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Tracing the Historic Roots of Generalized Trust

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Abstract: This paper discusses the problem of empirically measuring past trust. Today, the share of the population who generally trusts others ranges from 60–70 percent in Scandinavian countries to as low as 3–4 percent in countries such as Colombia and the Philippines. The reasons why certain countries have developed higher trust than others require an understanding of when trust emerged; for instance, whether the high rates of trust in Scandinavia preceded or followed the welfare state.

The key problem in disentangling the historic roots of trust is that systematic measurements do not go back far enough. Trust was first systematically measured in 1942 in the United States and 1948 in Germany.

The lack of older data has in recent years led scholars to develop other methods to indirectly trace historic roots, such as comparing the trust rates of decedents of immigrants based on the arrival year of their ancestors. This new line of research suggests that its roots are deeper than previously thought.

Keywords: Trust; Social capital

JEL Codes: Z13; N10

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Contents

- Introduction 4**
- 1. General theories on the origins of trust..... 5**
- 2. Theory on evolution of trust through history 8**
- 3. The history of measuring trust..... 9**
- 4. Trust levels of immigrants as proxies of historical trust levels 16**
- 5. Climatic and agricultural influence on historical trust development..... 18**
- 6. Empirical studies on historical determinants of present day trust and social capital. 20**
 - 6.1 The Habsburg Empire 20**
 - 6.2 Deep roots of medieval anti-Semitism 20**
 - 6.3 The transatlantic slave trade..... 20**
 - 6.4 The historic roots of social capital in Italy and the US – Putnam and his critics..... 21**
- 7. Theories on the historic roots of Scandinavian high trust..... 23**
 - 7.1 Cultural and political theory..... 23**
 - 7.2 Institutional theory 27**
 - 7.3 Statist individualism and its historical incubators..... 28**
- 8. Discussion and conclusions 30**
- 9. References 31**

Introduction

Trust matters. Bonds of trust defined as expectations of honest behavior allow us to put confidence in one another, which enables advanced economic exchange and social organization by lowering transaction costs (Uslaner 2002). Not surprisingly, countries with high rates of trust and trustworthiness tend to outperform those where few trust other people.

No society is of course entirely without trust, and most people tend to put some particularized trust in their kin, clan or close friends. The type of trust that has however intrigued scientists is generalized trust in other people, a tendency to view the typical stranger as inherently trustworthy. In the most common measure of trust, the share of respondents who chose the alternative “Most people can be trusted” rather than “You can never be too careful when dealing with others” varied widely. It ranges from 3–4 percent in Columbia and the Philippines to 60–70 percent in Norway, Sweden and Denmark.

A high rate of generalized trust is a desirable social outcome since it is associated with a range of favorable outcomes. The demonstrated importance of trust has made it one of the most studied topics in social sciences, with thousands of studies in economics, psychology, sociology and political science and history. This literature is large and dispersed, and therefore summarized in several review articles. While there are many literature reviews on various important topics in trust research, ours is the first to summarize the literature on the historic roots of trust. We, in particular, focus on the empirical measurement problem of historic trust rates, which is necessary for testing the various hypotheses that have been put forward. While we cover studies referring to all countries, we pay more attention to the high-trust Scandinavian countries: Their uniquely high rates of trust and fairly traceable history make Scandinavia an interesting case study to shed light on trust in general.

Although much has been written about the consequences of generalized trust, little is known about the developmental history of trust and the extent to which the past exerts an influence in contemporaneous trust levels. A new body of literature in recent years suggests that cultural traits and values can be surprisingly persistent.

The paper is organized as follows: Section 1 will outline theories on general determinants of trust, and explain the necessity of historical perspectives as a complement to these general theories. Section 2 will discuss macroscopic theory on trust formation through history. Section 3 will discuss the history of measuring trust, thus discussing the history of trust empiricism and briefly outline nation-level results and trends. Section 4 will review literature on trust levels among immigrants and their use as proxies for historical trust levels. Section 5 will review studies on trust and its relations to two subjects with historical connotations, namely climate and agricultural history. Section 6 will review empirical studies on trust formation in response to historic events. Section 7 will review theoretical literature on the unique Scandinavian high trust and its historic roots. Section 8 discusses and concludes the paper.

1. General theories on the origins of trust

Trust, and in particular generalized trust, has received great attention in in social sciences in recent decades, with thousands of empirical studies in the fields of political science, economics, sociology, business and psychology. By comparison, trust has received relatively little interest by historians and economic historians, perhaps due to the lack of empirical data.

Hosking (2006) argues that trust is a theme that should be studied more by historians, as the type and level of historic trust is vital for the understanding of many social phenomena and therefore the development of historical events. This paper reviews the small number of historical studies on trust and shows that taking social cohesion and trust into account can greatly enhance the understanding of events in European history. He further argues that historians can contribute to the trust literature since they study the flow of events and tend to have a strong understanding of context, whereas other fields often study trust in isolation at one point in time. Hosking (2006:115) concludes his call for more studies on trust in the field of history:

In brief, then, I believe that examining the way trust has worked in different societies can provide a way in towards investigating problems which are otherwise difficult to conceptualise adequately. That is a good reason for suggesting that historians should ask more systematic questions about the operations of trust.

Whiters (2017) similarly reviews the discussion of trust in the field of cultural geography, and also discusses mentions of trust by enlightenment philosophers such as David Hume, Adam Smith and Immanuel Kant. Classical economists related trust to following the laws of justice and pointed to the role of acquiring a positive reputation by acting trustworthy.

While the empirical literature on generalized trust as a quantitative variable is fairly new, there is a long tradition of discussing trust more broadly. Many early theorists in social science conveyed skepticism towards modernity, and predicted that individualism and materialism would negatively influence trust and undermine community spirit. A transition from traditionalism to modernity generates widespread alienation according to Marx, a move from *Gemeinschaft* to *Gesellschaft* as described by Tönnies, and a life in an iron cage of rationality according to Weber. However, as noted by Trägårdh et al. (2013), there is no universal tendency of fading trust despite modernization. Indeed, no negative relationship between indicators of modernity and trust has been found empirically (Alesina and La Ferrara 2002; Delhey and Newton 2003; Knack and Keefer 1997). Paxton (2002) reports a negative correlation between trust to industrialization, while House and Wolf (1978) and Putnam (2000) find that trust is higher in smaller communities. Delhey and Newton (2005) report that generalized trust is usually higher in modernized countries, as measured by wealth, education and a small agricultural sector, while finding no significant link to urbanization and population size. Scandinavian countries with highly modernistic values have had stable or even slightly increasing trust rates in recent decades (Trägårdh et al. 2013).

Some scholars rest their theoretical framework upon psychological theories on the importance of early socialization in family settings (e.g. Erikson ([1950] 1963), Uslaner (2002)). Others have outlined the importance of civic associations. The latter concept dates back to thinkers like Mill and Tocqueville, who emphasized the importance of civil society in inculcating civic virtues such as trust and norms of reciprocity. This idea was picked up and further developed by Putnam and has since gained much attention (Putnam 2000; Putnam et al. 1993). There is empirical evidence backing this claim (Brehm and Rahn 1997; Knack and Keefer 1997; Stolle and Rochon 2001; Wollebaek and Selle 2002, 2003; Herreros 2004). However, both principal (Levi 1996; Tarrow 1996) and empirically based (Whiteley 1999; Delhey and Newton 2005; van Ingen and Bekkers 2015) objections have been put forth.

Democratic institutions are believed to be linked to trust. Institutions such as division of power, open elections, free press, rule of law and judicial oversight constrain the political elite to trustworthy behavior as well as maintaining trustworthy behavior of officials and private citizens (Delhey and Newton 2005). A prominent proponent of this theory is Bo Rothstein (e.g. Rothstein 2013; Rothstein et al. 2013; Rothstein and Stolle 2008). The argument is that citizens make inferences from perceived institutional fairness to the trustworthiness of other citizens. This is because in the presence of impartial and effective institutions, actors can rely on the notion that untrustworthy actors will be exposed and sanctioned properly, making it less risky to invest trust in others. Several studies find a positive correlation between institutional quality and trust (Brehm and Rahn 1997; Delhey and Newton 2005; Knack and Keefer 1997; Letki and Evans 2005; Mishler and Rose 2001).

Cross-country analysis further indicates that religion, monarchism and equality are related to trust (e.g. Bjørnskov 2007; Delhey and Newton 2003, 2005). However, it has been questioned whether these patterns are general or driven by the exceptionally high trust in Scandinavian countries. Indeed, several correlates of trust in cross-country analyses lose their significance when the Nordic countries are left out, leading some to talk about “Nordic exceptionalism” (Delhey and Newton 2005). The link between trust and income inequality is often found to be negative (Bjørnskov 2007, 2008; Delhey and Newton 2005; Knack and Keefer 1997; Zak and Knack 2001).

There is also some evidence for a negative correlation between trust and ethnic fractionalization, although the evidence is mixed (e.g. Alesina and La Ferrara 2002; Knack and Keefer 1997; Laurence 2011). Putnam (2007) concluded that ethnic diversity increases social isolation and lowers inter-racial trust in American communities. Delhey and Newton (2005) find ethnic fractionalization to be negatively correlated with generalized trust in a cross-country analysis, an effect that is weakened by good government, while Gesthuizen et al. (2009) find no correlation. Bjørnskov (2007, 2008) finds no correlation at the national level, but a negative effect from large Catholic or Muslim shares of the population.

At the theoretical level, there appears to be two ways to look at culture and trust. One approach that can be referred to as the *macro-theory of culture* is studying why a particular

cultural trait has developed in a given society, for example, how institutions generate cultural attitudes. Another approach that can be called the *micro-theory of culture* is to view culture as an individual phenomenon and try to answer why people have the culture they have, how it emerged, how it changes over time and what factors affect what we believe. The latter is conceptually related to a Beckerian theory of human capital, where culture is conceived as a form of human capital (Becker 1962). Human capital is the result of an individual choice and investment, such as how much to work or study. Culture by contrast is not only one's own choices but mostly the result of the investments of others, not the least in past generations. Examples include the parental investment in norm formation and the dominant traits of one's peers (e.g. Becker 1996; Becker and Murphy 2000). Culture is difficult to design and unpredictable, and cultural capital is rarely the result of traditional conscious investments. Despite the unique way through which culture is accumulated, it is a form of social capital that improved productivity and which accumulate over time as a result of a myriad of "shocks" and interactions with other members of society through the process that resembles multigenerational human capital formation (Heckman 2000; Cunha and Heckman 2007). Trust and trustworthiness can in this view be seen as hardwired norms that accumulate over time. In order to understand how and why these norms accumulate, evolve or decline, one thus needs to understand the historical context.

2. Theory on evolution of trust through history

The lack of data has made it difficult to study variation in rates of trust over time, and few studies discuss trust in a historical perspective. Exceptions include Earle and Cvetkovich (1995), who argue that wide-ranging social trust first developed in the modern era, and that it was not necessary in pre-modern societies without social differentiation. In this view, the need for impersonal interaction in the modern era led to a transition from particularized or interpersonal trust between people in small groups, who know each other well, to generalized or social trust between strangers.

In contrast to the modern era, Earle and Cvetkovich discuss the pre-modern and the feudal era as periods characterized by stratification and segmentation:

In ancient Greek societies and in feudal Europe, low levels of differentiation based on segmentation and stratification limited the form of trust primarily to the interpersonal. The outer

limit of trust in these societies, on the interpersonal/social border, occurred in client-patron relations established protection against human and environmental uncertainties. (1995: 13)

Anthropologists like Lévi-Strauss have linked trust with symbolic systems, through which societal reciprocity can manifest itself. The underlying logic is that people who agree on common symbols generally also agree on the system of norms and values that underpin them. Thus, the fact that a person is familiar with the symbolic meaning of something provides other people with some predictability of behavior. Shared symbols can hereby act as a bridge between strangers, by providing them with some verification of each other's credentials. Johnstone (2011) similarly argues that abstract systems allow individuals without personal knowledge of one another to act *as if* they trusted each other; he suggests that the history of trust in ancient Greece is largely the history of the emergence of abstract systems, such as law, rhetoric, standardized measurements and money.

Hosking (2014) in part argues that the macroscopic history of trust is linked to the history of symbolic systems. The book points to the importance of understanding trust for historical events, both economic and political, and broadly discusses the types of trust in historic societies, though more from a philosophical than from an empirical perspective. One conclusion is that there was never a "golden age of trust", and that trust and distrust coexist in all societies. Another argument is that there are threshold effects where once trust has declined to a certain point, it can plunge rapidly. The book also discusses how trust relates to the development of capitalism.

3. The history of measuring trust

Bauer and Freitag (2018) discuss trust measurement, defined as systematic measurement across a large number of units. They note that the first instrument for measuring trust were self-reported questions, later supplemented with behavioral measurement in laboratory experiments and other types of experiments. Survey questions on trust are amongst the earliest questions asked in scientific public polling (Cantril and Strunk 1951).

A 1942 survey by the Office of Public Opinion Research (OPOR) in the United States appears to have introduced the first question on trust (Bauer et al. 2015). The question was: “Do you think most people can be trusted?” Respondents were offered the choice to answer “yes”, “no”, “no opinion” or a “qualified answer”. In 1942, 66 percent answered yes while 25 percent answered no on the trust question. This formulation of the trust question was later also used by others, such as The University of Chicago National Opinion Research Center (Smith and Rich 1980).

The first simple measure of trust was later replaced with a somewhat more sophisticated measure, which provided respondents with a balanced choice. It turns out that the share of people who chose the trusting answer is significantly lower if given a second choice which articulates why one might not trust others. Instead of only asking “Do you think most people can be trusted?”, and asking respondents to choose yes or no, the question is balanced by reminding about the possibility of distrust by providing two alternatives: “Some people say that most people can be trusted. Others say you can’t be too careful in your dealings with people”. The balanced version of the most-people question is now the standard question used to estimate trust and appears to have been coined by Rosenberg (1956). This subtle change reduces the share answering yes by about 20 percentage points in the United States (Putnam 1995). In-depth analysis indicates that this could be because the question is interpreted differently. The simple question and the balanced version are not directly comparable, but both show a decline of trust over time in the United States (Putnam 1995). The National Opinion Research Center has in various years with irregular intervals used the simple version of the trust question, which as noted tends to register a higher level. American rates of trust in these surveys were stable or somewhat increasing from the 1940s, peaking at 77 percent in 1964, after which they declined to 57 percent in 1983 (Smith 1996).

The National Election Study started to measure trust using the balanced version in 1964 in election years, and generally shows a decline from 53 percent in the first survey to around 35–40 percent in more recent surveys. The American social survey with the most consistent and regular estimates of trust is General Social Survey (GSS), which first measured trust using the balanced version in 1972. In that year, 48 percent of Americans answered yes on whether strangers could be generally trusted. By 2016, the share of trusting people as measured by GSS had declined to 31 percent.

In addition to the United States, West Germany is a country with early research on trust that produced long time series. Trust increased from the low rate of 9 percent in the fearful and paranoid postwar climate of 1948, rising gradually to 13 percent in 1953, 28 percent in 1964 and 37 percent in 1990 (Cusack 1997; Newton 2001). In communist East Germany, the share that expressed trust in others was around 26 percent in 1990.

The question if most people can be trusted is not the only survey-based measure on interpersonal trust. Rotter (1967), for example, developed a measure with several additional questions, which is sometimes used in psychological research. For cross-country purposes, however, the balanced question developed by Rosenberg (1956) has become dominant. The survey question on trust is one of the most robust and parsimonious cross-cultural measures. This is both due to consistency and stability across different surveys as well as the fact that the answer is strongly linked to outcome variables.

Another early measure of trust was reported by Verba and Almond (1963) as part of the Civic Culture Study, which measured trust in a sample of one thousand individuals in five countries in 1959. The share who responded yes on the trust question was 7 percent in Italy, 19 percent in Germany, 49 percent in the UK and 55 percent in the United States, respectively. In Mexico, 30 percent responded yes on the trust question, though in this case the figure may have an upward bias since only cities were sampled.

The first wave of the World Values Survey was conducted 1981 to 1984 in ten countries: Argentina, Australia, Finland, Hungary, Japan, South Korea, Mexico, South Africa, Sweden and United States. The share of respondents who answered that others could be trusted was highest in Finland at 56 percent, followed by Sweden at 53 percent. The share was lowest in Mexico with 17 percent. In the 2014 European Social Survey, the four Nordic countries were the most trusting. Unlike the US, the trust rates in the Nordic countries is stable or perhaps weakly increasing rather than decreasing (Andreasson 2017). The Eurobarometer of 1970, 1976 and 1986 instead measured perceived trustworthiness of people from certain other European countries. Denmark was the Nordic country included and ranked as most trustworthy by other Europeans.

Global surveys that sometimes measure trust include the European Values Survey, first carried out in 2002, the Eurobarometer, the Afrobarometer, Arabbarometer, Latinobarometer, Asianbarometer and Eurasiabarometer. Results from the World Value Survey and European Value survey are summarized in *Table 1*. In addition to country averages, we report summarized mean values for cultural groups based on our classification.

These surveys have small sample sizes and sometimes differ in methodology, which makes the result vary by year. Nevertheless, the overall results are surprisingly consistent. Trust rates are higher in Western Europe and East Asia, but lower in Africa, Latin America and the Middle East. In the 2007 and 2013 Arabbarometer, the share of trusters was 27 percent. In compiled results from the first Afrobarometer for 1999–2001, 15 percent answered yes on the trust question, while 22 percent were trusting in the first Latinobarometer Survey in 1996. Compiled data from the first round of the East-Asian Barometer 2001–2003 showed that 29 percent of respondents were trusting. China has relatively high trust levels with a 40 percent trust rate in Mainland China, 41 percent in Taiwan and 29 percent in Hong Kong. However, there are indications that these results are in part driven by a culturally-induced response bias (Steinhardt 2012).

In sum, a fairly stable pattern indicates that Nordic countries top the international rankings, whereas the least trusting countries are found in the Middle East, Africa and parts of Latin America (Rothstein and Uslaner 2005). *Table 1* below shows trust rates across global regions averaged out by decade, based on the average of the World Value Survey and European Value Survey.

Table 1: Trust rates across global regions by decade

COUNTRIES	1980s	1990s	2000s+
Sweden	60	63	67
Finland	60	53	62
Iceland	42	41	51
Norway	63	65	75
Denmark	55	67	76

Nordic countries	56	58	66
Estonia	28	23	36
Lithuania	31	24	30
Latvia	19	21	26
The Baltics	26	22	31
Austria	32	33	37
Germany	33	35	40
Switzerland	n.o.	42	55
Belgium	31	29	35
Netherlands	49	60	58
Western Europe	36	40	45
Ireland	44	36	39
Northern Ireland	44	40	31
UK	43	30	35
British Isles	44	35	35
Czech Republic	26	28	30
Slovakia	22	22	13
Hungary	29	23	25
Poland	29	24	23
Slovenia	17	19	21
Central Europe	25	23	22
France	24	21	23
Italy	31	33	30
Portugal	22	12	17
Spain	36	33	25
Southern Europe	28	25	24
Bulgaria	30	28	20
Romania	16	14	15
Russia	n.o.	28	29
Belarus	n.o.	31	40
Eastern Europe	23	25	26

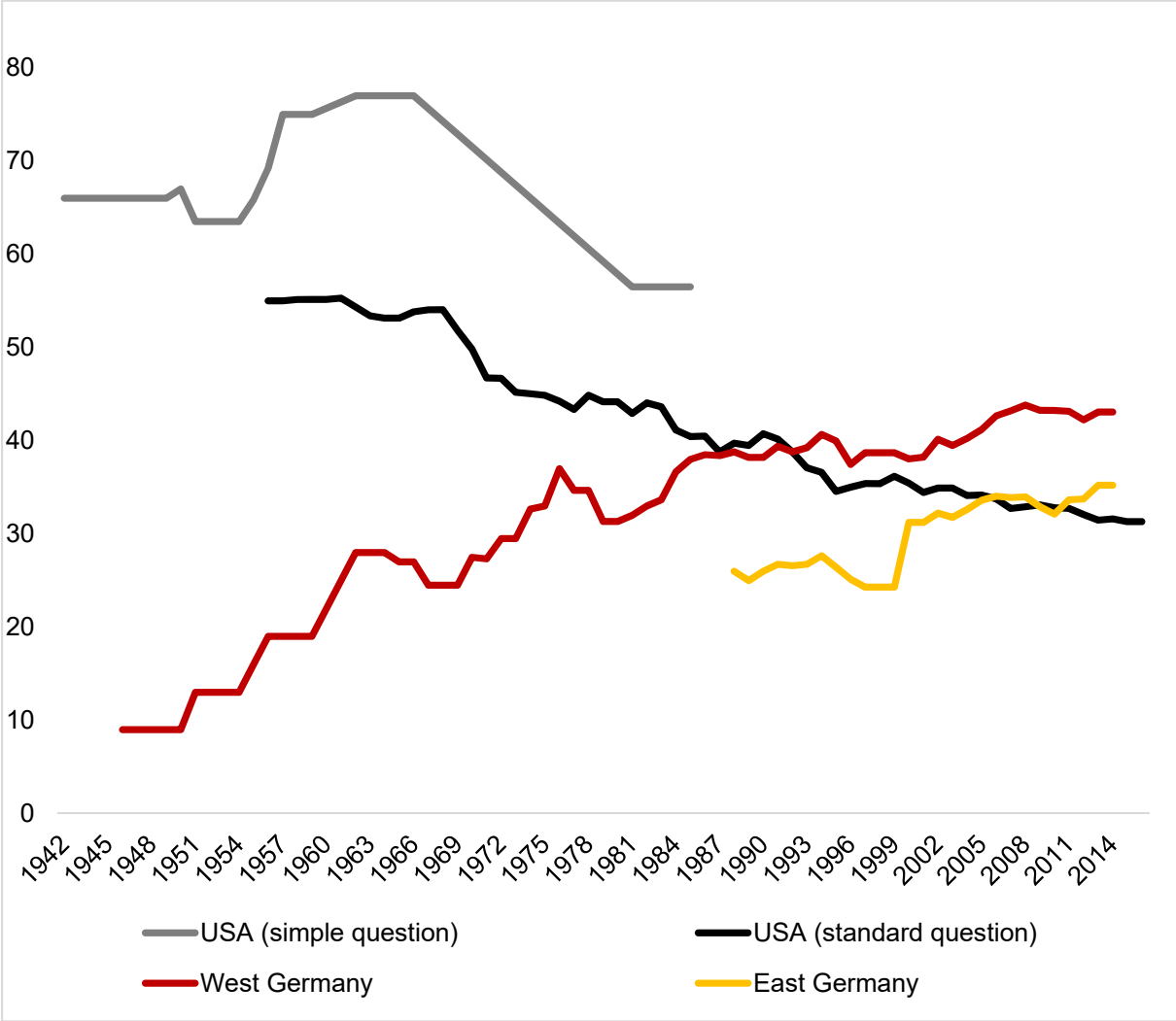
United States	46	36	37
Canada	51	n.o.	43
Australia	48	40	49
North America/Australia	48	38	43
Argentina	27	20	19
Brazil	n.o.	7	8
Chile	n.o.	22	13
Mexico	18	31	14
Latin America	22	20	13
Japan	41	42	39
South Korea	38	32	27
China	n.o.	56	58
East Asia	26	44	41
Nigeria	n.o.	20	15
South Africa	29	23	23
Africa	29	22	19

Note that the trust rate compared to 1959 has greatly increased in Germany and Italy, declined sharply in the United States and declined somewhat in the UK. Trust surveys have small samples and come from several different surveys that differ in method. This creates a large degree of sampling variation in the surveys, which makes it difficult to disentangle real trends from noise. Overall, the trust rate between the 1980s and 2000s is fairly stable for most countries.

Two countries that can be studied over longer periods of time are the United States and West Germany. *Figure 1* below reports the five averages of various surveys from 1942 to 2016. The earliest American data relies on the simple question alternative from the National Opinion Research Center and the Office of Public Opinion Research, merely asking if “Most people can be trusted”. The later American series as well as both German series use the standard trust question, where the question also explains the alternative view “You can never be too careful when dealing with others”.

The later American source using the standard alternative is the average of the National Election Study, the General Social Survey, the Civic Culture Study and the World Value Survey, for available years. The German studies are Civic Culture Study and the World Value Survey, the European Value Survey combined with earlier German data from Cusack (1997). Since the data is a mix of from several different surveys over a long period of time, both the German and American figures should be viewed only as a rough approximation to illustrate the long-term trend, with increase in Germany and decrease in the United States in the post-war era.

Figure 1: Survey comparison of United States and Germany



In addition to surveys, a more recent literature has emerged to test trust using laboratory and field experiments (e.g. Berg et al. 1995). In this game, one agent is allocated a fixed amount

and given the choice to send all, none, or a portion of it to the second player. The sum sent is multiplied by a factor, and the second player is in turn given a choice to send some back and reward the first player. However, the second player is not obligated to send anything back to the first player, and thus has an incentive to act opportunistically and keep all the money. The share of funds sent between participants is used to estimate trust levels. It is not clear if lab experiments give a similar picture as survey measures of trust. Glaeser et al. (2000) argue that experimental measures of trust do not validate survey measures, while Bauer and Freitag (2018) argue that the overall evidence for validity is mixed. Both for experimental behavior and survey responses, some have argued that variation in trust at the individual level may have a hereditary component (e.g. Sturgis et al. 2010; Uslaner 2018).

Knack and Keefer (1997) utilize another type of non-laboratory experiment, using an experiment by the periodical Reader's Digest, where wallets were dropped in a number of cities across the world in order to measure how many were returned by finders. The percentage of wallets returned is strongly correlated with the share that replies yes on the question if they generally trust strangers; a real-life validation of the trust question.

4. Trust levels of immigrants as proxies of historical trust levels

To elucidate the processes that create and maintain trust, several studies have focused on the trust level of immigrants (Algan and Cahuc 2010; Guiso et al. 2006; Helliwell et al. 2014; Putnam 2000; Rice and Feldman 1997; Uslaner 2008). One objective in this literature is to discern the relative importance of two competing theories on the origin and maintenance of trust: socialization in early childhood versus personal experience later in life. The first theory suggests that trust is culture-dependent, and mainly passed on from parents to children relatively independent from the surrounding social environment. This would create a discernible "migrant footprint" in the data. The other theory suggests that norms of trust mainly are formed through experience of the environment in which one lives, which would mean that the "migrant footprint" should be less prominent.

General support for the cultural perspective have been found in studies that shows trust to be stable over the life of individuals (Claibourn and Martin 2000), over time across nations (Bjørnskov 2007), and transmitted from parents to children (Dohmen et al. 2012; Guiso et al.

2008; Uslaner 2002). Guiso et al. (2006) show that ancestral origin affects trust levels of US immigrants, which highly correlate with trust levels in their home countries. Uslaner (2008) has separated the effects of living among others of high-trust backgrounds from inherited trust. While some evidence is found for both, the effect of inherited trust is found to be greater.

Another comparison between individual trust levels for Americans and the current national average in their country of ancestry shows a correlation just as strong for those whose parents migrated as those whose grandparents migrated. This suggests a long-term persistence of inherited trust (Rice and Feldman 1997).

A study on individual trust levels of Canadian immigrants from several countries found a significant source-country footprint, but found the effect to be smaller for those whose families had lived longer in Canada (Soroka et al. 2007). American immigrants to Israel have been found to be more trusting than their Russian counterparts (Gitelman 1982).

Dinesen (2012, 2013) studied immigrants in Europe, finding support for both the experiential and inherited perspectives, but a larger effect from experience for immigrants from Western countries. Moreover, second-generation immigrants in Western Europe are more adapted to local trust levels than first-generation immigrants (Dinesen and Hooghe 2010).

A study using data from 132 countries in the Gallup World Poll 2005–2012 found that trust among immigrants mainly reflects the conditions in the current country of residence, but a significant influence from the country of origin is also observed by Helliwell et al. (2014). The strength of the “migrant footprint” was here inversely proportional to trust levels in the countries of origin, and migrants from low-trust environments are more likely to import low trust than migrants from high-trust environments are to import high trust.

Algan and Cahuc (2010) compare the trust rate of Americans with immigrant ancestors today with the country of origin and approximate time of arrival of their ancestors. They assess the path of cultural transmission by categorizing the respondents into second-, third- or fourth-generation migrants, depending on how many US-born parents and grandparents the respondents had.

They observe a significant correlation between inherited trust in 2000–2003 and trust in the home country, but for inherited trust in 1935–1938 there is no significant corresponding correlation. From this, they draw the conclusion that inherited trust in 1935–1938 was different from inherited trust in 2000–2003. Comparing inherited trust with GDP per capita in the source country, their main findings are that inherited trust can explain a significant share of the variation in economic development between countries.

5. Climatic and agricultural influence on historical trust development

Climate and geography can affect economic outcomes (cf. Diamond 1997). Cultural traits such as trust can potentially also be subject to climatic and geographic influence, which in turn can affect economic outcomes.

Sociologist Geert Hofstede (1980) distinguished five cultural dimensions. These are Individualism vs. Collectivism, Masculinity vs. Femininity, Power Distance Index, Uncertainty Avoidance Index, and Long-Term Orientation vs. Short-Term Orientation. Hofstede argues that certain cultural traits may be influenced by climate, a notion suggested by Montesquieu. Cold climate is, for example, positively correlated with smaller power distance and individualism.

Kong (2013) argues that thermal harshness is only trust-enhancing when matched by resources sufficient to handle it. Robbins (2015) similarly finds that harsh climate predicts generalized trust in high-wealth – but not in low-wealth – societies.

However, Robbins (2015) also notes that when controlling for variables, such as monarchies and Nordic societies, the effect of affluence and climate on trust was lessened. Taking into account the unique historical traits of the Nordic societies, such as the state-building efforts during the Viking Age (Kurrild-Klitgaard and Svendsen 2003; Svendsen and Svendsen 2010), he concludes: “Because of these path dependent historical processes and the harsh thermal climates (severe winters) in which they took place, Nordic societies account for variation in

climate, affluence, and trust, which reduces the overall marginal effect size of thermal climate on generalized trust for conditioning values of wealth-based resources.” (Robbins 2015: 285)

Durante (2009) proposes that trust, in part, emerged as a response to weather fluctuations. The need to insure against climate risk led to an expansion of trust beyond the boundaries of the family in local communities to facilitate collective action in local communities, such as common irrigation and storage facilities.

Svendsen and Svendsen (2000) try to explain how agricultural history is intertwined with the history of social trust by focusing on the Danish cooperative dairy movement, which emerged in the late 19th century and eventually spread to virtually all of rural Denmark. The emergence of a wide cooperative movement is argued to reflect high levels of trust, reciprocity and cooperation at the time. Indeed, Scandinavia generally saw an “Era of associations”, beginning in the mid-19th century (Svendsen and Svendsen 2000; Svendsen and Svendsen 2010). Furthermore, Svendsen and Svendsen (2000) suggests that the co-operative movement not only reflected high levels of pre-existing trust, but also created more trust as the networks grew and engaged more people in mutual economic co-operation under democratic governance.

The co-op model did, however, not disseminate well in Ireland, especially not in Catholic regions; perhaps since Ireland at the time was less socially cohesive than Denmark. O’Rourke (2007) argued that suspicion between Catholics and Protestants in Ireland as well as low trust between tenants and landlords hindered the spread of the cooperative movement.

Fernández (2014) studied the link between trust and emergence of agricultural cooperatives in Western Europe during 1880–1930. The spread was generally low, with Denmark being a major exception. The study concluded that high levels of trust promoted the formation of agricultural cooperatives, though the empirical evidence used to support these results is indirect and therefore not conclusive.

6. Empirical studies on historical determinants of present day trust and social capital

6.1 The Habsburg Empire

Becker et al. (2016) study the historical impact of the Habsburg Empire rule on trust in institutions today. Habsburgs established local administrations in acquired territories and equipped them with civil servants trained in Vienna. The authors characterize the Habsburg administration as comparatively efficient and fair, and argue that the well-structured bureaucracy made the Habsburg rule more acceptable to the populace.

The areas where Habsburgs exerted long-standing political influence were ethnoculturally diverse and are today parts of many different countries. Becker et al. (2016) attempt to identify the effect of historic Habsburg rule on trust by comparing municipalities within the historical borders of the empire to those outside. Individuals in former Habsburg areas have higher trust in the judicial system and are less likely to pay bribes to these local public services. The study compares communities close to each other within the same country in order to reduce the risk that effects are driven by inter-country heterogeneity or geography. The results indicate that the legacy of the Habsburg Empire may have left a historic footprint on contemporaneous levels of citizen trust in state institutions.

6.2 Deep roots of medieval anti-Semitism

An interesting study by Voigtländer and Voth (2012) discuss the persistence of cultural traits by studying anti-Semitism in Germany over six centuries. Medieval pogroms blaming Jews for the plague are used as an indicator of medieval anti-Semitism, and are shown to predict violence against Jews in the 1920s, votes for the Nazi Party, attacks on synagogues and other measures of anti-Jewish hatred. Interestingly, persistence of anti-Semitism was lower in cities with high levels of trade or immigration.

6.3 The transatlantic slave trade

Where it is difficult to acquire correct information on the trustworthiness of others, rules of thumb are usually developed. Nunn and Wantchekon (2011) draws upon this notion to stipulate the hypothesis that norms of mistrust developed in African communities affected by the transatlantic slave trade. This terrifyingly insecure period had the unique feature that

individuals could partly protect themselves by sacrificing other community members to the slave trade in exchange for weapons, causing neighbors to turn on each other and perhaps leading to norms of mistrust.

Nunn and Wantchekon (2011) combine individual-level survey data with historical data on slave shipments by ethnic group and show that current trust levels within Africa can be traced back to the slave trades. Groups whose historic ancestors were exposed to more slave raids are on average less trusting today, with the results mediated through internal factors such as cultural norms and values. The study uses distance to coasts as an instrument for the historic risk of slave raids. Areas in sub-Saharan Africa more distant from the coast were historically less exposed to slave raids and today have higher trust rates, whereas no such relationship between distance to the coast and trust is found in Asia and Europe.

6.4 The historic roots of social capital in Italy and the US – Putnam and his critics

The concept of social capital was highlighted in the seminal works of Putnam (1993, 2000). Bourdieu (1986) defined social capital in terms of beneficial social resources possessed by individuals. Putnam, however, defined social capital as a feature of communities rather than individuals, one that facilitates collective action and cooperation. In this context, trust is an important component of social capital. Putnam's influential works studied the nature of social capital in Italy and the US. Putnam et al. (1993) argued that the medieval free city-state experience in Northern Italy was important for the accumulation of social capital, which in turn influenced institutional efficiency.

Putnam's conjecture was further studied by Guiso et al. (2016). This narrative emphasized a power vacuum in the Northern Italian peninsula following the fall of the Carolingian Empire. A plethora of free city-states evolved, some forming pacts among prominent families to provide mutual help and solve common problems in the absence of a central state. The pact was enforced by threats of economic and religious ostracism, and the city bishop was commonly the guarantor. Those involved in trade faced dire consequences from breaking the pact. The argument is that these pacts over time formalized into institutions.

The city-state provided law and order, administered taxation, maintained infrastructure and

provided protection. Political power emanated from the people rather than authority being religious or dynastic, though elite families had a powerful influence. This form of government allowed for an unusual high degree of rule of law and personal freedom for its time (Guiso et al. 2016). The broad participation led to a sense of responsibility for the common good, which Putnam et al. (1993) referred to as “civicness”. The argument is that the formation of free city-states led to the development of social capital in Northern Italy, whereas the feudal south inhibited the accumulation of social capital.

One empirical argument made in favor of this interpretation is that Italian cities which historically were city-states today display higher social capital (Guiso et al. 2016; Putnam et al. 1993). However, it must be ruled out that the effect is not driven by geographical factors that led to both the formation of free city-states and social capital.

Guiso (2016) attempt to use instrumental variables to deal with the effect of confounding factors, such as geography. The instruments used for predicting whether a town became a free city-state are whether cities were the seat of a bishop by the year 1000, or had Etruscan origin. The latter is based on a military defense argument. Cities located in areas with better defensive properties were more likely to emerge as sovereign city-states, and Etruscans as early founders of cities in their regions picked more defensible locations. These instruments are used in a model that compares social capital – measured as non-profit organizations, turnout at major referenda and organ donation organization. Based on this analysis, the paper argues that the experience of being a city-state increased the rates of social capital. While these arguments are interesting, the empirical identification relies on instruments that cannot rule out other mechanisms or explanatory factors.

Portes and Vickstrom (2011) criticize Putnam’s theory about the importance of social capital in the United States. They find that economic inequality accounts for most of the alleged effect of social capital. However, they also outline the importance of the historical South/North state-division and its association to differences in wealth and equality, as well as the historical legacy of the slave trade and institutionalized racism. When measures relating to these important historical variables are controlled for, economic inequality no longer exerts an independent effect on social capital, suggesting that the true mechanisms at play are deeply rooted historical forces, affecting both social capital and equality.

Portes and Vickstrom (2011) also briefly discuss the role of Scandinavian migration as an important determinant of trust. One of the strongest predictors of social capital in American states is the share of the population with Scandinavian origin. This is argued to be linked to associational life in the parts of the United States settled by Scandinavians, which tended to form tightly knit, self-sufficient communities with strong egalitarian traditions (Boe 1977; Portes and Vickstrom 2011). Sanandaji (2015) similarly highlights the high rate of trust among Americans of Scandinavian ancestry.

7. Theories on the historic roots of Scandinavian high trust

7.1 Cultural and political theory

Svendsen and Svendsen (2010) relied on an historical approach when trying to explain the development of cultural and formal institutions related to trust in Scandinavia. Following Putnam's (1993) and Fukuyama's (1995) argument that informal or cultural institutions can develop into formal or political institutions, they trace the roots of Scandinavia's high trust all the way back to the Viking age.

They start out by explaining the economic rationale for Vikings to become settlers and state builders. According to them, Vikings had to overcome problems of collective action in order to maximize the profits of plundering. This is because without co-ordination, individual bandits would over-plunder, limiting the benefits for everyone.

By becoming stationary, Vikings could start to exclude others from plundering and secure stable rents by taxing rather than looting. Hence, the Vikings produced protection and law enforcement, supported trade and in other ways created organizations to overcome problems of collective action. In doing so, they were able to maximize their profits (Svendsen and Svendsen 2010).

The growth of trade rested upon successful transactions across long distances. Indeed, norms of trustworthiness in these trade relations were a necessity due to the lack of personal knowledge of one another. Furthermore, due to a general lack of literacy, the transactions depended heavily upon oral agreements. Hence, informal institutions applying heavy social

sanctions against people not holding their word were needed. Indeed, the old Viking saying “a word is a word” probably dates back to around 800, and was written down as formal law in 1281 (Svendsen and Svendsen 2010). There also seems to have existed a notion among Vikings that honesty is profitable. A Norwegian text from 1241, entitled “The Vikings Guide to Business Success”, underscores the importance of reliability and honesty as a means of building good reputation in one’s own self-interest, rather than altruism. Another example used by the authors is that the existing norm of holding one’s word was codified and written into the Danish constitution in 1683. It can, thus, be argued that norms of reciprocity and trustworthiness developed from informal into formal ones, strengthening the development of trust through history. Indeed, the norm of keeping one’s word is still present in Danish legal practices (Lookofsky 2008; Svendsen and Svendsen 2010).

The Viking Age turned into the age of *Early Feudalism*, characterized by weak kings who were dependent on warlords. Overall, feudalism in Nordic societies was weaker than in Western and Southern Europe; Northern Europe also had generally higher economic and social equality. Swedish, Finnish, Icelandic and Norwegian peasants were never subjected to serfdom, and in Denmark the later occurring serfdom was not as harsh as that typical in the rest of Europe (Cameron 2001).

The existing norms of reciprocity and transparency were further codified in legislature during this period. The Danish law of Jutland of 1241 stipulated that men present at the “thing” had to testify about what they heard and saw. In addition, disagreeing land owners had to “swear” upon reached agreements (Svendsen and Svendsen 2010).

Svendsen and Svendsen (2010) argue that also norms of shared decision-making gradually became institutionalized, eventually granting representation and political influence to all ranks of society. Nordic states later centralized power and acquired efficient state bureaucracies, where problems of corruption were gradually overcome, allowing for further accumulation of social trust (Rothstein and Broms 2013; Rothstein and Teorell 2015; Teorell and Rothstein 2015). Based on this theory, the universal welfare states constituted a culmination of ancient norms of cooperative behavior, reciprocity and trust in the establishment.

Liberal reforms securing civil rights acted as positive feedback on an “ancient trust-culture”, creating fertile ground for civil associations in the 19th century. The associations mainly started out as means of survival for the peasants, but as they evolved they became providers of public good. As formerly non-cooperative people became co-operative, social clefs were bridged and economic growth was spurred. According to Svendsen and Svendsen (2010), social trust was fostered further by the civil associations that fostered trust through regular face-to-face contact between various groups.

Svendsen et al. (2012) further develop the argument that formal and informal institutions mutually strengthen one another through positive feedback. In an historical comparative analysis, they set out to explain the higher contemporaneous significant trust level in Denmark versus Germany. The authors argue that in contrast to Denmark’s relatively stable political development since the Viking Age, German history has been characterized by religious fragmentation and political conflict.

They start out by explaining that Viking rulers centralized power and institutionalized norms of co-operation and trustworthy behavior (Svendsen et al. 2012; Svendsen and Svendsen 2010). By contrast, relations between German tribes and later fragmented polities were characterized by rivalry, without a single capital or source of central power. Moreover, while Nordic countries remained more equal and were characterized by consensus norms, feudalism took a strong hold in Middle Age Germany. Germany further faced political instability by the religious Reformation and Thirty Years War. The authors argue that political fragmentation hampered the development of bridging civic engagement and social trust. This stands in contrast to the political stability that the united Danish nation experienced. The upheaval of absolute monarchy in Denmark in 1848 was, for example, achieved without bloodshed in Denmark, whereas several parts of Germany experienced violent revolt.

When Germany was unified under a common administration in 1871, local norms of co-operation transcended somewhat to the national level, but the process was obstructed by regional interests that had been fortified over time. In the 20th century, social, political and civil rights for all citizens were even further institutionally codified in Denmark, eventually assuming the form of the universal welfare state. Germany, on the other hand, went from one autocratic form of governance in the German Empire to the Nazi regime, via a brief transition

in the form of the politically unstable Weimar Republic. Furthermore, Nazi atrocities against minorities and dissidents were a massive destructive force on generalized trust in Germany, with trusts rates being extremely low when measured for the first time in 1948.

Svendsen et al. (2012) conclude that contemporaneous differences in generalized trust can be understood by comparing how the interaction between formal and informal institutions has played out in the different countries over the course of history. It should, of course, be noted that this type of country study is speculative and lends itself to *ex post* or *ad hoc* reasoning. It is, for example, not clear why fragmented Italian city-states fostered trust, while fragmented German polities hampered the development of trust.

Andreasson (2017) refers to high levels of trust as “The Nordic Gold” and also discusses its historic roots in the Nordic countries. The paper points out the methodological problem of measuring early trust and argues that the levels we can measure today bear little relation to the historical trust. The conclusion of the historic discussion by Andreasson (2017) is that high trust in Nordic countries is related to popular movements in the 19th century, which gradually helped trust develop by setting local and democracy governed grassroots associations.

Andersen and Dinesen (2018) extensively review trust in the Nordic countries and its uniquely high rates. Regarding the historic development, they conclude that the Nordic countries started with a high reservoir of social capital, which over time grew even deeper since it was put to good use in activities that further deepened trust and social capital. They, too, emphasize the role of voluntary associations such as labor unions, peasant movement, the temperance movement against alcoholism and athletic organizations for developing trust. Unlike trust, the authors point out that involvement in associations can be tracked empirically. The second half of the 19th century is referred to as the “age of associations” in Nordic countries, with association activity growing over time. The authors are ambiguous about theories that roots of trust in Scandinavia are even deeper than the 19th century, citing lack of clear data and multiple possible hypotheses on when and how trust developed, which are currently hard to empirically evaluate.

7.2 Institutional theory

In a recent article, Rothstein and Teorell (2015) argue that systemic corruption should be viewed as a problem of collective action, along the lines of Ostrom's (1990) theories. That is, it is upheld through a widespread distrust among public officials and citizens of others to refrain from corrupt behavior. In this view, the quality of government is the causal mediator of generalized trust, and systemic corruption is causally linked to a lack of trust (Rothstein 2010).

Rothstein and Teorell (2015) argue that Swedish public administration by the early 19th century was characterized by patrimony and partiality. Recruitment to higher offices was typically based on noble birth, seniority or personal connections, rather than merit. Furthermore, positions within higher office were systematically bought and sold through the so-called accord system, which in practice became a pension system for public officials. Public officials were primarily paid through a surplus of agricultural products, supplied housing, and mostly unregulated fees which, combined with a weak legal code against malfeasance, constituted a fertile ground for bribery and embezzlement.

Rothstein and Teorell (2015), in concordance with Tilly (1990), argue that war can trigger a metamorphosis of states. Contrary to Tilly, however, they propose that losing a war may trigger crucial reforms. In this case, losing a war made it apparent for Swedish policymakers that a reform towards impartiality and effectiveness was necessary for the survival of the state.

Thus, two hypotheses can be distinguished in Rothstein and Teorell (2015): (1) Sweden had a patrimonial and ineffective bureaucracy prior to the early 19th century. (2) This was changed through deliberate reform in response to losing the war against Russia 1809, providing a theoretical starting point for when social trust began to rise.

The authors proceed by analyzing the incidence of court hearings on cases of malfeasance by public officials. They find two peaks in the data (one in 1790 and one in the time-frame of 1820–1840), from which they infer that a change in judicial practice had taken place. This, they argue, is due to the concurrent experiences of losing wars and being reduced to small

states shared by these countries. They denote this change in judicial practice as a move towards impartiality and a precondition for later reform.

Rothstein and Teorell (2015) point out that the very existence of Sweden as a sovereign nation was perceived as at risk after the lost war in 1809. Furthermore, the accord system within the military was blamed for the defeat. By the early 19th century, parts of the political elite were aware of the problems of unqualified people being promoted to positions of high responsibility in the absence of meritocracy. Referencing debates in the Diet of the Estates, Rothstein and Teorell argue that the mind-set of the policymakers by 1834 had changed, where feudal or patrimonial principles were no longer seen as valid. Along the same lines, a bill that sharpened the prosecution against embezzlement was put forward by the government in 1823, drawing a clearer line between public and private funds.

Taken together, the authors view these and other similar changes as a deliberate effort to get rid of patrimonialism and transform the state apparatus into an impartial, Weberian bureaucracy. This is an endogenous change according to the authors, similar to Ostrom's (1990) common pool resource story. Important preconditions were a liberal mindset, and an independent and effective court system. Change would, however, not have happened without the exogenous trigger of defeat against Russia, according to the authors.

7.3 Statist individualism and its historical incubators

Historian Lars Trägårdh (2013) stresses the fact that in the case of Sweden, the development towards modernity has in no way hampered the formation of trust. Quite the opposite, he proposes that the shift from a clan-like societal organization in the Viking Age and early Middle Ages towards the more impersonal and bureaucratic relations that characterize modernity enabled generalized trust to fully permeate through society. The “warm” and personal trust of the clan transitioned into the modern condition of “cold” trust, which requires no formal relation or personal knowledge. Fierce suspicion of out-group members and blind loyalty to in-group members sworn upon honor was gradually substituted by a cold acceptance of strangers and loosened family ties. The establishment of rule of law, rather than “rule of blood”, was of paramount importance for this development.

Swedish society had its dawn in a decentralized but law-bound order, which preceded the era of the state by several centuries. The early provincial courts of selected members (the *Ting*) created and adjudicated medieval laws to enforce the rule of law. In this way, free peasants, while being subjected to the law, also partook in the creation and administration of it. Thus, the law was made available to everyone, and no one stood above it – not even the king. Even as power was centralized through the formation of the state, laws remained products of centuries of gradual negotiation rather than royal decrees. Compliance with the law was gradually internalized as social norms, upon which generalized trust could grow (Trägårdh 2013).

Furthermore, according to Trägårdh, there is also an important relationship between Nordic family culture and the emergence of generalized trust. At least since medieval times, women married relatively late and moved away from their parents to create independent nuclear families. This made them more equal with men and less subjected to other family members. In addition to that, children were commonly sent away to work in other households, thereby becoming more independent from the family. These relations may have fostered equality and individualism. When a sense of community and respect for individual autonomy took form, formal law gradually substituted blood vengeance. In these processes, trust was created and maintained.

Trägårdh (2013) also emphasizes the importance of Swedish Lutheranism as a cementer of individualism, equality before God and state-centrism, thereby being an important incubator of the modern social contract. In this view, the modern welfare state can be viewed as the secular extension of the Lutheran legacy. The Nordic modernization process described here is the process towards reconciling two strong poles, the urge for individual liberation and autonomy versus the necessity of being part of a community and social security. Modern Scandinavian welfare states are the latest stage of this process, and its ideological framework is what Trägårdh has termed “statist individualism”.

A key feature of statist individualism is that it did not undermine the civil society but rather bridged the state with civil society. Swedish civil society does not have an antagonistic relationship to the state, but instead has formal and informal links interweaving the two, such as system of public inquiries and government commissions. Civil institutions in this setting

can work together to bridge trust between citizens, and between citizens and the state (Trägårdh et al. 2013).

8. Discussion and conclusions

A great deal of empirical work has gone into studying cross-country variation in trust, and many theories have attempted to disentangle the cause and effect in the formation of trust. Nevertheless, the lack of conclusive data means that the extent to which present-day trust is affected by historical trust levels largely remains unknown.

This review has outlined several studies that use present-day trust levels combined with other historical data in innovative ways in attempts to make inference on past trust rates. While often very interesting, this type of study is limited by its retrospective observational design and cannot be used for conclusive results on past trust rates. A reconstruction of historical trust levels is necessary in order to better explain where we are today.

Several scholars have put forward theories hypothesizing that trust is a slowly acquired but sticky cultural trait – which transmits from generation to generation through a socialization process. Compelling theories about trust in the Nordic societies suggest deep roots, but no conclusive empirical evidence or “smoking gun” as of yet backs up this claim.

Survey data and experiments enable a present-day world map of trust levels. However, the data only stretches back to the 1940s, even for countries, such as the United States and Germany, which have the longest series. We end this review by suggesting that economic historians have the proper toolbox to address questions of trust in past societies. While not measured in surveys, a great deal of indirect data exists in historical sources. Historians are familiar with reconstructing data from first-hand sources, and increasingly to quantify narrative methods. Until recently, however, trust has not been a part of this conceptual repertoire. The future of historical trust studies perhaps lies in analysis of historical first-hand sources, which may be used to more conclusively resolve unanswered questions on the historical roots of trust.

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