

# TRUST IN INSTITUTIONS AND WELL-BEING: A STATE OF THE ART

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This essay explores the aspects and implications of the relationship between trust in institution and well-being. The issue concerns the researchers engaged in the study of social transformations. Especially the American, but also European and Australian political scientists signaled a decline of trust in institutions. Some consider this as being totally benign, framing it in the whole “secular trend” in attitudes towards authority. Others are concerned by the social implications, mainly because of the potential decreasing of the authorities efficiency due to the lack of mass support. In this paper we adopt the neo-utilitarian point of view, assessing the reciprocal effects of trust on the overall appreciation of well-being, i.e. life satisfaction and happiness. Some theoretical models for the relationship were presented, together with several findings from the literature and the estimated social policy implications.

## Trust: definition, related terms, sources

The exact meaning of ‘*trust*’ remains disputable and cross-culturally variable (Goodin 2000), but the concept is used generally with reference to one’s expectations or beliefs that others will behave in a predictable manner, a manner not devoted entirely to self-interest (Thomas 1998). A first distinction made is between trust in individuals and trust in institutions or organizations, named also confidence (Earle 2001), but the two are frequently interchangeable used (Lofstedt and Rosa 2001; Brooks and Cheng 2001). When the institutions are of political nature, the term “political trust” is utilized.

Confidence in institutions has two main characteristics: a *fiduciary* relationship, that is a relationship in which an individual places trust in another to act in his or her capacity, without receiving a similar trust form the agent, and *mutual* trust, appearing where bureaucrats have the opportunity to develop relationships with their clients. These are always traits of the political process, where to the trust in institution as a whole is added the trust in political leaders of this institutions. But there are also significant differences, political trust being always conditional, not like trust in family, friends, even neighbors (Brooks and Cheng 2001).

Indicators of trust are usually grouped in a manner described, for example, by Papadakis (1999):

1. institutions of government (parliament, federal government, political parties and public service);
2. traditional established order and patterns of authority (armed forces, churches and police);
3. organizations often associated with challenges to an established order and government institutions (ecology movement, women’s movement and trade unions);
4. channels for disputation (television, press and legal system);
5. international organizations (United Nations, European Union, and major companies).

The exact psychological nature of trust is a matter of dispute. Several authors maintained that an trust is typically a cognitive process, a sort of discrimination between the trustworthy and the distrusted or simply unknown person or institution. Thus, it “is nothing more or less than the considerations a rational actor applies in deciding to place a bet”

(Coleman 1990; Ruscio 1999). Others, on the contrary, depict trust as an irrational act, a sort of emotion, like hope, expectation arising “within a community of regular, honest, and cooperative behavior, based on commonly shared norms” (Fukuyama 1995) (p. 26).

In a recent inventory, Mishler & Rose (2001) identify two main explanatory paradigms for inter-societal variation of trust in institutions. Explained by the cultural theories, trust in political institutions is exogenous, originating “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” (p. 31). Thus, institutional trust is a sort of projection of interpersonal confidence on a political object. Civic culture theory (Almond & Verba), postmodernization (Inglehart) and social capital (Putnam) are main examples.

For institutional theories, political trust is endogenous, being based on institution’s performance, estimated in relation to the success of government policies and the character of political institutions (rated on political or economical scale). Intrasocietal variations are explained by these theories in accordance with individual attitudes and values, but also with the social and economic positions individuals occupy. The two theories, have been tested in the case of post-communist societies (Aberg 2000; Evans and Whitefield 1995; Mishler and Rose 2001), in micro- or macro- levels. The latter authors, for example, regressing individual trust in political institutions into aggregate indicators of political performance and individual-level data on interpersonal trust and perceived economic and political performance, found evidence for the fact that perceptions of political performance determine trust in political institutions more than interpersonal trust.

### **Decline of trust in advanced societies: data, explanation, implications**

A very disputed issue is the so-called decline of confidence in advanced democracies (Lipset and Schneider 1983). The trend, highly marked in United States, is similar in Western Europe and Australia (Papadakis 1999; Dogan 1996; Lofstedt and Rosa 2001). In United States, for example, “whereas over 70% of Americans in 1960 indicated that they trusted government “almost always” or “most of the time” this proportion dropped below 40% in 1974, recovering slightly in the mid-1980s only to reach new lows in the 1990s” (Brooks and Cheng, 2001). The main sources identified of this decline are:

(1) long-term secular changes in sociocultural attitudes toward authority and traditional social order that came to a head in the 1960s (Inglehart 1999; Nye 1997)

(2) profound economic changes caused by the information revolution and globalization (Giddens 1990),

(3) “symbolic” changes in the political process that increased the distance between the political activists and the public (Lipset and Schneider 1983), and

(4) a more consistently negative approach by the press to government and other institutions (Nye Jr. 1997).

The lack of confidence in institutions raised two anxiety in the 1970s, when the tendency was remarked. This was followed by a relative calm in the 1980s, the time of a slight rebound in public confidence, and by a sharper decline and intense preoccupation after 1984. What worried most the specialists was because of the perspective of inefficiency of the institutions involved, but also the changes in policy preferences, although the last hypothesis was not confirmed until now. (Brooks and Cheng 2001) Trust is said to help government to make decisions, commit resources to attain societal goals and assure compliance without coercion. (Nye 1997) Finally, without trust in institutions, the legitimacy of a democratic regime

may be called into question (Chanley; Rudolph, and Rahn 2000) But some level of skepticism about the actions of government officials is undoubtedly healthy in a representative democracy.

### **Trust and well-being: the research questions**

We are considering here the theoretical relation between trust in institutions and well-being. Some questions arise:

1. Is there a significant empirical relation between trust and well-being ?
2. If yes, which are the patterns of these relations (direction, intensity, signifiacne)?
3. Can this relation be interpreted as showing a causal relationship or is simply a spurious correlation ?
4. It shows one-way causation or two-way causation ?
5. Which are the elements of causal chain ?

Well-being is defined here as ‘the degree to which an individual judges the overall quality of her/his life as-a-whole favorably’ (Veenhoven 1993). In this acception, well-being is synonymous to life satisfaction, and is usually measured by a single question: “Taking all into consideration, how satisfied are with your life?”

### **Some conceptualizations and empirical findings**

There are few analyses on the relation between the two variables. In a NES study, Brehm & Rahn (1997) showed that life satisfaction is a predictor for trust in government (standardized regression coefficient  $b = .14$ ). I’ve performed an analysis on Romanian data, showing that trust in government and life satisfaction correlate in all Romanian Public Opinion Barometers from 1995 to 2001, Pearson’s  $r$  varying around 0.2 (Bălțătescu, 2002).

The relationship Satisfaction --> Trust is more seriously modeled. Even from the beginning of the researches in that topic, Lipset & Schneider (1983) considered further decline in confidence as signs of “deep and serious discontent”. The causal mechanisms considered by Brehm & Rahn (1997), is mainly the rosy glow that throws satisfaction on a judgement. Using a top-down approach, they infer that “Americans transfer their unhappiness about their own lives onto confidence about federal institutions, after controlling for ideology, presidential popularity, and economic conditions”(p. 1016). In an alternative explanation, they included interpersonal trust in the causal chain. But this relation is supported only in a transversal research, the data of the longitudinal studies showing stability or even increasing in levels of life satisfaction, but decreasing in levels of trust in government.

The reversed relation, Trust --> Satisfaction is implied by some models. Thus, for Nye (1997) the lack of performance of the government (because of the lack of public trust), makes people more dissatisfied and distrustful of it. Even if the author doesn’t follow that link, we can suppose, in a bottom-up approach, that the dissatisfaction with political realm affects general life satisfaction. There are also other arguments for conceiving that less trust in institutions make a society less livable and affect life satisfaction. Braud (1997), drawing on the fundamental psychological profits beliefs in institutions, imply a similar relationship.

### **The policy implications**

Is there the declining trust in some institutions (e.g. Government) really bothering ? If, as some general trends seems to show, the more untrusty in institutions are the citizens of a country, the more satisfied with their lives they are, can we conclude that it is profitable to

stop all actions directed towards for improvement the trust in institutions, or even to encourage people to distrust society ?

The answer is not so simple. Firstly, we have here different kinds of countries. For example, in Europe, in the group of former communist countries, now in the process of entering EU, it may be profitable to increase levels of trust in institutions engaged in economic reform, in order to increase their efficiency and thus to maximize the influences on well-being. On the contrary, in EU countries, a negative correlation between trust and well-being may not be so worrying, as long as the levels of well-being remains high.

Secondly, the policy implications are to be discussed for different types of institutions. It may be not profitable for well-being of individuals to increase the trust in some institutions, e.g. in traditional authority institutions, but to invest in image boosting of some institutions directly responsible for the well-being of the people (like National or European Governments).

Thirdly, the level of intervention must be taken into account: it may be worthy to invest in maintaining a minimum level of trust in institutions, under which a society may become non-livable.

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