Beginning around 1980, a new wave of theoretical concern with trust emerged (Sztompka 2001). This was a response to two things: the perception that social and political trust are in decline, and the argument that trust is essential to a good society (Levi 2001). The profusion of recent studies of trust contains a variety of methodologies, ranging from psychological approaches to trust as a personality attribute and experiments using Prisoner’s Dilemma games, to historical, ethnographic and survey research, with the last of these divided into studies of particular communities or a single society and cross-societal comparative surveys.

The present study uses the last of these methods in order to answer the question: when the people of two or more societies have similar or different levels of trust, what are the causes and consequences of this? In earlier research, Hall (1999) sought explanations for the decline of trust in both Britain and the United States. Paxton (1999) suggested that generalized trust (of strangers) is low in societies where the rule of law is weak and corruption rampant. The causal mechanisms through which trust, generated by participation in voluntary organizations, is generalized to trust of strangers, in Sweden, Germany and the United States, were analyzed by Stolle (2001). Freitag (2003) compared the development of generalized trust in Japan and Switzerland. Economists interested in economic growth have also begun to empirically examine the role of trust. Zak and Knack (2001), for example, used data on generalized trust from 41 societies in the World Values Surveys to demonstrate that formal institutions (property rights and contract enforceability), the relative absence of corruption, lower levels of income and land inequality, and social homogeneity increase economic growth in part by building on the trust that exists among people.

The present study is designed to test Francis Fukuyama’s claim that Japan has a higher level of generalized interpersonal trust than Taiwan, and to reconsider what he sees as the causes and consequences of this. What disturbed me when I recently read Fukuyama’s 1995 book, Trust: The Social Virtues and
the Generation of Prosperity, was that he deployed certain types of evidence to support this claim, but did not have the advantage of more recently collected data from survey research on people’s attitudes and behavior concerning trust in Japan and Taiwan. My study will introduce such data.

1 Fukuyama’s Theory of Trust

Fukuyama is interested in the effect of societal trust on economic development. The thrust of his argument is that “certain societies can save substantially on transaction costs because economic agents trust one another in their interactions and therefore can be more efficient than low-trust societies, which require detailed contracts and enforcement mechanisms” (Fukuyama 1995: 352). His key concept is “spontaneous sociability”, which can take alternative forms: interpersonal trust between kin, work associates, neighbors, strangers and others; organizational participation; and other forms of social capital. He broadly characterizes the United States, Japan and Germany as high-trust societies, in contrast to Italy, France, China and China-type societies – Taiwan and Hong Kong – as low-trust societies.

For Fukuyama, a key characteristic of low-trust societies is that they are “familistic”. In such societies, family and kinship ties are particularly strong, but generalized trust of people one does not know is not very developed. Unrelated people have no basis for trusting one another. Fukuyama cites Banfield’s (1967) study of Italy, where “amoral familism” hindered economic growth. The essence of Chinese Confucianism is the elevation of kinship bonds above all other social loyalties. This has implications for the formation of business firms. Fukuyama contends that the size distribution of firms in Japan is larger than that in Taiwan. Firms in Taiwan are more often family businesses; the inability to trust non-kin acts as a brake on the expansion of the size of the enterprise. In order to expand its scale, a firm must find competent new high level management. When the pool of competent kin is exhausted, and non-kin are distrusted, the result is that the great majority of firms in Taiwan are small or medium size, with few large-scale enterprises. “[V]irtually all private-sector businesses are family owned and family managed …. The large, hierarchical, publically owned, professionally managed corporation … does not exist in culturally Chinese societies” (Fukuyama 1995: 74).

Note the kind of inference Fukuyama is making. He contends that Japan, but not Taiwan, has large modern corporations. Why is this? It is a consequence of the fact that Japan is a high-trust culture, while Taiwan is a low-trust culture. There are at least two logical problems here. First, even if Japan is
indeed a high-trust culture, there are factors other than trust, even taking into account the multidimensional aspects of trust, that explain the size distribution of firms and the emergence of large modern corporations. For example, in a comparative study of 44 societies, Beck, Demirguc-Kunt and Maksimovic (2003) showed that the size of a society’s banking system and the efficiency of its legal system are positively related to the size reached by its largest industrial firms. Second, if one wants to show the effect of trust on the size distribution of firms, one must investigate all possible sources of data on trust, including survey data, which are lacking in Fukuyama’s book.

2 The Concept of Trust

My basic distinction is between micro and macro levels of trust. The difference is relative, not absolute. Some aspects of trust are relatively micro, others more macro. Micro trust is what Hardin (1993) calls thick trust: trust based on a long sequence of trusting interactions with given persons – parents, spouse, children, friends, etc. When the trust between person A and person B is only one-sided – A trusts B but B does not trust A – it is less “thick” than when the trust is reciprocal.

It is also useful to distinguish cognitive and emotional aspects of trust. In the cognitive aspect, we discriminate between persons who are trustworthy, distrusted, and unknown. But knowledge alone can never cause us to trust. We come to a point when we no longer need or want any further evidence for our confidence in the object of trust. According to Lewis and Weigert (1985) we then make an emotional leap from the cognitive foundation into the feeling that the trusted person will do such-and-such under certain conditions. Trust creates a social situation in which intense emotional investments may be made, and this is why betrayal of a personal trust arouses a sense of emotional outrage in the betrayed. Lewis and Weigert also make a distinction between personal trust and system trust, which parallels my distinction between micro and macro trust. Personal trust is at the level of primary group relations, where the emotional aspects of trust tend to outweigh the cognitive aspects. System trust is the trust one may have for strangers and the generalized other. Laws and the state are more likely to be involved in safeguarding trust at the system (macro) level. At that level, the cognitive aspects of trust tend to be more important than the emotional aspects.

I have suggested how trust at the micro level differs from trust at the macro level. But trust also has commonalities that cut across the micro and macro levels. To trust someone, whether a family member or a stranger, is to trust that
the intentions of that person, in the relationship, are to refrain from opportunism and interest-seeking with guile. The popular understanding of “real trust” is the expectation that the partner will not engage in opportunistic behavior even when there are incentives for opportunism and the absence of formal mechanisms to monitor or control the partner (Woolthuis, Hillebrand and Nooteboom 2005: 814, 816).

3 Data and Measures

Surveys of trust using identical interview schedules were carried out in 2009 with representative samples of the population in seven nations – Japan, Taiwan, the United States, Germany, Russia, the Czech Republic and Turkey. Masamichi Sasaki of Chuo University, Japan was the principal investigator, and the project was funded by the Japan Society for the Promotion of Science. The Japan survey was done by the Shin Joho Center, Tokyo; the Taiwan survey by Gallup International Association’s Taiwan agency. The sample N for Japan is 924, for Taiwan, 1,005.

Table 10.1 is statistically based on a series of contingency tables, not shown here. In each table the column variable is country, with Japan as column 1 and Taiwan as column 2. The row variable is a particular measure of trust. Responses to each trust question are coded so that the low score indicates low trust and the high score, high trust. The measure of association is Kendall’s tau-c, appropriate when the variables are discrete rather than continuous, and when one variable, country, is nominal and non-orderable, and the second variable is discrete but orderable. The trust responses are orderable in the sense that a “yes” answer to the question “Do you trust your spouse?” expresses more trust than a “no”. Similarly, in the question “When you were a child, to what extent would your parents keep their promises about what they said they would do for you?” the responses are orderable: (1) “no, not at all”, (2) “no, more than yes”, (3) “yes, to some extent”, and (4) “yes, to a great extent”.

Because each original contingency table is in this format, whenever the difference between Japan and Taiwan in Table 10.1 is significant at the .05 level or beyond, a positive sign for the tau-c always means trust is higher in Taiwan than in Japan; when the sign is negative, Japan has the higher level of trust.

The analysis will proceed by comparing responses to each trust variable in the order in which they appear in Table 10.1. Questions 1 through 7 are conceptualized as dealing with trust at the micro level; Questions 8 through 18 get at the more macro levels of trust.
Table 10.1 Which is the more high-trust society: Japan or Taiwan?

| Micro Trust: trust or distrust of specific persons you know | Tau-c | Which society has higher trust? |
|-----------------------------------------------------------|-------|----------------------------------|
| 1. Who among the following people do you or did you trust? |       |                                  |
| Parents and grandparents                                  | .133c | Taiwan                           |
| Spouse (husband or wife)/partner                           | -.120c| Japan                            |
| Child or children                                          | -.079c| Japan                            |
| Brother(s) and/or sister(s)                                | .192c | Taiwan                           |
| Friend(s)                                                  | .145c | Taiwan                           |
| Boyfriend/girlfriend                                      | .217c | Taiwan                           |
| Colleague(s) at work                                      | .138c | Taiwan                           |
| Relative(s)                                                | .114c | Taiwan                           |
| Neighbor(s)                                                | .008  | Neither                          |
| None (volunteered)                                        | -.005 | Neither                          |
| 2. Which of them trust or did trust you?                   |       |                                  |
| Parents and grandparents                                  | .140c | Taiwan                           |
| Spouse (husband or wife)/partner                           | -.101c| Japan                            |
| Child or children                                          | -.129c| Japan                            |
| Brother(s) and/or sister(s)                                | .187c | Taiwan                           |
| Friend(s)                                                  | .140c | Taiwan                           |
| Boyfriend/girlfriend                                      | .222c | Taiwan                           |
| Colleague(s) at work                                      | .104c | Taiwan                           |
| Relative(s)                                                | .094c | Taiwan                           |
| Neighbor(s)                                                | -.018 | Neither                          |
| None (volunteered)                                        | -.001 | Neither                          |
| 3. When you were a child, would your parent(s) usually keep their promises about what they said they would do for you? | -.165c | Japan |
| 4. Is mutual trust lacking or unsatisfactory at present in your family and/or at home? | -.104c | Japan |
| 5. When someone places their trust in us, this makes it harder to betray that trust | -.096c | Japan |
| Micro Trust: trust or distrust of specific persons you know | Tau-c | Which society has higher trust? |
|-----------------------------------------------------------|------|-------------------------------|
| 6. Suppose you are seriously ill and require special surgery. Would you choose a surgeon because he/she was recommended by your close friend, or not make a decision about a surgeon until you investigated more about the surgeon your friend recommended? | −.014 | Neither |
| 7. Have you ever been betrayed by others? | −.056^a | Japan |

Macro Trust: generalized trust or distrust of people you don't know, strangers

| | | |
| 8. When you were a child, did your parent(s) teach you that you can trust most people, or that you can't be too careful in dealing with people? | −.152^c | Japan |
| 9. I cannot trust those whom I meet for the first time. (volunteered) | −.114^c | Japan |
| 10. Should one determine the trustworthiness of another person before working or doing things together with that person, or can one better determine the trustworthiness of that person after working or doing things together? | −.058^b | Japan |
| 11. Would you say that most of the time people try to be helpful, or that they are mostly just looking out for themselves? | .175^c | Taiwan |
| 12. Do you think most people would try to take advantage of you if they got the chance, or would they try to be fair? | −.022 | Neither |
| 13. Would you say that most people can be trusted, or that you can't be too careful in dealing with people? | −.068^b | Japan |
Table 10.1 Which is the more high-trust society: Japan or Taiwan? (cont.)

| Macro Trust: generalized trust or distrust of people you don't know, strangers | Tau-c | Which society has higher trust? |
|---|---|---|
| 14. If most people were trusted by others, they would reciprocate with trust toward others. To what extent do you agree or disagree? | $-0.031$ | Neither |
| 15. Most people are good persons by nature. To what extent do you agree or disagree? | $0.172^c$ | Taiwan |
| 16. How often are you unable to recognize which information you get is reliable? | $0.259^c$ | Taiwan |
| 17. Compared to now, do you think Japanese [Taiwanese] in the future should place more importance on the common good than on individual interest, or vice versa? | $0.232^c$ | Taiwan |
| 18. Fear of social disgrace or punishment rather than conscience prevents most people from breaking the law. To what extent do you agree or disagree? | $-0.193^c$ | Japan |

Note: Responses to each question are coded such that the low score indicates low trust and the high score, high trust. For example, in the first two sets of questions, “Who among the following people do you or did you trust?” and “Which of them trust or did trust you?” the response categories are $1 =$ no, $2 =$ yes. When there is a four-category scale of responses, e.g., $1 =$ strongly disagree, $2 =$ disagree, $3 =$ agree, $4 =$ strongly agree, category 4 is the high trust response.

Source: Survey on Attitudes towards Life and Society, 2008 and 2009

4 Trust at the Micro Level in Japan and Taiwan

Let us start, then, with private or personalized trust, i.e., trust resulting from cooperation and repeated interactions with people in one’s immediate circle, whether that be family and kin, friends, associates at work, or neighbors (Stolle 2001: 205). Respondents were asked “Who among the following people do you
trust or did you trust?” (Table 10.1, Question 1). The term for “trust” in the interview schedule is shinrai in Japanese, hsinjen in Chinese. The purpose of the question’s having both the present and past tense is not to discover if one’s trust for a given person changed from the past to the present, but rather to assess whether one trusted them when they were alive, if they are now dead, or to assess trust of a boyfriend or girlfriend in what may have been a long-ago relationship.

Taiwanese are significantly more likely than Japanese to trust their parent(s) and grandparent(s): \( \tau = .133^{**} \) (significant at the .001 level). Space does not permit giving the percentage differences in each relationship, but for illustration, in the case of parents and grandparents, 85.2% of the Taiwanese, in contrast to 71.9% of the Japanese, trust or trusted them. The same pattern of higher trust in Taiwan holds for trust of siblings, friends, boyfriend or girlfriend, colleagues at work, and relatives. Toward only two kinds of kin are Japanese more trusting than Taiwanese: spouse or partner, and children. Thus, it is at the most basic nuclear family level – relationships with spouse/partner and children – that the Japanese are the more trusting. For two other questions there is no significant difference in trust level between Japan and Taiwan: trust of neighbors, and the very alienated response “I trust none of these [nine types of] people”, which was volunteered by one per cent of the sample in both Japan and Taiwan.

Having seen whom the respondent does and does not trust, Question 2 in Table 10.1 turns to the reciprocal aspect of trust at the micro level: which of these kin, friends, work associates and neighbors trust (or trusted) the respondent? In other words, we shift from considering whether the respondent regards specific other people as trustworthy to how trustworthy each of them considers the respondent to be.

The survey provides only the respondent’s version of whether these alters (parents, spouse, etc.) trust him or her, not their own version. If we found almost perfect reported reciprocity – everyone whom the respondent trusts in turn trusts him or her – there would be reason to doubt the validity of the findings. We would suspect that some respondents were claiming certain alters trusted them when in fact they did not. This methodological concern is at least partially offset by the fact that the relationship between the respondent’s trust of given alters and their reciprocal trust of him or her is only in the moderate, not high, range, with the contingency coefficient, \( C \), varying between .41 and .60 in Taiwan and between .56 and .64 in Japan. In each relationship between the respondent and an alter, there is a certain percentage of asymmetrical trust relationships. For example, in Japan, 5% of those who say they trust their spouse report that their spouse does not trust them. This tendency rises
to between 12% and 14% in relationships with neighbors, friends, extended kin, and work associates in Japan. In Taiwan, asymmetrical trust relationships in which the respondent’s trust is met by distrust from alter vary from a low frequency of 5% for parents and grandparents to a high of between 18% and 25% for extended kin, work associates, boyfriend or girlfriend, and neighbors. In short, while these findings may understate the frequency of asymmetrical relationships (trust combined with distrust), they suggest at least some validity in respondents’ reporting of others’ trust for them.

The pattern of findings for who trusts the respondent is similar to that already seen for whom the respondent trusts. Parents and grandparents, siblings, friends, boyfriends and girlfriends, colleagues at work and relatives are reported to trust the respondent more in Taiwan than in Japan. Japanese report more trust from their spouse or partner, and from their children, than do Taiwan respondents. There is no significant difference between Japan and Taiwan in trust by neighbors and in the alienated belief that “none of these people trust me”.

In general, studies have found that people who are willing to trust others are more likely to be trustworthy, in the sense that they are less likely to lie, cheat or steal (Rotter 1980). Thus, we should observe a high frequency of reciprocal trust: when the respondent trusts a given alter, alter in turn trusts the respondent. This is what we find in both Japan and Taiwan. In Japan, reciprocal trust varies from 95% between the respondent and his or her spouse, to 86%, between the respondent and colleagues at work. The range for mutual trust in Taiwan is from 95% between the respondent and grandparents and parents to 75% between the respondent and neighbors.

I created two summary measures: how many of the nine persons or types of persons – parents and grandparents, spouse/partner, children, siblings, friends, boyfriend or girlfriend, work associates, relatives, and neighbors – (1) does (or did) the respondent trust, and (2) how many of the nine types of persons trust (or trusted) the respondent? The range on each measure is from 0 to 9, with 0 meaning none of the nine types of persons is trusted, or trusts the respondent, and 9 meaning all nine types of persons are trusted or trust the respondent. We have seen that trust was higher in Taiwan more often than in Japan, in responses to Questions 1 and 2 in Table 10.1. It is therefore not surprising that the mean trust scores are higher in Taiwan than in Japan: 4.83 for Taiwan versus 4.08 for Japan on how many people the respondent trusts, and 5.01 (Taiwan) versus 4.37 (Japan) on how many people trust the respondent.

Question 3 in Table 10.2 gets at the respondent’s early socialization in trust and promise keeping. Beginning in the early years of life, our parents may or may not instill in us trust in parents, relatives and friends, and we may or may not have experiences that encourage reliance on others (Rotenberg 2001). When our parents are trustworthy to us, and give us many opportunities to test
their trustworthiness while we are growing up, they teach us to trust (Stolle and Nishikawa forthcoming). Respondents were asked, “When you were a child, would your parents usually keep their promises about what they said they would do for you?” Japanese parents were significantly more likely (tau-c = –.165) than parents in Taiwan to keep their promises.

The next question (Table 10.1, Question 4) was part of a longer question about “what do you think are most lacking or unsatisfactory at present in your family and/or at home?” Among this list of shortcomings in family life was “mutual trust”. We have already seen that mutual trust within the nuclear family – between the respondent, his or her spouse, and their children – was greater in Japan than in Taiwan. It is not surprising, therefore, that when asked whether mutual trust was lacking or unsatisfactory in family relationships at home, sixteen per cent of the Taiwan respondents, in contrast to only six per cent in Japan, report a deficit of mutual trust at home. This type of trust is significantly more common in Japan (tau-c = –.165) than parents in Taiwan to keep their promises.

To get at the reciprocity of trust in another way, respondents were asked to what extent they agreed or disagreed with the statement “When someone places their trust in us, this makes it harder to betray that trust” (Question 5). The term for “betray” is uragiru in Japanese and beipan in Chinese. Note that we are now dealing with the expectation that trust should be a two-way relationship with “someone”, i.e., a person who need not be a family member.

### Table 10.2

Size distribution of industrial firms: Japan 1996, Taiwan 1996

| Size of firm (no. of employees) | Japan, 1996 | Taiwan, 1996 |
|-------------------------------|------------|--------------|
|                               | Number of establishments | Percent | Number of firms | Percent |
| 1–9                           | 5,321,629 | 81.60        | 771,148 | 86.20            |
| 10–49                         | 1,049,447 | 16.09        | 107,484 | 12.01            |
| 50–99                         | 94,741     | 1.45         | 9,981   | 1.12             |
| 100–499                       | 51,649     | 0.79         | 5,341   | 0.60             |
| 500 and above                 | 4,371      | 0.07         | 675     | 0.08             |
| Total                         | 6,521,837 | 100.00       | 894,629 | 100.00            |

Sources: Japan: Ministry of Internal Affairs and Communications, Statistics Bureau: (e-Stat Portal Site of Official Statistics of Japan: Establishment and Enterprise Census of Japan, 1999). Taiwan: Republic of China. 1996. Industry, Commerce and Service Census. Table 42, Number of Establishment Units, all Industry, by Percent of Persons Engaged, 1996. http://eng.stat.gov.tw/public/Attachment/5517517471.pdf.
I have included this as a micro-trust variable because it refers to a singular “someone”, in contrast to the more macro category of trusting “most people”, which will be considered later. The Japanese are again more trusting: they are significantly (tau-c = –.096), though only slightly more likely than the Taiwanese to agree that when someone trusts us, we are constrained from betraying them.

Respondents were asked in Question 6 to “imagine the following situation. Suppose you are seriously ill and require special surgery. In your search for a trustworthy surgeon, a long-time close friend refers you to a surgeon he/she believes to be trustworthy. Would your reaction be (1) to choose that surgeon because he/she was recommended by your close friend, or (2) to not make a decision about which surgeon to choose until you had investigated more about the surgeon your friend recommended?” Response (1), which indicates greater trust of one’s friend as a recommender of a surgeon, was chosen by 38% of the Japanese and 36% in Taiwan; the difference was non-significant.

Earlier research has shown that individual life events such as criminal victimization and divorce can lower a person’s generalized trust of others (Smith 1997). When we use a broker to recommend what we should invest in, if the broker knows what the actual return earned on the investment will be, but the potential investor does not, there is a moral hazard problem: the broker can cheat the client (Zak and Knack 2001). This is another life experience than can undermine our trust. We have already seen the effect on trust of parents’ keeping their promises to the respondent when s/he was a child. Question 7 explores this further by asking “Have you ever been betrayed by others?” Among the Taiwanese, 54% say they have been betrayed by others, in contrast to 49% of the Japanese. This difference is significant, though only marginal (tau-c = –.056). The Japanese are somewhat more likely to have experienced trust rather than betrayal in their lives.

This completes our analysis of trust at the micro-level. What can we conclude thus far with regard to Fukuyama’s thesis? He contends that trust of people we do not know, generalized trust, what I am calling macro-trust, is higher in Japan than in Taiwan. We test this in the next section of this paper. It is less clear what he is arguing at the level of micro-trust. One interpretation is that he means Taiwan’s higher level of micro-trust holds for both (1) trust between the respondent and his or her family and kin, and (2) mutual trust between the respondent and non-kin whom s/he knows, e.g., friends, work associates and neighbors. Of the 25 comparisons we have made for micro-trust, based on Questions 1 through 7, Taiwan has a significantly higher level of trust than Japan 12 times; Japan has significantly more trust than Taiwan 8 times; and in five comparisons the differences are non-significant. These findings lend some support to my first interpretation of Fukuyama’s thesis: Taiwanese are somewhat more likely than Japanese to trust at the micro-level.
Recall, however, one of Fukuyama’s main arguments: the reason Taiwan is a low-trust society is because it is a more “familistic” society than Japan. This suggests a second interpretation of what he means: if Taiwan is more “familistic”, it is trust among family members and kin, not among non-kin such as friends, work associates and neighbors, where we should observe more trust than in Japan. To be precise about whether this is what we have found so far, let us compare only questions, among the 25 we have studied so far, that have to do with trust among family and kin: between the respondent and his or her grandparents and parents, spouse, children, siblings, and (extended) relatives; the extent to which one’s parents kept their promises, and mutual trust within the family. Of these 12 comparisons, Taiwan and Japan are tied: each has significantly more trust 6 times. The evidence thus does not support Fukuyama’s claim that Taiwan has more trust of a “familistic” type than does Japan.

5 Trust at the Macro Level in Japan and Taiwan

Trust functions as a deep assumption underwriting the social order. When we focus upon whether one trusts “most people”, strangers, the generalized other, we are in a realm in which trust is a way of dealing with the risks inherent in the complexity of modern society (Luhmann 1988). By trusting, we may reduce these risks. Luhmann suggests that if we do not risk trust, we lose confidence in the system and, through a vicious circle, we are made “less prepared to risk trust at all” (Luhmann 1988). Hirschman (1984) expressed a similar notion about the positive functions of trust: trust is not a resource like others that get depleted by being used. On the contrary, trust is depleted by not being used.

This line of theorizing is based on the assumption that trust is essential to a good society. But this is a one-sided emphasis because it ignores the objective dangers one can face when the person one trusts turns out to be untrustworthy. A strong counter-argument has been made by Cook and Gerbasi (2009). The role of trust has been oversold as a necessary and wholly positive force. Distrust is more functional in complex interpersonal (and institutional) relationships when it activates monitoring and other institutional safeguards over the suspicious actors we distrust (Barber 1983). Although my study focuses only on trust and distrust, it is well to keep in mind that trust is only one mechanism by which we motivate cooperation and manage the social order. Alternative mechanisms such as monitoring and the enforcement of laws are often more effective than trust when we face increasing uncertainty and risk.

In Table 10.1, we begin the comparison of trust at the macro level with Question 8, which again deals with the respondent’s early childhood socialization. “When you were a child, did your parents teach you that you can trust most
people, or that you can't be too careful in dealing with people?" In addition to this question, we have data, to be presented below in Question 13, on the extent of respondents' own generalized trust, expressed in terms of the same two alternatives – most people can be trusted, or you cannot be too careful. The temptation is to take responses to these two questions as evidence of the causal effect of childhood trust socialization on adult trust. Ideally, we should have longitudinal data: observations on how parents actually socialized their children (if at all) concerning trust, followed up years later with data on the level of trust after those children had become adults. We lack longitudinal data and are relying on the adult respondents' memory of parental socialization, or their attribution to parents of a certain kind of socialization concerning trust. The methodological skeptic will suggest that the actual causal direction is the opposite of the one we are tempted to assert: if the adult respondents believe in generalized trust, they attribute this kind of socialization to their parents. If they believe "you cannot be too careful in dealing with people", they "remember" getting that kind of socialization from their parents.

One way to check for causal direction is to cross-tabulate how respondents say parents socialized them with the respondents' own present, adult view on generalized trust. If what the respondent now believes is not what the parents are reported to have taught, this indicates that the respondent is not attributing his or her views backward in time onto parents. In Japan, 32.5%, and in Taiwan 25.8% of the respondents hold the opposite view of what they say their parents taught them about generalized trust. Among these respondents, those whose present belief is that most people can be trusted say parents taught them "you can't be too careful", and vice versa. This offers some evidence that respondents are reporting what their parents actually taught, not just projecting their current view back in time onto their parents.

In response to Question 8, Japanese are significantly more likely than Taiwanese to report that their parents socialized them to believe most people can be trusted (tau-c = –.152). Sixty-two per cent of the Taiwanese, in contrast to only 44% of the Japanese, were taught that you cannot be too careful in dealing with people.

Question 9 in Table 10.1 is part of a more general question: "Before you meet a person for the first time (such as for everyday interaction, conducting business, obtaining consultations and/or information, and so on), which of the following are most likely to make you think the person is trustworthy?" Factors such as being introduced by my friend(s), high social or occupational status, and alumni of my school were listed as possible reasons for trustworthiness. My interest is in the last of the pre-coded response categories: "I cannot trust those whom I meet for the first time". I interpret this as a full-blown rejection of trust of strangers and the generalized other. The great majority of respondents – 96% in Japan
and 85% in Taiwan – reject the statement. However, the difference between the 4% of the Japanese and the 15% of the Taiwanese who say they cannot trust people they meet for the first time is significant (\(\tau_c = -0.114\)). On this second measure of generalized trust, the Japanese are the more trusting.

A question raised earlier was: how do we make the leap of faith to trust people we do not know? Hardin’s (1993) answer is that we learn to trust other people. The process can be represented as Bayesian learning from experience and as an iterated prisoner’s dilemma game. The sucker’s payoff is his loss when he cooperates with another player who defects. As this loss increases, rates of cooperative play decrease. On the other hand, in a world in which trust leads, on average, more to gain than to loss, the low-trusting person never takes chances of trusting others and therefore never learns he can raise his trust expectations a little, toward the mean. The high-trusting person, in contrast, learns from experience with others that he should lower his expected trust, toward the mean. Over time, what Merton (1968) calls the Matthew Effect occurs, and the advantages the higher trust person has gained from taking chances with trust increase, while the low-trust person’s disadvantages remain, since s/he never benefits from those instances in which risk-taking on trust would have paid off.

This line of theory raises the question: to what extent can cooperation come about independently of trust, with trust therefore being a result rather than a precondition of cooperation? (Gambetta 1988). In the surveys I am analyzing, Question 10 in Table 10.1 gets at this.

“Which of these two statements about collaborating with others comes closer to your own opinion? 1. One should determine the trustworthiness of another person before working or doing things together. 2. One can better determine the trustworthiness of another person after working or doing things together”. Response 2 indicates a higher level of generalized trust than response 1, because one risks trust in order to do things with another person, and then on the basis of this experience decides if the person is trustworthy. The Japanese are significantly more willing than the Taiwanese to trust before the fact (\(\tau_c = -0.058\)). The difference is, again, small: 73% of the Japanese, in contrast to 67% of the Taiwanese, are willing to collaborate first and decide whether the partner is trustworthy afterward, depending on how the collaboration worked out.

The next three questions in Table 10.1 – 11, 12 and 13 – were first formulated by Morris Rosenberg (1956). Over years of use in research they have come to have the status of standard measures of generalized trust. Each of them refers to trust of “most people” or “people most of the time”. A number of methodological objections, especially to Question 13, have been raised, and a digression to address them is called for before we proceed with the data analysis.
In answering Question 13, respondents choose either “most people can be trusted” or “you cannot be too careful in dealing with people”. Some methodological objections have in common the idea that we should not take the “most people can be trusted” alternative too seriously as a good measure of generalized trust because it is a *spuriously facile* response. Thus, Hardin (2002: 61) contends that “even if I trust most of those I deal with most of the time, that is because most of the time there is little at stake in my dealings with them – I would not trust many of them for very high stakes” (Hardin 2002: 61). A related criticism sees another kind of response bias: a respondent may feel good about herself is she answers “yes, most people can be trusted” even though in her actual behavior she may not be a trusting person (Alesina and La Ferrara 2000: 5).

The common thrust of these objections is that a high percentage of respondents will agree with the “most people can be trusted” view and thus overstate the level of generalized trust. In fact, however, 72% of the Japanese and 79% of the Taiwan respondents took the position that you cannot be too careful in dealing with people. Thus, while the question may generate a majority of generalized trust responses in some societies, it does not do so in Japan and Taiwan. The modal response in both of these societies is, if not generalized *distrust*, at least generalized wariness and caution in dealing with people.

Let us now consider the findings in Questions 11–13 in Table 10.1. Question 11 asked “Would you say that most of the time people try to be helpful, or that they are mostly just looking out for themselves?” The Taiwanese are significantly more trustful (tau-c = .175): 50% of them, in contrast to only 33% of the Japanese, believe people try to be helpful, rather than only looking out for themselves. There is no significant difference in responses to Question 12: 66% of the Japanese and 64% in Taiwan subscribe to the generalized trust response, that most people try to be fair, instead of taking advantage of you if they get the chance.

The pattern of responses to Question 13 differs from both of the previous two questions. Since, as already noted, the majority response in both societies is “you can't be too careful in dealing with people”, it is more accurate to say the Japanese are significantly less *distrustful* than people in Taiwan (tau-c = -.068).

When Rosenberg first proposed these three measures of generalized trust, he was focused on American society. Although they have become standard measures of generalized trust in surveys done in various societies, in the case of the two societies of interest in this study, it is difficult to see how they could be indicators of some common latent variable of “generalized trust”. One of the three measures shows Taiwan to have a higher level of generalized trust, one shows Japan to be more trusting, and the third reveals no significant difference. Nor are the findings consistent when we consider modal responses. The majority in both Japan and Taiwan support generalized trust in Question
12, but generalized distrust in Question 13. In Question 11, two-thirds of the Japanese have generalized distrust, while the Taiwanese are equally divided between generalized trust and distrust.

We have seen that in studying trust, it is always important to consider the reciprocity issue. At the micro level, to what extent do family members, friends, work associates and neighbors whom I trust (distrust) reciprocate by also trusting (distrusting) me? If an individual places trust in me, does this make me more trustworthy, i.e., less likely to betray that person? Question 14 returns to this issue, this time at the level of macro-trust: Respondents were asked to what extent they agreed or disagreed with the statement “If most people were trusted by others, they would reciprocate with trust toward others”. There is no significant difference between Japanese and Taiwanese responses: the modal response, 66% in Japan and 61% in Taiwan, was to “mildly agree” with the statement. That only about one-fifth in each sample strongly agreed suggests that in most people’s minds there is some skepticism about whether trusting “others” unfailingly results in reciprocal trust from those others.

Question 15 asks the extent to which one agrees or disagrees with the statement “Most people are good persons by nature”. This does not ask explicitly about trust, but acceptance of this tenet of Confucian philosophy, traditional in both Japan and Taiwan, presumably should make a person more favorably disposed toward generalized trust. If most people are good, they are probably trustworthy, and therefore I can trust them. The force of this Confucian precept is significantly greater in Taiwan than in Japan (tau-c = .172). Thirty-two percent of the Taiwanese in contrast to 21% of the Japanese “strongly agree” that human nature is good. This does not, of course, mean Taiwanese always respond with a higher level of macro-trust than the Japanese. Of the macro-trust questions in Table 10.1 that we have analyzed thus far, four have shown the Japanese to be more trusting, and only one attests to the greater trust of the Taiwanese.

Until now, all of the trust questions in Table 10.1 have involved trust in persons – either specific persons like kin or friends, or the generalized other. Question 16 introduces a different dimension of trust: trust or confidence in the information we get. In response to the question “How often are you unable to recognize which information you get is reliable?” it is the Taiwanese who have more trust (tau-c = .259). Thirty-five percent of the Taiwanese, but only 16% of the Japanese, say they are “not very often” or “not at all” unable to tell if the information they get is reliable.

Value systems may emphasize “other-regarding” or “self-regarding” orientations. When faced with a trade-off between the collective interest and self-interest, some people believe that behavior which is personally advantageous but harmful to the collectivity is not generally justifiable. Others endorse
such behavior. Hall (1999) suggests that these opposing value orientations have an effect on a person’s level of generalized trust. People who endorse self-regarding behavior are presumably more likely to engage in such behavior and to expect it from others. Thus, they should trust others less. Hall (1999: 447) confirmed this hypothesis with British data. When a number of variables such as age are held constant, British respondents with self-regarding values tend to have significantly lower levels of trust.

Question 17 in Table 10.1 is related to this line of theory. It asks “Compared to now, do you think Japanese (Taiwanese) people in the future should place more importance on the common good than on individual interest, or vice versa?” Taiwanese are significantly more in favor of emphasizing the common good in the future (tau-c = .232). Fifty-nine percent of the Taiwanese, but only 43% of the Japanese, want more emphasis on the common good.

The last question in Table 10.1, Question 18, implicitly relates to trust by asking what deters most people from breaking the law. I have already noted that formal contracts and the law are more important as safeguards of trust at the macro, or system level of trust. To the extent we take the risk of trusting strangers and “most people”, it may have a lot to do with our assurance that the law will protect us if those strangers we trust turn out to be untrustworthy. If we believe legal sanctions against cheating are ineffective, we are probably more inclined not to trust the generalized other. Question 18 asked “To what extent do you agree or disagree with the statement: Fear of social disgrace or punishment rather than conscience prevents most people from breaking the law”. The term for “conscience” in Taiwan is liang hsin ch’ien tse, literally, “reproach by a good heart”. In Japanese it is ryōshin ni terashite, “illuminated by a good heart”.

Japanese are significantly more likely than Taiwanese to disagree that it is fear of punishment that prevents most people from breaking the law (tau-c = –.193). In other words, although more than half of the respondents in each sample agree that fear of punishment is more important than conscience, 41% of the Japanese in contrast to only 27% in Taiwan disagree with this, and by implication, regard conscience as the more important motivator of law-abiding behavior.

6 Reappraisal of Fukuyama’s Thesis

In his 1995 book on trust, Fukuyama compared several societies he categorized as either high-trust or low-trust societies. I have attempted to test his thesis concerning two societies, Japan and Taiwan. His causal argument can be stated in terms of three main variables: familism, trust at the micro- and macro
levels, and the size distribution of business firms. To the extent that a society is familistic, i.e., family and kinship bonds are particularly strong relative to other kinds of bonds, trust at the micro-level is conspicuous, but generalized trust toward persons one does not know is not very developed. As a result of this, firms in familistic societies tend to be family businesses, and the inability to trust non-kin as managers acts as a brake on the expansion of the size of the enterprise.

Applied to Japan and Taiwan, the thesis becomes: Taiwan, a Chinese-type society, is more familistic than Japan. Taiwan’s familism results in a lower level of generalized trust, while Japan, less familistic, is more trusting of non-kin and the generalized other. This difference in the level of trust has the consequence that while in Taiwan “virtually all private-sector businesses are family-owned and family-managed” and therefore smaller in size, Japan’s higher level of macro-trust enables it to create more “large, hierarchical, publically owned, professionally managed corporation[s]” (Fukuyama 1995: 74).

In empirically assessing this theory, I begin by noting that Fukuyama’s depiction of Taiwan as a more “familistic” society than Japan is basically only an assertion; he makes little attempt to provide what a social scientist would regard as convincing evidence. To do this for any two or more societies is not easy, which explains why it has not often been done. My data in Table 10.1 certainly do not settle the issue of the degree of familism in Taiwan and Japan. But at least they offer more evidence than Fukuyama provided. My data do not support Fukuyama. Trust among family and kin is equally common in Taiwan and Japan. By at least these measures of trust, Taiwan cannot be said to be a more “familistic” society than Japan.

I also question what Fukuyama claims are two effects of familism – the relative level of trust at the macro-level and the size distribution of firms, in Japan and Taiwan. There are 11 comparisons of macro-trust – trust of strangers, of “most people” and of the generalized other – in Table 10.1 (Questions 8–18). Of the 11, five show Japan to have more trust, four demonstrate that Taiwan is more trusting; and the difference is non-significant in the other two. Thus, at the macro-level, Japanese are more trusting in only one comparison more than are the Taiwan respondents.

To conclude on the basis of these findings that Japan is even marginally more trusting than Taiwan at the macro level would be generous. Thus, our conclusion concerning the relative levels of trust in Japan and Taiwan must be: Fukuyama’s thesis is not proved.

The same is true for the last part of Fukuyama’s causal argument. Again, he simply asserts that Japan has proportionately more large firms; he offers no data of the kind I present in Table 10.2 on the size distribution of firms.
A fair test should use firm size data ideally from the early 1990’s, the time he was writing his 1995 book. Comparable data are not easy to come by, and the best I have been able to find are for Japan and Taiwan in 1996. The results strikingly disconfirm Fukuyama. Rather than having proportionately more large firms, only 0.07% of Japan’s establishments in all industries have 500 or more employees, in contrast to 0.08% in Taiwan. Contrary to Fukuyama’s thesis, Japan and Taiwan are basically similar in the proportion of their firms that are large-scale.

In conclusion, Fukuyama’s analytic style in *Trust: The Social Virtues and the Creation of Prosperity* is reminiscent of his earlier, much-criticized 1992 book, *The End of History and the Last Man*: bold in assertion, disappointing in the kind of empirical social scientific evidence provided to confirm it, and, in the end, disconfirmed.

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