Honesty, Trust, and Legal Norms in the Transition to Democracy:

Why Bo Rothstein Is Better Able to Explain Sweden than Romania*

Eric M. Uslaner
Department of Government and Politics
University of Maryland–College Park
College Park, MD 20742
euslaner@gvpt.umd.edu

Gabriel Badescu
Department of Political Science
Babes-Bolyai University
Cluj-Napoca, Romania
gbadescu@mail.dntcj.ro

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Trust is a blessing. As an ideal that leads us to believe that people who are different from us are part of our moral community, trust makes us more willing to deal with people who are different from ourselves. Trust is predicated on the notion of a common bond between classes and races and on egalitarian values (Fukayama, 1995, 153; Uslaner, 2002, ch. 2; Putnam, 1993, 88, 174; Seligman, 1997, 36-37, 41). Faith in others leads to empathy for those who do not fare well, and ultimately to a redistribution of resources from the well-off the poor and more responsive institutions (LaPorta et al., 1997; Uslaner, 2002, chs. 7, 8). Faith in others is a moral commitment akin to the Golden Rule, where we treat others as *we would have them treat us* rather than a simple game of tit for tat (Uslaner, 2002, chs. 2, 4). Trusters don't need immediate reciprocity: Their faith in others rests on an optimistic world view and a sense of personal control that gives them a psychological cushion against occasional bad experiences.

Corruption is a curse. It transfers wealth from the poor to the rich and ensures that the poor remain poor. When elites steal money form the public treasury, there is less money for government programs that will redistribute resources. Corrupt institutions cause people to lose faith in government.

It should hardly be surprising that where there are high levels of trust, there is less corruption.[1] Across 51 countries, the simple correlation between trust and corruption is .711 (see Figure 1). The Nordic countries are the most trusting *and* the least corrupt. The countries with the highest levels of corruption–Colombia, the Philippines, Turkey, and Brazil–have the least trusting citizens.

So it seems that where trust in others is low and corruption is high, as in former Communist countries, we can increase the level of trust by reducing corruption. So argues Bo

Rothstein (2001, 479, 491). Rothstein suggested that Russians evade taxes and other laws because they do not trust their fellow citizens, while Swedes (including himself) pay their taxes and obey the law more generally because they *do* trust others. Russians could become more like Swedes if they could reduce the level of corruption in their society, creating trust "from above" (see also Cohen, 1997, 19-20; Levi, 1998, 87; Misztal, 1996, 198; Offe, 1999; Pagden, 1988, 139) A strong legal system would create a sense of social insurance for ordinary citizens: Neither their fellow citizens nor the government could exploit them if there were an independent and honest judiciary that ensured compliance with the law. Trusting others would be less risky.

Now this is an attractive argument for two reasons. First, there *is* evidence from the West that citizens who trust each other are more likely to be law-abiding. Trusting people endorse strong standards of moral behavior and say that it is wrong to take advantage of others, especially those who are more vulnerable (Uslaner, 1999a, 1999b). Crime rates are lower in societies with higher levels of trust (Uslaner, 2002, chs. 7 and 8). And there is at least a modest correlation between trust in the legal system and faith in other people in Sweden (Rothstein, 2001, 492).

In the West, where there is relatively little corruption, people see their societies as honest and therefore trust each other *and* their governments. In the formerly Communist societies, people see corruption all around them and lose faith in others and their system. Second, the Communist regimes created much distrust from above (see below), so there is more than a bit of evidence that elite malfeasance sends a powerful signal to the mass public.

As compelling as Rothstein's argument seems, it is misplaced. Rothstein's evidence for a linkage between trust in the legal system and faith in others comes entirely from one rather

atypical Western democracy, Sweden. Sweden has the highest level of trust of any country surveyed in the World Values Studies and is one of the least corrupt countries in the world. The transferability of the Swedish model to formerly Communist nations is an assumption, not at all tested. Even if there *is* a connection between a strong legal system and trust in fellow citizens, the causal direction is more likely to go from faith in others to confidence in the law (Uslaner, 2002, 243-245). Swedes and other Westerners can develop strong legal systems *because people trust each other*.

We shall show, using data across nations and from surveys of Romanians (and Swedes), that the impact of corruption on trust in both other people and government systems is greatest when there isn't much dishonesty (as in Sweden). When corruption is rampant, as in Romania, people become inured to it. They don't think worse of their fellow citizens, who must get by in any way they can in a system that seems rigged toward those at the top. People *are* disturbed by corruption in government, but they may feel powerless to do much about it. One government is as corrupt as the next, so getting a regime that performed well on the economy will be more essential than getting one that purports to govern honestly. ***Rothstein's account works better for (his native) Sweden than for the newer democracies of the former Communist nations.***

Most of our data analysis focuses on Romania, some on Sweden. But this is not simply a tale of two nations. Romania and Sweden represent poles of trust and corruption. And the pattern we see for them *is* rather general. We shall show first that people are more likely to link their perceptions of trust and corruption in countries like Sweden (where corruption is low)–and they are less likely to do so when corruption is more prevalent (in Romania). This casts some doubt on the applicability of lessons learned in one context to another, very different one. We

risk committing the fallacy of a Yiddish folk saying: "If my grandmother had wheels, she'd be a bus."

The link between trust and dishonesty is obscured by the different forms of corruption. There is sporadic (at best) evidence that corruption by elites in former Communist countries may lead to less trust in others, but there is *less evidence* that petty corruption–payments or "gifts" to service providers–leads people to lose faith in their fellow citizens. Corruption does not rest with ordinary folks striving to get by. As the Chinese say, "The fish rots from the head down." If there is any link from corruption to trust in the former Communist societies, it comes from above. This is *not* a new distinction, nor one that eminates from authoritarian socieities. The boss of New York City's Tammany Hall Democratic party machine in the 19th century, George Washington Plunkitt, distinguished between "honest" and "dishonest" graft; the former involved rewarding your friends (with what Brits would call "jobs for the boys" and what Americans came to call patronage) and punishing your enemies. The latter involved theft from the public purse (Riordan, 1948).

There is no quick route to a more trusting society "merely" by curbing corruption. There is a somewhat stronger linkage between attitudes toward the regime and corruption--not surprisingly, since public officials are the source of most corruption. Yet, even this connection is not terribly strong in the formerly Communist states. Trust has different roots, largely though not completely outside the realm of either experience or government, and the path to greater faith in others may not be so easy. Authoritarian regimes can destroy trust, but democratic reforms won't in and of themselves rebuild it. There is hope for reducing corruption in formerly Communist societies, but we should not be too sanguine about the grander implications of

cleaner government.

Romania is a particularly good case to examine since it was one of the poorest among the formerly Communist countries. Its regime, under Nicolae Ceausescu, maintained a very strong grip on the public. When the Communist government fell in 1989, the Romanian public was initially very optimistic about the future. However, more than a decade later, parliamentary regimes of both the (old) left, the (new) right, and the quickly defunct reformist center have failed to gain the public's support. The economy faces severe difficulties, inequality is growing, trust and tolerance are especially low among the young, and corruption still is a continuing problem: Romania ranked 69th (tied with Venezuela) of 91 countries ranked in 2001 by Transparency International, a transnational organization established to fight corruption.[2]

Much of our analysis is cross-national, because we don't want to rest our case on the possibility of Romanian exceptionalism. For good measure, we compare Romania with Sweden, a high trusting society with low levels of corruption--and, perhaps not so coincidentally, the source of the most sophisticated version of the received wisdom (Rothstein, 2001).

Trust and Honesty: The Received Wisdom and an Alternative

Rothstein (2001, 491-492) argues that people are not likely to lose faith in others just because they have venal politicians. However, when the legal system fails to punish transgressors, be they other citizens or political leaders, people will no longer feel quite so warm toward their fellow citizens (cf. Mauro, 1998, 12):

> In a civilized society, institutions of law and order have one particularly important task: to detect and punish people who are "traitors," that is, those who break contracts, steal, murder, and do other such non-cooperative things and therefore

> should not be trusted. Thus, if you think that particular institutions do what they are supposed to do in a fair and efficient manner, then you also have reason to believe...that people will refrain from acting in a treacherous manner and you will therefore believe that "most people can be trusted."

Tyler (1990, chs. 4, 5) argues that people respect the law because they believe that the justice system is fair and that they have been treated fairly. If people feel that they have been treated unfairly by the police or in the courts, they are less likely to have faith in the legal system. The key to less corruption–and more trust–then, is an effective system of property rights and the rule of law (Lambsdorff, 1999; Leite and Weidemann, 1999, 20, 23; Treisman, 2000).

There is a better case for linking corruption and trust in government rather than trust in people. People think of government officials when they say that their countries are corrupt. The leap to mistrust of others is not so clear. Across a wide range of countries, there is little link between trust in government and trust in other people (Newton, 1999, 2002; Orren, 1997; Uslaner, 2002, chs. 5 and 8). However, the repressive institutions of the state played a key role in destroying trust under Communism (Gibson, 2001; Howard, 2002), so it makes sense to believe that reformed (and more honest) institutions might help rebuild faith in others. Rothstein's (2001, 477) story begins, after all, with a visit to Russia, where only 26 percent of tax revenue reaches the government, compared to 98 percent in Sweden.

Trust and corruption should be particularly strongly linked in societies where trust was hazardous and corruption was widespread. Creating trust from above is a very enticing prospect for countries in transition: If then building confidence in fellow citizens by stronger anti-corruption measures might be much easier than reshaping people's attitudes.

Our alternative account suggests that trust in other people largely stems from an optimistic world view: People who believe that the future looks bright and that they can help make it so will be more likely to trust others. Trust is a moral value that does *not* depend upon whether you believe that others are honest or upon your social networks (Uslaner, 2002, chs. 2 and 5). In former Communist countries, there was little optimism and even less of a sense of personal control; this seems to have changed little in the years since the downfall of the oppressive regimes. So trust will be lower than in the West, independent of the level of corruption.

In Western societies, strong legal systems *depend upon* trust; they do not produce it. Given the strong role of the state in the former Communist countries, we see a greater possibility that *perceptions of procedural fairness*, rather than trust in specific institutions such as the courts, may play a role in shaping interpersonal trust. Generalized trust rests upon the perceptionof common bonds across different groups within society. If you believe that some people get better breaks from the judicial system than others, you will be less likely to believe that we all have a common fate. Even then, we expect that the fairness of the legal system will not be nearly as important to generalized trust as optimism and control.

Trust, Corruption, and Perceptions of Government

More generally, the causal chain from corruption to trust in others can run either directly from perceptions of malfeasance to lack of faith in others or indirectly: We see corruption, lose faith in government, and then develop a mistrust of fellow citizens. Yet, the evidence on *either* linkage ranges from modest (Rothstein, 2001, 491) to negligible. Neither trust in government nor confidence in legal systems leads to greater trust in people.

These results stem from research in Western democracies–the United States and Western Europe–where people develop attitudes about trust apart from the strong arm of the state. Authoritarian political systems, especially Communist regimes, pit citizens against each other. When people feel compelled to turn on their friends lest the state turn on them, interpersonal trust may become too risky. In such a world, you really can't be too careful in dealing with people, even if everyone would strongly prefer to treat others as if they were trustworthy. If people are wary of strangers, they will limit their social activities to close friends whom they do see as trustworthy (see Gibson, 2001 and Hayoz and Sergeyev, 2003). Communist societies were also marked by high levels of corruption.

So it is not unreasonable to presume that: (1) trust in others will reflect confidence in the regime more in transitional countries than in other nations; and (2) perceptions of corruption may be stronger determinants of trust in others in formerly Communist nations than in other countries. As the Russian pollster and sociologist Masha Volkenstein argues (quoted in Hoffman,1996, A40):

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

We examine these two linkages in this paper, focusing on Romania in particular. After the fall of Ceausescu in 1989, Romania (like other countries in Central and Eastern Europe) established democratic institutions. However, a parliamentary regime and a system of courts

have neither ended corruption nor increased trust. We examine the roots of trust and perceptions of corruption in three separate surveys: The 1995 World Values Survey (WVS), the Gallup Millennium Survey (2000), and our own survey in 2001, as part of a larger pan-European project on Citizenship, Involvment, Democracy.[3] We also put Romania and the countries making the transition from Communism more generally in context by cross-national aggregate data analysis–and by comparing Romania with the *most* trusting and third *least* corrupt nation, Sweden.

The story we tell is *not* what the literature on trust and corruption might lead us to expect: In Romania and, more generally in the countries making the transition from Communism, ***the link between trust in people and corruption is weak and inconsistent.*** Romanians don't generalize from corruption among the elites to less serious offenses by ordinary citizens. Corruption is something that public officials do. When regular folks skirt the law, they are just getting by. If people need to skirt the law to make do, then flouting standards of moral behavior is not a sign of an intention to exploit others. Elites, however, got benefits unavailble to ordinary citizens under Communism and many Romanians believe that they still have unfair advantages. Small scale dishonesty is "good corruption"; it is based upon the expectation of reciprocity. Large scale corruption involves misuse of official positions. It makes some people rich at others' expense, giving those at the top extra power and resources over those who struggle to make do (Ledeneva, 1998, 42-47). There is a strong disconnect between people's evaluations of other citizens and the people running the country.

There is a notable exception and there is a roundabout route from corruption to mistrust as well. In both the WVS and CID surveys, we see that Romanians who say that it is acceptable

to cheat on taxes are more likely to mistrust their fellow citizens. While we find either no direct link or at best a very weak connection between trust in governmental institutions (courts, politicians, or legislatures)[4] and faith in people, we do see a connection between procedural fairness in the legal system and trust in people (in the CID surveys) and the belief that the country is run by the will of the people (in the Gallup Millennium Survey). We also see that people who are satisfied with democracy are also more likely to have faith in their fellow citizens.

There is another quirk in our story that is supported by both our aggregate analysis and our comparison of Romania and Sweden in the Gallup Millennium surveys. Some people *do* make a strong connection between trust and corruption–and between corruption and bad government. But they are *not* the folks who live day in and day out with corruption. Rather, people are *most* likely to become affected when there is very little corruption in their polity. We get mad and think the worst of others when we see a little bit of corruption because it is so unusual. When corruption is all around us, we become inured to it and don't let misdeeds bother us so much.

Trust, Corruption, and Transition

Under Communism, the state controlled daily life and neighbors were pitted against each other. Trusting strangers must seem a quaint (or even dangerous) idea to people who are afraid to trust all but their closest friends. An oppressive state terrifies all of its citizens. Acting on moral principles makes little sense in a world where even simple reciprocity among strangers is too dangerous to contemplate. Scarcity makes life hard and leads people to seek ways of making their own lives better (Banfield, 1958, 110). People have no sense of control and little basis for

optimism–so they have little reason to do whatever they need to do to get by.

If goods and services are in short supply and manipulated by the state, bribery and gift giving seem reasonable ways to obtain routine services. And state officials will find petty corruption a useful means of getting more resources themselves. Corruption will trickle up throughout the system and at the top will be far more than petty. Autocratic societies, with high levels of scarcity and little accountability, are breeding grounds for dishonesty. When people have little reason to trust one another, they will not only engage in corruption but will treat it as just another transaction, marked by no particular moral disapprobation.

Kornai (2000, 3,7, 9) reports a survey that barely more than a third of Hungarians see a moral problem when doctors demand "gratitude payments" for medical services. This system of "gift giving" is so widespread that almost all doctors accept "gratitude money"; 62 percent of physicians' total income came off the books. In an economy marked by shortages and arrogant administrators, many people saw these payments as a way to ensure supply and also to establish longer-term relations with their doctors.

Under Communism, people did have social networks of people they could trust. People formed small networks to help them get by in daily life–to stand in line for scarce products, to help out close friends, relatives, and neighbors (Ledenva, 1998). These are strong ties (Granovetter, 1973) based upon experiences developed over many years. Generalized trust relies instead on weak ties, on putting faith in strangers–and one type of trust does not translate into the other (Gibson, 2001; Uslaner, 2002, chs. 2 and 5). Many of these informal networks, but they were largely associations of convenience, sometimes with their own price structures as one would find in markets in capitalist societies. These networks were based on weak ties, but they

were hardly better than connections among relatives and close friends in creating more broad-based trust (Flap and Voelker, 2003; Ledeneva, 1998, ch. 5). Putnam (2000, 288) argues that *any form of social ties* should increase generalized trust and Hardin (2002) maintains that we develop trust in strangers based upon our experiences with people we know.

An alternative view is that the helping networks that played such a key role in the Communist regimes were *substitutes* for the wider social networks that were simply not possible under repressive governments (Gibson, 2001). These support networks, outside the family, helped people get by. They were not generally sources of emotional support and solidarity (Flap and Voelker, 2003). There are at best weak relationships between confidence in people you know well and generalized trust (Uslaner, 2002, ch. 5). These networks are either too narrow in their focus (consisting of relatives, friends, and neighbors) or too instrumental (involving little psychological investment) to create trust across different groups in society. Indeed, these networks of convenience constituted a way of combatting the difficulties people faced because of corruption. Having a support group that would stand in line for you or help you win the favor of petty bureaucrats was essential. These groups would not create trust (from below), but they would mitigate the alienation that distrust from above (corruption) might instill. We do not expect a linkage from these social networks to trust, though we shall test this empirically.

When communism fell in Central and Eastern Europe (mostly in 1989) and was replaced by democratic regimes, reformers hoped (and many believed) that the new democratic constitutions would lead to new democracies and market economies. State control of political life would give way to civil society and to trusting and tolerant citizenries and property rights would be respected.. The downfall of corrupt dictators would energize people, make them

optimistic for the future, and give them the all-important sense of control over their lives and their environment that provide the foundation for trust and the civic culture more generally (Almond and Verba, 1963; Rosenberg, 1956; Lane, 1959, 163-166).

Yet, the transition was not so simple. Communism left a very strong legacy in the political cultures of Central and Eastern Europe. The strong arm of the state was replaced not by a trusting civil society with open markets, but rather by a largely apathetic society where people did not trust their new governments or each other (Howard, 2002; Badescu and Uslaner, 2003). Many of the owners of the new capitalist businesses were the old Communist managers. The boom times that capitalism promised either came and went very quickly or never came at all for most people. Some entrepreneurs got rich, but many ordinary citizens were poorer than ever. The scarcity of the market replaced the scarcity of the state. Economic inequality grew rapidly–and people lost faith with the new institutions that were supposed to make life better. Scarcity, inequality, pessimism, and a distrust of both authorities and other people were a recipe for *more* corruption, not less, in the post-Communist transition.

In a world where elites are routinely seen as dishonest–66 percent of WVS respondents in 1995 said that either most or all leaders are corrupt while 62 percent of respondents to the 2000 Gallup survey called the Romanian government corrupt–people might be unlikely to reason that they lived in a trusting (much less trustworthy) society. The end of state control of the economy meant the demise of many of the networks that people used to get by. Yet corruption persisted and even after the fall of Communism; a majority of Russians found it necessary to use connections to get clothes and medicine and 10 percent still needed someone's help in getting into a hospital (Ledeneva, 1998, 8). With the growth of a very imperfect market, many of these

informal networks broke up, leaving no social support system at all in their wake (Howard, 2002; Ledeneva, 1998, 194-196). The demise of state authority led to more personalized government administration, with more bribery and greater opportunities for personal gain (Miller, Grodeland, and Koshechkina, 2002, 565; Rose-Ackerman, 1999, 107).

We see some of the difficulties of transition in Table 1, where we present mean scores on many of the variables that we shall use below, both measures of trust and corruption and determinants of corruption. Transition nations rank higher on corruption than other countries (lower scores indicate more corruption) and Romania has more corruption than most Communist nations. Similarly, trust is higher in non-transition countries and Romania has among the lowest levels of faith in others. The WVS asked people whether it was morally acceptable to claim government benefits to which you are not entitled, to ride public transport without paying fares, to cheat on taxes, to buy stolen goods, and to accept bribes (with scores of 1 saying that each act is never acceptable and scores of 10 indicating that the act is always admissable). People in formerly Communist nations were more accepting of violating each moral dictum–and Romanians were less judgmental than people from other Communist countries on each action *except accepting bribes.* In the fight against corruption, the formerly Communist countries lag behind two variables that we shall see play a key role in shaping governmental dishonesty: business regulations and governmental stability. The transition economies still control much of business and governments have not achieved political stability (see the discussion below). Romania ranks well below the means even for the transition economies.

Table 1 about here

Trust and Corruption Across Nations

We begin with a cross-national examination of the linkage between trust and *perceptions of corruption*. Rothstein's argument would lead us to expect a strong inverse relationship between perceptions of corruption and trust in other people and in the legal system: When people see a lot of corruption, they should be less trusting both of fellow citizens and the legal system. The WVS asked respondents both the generalized trust question and about perceptions of corruption. (Happily, the publics have the same perceptions as the elite surveys represented by the Transparency International index; the simple correlation between the two measures is .829).[5] We calculated correlations between trust and perceptions of corruption for 34 countries in the WVS data set. We also calculated the correlations between confidence in the legal system and perceptions of corruption for 33 countries. These correlations range from the moderate (.2) to the (surprisingly) negative (the coding leads us to expect positive correlations). The mean correlations are not strong. For generalized trust, the mean correlation is .079, while for confidence in the legal system it is .144. For three countries, the relationship is negative for each trust/confidence measure. The correlations with trust in people are negative in Romania, India, and Taiwan; for confidence in the legal system, they are negative for Romania, Taiwan, and Venezuela.[6]

These correlations would be of modest interest by themselves. However, there is a clear pattern to the correlations that challenges the conventional wisdom of the connection between trust and corruption (see Figure 2). The correlations between trust and perceptions of corruption are highest *when corruption is lowest* (as measured by the 1998 Transparency International, or

TI, corruption perceptions index) We shall see below that Swedes make a strong connection between perceived corruption and the perception that their country is not run by the will of the people. The correlation between trust and perceived corruption in the WVS for Sweden is .181, not overwhelmingly high, but below only Norway, the United States, Britain, and Australia (and within sampling error of the second-ranked United States correlation of .188). The Romanians did not make a link between corruption and governmental responsiveness. And there is no clear connection between trust and perceived corruption (r = -.053).

When there is a lot of corruption in a country, people behave pretty much as Romanians do. They don't make a link between corruption (the domain of the elites) and trust in people. When there is little corruption, people are more likely to see venality by the elites as part of a larger cultural problem. Those relatively few individuals who see corruption as a problem extrapolate to the meanness of people in general–and are less likely to trust their fellow citizens. The relationship among these 34 countries is reasonably strong (r^2 = .480).

We wondered if this connection between perceptions of corruption and trust might be spurious, perhaps reflecting some sort of aggregation bias. So we conducted several alternative tests and each *strengthened* our initial finding for the correlation between perceptions of corruption and trust, on the one hand, and actual levels of corruption on the other. First, we present a smoothed (lowess) plot of the correlation between trust and perceived corruption versus the actual level of corruption in Figure 3. Here we see more clearly that there is no systematic relationship between the correlation and the TI measure of corruption until the latter measure reaches a score of 6 and then it rises linearly across the rest of the range (to 10). Except for Chile and Singapore, *every country with a score above 6 is either in Western Europe or North*

America.

Next, we divided countries into three levels of corruption: least, middle, and most. We calculated simple correlations between perceptions of corruption and trust by levels of corruption for each group. For the *least corrupt* countries, the correlation between aggregated trust and country-level perceptions of corruption was a robust -.754: The greater the perception of corruption, the less trust. For the middle group, the correlation was a respectable -.532. For the *most corrupt countries, the correlation was positive* (.243): The higher the level of corruption, the more trusting the citizenry–and this relationship is particularly pronounced for the formerly Communist countries.[7]

On the other hand, there is no clear relationship between the TI measure of corruption and the correlation between perceived corruption and trust in the legal system (r^2 = .060). The average correlation for formerly Communist nations is *higher* than for other countries (the average correlations are .190 and .127, respectively). Romania's negative correlation is an exception to this general pattern–and the average correlation for transition countries rises to .204 when we exclude Romania. People in transition countries think less of their legal systems if they believe that the political system is corrupt.

Figures 2, 3 and 4 about here

This pattern is *not* restricted to the mass public's perceptions of corruption. When we divide the TI measure of corruption at its median (4.70), the powerful aggregate correlation (r = -.579) strengthens for the less corrupt countries (r = -.609) and actually *reverses in sign* (r = .179) for the more corrupt countries.

There is also clear evidence that when corruption does shape trust, it is the "big" corruption at the top, not the petty payments made in everyday life, that matters. Trust is correlated strongly with the TI index and estimates (for 1997) of bribery by the Global Competitiveness survey (r = -.503) and by Impulse Magazine (r = -.603). The correlation is much weaker for small-scale corruption, as measured by the currency premium on the black market (r = -.290).[8] Once again, these correlations are *much* higher when corruption is low. In countries ranking below the median on the 1998 TI index, the Global Competitiveness bribery index is moderately correlated with trust (r = .347), but for the more corrupt countries, the correlation is incorrectly signed (r = .407). The black market currency premium is modest when the premium is very low (r = -.275), but almost zero (r = -.009) for countries above the median premium.

We thus have considerable evidence that the linkage between corruption and trust is highly dependent upon both context and on who benefits from corruption. Ironically, the correlations are strongest when there is the least corruption (and the most trust). And people are more likely to distrust their fellow citizens when elites, not ordinary citizens, violate the rules.

Romania and Sweden: The Ends of the Rainbow

We shift our focus from comparing nations to a more detailed study of corruption, trust, and confidence in the government in two countries–Romania and Sweden. Romania is not typical. Its government was harsher than most in the former Communist bloc. Its public is less trusting and its government more corrupt than most in this bloc (the average TI score was 3.6, while Romania's is 3.0). And both Romanian correlations with perceived corruption–trust in people and confidence in the legal system–are negative outliers. So Romania is somewhat

exceptional, but overall it is not so much out of line with other former Communist nations. Sweden is at the other exteme–highly trusting with low levels of corruption.

Does Sweden offer lessons for Romania, as Rothstein suggests? Do perceptions of corruption lead people to have less confidence in their polity (and ultimately to each other)? Or, as the aggregate results suggest, ought we not extrapolate from the West to the formerly Communist nations so easily?

We investigate this argument through the Romanian and Swedish modules of the Gallup Millennium Survey. This survey has no measure of trust, so instead we focus on the linkage between perceptions of corruption and perceptions that the regime is run fairly (see Table 2). We estimate identical models for Romania and Sweden.

Table 2 about here

Here we find considerable support for Rothstein's argument that perceptions of corruption shape people's attitudes toward their political system–***for Sweden (but not for Romania)*****.** Swedes who believe that their government is corrupt, unjust, and too bureaucratic do not believe that it is run by the will of the people. Corruption, bureaucracy, and efficiency don't matter for Romanians. What matters most is whether elections are free and fair (in a country without a history of contested elections) and (to a far lesser degree) whether all are equal before the law. Once more we see that the *quality* of the legal system, rather than specific legal dictates, matters in Romania.[9]

The perception that the government is not run by the will of the people is the most important reason why Romanians think their government is corrupt. Swedes also link popular

government and clean politics, but the size of the coefficient is just one tenth that for Romanians and it is barely significant (at $p < .10$). Swedes think of corruption more in terms of free and fair elections (presumably reflecting the power of special interests) and how well the government handles crime–neither of which are significant for Romania.[10]

Better performance matters for Swedes: Government should become less bureaucratic, more just, and it should put more effort into reducing crime and ending gender discrimination. Performance of the legal system isn't at issue for Romanians. Arbitariness that is the key. Romanians worry that people with different political views will be persecuted and this, more than simple legal equality or how well the government handles crime, shapes their perceptions of corruption. They worry that elites will fix elections and this, more than the efficiency of institutions or the human and civil rights that matter so much to Westerners, is what shapes their views of representative democracy. The factors that drive both perceptions of corruption and the belief that the government is run by the will of the people are very different in Romania and Sweden. Swedes worry about the quality of democratic governance. Romanians worry about the mechanics of democratic governance, even more than a decade after the fall of Communism.

Our comparison of Romania and Sweden supports our aggregate results: Corruption matters most when there is little of it (Sweden). In this society, when people see *any* corruption, they lose faith in their government. And when people have no faith in their government, they see their political system as corrupt. When there is little crime, people judge the corruption of government by how well the government fights crime.[11] Romanians who see their government as dominated by special interests (rather than the will of the people) believe that their political system is corrupt, but *the opposite does not hold*. Democratic government depends on free

elections and fairness, not on whether politicians line their pockets. Corruption is everywhere and people discount it. It is accepted as a cost of government and democratic government is no different from other forms.

There is a linkage between corruption and perceptions of the representativeness of governments in both Romania and Sweden, although the effects and causal ordering are rather different. This corresponds to our finding in Figure 4: There are few systematic variations in the link between perceptions of corruption and confidence in the legal system. When we shift to trust in people, we are unable to find strong relationships between perceptions of corruption, informal social networks, and trust in people for Romania.

For the three waves of the World Value Survey, the simple correlations between trust in people and confidence in the legal system are .151 in Sweden (close to the .18 reported by Rothstein, 2001, 491, for a different survey), .083 in Romania, and .013 in Russia.[12] Perhaps the lessons of Sweden cannot be transferred to Romania because Sweden (or the Nordic nations more generally) are exceptional–high trust, low corruption, strong state. The state can shape social values from above because it has willing subjects--and not too difficult a task in engineering trust.

Public Perceptions of Corruption and Trust

We move more directly to an examination of trust and how it relates to corruption. First we focus on the 1995 World Values Survey, the only data source with questions on both trust and corruption. Since we wish to examine the reciprocal linkages between trust and perceptions of corruption, we estimate two-stage least squares models.[13]

The trust equation is based upon Uslaner (2002), who posits optimism and control as the

key determinants of generalized trust. The corruption equation focuses on general questions of morality, optimism and trust, specific moral dictates, exposure to information (Adsera, Boix, and Payne, 2000), and (of course), trust. We present the results in Table 3. For two of the three surveys we examine, we estimate simultaneous equation models. For the third, we estimate an elaborate multivariate probit models. Such complexity is necessary to ensure that we have properly specified the relationships. However, most of the results do not bear on the central themes of this paper. So we relegate discussion of them to endnotes.

Table 3 about here

What stands out most clearly in the WVS data analysis is that ***there is no reciprocal relationship between trust and corruption: Trust does not affect corruption, nor does corruption shape trust.*** Both coefficients are insignificant. Trust is largely shaped by shaped by optimism (whether the future is bright or bleak and whether there is less poverty than 10 years ago).[14]

People who have confidence in the legal system and people who say that it is wrong to cheat on taxes are (modestly) more likely to trust others*, but particular acts of dishonesty do not seem to matter much for either trust or perceptions of corruption: The acceptability of taking bribes and buying stolen goods have no effect on trust. While the acceptability of taking bribes makes people more likely to say that there is a lot of corruption, buying stolen goods is not related to perceptions of elite honesty*.

The Romanian public makes a clear distinction: Bribery is corruption, buying stolen goods (or cheating on taxes or the other actions in the WVS survey that are not included in this

estimation) is not. When people cheat on taxes, it destroys our faith in each other. Cheating on taxes is something ordinary folks do–and unlike claiming benefits you are not entitled to or riding public transport, people may be more likely to feel that cheating on taxes robs other citizens. There *is* a link between confidence in the legal system and trust in other people. However, Romanians do not make a clear link between the legal system and specific norms of moral behavior (the average correlation between trust in the legal system and the five morality questions is .052).

We do see one key exception: People who say that taking bribes is unacceptable are more likely to say that the political system is corrupt. Public officials–the elite–take bribes. Ordinary citizens are not in positions to receive favors. Their petty violations (buying stolen goods, claiming government benefits, etc.) do not qualify as "corruption" for most Romanians. Simply getting by demands working around the system. Everyone bends the rules, some more than others. Equally powerful predictors, however, are measures of optimism and control: Perceptions of corruption are higher among people who believe that some people get rich at the expense of others and that some people get ahead by luck or connections rather than hard work. Again, what distinguishes corruption is not disrespect for the law, but gain at the expense of ordinary folks.

We turn now to a somewhat different model of trust in Romania, from the CID survey. We did not ask questions on corruption in that survey.[15] We *did* ask the generalized trust question, but Badescu (2003) suggests that trust in people of different ethnic and religious backgrounds are better measures of generalized trust in Romania than is the standard trust question.[16] Romania is marked by tensions between ethnic Romanians and people of Hungarian

and Romani descent. And Romania has an overwhelming Orthodox majority, and people of other religious backgrounds are often not warmly embraced. So these measures of trust tap our concern for having faith in people of different backgrounds and we employ them as our dependent variables. Since we do not have measures of corruption, we estimate ordered probit models rather than simultaneous equation models (see Table 4). Probit coefficients do not have straightfoward interpret ations as regression coefficients do, so we present the changes in probabilities from the minimum to the maximum values of our independent variables (listed as $\in$ probability in the table).

Table 4 about here

Even though we don't have measures of corruption, we do have measures of informal networks, perceptions of fairness of the legal system, and trust in the courts. So we can examine whether social support networks have broader consequences as well as how people see the connection between trust and fairness, if not trust and honesty.

The CID survey permits us to refine our idea of the connection between trust in the legal system and faith in other people. The received wisdom suggests that when people have faith that the courts will keep others honest, people can have faith in others. We have a straightforward measure of trust in the courts. And the evidence from the WVS leads us to expect that when people do have faith in the courts, they will have more favorable views of their fellow citizens. If corruption primarily comes from above and if corruption seems inevitable in both daily life and especially among the elites, then perceptions that the courts work may not be so critical. *How fair the system is may matter much more*.

The two trust models have much in common. As in other countries, trust is largely driven by optimism for the future and control over one's fate (life will be better for the next generation, life satisfaction, satisfaction with democracy, getting ahead by hard work rather than luck or connections) as well as by education (cf. Uslaner, 2002, ch. 4).[17]

Three other results stand out. First, the strong ties of support networks do not translate into trust in strangers. How often people borrow from neighbors or relatives or give support to relatives or neighbors does not shape generalized trust.[18]

Second, trust in governmental institutions (courts and politicians) are either not significant at all (trust different ethnic groups) or only very weakly significant (confidence in courts for trusting people of different religions). Romanians, like people elsewhere, distinguish between trust in people and confidence in political institutions (cf. also Gibson, 2001, for similar results for Russia; and Mishler and Rose, 2001, for the transition countries more generally).

Third, as we might expect in a country where the courts were for so long an instrument of state represssion, attitudes toward procedural fairness play a large role in shaping generalized trust. Under Communism, all people were equal, George Orwell told us in Animal Farm, except that some people were more all equal than others. Perhaps ironically, Romanians are more likely to trust different ethnic groups if they believe that people like themselves receive *more favorable treatment by the courts* than other groups. People who say that they are treated worse see themselves as the objects of discrimination and, not surprisingly, are less likely to trust others who get special treatment. The *most* trusting group is the middle category–people who seem themselves as getting equal treatment to others.[19]

We find a similar result (with a smaller change in the difference in probability) for equal

treatment by the courts and trust in people of different religions. But we also find a (marginally) significant effect for trust in courts. And for both generalized trust measures, we find significant effects (with changes in probabilities of between .075 and .109) for expecting good citizens to pay taxes.

Rothstein is correct in forging a link between confidence in the legal system and generalized trust for countries making the transition to Communism. In both the WVS and CID data sets, confidence in the law is a significant predictor of generalized trust. But Romanians do not make Rothstein's hypothesized link between corruption and trust. Romanians *are* disturbed by corruption. But they do not let it dominate their view of fellow citizens. Corrupt government is the scourge of the elite, not the masses.[20]

We find additional support for these arguments in another survey of the Romanian public in 2001 **Gabi fill in details.** Petty corruption does not shape people's views of others. There is only a minuscule correlation (tau-c = .021) between the number of "gifts" people gave during the past year to resolve problems with city hall, the courts, the police, hospitals, or at school. But there is a slightly stronger, though still very modest. correlation (.113) between generalized trust and perceived corruption. Yet, there is only a weak connection between trust and perceptions that the government is fighting corruption (tau-c = .107). The relationships are somewhat stronger for "trust in justice" and perceived corruption (-.188) and the belief that government is fighting corruption (.138). None of these relations are particularly powerful and they suggest that Romanians are more concerned with the arbitariness of the court system than they are with putting those who are getting rich at the public trough in jail. Indeed, we see only a moderate correlation between "trust in justice" and trust in people (r = .133)

Fixing Corruption?

People in the formerly Communist nations have less confidence in the legal system when they perceive it to be corrupt. Their perceptions of corruption do not affect their perceptions that they should trust strangers (most transition countries are at the corrupt end of the TI scale). Outside the transition countries, there is a powerful correlation between trust and corruption (r = .826), but in the formerly Communist countries the correlation is *negative* (r = -.161).

There is both good news and bad news for the transition countries in these findings. The good news is that formerly Communist countries *can reduce corruption without a change in long-standing values such as trust*. We estimated cross-national regressions for corruption for the transition countries and for other nations. The keys to less corruption are more government stability and fewer government regulations on business (cf. Rose-Ackerman, 1999, 35, 227).[21] Outside the transition countries, trust is a key determinant of corruption as well.[22] We present our models in Table 5.

Table 5 about here

We may not know much about how to make governments more stable: How do we end ethnic conflict? How do we end social unrest and keep countries out of war? But it is not too difficult to open up domestic markets and to reduce business regulations. And the extent of business regulations *alone* accounts for 57 percent of the variance in corruption in the formerly Communist countries.

But this leads directly to three pieces of bad news. First, if we ease business regulations, this *might* increase economic inequality (though the simple correlation between the two is a mere

.044). And if it does so, it will decrease trust further, since the level of inequality is the single best predictor of trust cross-nationally and in the United States over time.[23] Second, even if we can reduce corruption in the transition nations by economic reform, it will not have the pay-off in increasing trust that we might expect elsewhere, because there is no strong relationship between the two. Third, while confidence in the legal system does seem to lead to more trust, the causal direction of the linkage is far from clear (Rothstein, 2001, 491; Uslaner, 2002, 243-245). Greater reliance on the legal system in Central and Eastern Europe might be self-defeating if the courts are corrupt or if people "settle" their disputes outside the legal system (Rose-Ackerman, 1999, 152-153). Courts *may* create greater compliance with the law, but coercion is often a poor substitute for trust, leading to asymmetries in power and greater resentment (Gambetta, 1988, 220; Baier, 1986, 234; Knight, 2000, 365). Legal systems that work depend upon a social consensus on what is allowable (Rose-Ackerman, 1999, 98; Rothstein, 2000, 493; Sitkin and Roth, 1993). Putting the old legal norms into new institutions is not likely to reduce corruption or to create trust from above.

Bo Rothstein's Sweden, where the strong underbelly of trust makes for clean government and where honest politicians set a good example for the rest of us, may be too exceptional to serve as an example to countries in transition. It seems like a real-world example of the fictional town of Lake Wobegon, Minnesota, where all the men are strong, all the women are good looking, and all the children are above average.[24] Citizens of transition countries are *not* exceptional. Like people elsewhere, their trust depends upon optimism and a sense of control. Their history, which may be exceptional, makes feelings of optimism and control unlikely and the post-transition years have not led people to feel better about the future.[25] A better life, more

than new institutions and less corruption, are central to less corruption. Fighting corruption might lead indirectly to more trust, if it results in a fairer legal system and greater income equality. Putting corrupt officials in jail is certainly praiseworthy, but we should be careful of expecting too much from incarceration. We can seek to improve honesty and trust in the transition countries, but we need to work on them separately. Romanians would be pleased to have more of either.

TABLE 1

Trust and Corruption Across Nations

	Other Nations	Former Communist	Romania
Corruption: TI 1998 measure	6.005	3.669	3.000
Perceived corruption (WVS)	2.804	3.120	2.712
Interpersonal trust (WVS)	.313	.250	.160
OK to claim benefits	2.192	2.848	2.115
OK to skip transport fare	2.308	2.913	2.111
OK to cheat on taxes	2.427	2.850	2.264
OK to buy stolen goods	1.713	1.847	1.925
OK to accept bribes	1.730	1.927	1.786
Business regulations (LaPorta)	3.111	2.700	2.000
Government stability (World Bank)	.568	.236	.024

TABLE 2
Perceptions of Good Government and Corruption in Romania and Sweden:
Gallup International Millennium Survey (2000)

	Romania			**Sweden**		
Country run by will of people	Coefficient	Std. Error	t Ratio	Coefficient	Std. Error	t Ratio
Government corrupt	-.243	.322	-.76	**-1.986****	**.815**	**-2.44**
Government efficient	.117	.118	.99	-..007	.105	-.06
Government bureaucratic	-.040	.034	-1.17	**-.334*****	**.118**	**-2.84**
Government just	.118	.116	1.02	**.116***	**.090**	**1.29**
Elections free and fair	**.254******	**.069**	**3.69**	.023	.120	.19
How well government handles crime	-.038	.029	-1.28	.035	.068	.52
Ever pray or meditate	**.097****	**.056**	**1.78**	-.058	.051	-1.13
All are equal before the law	**.067***	**.043**	**1.54**	.026	.046	.57
People receive equal pay for equal work	.019	.025	.74	.032	.049	.65
Human rights respected in country	.039	.039	1.01	.051	.067	.77
Extent of discrimination by gender	.020	.018	1.08	**-.052***	**.037**	**-1.43**
Constant	**.555*****	**.143**	**3.88**	**.826*****	**.217**	**3.81**
Government is corrupt						
Country run by will of people	**-1.119******	**.248**	**-4.50**	**-.114***	**.073**	**-1.55**
Elections free and fair	.182	.102	1.79	**-.094****	**.039**	**-2.43**
There is one true God	.012	.044	.26	.014	.022	.66
Ever pray or meditate	**.201*****	**.069**	**2.91**	.007	.024	.30
All are equal before the law	.024	.049	.48	**.026***	**.018**	**1.47**
How well government handles crime	-.008	.036	.23	**-.051*****	**.018**	**-2.80**
Extent of discrimination by political opinion	**.055****	**.024**	**2.29**	.008	.014	.56
Constant	.843	.238	3.55	.027	.102	.27

**** p < .001 *** p < .01 ** p < .05 * p < .10 Coefficients significant at p < .10 or better in **bold**

Romania: N = 536 RMSE Will of Poeple = .364 RMSE Corruption = .515

Sweden: N = 771 RMSE Will of Poeple = .702 RMSE Corruption = .304

Estimation by two-stage least squares; exogenous variables: gender, age, education, extent of discrimination by language, extent of discrimination by religion, personal concern about crime, has crime increased or decreased?

TABLE 3
Trust and Perceptions of Corruption in Romania: 1995 World Values Survey

Corruption Equation	Coefficient	Standard Error	t ratio
Trust	-.059	.390	-.015
Clear standards good/ evil	**.150******	**.053**	**2.82**
Hard work versus luck or connections	**-.048*****	**.019**	**-2.57**
People get rich at expense of others	**.052*****	**.020**	**2.66**
Age	.004	.003	1.27
Left-right placement	-.022	.022	-1.02
OK to buy stolen goods	-.034	.029	-1.15
OK to accept bribe	**.073****	**.030**	**2.44**
Frequency watching TV	**.152*****	**.055**	**2.75**
Subjective social class	.065	.056	1.15
Constant	**1.623******	**.355**	**4.58**
Trust Equation			
Extent corruption	-.052	.066	-.78
Financial satisfaction	-.008	.011	-.74
Life satisfaction	.001	.011	.09
Clear standards good/ evil	**-.047****	**.021**	**-2.21**
Religious	.049	.042	1.16
Age	-.001	.001	-.52
Education	.002	.004	.36
Future bright or bleak	**-.084****	**.039**	**-2.18**
Democracy better	**.103******	**.023**	**4.45**
Postmaterialism	.024	.012	2.12
Confidence legal system	**-.038****	**.021**	**-1.78**
OK to accept bribe	.011	.014	.79
OK to buy stolen boods	-.0003	.012	-.02
OK to cheat on taxes	**-.020****	**.011**	**-1.83**
Less poverty than 10 years ago	**.058***	**.037**	**1.58**
Constant	.324	.229	1.42

**** p < .001 *** p < .01 ** p < .05 * p < .10 Coefficients significant at p < .10 or better in **bold**
N = 463 RMSE Corruption = 1.019 RMSE Trust = .385; estimation by two-stage least squares

Exogenous variables: OK to avoid paying for transport, OK to claim benefits not entitled to, education, confidence in armed forces, confidence in civil service.

TABLE 4

Uslaner and Badescu, "Honesty, Trust, and Legal Norms" (33)

Trusting Strangers in Romania: Optimism, the Law, and Social Networks:
Citizenship, Involvement, Democracy Survey (2000)

	Trust Different Ethnic Group			Trust Different Religions		
	Coefficient	Std. Error	∈ Probability	Coefficient	Std.Error	∈ Probability
Trust courts	-.010	.020	.007	**.026***	**.019**	**.049**
Trust politicians	.025	.021	.017	-.014	.020	.026
Courts treat people like you better	**.161****	**.078**	**.112**	.085	.076	.032
Courts treat all equally	-.043	.131	.007	**.262****	**.127**	**.051**
Life better next generation	**.119*****	**.048**	**.083**	**.147*****	**.048**	**.110**
Life satisfaction	**.047*****	**.018**	**.081**	-.003	.018	.005
Age	**.009*****	**.003**	**.128**	.003	.003	.051
Education	**.052******	**.014**	**.214**	**.018***	**.014**	**.081**
Family income	.054	.133	.064	-.008	.134	.011
Close to people own faith	**.040****	**.024**	**.069**	**.030***	**.023**	**.055**
Satisfaction democracy	**.176*****	**.074**	**.096**	**.118***	**.072**	**.068**
Often borrow from relatives	**.097***	**.063**	**.050**	.011	.061	.006
Often borrow from neighbors	-.009	.060	.005	-.027	.058	.015
Often support relatives	-.038	.087	.013	-.059	.083	.022
Often support elderly	.097	.100	.034	-.008	.096	.003
Good citizen: pay taxes	**.059****	**.034**	**.109**	**.043***	**.032**	**.075**
Good citizen: obey law	-.057	.041	.108	-.154	.040	.266
Good citizen: show solidarity	-.027	.026	.048	**.053****	**.025**	**.092**
Get ahead by hard work	**.147****	**.066**	**.051**	.090	.065	.034

**** p < .001 *** p < .01 ** p < .05 * p < .10 Coefficients significant at p < .10 or better in **bold**

Estimation by ordered probit; ∈ probability is the average marginal effect across the categories of the independent variables estimated through J. Scott Long's prchange program in STATA available as part of his spost package at: http://www.indiana.edu/~jsl650/spost.htm. Cut points omitted.

For trust different ethnic group: N = 588, -2*(Log Likelihood Ratio) = 1288.102.
For trust different religions: N = 593, -2*(Log Likelihood Ratio) = 1412.510.

Uslaner and Badescu, "Honesty, Trust, and Legal Norms" (34)

TABLE 5

Corruption Regressions

Transition Countries	Coefficient	Standard Error	t Ratio
Business regulations	**.588*** **	**.242**	**2.43**
Government Stability	**.815** **	**.395**	**2.06**
Constant	**1.800** **	**.647**	**2.78**
Other Nations			
Trust	**5.677*** **	**2.019**	**2.81**
Business regulations	**.635** **	**.363**	**1.75**
Government Stability	**1.597**** **	**.437**	**3.65**
Constant	**1.317**	**1.235**	**1.07**

**** p < .001 *** p < .01 ** p < .05 * p < .10 Coefficients significant at p < .10 or better in **bold**

Transition Countries: N = 12 RMSE = .638 Adjusted R^2 = .639
Other Nations: N = 34 RMSE = 1.263 Adjusted R^2 = .762

Figure 1

Trust and Corruption Across Nations

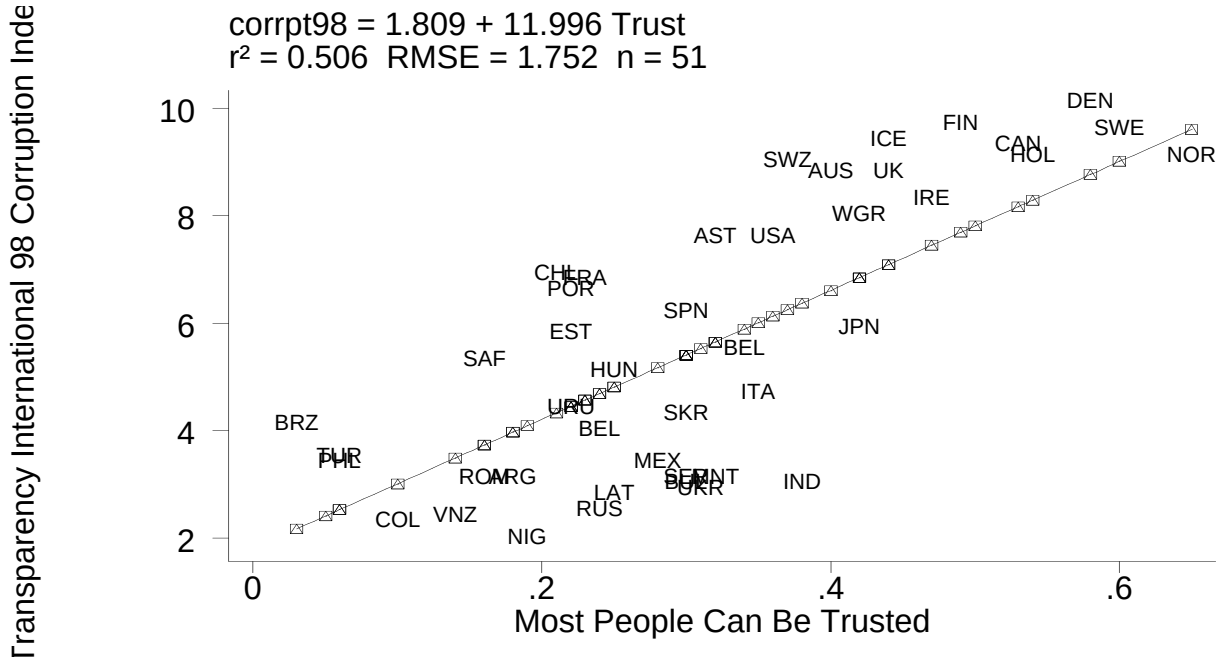


Figure 2

Correlation Between Trust and Perceptions of Corruption (WVS) and TI Estimates of Corruption

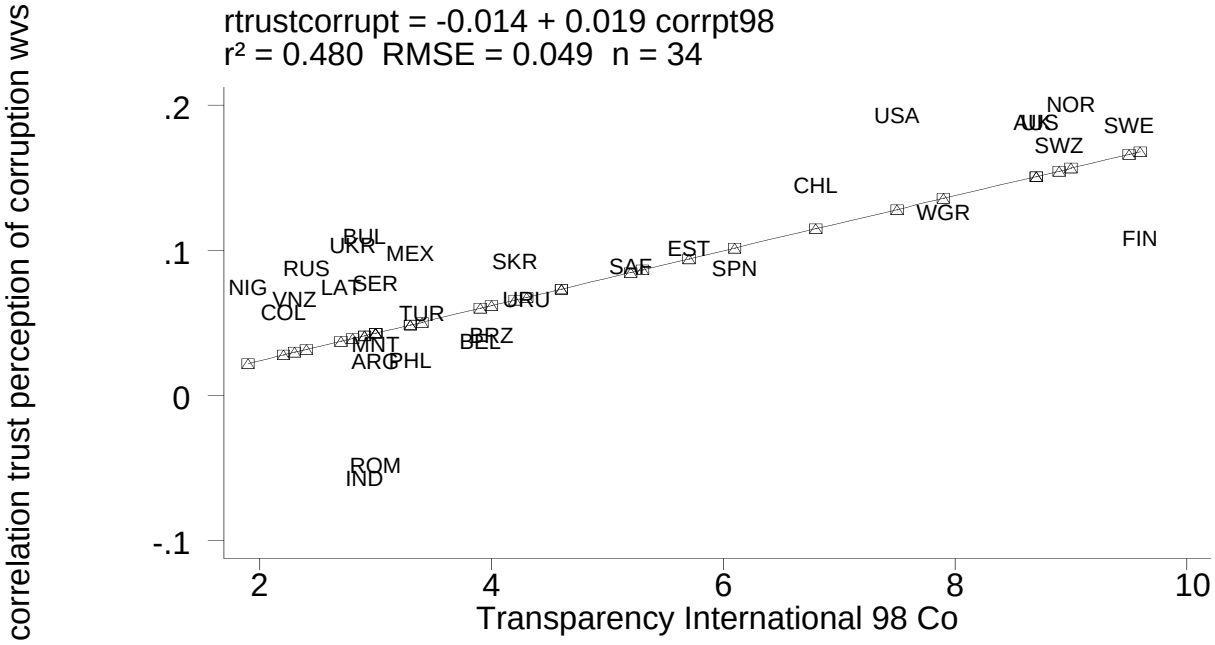


Figure 3

Lowess Plot of Correlation Between Trust and Perceived Corruption
Versus Actual Level of Corruption

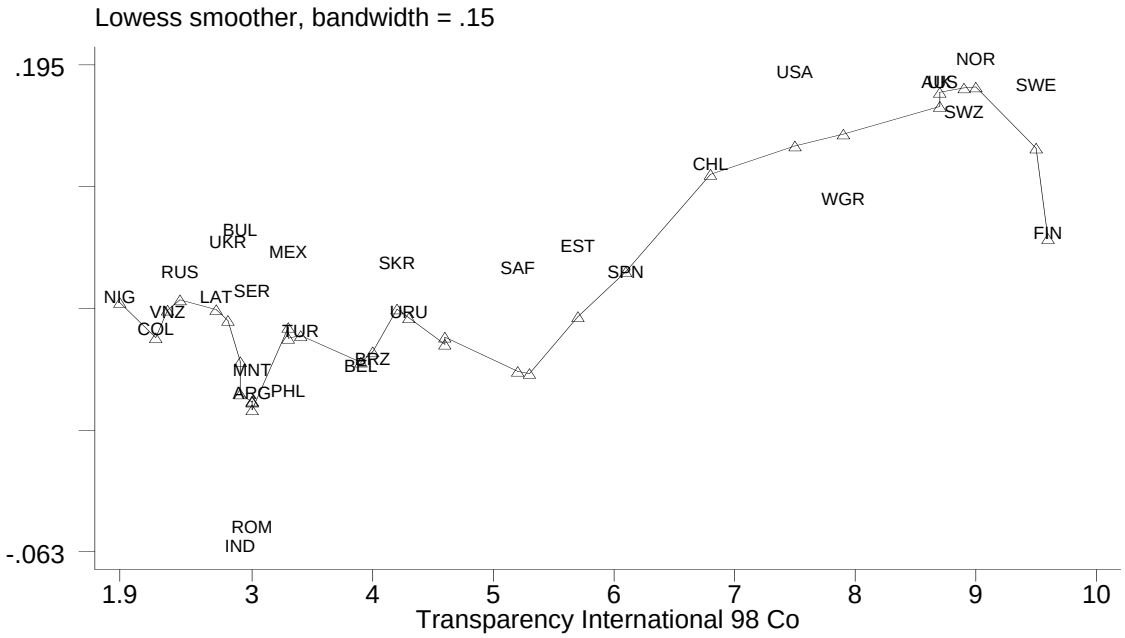
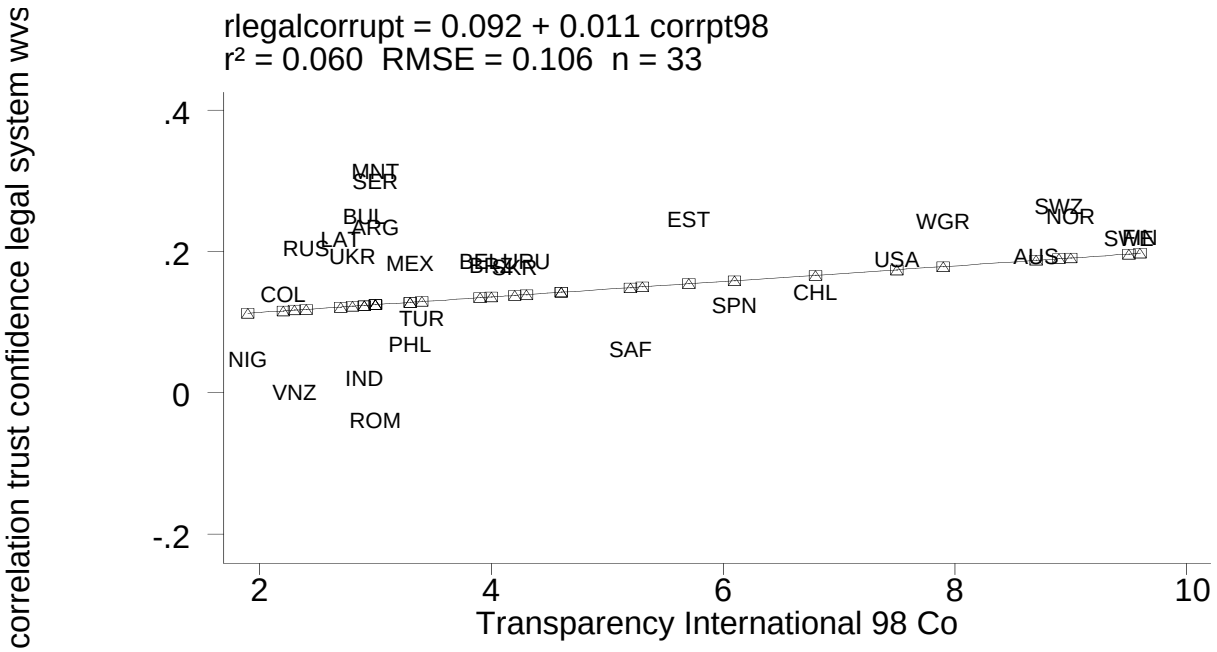


Figure 4

Correlation Between Confidence in Legal System and Perceptions of Corruption (WVS) and TI Estimates of Corruption



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NOTES

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1. We measure trust by the "standard" interpersonal trust question (here from the World Values Survey): "Generally speaking do you believe most people can be trusted or can't you be too careful in dealing with people?" Our measure of corruption is 1998 estimate by Transparency International. We used the 1995-96 estimates from the World Values Survey when available, but supplemented these data with the 1990-93 estimates when no third wave surveys were available. See Uslaner (2002, ch. 8) for a more detailed discussion of the data sources. The Transparency International estimates of corruption are derived from elite surveys of corruption; they are available at http://www.transparency.de/documents/cpi/index.html.

2. For the 2001 rankings, see http://www.transparency.org/cpi/2001/cpi2001.html .

3. Our 2001 survey is part of a larger project funded by the Starr Foundation through the International Research and Exchanges Board (IREX) Caspian and Black Sea Collaborative Program (2001). We also conducted surveys of the mass public in Moldova and of organizational activists in Romania and Moldova using an expanded version of the Citizenship

Involvement Democracy (CID) common core questionnaire. See the CID web page at http://www.mzes.uni-mannheim.de/ projekte/cid/ . See a description of our research project at http://www.irex.org/programs/black-caspian-sea/grantees01-02.htm, and at http://www.policy.ro.

4. Trust in parliament is omitted from our estimates because it was consistenly insignificant, but highly correlated with faith in other institutions.

5. To be sure, the TI measure is based upon perceptions too, but these are elite views and the corruption literature generally treats the TI measure as the best surrogate we can get for an actual measure of corruption.

6. In Romania, the correlations are -.053 and -.049, respectively. For Taiwan, they are -.053 and a surprisingly high -.216.

7. The correlations between trust and the actual (TI) level of corruption are .826 for the least corrupt countries, .251 for the middle group, and -.098 for the most corrupt. For the formerly Communist countries, the correlation is -.274. We also ran a regression of trust on perceived corruption and interactions of perceived corruption for each of the three categories (omitting the constant term, but also including the Gini index of inequality and percent Protestant, as in Uslaner, 2002, ch. 8). The main effect was insignificant, the interactions for most and middle levels were marginally significant (at $p < .10$), and the coefficient for least corrupt was significant at $p < .01$).

8. The data from the Global Competitiveness Survey and Impulse Magazine's indexcome

from Friedman et al. (2000) and are available at http://www.worldbank.org/wbi/governance/. The data on the black market premium come from the State Failure Task Force data set, available at http://gking.harvard.edu/data.shtml .

9. Gender discrimination also makes Swedes believe that their government is not responsive. A sense of spirituality matters for Romania: Romanians who are religious, as indicated by frequency of prayer, are more likely to see the government run by the will of the people–and to say that the government is corrupt.

10. Romanians also link corruption to discrimination by political opinion. Both political discrimination and whether the government is run by the will of the people pit the public against an unaccountable elite, the chief source of political corruption. Swedes reason that corrupt politics stems from inefficiency and special interests–which, in turn, makes government less responsive. Romanians believe that corruption stems from an unaccountable elite.

11. Of a 42 country data base on international crime provided by Daniel Lederman of the World Bank, Sweden ranks last (the lowest crime rate). Romania ranks eighth.

12. For the United States, the r is .021; for Germany, it is .084, and for Colombia (where trust is low and corruption is high) just .071.

13. Trust is a dichotomy; perceptions of corruption and beliefs that the country is run by the will of the people are ordinal variables. However, it is more important to control for reciprocal causation than to estimate models such as probit or ordered probit and to ignore issues of causal

ordering. The exogenous variables we include in the estimations are listed at the bottom of each table. In each table, we present results that are statistically significant at $p < .10$ or better in **bold**.

14. People who say that democracy is a better political system are *substantially* more likely to trust others (this may be a measure of optimism). Trust is not generally shaped by personal experiences (age, education). There is some evidence for trust as a moral value: People who say that there are clear standards of good and evil are more likely to say that most people can be trusted. People who see clear standards of good and evil are also more likely to pass judgment on the political system as corrupt. Corruption is top-down. It is not something that affects ordinary folks. The more people watch television, the more they perceive the political system as corrupt (cf. Adsera, Boix, and Payne, 2000, on newspaper reading).

15. All of the CID surveys followed a Common Core questionnaire. We were able to add several extra questions on trust in different types of groups (our dependent variables), optimism, and the fairness of the legal system. At that point, we were pushing the limit of both our budget and a reasonable time period for survey respondents.

16. In the West, the standard trust question *is* a measure of trust in strangers. See Uslaner (2002, ch. 3).

17. People who are close to adherents of their own faith also seem to be more favorably disposed to people unlike themselves (though the effects are not strong). And people who

believe that good citizens should show solidarity with others are (by nine percent) more likely to trust people of different religions.

18. The sole exception is the weak (barely significant) connection between borrowing from relatives and trust in different ethnic groups. Yet this result seems puzzling: If *some* social support networks teach us to trust strangers, we would expect that more diverse networks would serve us better. And our neighbors are generally more diverse than our families.

19. When we dichotomize trust different ethnic groups, 38 percent of people who say that they are treated equally have faith in others, compared to 33.7 percent of people who say that they are treated better (and 21.4 percent who say that they are treated worse).

20. Romanians do link trusting strangers to the ideal that good citizens should pay their taxes. And their attitudes toward people who are different from themselves are shaped by their beliefs that some people are treated differently from others (especially in the courts). Yet, their attitudes toward trusting others and toward representative government are shaped more by optimism and procedural equity and justice than by corruption.

21. The measure of stability comes from the World Bank governance project. It includes war, social unrest, the orderly transfer of power, politically motivated violence, and international disputes. For the details, see Kaufman, Kraay, and Zoido-Lobaton (1999, 39). The business regulation measure comes from LaPorta et al., 1997.

22. We estimated a variety of models, including a simultaneous equation model of trust and

corruption (see Uslaner, 2003). Trust and corruption are clearly interconnected, but the effect of trust on corruption is much stronger than that of malfeasance on faith in people. Our early models included a wide range of factors associated with corruption in the literature–various measures of a country's wealth and well-being, economic inequality, political and social freedoms, institutional factors (including political participation, federalism), the openness of markets, the share of the gross domestic product devoted to government spending, other socio-economic variables (ethnic heterogeneity, education), media consumption, and other economic policies (including summary indices from the Heritage Foundation, price controls, and the rights of shareholders). None were significant in these estimations.

23. See Uslaner (2002, chs. 7 and 8) and Uslaner (2003). These estimates exclude the formerly Communist nations.

24. The program, a mixture of folk and country music as well as humor and story-telling, has been broadcast (albeit with some interruptions) on National Public Radio since 1974. It is hosted by Garrison Keillor and is heard weekly (see http://phc.mpr.org/). Like Sweden, Minnesota is highly trusting. Minnesota ranks third (almost first) in statewide estimates derived for another project by Uslaner. Its citizens rank only behind Maine's in saying that public officials are *not* crooked. It also has a large Scandinavian population, and we know that social trust in the United States follows one's ethnic heritage (Rice and Feldman, 1997).

25. We would expect younger people in Romania to be more optimistic, trusting, and tolerant than people who lived most of their lives under Communism. We have about 50 measures of

optimism, control, trust, tolerance, support for the polity, and civic engagement in our Romanian CID survey and in every one (save being able to do what you want to do), the younger cohort was less trusting than any of the older generations.