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A Characterization of Trust and its Consequences

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A CHARACTERIZATION OF TRUST, AND ITS CONSEQUENCES

Abstract:

Trust is understood in terms of a) acceptance of dependency in b) the absence of information about the other's reliability in order to c) create an outcome otherwise unavailable. The first of these is the cost of trust; the second, the situation of uncertainty it faces and may overcome; the third, its purchase. This account permits: distinction between trust and similar relations with which it is frequently confused; discovery of the basis of trust in the emotional apprehension of confidence; and demonstration of the relationship between trust and both social capital and rationality, with counter-intuitive results.

Key words:

Trust, Confidence, Emotion, Social Capital, Rationality, Uncertainty.

A Characterization of Trust and its Consequences

The value of trust in social relationships becomes especially apparent to those who face improbity and deception. Yet trust offers no protection against these. Indeed, it is organization rather than trust that is a means of bringing regularity to relationships and is therefore increases certainty in and thus predictability of events. In this way organization may reduce reliance on trust as a means of achieving an agreed or desired outcome. But organization is an imperfect mechanism for realizing a purpose or goal. Organizations cannot control their own environments, nor can they necessarily manage the internal developments that may result from change in that environment. For some purposes and in some situations, therefore, in order to achieve an outcome otherwise not available, it is necessary that a person simply trust another. There may be no other way forward.

Herein lays the importance of trust. As Georg Simmel says: 'Without the general trust that people have in each other, society itself would disintegrate, for very few relationships are based entirely upon what is known with certainty about another person, and very few relationships would endure if trust were not as strong as, or stronger than, rational proof or personal observation' (Simmel 1978: 178-9). Trust, then, is a means of overcoming the absence of evidence, without benefit of the standard of rational proof, which is required to sustain relationships between persons or between a person and a social artefact, such as money – the object of Simmel's discussion from which the above quotation is taken – or an organization, for instance. These positive attributes of trust indicate why it is unavoidable in social relationships. But there is a negative attribute also which means that trust can not be taken for granted. Trust is precarious in so far as the act of trusting renders the actor vulnerable to deception or worse. In attempting to overcome uncertainty trust generates risk. Any account of trust must deal with both sides of it.

In spite of the significance of trust to social relations, and the intellectually compelling nature of its complexity – or perhaps because of them – the term 'trust' remains ill-defined, vague and ambiguous. The *Shorter Oxford Dictionary*, for instance, lists sixteen separate meanings of trust. Even within the sociological literature, as we shall see, there is much terminological confusion. All of this makes difficult not only a sociologically meaningful characterization of trust, but also adds to the problems of developing a theory of trust adequate for empirical research. In the discussion to follow an account of trust will be outlined that proposes a clear statement of the nature of trust, which both indicates the

emotional basis of trust through which it is uniquely facilitated and identifies the mechanisms of its operations. The strength of the theoretical formulation concerning the emotional basis of trust is demonstrated by applying it to considerations of the relationship between trust and social capital and also between trust and rationality, producing counterintuitive results in both cases.

A characterization of trust.

Trust is variously defined in terms of the benefits it provides (cooperation, political cohesion, reliability, social order, etc), or the dispositions of those who give trust (affective, calculative, moral, pragmatic, etc), or the character of the relationship between the trusting and the putatively trustworthy (contractual, dependent, exploitative, reciprocal, etc). Indeed, the importance of trust to social relationships and exchanges, and therefore its wide application and appeal, means that experience of it will be varied and that not only in common usage but in a large and growing specialist literature there will be multiple understandings of the term. Nevertheless, and just because trust is so important to social relationships, its general form is robust and distinguishable. This form can be represented in three characteristic elements.

Most treatments define trust in terms of a confident expectation regarding another's behaviour. We shall see that this covers only half of the mechanism of trust as it leaves out the essential component of a self-referential confidence in the subject's own judgement as well as a confidence concerning the other that is in any case dependent less on the other's qualities and more on the subject's appraisal of them. Rather than begin with what trust provides, we shall begin with what trust costs. It was indicated above that trust may be required to achieve an outcome in the absence or failure of organization. As organization is a means of regulating or controlling relationships, it might be inferred that trust is an alternative means of control. This is not the case: trust is not a means of control at all. Rather than control, trust must be characterized by dependency and therefore vulnerability. In operative terms, trust is a disposition on the part of the trust giver to accept dependence on another (Luhmann 1979: 15, 22, 81). It is implicit in this statement that an act of trust entails the possibility of the other's defection from the relationship or the exploitation of the trust giver, for relations of dependence are inherently asymmetrical.

It can only be known whether the vulnerability of trust will lead to a negative outcome, such as the breaking of a trust, after trust has been given (Luhmann 1979: 25; Giddens 1990: 33). In general terms, the

correctness of any act of trust can only be determined by whether the trust is honoured, an event necessarily posterior to the act of trusting itself. A second characteristic element of trust, then, is that trust can never be based on pertinent knowledge. This key attribute of trust is frequently circumvented in the literature by an attempt to calibrate trust in terms of the trustworthiness of the other. We shall return below to the irrelevance of the qualities of the other for an understanding of trust. A second possible qualification of the fact that trust is necessarily given in the absence of pertinent knowledge is to convert trust into a form of faith, even similar to religious faith (Möllering 2001). But recourse to faith is no solution to the supposed problem that trust can never be based on pertinent knowledge. This latter characteristic results from the fact that trust is a strategy for overcoming uncertainty, and while faith may be one means of dealing with uncertainty trust draws upon another, to be outlined below.

That trust is not based on pertinent knowledge and is a form of action evidence for the correctness of which is only available after the trust has been given, is connected with a third characteristic element, namely that trust bridges the present and the future (Luhmann 1979: 10, 25). That is, trust is necessarily an anticipation of a future outcome that, if successful, it creates. Trust facilitates and realizes outcomes that could not occur without the giving of trust. This creative attribute of trust makes sense of the other two. The creative capacity of trust means that evidentiary support for it is indifferent, hence the second characteristic element of trust. The cost of trust in the vulnerability of the trust giver, the first element mentioned above, is the purchase price of a future that would otherwise not be achieved, a notion captured in Niklas Luhmann's statement that 'This problem of time [attempting to make certain an unknowable future] is bridged by trust, paid ahead of time as an advance on success' (Luhmann 1979: 25).

The characterization of trust, as constituted by asymmetry of dependence on another, the absence of pertinent knowledge concerning the other's future actions, and the bridging of time by anticipating a future that is realized or created by a successful exercise of trust, does not pretend to exhaust its attributes. It does, though, offer some basis on which to indicate a meaningful distinction between trust and associated phenomena that bear some relationship with or appear to be similar to trust but which cannot be properly explicated by a theory of trust understood in terms of the elements outlined above. For instance, this conceptualization of trust must be distinguished from the notion of 'generalized' trust that is no more than a broad attitude of acceptance directed toward institutions and persons without regard to particular and

direct exchanges between them (Inglehart and Baker 2000). The issue here is not that trust does not obtain between persons and collective entities, for of course it does (see Pixley 2004), but that a confusion of trust with consideration of legitimacy, say, or loyalty can only hinder development of a satisfactory account of trust. Explanatory theory is not advanced by making one key concept do the work of many.

The force of this concern can be demonstrated by considering such notions as ‘trust in abstract systems’ (Giddens 1990: 83-8), ‘system trust’ (Luhmann 1979: 22, 88-9), trust as a ‘prerequisite of order’ (Misztal 1996: 26-32), and so on. Use of the term ‘trust’ in these contexts does not violate common usage and indeed continues a tradition of classical liberal thought from John Locke, in which trust is connected with liberty. Closer consideration, however, indicates that a broad conceptualization of trust, as an orientation towards acceptance of social and political organization and also various types of knowledge or information systems, may better be described by other terms.

When it is asked whether subjects trust their government, for instance, the question usually concerns legitimacy (belief that the government has the right to do something), or performance (belief that economic growth or some other economic or social good will result from particular policies). To the extent that this can additionally be a question of trust touches procedural rather than substantive issues and corresponds with the problem of the principal-agent relationship in which one acts on behalf of another even though there are differences of interest and inequalities of information between them. While the principal-agent problem is a concern of economic and public enterprise literatures (Grossman and Hart 1983; Rees 1985), the origins of its consideration are in the Lockean conceptualization of the relationship between governments and governed as being one of trusteeship (Locke 1963: 348-50). These relationships raise issues concerning the sustainability and effectiveness of (implicit) contract rather than those of trust strictly understood. Indeed, to ‘system trust’ the internet, Google, the banking system or some similar entity, is to be confident that it will perform to its claims. Whether reliance on these things is equivalent to asymmetric dependence may be an unresolved question in certain cases, but there can be little doubt that such reliance is routinely based on evidence of past performance, and the reliance itself is not creative of an otherwise unobtainable future prefigured in it. The difference between trust properly understood and ‘system trust’ is clear in the different relation each has to action. Whereas trust is agentic and encourages cooperative action, it is the breakdown of (implicit) contract or ‘system trust’ that provokes

action, as Locke's account of breach of trusteeship indicates (Locke 1963: 459-62).

Similarly, consideration of whether professionals might be trusted, what Giddens calls the 'faceless commitments' that characterize 'trust in abstract systems' (Giddens 1990: 83-8), typically concern beliefs about the adequacy of a knowledge base or its application, because these are the grounds on which professionals instruct lay persons on their best interests and how satisfaction of those interests might be achieved. A key element of such situations is the fiduciary obligation that putatively attaches to expertise as a societal norm (Barber 1983: 14-7). The obverse of such an obligation, on the part of those who receive professional services, is confidence that it will be honoured. But if such confidence were betrayed it is not the judgement of the confidence-giver that is brought into doubt, as would be the case if this were an instance of trust, as we shall see below, but the competence of the professional provider. Trust in professionals and other purveyors of abstract systems is another form of (implicit) contract in which there is an assumed or ascribed trusteeship. If the knowledge base of such systems were more diffuse and their services were paid for without third-party intervention, typically the state, then the language of the market rather than trust would be more readily seen to apply. In that case, reference to market confidence, which is entirely appropriate to these circumstances, would not lead to any assumptions concerning a necessary continuity of 'confidence' with 'trust'. Trust may assume confidence, but confidence does not imply trust.

Another commonplace use of the term trust that similarly fails to include much of the substance of trust properly understood, is the idea of trust as a sense of personal reliance and security between persons, typically rooted in family experience, although possibly extending to those who, as Locke says, 'have some Acquaintance and Friendship together' (Locke 1963: 383). This is trust as the basis of 'ontological security' (Giddens 1990: 92-100). It is of interest that Charles Horton Cooley classically indicates that such an outcome results from experience in primary groups, but finds no need to describe the phenomenon as trust and fails to refer to the term at all in this context, preferring instead 'sympathy' (Cooley 1964). The notion of trust as the reliability of others in face-to-face and possibly intimate associations refers to an aspect of relationships that is better described in other terms. The sense of assurance in relationships, of the 'trustworthiness' of the other, strictly speaking displaces the need for trust. The apparent paradox of this last statement derives from a linguistic slide in which the word 'trust' refers to both the precariousness of relying on another and the assurance felt by the recipient of such reliance. The latter state melds into one of security

of personal closeness that psychoanalytically could be described as identification with the other. To have or possess the trust of another in this sense is quite distinct from, even opposed to, the uncertain and precarious dependence on another that is core to trust as a sociologically interesting phenomenon.

The trust that is discussed in the present paper includes only those asymmetrically dependent relations in which a person's expectation of another's contribution to the realization of an outcome otherwise not available is formed in the absence of confirming evidence concerning their reliability. Thus terms such as 'anticipatory trust' (Sztompka 1999: 27, 100) are redundant. The apparent basis on which trust is given is necessarily various, including, for instance, the other's reputation, appearance, past performance, expert qualification or certification, as well as situational rule governance, availability of negative sanctions and so on. But it is a mistake to distinguish types of trust in terms of the forms of imputed trustworthiness, as some authors attempt (Sztompka 1999: 70-97). If trustworthiness were the efficacious condition of trust, then trust would not be the problem it is. Trust cannot be characterized in terms of its present conditions, including the qualities of others, but only in terms of the trust giver's expectations of the other's future behaviour. Claims to trustworthiness are part of the context in which trust is given, not its basis. These problems of the one-sidedness of trust are not dissolved in cases of mutual or reciprocal trust (Coleman 1990: 306-10; Rose-Ackerman 2001: 535-8) which are simply mirrored in it in so far as now the trust giver is simultaneously a trust-taker, and vice versa.

The necessary characteristics of trust indicated here, namely the asymmetry of dependence on another, the absence of pertinent knowledge concerning the other's future actions, and the bridging of time through trust in attempting to realize a future anticipated by the trust giver, all point in one direction, namely to the uncertainty that trust faces. Uncertainty is inherent in systems of action as any given action changes the conditions of all future actions. Uncertainty, then, is not overcome with time but is a condition of time or rather temporality: the distinction between a known present and unknowable future. Because trust is necessarily given in advance of its outcome, information regarding that outcome, including the reliability of the other, their effectiveness and trustworthiness, simply does not exist and cannot be inferred from existing knowledge. And yet the act of trust is a solution to the problem of uncertainty by anticipating an unknowable future. The relationship between uncertainty and risk cannot be treated here (see Knight 1964) except to acknowledge that sociological accounts of modernity regard trust as a means of negotiating societal risk (Giddens 1990; Giddens

1994) so that risk takes on the form of an historically conditioned type of uncertainty. The risk of an unknowable future is never faced with complete ignorance, however. It is known that a sense of certainty can be achieved through organization, contract, sanctions, incentives, and so on. But these cannot be bases of trust.

The basis of trust.

The provision of trust comprises an instance of what William James calls a forced option, a situation in which there is no possibility of not choosing (James 1956: 3): either A trusts B to achieve C, or A cannot have C. There is no position outside this alternative. One possibility, then, is that A might choose not to have C rather than trust B. Another possibility, because trust itself offers no guarantees, is that A trusts B, but because B is inadequate, C is not achieved. Another possibility is that A's trusting B advantages B at A's expense and A does not achieve C. In fact, though, A will only know whether trusting B will meet A's expectations regarding C after A has given trust to B. Trust is the means whereby an uncertain future is given the semblance of certainty so that things may proceed to an outcome or future otherwise not available. In attempting to achieve C in cooperation with B, A's reliance on trust of B would be reduced only if B's freedom to act were constrained in some way, thus limiting the possibility of defection, or if sanctions could be invoked should defection occur. These have also been seen as the basis of trust.

Some writers (Fukuyama 1995; Putnam 1993) hold that trust is a cultural facility that arises through familiarity which comes from communal and customary relationships. Thus in limiting the freedom to defect, culture facilitates trust. Culture and custom function to reduce both the contingency of trust – a present commitment to trust is contingent on the future actions of another, and the precariousness of trust – dependence on the reliability of another. But this arguably removes rather than resolves the problems trust attempts to overcome. This objection aside, accepting the possibility of communal solidarity as trust, a theoretical and a practical problem arises. If the basis of trust is located in communal solidarity, then the possibility of trust in non-communal members is theoretically anomalous and practically fraught. Even more telling: empirical evidence suggests that community may undermine rather than promote trust. The closeness of community that generates gossip and envy, for instance, the problem of the 'evil eye', and other features of cultural tradition, are likely sources of not trust but distrust, which is an indifference to trust relations, and also mistrust, which undermines trust when it exists (see Bergmann 1993; Boissevain 1974; Eisenstadt and Roniger 1984).

Other writers have attempted to discover a basis of trust in a calculative propensity of the trust giver, enhanced by the application of sanctions against defectors. James Coleman, for instance, holds that the decision to trust may be based ‘not simply on [an] estimate of the probability of the trustee’s keeping trust, but also in part on the use of negative sanctions’ (Coleman 1990: 115). Estimates of trustworthiness have been found in signalling games, for instance (Bacharach and Gambetta 2001; Gambetta and Hamill 2005). Sanctions, on the other hand, tend to increase a sense of certainty by providing other opportunities for calculation (Williamson 1993). Thus compensation for default to encourage trust are institutional bases of certainty, as iteration through repeated games are behavioural bases that change the stakes for both trust giver and potential exploiter (Dasgupta 1990: 52-3, 56-8). But none of these scenarios does justice to the requisite contingency of situations in which trust is required if things are to move forward. The more the outcome of exchanges becomes predictable the less trust is required to achieve that outcome. Calculation does not facilitate or explain trust, it displaces it.

As the basis of trust is located in the nature of the choice of the trust giver to depend on another in spite of an absence of information concerning the outcome of that dependency, then any account premised on custom or tradition, or calculation, will be weak and unsound, as we have seen. The idea, on the other hand, that trust is a type of knowledge or belief (Hardin 2001: 10) or faith (Giddens 1990: 30, 33), begs the question of what type of belief or faith. Indeed, the notion that trust is a type of ‘unaccountable faith’ or ‘suspension’ (Möllering 2001) derives in large part from a conflation of confidence and trust, as we shall see below, that is manifest in Simmel (1964: 318-9, 345-6), but not general in the literature nor even among those influenced by Simmel (Luhmann 1990; Seligman 1997).

Another possibility, however, suggested by Simmel’s assertion that confidence/trust may be grounded in ‘some additional affective’ element (Simmel 1964: 318), encourages consideration that the basis of trust is emotional (Luhmann 1979: 22, 81). Indeed, emotions – ‘animal spirits’ – are nominated as a solution to the problem of fundamental uncertainty in John Maynard Keynes’ classic account (Keynes 1981: 145-63). Nevertheless, trust as ‘a human passion’ has been contrasted with trust as a ‘modality of action’ (Dunn 1990: 73-5) in order to dismiss the former on the grounds that persons cannot choose their emotions though they must choose their strategies. The issue, however, is not whether emotions are chosen but whether they facilitate choice of strategy. The capacity of emotion to underwrite trust is implicit in William James’ account of

forced option in which, through the absence of relevant information, action can only occur if there is a commitment to act. Commitment always involves both emotional apprehension and emotional engagement.

In his account of the 'Alpine climber', in which an actor's particular commitment leads to an unambiguous and singular material outcome, James demonstrates the necessity and significance of an emotional choice or selection of strategy in the absence of relevant evidence (James 1956: 96-7). James tells of an Alpine climber trapped on a narrow and icy precipice who can escape serious difficulty by executing a dangerous leap not previously performed. Engaged by confidence and hope the climber is likely to perform a feat otherwise impossible. Fear and despondency, on the other hand, will lead to hesitation, through which the climber may miss their footing and possibly fall to their death. Whichever emotions are engaged, and therefore whichever choice is taken, will be commensurate with a particular outcome, but with contrastingly different consequences. This account touches issues concerning trust, including overcoming the problem of absent information as well as the tendency towards an outcome which, if achieved, realizes an expectation or produces a future it anticipates.

The conception of trust as an emotional facility or modality of action, to be developed below, must be distinguished from the idea that trust may be a 'personality trait' (Sztompka 1999: 65-6), for instance, and also from the idea that certain types of trust are emotional, as when Susan Rose-Ackerman, for instance, distinguishes five broad categories which point to distinct processes 'by which trust is generated', one of which, affect, is 'trustworthy behaviour encouraged by love and friendship' (Rose-Ackerman 2001: 539, 540). Barbara Misztal similarly treats 'trust as passion' when trust appears in the context of family, friendship and national loyalty (Misztal 1996: 157-207). These and similar accounts, however, refer not to a basis of trust but types of relationships in which trust might be called upon. Indeed, whether love, for instance, generates trust is an entirely empirical question: contrast bourgeois married love in which it may be assumed with passionate 'Latin' love in which it is likely to be doubted. The concern of the discussion to follow, on the other hand, points not to one type of trust over another, but to the essentially emotional basis that is foundation to all trust.

The emotional basis of trust.

Emotion is often a term of pejorative evaluation because it may suggest unreasonable excitement and irrational distraction from useful or valued pursuits. It is appropriate therefore, before considering the emotional basis of trust to say something about emotion in general. Emotions are

conventionally characterized as reactive and highly visceral outbursts of short duration, such as anger or fear. But not all emotions are highly labile and disruptive. Some may be calm and organizing, such as the emotion of satisfaction, for instance, and also regret. Another misunderstanding concerning emotion holds that those experiencing emotions are necessarily conscious of them, and aware of them as emotions. They need not be. Many emotions, including the most important for social processes, may be experienced below the threshold of awareness (Scheff 1988). Much experience of emotions is back-grounded in the sense that they facilitate more salient processes, of which the subject is conscious, and in doing so are not experienced as emotions and may even escape cultural labelling as emotions (Barbalet 1998: 59-60; see also Nussbaum 2003: 69-71). The emotions underlying scientific activity, for instance, including discovery and theory selection operate in this way (Barbalet 2004).

Corrective of the idea that emotions are only disordering psychosomatic processes is the observation that emotions have cognitive and evaluational functions (Nussbaum 2003; Oatley 1992). If emotions underscore values, interests and meanings in social life, then they are implicated in rational as well as irrational conduct and outlook, and the distinction between rational action and emotional action loses its relevance when emotion is seen to underlie all action (Barbalet 1998: 29-61). The question is then which particular emotions are implicated in distinct types of social interaction or processes.

The emotional elements underlying trust may be calm, unobtrusive and in that sense consonant with rationality. This latter point we shall return to below. Trust requires a positive feeling of expectation regarding another's future actions. But the expectation is not disinterested as the other's future actions will effectively impact on the trust giver's wellbeing even though they have no control over the other's freedom of action. Trust is supported, then, by a feeling that one can rely on, be dependent on another. Each of these feelings, of positive expectation and safe dependency, is a variant or application of confidence. Confidence is not the same as trust, not because of a difference in the degree of certainty attached to each (Misztal 1996: 16), but because of a difference of attribution between them (Luhmann 1990: 97): confidence relates to contingent events and trust to the subject's own engagements. But the logical distinction between them makes it possible to say that 'trust implies confidence' (Rose-Ackerman 2001: 526; see also Giddens 1990: 34). The basis of trust, then, is the feeling of confidence in another's future actions and also confidence concerning one's own judgement of another. Thus there is a double confidence within trust.

In discussing emotions it is necessary to overcome both the ambiguities and silences in natural language concerning emotional states and experiences. One resolution of this problem, which permits a clear exposition of the emotional basis of trust, for instance, distinguishes between 'emotion tokens' and 'emotion types', the former referring to natural language words for emotional states and the latter referring to characterizations of emotional states 'in terms of their cognitive eliciting conditions' (Ortony, Clore and Collins 1988: 173). The cognitive eliciting conditions of confidence are 'approving of one's own assured expectation'. The object of confidence is thus not primarily self or other, as with many emotions, such as shame (a negative self-regarding emotion) or love (a positive other-regarding emotion), but expectation of the future. Along with security, depression, and anxiety confidence is therefore an 'anticipatory emotion' (Kemper 1978: 72). Like all emotions, confidence has not only a phenomenal form and psychological tone, but also a social basis which includes acceptance and recognition, and the resources to which these provide access, as elucidations of confidence as an emotion reveal (Barbalet 1998: 84-90; Kemper 1978: 73-7; de Rivera 1977: 45-51).

The type specification of confidence underlying trust is 'approving of one's own assured expectation regarding another's reliability'. It is important to understand trust in terms of the trust giver's self-reference and not principally in terms of the other's qualities. Trust is not 'appreciation', for instance, the cognitive eliciting conditions of which are 'approving of someone else's praiseworthy action'. This is because trust is given before the other's relevant action can be known or praised. Neither is trust a mere prospect-based emotion like 'hope', for example, the cognitive eliciting conditions of which are 'pleased about the prospect of a desirable event'. This is because hope springs eternal, whereas confidence and trust are conditional on a self-based capacity for assessment of expectation. The significance of this latter aspect of trust is in the fact that when trust is broken there is not only generation of other-directed emotions, such as anger against the trust breaker, but also self-reproach and self-blame. This is what Luhmann refers to when he says that trust involves 'an internal attribution' and the possibility that one may 'regret [one's] trusting choice' (Luhmann 1990: 98). The mistrust of a betrayed trust giver may prevent their trusting even those who are not only beyond reproach in general terms but would have met the subjective criteria of the betrayed prior to their betrayal. Broken trust reflects not only on the trust breaker but principally on the judgement of the trust giver.

Self-reference to the trust giver is as central to trust as the qualities of the trust taker: each is necessary and neither is sufficient. Because trust is based upon feelings of expectation and confidence, the trustworthiness of the trust taker can never be more than a part of the context of trust giving, and is only real when subjectively accepted by the trust giver. The context in which trust is given includes, therefore, the qualities of the trust taker, including their reputation, self-presentation, certified qualifications and so on. But this context can never provide conclusive grounds for trust and never constitute sufficient evidence for the reasonableness of trust when it is given. A person's trust of another will always be interactively generated not only in terms of perceptions of trustworthiness that might support a feeling of acceptance of dependence but principally in terms of feelings of confidence in the actor's own capacities to form judgements or assessments of others and their future actions. Thus decisions to trust emerge as negotiated, internally reflexive and possibly idiosyncratic meanings. It is this hermeneutic element of trust that frustrates construction of a purely formal account of it, especially in terms of the other's trustworthiness.

Two further conclusions can be drawn from an appreciation of the emotional basis of trust, which relate to the concepts of social capital and rationality. Each of these conclusions is counterintuitive. Given the emotional basis of trust, trust cannot support the concept or theory of social capital. Second, the affectivity of trust makes it positively continuous with rationality. Each of these shall be considered in turn.

Trust and social capital.

Social capital can be understood as an 'investment' persons make in social relationships that enhance or enrich their social resources. The term was first introduced in the late 1970s to correct the notion that society is no more than an aggregation of independent individuals and their discrete actions. The concept of social capital points to those resources implicit in social processes which individuals might draw upon in facilitating their actions (Coleman 1990: 300-2). This idea, without reference to the term social capital, was outlined by those writers who demonstrated that networks in which individuals are implicated operate as resources they may draw upon (Bott 1971; Granovetter 1973).

Social capital, as socially generated resources or facilities, is a second-order category in so far as it is not possible to experience social capital as such. According to one account, social capital refers to participation in a range of activities including, for instance, church attendance, voluntary association membership (from Red Cross to trade unions), community education programmes, credit associations and

cooperatives, and similar forms of interaction, all referred to as both instances and generators of social capital (Putnam 1993a; 1995). These have in common a capacity to imbue in the individuals who participate in them, in addition to the intrinsic satisfactions of the particular associations themselves, experience of cooperation with others. As James Coleman puts it, social capital 'is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure' (Coleman 1990: 302). Trust, then, is central to social capital (Putnam 1993: 167, 170-1).

While social capital satisfies the purposes or interests of individuals, unlike conventional capital it cannot be possessed by them: it is a public never a private good (Coleman 1990: 315-8; Putnam 1993: 170). Additionally, social capital is a 'moral resource', which is to say that its supply increases with use and diminishes with disuse (Hirschman quoted in Dasgupta 1990: 56; Putnam 1993: 169-70). These are primary features of trust: its dependency on another and its emergent rather than extant nature. The more people trust each other, exponents of social capital theory hold, the more likely others will participate in trusting relationships and be confident in their dealings with others. Trust is indeed a social resource performatively generated by a social actor in cooperating with another. But the ready assumption that trust can be assimilated into social capital suffers a disabling contradiction.

Robert Putnam, for instance, finds the Republican political tradition more conducive to the concept of social capital than the Liberal. And yet an argument against trust as a form of social capital can be found in a key text of Republican political theory. In *The Discourses*, Niccolo Machiavelli relates how Piero Soderini, Florentine head of state entrusted with the preservation of the republic's order and stability, responded with patience and tolerance to malevolent factionalism. In trusting his enemies, Soderini betrayed the trust of the Florentine citizenry who looked to him for the maintenance of civil peace (Machiavelli 1979: 393-4; Johnson 1993: 6-9). This account highlights an aspect of trust that is seldom noted or appreciated in the relevant literature, namely that trust is non-transitive. Transitivity is a particular property of relationships. Trust would be transitive if in all cases, when A trusts B, and B trusts C, then A trusts C. In fact, however, not only does it not follow that A must trust C, it is always possible that B's trusting C may lead A to re-evaluate whether they should trust B. Consider that in 2000 A trusted Tony Blair. In 2003 Blair trusted George W. Bush. Because Blair trusted Bush, A could no longer trust Blair. Social capital theory, on the other hand, assumes that trust is transitive (Coleman 1990: 318-9). This is partly

because its model of society is formal not substantive; it assumes lineal rationality and has no sense of emergent contradiction. But more than that, because trust has a fundamental emotional element there can be no transitivity in trust.

Trust is not a generalized medium or mechanism of social interaction, like money or Parsonian power. The quality of trust, and therefore its consequences, is always dependent on who is trusted and for what purpose. The emotional form of the assessment, that allows one to be dependent on another, means that the efficacious or facilitating conditions or circumstances are always local and not general. It is not simply trust that is non-transitive, as reflection in this vein on love, hate, fear, and so on will readily demonstrate. Emotions in general cannot meet the conditions of transitivity.

Transitivity is a relationship between intrinsic properties, like the weight of an object or its length. In the social realm transitivity is found in relations of income and wealth, authority in hierarchical organization, certifiable skill, and so on. Trust cannot be transitive because its effective content is not derived from the formal characterization of its intrinsic properties, but from what the emoting subject brings to it. Like all emotions, the confidence on which trust rests is contextual and conditional. An essential feature of all emotions, including the emotional basis of trust, is a process of double non-deliberative appraisal. These are, appraisal of the object of the emotion, what it means to the emoting subject, and also appraisal of the subject's own needs, capacities, and possible action strategies or responses in relation to the object. This complex appraisal aspect of emotions, what might be called a double hermeneutic, is the basis of the conditional and contingent nature of all emotions experienced by persons, including those that underlie trust. Emotions always transcend given circumstances through the double hermeneutic just outlined.

Because trust is non-transitive its support for social capital theory is limited. But this does not mean reliance on trust is irrational.

Conclusion: Trust and rationality.

It has been shown why trust is not, indeed, cannot be based on rational calculation. The facts about which actors can have rational grounds for confidence are those pertaining to existing or present situations. But action in general and trust in particular are directed to future situations and therefore function in terms of outcomes which have not occurred at the time of the choice to act or trust. They are therefore based on expectation, not deliberative calculation. Trust is precarious because the

expectations of one actor refer to the future actions of another. Action which brings one possible future into the present draws upon a psychological mechanism in which the reverse projection, of the present into the future, occurs. This is how the uncertainty of the future is routinely faced, with a constructed or more properly fabricated 'rationality' based on projection not calculation. Trust cannot be a rational modality of action in the sense understood by rationalist arguments.

The above account is not exceptional: as Diego Gambetta says, 'if evidence could solve the problem of trust, then trust would not be a problem at all' (Gambetta 1990: 233). But Gambetta goes on to say that it is nevertheless rational to trust, because if they do not actors will never find out, and as trust is not a resource depleted through use, it does not have to be saved for one-off trials (1990: 234). Indeed, even if trust is always misplaced, Gambetta continues, it can not do worse than distrust, 'and the expectation that it might do at least marginally better is therefore plausible' (1990: 234). Gambetta's last word: 'Asking too little of trust is just as ill advised as asking too much' (1990: 235). From Luhmann's perspective, on the other hand, such a conclusion raises rather than resolves the question of rationality: because a decision to trust cannot be based on pertinent knowledge, we 'have to conclude, therefore, that whether or not action is founded on trust amounts to an essential distinction [or division] in the rationality of action which appears capable of attainment' (Luhmann 1979: 25). But, he goes on, in being essential for action, trust is rational in some other sense. The rationality of trust in this second non-calculative sense derives from the necessity of trust for action:

Without trust only very simple forms of human cooperation which can be transacted on the spot are possible, and even individual action is much too sensitive to disruption to be capable of being planned, without trust, beyond the immediately assured moment. Trust is indispensable in order to increase a social system's potential for action beyond these elementary forms (Luhmann 1979: 88).

In this context, rationality does not refer to the decisions concerning action but the meaningfulness of the action taken (Luhmann 1979: 88). This is the distinction between what Max Weber calls formal and substantive rationality (Weber 1978: 85-6).

Substantive rationality is concerned with outcome, the appropriate orientation of the actor to their circumstances. Formal rationality, on the other hand, is concerned with the quality of an actor's decision or the basis on which it is taken. Formal rationality is closer to the notion of

efficiency than it is to substantive rationality. Weber was aware that formal rationality did not necessarily lead to substantive rationality and indeed was likely to undermine it in the long run. The importance of emotion to substantive rationality, even though it is held to confound formal rationality, has been acknowledged from different perspectives (Frank 1988; Oatley 1992). It has been argued here that trust, based on emotional commitments, is necessary because formal rationality cannot facilitate choice under conditions of uncertainty. Trust, on the other hand, as a means of transcending uncertainty, is essential to the substantive rationality of agency. This is not an appeal to the concept of bounded rationality, which is a concession to the limitations of human capacities from the point of view of strict rationality. Herbert Simon believed that 'boundedly rational agents experience limits in formulating and solving complex problems and in processing (receiving, storing, retrieving, transmitting) information', so that while they remain 'intendedly rational' their 'analytical and data-processing' capacities are of 'limited competence' (quoted in Williamson 1981: 553). The limitations trust overcomes are not of the agent but the uncertain circumstances they face. It is shown here that in overcoming fundamental uncertainty trust, through its emotional underpinnings, enhances substantive rationality to which neither formal nor bounded rationality can contribute.

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