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**What are the Origins of Political Trust?**  
**Testing Institutional and Cultural Theories in Post-Communist Societies**

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#### **Abstract:**

Popular trust in political institutions is vital to democracy, but in post-Communist countries popular distrust for institutions is widespread, and the prospects for generating increased political trust are uncertain given disagreements over its origins. Cultural theories, emphasizing exogenous determinants of trust, compete with institutional theories, emphasizing endogenous influences, and both can be further differentiated into micro and macro variants. Competing hypotheses drawn from these theories are tested using data from ten post-Communist countries in Eastern and Central Europe and the former Soviet Union. Aggregate data on economic and political performance are combined with survey data on interpersonal and political trust, political socialization experiences, and individual evaluations of national performance. The results strongly support the superiority of institutional explanations of the origins of political trust, especially micro-level explanations, while providing little support for either micro- or macro-cultural explanations. This encourages cautious optimism about the potential for nurturing popular trust in new democratic institutions.

## Introduction

Trust is critical to democracy. Trust links ordinary citizens to the institutions that are intended to represent them (Bianco, 1994), thereby enhancing both the legitimacy and the effectiveness of democratic government (see, e.g., Gamson, 1968; Braithwaite and Levi, 1998; Hetherington, 1998). Trust is especially critical for new regimes, where it also is likely to be in short supply. This is particularly so for new regimes whose predecessors proved themselves unworthy of trust, as is the case for most post-Communist regimes in Eastern and Central Europe and the former Soviet Union (Shlapentokh, 1989: chapter 1; Dogan and Higley, 1998). In such critical but adverse circumstances, what are the origins of political trust? How does trust begin?

Two theoretical traditions compete as explanations for the origins of trust and offer very different perspectives on the prospects for developing sufficient trust for democratic institutions to survive and function effectively in post-Communist societies. Cultural theories hypothesize that trust in political institutions is exogenous. Trust in political institutions is hypothesized to originate outside the political sphere in long-standing and deeply seeded beliefs about people that are rooted in cultural norms and communicated through early-life socialization. From a cultural perspective, institutional trust is an extension of interpersonal trust, learned early in life and, much later, projected onto political institutions, thereby conditioning institutional performance capabilities (cf. Almond and Verba, 1963; Putnam, 1993; Inglehart, 1997: 188ff; for criticisms, see, e.g., Levi, 1996; Jackman and Miller, 1996; Foley and Edwards, 1999).

Institutional theories, by contrast, hypothesize that political trust is politically endogenous. Institutional trust is the expected utility of institutions performing satisfactorily (see, e.g., Coleman, 1990: 99ff; Dasgupta, 1988, Hetherington, 1998); it is a consequence, not a cause, of institutional performance. Trust in institutions is rationally based; it hinges on citizen evaluations of institutional performance. Institutions that perform well generate trust; untrustworthy institutions generate skepticism

and distrust. This is not to deny the reality of early-life cultural influences. To the contrary, insofar as political institutions persist and perform relatively consistently over successive generations, then political socialization and institutional performance should exert very similar and reinforcing effects on trust in institutions. In post-Communist societies, however, the replacement of undemocratic by democratic regimes necessarily introduces fundamental institutional discontinuities. The regime whose performance is being evaluated today is radically different from the regime into which individuals have been socialized throughout their lives. In this context, the institutional hypothesis is that, if socialization and performance influences conflict, more proximate performance evaluations will override the earlier influence exerted by cultural norms and socialization experiences.

Within both cultural and institutional theories, important distinctions exist between macro and micro variants. Whereas macro-cultural theories emphasize the homogenizing tendencies of national traditions and make little allowance for variation in trust among individuals within societies, micro-cultural theories focus on differences in individual socialization experiences as sources of significant variation in political trust within as well as between societies. To an even greater extent macro- and micro-institutional theories are distinct. Macro-institutional theories emphasize the aggregate performance of institutions in such matters as promoting growth, governing effectively, and avoiding corruption. The outputs of institutions are assumed to determine individual responses. By contrast micro-institutional theories emphasize that individual evaluations of institutional performance are conditioned by individual tastes and experiences, for example, whether a person thinks that political integrity or economic growth is more important and whether that individual personally has experienced the effects of corruption or the benefits of economic growth.

Understanding how trust begins is important for testing competing theories, but it also has significant implications for the consolidation of new democracies. Cultural and institutional theories agree that citizens in post-Communist societies are likely to manifest little initial trust for democratic

institutions. Macro-cultural theories hold, for example, that a predisposition to distrust is inherent in authoritarian political cultures such as those of Russia and most other post-Communist societies of Eastern and Central Europe (see, e.g., Keenan, 1986; but also Jowitt, 1992). Micro-cultural theories reinforce this interpretation by emphasizing that authoritarian values learned through socialization into an undemocratic regime are likely to persist for a generation or more beyond the collapse of the old regime. From an institutional perspective, too, initial political trust in new democracies is likely to be low. New democracies confront a variety of difficult problems linked to their political and economic transitions, yet they have little experience governing democratically. It is almost inevitable in this context that they will suffer from a “performance deficit” while learning to govern through a process of trial and error.

While agreeing that trust in new democratic institutions initially will be low, cultural and institutional theories differ significantly in their expectations about the abilities of new institutions to generate sufficient trust quickly enough to develop into stable, consolidated democracies (cf. Gunther, Diamandouros, and Puhle, 1995; O’Donnell, 1996). If political trust is culturally determined and rooted in deep-seated societal norms or basic socialization patterns, there is little that can be done in the short run to cultivate trust in new democratic institutions. Insofar as a culture of trust is path dependent, then as Dahl (1971) and Putnam (1993: 184ff) argue, it will take decades or generations to develop the trust necessary for democratic institutions to function effectively. Conversely, if trust originates in institutional performance, new democratic institutions can generate increased trust by providing economic growth and abstaining from repressive and corrupt practices -- outcomes that may take months or even years but need not take decades or generations.

This paper elaborates and tests competing cultural and institutional theories of the origins of political trust in new democracies using data from ten post-Communist societies in Eastern and Central Europe, including the former Soviet Union. Specifically, our analyses combine macro-level indicators of economic and political performance across the ten countries with micro-level survey data on

interpersonal and institutional trust, political socialization experiences, and individual performance evaluations. The results strongly support the superiority of institutional explanations of trust, especially micro-level explanations, while providing little support for either micro- or macro-cultural explanations. This encourages at least cautious optimism about the potential for nurturing political trust in new democratic institutions.

### **Comparing Theories of Political Trust**

Theories of the origins of political trust can be distinguished broadly along two dimensions (Figure 1). Cultural theories differ principally from institutional theories with regard to the extent to which trust is conceived as exogenous or endogenous to political institutions. Cultural theories view trust as exogenous, a basic character trait learned early in life, whereas endogenous theories view trust as endogenous, a consequence of institutional performance. Among both cultural and institutional theories a further distinction can be drawn between macro- and micro-oriented theories. Macro theories of both types emphasize that trust is a collective or group property broadly shared by all members of a society. Micro theories, by contrast, hold that trust varies among individuals within a society based on differences in socialization and social background, political and economic experiences, or individual perceptions and evaluations.

(Figure 1 about here)

Cultural theories begin with an assumption that trust is an emergent property linked to basic forms of social relations (see Eckstein, 1966; Eckstein et al., 1998). Virtually from birth, individuals learn to trust or distrust other people by experiencing how others in the culture treat them and how, in return, others react to their behavior. Initially, those “others” are parents and immediate family, but over time the set of interactions expands to include school friends, work mates, and neighbors. This results in a generalized sense of trust or distrust in other people. Collectively, cultures can be differentiated according to their levels of trust or distrust of others.

Although the sources of interpersonal trust lie outside the political system, cultural theories further assume that people who trust each other are more likely to cooperate with each other in forming both formal and informal institutions such as choirs, bowling leagues or community associations (Putnam, 1993, 1995). While politically exogenous, interpersonal trust helps make political institutions work because it “spills over,” as Putnam describes it, into cooperation with people in local civic associations and then “spills up” to create a nationwide network of institutions necessary for representative government. In this sense, interpersonal trust is projected onto political institutions creating a civic culture (Almond and Verba, 1963). The institutionalization of trusting interactions within a culture creates a path-dependent process in which diffuse socialization mechanisms transmit, from one generation to the next, positive (or negative) predispositions toward representative institutions and democratic governance. Thus, to paraphrase Jimmy Carter, a country can expect a government as good as its people. Of course, if the culture transmits values of “amoral familism” such as Banfield (1958) described in southern Italy, then the result will be a government as bad as its people (see, however, Jackman and Miller, 1996). In this regard, it is sometimes argued by historians that the existence of untrustworthy institutions in Russia since Czarist times has resulted in a socialization process in which individuals learn to distrust other people and institutions (cf. Pipes, 1974; Joyce 1984; Hedlund, 1999: part II).

A finer-grained analysis of political trust emerges from micro-level cultural theories that emphasize that socialization into a culturally homogenous society nonetheless allows substantial variation among individuals based on gender, family background, education, and so forth. Not all families in kinship-based societies are equally close knit and mutually supportive. Not everyone who joins a bowling league learns cooperation and trust or projects those attributes onto political institutions. Rather, micro theories emphasize that the impact of culture on individual trust is likely to vary with the specific nature of the socialization process and the face-to-face experiences of each person. Even studies

cast broadly within a cultural framework, such as the World Values Survey, report substantial within-country differences in values linked to differences in gender, age, education, and income, among other correlates (see, for two examples, Inglehart et al., 1998 and Dalton, 1996).

Cultural theories, both macro and micro have been challenged on a multiplicity of grounds (see, e.g., Levi, 1996; Jackman and Miller, 1996; Foley and Edwards, 1999). Fukuyama, (1999: 20f) notes that a degree of trust within face-to-face groups is common in all societies, but argues that the “radius of trust,” by which he means the extension of interpersonal trust to increasingly large-scale impersonal institutions, varies widely across cultures. Moreover, he observes, stable democracies can be found in both low-trust as well as high-trust cultures. Shlapentokh (1989, Chapter 1) goes further, arguing that in a mobilized regime with a totalitarian vocation there can be an inverse relationship between face-to-face groups and institutions, creating an “hourglass” society in which people use trusted networks to insulate themselves from distrusted state institutions (Rose, 1995).

More generally, there is increasing skepticism about the linkage between interpersonal trust and trust in political institutions. Newton (1999: 174) demonstrates, for example, that interpersonal trust and political trust are conceptually distinct. In today’s postindustrial society, the “thick” trust of face-to-face relations emphasized by Tocqueville in his characterization of preindustrial society (and adopted by Putnam) has been transformed into “thin” impersonal ties (see also Mutz, 1998). Even if there is a connection between political and interpersonal trust, the direction of this relationship has been brought into question by recent evidence that political trust or distrust can affect interpersonal relations as much or more than interpersonal trust affects confidence in political institutions (Brehm and Rahn, 1997). Indeed, Muller and Seligson (1994:647) go even further arguing that, “interpersonal trust appears to be a product of democracy rather than a cause of it” (see also Hetherington, 1998).

Institutional theories, in contrast, emphasize that political trust and distrust are rational responses by individuals to the performance of institutions (March, 1988; North, 1990). Whereas cultural theories

view institutional design as deeply conditioned by culture and substantially path dependent, institutional theories hold not only that institutional structure is a function of rational choice or intentional design (Shepsle, 1995; Orren and Skowronek, 1995) but also that the choice of institutional designs has real consequences for government performance and thus for public trust in institutions (e.g., Stark, 1995; Lijphart and Waisman, 1996). Institutionalists accept that culture can condition institutional choice, as can the past performance of institutions, but neither culture nor past performance is deterministic

Although institutional theories agree that political trust is endogenous, they disagree about which aspects of performance are important or how performance is assessed. In established democracies, where the structure and character of political institutions are constant within countries over extended periods of time, institutional theories typically emphasize the importance of policy performance, including especially economic performance (Przeworski et al., 1996). Institutions are trusted or distrusted to the extent that they produce desired economic outcomes. In new democracies, however, the political character of institutions can matter as much as their policy outputs, and political outputs can matter as much as economic performance. In post-Communist countries, for example, where individual liberty and the rule of law were systematically repressed for decades, citizens are likely to value institutions that succeed in reducing corruption, removing restrictions on individual liberty, and providing increased freedoms (cf. Diamond, 1999: 7). In these contexts, popular trust in institutions likely is a consequence of both political and economic performance.

In contrast to macro theories, micro-institutional theories recognize that evaluations of performance reflect not only the aggregate performance of government but also individual circumstances and values. Individuals who are unemployed or whose personal finances have suffered from what they believe to be government policies are likely to be less trusting of political institutions than are those in better or improving economic circumstances (cf., for the Soviet case, Silver, 1987). Differences in individual values also can be important. Individuals who value freedom highly can be expected to trust

newly democratic institutions despite economic hardships, whereas those who give priority to economic growth may react more negatively in similar circumstances.

Thus cultural theories offer two basic hypotheses about the origins of trust, differing principally in the emphasis placed on the collective national culture as against individual socialization experiences. Institutional theories offer two additional hypotheses, also differentiated by level.

H1 (National culture): Trust in political institutions varies between countries rather than among individuals according to historically rooted, national experiences embedded in interpersonal trust.

H2 (Individual socialization): Trust in institutions varies within and across countries according to individuals' trust in others as shaped by their places in the social structure.

H3 (Government performance): Trust in institutions varies across rather than within countries in proportion to the success of government policies and the character of political institutions.

H4 (Individual evaluations): Trust in institutions varies within and across countries in accordance with both individual attitudes and values and the social and economic positions individuals occupy.

### **A Lifetime of Learning about Trust**

Cultural and institutional theories characteristically are treated as incompatible and incommensurable, but their antagonism typically is overdrawn. The four hypotheses are not mutually exclusive. Individual socialization experiences and individual performance evaluations can both influence political trust to differing degrees. Similarly, national differences in cultural values could distinguish mean levels of trust across countries while individual socialization experiences could explain within-country variations in trust around the national mean. Despite profound differences in assumptions and interpretations, cultural and institutional theories share a fundamental assumption that trust is learned

and linked at some level to experience. They differ in subsidiary, albeit important, assumptions about when most learning is most likely to occur, which shared experiences are most relevant, and how long the lessons of trust are likely to last. Cultural theories emphasize the importance and durability of pre-political or early life socialization reflecting individuals' experiences with kin, peer group, and community. Institutional theories emphasize adult learning based on more recent or contemporaneous experiences with the performance of political institutions.

Early-life socialization and adult learning can be integrated in a lifetime learning model (Mishler and Rose, 1997; Rose et al., 1998) thereby allowing direct empirical comparisons of cultural and institutional theories. According to a lifetime learning model, interpersonal trust may develop initially as a result of youthful, pre-political experiences and subsequently may be projected onto institutions in the manner predicted by cultural theory. These initial predispositions to trust or distrust institutions, however, may be subsequently reinforced or revised depending on the extent to which initial lessons are challenged or confirmed by later-life experiences including adult evaluations of political performance. Insofar as adult experiences reinforce early beliefs, as is likely in stable societies with durable institutions, then political trust will be relatively stable over time. In such circumstances, cultural and institutional predictions regarding trust should coincide. When there are major dislocations in society, however, especially when accompanied by fundamental changes in social and political institutions such as have occurred in post-Communist societies, then political trust will be relatively volatile, and cultural and institutional theories can provide very different, even contradictory, predictions about political trust. From a lifetime learning perspective, the debate between cultural and institutional explanations of trust reduces to an empirical dispute over the relative importance and durability of early- versus later-life experiences.

The logic of the lifetime learning model roughly parallels Fiorina's (1981) conception of party identification as a "running tally" of retrospective political evaluations. According to this conception, an

individual's current level of political trust is a weighted sum of the individual's lifetime political experiences. Expressed symbolically, what we are proposing is a model of current political trust

$$PT_t = \gamma + \sum_{i=1}^t B_i PE_i + u_t \quad (1)$$

in which  $PT$  is a vector measuring current trust in political institutions at time  $t$ ;  $B_i$  is a vector of coefficients or weights;  $PE$  is a vector of political or institutional performance experiences for period  $I$ ; and  $u_t$  is an error term. This equation can be rewritten

$$PT_t = PT_{t-1} + B_t PE_t + (u_t - u_{t-1}), \quad (2)$$

to emphasize that contemporary trust in political institutions is a product of past political trust ( $PT_{t-1}$ ) as modified by more recent performance experiences ( $PE_t$ ).

Unfortunately, estimation of a model with a lagged endogenous variable requires panel data on political trust that are unavailable for post-Communist regimes. Nevertheless, we can estimate a simplified form of this model by making the reasonable assumption that citizens in post-Communist systems can distinguish current institutions from those of the Communist past and evaluate the new institutions independently as well. This allows us to drop past political trust from the model and emphasizes that trust in new democratic institutions is influenced principally by contemporary performance evaluations. If, however, cultural theories are correct and institutional trust originates, at least partly, in interpersonal trust, then trust in new institutions also should be a function of both contemporary performance evaluations ( $PE_t$ ) and interpersonal trust ( $IT_t$ ),

$$PT_t = B_1 PE_t + B_2 IT_t + u_t \quad (3)$$

a model that can be estimated with cross-sectional data and ordinary least squares (OLS) procedures.

If critics are correct, however, and the relationship of interpersonal and institutional trust is reciprocal such that, in addition to the effect of interpersonal trust on political trust expressed in Equation 3, political trust also conditions interpersonal trust as in Equation 4,

$$IT_t = B_1PE_t + B_2PT_t + u_p \quad (4)$$

then OLS procedures are inappropriate and two-stage least squares (TSLS) procedures must be used to estimate the system of structural equations (3 and 4). This is the approach taken in this analysis.

### **Measuring Trust**

Post-Communist regimes provide a rich context in which to explore the sources of interpersonal trust and trust in political institutions. Life in a Communist regime forced citizens to rely to an unusual extent on interpersonal relationships and connections to provide for their material and emotional needs and to protect themselves from an intrusive and repressive state (see, e.g., Di Francesco and Gitelman, 1984; Hankiss, 1990; Wedel, 1992). Although post-Communist regimes have developed new institutions that differ substantially from those in place ten years ago, the new institutions vary in the extent to which their performance warrants popular trust. The intensity of interpersonal relationships under Communism and the variation in the economic and political performance of the new regimes facilitate analyses of the effects of both interpersonal trust and political performance on political trust. Even the most democratic of the new institutions, however, cannot be expected to match the performance of institutions in established democracies. Therefore, whatever the origins of trust in the new institutions, the overall level of trust is likely to be problematic.

Assessing competing explanations of political trust requires both aggregate measures of institutional performance and survey data about interpersonal and institutional trust, social position and perceptions of economic and political performance. The survey data analyzed here come from the fifth New Democracies Barometer (NDB V), organized by the Paul Lazarsfeld Society, Vienna, and the

seventh New Russia Barometer (NRB VII), organized by the Centre for the Study of Public Policy at the University of Strathclyde. NDB interviews were conducted between January and May 1998 in seven Central and East European countries--Bulgaria, the Czech Republic, Slovakia, Hungary, Poland, Romania, and Slovenia--and in two successor states of the former Soviet Union, Belarus and Ukraine. Face-to-face interviews were conducted by professional survey firms using national probability samples of approximately 1,000 in each country. In addition, NRB interviews were conducted in Russia by the All-Russian Center for Public Opinion (VCIOM) in March-April 1998, using a multistage national probability sample that yielded 1904 face-to-face interviews (for further details, see Rose, 1998; Rose and Haerpfer, 1998; and [www.cspp.strath.ac.uk](http://www.cspp.strath.ac.uk)). To test the effects of both national context and individual differences, we pooled the survey data from the ten countries in a single multinational file of 11,499 respondents. Each country was weighted equally as having 1,000 cases, and a variety of macro-contextual and aggregate performance variables were added to the merged data set so that respondents could be analyzed in terms of both their individual attributes and their national contexts.

To measure trust in institutions, the NDB surveys asked people: There are many different institutions in this country, for example, the government, courts, police, civil servants. Please show me on this 7-point scale, where 1 represents great distrust and 7 represents great trust, how much is your personal trust in each of the following institutions. The list included: political parties, courts, police, civil servants, government, the military, Parliament, churches, trade unions, television and radio, the press, private enterprise, the President of the country, and the Prime Minister. People were then asked, with the same response set, How much do you trust most people you meet? In Russia, the NRB question on institutional trust was introduced in the same way, but a slightly different set of institutions was named. No question was asked about the Prime Minister, an inferior office in Russia, and questions about trade unions, the government, and other people were asked in slightly different forms (for details, see Appendix A).

An important theoretical advantage of the NDB/NRB questions is that trust in institutions is asked without reference to the performance of institutions or their occupants. The questions traditionally used in the EuroBarometer and elsewhere to measure “confidence” in established democratic institutions ask specifically about “the people running government,” and whether institutions are "doing what is right" (see, e.g., Dalton, 1996: 266ff). Such questions bias responses in ways that favor performance-oriented theories of trust. Another advantage of the NDB/NRB surveys is that they measure interpersonal trust directly, avoiding the pitfalls of using voluntary association membership as a proxy as is sometimes done (Baumgartner and Walker, 1988). Measuring interpersonal trust in the same format and with the same metric as institutional trust also avoids the confusion that can result from using different language and metrics for the two different types of trust (see Inglehart et al., 1998: v94, 289).

### **Trust in Institutions and in People in Post-Communist Societies**

Across the ten post-Communist societies, public reactions to the new social and political institutions range from skepticism (the midpoint on the seven-point trust scale) to outright distrust (Table 1). The median citizen in post-Communist societies actively distrusts five of the institutions and is skeptical about the remaining six. Distrust is greatest for political institutions, especially parliaments and parties, which are actively distrusted by 59 and 69 percent of citizens, respectively. The least democratic institution of the state, the military, enjoys the highest level of popular trust (46 percent are positive), although the median citizen is still skeptical, and nearly a third actively distrust the military. Across all institutions an average of 31 percent of respondents express positive trust, 22 percent are skeptical and 47 percent are distrustful. It has been argued that a “healthy skepticism” facilitates democratic society more than blind trust (Mishler and Rose, 1997), but the overall pattern in post-Communist countries is one of severe skepticism bordering on outright distrust of current institutions. Positive trust in any institution is extremely limited; even skepticism is in short supply.<sup>1</sup>

The low level of positive trust for the new institutions is consistent with both cultural and

institutional theories. Both hypothesize that initial trust in post-Communist institutions will be low. Cultural theories base this prediction on the legacy of distrust from Communist times combined with the centuries-old cultures of authoritarianism that characterize most countries in the region. Institutional theories predict low levels of initial trust because of the performance deficit that untested institutions are likely to face as they attempt to confront intractable problems with unproven solutions.

(Table 1 about here)

Interpersonal trust is higher overall than popular trust in institutions in all of the countries studied, except Romania, indirectly supporting the cultural hypothesis that trust in people is a leading indicator on institutional trust. In post-Communist societies, though, this means that individuals are relatively less distrustful, not that they positively trust other people. In fact, fewer than half of all respondents in the ten countries express positive trust toward others they meet. Nearly one third distrust other citizens; the median citizen is skeptical.

Both cultural and institutional theories assume the existence of a generalized sense of trust or distrust that holds across the different institutions of the state. Culturally, there is no reason for citizens to distinguish among different institutions, projecting interpersonal trust on some more or less than others. If trust “spills up” from individuals to institutions, it should do so equally for all institutions. Similarly, with regard to institutional theories, while citizens in established democracies may be capable of distinguishing the contributions of different institutions to overall government performance, citizens in new democracies have difficulty making fine-grained distinctions about institutions with which they have so little familiarity or experience (Mishler and Rose, 1994).

A principal components analysis of trust in the 11 civil and political institutions confirms this hypothesis and demonstrates that trust or distrust in institutions tends to be generalized across institutions (Table 2). Although the analysis produces two components or factors with eigenvalues greater than 1.0, the first factor clearly dominates, accounting for more than 40 percent of the total variance in the 11

measures of trust, nearly four times the variance explained by the second factor. Moreover, consistent with the interpretation of this as a dimension of overall institutional trust, ten of the 11 institutions have loadings greater than .60 on this dimension. Only trust in churches has a smaller loading on this factor, and its loading is still substantial (.45). Even allowing for the fact that principal components techniques extract factors so as to maximize the variance explained by the first dimension, the strength of this first factor is unusual. A scree test, conventionally used to judge dimensionality, also clearly points to the superiority of a one-factor solution.

(Table 2 about here)

When a second factor is extracted and the two are rotated orthogonally, the first rotated factor clearly is a measure of trust in the institutions of the state as indicated by the strong loadings of trust in parliament, prime minister or president, courts, police, parties, and the military. The second and much weaker factor reflects trust in civil institutions, including the press and electronic media (which can be both civil and political) and private enterprise. Because of the evidence, however weak, of a second factor and given our primary concern with assessing the connections between interpersonal trust, institutional trust, and government performance, we concentrate our analyses on trust in the six political institutions that define factor 1 in the two-factor solution, thus discarding the institutions of civil society. Toward this end, we created a composite measure of political trust by averaging individual scores across the six political institutions.<sup>2</sup>

### **Testing Macro Theories**

Macro theories of national culture (H1) and of government performance (H3) hypothesize that there are minimal differences in trust within countries. Whereas macro-cultural theories emphasize the homogenizing effect of national history, culture, and traditions, macro-institutional theories assume that rational citizens with full information will evaluate performance similarly. Contradicting these hypotheses, however, within-country differences in trust across the ten post-Communist societies are

large both in absolute terms and relative to the very modest cross-national differences observed (Figure 2). The mean level of institutional trust across all political institutions and countries is 3.5 on the seven-point scale, or slightly on the negative side of the skeptical midpoint. In seven of the ten countries, the mean level of political trust lies within two-tenths of a point of this overall mean. The outliers include Russia and, especially, the Ukraine, which have significantly lower levels of trust, and Romania, which registers higher trust. Nevertheless, within-country variations in institutional trust are consistently much larger than between-country differences in mean trust. Across the ten countries, the standard deviation in political trust is 1.2 points on the seven-point scale. This ranges from 1.0 in the Czech Republic to 1.3 in Bulgaria and Romania. Within-country variability in trust appears even greater when institutions are examined individually. The standard deviations range from a low of 1.4 for political parties in Russia and the Czech Republic to 2.0 for trust in the prime minister in Slovakia. The coefficients of variability often exceed .50 (cf. Appendix A).

(Figure 2 about here)

Cross-national differences in interpersonal trust are slightly larger than for political trust, but again, within-country differences in interpersonal trust are larger still (Appendix A). Six of the ten countries have scores on interpersonal trust that fall within 0.5 points of the ten-country mean of 4.4. By contrast, within-country standard deviations in interpersonal trust range from a low of 1.3 in the Czech Republic and Poland to 1.8 in Romania with a ten-country average of 1.6, a very large number given a mean level of interpersonal trust of 4.4 on a seven-point scale.

The limited effect of macro-country or cultural differences on trust is confirmed by regression analyses (not shown) using countries as dummy variables to predict institutional and interpersonal trust. The country variables account for only 6 percent of the variance in institutional trust and 9 percent of the variance in interpersonal trust, further evidence that within-country differences in trust are much greater than between-country differences.<sup>3</sup>

The macro-cultural hypothesis (H1) holds not only that interpersonal trust is an attribute of national character but also that interpersonal trust is projected onto and determines political trust. This implies a strong, positive correlation across countries between aggregate interpersonal and institutional trust. This is not the case, however; there is only a very modest relationship between the aggregated measures of trust in political institutions and interpersonal trust across the ten post-Communist countries ( $R^2 = -.18$ ). Moreover, the sign of the relationship is negative consistent with Shlapentokh's (1989) countervailing hypothesis that distrusted political institutions increase citizen reliance on interpersonal trust as a means of protection against totalitarian-style mobilization.

Macro-institutional theories hypothesize that levels of political trust depend on the character and performance of institutions (H3) but leave open the question of how performance should be measured. In established democracies the macro economy is the conventional basis for assessing performance, if only by default. The performance of the economy is a perennial concern and economic performance is highly variable. In contrast, the end of the cold war has reduced the salience of security concerns, and government respect for civil rights and liberties is relatively constant so that, in established democracies, these aspects of political performance are taken for granted. In post-Communist societies, macro-economic performance also is highly salient. Socialization into a state-controlled economy taught citizens to hold government accountable for economic conditions and the introduction of market reforms has precipitated major economic dislocations. Economic performance, however, is not the only concern in new democracies, nor is it necessarily the most important. Neither freedom nor the rule of law can be taken for granted in post-Communist societies. Moreover, while the end of Communist rule has eliminated traditional forms of corruption, the introduction of markets has generated new forms, including the massive transfer of wealth through the privatization of state enterprises.

Whereas macro-cultural differences in interpersonal trust have little or no influence on national trust in institutions, there is some evidence that cross-national differences in political trust are influenced,

at least modestly, by national differences in political and economic performance. There are substantial problems measuring economic performance in post-Communist countries. For one thing, the nature of the command economy in the baseline year was radically different from the current market-oriented economy. For another, the widespread “dollarization” of economies in times of high inflation and the retreat of households from money into barter and exchange of favors limits the credibility of monetized measures of aggregate economic performance (cf. Marer et al., 1992; Rose and McAllister, 1996). Nonetheless, there is a moderately strong and properly signed correlation between aggregate levels of political trust and changes since 1989 in the per capita gross domestic products (GDP) of these ten countries ( $R^2 = .22$ ). GDP per capita adjusted for purchasing power parity produces a smaller correlation ( $R^2 = .15$ ), although the sign of the relationship is consistent with theory. Despite very high and highly varied rates of inflation across the ten countries, however, the (logged) cumulative rate of inflation from 1990 to 1997 is only weakly related to political trust ( $R^2 = -.07$ ), and there is virtually no relationship ( $R^2 = .03$ ) between political trust and a measure of the extent to which market institutions have been successfully introduced (Karatnycky et al., 1997: 7).

Political performance indicators also are modestly related to variations in aggregate political trust. Civil and political liberties are classic indicators of democratization. On the Freedom House Index (1998), which measures regimes’ protection of these liberties, the Czech Republic, Hungary, Poland, and Slovenia are rated as substantially free, the same as Germany and France. Romania and Bulgaria also are classified as free, albeit slightly lower on the index, while Slovakia, Russia and Ukraine are categorized as partly free.<sup>4</sup> Belarus is classified as unfree, one point from the bottom of the scale, although a full point higher than when it was part of the former Soviet Union. Predictably, countries with higher levels of freedom manifest higher levels of political trust, although the size of the correlation is modest ( $R^2 = .11$ ). The relationship between political trust and a measure of the extent to which freedom increased between 1985 and 1998 also is correctly signed but very weak ( $R^2 = .05$ ).

Corruption is another indicator of the extent to which post-Communist political institutions maintain or depart from the rule of law. Transparency International (1998) publishes an annual index ranking more than 80 countries on a ten-point corruption scale. The 1998 TI index places Central European countries roughly in the middle of the world's nation-states, on par with the lowest-ranking members of the European Union. Central European countries are scored as less corrupt than Balkan Europe, which in turn is ranked as less corrupt than the successor states of the former Soviet Union (see Appendix B for details). Consistent with the performance hypothesis, countries with the highest aggregate corruption levels suffer the lowest levels of aggregate trust in institutions. Again, however, while the correlation is properly signed, its size is modest ( $R^2 = -.11$ )

Given the grounds for questioning several of the indicators, it is reassuring that the several economic and political performance indicators are highly correlated. This reinforces confidence in the reliability of the measures. It also suggests that government performance tends to be consistent; governments that perform poorly on one dimension tend to perform badly on others as well. The mean correlation among the seven performance measures exceeds .65, and a principal components analysis (not shown) confirms that aggregate performance is unidimensional. A single factor accounts for more than 70 percent of the variance in the seven performance measures, all of which have loadings greater than .60 on this dimension. Given the potential for multicollinearity posed by these high correlations, we focus on a single performance indicator in subsequent analysis. The theoretical centrality of corruption in recent discussions of economic and political performance (cf. World Bank 1997; Bhalla, 1997) combined with the very high loading (.89) of the corruption index in the principal components analysis make this an excellent proxy for macro-institutional performance in subsequent analyses.<sup>5</sup>

Finally, insofar as institutional trust is an attribute of whole societies, the validity of macro-cultural and institutional explanations can be assessed by regressing aggregate levels of both interpersonal trust and political corruption on trust in political institutions. When this is done, political

performance dominates. The standardized coefficient for corruption is substantial (Beta = -.26) and properly signed. The coefficient for aggregated interpersonal trust is only one-third as large (BETA = -.09) and, contrary to cultural theory, the sign for interpersonal trust is negative. The two aggregate variables, however, account for only 6 percent of the total variance in political trust across the ten countries. This is consistent with the earlier observation that within-country variation in trust exceeds between-country variation.

In combination, these results provide strong grounds for rejecting both hypotheses 1 and 3. There is little evidence in these data that citizens in post-Communist societies have been socialized into an overarching national culture that determines political distrust. Neither is there substantial evidence that citizens of the same country respond uniformly to aggregate government performance, whether economic or political. To understand the origins of political trust, we need to consider individual-level influences as well.

### **Testing Micro Theories and Lifetime Learning**

Micro theories emphasize that political trust varies both within and between societies as a result of different political socialization experiences linked to differences in education, gender, or other social structural influences (H2), and/or because people with different political values and interests evaluate political and economic performance differently (H4). Most citizens in post-Communist societies have experienced both greater freedom and substantial economic dislocation during the transitions, although a few have benefited economically. This creates opportunities for individuals living in the same society to manifest very different levels of trust because they differ either in their personal experiences or in the priorities they assign to common experiences. For example, two individuals in the same society, exposed to the same set of economic conditions, may evaluate the economy differently because one focuses on current household difficulties while the other discounts current misery in expectation of future economic prosperity.

We test micro explanations of trust within the framework of a lifetime learning model that presumes a causal sequence in which the effects of culture and socialization on individuals' political trust occur earlier in time than the effects of political and economic performance. Among other considerations, this framework gives maximum weight to culture and socialization influences since performance variables are considered only after the effects of culture are controlled. Five proxies for political socialization are included in the model: age, education, gender, town size, and church attendance. Five political performance measures also are used, including the aggregate index of political corruption and micro-level perceptions of personal freedom, government fairness, political corruption, and government responsiveness to citizen influence. The perception measures ask citizens to evaluate the extent to which current political conditions are better or worse than they were under the former Communist regime. Economic variables include both sociotropic and egocentric evaluations of current economic conditions and of economic conditions five years in the future (Kinder and Kiewiet, 1979). A measure reflecting the priority that individuals assign to fighting inflation versus unemployment reflects individual differences in economic values. Finally, two indicators of individual economic circumstances are included: household income and unemployment (see Appendix B for details).<sup>6</sup>

(Table 3 about here)

In keeping with the logic of the lifetime learning model, we estimate the model in stages, adding one bloc of variables at each stage.<sup>7</sup> The results (Table 3) show that individual evaluations of political and economic performance are substantially more important than either socialization experiences or actual institutional performance in shaping citizen trust in political institutions. This confirms the importance of micro-level performance evaluations (H4) and rejects hypothesis (H2), which emphasizes individual socialization experiences. The results also further undermine hypothesis (H3) that trust develops as a direct result of macro-level government performance.

The effects of the socialization variables on political trust are especially weak. Only two of the

five variables are statistically significant, despite a sample size of almost 10,000 cases. Older citizens exhibit slightly but significantly higher trust in institutions than do younger generations, and individuals who live in smaller towns and villages are slightly more trusting of institutions as well. Education, often a significant predictor of political trust in established democracies, is not significant in post-Communist societies. Neither is gender nor church attendance. Together the five socialization variables account for only 1.3% of the total variance in political trust, a minuscule level considering that the socialization variables do not compete for variance in the model with any other blocs of variables.

The impact of macro-institutional performance on trust (H3) is equally small. Aggregate corruption levels are negatively associated with popular trust in institutions as institutional theories predict, but the relationship, though statistically significant, is weak. Importantly, the zero-order correlation between aggregate corruption and micro-level trust is moderately strong ( $R^2 = .18$ ), but the relationship is substantially attenuated when other variables in the model -- especially perceived corruption -- are controlled. This indicates that the effects of macro performance are largely mediated through micro evaluations; aggregate corruption does corrode political trust, but only to the extent that individuals perceive corruption and ascribe it importance relative to other concerns.<sup>8</sup>

Consistent with this interpretation and with hypothesis 4, the manner in which citizens individually evaluate the performance of institutions has substantial effects on political trust. All four of the political criteria for evaluating performance are statistically significant, and two have relatively large effects. The largest single influence on trust in the model is the extent to which people think the new regime treats citizens more or less fairly than the old regime. People who think government is less corrupt now than in the Communist past also are much more likely to trust current political institutions. The same is true, to a lesser extent, of those who think the new regime has increased freedom or created more space for personal political influence. In combination the five political performance measures account for 12.8 percent of the variance in political trust.

Evaluations of economic performance have similarly strong effects on political trust, accounting on their own for 11.8 percent of the variance in political trust. Citizens in post-Communist countries resemble those in established democracies in that they are substantially future oriented (MacKuen et al., 1992). Those who are most optimistic about the national economy in five years and are hopeful about their household's future economic prospects are much more likely to trust current political institutions. Also as in established democracies (Clarke et al., 1992), people in post-Communist societies appear to give primacy to sociotropic over egocentric evaluations; individual evaluations of current macro-economic conditions have strong and significant effects on trust, but evaluations of current household conditions do not.

Other economic indicators have smaller effects. For the majority of citizens in post-Communist societies, controlling inflation is a higher priority than reducing unemployment, but inflation-averse people exhibit only slightly greater trust in political institutions. The recent experience of unemployment also significantly reduces political trust, but its effects are weak and add little to the overall explanation of trust. Personal income levels have virtually no effect on trust. Overall, the lifetime learning model accounts for almost 20 percent of the variance in individual trust in post-Communist institutions. Virtually all of this can be attributed to individual evaluations of the performance of the new regimes, with political and economic concerns given roughly equal emphasis.

By contrast, when we seek an explanation of variation within and across countries in interpersonal trust, very little is explained by any aspect of the lifetime learning model. Together, the combination of socialization, aggregate performance, and economic and political evaluation variables account for less than 5 percent of the variance in individuals' trust in other people. Given the large sample size, it is not surprising that several variables are statistically significant, but none have strong effects. Contrary to cultural theory, aggregate corruption has the strongest effect on interpersonal trust. The more corrupt a country's current institutions are, the more citizens in those countries are likely to

distrust other people. This “trickle down” of distrust from institutions to people is exactly the reverse of the cultural hypothesis that trust in people spills over and up into trust for institutions. This suggests that the intrusive, top-down politicization of life in Communist regimes may have generated distrust rather than being a product of it. However, the overall weakness of the model cautions against any interpretation.

This last suggestion serves as a reminder that the causal direction of the relationship between interpersonal and institutional trust is a subject of continuing dispute. Whereas cultural theories view interpersonal trust as a principal source of trust in institutions, institutionalists either deny the relationship or argue that the direction of causality runs in the opposite direction or in both directions simultaneously. Because of this, the lifetime learning model of political trust, in Table 3, omits an individual measure of interpersonal trust; if the relationship of interpersonal and political trust is, indeed, non-recursive, inclusion of the political trust variable would violate OLS assumptions.

To test competing claims about the direction of causality, we use two-stage least squares (TSLS) procedures to estimate a variant of the lifetime learning model in which interpersonal and institutional trust are hypothesized to have reciprocal effects.<sup>9</sup> The results clearly reject both Putnam’s cultural hypothesis that interpersonal trust spills up to create political trust and Shlapentokh’s countervailing hypothesis that distrust in institutions can infect interpersonal trust as well (Table 4). Although there is a relatively strong and properly signed “zero-order” correlation ( $R^2 = .27$ ) between micro-interpersonal and institutional trust, there is no evidence from the TSLS analysis that either measure of trust affects the other when appropriate controls are considered. The coefficients for both variables are small, and neither coefficient is statistically significant. Moreover, contrary to cultural theory, the signs for both relationships are negative. The addition of the trust variables to the lifetime learning model has little appreciable effect on the influences observed in Table 3; the coefficients for other variables are substantially unchanged, and there is no appreciable increase in the variance explained in either model.

(Table 4 about here)

It is clear from this evidence that interpersonal trust does not spill up to create institutional trust. Neither nor does institutional trust trickle down. Interpersonal trust appears almost wholly exogenous to the political process; it is unaffected by socialization proxies and is only modestly influenced by either aggregate or perceived performance. Instead, interpersonal trust appears, from this perspective, as an individual personality trait whose origins lie outside the scope of politics. By contrast, institutional trust is substantially affected by both political and economic performance while being almost wholly unaffected by interpersonal trust or by socialization influences. The effects of performance, however, are substantially mediated through individual evaluations that are shaped by individual values and priorities. Thus the micro-institutional hypothesis (H4) is confirmed, and the other hypotheses (H1-3) are rejected.

### **Earning Political Trust**

Popular trust in political institutions is vital to democracy, but in post-Communist countries skepticism and distrust in institutions are pervasive. Interpersonal trust is only slightly higher. Post-Communist societies are divided into large groups of individuals who fundamentally distrust both political institutions and their fellow citizens or at least are deeply skeptical of them, and a smaller group who trust institutions and people if only superficially.

Cultural and institutional theories provide contrasting explanations of the origins of trust and different predictions about the prospects for democracy. Moreover, since cultural and institutional theories are not mutually exclusive, their contrasting dynamics and countervailing predictions can interact in ways that befuddle casual assessments of the prospects for democratic consolidation. Integrating these theories in a lifetime learning model provides a means of testing their competing claims. The results strongly support institutional explanations of trust while largely contradicting cultural theories. Trust or distrust in political institutions is substantially endogenous and largely determined by the political and economic performance of new democracies. Performance, however, is not a system-

level attribute as macro-institutional theories suggest. The effects of macro-political and economic performance on trust are indirect and mediated at the micro level by an individual's value-laden perceptions.<sup>10</sup> While individuals are unlikely to overlook either runaway inflation or gross corruption, they may discount the importance of one in favor of the other depending on their individual circumstances. The inevitably checkered performance of new democracies invites individuals to focus on whichever elements each thinks most important, with predictable consequences for political trust.

Contrary to cultural theories, interpersonal trust varies widely within societies and has little appreciable effect on institutional trust at either the aggregate or individual levels. Although people in Communist societies formed close-knit ties with family and friends, these did not and could not spill over or up to create trusted institutions because the Communist regime controlled intermediate institutions of society. Informal networks were used by citizens against the state creating what Max Weber (1968) described as the "inner morality" of trust in those you know, as against the "outer morality" of distrust in outsiders. In Fukuyama's (1999) terms, the radius of trust in Communist societies was short including the family and close acquaintances but excluding most others. In post-Communist societies, the distinction between personal and political trust remains. Thus political trust, insulated from the effects of interpersonal trust, is substantially determined by institutional performance. Insofar as citizens positively evaluate the new regimes for providing increased fairness, honesty, and freedom while negatively evaluating the new regimes because of economic difficulties, then rational citizens ought to be skeptical of their new institutions -- and most are.

Finally, the sources of trust in institutions have important implications for public policy. Insofar as institutional performance holds the key to developing trust in political institutions, then trust can be built more surely and swiftly than the decades or generations suggested by cultural theories. Trust can be nurtured by improving the conduct and performance of political institutions. Governments can generate public trust the old-fashioned way: they can earn it by responding promptly and effectively to public

priorities, rooting out corrupt practices, and protecting new freedoms (Hetherington 1998 reaches similar conclusions). Political institutions also can earn trust through economic policies that promise and ultimately provide a better material future for the country as a whole.<sup>11</sup> Ultimately, the character and performance of trustworthy institutions can generate trust just as the performance of the old untrustworthy institutions generated skepticism and distrust. In this, the behavior of citizens in Central and Eastern Europe confirms the wisdom of V. O. Key (1966) that “ordinary people are not fools.

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## Notes

1. There are grounds for expanding the cut-off points for the middle group of skeptics to embrace responses from three to five on the seven-point scale (see Mishler and Rose, 1997). Doing so would reduce the proportion distrustful of institutions, but it would reduce to an even smaller minority those who trust institutions.
2. The decision to focus only on political decisions is of minimal importance to our conclusions; the two composite measures have a correlation of .78. Moreover, analyses (not shown) in which we substitute the composite measure of trust in all 11 institutions produce results that are the same in all fundamental respects as those reported in the following pages.
3. It is possible, of course, that the effect of culture operates within countries at the level of subculture. If this were the case, however, we still would expect to see some manifestation of subcultural differences across countries.
4. Both the NDB survey and the Freedom House ranking reflect conditions in Slovakia when Vladimir Meciar was Prime Minister. His subsequent defeat in both parliamentary and presidential elections has resulted in increased liberalization.
5. An alternative approach would be to create a weighted index of institutional performance based on the principal component results. When we substituted a weighted performance measure for the corruption variable in subsequent analyses, the results were substantially the same in all regards. Indeed, the results are robust whichever performance measure is used in the analysis.
6. A variety of other variables were included in early versions of the models, including occupation, ethnicity, whether individuals currently identify with a current political party, whether individuals had been members of the Communist Party under the old regime, and the extent to which individuals feel they are “getting by” financially. Since none of these variables

were statistically significant or had any appreciable effect on the model other than cluttering tables and reducing degrees of freedom, they were eliminated from the final models.

7. The b's and Betas reported in the table are those for the fully specified model; the  $R^2$ , however, is reported separately for each bloc of variables as well as cumulatively for the model as a whole.

8. Estimates of the impact of macro performance on trust are small no matter which of the several economic or political performance measures are included in the model. When substituted for the corruption index in the fully specified model, neither the Freedom House index nor any of the several measures of economic performance (including GDP per capita and inflation) have any appreciable, independent effect on institutional trust.

9. In the interest of parsimony, several variables included in Table 3 are omitted from Table 4 because they did not contribute appreciably to either interpersonal or political trust. Moreover, in order to identify Equations 3 and 4, current household evaluations and the perceived fairness of the current government compared to the past are used as instrumental variables. The former is omitted from the second-stage equation predicting political trust and the latter is omitted from the second-stage equation for interpersonal trust.

10. Of course, the values that shape and color individual perceptions of institutional performance may themselves be products of national culture and early life socialization. To the extent this is so, then cultural theory would retain a role, albeit an indirect one, in explaining institutional trust. Unfortunately, a systematic assessment of the relative impact of culture and institutions on individual values is well beyond the scope of this analysis and needs to be addressed in future work.

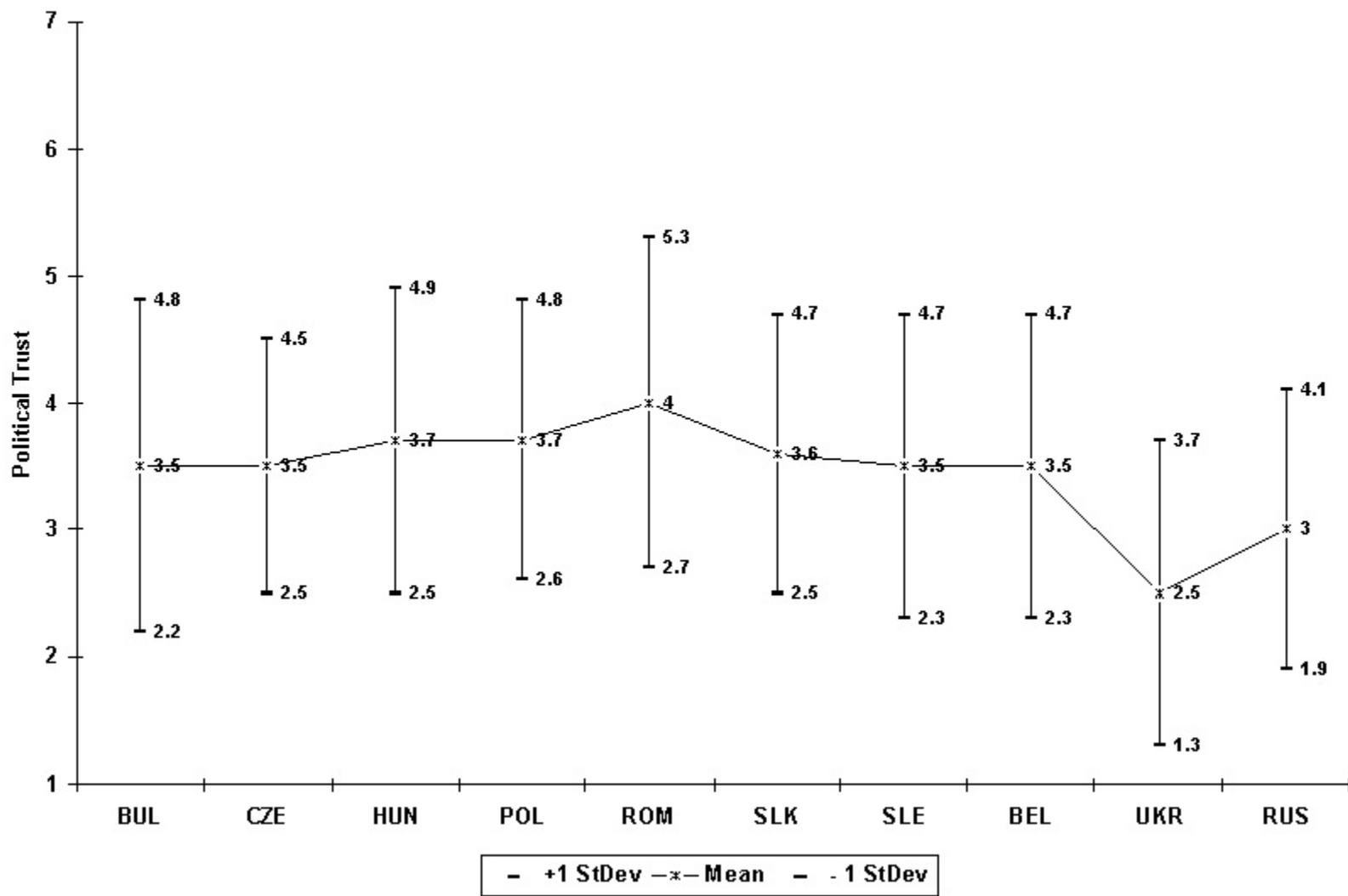
11. People who have lived 40 years or longer under a Communist command economy have learned patience. Most are prepared to wait a long while for government to deliver on these promises (Mishler

and Rose, 1999). This patience provides political institutions with a degree of slack in terms of closing the performance deficit.

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**Figure 1: Competing Theories of the Origins of Trust and Their Explanatory Emphases**

**Figure 2: Within-Country Differences in Political Trust (Means and Standard Deviations)**



*CULTURAL/EXOGENOUS THEORIES*

*INSTITUTIONAL/ENDOGENOUS THEORIES*

*MACRO THEORIES*

1. National Culture

3. Government Performance

*MICRO THEORIES*

2. Interpersonal Socialization

4. Individual Evaluations of Performance

**Table 1: Percentage Trusting and Distrusting Institutions and People**

*Q. There are many different institutions in this country, for example, the government, courts, police, civil servants. Please show me on this 7-point scale, where 1 represents great distrust and 7 represents great trust, how much is your personal trust in each of the following institutions.*

	% Trusting (5-7 on Trust)	% Neutral (4 on Trust)	% Distrusting (1-3 on Trust)	Mean (7 pt scale)
Parties	12	20	69	2.70
Parliament	21	20	59	3.12
Trade Unions	22	24	54	3.25
Private Enterprise	25	24	51	3.42
Police	28	23	50	3.48
Courts	28	23	48	3.53
Prime Minister/ President	35	19	46	3.68
Churches	43	18	39	4.08
Press	37	27	36	3.97
Television & Radio	39	26	35	4.03
Military	46	23	31	4.29
Most People	49	25	26	4.39

Notes: Percentages are based on nationwide surveys in each of ten post-Communist countries: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, Belarus, Russia, and Ukraine. The total number of weighted responses for each institution varies from 9907-9993.

Source: Paul Lazarsfeld Society, Vienna, New Democracies Barometer V (1998) and Centre for the Study of Public Policy, New Russia Barometer VII (1998).

**Table 2: Dimensions of Institutional Trust:**

**One- and Two-Factor Models**

Variable	One-Factor Model	Two-Factor Model	
	Single Factor	Rotated Factor 1	Rotated Factor 2
	Parliament	.70	.74
Prime Minister/President	.64	.60	.29
Courts	.69	.72	.18
Police	.69	.71	.21
Parties	.61	.67	.13
Military	.61	.61	.22
Press	.69	.17	.89
Television & Radio	.67	.15	.90
Private Enterprise	.61	.34	.50
Trade Unions	.61	.40	.46
Churches	.45	.37	.26
Eigenvalue	4.43	4.43	1.20
Percentage of Variance	40.3	40.3	10.9

Source: As in Table 1.

**Table 3: OLS Estimates of Sources of Trust in Institutions and People**

Variable	Trust in Institutions		Trust in People	
	b (se)	Beta (p < .001 only)	b (se)	Beta (p < .001 only)
<b>SOCIALIZATION AND SOCIAL STRUCTURE</b>				
Education	-.030 (.012)		-.039 (.017)	
Age	.004 (.001)	.051	.004 (.001)	.036
Gender:	.044 (.022)		.062 (.032)	
female				
Town	-.046 (.008)	-.052	-.013 (.012)	
Size				
Church	.012 (.009)		.019 (.012)	
Attendance				
R <sup>2</sup> Bloc / Total	1.3%	1.3%	.0.6%	0.6%
<b>POLITICAL PERFORMANCE</b>				
Aggregate	-.039 (.010)	-.036	-.194 (.014)	-.136
Corruption				
Perceived	-.113 (.012)	-.093	-.040 (.017)	
Corruption				
Perceived	.034 (.010)	.033	-.042 (.018)	
Freedom				
Perceived	.186 (.013)	.174	-.049 (.017)	
Fairness				
Perceived	.050 (.013)	.044	.013 (.018)	
Influence				
R <sup>2</sup> Bloc / Total	12.8%	13.6%	2.6%	2.8%
<b>ECONOMIC PERFORMANCE</b>				
Current	.018 (.003)	.076	.004 (.004)	
Macroeconomy				
Current Household	-.005 (.009)		.112 (.013)	.089
Economy				

Prospective	.029	.119	.022	.071
Macroeconomy	(.003)		(.004)	
Prospective Household	.136	.104	.091	.053
Economy	(.013)		(.019)	
Importance of Inflation	-.037	-.036	.024	
v. Unemployment	(.010)		(.014)	
Experience of	-.139	-.044	-.155	-.037
Unemployment	(.029)		(.042)	
Income Quartile	-.001		-.018	
	(.013)		(.018)	
R <sup>2</sup> Bloc/Total	11.8	18.6%	2.4%	4.7%
<b>Total Adjusted R<sup>2</sup> / F</b>	<b>18.6%</b>	<b>135.3</b>	<b>4.7%</b>	

Source: As in Table 1. N=9976

Note: The b's and Betas reported in the table are those for the fully specified model; the R<sup>2</sup>, however, is reported separately for each bloc of variables as well as cumulatively for the model as a whole.

**Table 4: Two Stage Least Squares Estimates of Trust in Institutions and People**

Variable	Trust in Institutions		Trust in People	
	b (se)	Beta (p< 001 only)	b (se)	Beta (p< 001 only)
<b>SOCIALIZATION AND SOCIAL STRUCTURE</b>				
Education	-.038 (.012)		-.049 (.016)	
Age	.004 (.001)	.061	.004 (.001)	.042
Town Size	-.050 (.008)	-.057	-.017 (.012)	
<b>POLITICAL PERFORMANCE</b>				
Aggregate Corruption Perceived	-.063 (.019)	-.059	-.234 (.014)	-.165
Corruption Perceived Fairness	-.115 (.012)	-.093	-.053 (.018)	
	.229 (.010)	.215	omitted	
<b>ECONOMIC PERFORMANCE</b>				
Current Macroeconomy	.018 (.003)	.077	.006 (.004)	
Current Household Economy	omitted		.124 (.012)	.074
Prospective Macroeconomy	.029 (.003)	.121	.023 (.005)	.099
Prospective Household Economy	.138 (.014)	.107	.101 (.021)	.058

Experience of	-.152	--.047	-.128
Unemployment	(.029)		(.042)
TRUST			
Trust in Institutions			-.060
			.062
Trust in People	-.047		
	(.067)		
Adjusted R <sup>2</sup>	17.8%		6.1%
F	220.4		67.6

Source: As in Table 1.

**Appendix A: Country Means and Standard Deviations for Trust in Institutions and People**

Trust in:	BUL	CZE	SLK	HUN	POL	ROM	RUS	SLV	BEL	UKR	ALL
Parties	2.7	3.1	3.0	2.9	2.7	2.9	2.2	2.6	2.6	2.4	2.7
	1.6	1.4	1.5	1.5	1.5	1.7	1.4	1.5	1.5	1.5	1.5
Courts	3.0	3.5	3.8	4.0	3.7	3.9	3.4	3.6	3.6	2.7	3.5
	1.7	1.5	1.6	1.7	1.7	1.8	1.7	1.6	1.6	1.7	1.7
Police	3.5	3.6	3.7	3.9	3.8	3.9	3.1	3.9	3.1	2.4	3.5
	1.7	1.5	1.6	1.6	1.6	1.8	1.6	1.6	1.7	1.6	1.7
Parliament	3.1	2.9	3.2	3.4	3.5	3.4	2.7	3.1	3.5	2.3	3.1
	1.8	1.4	1.7	1.6	1.5	1.8	1.6	1.6	1.7	1.5	1.7
Prime Minister/ President	4.1	4.5	3.1	3.7	3.9	4.4	2.6	3.9	4.1	2.5	3.7
Military	1.9	1.7	2.0	1.8	1.6	1.9	1.7	1.8	1.8	1.6	1.9
	4.6	3.8	4.7	4.1	4.6	5.4	3.7	3.9	4.3	3.9	4.3
	1.7	1.5	1.7	1.6	1.6	1.8	1.9	1.6	1.6	1.9	1.8
Churches	3.4	3.6	4.1	3.8	4.4	5.6	3.4	3.1	4.8	4.4	4.1
	1.9	1.8	2.0	1.9	1.9	1.8	2.0	1.8	1.8	2.1	2.0
Trade	2.7	3.7	3.6	2.9	3.6	3.8	2.6	3.5	3.5	2.5	3.2
	1.6	1.5	1.6	1.6	1.5	1.8	1.7	1.6	1.6	1.7	1.7
Television & Radio	3.8	4.4	3.8	4.4	4.3	4.4	3.3	4.1	4.0	3.7	4.0
Press	1.7	1.3	1.5	1.4	1.5	1.7	1.6	1.4	1.6	1.7	1.6
	3.6	4.4	3.9	4.2	4.4	4.2	3.3	4.1	3.9	3.6	4.0
	1.6	1.3	1.5	1.5	1.5	1.8	1.6	1.4	1.5	1.7	1.6
Private Enterprise	3.3	3.9	3.6	3.8	3.4	4.1	2.6	3.5	3.3	2.9	3.4
	1.7	1.4	1.5	1.5	1.5	1.9	1.5	1.6	1.6	1.6	1.6

Six Political	3.5	3.5	3.6	3.7	3.7	4.0	3.0	3.5	3.5	2.7	3.5
Institutions	1.3	1.0	1.1	1.2	1.1	1.3	1.1	1.2	1.2	1.2	1.2
Trust in	4.0	4.7	4.2	4.6	4.7	3.7	3.4	4.5	5.1	5.0	4.4
People	1.7	1.3	1.4	1.4	1.3	1.8	1.7	1.4	1.5	1.6	1.6

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Source: As in Table 1.

## Appendix B.

### Coding of Variables

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#### I. SURVEY-BASED VARIABLES:

Trust in Political Institutions	Mean score of individual trust in six institutions (parties, parliament, President/Prime Minister, courts, police, military).
Trust in People	Seven-point scale (1-7) measuring individual trust in "people who you meet." <sup>1</sup>
Education Level	1=elementary; 2=secondary; 3=vocational; 4=university
Age	Age in years
Gender: Female	1=female; 0=male.
Town Size	1=1-5,000; 2=5,001-20,000; 3=20,001-100,000; 4=100,001+.
Church Attendance	1=never; 2=seldom; 3=several times/yr; 4=monthly; 5=weekly.
Perceived Corruption	1=decreased a lot since Communism; 2=decreased a little; 3=same; 4=increased a little; 4=increased a lot since Communism.
Perceived Freedoms	5-point scale (0-4) computed as number of times individuals report feeling that things are "a little or a lot better now than under Communism" with respect to freedom of speech, religion, association, and political interest.
Perceived Fairness	1=much worse now than under Communism; 2=a little worse now; 3=same; 4=a little better now; 4=much better now .
Perceived Influence	1=much worse now than under Communism; 2=a little worse now; 3=same; 4=a little better now; 4=much better now .
Prospective Economic Evaluation	21-point scale (-10 to +10) registering satisfaction/ dissatisfaction with macroeconomic system in five years

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<sup>1</sup>In Russia, Trust in People was measured initially on a 4-point scale and recoded to fit a 7-point scale as follows: 7=most people usually can be trusted; 5=sometimes can be trusted; 3=you sometimes need to be careful; 1=you usually need to be careful.

Prospective Household Economy	Household finances in five years expected to be: 1=much worse 2=somewhat worse; 3=same; 4=somewhat better; 5=much better than now.
Current Economic Evaluation	21-point scale (-10 to +10) registering satisfaction/ dissatisfaction with macroeconomic system in five years
Retrospective Household Economy	Household finances under communism were: 1=much worse 2=somewhat worse; 3=same; 4=somewhat better; 5=much better than now.
Inflation Threat	1=much less than unemployment; 2=somewhat less; 3=somewhat more; 4=much more than unemployment.
Income Quartile	4-point scale registering respondents reported household income. 1=lowest quartile; 4=highest.
Experience of Unemployment	1=unemployed all or part of previous year; 0=employed all year or not in workforce.

## II. AGGREGATE PERFORMANCE INDICATORS

Corruption Index	10-point Transparency International index measuring each country's corruption (1 = lowest; 10=highest) in 1998. Source: Transparency International (1998).
Freedom Index	7-point Freedom House index (1=lowest 7=highest) measuring each country's civil and political liberties in 1998. Source: Freedom House (1998).
Freedom Change	6-point index measuring change on the Freedom House index 1986-1998. Source: As above and Gastil (1987)
Market Reform Index	Freedom House index of the progress each country has made toward market reforms. Source Karatnycky et al. (1997: 3ff)
GDP Change	Net change in gross domestic product 1989-1997 as reported by EBRD (1998).
GDP PPP	GDP adjusted for 1996 purchasing power parity as reported by EuroStat, <a href="http://europa.eu.int/en/comm/eurostat/serve/home.htm">http://europa.eu.int/en/comm/eurostat/serve/home.htm</a>

Log Inflation

Natural log of total (cumulative) inflation 1990-1997 as reported by EBRD (1998)