socialising effects when it comes to democratic and co-operative values and norms.

A number of studies in different democratic countries over the last decade have called into question the effect of participation in many voluntary associations with benevolent purposes on social trust and willingness to co-operate outside of the specific group involved. While it is true that 'joiners' generally trust others more, this seems to be an effect of self-selection: people who (for some other reason)

score high on social ability to trust and co-operate with others join voluntary associations disproportionately. But activity in such organisations does not add much to these desired traits, at least not for adults—members become more trusting only of their fellow members and they co-operate more only for group purposes (Stolle, 2003).

Thus, the claim that adults' associational membership creates social capital which can be used in the wider society has not survived empirical testing (Armony, 2004; Delhey and Newton, 2005; Dinesen, 2013; Herreros, 2012; Robbins, 2012; Wollebæck and Selle, 2003). One large-scale empirical study aimed at explaining variations in social trust, based on the WVS and covering no fewer than 60 countries, concludes that 'perhaps most important and most surprising, none of the four measures of voluntary activity stood up to statistical tests, in spite of the importance attached to them in a large body of writing, from de Tocqueville onwards' (Delhey and Newton, 2004: 27).

Other types of social interaction might do the job, yet a second problem arises. Even if we accept the importance of voluntary engagement, not all associations serve a normatively desirable purpose. In fact, many associations are established to create distrust. Berman (1997) has shown that the Nazis in Weimar Germany used existing voluntary associations as vehicles for their *Machtübernahme* in 1933. Another study using quantitative measures found that the more dense the networks of civic associations in German towns between 1919 and 1933, the stronger was support for the Nazi party (Satyanath et al, 2013).

As a response to the failure of the society-centred approach, institution-centered accounts of social-capital theory claim that for social trust to flourish it needs to be embedded in and linked to the political context, as well as to formal political and legal institutions (Sapsford et al, 2019; Robbins, 2011; Rothstein and Eek, 2009; Kumlin and Rothstein, 2010; You, 2018; Villoria et al, 2013; Richey, 2010). According to this group of scholars—who base their research on historical case studies, experiments or large-n survey data—trustworthy, uncorrupt, honest, impartial government institutions, which exercise public power and implement policies in a fair manner, create social trust and social capital.

For example, Delhey and Newton (2004: 28) conclude that ‘government, especially corruption free and democratic government, seems to set a structure in which individuals are able to act in a trustworthy manner and not suffer, and in which they can reasonably expect that most others will generally do the same’. Using survey data from 29 European countries, Bjørnskov (2004) reports that a high level of social trust is strongly correlated with a low level of corruption. Another study, also based on comparative survey data, concludes that ‘the central contention ... is that political institutions that support norms of fairness, universality, and the division of power contribute to the formation of inter-personal trust’ (Freitag and Buhlmann, 2005: 580)

Using scenario experiments in low-trust / high-corruption Romania and in high-trust / low-corruption Sweden, Rothstein and Eek (2009) found that persons in both countries who experienced corruption among public healthcare workers or local police when travelling in an

‘unknown city in an unfamiliar country’ lost trust not only in these authorities but in other people in general. Differentiated outcomes were however evident in data from the European Social Survey of 2008, covering 29 Europe countries (Svallfors, 2013). This survey had questions related to corruption, such as if respondents perceived that tax authorities or public health services gave ‘special advantages to certain people or deal with everyone equally’. Those declaring a preference for more economic equality but living in a country where they perceived the quality of government institutions to be low indicated that they preferred lower taxes and less social spending. But the same ‘ideological type’ of respondent who happened to live in a European country where s/he believed government authorities were guided by such norms as impartiality and fairness was willing to pay higher taxes for more social spending.

This result is supported in a study using aggregate data about welfare-state spending and quality of government for western liberal democracies (Rothstein et al, 2012)—the higher the quality of government, the more countries will spend on social services and benefits. In short, citizens of a country where they perceive that corruption or other forms of unfairness in public administration is common are likely to be less supportive of the idea that the state should take responsibility for social policies, even if they ideologically support the goals such policies have. One likely reason is that they lack trust in other citizens to pay their taxes and not to overuse or abuse social insurance.

Another large-scale survey, with 84,000 respondents in 212 regions within 25 European countries, gives

strong support to the theory that high corruption / low quality of government is a causal factor behind low social trust. In addition to the standard question about trust, this survey included detailed questions about perceptions and experiences of the extent to which three regional public services (police, healthcare and education) were seen as impartial, of high quality and free from corruption, combined into a measure of quality of government (QoG) (Charron et al, 2013). Taking advantage of the extreme variation among European countries and regions in social trust and QoG, this study evidences the impact of QoG on trust in European regions, after controlling for wealth. The effects of civic engagement, income inequality and ethnic diversity<sup>5</sup> were found to be negligible, while that of QoG was robust and strong (Charron and Rothstein, 2013).

Finally, a chapter in the recently published Oxford Handbook of Social and Political Trust summarises the state of the research. And it concludes (You, 2018: 486): '[T]here is very strong and robust empirical evidence of the causal effect of corruption and institutional fairness on social trust .... Overall, the evidence for a causal effect from corruption to social trust seems to be stronger than that for a causal effect from social trust to corruption.'

These scholars find that social trust is not primarily related to what takes place on the 'input' side of the representative democratic system, but to what goes on at the 'output' side—in public administration, the police, the courts and public services. After all, on the representative side, one of the main roles for political institutions is to be partisan. A political party that

holds government power, or a majority in the parliament, is supposed to try to implement its ideology in a partisan way. Thus, those who support the ideology of the ruling party(ies) are likely to have confidence in it, while citizens who oppose its ideology are likely to report a lack of confidence. It is however less likely that such partisan trust or distrust should influence generalised trust in others. There is to our knowledge no plausible causal mechanism linking these two phenomena and empirically any correlations which emerge from surveys on these measures are statistically insignificant (Rothstein and Stolle, 2008).

What comes out of this research is that the major source of variation in generalised trust is to be found on the other side of the state machinery—the legal and administrative branches of the state responsible for the implementation of public policies. In several studies, the strongest correlations with social trust are trust in the rule of law, that is with the institutions of the police and courts (Rothstein and Stolle, 2008; Holmberg and Weibull, 2014). A theoretical explanation is that, compared with other institutions within the arena of public policy, the courts, the police and the other legal institutions of the state have a special task, namely to detect and punish people who, in game-theory parlance, use opportunistic strategies (we prefer the term treacherous). In other words, the rule-of-law institutions are in the business of taking care of people who are better not to be trusted. Results from factor analyses of WVS data, as well as Swedish survey data, largely confirm that people distinguish between trust in different government

<sup>5</sup> Ethnic diversity is measured as the percentage of citizens in each region born outside the European Union.

institutions and that this creates different dimensions of institutional trust (Rothstein and Stolle, 2008).

### **The corruption-trust theory**

Social trust can be seen as an example of what North (1998) has defined as the informal institutions in a society, which are established systems of beliefs about the behaviour of others. In a group (or society) where most agents' default position is that most people can generally be trusted, transaction costs will be lower and many forms of mutually-beneficial co-operation will therefore take place which would not have been possible if social trust were lacking. For example, in economic relations, lack of social trust will limit transactions between agents to people of the same ethnic clan or tribe while excluding members of disfavoured or unknown groups, thus hindering economic efficiency (Svendsen and Svendsen, 2004).

Social trust as an informal institution is essential if groups/societies are to succeed in establishing socially efficient formal institutions such as those embodying the rule of law, impartial civil services and uncorrupt public administrations. Being 'second order' public goods, such formal institutions are thereby prone to the standard problems of freeriding, as well as opportunistic and treacherous behaviour. It is in these ways that social trust can be seen as a collective asset, as social capital (Coleman, 1990).

The outcome of social and economic interactions depends on how the real-life context has constructed agents' mutual expectations about what kind of reciprocity to expect and whether other agents can be trusted (Fehr and Fischbacher, 2005). As has been argued from the perspective of evolutionary game

theory, people cannot be expected to base their decisions about 'how to play' in social dilemmas on perfect information about others, because such information is impossible to get (Young, 1998).

The major lesson from non-cooperative game theory for this discussion is not about choice, strategy or individual rationality, but that we have good reasons to expect 'dysfunctional results from individual rationality' (Miller, 2000). However, given the huge variation in social trust and corruption between countries, the theory we need is not a general, more or less structural-functionalist one, starting from some universal notion of human behaviour. Rather, the theory we need is one that can explain this immense variation: why is corruption in Denmark lower than in Nigeria, why is social trust in Finland so much higher than in Romania and why are the informal social institutions that embed market relations in Mexico different from those in Canada?

The epistemological approach known as scientific realism puts great weight on the construction of theories as to how the causal mechanisms between variables operate (MacDonald, 2003; Shapiro, 2005). A great deal of research in social psychology has shown the importance of social trust for achieving a socially-efficient outcome in 'social trap' situations (Dawes and Messick, 2000) and the positive impact of procedural fairness on the willingness of individuals to accept outcomes that are substantially negative for them (Tyler, 2003). However, as De Cremer et al (2005: 395) have argued, 'although behavioral consequences as a function of procedural fairness ... seem logical from a theoretical point of view', there has been 'amazingly little effort ... to understand why such an effect could occur'. The results they present

in their study (based also on scenario experiments) show that 'fair procedures' increase co-operation.

This seems to be based on the following causality: institutions that are perceived to be fair increase group identity and affiliation, so that the goal of the group merges with the goal of the individuals. Being treated fairly and respectfully will instil among group members a feeling of inclusiveness, from which also follows increased social trust (De Cremer et al, 2005: 402). This is in line with the experimental results from the so-called 'horizontal trust game', which show that individuals who sense a higher affiliation to the group also trust more than others in the group will reciprocate (Ostrom, 2005: 74).

It is not self-evident that people who live in highly corrupt societies should have low social trust. One could make the opposite argument—that to make life bearable in a very corrupt and/or clientelistic society, ordinary citizens have to develop a lot of informal social contacts they can trust. This does not seem to be the case, however. Instead, they seem to develop mistrust, envy, pessimism and cynicism towards 'people in general' (Csepeli et al, 2004). The type of trust they develop is what Uslaner (2002) calls 'particularised' trust, which implies that one only trusts very close friends and relatives but is distrustful of those outside that narrow circle. As Uslaner shows, this is actually the opposite of social trust, which entails giving people one does not know the benefit of the doubt and having an optimistic outlook for one's future interactions with 'other people in general'.

The theory we propose starts from the presumption that, when it comes to establishing beliefs about

social trust, people make inferences from the behaviour they encounter in engaging with public officials. Because it is impossible to know the trustworthiness of 'most people' in a society, people must rely on imperfect information when they form their beliefs about social trust. Since social trust can be interpreted as people's moral evaluation of the society in which they live, it makes sense that the behaviour of public officials is one very important device individuals use when forming beliefs as to what extent people in general can be trusted. In experimental non-cooperative game theory, this is known as 'heuristics', which can be understood as the kind of clues people who lack perfect information use when they have to decide if they should or should not trust other people with whom they have to deal (Ostrom, 2005: 98).

This corruption-trust theory consists of three interrelated causal mechanisms:

1. **The inference from public officials:** if public officials in a society are known for being corrupt, partial or untrustworthy, citizens will believe that even people whom the law requires to act in the service of the public cannot be trusted. From this, they will make an inference that most other people cannot be trusted either.
2. **The inference from people in general:** citizens will be able to see that most people in a society with corrupt officials must take part in corruption and similar practices to obtain what they feel to be their due. They will therefore make an inference that most other people cannot be trusted.

3. **The inference from oneself:** the individual will realise that to get by in such a society, s/he will have to take part in corrupt or clientelistic practices, making of themselves an untrustworthy person. This leads to the same inference as in 1 and 2, namely that most people cannot be trusted.

The causal mechanisms specified imply that individuals make inferences from the type of information they have about how society works, which to a considerable extent they get from how they perceive public officials to act. This information does not need to be correct, of course, and does not have to be related to personal experiences. Hearsay, rumours, collective memories and the like are for sure part of this story. Individuals have no choice but to form their system of beliefs from the imperfect information available to them.

The first mechanism implies that individuals reason something like this: 'If it proves that I cannot trust local policemen, judges, teachers and doctors, then whom in this society can I trust?' The ethics of public officials become central here—not only with respect to how they do their jobs but also to the signals they send to citizens about what kind of 'game' is being played in the society. The succeeding mechanisms are a logical outcome of the first. People draw personal conclusions from the actions they observe in others—as they and others do from their own.

### **Conclusions: no alarm, but ...**

Our ambition here has not been to carry out a full test of the theory outlined above. Instead, it has been to present a theoretically based argument for why analysing the variation in social trust between

different groups within a society is important. Just comparing average measures of social trust between countries tends to hide the problem that increased social stratification and inequality may be important for understanding the changing nature of social trust within a specific society (Uslaner, 2002). A high average level of social trust may, or may not, disguise a huge internal variation. While there are strong arguments for believing that high social trust is a very important asset for a society, this may not be the case if considerable variation between specific groups exists.

We find in Sweden that supporters of the Sweden Democrats, at the extreme side of the political system, tend to trust less—they have much less confidence in the political institutions and especially those that implement public policy. Vulnerable people, for example those who are long-term unemployed, or on long-term sick leave or disabled, have lower social trust because they are typically in contact with selective and needs-testing authorities in the welfare state which have a lot of discretionary power. We do not for a moment believe that there is corruption in these parts of the Swedish welfare state, but the discretionary power of the 'street-level bureaucrats' means the clients may perceive that they are victims of public agencies whose decisions are difficult to understand and accept (Kumlin and Rothstein, 2005).

The normative hypothesis that everything is all right with social trust in Sweden has not been supported by our empirical tests. Interpersonal trust is still high—among the highest in the world. The limited decrease in the last couple of years has not changed that. Sweden continues to be a country of high

trustees. Zooming in on trust in different groups, and on change in some socially and economically exposed segments of the population, makes however the picture somewhat more nuanced. Social trust is distinctly lower among welfare-dependent groups, among whom it is declining over time. A pattern of a divided and more fragmented society appears.

A very similar pattern is visible when we look at some political groups. Citizens without preferences for any party, or with party sympathies outside the traditional seven established parties of Sweden, tend to exhibit much lower social trust than the average Swede. Together these anti-establishment groups constitute a fairly large minority, of about 25-30 per cent, in present-day Sweden. Dominant here are supporters of the anti-immigrant, populist SD. A low trusting political grouping of almost a third of the population is far too large a minority to be complacent about, and to conclude that social trust in Sweden is without problems. Au contraire, all is not well when we look under the beautiful veil of high-trusting Sweden.



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