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**Social trust in the times of crisis: does poverty prevail over historical heritage?**

*(preliminary draft)*

**Abstract**

While social trust implies positive consequences for the economy and for the society, in particular by easing transacting and enforcement, decreasing transaction costs and by this enhancing willingness to invest and grow, it was reported that it is low in post-transition countries. This research intends to verify to what degree post-socialist countries constitute still a separate group with low social trust, or if differentiated by country consequences of the crisis of the last years impacted on their convergence/divergence to the other countries. Relative convergence is confirmed by clustering of countries according to their measures of social and political trust, while the frequency of people in deep financial difficulty in a given society hampered convergence. Econometric analysis confirmed the previously identified impact of the assessment of political institutions and of personal optimism on trust. However, the fact of being in deep financial difficulty adversely affected social trust, while only coming from a Scandinavian country impacted positively. It seems thus that subjective poverty is nowadays at least a factor of comparable relevance to the cultural underpinning of social trust of Europeans.

**Key words:** trust; poverty; post-transition countries

**JEL codes:** Z13; P26

## 1. Introduction

It is generally accepted that trust implies positive consequences for the economy and the society, in particular by easing transacting and enforcement, decreasing transaction costs and by this enhancing willingness to invest and grow. However, both the definition of trust is not clear cut (general and localized social trust may be identified), and its underpinnings are discussed. General trust as expectation of trustworthiness of an unknown individual may come from individual optimism of a person, from cultural environment, from the strength of legal and political institutions. Among those underpinnings, social heterogeneity and income inequality are indicated as potentially hampering social trust. However, their impact goes hand by hand with the other factors.

The subject of my research is in follow up to my previous work, focusing on the particularities of trust in post-transition countries. I found at that time that the socialist past had a deep impact, making this group of countries different by lower social trust. However, the broader outcome was on that the perceived quality of legal and political institutions has a major impact on trust across Europe. It was mostly this lower perception of quality of legal and political institutions, and not actually lower average trustworthiness of the members of the society, that made the citizens from post-transition countries less trustful.

During the years after this research was carried out (on the data from 2006) the financial crisis changed the situation of both post-transition and other European countries. Some of them underwent a deep recession, contrary to the others. In some of them the group of people in deep financial difficulty broadened, in the others stayed at the same level, sometimes high. The objective of this research is to compare and contrast the underpinnings of trust in 2006 and in 2010.

I intend, in particular to find out :

- To what degree belonging to a particular group of countries (among others, post-socialist) still strongly determines trust of citizens as compared with the evolution of their financial situation,
- What are the determinants of trust of the poor citizens of European countries and how they differ from those relevant for their richer co-citizens.

The research is based on the European Social Survey data from round 3 (2006) and round 5 (2010), on which I will apply statistical (clustering) and econometric methods.

## **2. Origin of social trust and factors of its differentiation and change**

There are different hypotheses about the underpinnings of social trust, defined as trust in personally unknown members of the society. The first problem is to decide what social trust actually is. It is distinguished into general (moralistic) trust, defined as belief in the goodwill of the others, from strategic or particularized trust (extended to known people, according to the expectation of their trustworthiness) (Uslaner 2008). The most important source of trust of the first kind (moralistic) is personal features: optimism and in feeling of control over one's life and future. This optimism and trust may be intrinsic, but it may come (at least partly) from education, identification with broader society, family background. At the level of society this trust would arise from cultural homogeneity of the society (sharing common values) and decrease with inequality (Uslaner 2008).

Another current link links trust and willingness to cooperate with actual and expected trustworthiness of the potential partners, who are not necessarily personally known (Ahn and Ostrom 2008). Explaining efficient cooperation (and in particular collective action) Ahn and Ostrom (2008, 71) underline that trustworthiness as an outcome of the preference for fair cooperation prevailing in a society is a critical factor of trust, being a belief of reciprocation of the others, which conditions willingness to cooperate. In this approach apparently generalised trust would depend on expectation of trustworthiness of the others. Contrary to strategic trust, it would not necessarily depend on the experience of trustworthiness of known people. However, it is important to underline the distinction between two very different kinds of trustworthiness, intrinsic or learnt (calculated). The first explanation of trust and willingness to cooperate is that the individual could be born with intrinsic trustful and pro-cooperative attitudes (Fehr and Fischbacher, 2002). Behavioural research confirms existence of preference for fairness and altruistic attitudes without selfish underpinning and also their differentiation among the members of society (Ahn and Ostrom, 2008, 83). However, their origin may be not only genetic, but also cultural and societal.

If an individual is not altruistic by nature, he may learn "calculated" cooperative attitudes if finding out that he gains on social interaction. In the theoretical framework of the iterated prisoner's dilemma game, the strategy of returning the received strategy (cooperation for cooperation, defection for defection) leads to a cooperative outcome, in which every player sacrifices a part of his individual gain. This learning is mostly driven by expectation of future benefits from identified individuals.

As an individual was born and brought up in society, he was taught values, habits and norms that the society worked out previously. These norms also regulate the relationship of an individual to other members of society. As an outcome of generations of social learning, the norms of respect for others, honesty, reciprocity, are passed on to children. Norms of altruism and respect for others are also strongly supported by the major religious systems (Fukuyama, 2000, p.14). Thus existing informal institutions and cultural context shape to some degree cooperative attitudes and choices of individuals, both with respect to known and unknown individuals. Trustworthiness of this origin can hardly be qualified as “calculated”, it is rather intrinsic. The hypothesis of cultural origin of trust has been validated by some empirical research. For example, it was found that Protestant populations reveal higher levels of trust than Catholic, Orthodox or Muslim ones (Knack and Keefer, 1997). Taking into account the slow pace of change of informal norms, some authors underline the importance of path dependency in creating and preserving typical cooperative attitudes and trust within a given society.

Culture and informal norms may differentiate attitudes to closer and more distant people (Fukuyama, 2000). Close family is basically the most obvious environment of cooperation. In traditional societies a clear difference is made between members of the somehow delimited group (extended family, personal friends, tribe, neighbourhood), and strangers. Making a difference between people who are close and strangers may even lead to two-tier moral systems with visibly lower standards of honesty towards the latter. This difference in treatment was at the origin of Fukuyama’s concept of the “radius of trust”.<sup>1</sup> Thus higher trust in close environment may “compete” with general trust.

The other hypothesis is that the quality of the institutional environment and of its enforcement influences on trust and willingness to cooperate. If one may be sure that opportunism of any member of society, no matter if personally known or not, would be restrained due to formal or informal norms, then one is more willing to cooperate. The importance of institutional environment in its quality of monitoring of trustful behaviour for generalised trust has been confirmed by empirical research and experiments (Sobel, 2002, 149). It was found in particular, that the high quality of political institutions and checks on executive power increases trust. According to Rothstein (2004), the universal, non-discriminatory governance rules promote interpersonal trust, while selective ones undermine

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<sup>1</sup> Similarly, it may be said that people differentiate their attitudes to “weak” ties (people personally unknown) and to “strong” ties (people close).

it. It was found also that different faster evolving society-level structural characteristics influence trust. These are for example income inequality and ethnic polarisation, income per capita and education rates.

A substantial current in the literature discusses the impact of social networks on trust. Pierre Bourdieu (2001) underlines the necessary investment strategies, be it individual or collective, to build rewarding networks of relationships. The efforts invested range from the exchange of gifts, creation of rites, reaffirmation of the limits of a group, to deliberate organisation of groups aimed at deriving benefits for their members. It is true also, that persistence of profitable networks is based not only on effort, but also on some homogeneity of members, thanks to which common interests may be served.

The research carried out by Glaeser et al. (2002) on the surveys covering American society indicated a possibility of the investment origin of the cooperative attitudes of individuals (measured by the participation of people in associations). Namely, the intensity of participation in associations was influenced by life cycle (the highest for middle-aged interviewees), increasing with the level of education and with the type of occupation (professionals needing social skills were more frequently members of associations) and with homeownership (a sign of financial standing). It decreased with expected mobility and with physical distance to work and neighbourhood. Thus those better endowed with resources (education, income, stability) and who expect higher rewards (due to type of occupation, length of future career) would be more willing to invest in developing social relations, potential environment to extend trust (within those relations).

While it is obvious that localised (of narrow “radius”) trust would emerge within the network, the question is how it impacts on general trust of the members of the network and of the society as a whole. One hypothesis is that social structures enable individual learning that may also contribute to trust. Under the assumption of incomplete information trust is being shaped by learning common interests with others through repeated interactions with them. Also repeated interaction strengthens relations themselves. When one grants a favour, one has to maintain the relationship to receive the favour in return (Sobel, 2002, 150). Associations would then be a suitable environment for learning cooperation.

The hypothesis of the impact of associations on trust is however strongly criticised by Uslaner (2008) who claims that associations can at best nourish limited, strategic trust, but not a generalised one. On the contrary, generalised trust may facilitate associative activity.

The question is to what degree trust and cooperative attitudes of individuals are homogenous within the same cultural and institutional framework. In principle reasons of homogeneity exist, due to their being embedded in the same culture and institutional systems, and also due to existing formal and informal controls. But there are also different reasons for differentiation. One is increasing cultural opening and cultural mix. Modern societies are not closed anymore, people may look into the heritage of other cultures and opt for the norms they find adequate (if only the formal norms do not prohibit them). The other reason for differentiation is individual experience and learning from social interactions. Some global cultural trend towards individualism should be also taken into account (Putnam, 2000). This obviously impacts on attitudes towards others and with respect to cooperation with them. Esser (2008) points out that the decreasing dependency of people on one another undermines the structural basis of “calculated” interpersonal cooperation.

One of the features confirmed as influencing on general trust is inequality. One type of this is cultural, religious and racial heterogeneity within the given society, another – income inequality. A review article on this subject reports a number of empirical evidence that cross country differences in income inequality are related to trust, and also that in the localities where inequality in higher social trust is lower (Jordahl, 2009). As the principal underpinning of this relationship the intensity of social ties between the truster and the trustee is indicated. A truster tend to trust more people similar to her first, because she expects to have in common and know better their values and norms and, then, because the expectation of meeting and a pressure by reputation is higher.

The inequality literature does not provide clear insight if poorer or richer people would be more trusting. The explanations provided in the literature are contradictory. One of them is that inequality may be a source of envy, making poor to perceive the richer as less fair (and thus less trustful). But also it is said that the richer may be afraid of potential aggressive behaviour of the poor against their resources and trust them less (Jordahl, 2009). The research of Asimina and La Ferrara (2002) found, among other factors, that people being economically unsuccessful in the terms of income and education are less trusting. It may be also inferred from the research of Glaeser et al. (2002) that poorer people, as less endowed with resources, would be less prone to invest in associations. General behavioural literature underlines that especially a sudden impoverishment may lead to social isolation and negative perception not only on ones fate, but also of the society as a whole.

The assessment of general trust of poorer people is important not only because of its impact on average trust of the society (which is, on its turn, is important for growth, according to Knack and Keefer (1997)), but also, because in a more trusting society the opportunities for the poor people may be higher.

### **3. Trust, historical heritage and crisis**

In my previous research I focused on post-socialist countries. On the data from the ESS round3 (for 2006) I found that, across European countries, there is a strong impact of the quality of political institutions on social trust and also that post-transition countries had low general trust (while not being particularly less trustworthy).

The quantitative research proved that post-transition societies still constituted (in 2006) a relatively homogenous group and different from the others from the point of view of level of trust and type of social engagement. The strongest feature making them different was lower general trust in the members of the society, while the declared preference for cooperation (altruism, reciprocity, preference for proper behaviour) were much closer to the averages for the European countries. Also significantly lower was civic engagement and participation in associations. The findings of Rose (1994) and Rossteutscher (2008) and also those of Raiser (2008) and Raiser et al. (2001) as to the particularity of post-transition countries consisting of lower levels of civic engagement and trust were thus confirmed. What more is, the citizens of post-transition countries revealed lower willingness to cooperate with broader society and also their family and friendship links were weaker and more superficial (they care less about loyalty and intimate relationships) than in the other countries. This last feature contrasts with previous findings of Raiser et al. (2001) and may mean deterioration of close social links without improvement of broader ones.

As lower trust renders cooperation with unknown people more difficult, deeper research was provided on the factors underpinning this difference. Econometric analysis pointed at satisfaction with political institutions and state of the economy as the major factor of social trust for all the European countries. A number of personal characteristics also played a role: satisfaction with life, feeling of security, frequency of higher education. With this respect the hypotheses of Uslaner (2008) on a decisive role of personal optimism on generalised trust was confirmed. The Eastern European countries scored much below the others with respect to those meaningful factors and it contributed to low social trust of their citizens. The other

factors for those countries were feeling of anxiety and lower feeling of control over one's life. The most striking fact was substantially lower trust of young, post-transition generation.

On the other hand, declared cooperative attitudes used as proxy of trustworthiness of the citizens of post-transition countries did not seem to play a role to explain deep feeling of distrust in society. While civic engagement was actually low, it could not be concluded that it was meaningfully deteriorating trust. The explanation was rather that of very low trust in political institutions and dissatisfaction with economic conditions of those countries. This would confirm the thesis of Rothstein (2004) on the impact of the quality of the political system on social trust and also the results of the research of Sobel (2002) on the impact of the quality of the institutional environment on the width of "radius of trust".

The research revealed that Eastern European societies shared with all the Europeans their relative insensitivity to the actual trustworthiness of their societies and to the density of civic networks. It was rather the personal perception of an individual of the way he is treated by the close environment and what is the quality of human relations in this environment that makes him trusting or not. However, contrary to other Europeans (and namely Northern - Scandinavian) identification with local relations made Eastern European distrustful. This might prove of the existence of prevalence of limited "radius of trust" or even of the destructive tendency of the people to compensate weak broader social ties by local, "bonding", cooperation.

As to the impact of social values and attitudes in Eastern countries, I found some importance for trust of respondent's preference for equality, openness to politics and to learning. As foreseen by Uslaner (2008) people attaching less importance to income were more trustful. However, the high distrustfulness of younger generation might be an indirect result of the propaganda of competition and preference for personal success.

On the basis of this research I hypothesized that some of the conditions hampering cooperative attitudes (such as low economic standing) were prone to disappear with progress of economic and institutional development, according to the generalised thesis of Raiser (2008) as to the positive effect of the success of economic and political development on the enhancement of political and social trust.

However, between 2006 and 2010 the financial crisis took place making some European countries not progress, but regress with respect to their economic position.



The potential impact of crisis on the factors of trust suggested me to look once again into ESS dataset a couple of years later (round5 – 2010). When replicating the procedure of clustering of countries according to the features of social trust, political trust, and relations with closer social environment<sup>2</sup>, I found the meaningful changes as compared to the clustering of 2006:

Clusters 2006	Clusters 2010
AT, BE, DE, EE, ES, FR, UK, IE, NL, SI	BE, CY, CZ, DE, EE, ES, FR, UK, HU, IE, PL, RU
BG, CY, HU, PL, PT, RU, SK, UA	BG, EL, HR, LT, PT, SI, UA
CH, DK, FI, NO, SE	CH, DK, FI, NL, NO, SE

The clustering of 2006 was relatively clear and based on culture and history of the countries: Western (in majority) European countries in the first cluster, Eastern (in majority) in the second, then Scandinavian in the third. In 2010, while the third cluster still stands out unchanged (except absorbing the Netherlands, previously on the frontier between the first and third cluster), there were interesting migrations between the second and first cluster. Namely Cyprus, Hungary, Poland, Russia moved to the first cluster (more trusting) while Bulgaria, Portugal, Ukraine stayed in “less trusting”, and Greece and Slovenia joined this group. Thus the criterion of the socialist past of a country seems to become less relevant.

The features of clusters are listed in table 1.

Looking for the possible impact of financial crisis on the situation of the countries and on social trust, I delimited in each country a group of respondents in deep financial difficulty<sup>3</sup>.

Actually, this group of respondents diverged meaningfully by their features from the average profile (table 2), being much less socially trustful and also much less trusting in political institutions of their country. Thus financial situation of the respondent seemed to be an important factor differentiating social trust (and political trust, potentially its major underpinning, according to the previous research). To see to what degree this conditions could

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<sup>2</sup> The replication was limited by the changes of the scope of data in ESS dataset: the list of countries changed and the contents of the questionnaire also (ESS has rotating modules)

<sup>3</sup> Defined as declaring their feeling about household budget as “very difficult at present income”. This variable is included also in round3, thus enabling comparison

impact on the level and change of social trust, I calculated the frequency of respondents in deep financial difficulty in both ESS rounds, of 2006 and of 2010 (table 3).

This frequency of the people in deep financial difficulty in the samples of countries in 2010 is very differentiated (from 1,3% in Denmark to 38,6% in Bulgaria). In the majority of countries it seems to be a structural feature, with similar percentages in both years (as in Bulgaria or Ukraine), but there were also significant changes. Thus in some countries the group of people in deep financial difficulty broadened (in Cyprus from 2,9 to 9,5%, in Spain from 2,7 to 5,7%, in the United Kingdom from 2,8 to 5,8%, in Hungary from 13, 0 to 15,8%, in Ireland from 2,1 to 10,9%), but for example in Russia it shrank from 24,4 to 15,9%. When comparing it with the content of clusters in 2006 and 2010 it seems that upward move (from cluster 2 to 1) was easier for the countries with low or lowering proportion of people in deep financial difficulty (Russia, Poland), while those with high percentage of people in deep financial difficulty stayed in less trusting second cluster.

#### **4. Financial difficulty and trust**

The objective of this part of research is twofold:

- To find what is the impact of one being in difficult financial situation as compared to the impact of common variables and of the type of country
- to find out what are the specific determinants of social trust in the group of people in deep financial difficulty, in 2010 and in 2006.

The research uses ESS round 5 (of 2010). As this is a static dataset, it is impossible to directly identify scope and reasons of change of trust. However, it is possible to identify the factors underpinning the level of trust of respondents, including their financial situation and the country of their residence. For this aim I build econometric model and then estimate it on 2010 data.

The results of the estimation of the model run on all respondents with the variables indicating the cluster to which the country of respondent belonged and of the binary variable of his financial situation (deep financial difficulty or not) are provided in Annex 1.

As expected and found previously, the social trust (general, to all the members of the society) depends positively on the level of political trust of the respondent (to the national parliament and the legal system). It is also higher for women and for better educated individuals. There

are some signs of the positive impact of personal optimism e.g. due to good health, open-mindedness (use of internet, positive assessment of immigration, limited appreciation of security), participation in social activities, easier economic situation (easy borrowing, no history of unemployment). Also people personally altruistic (appreciating helping others) are more trusting others. However, people who seem to be conformist (not appreciating proper behavior, but rather individual decision making and trying new things) are more trusting. Surprising, those who had paid job were less trusting. Being in deeply constraining financial situation had negative impact of trust<sup>4</sup>, as expected. Interestingly, only the fact of coming from a country in third („Scandinavian”) cluster had a positive influence on trust, while the other two clusters (“Western” and “Eastern + Sothern”) do not impact on the results. Thus the facts of being in difficult financial situation is of similar (if not higher) relevance than the cultural (national) origin of the respondent.

The second model was developed only for the respondents in deep financial difficulty (Annex 2). The results are mostly similar to those of the general model (political trust and personal optimism as the most significant variables). However, in this model the variables representing all the three clusters are meaningful and they impact on trust (the highest in third cluster, second highest in first, the weakest in second). If the respondents positively assessed the state of the economy, of own life and of the democracy of the country, it impacted positively on their social trust. Also some other features impacted on trust: to have anybody to discuss intimate matters, higher feeling of physical safety, positive impact of feeling cheerful but, surprisingly, also positive (while not meaningful) impact of feeling lonely. The model allows to predict the level of social trust less well than that for the whole sample of respondents, thus the individual features not covered by the survey were more meaningful in this case.

While the factors underpinning social trust of the people in financial difficulty and of the other members of the society are similar, the values of variables influencing on social trust are significantly different (Table 2). The profile of the people in deep financial difficulty is similar to this of all the respondents in the second cluster. It should not be forgotten that the feeling of insufficiency of one’s budget is subjective. It may depend on what one takes for “reasonable” level of consumption. Thus, the respondents from post-transition countries could measure it against their expectations of the positive outcomes of transition and under the impact of broadly promoted consumerism. For the respondents in deep financial difficulty

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<sup>4</sup> It needed however elimination of the variable representing satisfaction with one’s life and with the state of the economy.

from all the countries after the crisis the impact of shrinking credit (which was a substantial source of consumption before) should be taken into account also.

## **5. Conclusion**

When comparing clusters of countries with respect to the values of social trust and also of political trust as its principal underpinning, there seems to be a convergence of post-transition countries to the Western European societies. This convergence is however slowed down by the low level of welfare achieved or of its decrease (recession), which impacts on the frequency of citizens in deep financial difficulty. Thus the previously identified cultural heritage of post-socialist countries turns into more welfare-dependent underpinning of social trust. It cannot be excluded, that the fact of “being lost in transition” (Esterlin, 2009) mirrored also a gap between hope of fast enhancement of welfare and its slow actual progress.

The level of social trust of the people in financial difficulty is lower than of those who are not in such a situation, but its underpinnings are in general the same in the subgroup in deep financial difficulty and in the whole of the society. Besides the features of repressed optimism (obvious in the situation of financial difficulty), the principal reason of financially stressed people to be less trusting is the lower level of variables significantly impacting on trust (assessment of political and legal institutions).

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Table 1.

## Characteristics of clusters 2010

	Cluster		
	1	2	3
Most people can be trusted or you can't be too careful	4,7287826	4,0896541	6,3367973
Most people try to take advantage of you, or try to be fair	5,3769882	4,5830720	6,7518185
Most of the time people helpful or mostly looking out for themselves	4,7281939	3,9163492	5,9110644
Trust in country's parliament	4,0122151	2,4623254	5,7767311
Trust in the legal system	4,8127686	3,0574159	6,6467079
Trust in politicians	3,1636513	2,0023453	4,9511721
How often socially meet with friends, relatives or colleagues	4,6306511	4,6917726	5,3574301
Anyone to discuss intimate and personal matters with	1,1041452	1,1335756	1,0669347
Worked in another organisation or association last 12 months	1,8908554	1,9661409	1,7363332
Signed petition last 12 months	1,8341745	1,9003598	1,6883625
Important to understand different people	2,3594233	2,5756891	2,3042536
Important to help people and care for others well-being	2,1588380	2,2465884	2,1174330
Important to behave properly	2,5026227	2,4768055	2,7625655
Important to be loyal to friends and devote to people close	1,8736531	2,1419016	1,8205243

Distances between the centers of clusters

Cluster	1	2	3
1		2,945	4,025
2	2,945		6,864
3	4,025	6,864	

Table 2. Comparative profile of people in deep financial difficulty

deep financial difficulty Measure	no		yes	
	average	standard deviation	average	standard deviation
Most people can be trusted or you can't be too careful	4,97	2,413	3,92	2,573
Most people try to take advantage of you, or try to be fair	5,53	2,257	4,35	2,522
Most of the time people helpful or mostly looking out for themselves	4,84	2,298	3,74	2,535
Trust in country's parliament	3,98	2,573	2,54	2,503
Trust in the legal system	4,81	2,682	3,29	2,747
Trust in politicians	3,25	2,384	2,03	2,249
Personal use of internet/e-mail/www	4,31	3,029	2,23	2,917
Worked in another organisation or association last 12 months	1,88	,330	1,96	,186
How satisfied with life as a whole	6,89	2,197	4,51	2,691
How satisfied with the national government	3,94	2,449	2,67	2,375
How satisfied with present state of economy in country	4,09	2,492	2,22	2,060
How satisfied with the way democracy works in country	4,94	2,521	3,32	2,474
Immigration bad or good for country's economy	4,72	2,386	3,79	2,696
Country's cultural life undermined or enriched by immigrants	5,31	2,498	4,37	2,763
Take part in social activities compared to others of same age	2,74	,916	2,43	1,036
Subjective general health	2,22	,933	2,74	1,108
Years of full-time education completed	12,52	4,009	10,49	3,953
Doing last 7 days: paid work	,50	,500	,25	,434
Any period of unemployment and work seeking lasted 12 months or more	1,55	,498	1,32	,465
Borrow money to make ends meet, difficult or easy	2,68	1,214	1,62	,927
Feeling of safety of walking alone in local area after dark	2,02	,787	2,39	,910
Anyone to discuss intimate and personal matters with	1,09	,293	1,20	,403
Have felt cheerful and in good spirits last 2 weeks	2,66	1,176	3,69	1,412
How much time during past week you felt lonely	1,43	,690	1,95	,983
Important to live in secure and safe surroundings	2,28	1,200	1,99	1,131
Important to try new and different things in life	2,98	1,351	3,23	1,480
Important to make own decisions and be free	2,21	1,099	2,41	1,240
Important to help people and care for others well-being	2,18	,974	2,23	1,089
Important to behave properly	2,56	1,179	2,42	1,210



Table 3.

## Percentage of people in deep financial difficulty

Country	2006	2010
Austria	3,6	n.a.
Belgium	4,5	4,7
Bulgaria	38,6	38,6
Switzerland	2,7	2,5
Cyprus	2,9	9,5
Czech Republic	n.a.	14,6
Germany	4,8	3,6
Denmark	1,3	1,3
Estonia	7,6	8,4
Spain	2,7	5,7
Finland	2,2	3,5
France	1,9	2,6
United Kingdom	2,8	5,0
Greece	n.a.	27,3
Croatia	n.a.	9,6
Hungary	13,0	15,8
Ireland	2,1	10,9
Lithuania	n.a.	17,3
Netherlands	3,3	3,1
Norway	1,7	1,2
Poland	3,2	3,3
Portugal	15,1	13,1
Russian Federation	24,4	15,9
Sweden	1,7	1,9
Slovenia	2,5	4,5
Slovakia	11,8	11,6
Ukraine	30,2	30,2

Annex 1. Model for all respondents

Summary of the model

Model	R	R-square	R-square adjusted	Standard error of the estimation
1	,479 <sup>a</sup>	,229	,228	2,139

Coefficients<sup>a</sup>

Model		Non standardised coefficients		Standardised coefficients	t	Sig.
		A	Standard terror	Bêta		
1	(Constant)	1,334	,179		7,454	,000
	Immigration bad or good for country's economy	,059	,011	,059	5,485	,000
	Country's cultural life undermined or enriched by immigrants	,065	,010	,069	6,342	,000
	Gender	,066	,040	,014	1,630	,103
	Age of respondent, calculated	,010	,002	,056	5,930	,000
	Years of full-time education completed	,051	,006	,078	8,419	,000
	Important to live in secure and safe surroundings	,067	,018	,034	3,645	,000
	Important to try new and different things in life	,020	,016	,011	1,235	,217
	Important to make own decisions and be free	,029	,019	,013	1,509	,131
	Important to behave property	,038	,018	,019	2,104	,035
	Important to help people and care for others well-being	-,119	,022	-,050	-5,448	,000
	deep_diff_hous_budget	-,120	,058	-,018	-2,077	,038
	third_cluster	,861	,060	,135	14,418	,000
	Doing last 7 days: paid work	-,123	,044	-,025	-2,809	,005

Borrow money to make ends meet, difficult or easy	,084	,019	,041	4,523	,000
Trust in country's parliament	,131	,010	,138	12,483	,000
Trust in the legal system	,132	,010	,148	13,477	,000
Personal use of internet/e-mail/www	,021	,008	,026	2,579	,010
Subjective general health	-,179	,024	-,068	-7,531	,000
Any period of unemployment and work seeking lasted 12 months or more	,120	,042	,025	2,834	,005
Take part in social activities compared to others of same age	,097	,022	,037	4,377	,000

a. Dependent variable : Most people can be trusted or you can't be too careful

Annex 2. Model for respondents in deep financial difficulty

Summary of the model

Model	R	R-square	R-square adjusted	Standard error of the estimation
	deep_diff_hous _budget = 1,00 (sélectionné)			
1	,439 <sup>a</sup>	,193	,182	2,295

Coefficients<sup>a,b</sup>

Model		Non standardised coefficients		Standardised coefficients	t	Sig.
		A	Standard error	Bêta		
1	(Constant)	,712	,550		1,293	,196
	Immigration bad or good for country's economy	,039	,028	,042	1,389	,165
	Country's cultural life undermined or enriched by immigrants	,034	,028	,037	1,239	,216
	Age of respondent, calculated	,010	,004	,052	2,207	,027
	Years of full-time education completed	,073	,017	,101	4,291	,000
	Important to try new and different things in life	,054	,042	,030	1,292	,196
	Important to make own decisions and be free	,067	,051	,031	1,327	,185
	Important to help people and care for others well-being	-,107	,054	-,046	-1,982	,048
	third_cluster	,669	,329	,056	2,032	,042
	Doing last 7 days: paid work	-,207	,129	-,036	-1,607	,108
	Borrow money to make ends meet, difficult or easy	,058	,060	,021	,975	,330
	Trust in country's parliament	,051	,030	,049	1,678	,094
	Trust in the legal system	,155	,026	,168	5,956	,000
	Personal use of internet/e-mail/www	,028	,020	,034	1,366	,172

Any period of unemployment and work seeking lasted 12 months or more	,181	,124	,033	1,459	,145
Take part in social activities compared to others of same age	,138	,056	,056	2,472	,014
How satisfied with life as a whole	,086	,025	,089	3,476	,001
How satisfied with present state of economy in country	,037	,034	,030	1,081	,280
How satisfied with the way democracy works in country	,104	,028	,101	3,706	,000
Anyone to discuss intimate and personal matters with	-,311	,149	-,047	-2,077	,038
Feeling of safety of walking alone in local area after dark	-,148	,063	-,052	-2,346	,019
Have felt cheerful and in good spirits last 2 weeks	-,124	,047	-,069	-2,669	,008
How much time during past week you felt lonely	,063	,068	,023	,935	,350
second_cluster	,385	,222	,076	1,739	,082
first_cluster	,471	,216	,092	2,182	,029

a. Dependent variable : Most people can be trusted or you can't be too careful

b. Exclusive selection of the observations for which deep\_diff\_hous\_budget = 1,00

## Annex 3

### List of variables

Most people can be trusted or you can't be too careful	0 – you can not be too careful, 10 – most people can be trusted
Most people try to take advantage of you, or try to be fair	0 – most people try to take advantage of you, 10 – most people try to be fair
Most of the time people helpful or mostly looking out for themselves	0 – people mostly look for themselves, 10 – most of the time people helpful
Trust in country's parliament	0 – no trust at all, 10 – complete trust
Trust in the legal system	0 – no trust at all, 10 – complete trust
Trust in politicians	0 – no trust at all, 10 – complete trust
Personal use of internet/e-mail/www	0 – no access at home, 7 – every day
Worked in another organisation or association last 12 months	1 – yes, 2 – no
How satisfied with life as a whole	0 – extremely dissatisfied, 10 extremely satisfied
How satisfied with present state of economy in country	0 – extremely dissatisfied, 10 extremely satisfied
How satisfied with the way democracy works in country	0 – extremely dissatisfied, 10 extremely satisfied
Immigration bad or good for country's economy	0 – bad for the economy, 10 – good for the economy
Country's cultural life undermined or enriched by immigrants	0 – cultural life undermined, 10 – cultural life enriched
Take part in social activities compared to others of same age	1 – much less than most, 5 – much more than most
Subjective general health	1 – very good, 5 – very bad
Years of full-time education completed	
Gender	1 – male, 2 – female
Doing last 7 days: paid work	0 – not marked, 1 - marked
Any period of unemployment and work seeking lasted 12 months or more	1 – yes, 2 - no
Borrow money to make ends meet, difficult or easy	1 – very difficult, 5 – very easy
Feeling of safety of walking alone in local area after dark	1 – very safe, 4 – very unsafe
Anyone to discuss intimate and personal matters with	1 – yes, 2 - no
Have felt cheerful and in good spirits last 2 weeks	1 – all of the time, 6 – at no time
How much time during past week you felt lonely	1 – none of the time, 4 – all the time
Important to live in secure and safe surroundings	1 very much like me, 6 – not at all like me
Important to try new and different things in life	1 very much like me, 6 – not at all like me
Important to make own decisions and be free	1 very much like me, 6 – not at all like me
Important to help people and care for others well-being	1 very much like me, 6 – not at all like me
Important to behave properly	1 very much like me, 6 – not at all like me

#### Annex 4. List of country codes

Country	code
Austria	AT
Belgium	BE
Bulgaria	BG
Switzerland	CH
Cyprus	CY
Czech Republic	CZ
Germany	DE
Denmark	DK
Estonia	EE
Spain	ES
Finland	FI
France	FR
United Kingdom	UK
Greece	EL
Croatia	HR
Hungary	HU
Ireland	IE
Lithuania	LT
The Netherlands	NL
Norway	NO
Poland	PL
Portugal	PT
Russian Federation	RU
Sweden	SE
Slovenia	SI
Slovakia	SK
Ukraine	UA