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# Expansion and Contraction of Trust in Social Systems

To fix ideas at the outset, I will present a graph showing a period of contraction of trust in the United States - a period covering roughly the decade from 1966 to 1976. The graph covers a series of responses to a question asked, over a period of 14 years, of representative samples of the adult American population. The question that was asked was this (with minor variations):

> As far as people running (major companies), would you say you have a great deal of confidence in them, some confidence, or only a little confidence?

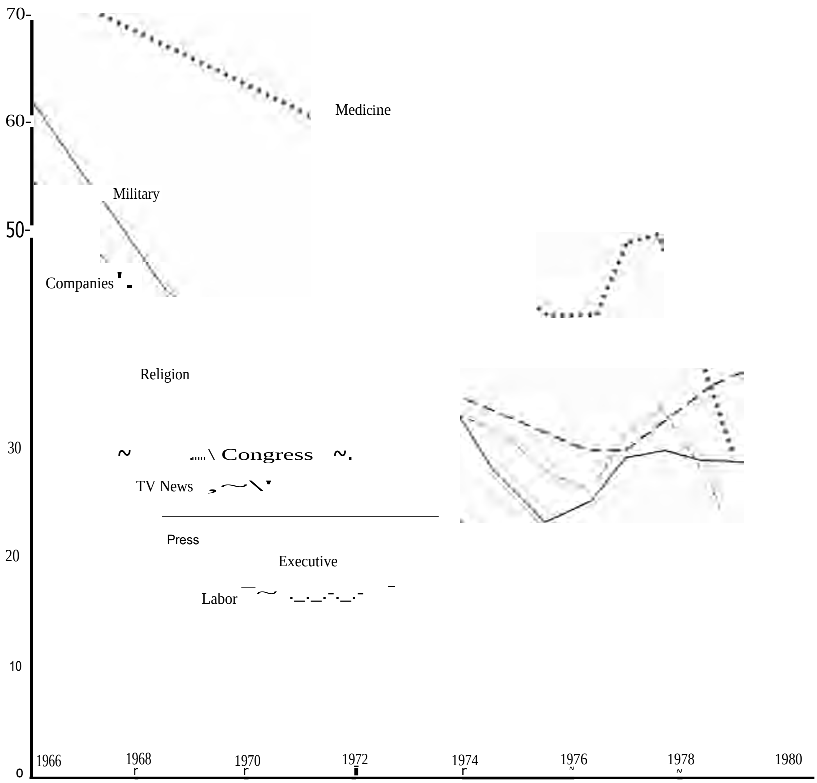
Figure 1 shows what proportion of persons responded »a great deal of confidence« not only for »people running major companies«, but for people running each of the following other eight institutions:

Medicine
Military
Press
Organized religion
Congress
Executive Branch (of the U.S. Government)
TV News
Labor

The graph shows that confidence in only one of these nine institutions has increased over this period (TV news) one has remained approximately stable despite ups and downs (the Press), and all the others have declined. The declines for most institutions were most dramatic between 1966 and 1971, but they continued until about 1976, and they were most dramatic for certain institutions: major companies, the military, Congress. One of the institutional areas, medicine, declined less precipitously, over a longer period of time, than did the other six which declined.

With this as a starting point, we can ask two major questions, and a set of subsidiary ones.

*Figure 1*




First, why the decline? What caused it? The second question is necessary to give the first relevance: What are the consequences? Does it make any difference that there has been a general decline in trust of American institutions by Americans, or is it merely a curiosity? Do expansions or contractions of trust make any difference to the way a social system functions?

This example shows the general topic I want to address. To do so in a way that is useful for more general understanding, however, I will provide a foundation by first an analysis of just what it means to place trust, and second an examination of very simple systems of trust involving not two parties but three.

## *What is the placement or withdrawal of trust?*

I will first present three examples, all of which, I think you will recognize, involve the placement of trust. The first example is taken from a book titled *The Merchant Bankers,* by Joseph Wechsberg. The scene is a Friday afternoon in the City of London - the financial center where merchant bankers still ply their trade. It is the office of the manager of the Norwegian department of the merchant bankers, Hambros.

> Suddenly the phone rang: the operator told the Norwegian manager it was an urgent, personal call from a big city in Norway. A prominent shipowner was on the line. He needed help, at once. To be exact, he needed two hundred thousand pounds within the next half hour.
>
> He told the manager that one of his ships had undergone repairs at a big Amsterdam shipyard. A few minutes ago he'd had a call from his captain. The Amsterdam yard would not release the ship unless a cash payment was made of £ 200,000. Otherwise the ship would be tied up for the weekend, and the owner would lose at least twenty thousand pounds - the cost of two days of charter and expenses for the crew of twenty-two. Not to mention the loss of profit.
>
> The Hambros man looked at the clock and said, »It's getting late but I'll see whether I can catch anyone at the bank in Amsterdam... Stay at the phone.«
>
> Over a second phone he dictated to a secretary in the bank a telex message to the Amsterdam bank: »PLEASE PAY £ 200,000 TELEPHONICALLY TO (NAME) SHIPYARD ON UNDERSTANDING THAT (NAME OF SHIP) WILL BE RELEASED AT ONCE:« This done, he put down the second receiver and told the Norwegian on the long-distance phone to have a little patience.
>
> Within three minutes the second phone rang. Somebody in the bank in Amsterdam confirmed that they had already telephoned to the shipyard that £ 200,000 was at their disposal. The Hambros man said »Thanks,« put down the receiver and told the Norwegian over the other phone that payment of £ 200,000 had been arranged in Amsterdam, and that the yard would release his ship any minute.
>
> »Call up your captain and give him your sailing orders,« said the Norwegian manager. He listened with a smile. »Glad we could help you... Oh, no bother at all.«

This case clearly involves trust. The manager of the Norwegian department at Hambros placed trust in the Norwegian shipowner who telephoned him - trust to the extent of £ 200,000 of Hambros money. There was no contract signed, no paper involved in the transaction, nothing more substantial than the shipowner's intention to repay the credit, and the Hambros man's belief in both the .shipowner's honesty and his ability to repay the credit.

Similarly, the bank in Amsterdam trusted Hambros to the extent of £ 200,000, again merely on the basis of a verbal request over the telephone. They committed £ 200,000 of their money on the assumption that Hambros would repay the £ 200,000 with interest, if the shipowner defaulted.

A second example requires a shift from shipowners and merchant bankers to farmers. It happened this way:

> A farmer was baling hay, and he had broken a needle in his hay baler. The weather looked unpromising, with rain likely. He did not know what to do. He had just bought the farm, this was his first crop of hay, necessary to winter his cattle, and now it appeared that this field of hay would be ruined.
>
> A neighbor who was helping him proposed a solution. »I'll go down and ask -, who has a baler and could bale the field for you.«
>
> The farmer wondered at this, assumed it would cost him something in hay or money, but anxious to save his hay, readily assented. The neighbour did as he had proposed, and a little while later the second farmer arrived with tractor and baler. He proceeded to bale the hay, and all the hay was in the barn when the rain fmally came late that day.
>
> The first farmer, who had not even known the farmer who baled his hay, was still puzzled, and asked of his neighbor what was due the second farmer for baling the hay in this emergency. The neighbor replied, »Oh, all he wants is the gasoline it took to bale the hay.«

For this case, there seems to have been a placement of trust in the first farmer by the second: trust that, in a situation of need or time of trouble, when he would call on the first, the first would provide help, as he had in this case. Although he did not know the first farmer, he did know the neighbor, and he knew the farm which the first farmer had just purchased.

A third example involves a high school girl. She did not go out very much although she was pretty. She was not one of the popular girls in school, probably she was an immigrant. There was one boy, however, whom she did not know well, but who seemed interested in her. One afternoon he asked if he could walk her home. Pleased because of the attention, she said yes. As they walked and talked, they came to a woods. He suggested they take a short cut through the woods to her house, and she assented. Suddenly he said he wanted to make love to her. Startled, she said no and began to run. He chased her and caught her. As she fell, a rock cut her foot, which began to bleed slightly. She began to cry; the boy roughly pulled her clothes off, sexually assaulted her, and then ran off

When she could bring herselfto do so, she got up, found her clothes and put them on, then limped home. Her mother asked her, when she saw her, what was wrong, but the girl, shocked and embarrassed and ashamed, made no reply and went to her room. Later she told the story for the first time to a man whom she had come to trust, who asked about the scar on her foot.

This is a special case ofa classic circumstance involving trust. A girl, or a woman, ordinarily physically less strong than a boy or a man who has an interest in her (or she in him), must decide whether to trust him, in effect giving him the opportunity to gain control over her body, through seductive or violent means. Sometimes, as in this episode, trust is misplaced.

We might say that nothing is sociologically problematic about this case, because it illustrates a classic and well-known pattern ofinteraction. We might, however, ask several things: Why did the girl agree to let the boy walk her home, and agree to walk through the woods with him, when she hardly knew him? Why did he choose her, rather than another girl? We cannot, of course, know the answers to these questions, but we can speculate, as I will do later.

The first point to note in each of these examples is that the placement of trust - whether by the Hambros banker, by the neighboring farmer, or by the high school girl - was not merely an intangible expression of confidence. It was an action with consequences.

The second point to note is that the action ofplacing trust in each of these three cases involved the trustor's voluntarily placing resources at the disposal of another party, whom we can call the trustee. The Hambros banker gave control over £ 200,000 to a Norwegian shipowner; the neighboring farmer gave over control of his time and equipment to the farmer in need; and the high school girl gave to the high school boy control over the route by which they walked home.

The third point is that in each case, the placement of trust allowed an action on the part of the trustee that would not have been possible otherwise: for the shipowner, getting his ship operating; for the first farmer, getting his hay baled and in the barn; and for the boy, intimacy with the girl. Placement of trust involved putting resources in the hand of parties who could use them to their own benefit.

Finally, the fourth point is that if the trustee is trustworthy, the person who places trust is *better* off than if trust had not been placed, while if the trustee is not trustworthy, the trustor is *worse* off than if trust had not been placed. Hambros stands to make a profit, in terms of interest on future transactions with the shipowner (but also stands to lose £ 200,000); the neighboring farmer stands to gain the help of the first farmer when he needs it in the future (but also to lose a day of valuable time); the high school girl, lonely in her school, stands to gain the attentions of a boyfriend (but also stands the chance of sexual assault).

All these points are rather elementary, but important. The first indicates that trust can indeed be important to the functioning of a social system; the second indicates that unlike those »social exchanges« which require the voluntary action of two parties, placement of trust may be a voluntary action of one party alone, the trustor; and the third and fourth points indicate that the decision of the trustor fits the paradigm that decision theorists call decision under uncertainty or decision under risk.

A further analysis ofthese examples, and ofmany other cases ofthe decision to place trust, shows that the elements confronting the potential trustor are nothing more nor less than the considerations a rational actor will use in deciding whether to place a bet. He knows how much he may lose (the size of the bet), how much he may gain (the amount to be won), and the chance of winning. These and only these are the relevant elements. If he has no aversion to or preference for risk, it is a simple matter for him to decide whether to place the bet. It can be expressed in this way: If the *chance* of his winning, relative to the *chance* ofhis losing, is greater than the *amount* he would lose (ifhe loses) relative to the *amount* he would win (ifhe wins), then by placing the bet he has an expected gain; and if he is rational, he should place it. The chart shows these three elements, and the way they combine to lead the bettor to place a bet, or the potential trustor to place trust.

In different circumstances, these three quantities are known to differing extents. Often the amount to be lost is well known (in the shipowner example, £200,000; in the farmer example, an after-

*Figure 2*

P = chance of receiving gain (the probability that the trustee is trustworthy)
L = potential loss if trustee is untrustworthy
G= potential gain if trustee is trustworthy

| | | | | |
|---|---|---|---|---|
| DECISION: | Yes if | $\frac{P}{1-P}$ | is greater than | $\frac{L}{G}$ |
| | Indifferent if | $\frac{P}{1-P}$ | equals | $\frac{L}{G}$ |
| | No if | $\frac{P}{1-P}$ | is less than | $\frac{L}{G}$ |

noon's time and effort (though there was also the possibility of damage to his equipment, a possibility he minimized by operating it himself)). In some cases, it is not well known: In the case of the high school girl, the loss was not clear: She did not know what the physical experience nor what the psychological after-effects would be.

The potential benefits or gains by placing trust are also sometimes well known. In many cases, however, the amount to be gained is less well known than the amount to be lost: In the shipowner case, the Hambros Norway department manager knew precisely the potential loss to Hambros; potential gain was future business from the shipowner, which was less precisely calculable. In the case of the second farmer, the future service that he might ask from the first farmer was quite vague, compared to the definiteness of what he was giving up.

Often, the least well known of the three quantities necessary for making a decision of whether to place trust is the probability that the trustee will keep the trust. Among merchant bankers like Hambros, the probability of repayment is the major unknown, as it is in the case of banks generally. Wechsb erg quotes the Hambros department manager, in explaining his quick decision to lend £ 200,000 to the shipowner. »We translate his request into what it means to us here. A simple mathematical equation with one unknown quantity: Will it work out? The banker's usual gamble. I make my decision and tell him either that we will do it or we won't.« This explains the central importance ofinformation to an investment bank. And, »A merchant banker lives on his information and I try to get all the available information in my territory.« This statement suggests what is a major role of information in trust: Information is sought by the trustor to change the estimate of the probability of gain rather than loss - that is, to move the estimate of that probability as far as possible above or below the critical point at which the decision could go either way - the point at which the trustor would be indifferent about making a positive decision and a negative one. In this way, the trustor can gain certainty that the decision is the correct one.

Information may of course also be important in determining the potential loss or the potential gain. Whichever of the three critical elements for the placement of trust is uncertain, whether the probability, the potential loss, or the potential gain, the trustor is motivated to seek out information, in order to make a correct decision.

As this analysis indicates, the information available to the potential trustor is of critical importance in the decision to place trust. It is this point which I want to return to shortly.

## *Intermediaries in trust*

First, however, it is necessary to make a brief excursion into the role of intermediaries in trust - third parties which may make an important difference in the potential trustor's decision to place trust. In two of the illustrations presented earlier, that of the shipowner and that of the farmer, the single transaction involved a chain of trust. In the shipowner case, the chain could be described as consisting of either two links or three. If two, the chain was: The shipowner is trusted by Hambros which in turn is trusted by the Amsterdam bank. If three, the chain was: The shipowner is trusted by the Hambros manager, who is trusted by the Hambros Directors, who are trusted by the Amsterdam bank. In the farmer case, there were two links. The first farmer is trusted by the neighbor, who is trusted by the second farmer.

In both cases, an activity was facilitated that would otherwise not have been carried out. The final trustor (the Amsterdam bank, the second farmer) would not directly have trusted the final trustee (the shipowner, the first farmer) without the intermediary. The final trustor was quite willing, on the other hand, to trust the intermediary. The intermediary, first of all, had greater information about the final.trustee than did the final trustor, and second, was someone in whom the final trustor had confidence. What the intermediary did was to provide a kind of guarantee which facilitated a flow of resources from final trustor to final trustee.

If an actor, for example, a merchant bank or an influential in a local community, is to specialize in acting as an intermediary in trust, for a wide range of potential trustors and a wide range of potential trustees, then two requirements are necessary: 1) This actor must have a great deal of information about potential trustees, which allows assessment of their trustworthiness in particular activities; and 2) This actor must have a very high degree ofperceived trustworthiness in the eyes of the potential trustors.

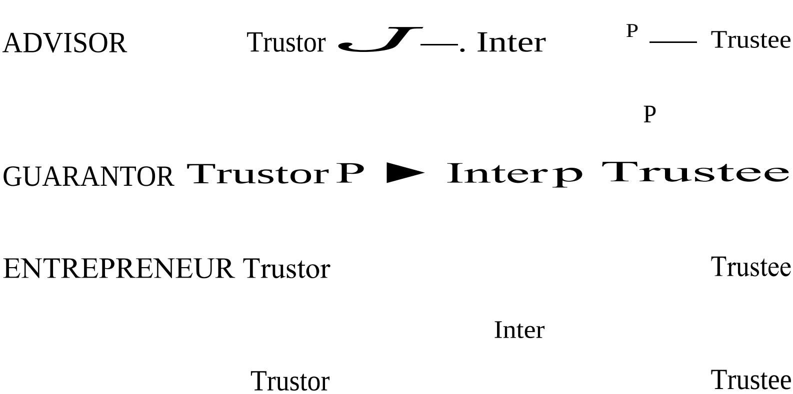
It is useful here to distinguish three different intermediary functions in trust, all of which can be exemplified in merchant banking, and all of which can be found in wholly non-economic activities in political and social systems. They can be discribed as an *advisory* function, a *guarantor* function, and an *entrepreneurial* function. The neighbor's role as intermediary in the case of the farmer was as advisor to the trustor, the farmer who placed confidence in this neighbor's judgement. Among merchant bankers, some specialize in this role - such as S.M. Warburg, another merchant banker described by Wechsberg in the book referred to earlier. This intermediary function is also often found in politics. In Washington, for example, there are a number of individuals who act as a certain kind of lobbyist. They introduce interested parties (the potential trustees) to public officials (the potential trustors). The potential trustors (Congressmen, executive agency officials) invest time and attention in the interested parties, trusting the lobbyist's judgment that they stand to benefit from doing so; and sometimes also come to place trust in the interested party, based in part on their trust of the lobbyist's judgment. The guarantor function is exemplified by the shipowner example, for Hambros incurred an obligation to the Amsterdam bank for the £ 200,000. An important difference in these two functions is that the advisor's only stock in trade is the credibility of his advice, and if his advice proves incorrect, his loss is in the trustworthiness of his judgment in the eyes of those he has advised. The guarantor, in contrast, experiences a direct loss of resources.

The entrepreneur function is one in which the intermediary induces the trust of several trustors, and combines these resources, ordinarily placing them in the hands of one or more other actors who are expected to bring gains to the original investors. Some investment bankers in New York have come to act primarily in this capacity - Lehman Brothers being perhaps the best example.

The entrepreneurial intermediary is also often found in political systems. In legislatures which, like the American Congress, have little party discipline, certain legislators come to be skilled specialists as entrepreneurial intermediaries in trust. Sam Rayburn, as Speaker of the House, and Lyndon Johnson, as Majority Leader in the Senate, were persons whose integrity in adhering to political promises was great, and persons whose positions made them natural centers of communication. As political entrepreneurs, they could call on a large number of congressmen to provide votes either for a legislative proposal initiated by the executive branch or for a specialized bill in which only a small minority of congressmen were interested. Successful passage of either sort of bill would bring obligations from either the executive branch or those congressmen who were interested in the bill's passage. If such a political intermediary is skilful, lesser credit will have been extended to the trustors who have given him control over their votes on this issue than obligations will have been gained from the trustee to whom he delivered the votes.

The kind and amount of trust placed in each of these three kinds of intermediaries differs. For the advisory intermediary, the trustor trusts his *judgment,* leading him to place trust in the ability and integrity of the trustee, as can be seen in the chart. I have labelled »J« trust in the intermediary's judgment, and »C + I« trust in the capa-

*Figure 3*



bility and integrity of the final trustee, to distinguish these two kinds of trust. For the advisory intermediary, the trustor places trust in the capability and integrity of the intermediary, as the intermediary does in the trustee. Finally, for the entrepreneurial intermediary, several trustors, sometimes with different kinds of resources, must place trust; and part of the »capabilities« of the entrepreneur may consist in the proper deployment of resources among final trustees who j ointly produce the benefits of the activity. One may recognize in this last function the role of the economic entrepreneur who constructs an organization to produce a product, with the employees as the »final trustees« shown in the diagram.

With all this as a general analytical introduction to trust in general, I will now turn to the central point of the paper, that is expansion and contraction of trust.

## *Expansion and contraction*

One example of contraction of trust is shown by the graph of Figure 1, with the general decline of confidence in most of the institutions. I will briefly list some other examples.

1. In and around Nürnberg, there are today something like 100 artisans making musical instruments. All, or nearly all, have decided after painful experiences on the part of many, not to hire and train young apprentices, but to let their crafts die with them. They have come not to trust youth, *as a class*, to accept the necessary authority over the long and tedious period necessary to learn the exacting skills of the instrument-maker. As a consequence, they elect not to hire young persons to teach them their craft.
2. Over a period of years, the population of Poland has withdrawn trust from its leadership, periodically refusing to accept price increases, wages and working conditions, leading finally to the strikes that began in Gdansk in August 1980 and which spread throughout the country.
3. In the 1960s a phrase became popular among American youth: »Don't trust anyone over 30«. This was associated with the extensive withdrawal of trust from the dominant adult culture.
4. In England in 1720, what appeared to be a kind of madness had taken over a part of the population: Stock speculation in the South Sea company, which had been formed to engage in trade in the South

Seas, and in particular with the Spanish colonies of Chile, Mexico, and Peru (Mackay, 1932 (1852)). A host of minor stock companies had arisen as well. Slowly trust in the company's directors and in the ability of the company to succeed was withdrawn, and the bubble of speculation collapsed, despite extensive moves by the Bank of England and the British government to prevent the collapse.

Now let me turn to some examples of expansion of trust.

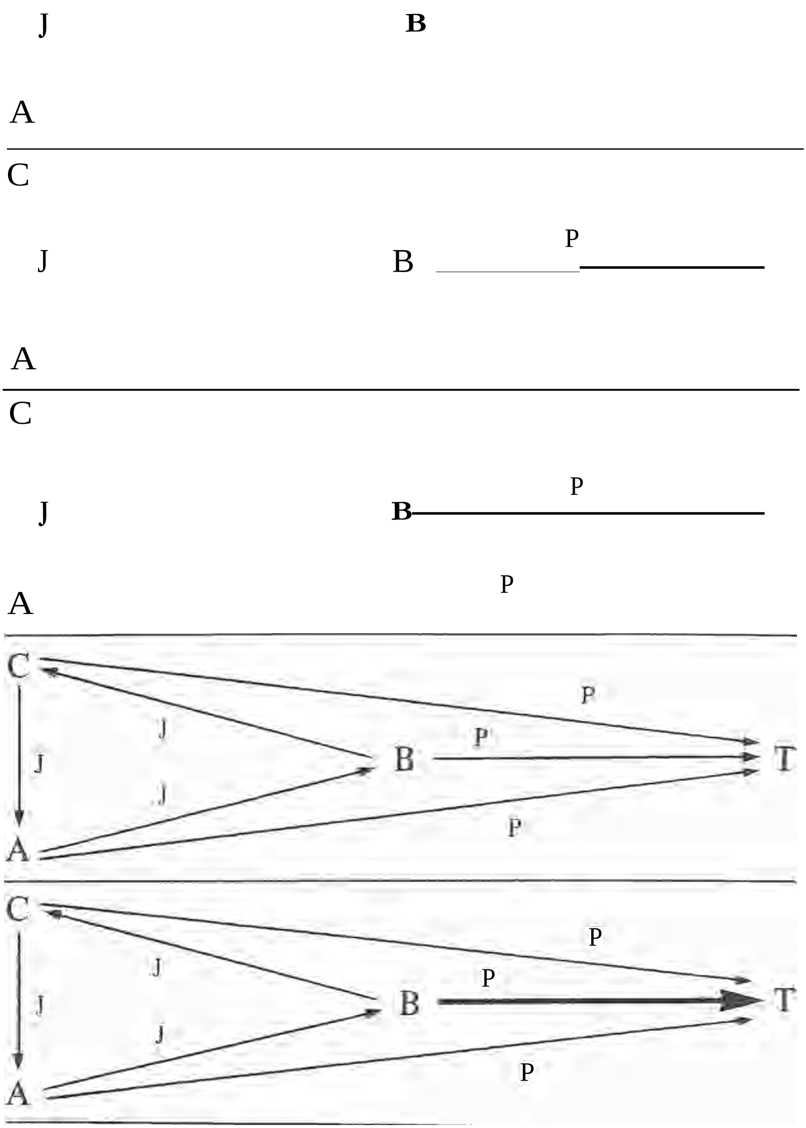
1. In 1095 and 1096 a man known as Peter the Hermit went throughout Europe, after first convincing Pope Urban II of his mission, preaching for a recapture of the holy city of Jerusalem from the Turkish infidels (Mackay 1932 (1852)). He gathered several hundred thousand men, women and children who followed him down through Hungary to Constantinople, and toward Jerusalem. Nearly all of them perished in battles along the way; but this was the beginning of the first crusade.
2. In the 1660s, a Jew named Sabbatai Sevi from Smyrna began to proclaim himself as the messiah (Scholem, 1973). Soon a large number of Jews in Europe began to believe in him, and became his followers. This extensive expansion of trust in Sabbatai Sevi as the messiah was brought to a halt and collapsed when he was converted to Islam after having been held by the Turks.
3. In 1717, about the same time that the South Sea bubble grew and collapsed in England, an Englishman named John Law got the Regent to charter in France the Mississipi Company for exploitation of the Mississipi Territory (Mackay 1932 (1852)). There was an extraordinary growth of stock speculation, with around 500 stockjobbers setting up stalls in the gardens of the Hôtel de Soissons in Paris, and all of Paris society entrusting their fortunes to John Law and his Mississipi scheme. The trust placed in him was so great that according to one report, he became the most influential person in France.
4. In the 1970s, in the United States and Europe, there began an extensive expansion of some religious groups and cults which gained new members among the young. Hare Krishna was one, the sect of Rev. Moon another, Zen Buddhism another; once-secular young Jews grew peyus and entered Yeshivas in Israel; and there were some localized cults, such as that of the Reverend Jim Jones, who established Jonestown.

Finally I will give a homely example of periodic expansion and contraction of trust in a small social system, that of the graduate department of sociology at Columbia University in the early 1950s. There was a peculiar phenomenon in faculty members' evaluations of graduate students: For a time, a given graduate student's reputation would rise rapidly among the faculty, in a fashion that appeared mysterious to the rest of the graduate students. Then, equally mysteriously and even more rapidly, one day that reputation would plummet, with all faculty members losing confidence in the student's abilities.

To begin to account for these expansions and contractions of trust, I want to return to a form of intermediary in trust placement. The process I described as an advisory intermediary function seems operative in many of these cases on a widespread basis: A trusts the judgment of B, B trusts the performance capability of T, the final trustee, and this leads to A's trust of T's performance capabilities. What makes the process one with positive feedback is that it does not stop there: C trusts the judgment of A, and thus comes to trust the performance capability of T; and then in turn B trusts the judgment of C, and seeing his trust in T, increases his own. The process is shown in Figure 4. If the process were undisturbed, it would lead all to place total trust in T. And in a few cases this extreme is reached. Perhaps the most extreme in recent times is the case of Jonestown, and complete trust in Jim Jones, which led the whole community to mass suicide. There are often attempts to keep this process of reinforcement from being disturbed. In religious, political or communal movements there will be an attempt to cut the members off from all »distracting,« »faith-destroying,« »worldly« influences, segregating them physically into a community or a cloister.

This suggests that the structure of communication that confronts potential trustors may be important in the expansion and contraction of trust. The components of this structure can be exemplified by the mysterious pattern of rise and fall of reputations at Columbia in graduate school. In that department, communication between faculty and students was minimal; but there was extensive communication among faculty about students, whom they had to evaluate for fellowship and job recommendations, for student aid, and other purposes. Thus in the absence of direct contact with the students, each placed a high degree of trust in the judgment of each other. Faculty member B would base his evaluation of student S's capability on A's judgment; then C would use B's judgment in making his own

*Figure 4*



evaluation; and A, finding that C's apparently independent evaluation was positive as was his own, would place even more trust in the student's abilities. The process would operate in reverse when the student's actual performance finally came to the attention of a faculty member, who found it not up to the level of the trust that had been placed. This bit of negative information reverberated in the system to bring about near-simultaneous loss of trust in that student.

This example illustrates the three essentially different sources of information that affect the rise and fall in the placement of trust in a single trustee.

a) From others with a similar position and similar interests in placement of trust (e.g., other faculty members at Columbia; other members of the commune; other members of the political movement);

b) From others with a different position and without those interests (e.g., other graduate students at Columbia; the persons seen as »worldly« or »heretical« persons by a movement); and

c) From the trustee's performance itself (e.g., the graduate being evaluated; the charismatic leader)

Information from each of these three sources will characteristically differ. Information from source (a) will often lead to the *same* decision about placement of trust as that of persons whose judgment was trusted. Information from source (b) will often provide more independent evidence for the decision; and information from source (c) using no intermediary at all, will be most likely to lead to a correct assessment.

It appears that the extent of expansions and contractions of trust - that is, extremity of fluctuation - depends very much on the mix of these three sources of information. First, social systems with a high degree of internal communication, providing information from source (a) (that is, others with similar interests in placement of trust) are those in which trust in the judgment of others will lead to widespread near-simultanous placement of trust, that is, rapid expansion. Second it appears to be communication structures of this sort, punctuated infrequently by information from source (c) (that is, the trustee's performance) that lead to the most rapid contraction of trust. For example, in the South Sea Bubble of England, and the Mississipi Scheme of France, communication was intense among persons wanting to make money with money; and contraction followed when bits of news about the company's failures entered this system of amplification.

There appear to be short-term changes in structures of communication responsible for some of the differences in expansion and contraction of trust. Among these is the change in structure of communication between generations that occurred in the 1960s and 1970s. Because of the great postwar baby boom, the ratio of children to adults increased, and thus the average young person had an increased proportion of communications with those of the same age. In addition, television, movies, and commercial popular music meant that communication from adults was less often from parents, neighbors and kin, and more often from commercial interests aiming at an audience of youth. This change in mix of communication sources appears in part to be responsible both for the withdrawal oftrust from adults (Don't trust anyone over 30) and for the extensive placement of trust in spontaneously-emergent leaders of their own: political, such as Abby Hoffman in the U.S. or Rudi Dutschke in Europe; musical, such as the Beatles, and dress, such as Mary Quandt and Twiggy.

There seem also to be long-term changes in communication structure, due to the rise of mass communications. The fads, mass delusions, and extraordinary expansions of trust placed in persons and in corporate bodies seems to have been much greater before the middle or late 19th Century than since. Accounts of the spread of information and misinformation in speculations such as the South Sea Bubble, and the mass delusion they led to suggest that person-to-person communication, unchecked by independent sources, allowed rapid increase both in the certainty of gain and to mass illusions about the size of the gain. There have been such mass delusions in the 20th Century, but most appear to have been confined within small closed communities like Jonestown, or the community of stockbrokers penned up together in the stock exchange.

If the advent of the mass media has meant a reduction in the massive expansion of trust based on mutual delusion, there appears to be a second much more recent change in mass media leading toward the contraction of trust. To gain a sense ofthis change, it is useful to return to the first illustration I presented, showing a rapid decline in public confidence in a large number ofinstitutions in the United States in the period 1966-1976 (excluding the media of communication - in Figure 1, T.V. news and the press). A person's information about all these institutions, with the exception of religion, comes in part from (a), other potential trustors (i. e., other members of the public), in part from (b), that is, other persons with differing interests, and periodically information from (c) the performance of the trustees, the leaders. If that performance showed a declining rate of success during this period, it could account for the widespread withdrawal of trust by the public.

But does this fully account for the general withdrawal of trust? There was of course lack of success of the U.S. government in conduct of the Vietnam war. But this cannot be fully responsible, because the decline continued until 1976. The growth in confidence in television news, and the stability in confidence of the press suggests that the decline may be due to the increasing power of the media - particularly television - as communication from source (b), and also as the interpreter of information from source (c), that is, the trustee's performance.

Increasingly, it appears, the mass media constitute the intermediary in whose judgment persons place trust. Along with this growth in the media as an intermediary whose judgment is to be trusted, has come an aggressive independence on the part ofinedia where it is not state-controlled. This has been sometimes termed »investigative j ournalism«. Investigative journalism expands its audience most when it exposes defects in the trusted elites; therefore, it is likely to give selective attention to those defects, leading to withdrawal of trust.

## *Consequences of expansion and contraction*

To give an idea of the consequences of withdrawal of trust, I will begin by listing a few of the ways in which the actions of political elites have been constrained by withdrawal of trust - without of course attempting to answer the question of whether that withdrawal is in fact correct, that is in the interests of the public which had placed trust and then withdrew it.

1. Before 1965, political analysts in the United States said ofpresidential elections that the most consistent regularity was the benefit that incumbency brought for reelection. Since that time, incumbency appears to be a candidate's greatest handicap. Since 1965, every

incumbent president in the United States has been either forced out of office or defeated for reelection:

a) In 1968, Lyndon B. Johnson was forced out of candidacy for reelection because of opposition to his Vietnam policies.

b) In 1972, Richard Nixon was reelected but was shortly thereafter forced to resign because of Watergate.

c) In 1976, Gerald Ford was defeated by a political unknown, Jimmy Carter.

d) In 1980, Jimmy Carter was defeated for reelection by Ronald Reagan.

e) In April 1982, Ronald Reagan showed the lowest popularity at this point in his term of any president since Harry Truman.

2. If elections were held today in France and Britain, polls show that Mitterand and Thatcher would be defeated, despite very different political policies.

3. Nuclear energy, which was being steadily implemented in the U.S. and Europe, has ground to a halt because of loss of confidence by some persons in the risk assessments carried out by scientists for political elites.

4. The reduction of trust in political elites' judgment about armaments in Western Europe and the U.S. has greatly constrained their actions vis-a-vis the Soviet Union.

5. A general withdrawal ofpolitical trust on several of these issues has led to erosion of the base of support for the Social Democratic Party in Germany.

6. Finally, the withdrawal of trust of the musical instrument artisans of Nürnberg in the younger generation has led to a reduction in opportunities for work ofjust the sort that some see as most desirable.

All these examples illustrate the general point: simultaneous withdrawal of trust by many persons at once - a contraction of trust - sharply reduces the potential for action of those who had been trusted. But there is an additional point: In many circumstances, the very resources the trustee needs to perform successfully are those received from the trustor: the freedom of action of a political leader without being called to account; the business entrepreneur's ability to produce, based on financial resources from the investors, the trustors; the ability of a bank to function, based on the money its depositors provide; and so on.

One can immediately see that this can lead to instability: either placement of trust provides the power that leads to success and thus generates further placement of trust (which helps lead to further success); or withdrawal of trust by the trustor reduces the resources necessary for success. A probable case in point is the trust of American citizens in their government's conduct of the Vietnam war. Initially low levels of trust placement led to less freedom of action of the government in pursuit of the war than would have been the case in the presence of a high degree of trust. The ineffective pursuit of the war in turn even further reduced the levels oftrust placed in the government, which led to even lesser power to achieve success - and so on.

There is also an effect of withdrawal of trust on the trustor, for it eliminates the potential gains that he had expected to receive through placement of trust. The consequence seems to be whatever the arena of life where trust was withdrawn, there is a replacement of trust elsewhere. I will indicate a few cases from earlier examples:

1. In Poland, the extraordinarily rapid growth in Solidarity membership, and in trust Lech Walesa, followed a long period of withdrawal of trust from the party and the government.
2. The withdrawal of trust in American institutions shown in Figure 1 has been accompanied not by expansion of trust in a single other person or elite, but by a diverse array of replacement elsewhere, such as the religious sects or communes mentioned earlier.
3. The withdrawal of trust across generations, that is, in »anyone over 30« was followed by extensive placement of trust by youth in elites in their own generation.
4. There seems to be rather extensive evidence that the rise of a charismatic leader (Sabbatai Sevi, Peter the Hermit, Adolf Hitler) occurs at a period when trust or legitimacy has been extensively withdrawn from existing social institutions. A potential leader with some attributes of widespread appeal is eagerly sought out by a population that no longer experiences the gains arising from institutions vested with the power to act, and functioning properly (See Zablocki, 1980, for examples of this in communes.)

A question that to me remains open is whether the most recent and continuing changes in structures of communication that lead to withdrawal of trust from social institutions, and the consequent reduced capacity of elites to act successfully, is sufficiently great to lead to cycles of expansion and contraction of trust in a sequence of charismatic saviors. If that is coming to be the case, we can expect aperiod of great turmoil - not because the communication structure facilitates overexpansion of trust, but because it leads to excessive contraction of trust.

I have proceeded some distance from the original examples of a merchant bank and a shipowner, two farmers and a neighbor, and a high school girl and boy. In those examples, I wanted to show that what appear to be very different phenomena can be described in much the same terms. But when we go beyond that, and examine this phenomenon of trust as it is simultaneously placed in, or simultaneously withdrawn from the same trustee, it becomes apparent that we arrive at matters that are central to the functioning of societies. As yet, we know too little about these aspects of social dynamics; but the prospects for learning more about them appear rather bright.

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