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**Institutional Trust in Central and Eastern Europe: Barometer
of Democracy or Performance Thermostat?**

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Abstract

Two perspectives dominate the extensive literature on the origins of institutional trust: performance and social trust. While the latter argues that social trust creates a reservoir of institutional trust, which in turn is beneficial for the stability and performance of these institutions, the performance perspective conceives of institutional trust as a thermostat of recent economic or political performance. Both approaches attempt to theoretically grasp the sources of trust in institutions and provide empirical evidence for the impact of social trust or performance, respectively. How do we square these two conflicting approaches? I argue and empirically demonstrate that while both social trust and performance are important prerequisites of trust in political institutions; their relative explanatory weight varies across different types of institutions. Whereas performance is the best predictor of trust in political institutions, i.e. trust in the executive or political parties, social trust is the main determinant of trust in professional institutions, such as the army and the police.

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1. Introduction

Trust in political institutions is often viewed as the cornerstone of democratic rule or the “cement of democracy” (Stimson 2004: 139). Many argue that institutional trust is a necessary, though not sufficient, condition for effective decision-making. It enables governments to take new decisions which will, if successful, subsequently boost trust in and support for the political regime and its institutions (Easton 1965, 1975; Gamson 1968). Trust in institutions is particularly important to democratic regimes as these, in contrast to non-democratic regimes, cannot rely on coercion but must instead secure voluntary obedience and compliance (Bianco 1994). Moreover, institutional trust forms the basis of the representative relationship between electors and their representatives and, hence, constitutes a vital component of modern representative systems. “It is trust which gives representatives the leeway to ignore short term, constituent concerns in order to pursue longer term constituent needs and national interests” (Mishler & Rose 1995: 4). Trust in institutions is particularly decisive in newly democratized countries, as it serves as a buffer against autocratic regress (Badescu & Uslaner 2003). Institutional trust is an essential component for the consolidation of newly developed democracies, in that it creates “a reservoir of favourable attitudes or good will that helps members to accept or tolerate outputs to which they are opposed or the effect of which they see as damaging to their wants” (Easton 1965: 273).

What drives trust in institutions? This question has been the focus of continued scientific debate, especially in light of the steadily declining levels of popular trust in governmental institutions in the United States and Europe (Citrin 1974; Miller 1974; Lipset & Schneider 1987; Evans & Whitefield 1995; Mishler & Rose 1995, 1999,

2001; Nye et al. 1997; Warren 1999; Gabriel et al. 2002; Newton 2000; Pharr & Putnam 2000; Badescu and Uslaner 2003; Bowler & Karp 2004; Keele 2003, 2005; Cook & Gronke 2005). To date, two perspectives on the origins of institutional trust have evolved: the performance and the social trust approaches.ⁱ The latter argues that institutional trust is the epiphenomenon of social trust. Institutions can be entrusted with power because their incumbents can be trusted. Political elites, in turn, are trusted as most citizens in society at large can be trusted. In this understanding, the recent decline in institutional trust is highly problematic because it is indicative of a more widespread process of political alienation and declining social capital. From a social trust perspective, institutional trust symbolizes a barometer of democracy (Putnam 1993, 2000; Fukuyama 1995; see also Almond & Verba 1963; Verba 1965).

Alternatively, the performance approach argues that the decline in popular trust in institutions may not necessarily be worrisome; institutional trust merely reflects citizens' perceptions of economic and political performance of institutions. Consequently, institutional trust represents a performance thermostat of the political system and its institutions. Institutions that perform well economically and politically generate trust, whereas poorly performing institutions produce scepticism among citizens. In this view, the origins of institutional trust are seen as (primarily) politically endogenous (Lipset & Schneider 1983; Evans & Whitefield 1995; Mishler & Rose 1995, 1999; Keele 2003, 2005; Stimson 2004).

Both perspectives attempt to grasp theoretically the sources of trust in institutions and provide empirical evidence for the impact of social trust or performance. How can we make sense of these conflicting findings? This paper contributes to the ongoing debate regarding the origins of institutional trust by providing a vital piece to this puzzle. I argue that a differentiation of the institutional

trust concept is important in this respect. Institutional trust consists of two dimensions representing trust in political institutions (i.e., trust in the executive or political parties) and trust in professional institutions (such as the army and the police). While both social trust and political performance are important in explaining trust in political institutions, their relative explanatory breadth varies across these different types of institutions. Whereas social trust is the most important when explaining trust in professional institutions, trust in political institutions is best explained in terms of their perceived performance by citizens.

The empirical analysis examines the origins of institutional trust in thirteen Central and Eastern European (CEE) countries.ⁱⁱ Why use these countries in the empirical analysis? I argue that these countries provide the most challenging testing ground for two reasons. First, it is argued that Eastern European citizens lack familiarity with their newly established institutions, which does not allow them to discriminate between different types of institutions (Mishler & Rose 2001: 42). For this reason, when citizens of CEE countries are able to differentiate between political and professional institutions; it seems reasonable to generalize this finding across different settings. Second, in light of the communist experience (i.e., these regimes undermined trust in institutions through their oppressive politics) and the ongoing problems accompanying the transition and consolidation process towards democracy and a market economy, skepticism towards institutions prevails, and citizens in CEE countries may be less willing to update their views regarding institutions on the basis of recent performance (Mishler & Rose 1995, 2001; Rose-Ackerman 2001). Hence, performance explanations may prove difficult to find.

This paper is structured as follows. In the first section, I define the two types of institutional trust and argue that in order to gain a more complete understanding of

the origins of trust in political institutions one needs to be sensitive to the two-dimensional nature of the concept. Next, I elaborate the two dominant explanations of institutional trust, i.e. performance and social trust, and explicate their relationship to the two types of institutional trust by presenting the main hypotheses guiding the empirical analysis. The third section provides an overview of data used and the operationalization. In a fourth step, I present the results of the empirical analysis. Finally, I conclude by discussing the theoretical implications of the empirical results.

2. Institutional Trust as a Two-Dimensional Concept

Before elaborating on the definition and two dimensionality of institutional trust, let me briefly outline the general understanding of trust underlying this analysis. In line with the writings of Gambetta and his colleagues (1988), Coleman (1990), Seligman (1997), and Hardin (2002), trust is defined as the belief that others at best will act in one's interests and at worst will not do one any harm. Trust always involves taking risks, as one can never be certain that the trust placed in someone will be returned. Taking this risk will therefore fundamentally depend on one's experiences. Furthermore, trust is assumed to form the basis of social interaction. In view of the complex division of labour which characterises modern societies, social interaction can no longer solely be founded on direct face-to-face experience. Trust evolves to counterbalance the uncertainty regarding the possible actions of interaction-partners (Luhmann 1989, Giddens 1990). Moreover, trust incorporates both a cognitive rational as well as an affective emotional dimension. The affective emotional dimension results out of socialisation experiences and thus exhibits strong persistence over time. Recently, authors have argued that situational factors correct trust

relationships developed in early socialisation (see for example Coleman 1990). Recent empirical studies using data from Western Europe as well as the United States have indeed demonstrated stark fluctuations in trust levels over time (Newton 1999, 2001b; Kaase 1999; Keele 2005; Cook and Gronke 2005), which substantiates the view that citizens rationally update their trust levels.

The object of interest here is trust in political institutions. Institutional trust can be defined as a specific political orientation. Institutional trust incorporates both an affective and an evaluative orientation towards political systems (Easton 1965, Gamson 1968). Consequently, trust in political institutions can be viewed as a “[...] central indicator of the underlying feeling of the general public about its polity” (Newton & Norris 2000: 53). In line with Easton, Gamson (1968: 51) differentiates three objects of institutional trust, the “political community, political regime and political authorities.” The concept of political community stands for “a group of persons bound together by a political division of labour” (Easton 1965: 177). Political authorities refer to the incumbents of the institutional political structure (Easton 1965: 206), whilst the term political regime combines the institutional structure as well as the values and norms underlying that structure (Easton 1965: 192). The classification of institutions within the Eastonian framework remains ambiguous. After assessing Easton’s political support theory, Fuchs (1989: 15-6) indicates that the institutions should be assigned to the object of the political authorities, as Easton himself often makes the distinction between role-incumbents and roles as such. Gabriel (1999: 206) follows this distinction, arguing that institutions are made up of fixed and long-lasting procedures, tasks, and power structures, unlike the respective incumbents, which are merely bound to the authority structures for a short period of time. In this paper, the focus will be on trust in institutions rather than in political elites or incumbents.

Gabriel (1999) highlights the multidimensional character underlying trust in institutions. The author distinguishes two types of institutional trust, namely trust in party-based (*parteistaatliche*) institutions, such as the government and parliament, and trust in regulative (*regulative*) institutions, such as the police or courts (Gabriel 1999: 206; Gabriel et al. 2002: 180). Trust in party-based institutions is estimated to be weaker and less stable than trust in regulative institutions. As opposed to regulative institutions, which merely engage in the enforcement and compliance of standing policy, party-based institutions are authorised to establish binding decisions and are therefore confronted with competing preferences of citizens. This results in lower and less stable levels of trust in these institutions, as every binding decision will face its supporters and its opponents (Gabriel 1999).

The decisive criterion in distinguishing between party-based and regulative institutions originates out of party involvement within an institution. Following this logic, one should find that a respondent's party preference should matter, i.e. there should be a clear differentiation between institutions occupied by government versus institutions dominated by opposition parties. This, however, does not match the expectation put forward in Gabriel's work, as he presumes only one party-based institutional dimension (Gabriel 1999:206) and his empirical results (Gabriel 1999, Gabriel et al. 2002) underline this assumption. Against this backdrop, party-involvement within an institution may *not* be the decisive criterion of distinction. Whilst Gabriel's basic idea of differentiating between types of institutions is useful, the terms party-based and regulative institutions seem misleading, as they do not match the theoretical explanation behind the distinction. Instead, I will use the terms political versus professional institutions. Political institutions refer to executive and legislative institutions, which are part of the political decision-making process and are

hence confronted with conflicting societal demands. Professional institutions focus on the implementation of standing policy. These institutions include the police, the judiciary, and the army and are confronted with political controversy to a lesser extent due to their professional character. The focus on implementation and the professional character of these institutions will lead to more stable trust levels.

3. Explanations of Institutional Trust: Political Performance and Social Trust

As elaborated in the section above, trust includes both a cognitive rational as well as an affective emotional dimension. These two dimensions are summarized in the two perspectives of institutional trust tested in this analysis, i.e. performance and social trust explanations. Whereas the performance model points to the cognitive rational component of institutional trust by hypothesizing that institutional trust rests upon the effective performance of institutions, the social trust perspective highlights the affective emotional dimension of trust in institutions and views institutional trust as an epiphenomenon of social trust. The performance explanation of trust is primarily based on the writings of Coleman (1990), whereas the social capital theory of Putnam (1993) exemplifies the social trust explanation of institutional trust.

Coleman's trust concept ties onto rational choice theories, as it assumes actors act rationally and aim to maximize their own interests (Misztal 1996:77). "A rational actor will place trust if [...] the ratio of the chance of gain to the chance of loss is greater than the ratio of the amount of the potential loss to the amount of the potential gain" (Coleman 1990: 99). According to Coleman, an actor will only place trust in and individual or institution if the gain arising from this placement of trust exceeds

the loss if his trust was to be abused. Thus, trust becomes a calculation between the chance of winning multiplied by the amount of possible gain and the risk of losing multiplied by the amount of possible loss. Two factors are decisive in the development of trust relations according to this view of trust. Firstly, an actor has incomplete or no information concerning the actions of others. Trust therefore functions as a risk-reducing mechanism (Coleman 1990: 102-4; Seligman 1997: 63). Secondly, interactions in modern societies are characterised by *time lags*. Time asymmetries exist in the exchange of goods. An actor is no longer able to ascertain that the person with whom he interacts will behave in a desirable manner. As such, trust poses new risks, as one can never be certain of receiving trust in return (Coleman 1990: 104). In Coleman's framework, trust in institutions arises out of positive political and economic performance of these institutions. A rational actor will trust institutions when these supply him or her with certain material benefits, such as economic growth, security, or political stability. This performance view of trust treats political trust primarily as politically endogenous. Trust in institutions evolves consequent upon the perception among citizens that these perform effectively. Recent studies have indeed shown that citizens trust political institutions when these perform well economically (and to a lesser extent politically) and citizens withdraw their trust when they are dissatisfied about institutional performance (Lipset & Schneider 1987; Evans & Whitefield 1995; Mishler & Rose 1995, 1999; Keele 2003).

This view of trust is criticised by authors who acclaim the concept has a clear moral component. They describe trust as a particular form of human interaction, evolving from norms which stem from socialisation and societal experience. Trust in this view portrays a specific ideal of human cohabitation (Putnam 1993, Fukuyama 1995). The work by Putnam on social capital highlights the social origins of trust in

institutions. The basic idea behind Putnam's social capital concept is that social trust is generalised through engagement in civic networks and therefore enhances norms of generalised reciprocity. General patterns of reciprocity are firmly established when citizens gain experience in cooperative action and realise that their fellow citizens will not take advantage of them. These experiences allow them to act in a more public-spirited manner and strengthen their willingness to engage in social interactions (Putnam 1993: 88-91/171-3; Putnam 2000: 338). Accordingly, trust-norms and civic engagement are central to the development of civic virtues, such as institutional trust, tolerance, and solidarity, within a community. This system of norms in turn produces politically relevant attitudes, such as institutional trust.

One of the central assumptions of Putnam's social capital theory is that a positive relationship exists between social and institutional trust (Putnam 1993; Pharr & Putnam 2000). This hypothesis is by no means new. The relevance of the relationship between social and institutional trust was emphasised in the classical political culture research. Almond and Verba (1963) emphasized the key function of social trust for democratic stability, demonstrating its importance for the conservation of a democratic political culture, i.e. a civic culture. On the one hand, social trust generates institutional trust and therefore guarantees the legitimacy and stability of a political system. On the other hand, it reduces political fragmentation, as it provides the establishment of public-spiritedness despite political differences. Finally, social trust enables political cooperation among citizens and thus provides societal input (Almond & Verba 1963: 490/493). Verba (1965: 535) accentuates the strong association between social and political trust; in his view political trust "[...] is likely to be closely related to one's one general view of human nature" (1965: 535).

In the social trust approach, trust in political institutions is seen to evolve out of the extent to which citizens trust others in society. The relationship between social and political trust functions as a key-mechanism in the preservation of the legitimacy and stability of a political system, as it is of central to the maintenance of a democratic political culture among citizens. Recent studies have demonstrated the association between social and political trust (Putnam 1993; Newton 1999, 2000; Kaase 1999; Gabriel et al. 2002; Netjes 2002).

Both the performance and the social trust approaches are found extensively in the literature. I argue that the relative explanatory weight of both explanations varies across these different types of institutions. Recall that I have distinguished between two types of institutional trust: trust in political versus professional institutions. The differences between these institutions originate from their diverging competencies and functions within the political system. Political institutions refer to executive and legislative institutions. Trust in these institutions can be expected to be less stable due to the fact that political institutions are part of the ongoing decision-making process and have to deal with various conflicting societal demands. In contrast, trust in professional institutions, such as the judiciary or the army, is much more stable, as these institutions are preoccupied with the implementation of standing policy and are less prone to witness day-to-day political controversy. Against this backdrop, I expect that performance is more important when explaining popular trust in political institutions, whereas trust in professional institutions is much more grounded in social trust. I hypothesize that:

***H1:** Both positive evaluations of the political and economic performance of institutions as well as higher levels of social trust are positively related to institutional trust.*

However, I also expect their relative explanatory weight to vary across different types of institutions.

H2A: Evaluations of the political and economic performance of institutions are more strongly related to trust in political institutions than to social trust.

H2B: However, in the case of trust in professional institutions the opposite is true; social trust is more strongly related to trust in professional institutions than to performance evaluations.

4. Data and Operationalization

These hypotheses will be tested using individual level data pooled across thirteen CEE countries. The data used in the empirical analysis is the *Post Communist Peoples Project (PCP) II* dataset. The PCP II data are survey studies initiated by the *Wissenschaftszentrum Berlin für Sozialforschung (WZB)* of citizens in thirteen Eastern European political systems following the collapse of communism. They focuses on the attitudes, assumptions, values, expectations, preferences, and behaviours of representative samples of a wide variety of people interviewed during the period ranging from February 1998 in Russia to November 2001 in Estonia.

Table 1 presents an overview of the operationalization of the main dependent and independent variables in the analysis. Institutional performance is measured by citizens' evaluations of the economic and political performance using four different indicators: (1) sociotropic economic evaluations, (2) egocentric economic evaluations, (3) corruption during present government, and (4) satisfaction with present government. With the exception of level of perceived corruption during the present government, all of these indicators will be positively related to institutional trust. The presence of corruption is an indication of poorly performing political institutions.

Hence, institutions plagued by corruption present no incentives for citizens to trust them. Corruption undermines the quality of representation and the functioning of democratic institutions and can be seen to produce discontent and distrust. Social trust is measured by an additive index measuring trust in neighbours and national people.. Institutions can be entrusted with power because their incumbents can be trusted. Political elites are in turn trusted as most citizens in society at large can be trusted.

Next to performance and social trust indicators, it is important to incorporate several control variables into the analysis. Two types of control variables are employed in the regression analysis: authoritarian values and sociodemographics. The question regarding the respondent's evaluation of communism as an idea is used to tap into authoritarian attitudes among citizens in CEE countries. Individuals that express support for the ideology of the former communist regime are expected to be more skeptical of democratic institutions. These citizens are less likely to trust democratic institutions than citizens who were not satisfied with the ideology of the previous communist regime.

Table1: Operationalization of Dependent and Independent Variables:

Dependent variables	Indicator(-s)
<i>Institutional Trust:</i>	
(1) Trust in Political Institutions	(1) Additive index ranging from 1 = high trust to 16 = scepticism measuring trust in five different political institutions: government, parliament, political parties, largest party in government and largest opposition party (RECODED BETWEEN 0-1)
(2) Trust in Professional Institutions	(2) Additive index ranging from 1 = high trust to 7 = scepticism measuring trust in the police and the army (RECODED BETWEEN 0-1)
Independent variables	Indicator(-s)
<i>Social Trust</i>	
<i>Explanation:</i>	
(1) Social Trust	(1) Additive index ranging from 1 = high trust to 7 = scepticism measuring trust in neighbours and national people (i.e. people of one's own language) (RECODED BETWEEN 0-1)
<i>Performance</i>	
<i>Explanation:</i>	
(1) Sociotropic Economic Evaluations	(1) Additive index ranging from 1 = improve(d) to 7= get (got) worse measuring respondent's retrospective and prospective evaluation of personal economic situation (RECODED BETWEEN 0-1)
(2) egocentric Economic Evaluations	(2) Additive index ranging from 1 = improve(d) to 7= get (got) worse measuring respondent's retrospective and prospective evaluation of national economic situation (RECODED BETWEEN 0-1)
(3) Corruption during Present Government	(3) 1 = increased; 2 = remained the same; 3 = declined (RECODED BETWEEN 0-1)
(4) Satisfaction with Present Government	(4) Scale ranging from 1 = completely satisfied to 10= completely dissatisfied
<i>Controls:</i>	
(1) Communism Good Idea	(1) 1 = yes; 2 = undecided; 3 = no (RECODED BETWEEN 0-1)
(2) Income	(2) 10-point scale ranging from 1 = rich to 10 = poor (RECODED BETWEEN 0-1)
(3) Education	(3) scale indicating the level of education in years spend in school (RECODED BETWEEN 0-1)
(4) Age	(4) Age groups: 1 = 29 and younger 2 = 30-44 3 = 45-59 4 = 60-74 5 = 75 and older (RECODED BETWEEN 0-1)

The second set of control variables measure the influence of respondents' sociodemographic characteristics. Age, education, and income are used as demographic controls in the regression analysis. In regard to income and education, the basic argument is that while trust relationships always carry a risk, the risk is greater for the poor than for the rich (Banfield 1958; Newton 1999; Putnam 2000).

According to this line of hypothisizing, the “have-nots” within society, i.e. people with a lower income, are less trusting than the “haves,” as they cannot afford to lose what little they have were their trust to be betrayed. People with more resources, i.e. the haves in society, risk losing less and may gain more from the trust relationship (Putnam 2000: 138; Delhey & Newton 2002: 5). Higher levels of income or education will thus be positively related to institutional trust. In respect to age, one can argue that the communist regimes left a legacy of strong distrust towards institutions due to the strong repression and widespread corruption within these regimes (Rose et al. 1997). Nowak (1981) refers to this process of the shifting of trust solely into the private domain as the “social vacuum.” As nothing could be expected from the institutions under communism, people withdrew into the private domain of family and friends (Nowak 1981: 29-30). Age is expected to have a negative impact on institutional trust.

5. Empirical Analysis

Before I examine the relationship between institutional trust, social trust, and performance, I first need to examine the applicability of the hypothesized two-dimensional nature of institutional trust. The dimensionality of the indicators of institutional trust used in this analysis is tested using a scaling procedure called *Mokken Scale Analysis for Polychotomous Items* (MSP).ⁱⁱⁱ The Mokken scaling model is a stochastic generalisation of the deterministic Guttman scale model (Niemöller & Van Schuur 1983; Van der Eijk & Oppenhuis 1996; Gerich 2001). The Mokken model is a so-called *latent-trait model* and hence assumes “[...] that the observed values of

indicators can be accounted for in a relatively simple way by values of indicators and of observation units on a common, *unidimensional* attribute” (Niemöller & Van Schuur 1983: 121). It is important to note that two different Mokken scale analysis procedures exist: a *test* and *search procedure*. The test procedure functions as an evaluation of a set of items as an a-priori theoretical defined scale. The search procedure, on the other hand, is an inductive method that investigates the dimensionality within a given pool of items and stepwise constructs one or more scales (Debets & Brouwer 1989).

These Mokken scale analyses provide two important pieces of information, i.e. two scalability coefficients: H_i , which serves as an indication of the goodness-of-fit for each item with respect to all other items in the scale, and H , which indicates the goodness-of-fit for the scale as a whole. The value of these scalability coefficients can be interpreted in the following manner (see Niemöller & Van Schuur 1983:132):

$H/H_i \geq 0.50$: a strong scale

$0.40 \leq H/H_i < 0.50$: a medium scale

$0.30 \leq H/H_i < 0.40$: a weak scale

$H/H_i < 0.30$: no scale

The results of the search and test procedures are presented in table 2. In the search procedure a scale condition was formulated, i.e. the scalability coefficients should be greater than or equal to 0.40. The first column in table 2 presents the results of the search procedure using Mokken scaling analysis. Using the search procedure only one institutional trust scale was extracted, excluding the items trust in political parties and trust in the largest opposition parties as their scalability coefficients were lower than the cut-off point of 0.40. The scale coefficient of the single institutional trust dimension, i.e. the H in the first column of table 2, signifies that the institutional trust

dimension is a strong scale ($H \geq 0.50$). The results of the search procedure, however, are not sufficient to examine the operationalization of the specific trust dimensions as presented in table 1. The scale construction results in a search procedure that is based merely on a mathematical definition of such a scale and, hence, cannot function as a substitute for theory-based analysis (Debets & Brouwer 1989).

Table 2: Results of Mokken Scaling Analysis:

	<i>Search Procedure</i>	<i>Test procedure</i>
Items	Hi	Hi
Trust in Parliament	0.57	0.35
Trust in Largest Party in Government	0.51	0.49
Trust in Political Parties		0.43
Trust in Government	0.51	0.43
Trust in Police	0.50	
Trust in Army	0.44	
Trust in Largest Opposition Party		0.25
H	0.51	0.40
Trust in Police		0.52
Trust in Army		0.52
H		0.54

To be able to sufficiently determine the correctness of the hypothesized institutional trust dimensions, one also needs to check these assumptions using a test procedure. These results are presented in the second column in table 2 and allow an evaluation of the a-priori theoretically defined trust dimensions representing trust in political and trust in professional institutions. The results indicate that the hypothesized trust dimensions fit the dimensionality in the data very well. The test-procedure extracted two different scales. These two dimensions refer to the different dimensions of institutional trust, i.e. trust in political institutions and trust in

professional institutions. The scale coefficients in the second column of table 2 signify that trust in political institutions is a medium scale ($0.40 \leq H < 0.50$), whereas trust in professional institutions is a strong scales ($H \geq 0.50$). Although the results of the search procedure indicate that respondents in CEE countries do not necessarily differentiate between political and professional institutions, the test procedure results support the theoretically proposed two-dimensional character of institutional trust. These two types of institutional trust are homogenous as the several indicators do form the expected dimensions. Hence, I will use the results of the test procedure in this analysis and construct two institutional trust scales.

Table 3 contains the results of the Ordinary Least Squares (OLS) multiple regression analyses using trust in political and trust in professional institutions as the dependent variable. I tested for multicollinearity or heteroscedasticity after running the regression analyses. Neither of the two regression analyses suffers from multicollinearity or heteroscedasticity problems. Before I interpret the results of the multiple regression analyses, it is important to note that all of the scales for the predictors as well as the two dependent variables have been recoded to a 0-1 scale. The rescaling of the predictors allows me to compare the strength of the indicators of the social trust and performance explanations within the models, while the rescaling of the dependent variables allows me to compare between the two different regression analyses. The explanatory power of these two different models differs considerably. Whereas 39 percent of the variance of trust in political institutions in CEE countries can be explained by the respective predictors in these models, the same explanatory model performs worse in the case of trust in professional institutions. The same predictors account for merely 15 percent of the variance in trust in professional institutions in CEE countries. In all, we can conclude that the social trust and

performance explanations do a much better job in explaining variation in the levels of trust in political institutions than is the case for trust in professional institutions.

The examination of the individual regression parameters in the different models demonstrates substantial support for the first hypothesis (H1). Both social trust and political performance boost institutional trust. In the case of the performance explanation, the analyses show that sociotropic economic evaluations and satisfaction with the present government have significant positive effects on the degree of institutional trust. The perception that the current government is plagued by corruption, however, has a negative effect on institutional trust. Moreover, the inclusion of controls does not produce large changes in the effects of the social trust and performance indicators.

Table 3: Determinants of Trust in Institutions:

Model	Trust Political Institutions	Trust Professional Institutions
Parameters	β	β
<i>Social Trust Explanation:</i>		
Social Trust	0.214* (0.017)	0.341* (0.025)
<i>Performance Explanation:</i>		
Sociotropic Economic Evaluations	0.111* (0.013)	0.072* (0.022)
Egotropic Economic Evaluations	0.021 (0.014)	0.016 (0.020)
Corruption during Present Government	-0.207* (0.031)	-0.269* (0.045)
Satisfaction with Present Government	0.158* (0.010)	0.071* (0.015)
<i>Controls:</i>		
Communism Good Idea	-0.039* (0.021)	-0.017 (0.032)
Age	-0.004* (0.001)	-0.005* (0.002)
Income	-0.029* (0.012)	0.008 (0.018)
Education	0.005 (0.010)	0.061* (0.016)
Constant	5.250* (0.160)	3.348* (0.241)
Adjusted R ²	0.36	0.15
N	5100	5350

Note: Cell entries are OLS estimates with standard errors in parentheses. *p<.05 (one-tailed)

The direction and significance of our main predictors are identical across the different model specifications. The only differences concern the effects of the control variables. Whereas the impact of opinions regarding the former communist regime and income levels are significant in the case of political institutions, these predictors do not reach significance in the model estimating the determinants of trust in professional institutions. In addition, the impact of education differs across the two

models; education levels are only significant predictors of trust in professional institutions.

The results also indicate that the relative weight of the social trust and political performance explanations differs across the two types of institutional trust, which is in line with the second set of hypotheses (H2A and H2B). Since the scales of the predictors were recoded to a 0-1 format, the relative explanatory strengths of the predictors within and across models can be compared. To further evaluate the magnitude of the changes in trust levels due to the effects of the main social trust and political performance predictors, I utilized *CLARIFY* to calculate the difference in the expected value of the dependent variable when a respective explanatory variable is moved from its minimum to its maximum level and, all other variables are held at their means. *CLARIFY* uses Monte Carlo simulations to convert raw statistical results into more intuitive and reader-friendly quantities without changing the statistical assumptions (King, Tomz and Wittenberg 2000).^{iv} Figure 1 shows the difference in the respective trust levels when the five main predictors are moved from their minimum to their maximum value.

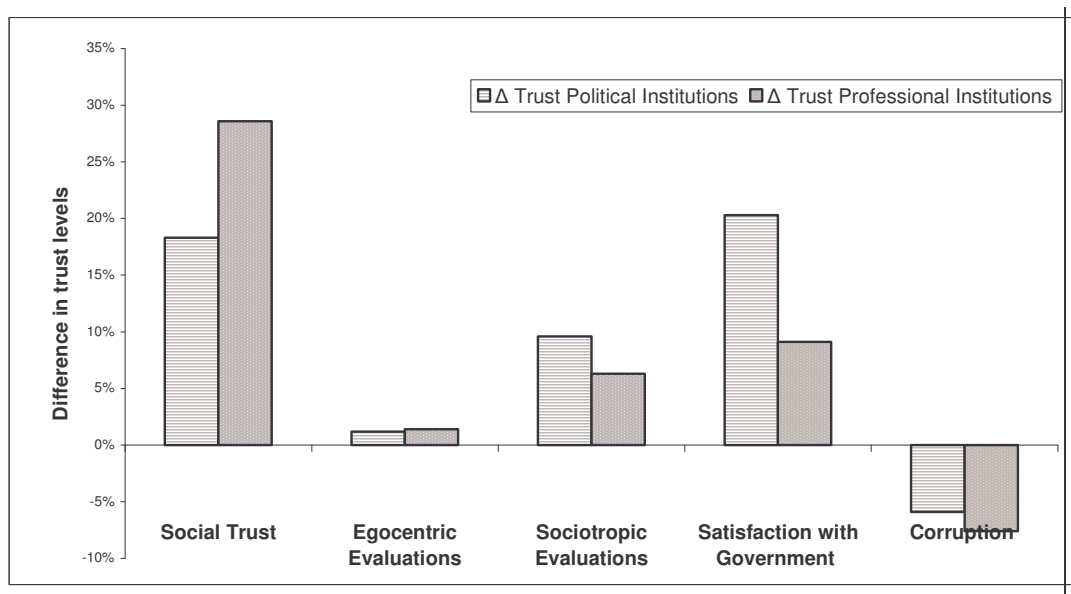


Figure 1: Change in Institutional Trust Levels by Main Predictors

Figure 1 provides strong evidence for both H2A and H2B. Whereas political performance has the greatest effect when explaining the origins of trust in political institutions, social trust is the largest explanatory factor of trust in professional institutions. However, their relative explanatory weight differs substantively across the two types of institutional trust. In the case of trust in political institutions, the figure shows that satisfaction with the present government is the strongest predictor. When satisfaction with the present government increases from its minimum (0) to its maximum value (1), trust in political institutions increases 20.3 percent after controlling for authoritarian values and socio-demographics. Social trust is the second best predictor in the model. A change in the social trust indicator from its minimum to its maximum level results in an 18.3 percent increase in support for political institutions. Although performance is the strongest explanatory factor of trust in political institutions, social trust considerations also play an important role.

In the case of trust professional institutions, the results reported in figure 1 show that social trust is by far the most influential predictor. If social trust increases from its minimum value of 0 to its maximum value of 1, this is followed by a 28.6 percent increase in trust in professional institutions after controlling for authoritarian values and socio-demographics. The four performance indicators play a much smaller role in explaining trust in professional institutions. The strongest performance indicator of trust in professional institutions is satisfaction with the present government. An increase in a respondent's satisfaction with the implementation of democracy in one's country from its minimum to its maximum value corresponds with a 9.1 percentage point increase in trust in professional institutions.

These outcomes contradict other studies concerning the relationship between performance, social trust, and institutional trust in CEE countries (see Mishler & Rose 1995, 1999, 2001; Rose-Ackerman 2001). These studies found weak relationships between social and institutional trust and strong relationships between performance evaluations and institutional trust. However, one should keep in mind that these studies did not differentiate between different dimensions of trust in political institutions. A more recent study by Gabriel and his colleagues (2002: 191) incorporating countries from both Eastern and Western Europe did find positive relationships between social trust and the two types of institutional trust as well as performance of political institutions and types of institutional trust. The discrepancy between the studies of Mishler and Rose (1995, 1999, and 2001), on the one hand, and the Gabriel et al. study (2002) and the findings presented here, on the other hand, can largely be explained by the difference in conceptualisation and measurement of political trust. Whereas this study, in line with Gabriel and his colleagues, specifies several dimensions of political trust, Mishler and Rose did not differentiate between several political trust attitudes.

6. Conclusion

Why do people trust or no trust institutions? To date, the literature on institutional trust has provided two answers to this question. First, citizens are expected to trust institutions when they feel that most citizens in society at large can be trusted. Hence, social trust creates a reservoir of trust in institutions, which in turn is beneficial for the stability and performance of these institutions. The second answer highlights the importance of performance for institutional trust. Institutions that perform

economically and politically well generate trust, whereas poorly performing institutions result in a withdrawal of trust among citizens. A large array of studies have shown the empirical validity of both approaches. This paper shows that indeed both social trust and performance are important prerequisites of institutional trust, but their relative explanatory impact is conditional on the type of institution.

Institutional trust consists of two dimensions representing trust in political institutions and trust in professional institutions. The empirical findings highlight the importance of understanding institutional trust as a two-dimensional concept, as the explanatory strength of the social trust and performance predictors differs between the two types. Although both types of institutional trust are a function of the evaluation of the performance of institutions as well as of social trust, the social trust explanation clearly outperforms performance in the case of professional institutions. However, economic and political performance carries a greater explanatory weight than social trust when explaining trust in political institutions. Political institutions have to make choices among conflicting preferences of citizens when they draft and design policies. This makes them more prone to evaluations on the basis of their economic and political performance. Trust in political institutions can be expected to be less stable due to the fact that these institutions have to deal with various conflicting societal demands. Professional institutions, on the other hand, focus on the implementation of standing policy. They are not part of electoral cycle and therefore lesser extent confronted with conflicting preferences of citizens. This weakens the relationship between performance-based evaluation of professional institutions and trust in these institutions. Trust in professional institutions is much more stable, as these institutions are preoccupied with the implementation of standing policy and are less prone to be associated with day-to-day political controversy.

The data used in this analysis covers institutional trust in thirteen CEE countries. This case selection provides the most difficult check regarding the two-dimensionality of institutional trust and the respective influence of performance and social trust on the levels of popular trust for these different sets of institutions. The findings reported here indicate that counter to prior expectations (Mishler & Rose 1995, 2001; Rose-Ackerman 2001); Eastern European citizens are very able to distinguish among types of institutions based on their diverging competencies and functions within the political system. Moreover, the sources of institutional trust of citizens in CEE countries correspond to the theoretical expectations stemming from the North American and Western European literature.

The analysis presented here provides a first step in understanding the conditions under which performance of social trust explains variation in institutional trust. Further avenues of research should be addressed. For example, one could investigate the sources of institutional trust over time using time-series analysis. Without a doubt, perceptions of institutional performance will vary across time. Hence, a time-series model may provide extra depth to the findings presented here. Moreover, employing a multilevel model may also yield interesting results. This method allows the incorporation of country-level effects, such as macro-economic conditions or corruption levels. Finally, a recent study has shown that institutional trust may also be conditional on partisanship. In this context of the United States, Keele (2005) for instance shows that partisans trust government more when their party controls Congress or the presidency. Hence, one may expect perceptions of institutional performance to be biased by the party preference of citizens and the respective party control of government.

7. References

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Endnotes

ⁱ It is important to note that recent studies have also highlighted the mediating impact of partisanship or ideology on trust in institutions. Most prominently, Keele shows that trust in government varies across partisans on the basis of party control of Congress and/or the presidency (2005). In this paper, however, I will focus exclusively on performance and social trust explanations.

ⁱⁱ The countries included in this analysis are: Belarus, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia, and the Ukraine.

ⁱⁱⁱ The Mokken scale analyses documented in table 2 were obtained using the computer program MSP, for further information about this software see Debets & Brouwer (1989).

^{iv} *CLARIFY* 2.1 is a STATA application that can be downloaded from Gary King's website: <http://gking.harvard.edu/clarify/>.