22 pieces on trust   updated 14-11-2020

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68. Trust: what is it?   published 21-12-2012

Here I start a series in which I try to clarify the rich and slippery notion of trust: what is it, what is the basis for it, what are its limits, how does it work? Much is derived from my book Trust: forms, foundations, functions, failures and figures *(Edward Elgar 2002).*

Trust is a psychological state, a disposition that can lead to trusting behaviour.

What can one trust? The subject of trust is the *trustor*, the object is the *trustee*. One can trust things (the car) but it becomes interesting and more difficult when the object has a will of its own. One can trust a person but also an organization (e.g. on the basis of its reputation) or an industry (banking) or an economic system.

To trust one needs trust on all levels. People with good intentions may be caught in larger, countervailing interests. One needs trust in the people, the organization they work for and one has to take into account the pressures of survival on both. Will teaching ethics to bankers eliminate their misconduct? Bankers claim that they would prefer not to misbehave (taking too much risk and hiving it off on society; paying exorbitant bonuses) but can afford to do so only if other banks go along, and since all banks argue like that they lock each other up in their misconduct (in a *prisoners' dilemma*). Thus one will either have to impose a way out of that dilemma or change financial markets to eliminate the incentives for misconduct. Ethical reform may help but does not suffice.

A distinction has been made between confidence and trust. With the first, one has no choice; one cannot regret to have become dependent, it was inevitable. Thus one speaks of confidence in the economy, or God, or the legal system.

Another important distinction is that between trust in competence, the technical ability to act in line with agreements, and trust in intentions, the will and commitment to do so according to the best of one's ability, and not to cheat. Failure in competence requires a different response from failure in intentions.

A preliminary definition of trust may be: one is vulnerable to actions of an other and yet one feels that no great harm will be done. That leaves open many reasons to have trust.

A useful notion is that of reliance, which includes trust and control. The trustor may exert control over the trustee, for example with a contract, or as 'the boss'. Trust goes beyond control, where the trustee is trustworthy on the basis of morality, ethics, friendship or custom or habit.

A narrower, tighter definition of trust then is that one expects no great harm to be done even though the trustee has both the opportunity and the incentive to cheat or to neglect the relationship, because his ethical stance will prevail. However, it is too much to expect the trustee to be loyal even at the cost of his/her own survival. The extent to which the trustee

foregoes advantage at the expense of the trustor depends on his/her moral strength and on pressures of survival.

In sum, trust is a four-place predicate: the trustor (1) trusts the trustee (2) in some respect (3, competence, intentions), under certain conditions (4, pressures).

69. Sources of trust published 26-12-2012

Trust is *emotional*, since it is related to vulnerability, risk, fear, and hope. It depends on character. With less self-confidence one feels more vulnerable and less inclined to trust. It depends on experience. Disappointments reduce trust. Trust can also be *rational*, in an analysis of the motives and conditions for people to be reliable.

Trust depends on conditions. Under threat of survival trust will be less. If there is no alternative for partners, and they 'are condemned to each other', there is pressure to make trust work, as among marriage partners, and government departments.

Rational analysis goes as follows. As indicated in the previous item in this blog it is useful to distinguish between *reliance*, which includes both *control* and *trust* beyond control. Control can be based on formal hierarchy (the trustor is the boss), a contract, dependence of the trustee on the trustor, or the need for the trustee to maintain his/her reputation. In one-sided dependence the most dependent submits to the power of the least dependent, and while this is not necessarily fatal, it is wise to aim at a balance of mutual dependence.

There is also the possibility of a *hostage*: the trustor has something of value to the trustee and can threaten to treat it badly unless the trustee acts reliably. In old times that took the form of family or nobility surrendered to the trustor. Nowadays it typically takes the form of information that is sensitive to the trustee, such as knowledge concerning a product or technology. The trustor can threaten to make information public or to pass it on to a competitor of the trustee. Ït is a form of blackmail.

Beyond control, trust can be based on norms, morality or ethics, or on personal empathy or identification, or simply on routine: a relationship has become habitual and the question of reliability no longer comes up. Empathy is the ability to put oneself in the shoes of the partner, to understand his/her position and how he/she thinks. Identification goes further, in feeling a bond, thinking like the other, or making his/her fate part of one's own. Empathy is needed for trust, but identification may go too far, locking a relationship up.

Trust and control are both complements (they go together) and substitutes (they replace each other). Control can never be complete and where control ends one must surrender to trust. And vice versa: trust can hardly be absolute, trust should not be blind, and where it ends one may want to have some control. But the more trust one has the less control one needs to exert, which gives more room and flexibility for the relationship.

The greater uncertainty is, concerning behaviour and conditions, and the more difficult it is to monitor conduct of the trustee, the more difficult it is to exert control, and the more one needs trust. That is the case, in particular, in innovation. There, one must leave room for the unexpected. And uncertainty limits the scope and force of contracts and monitoring of compliance.

Was there a misunderstanding in expectations? Was there an accident that was none on the trustee's fault and prevented him/her from acting as expected? Was his/her competence less than thought? Did he/she not pay attention; was there lack of commitment? Or was he/she deliberately taking opportunistic advantage at the expense of the trustor? This is the *causal ambiguity of trust*. Often one cannot establish what cause is at work, for lack of information or ability to interpret what happens. Especially the opportunist will claim a mishap for an excuse.

When the trustor is under pressure or lacks self-confidence or is inclined to distrust he/she may jump to the worst conclusion, that of opportunism. If the trustee is in fact reliable, he should therefore when making a mistake or incurring an accident immediately report it, explain what happened, announce his commitment to immediately try to mitigate the problem, and promise that after the crisis he/she will engage in deliberation about how such problems may be prevented in the future. That is trustworthy conduct. In other words, the problem of causal ambiguity yields the need for openness about failures. Secrecy does not pay. The trustor will conclude that the trustee acted opportunistically, because if not, why didn't he/she come clean earlier, and help to solve the problem?

Take the bankers. Many people say that the bankers should have apologized for the financial crisis. But such apology alone is cheap. One should add what I just indicated: clarification of the causes, attempts to redress the problem, and commitment and deliberation for future prevention. Since the bankers did not do any of that all trust in them was destroyed. The conclusion was that they acted deliberately and opportunistically.

The reverse side of this coin is that when something goes wrong the trustor should not jump to the conclusion that the trustee is opportunistic, but should extend the benefit of the doubt to the trustee and let him/her explain. Here empathy also comes in: the trustor should put him/herself in the shoes of the trustee, to try and understand what was going on.

There are further arguments for openness for the sake of trust. Not only should the trustee be open about his/her failures, the trustor should also be open to the trustee about his fears concerning the relationship. That gives the trustee the opportunity to try and reduce the risk involved. Secrecy robs the partner of opportunities to help. Good negotiation is not seeking to yield as little information and advantage as possible, as instinct may dictate, but to seek out problems on the part of the partner that carry great weight for him/her, and see if one can prevent or mitigate the problems at comparatively low cost. If the partner does the same, then in this give and take both partners will flourish.

73. Psychology of trust   published 8-1-2013

Earlier in this blog (item 46) I argued that people have an instinct for self-interest and survival as well as an instinct for altruism, at least within the groups to which one feels oneself to belong. According to work in social psychology this is reflected in two opposing mind frames that people have, a frame of defence and mistrust, in *protecting one's interests* (self-interest) and a frame of trust, in *solidarity* with the group (altruism).

A mind frame operates as a mental framework in which observation, sense making and interpretation take place, plus a repertoire of responses. This may be compared with my earlier analysis of scripts (in items 33, 34): what is observed is fitted into scripts and that

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triggers response, again according to scripts. In the defensive frame one will be inclined to scrutinize observed conduct for signs of danger and threat, taking untrustworthiness as the default: one mistrusts until contrary evidence arises. In the solidarity frame one will take trustworthiness as the default.

The default of trust rather than distrust is to be recommended. With mistrust, the trustee has to prove trustworthiness and that is as impossible as proving that a theory is true. And distrust blocks the opportunity for a relationship to develop and demonstrate trustworthiness. With trust as the default, when adverse conduct is experienced one can narrow the room for trust and tighten controls.

The main point now is that one cannot be in two frames at the same time, but the other frame hovers in the background. Being in one frame one may switch to the other, depending on evidence, experience and emotions. The more *robust* a frame is, the less easily one will switch. When one feels threatened the solidarity frame may switch into the protective frame, and once that happens the reverse switch tends to be difficult. There is a saying that 'trust comes on foot and departs on horseback'. The solidarity frame often is less robust than the protective frame.

The adoption of one frame or another depends on *relational signalling*: one treats observed conduct as a signal that indicates the frame the other person is in. That observation is fitted into scripts corresponding with the present frame. The trustee should be aware that what he/she does or says has that effect, and when being in the solidarity frame he/she should prevent doubt and ambiguity. Having received an e-mail message one should always respond to it, lest the sender wonders whether the massage was received and is getting attention, or the receiver is not interested.

This analysis further emphasizes the importance of openness discussed in the previous item of this blog. I add here that when one is in the solidarity frame one should make sure that this is reflected in what one says and does: demonstrating commitment, competence, and fair play. It is also important not to create too high expectations that can only lead to the disappointment that may trigger the partner's switch to the self-interested frame.

74. Roles of a go-between   published 14-1-2013

Since the art of trust is difficult, it may help to employ the services of a go-between with the appropriate knowledge, skills, experience, wisdom and trustworthiness. It can perform a variety of roles. Some of them are more technical and others more relational. I will not mention all roles because some of them require too technical an explanation.

On the technical side:

First, help to cross what I called *cognitive distance*: help partners to understand each other, technically, concerning the content of collaboration, in purpose, methods and means. For this, the go-between must have the required specialist technical knowledge.

Second, help to judge the partner's potential and its economic value, in view of possible alternatives, and its reliability in competence.

Third, provide an assessment of the fields of force facing both parties: risks and opportunities involved in the networks to which they belong, and other strategic risks and opportunities.

On the relational side:

Fourth, help mutual understanding of ideas, intuitions, attitudes, habits, positions, cultures and skills of collaboration. Look also at the levels on which trust is needed, and how they are connected: personal (who are we dealing with), organizational (how are they supported by their organization) and environmental (what are the outside pressures of competition, politics and the economy).

Fifth, the go-between can adopt a more or less formal role in arbitration or mediation, to prevent conflicts from arising or escalating to a legal conflict.

Sixth, perhaps the most important but also most difficult, help in the difficult process of building trust, preventing its undue collapse, and, if possible, to repair broken trust. This includes many of the features discussed in previous items in this blog. Help to practise openness, give benefit of the doubt when something goes wrong, help to empathise by understanding the partner's situation and the circumstances and pressures he faces. Eliminate undue suspicions; help to deal with uncertainty concerning the causes of disappointments (the *causal ambiguity* I mentioned before). See to it that no unrealistic expectations are raised whose disappointment may destroy trust. Help to explore the limits of trustworthiness and the need for control. Keep an eye on imbalances of dependence, and try to compensate for them.

Seventh, not the least important, help to disentangle, with minimum damage and acrimony, relationships that have become irreparably damaged or where mutual benefit has dwindled, to adapt to changing conditions.

These roles all require their specific knowledge, skills and experience, and they all require reliability in competence, and trustworthiness in the form of fair dealing. Some roles may be combined in a single go-between, but it would be difficult to combine them all.

Candidates for a go-between are various. There is certainly a market for it, for commercially operating go-betweens, but there would have to be a safeguard for competence and integrity, as with doctors and notaries. Banks, notaries, accountants, consultants, academics, and government agencies might all qualify, in one way or another.

75. Horizontal control   published 19-1-2013

Traditionally, and perhaps instinctively, control is seen as vertical, 'top-down'. 'Someone has to be the boss'. Economists talk of the *principal* who mandates and controls the *agent.* The principal is 'the boss'. We find this in the management of organizations and in how buyers deal with suppliers.

In many conditions, vertical control is counterproductive. The controller pretends to be able to judge the conduct of the controlled party effectively and efficiently. Effectively, in taking circumstances into account, judging how far competencies go and should go, and what the causes are when something goes wrong (see the *causal ambiguity* discussed in item 72 of this blog). Efficiently, i.e. without costly superfluous control. And all that is hardly the case in

relationships with high added value, where workers or suppliers are valuable because they know and can do things that one could not do oneself. Then how can one pretend to be able to adequately judge them?

The alternative is what has come to be called *horizontal control.* There, one asks the one to be controlled how he/she can best be controlled. The advantage is threefold. First, it is efficient, ensuring that control is reduced to the minimum, since redundancy is costly to both parties. Second, it ensures that control is effective, i.e. fits the realities of work processes. Third, in the negotiation about controls to be agreed upon the controller learns a lot about what works and what does not, in a variety of work processes. This improves its capability in negotiation, and this may even benefit the party to be controlled, in improving his/her knowledge about possibilities and experience elsewhere. In other words, horizontal control is a learning system.

What if the party to be controlled cheats and proposes ineffective controls, exploiting the controller's limited capability to judge? Then, when this comes out, as sooner or later it will, in the learning system, the penalty is heavy. The cheat will no longer have the advantage of participating in the horizontal system and will face old-fashioned, inefficient, ineffective bureaucratic vertical control.

The system of horizontal control is not just theory. It has been implemented, for example, in the Dutch Ministry of Finance (with my help), in the tax system for large firms (for small firms the transaction costs of negotiating controls separately for each firm are probably prohibitive) and in the internal accountancy of the civil service.

In business, the basic logic of horizontal control is becoming familiar in buyer-supplier relations of high added value, where suppliers are involved in the improvement of quality and in innovation of the buyer's products. Secrecy about what goes on is counterproductive, in obstructing the pooling of complementary resources that adds most value.

A problem is that this approach goes against the perspective, instinct perhaps, of the present generation of managers and buyers, to whom the old view was brought home in training and in practice. That was, and perhaps still is, the case, for example, in the building industry. And classes in economics perpetuate the old view.

107. Hope and trust   published 19-8-2013

In an interview on YouTube, the Dutch philosopher Paul van Tongeren explained the notion of hope. It is partly active and partly passive. It entails an expectation that 'things will be all right', depending in part on one's own actions, but also, to a greater or lesser extent, on outside forces that one cannot control.

This brings the notion of hope close to the notion of trust, which I discussed extensively in earlier items in this blog (nrs. 68-76). And this appeals to intuition: trust has to do with hope. Trust also is an expectation that no great harm will be done, while one is dependent on outside forces, of people, organizations or (social) systems that one cannot control. Up to a point, outcomes can be influenced by one's own actions, and one needs to take responsibility for taking such actions.

Trust is to a large extent emotional but it can be based, in part, on a rational assessment of reasons why others may be trustworthy or not, such as self-interest (including reputation), morality, and friendship.

But the scope and force of one's own actions and rational inference of trustworthiness are limited, and beyond those limits trust entails a leap of faith, a surrender to hope.

A key question is whether people one is dealing with will be prepared to incur losses to honour promises or commitments. Pressures of survival will reduce the trustworthiness of people, the extent to which they are prepared and able to take one's interests at heart. Under such pressures also hope will dwindle.

In the trust literature there is a distinction between trust and confidence. In trust one can exert influence, and one has a choice: afterwards, if something goes wrong one can blame oneself for having trusted. In confidence one has no influence or choice: one is inevitably subjected to the powers or forces that be, which one can neither avoid nor influence. Think of God, legal laws, laws of nature, the economy, a dictatorship, or social systems. Do we find this difference also concerning hope? I think so: In case one has no influence and no choice we would speak of resignation, or despair, rather than hope.

However, resignation, and certainly despair, without hope, choice or influence, are scary, difficult to bear. And so one may convince oneself that the powers that be are benevolent, against all evidence. The classic case is that of 'father Stalin', who must be right in his suspicions and purges. It would be unbearable to face reality. Something similar may have applied to Hitler. Here, one fools oneself to turn resignation or despair into hope and to nurse trust.

Markets were seen as a source of hope, in opportunities of labour or entrepreneurship, with a measure of trust in behaviour and institutions, which one could influence in persuasion, in so far as they were personal, and in democratic control. Now markets seem to have become an impersonal, autonomous force beyond control of governments and democratic institutions, destroying both hope and trust. This also is scary, so that some people convince themselves that markets are fundamentally and unquestionably benevolent, in spite of the evidence.

123. The destruction of distrust   published 8-12-2013

Trust is needed to give some space to others for choice and action. The alternative is to lock up the other in measures of control and monitoring.

However, while distrust is destructive it is itself difficult to destroy. Deep distrust will always defeat trust.

In a relationship that starts with distrust others have to prove that they are trustworthy. This is doomed to fail. Proving one's trustworthiness is logically impossible in the same way that it is to prove that a theory is true. No matter how often or long a theory has been corroborated, i.e. not contradicted by observations, it remains possible that it will be falsified in the future. In the same way, no matter how often one shows one's trustworthiness, in keeping to agreements and promises, and taking positive action to mutual advantage or even from altruism, and

being open about mistakes and failures, this does not prove that next time one will not break trust.

Since trustworthiness cannot be proved, and the possibility of its lack remains, the mistrustful are inclined to impose ever-stronger tests of trustworthiness. But there is no logical end to this. At some point the people who remain mistrusted will break out and exit. And the mistrustful will interpret this as evidence of untrustworthiness.

If a relationship is started in distrust, and people have to prove their trustworthiness, they will avoid all actions that may break expectations, which would likely be seen as a confirmation of untrustworthiness. No opposition will be voiced. I once worked at a university faculty where the dean took the stance that people must first prove their trustworthiness. It led to an organization of 'yes-men', lack of criticism, sweet-talking the dean, a culture of fear and conformism. It is the only case that I know of where in the end a dean was deposed by a university board.

By the same mechanism, in the difficult struggle of going from eros to philia, discussed in a preceding item of this blog, a deep fear of vulnerability and failure may yield the stance that now the other has prove his/her trustworthiness, and then the destruction of love sets in, leading to an exit which is seen as a confirmation of untrustworthiness, or lack of love.

Deep distrust can keep one from engaging in relationships that would allow people to show their trustworthiness. Trust, on the other hand, enables relationships and can be adjusted when untrustworthiness manifests itself.

In contrast with distrust, trust, with its assumption that another is trustworthy, can be falsified by evidence to the contrary. However, if the room for action offered by trust leads to a disappointment of expectations, that does not necessarily prove untrustworthiness. It can be due to a mishap, a mistake, or lack of attention. One should extend benefit of the doubt and engage in *voice*, a discussion of what is going on, allowing for mistakes or lack of competence, and be open about one's own errors and mistakes. When this voice does not work one can reduce the space for action, extending control, or one can go for *exit*. Trust is *imperfection on the move*.

164. Trust as virtue   published 21-9-2014

Trust yields a good illustration of virtue ethics. Trust is not a moral obligation but a virtue. It requires character. It is contingent, not universal: one should not always trust, blindly or unconditionally, but depending on experience, customs and conditions. Trust can be both emotional and rational. It can yield dilemmas. It requires actions that are appropriate to specific circumstances. It requires practical wisdom to perceive and judge what is salient in those circumstances.

Here I pick up elements from the earlier analysis of trust in this blog (in items 68-73).

As I discussed there, trust is a matter not only of intentions but also of competences. One must not only have good intentions but also the ability to act upon them.

Trust is emotional since it is accompanied by risk, fear, hope and doubt. It is rational in the analysis of reasons why the *trustee,* the trusted person, organization or system, may or may not be trustworthy.

Trustworthiness requires virtues of character, such as being reasonable, forbearance, commitment, endurance, consistency, empathy, openness, courage, and the right amount of self-confidence.

A shortage of self-confidence breeds suspicion, out of an excessive sense of vulnerability. Too much self-confidence blinds one to risks or overestimates ability to deal with them.

Trust requires courage because it presupposes acceptance of uncertainty. If one were certain about what will happen and what people will do, there would be no talk of trust.

Trust requires reasonableness, forbearance, and reciprocity, give and take, in taking appropriate action. When something goes wrong one should not immediately conclude foul play. One should extend benefit of the doubt and give an opportunity to explain what happened. Disappointment of expectations may be due to a mishap that is no one's fault, a shortfall of competence, or lack of attention or commitment, rather than bad intent. Then one must have endurance and commitment to help improvements. In other words, one should not immediately go for 'exit', but give 'voice' a chance.

Conversely, when one makes an error, one should own up to it, explain, help to redress damage, and show how one aims to prevent similar errors in future. One should also be open concerning one's fears. That gives the other side an opportunity to take action to mitigate them. In other words: trust requires openness.

Empathy is needed to understand the motives and position of others, including threats they suffer, in order to take them into account in forbearance, and to judge risks and reliability.

Trust is not 'being nice'. Precisely because there is trust one can afford to be critical.

More trust can allow for less control, but trust is not boundless and where it ends control must start. Trust is not unconditional. In case of persistent error or cheating, controls are tightened, or voice turns into exit.

Trust is imperfect. It breaks under pressures of survival, as in times of crisis. Then self-interest is likely to prevail, and relations may break. The challenge then is to end a relationship in as trustworthy a fashion as possible, helping to limit the damage it causes, and helping the other side in the exit.

One may also face different, conflicting obligations, to family, job, community, and conscience, and one may have to choose.

Finally, apart from trust as a means to govern relationships, it also has intrinsic value: for many people, for virtuous people, dealing on the basis of trust is more agreeable and is part of humane relationships.

In sum, trust requires virtues of courage, self-confidence, forbearance, openness, reasonableness, endurance, and voice. One should analyze specific events in specific

conditions, with an open mind, to arrive at appropriate action. One can encounter conflicting obligations. One should seek a balance between trust and control, between self-interest and altruism. And trust also has intrinsic value.

The capability of trust is a good example of what Aristotle called 'practical reason' (*phronesis*).

196. Trust under stress published 2-5-2015

Under stress, what happens to trust? Does it collapse or does it become stronger?

Earlier in this blog, I argued that underlying trust and distrust there are two frames of mind: a self-interested frame, guarding one's resources, and a solidarity frame as a basis for the give and take of trust. It seems that in human evolution we have developed instincts for both.

Under threat of survival, then, one might expect that the defensive frame of guarding one's resources wins out over the solidarity frame, making trust fragile.

On the other hand, especially under stress, in a crisis, people may need each other more, and will simply have to make trust work.

When the one, and when the other? It depends on whether there is a zero-sum game, with the gain of the one occurring at the cost of loss to the other, or a positive-sum game where collaboration yields gain for both.

For example, when a firm is in crisis and needs to lay off employees, rivalry may arise between them as to who will stay and who will go. Collegial solidarity and give and take corrode.

Unless it is precisely collaboration and give and take that may overcome the crisis.

But is this, the occurrence of positive or zero sum, always a given, something external, or is it also, to some extent at least, something made, something one develops?

Crises increase uncertainty, things are happening out of the ordinary. Existing protocols no longer work. The basis for monitoring and judging the actions of others falls away. Outcomes are unpredictable, and one needs to focus on the quality of process rather than on the desirability of outcomes. One has to improvise and explore actions that fit the specific, unknown situation. It helps when earlier one has developed sensitivity to context.

Trust also requires empathy, the ability to imagine oneself in the shoes of the other, and that also requires sensitivity to context, to the specific conditions that affect the position, the perspective of the other.

Empathy, plus a sense of quality of process, and sensitivity to context, develop in the development of the art of trust.

Trust is not a scarce resource that is depleted in its use. It may increase, deepen, become more robust in its use. The joint solution of problems on the basis of trust deepens trust.

By accepting the risk of collaboration, in trust as a leap of faith, with the ability and wisdom to deal with it, one develops positive sum games in profiting from each other's differences, in the novel combinations of thought and practice that yield innovation and the joy of creation. And it yields the skill and competence to better deal with the uncertainties of crises.

So, the advantage of a culture, habit, and skill of cooperation, in give and take, empathy and the skill of trust, is not only valuable in itself, in developing inventive novel combinations, but also creates robustness under crisis, in resisting the collapse of trust, and possibly even deepening it.

292. The virtues of trust   published 3-10-2016

Earlier in this blog I discussed the relation between trust and hope (item 107) and trust as a virtue in itself (164). Here I elaborate on those two pieces, and connect them.

First I take the traditional Christian virtues of faith, hope and love, and then the 'cardinal' (pivotal) classical virtues of deliberation, courage, moderation, and justice. They all come together in trust.

Essential in all this is the radical uncertainty of trust. To recall: this is uncertainty where one does not know all that may happen: what opportunities will arise, what options, what dangers, with what outcomes. Then one cannot play the economist's game of appending probabilities, calculating risks, and optimizing choice.

Such uncertainty arises especially in relationships when one does not try to force the other into one's own, established mental framework, but allows him/her to contribute to the construction of it, as I have argued in this blog.[i] Then, virtually by definition, uncertainty is radical.

In insisting on calculability of risk, as economists do, one foregoes the opportunity for novelty and self-transcendence that carry fundamental uncertainty. One sells both the other and oneself short. Under such conditions, trust requires a leap of *faith* (the first Christian virtue) in the potential for goodness that the relationship offers.

This does not, of course, eliminate the uncertainty involved, so that one needs *hope* for the potential for goodness to manifest itself. The pitfall here is the temptation to raise false hope, for the other. Few things are so dangerous for trust as creating expectations one cannot fulfil. There, I think, lies one of the reasons for distrust of politicians, making promises during elections that they know they cannot fulfil.

Next, *love* is needed in the form of friendship or *philia*, as proposed by Aristotle, who characterized friendship as having a joint project whose outcome is as yet unknown, so that one cannot at the start apportion responsibilities, duties and shares in outcomes. Then one needs to go beyond reciprocity, giving, in one's participation in the project, without being assured of sufficient return.

The intrinsic quality of the relationship, in enjoying it, is needed to carry this. Here, one satisfies the ethical principle of treating the other not only as a means but also as a goal in itself.

The connection of trust with the cardinal values is as follows.

Courage is needed for the leap of faith.

Deliberation is needed for what in my treatment of trust, in this blog, I have called the 'causal ambiguity' of trust: if one's expectations are not fulfilled, one should not immediately jump to the conclusion of untrustworthiness. There may have been a mishap involved, or lack of competence, or lack of commitment or attention. One should extend the benefit of the doubt, in the exercise of 'voice'.

Moderation is needed not to demand the maximum of return at the expense of the other, but to grant mutual benefit.

As proposed by Aristotle, *justice* is needed to enable the other virtues to be exercised, i.e. to enable people to reflect, muster courage, exercise moderation, exercise voice, extend the benefit of the doubt in case of failure, and enable and grant their pursuit of goals.

Alas, in current culture in developed societies people have not sufficiently learned to reflect, accept risks, to be resilient under adversity, to exercise moderation and patience towards others, and to conduct voice in constructive criticism and acceptance of it.

293. The rhetoric of trust   published 10-12-2016

Rhetoric can make or break trust. It can be positive and negative. Positive rhetoric seeks to achieve mutual understanding. Negative rhetoric seeks to twist or hide the truth, or to dispose the other to one's advantage, surreptitiously, hiding it.

Intuitively, one is inclined to say that the positive is good for trust, the negative bad. I think that is largely correct, but some cases are less clear, such as framing and priming. I will come back to that.

As discussed previously in this blog, trust requires openness and *voice*. Openness about errors, receptiveness to explanations, in an attention 'to work it out' when problems arise. (See item 259 on parrhesia). Positive rhetoric is needed to cross *cognitive distance,* trying to achieve mutual understanding and moral compatibility.

In communication, one will in the first attempt try to assimilate what the other says and does into one's existing cognitive framework (in a wide sense, including moral considerations). If that fails, in the second approach one may try to accommodate one's framework to enable assimilation. Creative use of metaphor by the other helps.

Since trust is at stake when expectations are not fulfilled, one should not elicit unrealistic expectations, not pimp one's promises. That is often what rhetoric is tempted to do, and the intention may be positive, but the effect is likely to be negative. Intentionally false promises are outright negative. Politicians, in particular during elections, are tempted, and thereby lose trust. Negative also is the inability or refusal to listen, or to listen only to what one wants to hear, such as false promises.

An effective negative ploy of rhetoric is the following. When confronted with inconvenient criticism or a difficult question, do not respond to the substance of it but retaliate by making the other's motives suspect, or conducting an attack dressed up as a rhetorical question. 'Are you serious?'. ' Do you always conduct such aggressive questions?'. 'Who do you think you are to ask me questions like that?' This ploy has a triple benefit. It avoids the issue. It turns a challenge to defend into an attack. And how can the other possibly prove that his/her intentions are good?

I was recently confronted with this ploy. I responded with a challenge to respond to the question I had posed. The dialogue ended in a shouting match. I was wrong. Shouting is always wrong. And I should have framed my question more sensitively, avoiding any tone of aggression or condemnation that may have lurked in it. That also is part of positive rhetoric.

Another negative form of rhetoric is *projection* (a notion derived from Freud). It entails seeking to see and interpret the actions of the other according to how one would have acted oneself. This clearly blocks understanding the other.

Yet another, related, negative form is pre-emption: anticipating the other to react before he/she does it. In particular when it is a pre-emptive strike. 'Of course you will not agree with me …'.

Now, how about framing and priming? One may frame a discourse, prompting a response, or prime the interlocutor, so as to create a disposition in your favour. This can be done with the choice of setting, mood, wording, and expression.

This can be positive and negative. Manipulative when crafted to dispose the other in one's favour. Positive when honestly trying to provide the basis for mutual understanding. But does one always recognize which it is, in the other and in oneself?

321. Adaptiveness   published 24-6-2017

In the preceding item in his blog I discussed emergence, where elements produce wholes with properties not present in the elements. Emergence is studied as 'adaptation' in the research field of Complex Adaptive Systems (CAS). A subfield of that is that of Agent-Based Computational Models (ABCM). There, interaction and adaptation of agents is simulated in computational models. I have used that, with a PhD candidate and a postdoctoral researcher, to study whether and how trust can arise in markets.[ii]

In general, such a model has at least the following elements: properties of agents (such as capabilities, preferences), a representation they make of relevant elements in their environment, rules for decision making, a mechanism whereby they observe and evaluate each other, adaptation, i.e. strengthening or weakening of rules and preferences, depending on perceived success, and the invention of new rules.

In this case the central question was under which circumstances, if at all, trust can emerge in markets, even while profit is the criterion of success, and agents can choose between competition and collaboration. They form an opinion on the trustworthiness of partners on the basis of loyalty in collaboration. Next to profit, trust may form part of the value of collaboration. The weight attached to trust relative to profit is adaptive, depending on realised profit. Their own trustworthiness is also adaptive. It is modelled as a threshold of defecting from a relationship: the higher the threshold, he greater the loyalty. In adaptation there is also a random element.

De model enabled us to investigate when and how frequently trust may grow even though success is measured as profit. The aim was to test claims from economics that under competition trust cannot survive. According to the simulations with the model, often trust does indeed grow, but it depends on the circumstances, governed by the settings of parameters of the model.

Beyond this modelling, here I give a reflection on traits that help adaptiveness. If through the uncertainty of emergence it is not possible to determine ahead of time what may happen, then one must be prepared for the unexpected. There are several ways for his.

In *robustness* one chooses a way that is not sensitive to unexpected turns. Then one may lose some benefit in some cases but avoids heavy loss in others. Robustness can be explored in *scenario analyse*. There, one invents different possible futures (scenarios) to investigate how sensitive options are differences between them.

In *flexibility* one choses a way that can easily and quickly be replaced by another, to adapt to circumstances as they arise.

In *resilience* one is resistant, able to incur and absorb adversity. One form of that it is create *slack*: excess capacity to absorb unforeseeable shocks, in money, time, space, reputation, or cognitive capacity.

In *Inventiveness* one learns to learn, to invent new ways, depending on experience, and to analyse the conduct of others for their success, and to deliberately seek novel challenges by which one can discover new ways. That is found in the theory of invention that I discussed earlier in this blog (items 31, 35).

Diversity is important for the evolution of a group (such as a species, in evolution, or an industry, in markets), and for discovery. It increases the chance that at least ome of the various forms fits whatever emerges.

324. Perverse control   published 15-7-2017

In the absence of trust, in present society, professional practice is widely plagued by perverse, excessive, counter-productive control. Oversight is often necessary, but it has gone too far, become perverse, locking professional workers, including teachers, medical doctors, scientific researchers, etc. into protocols, with the goal of preventing accidents, malpractice, cheating, incompetence, and opportunism.

That has perverse effects of failing to achieve the stated objective of efficiency and quality, and indeed achieving an opposite effect, in high costs, decline of motivation, inevitable loopholes, loss of a sense of own responsibility, strategic conduct 'to beat the system', resulting in less quality, and lack of room and incentive for experimentation needed for innovation.

In the business literature there is a stream on 'communities of practice'. There, it is a received wisdom that professional practice is too rich, i.e. too complex, context-dependent and variable, due to accumulating experience and innovation, to be caught in fixed protocols.

Here I aim to dig a little deeper, using the preceding items in this blog. In those terms, the argument against rigorous, formalized, top-down control is that they entail the pretention that practice can be governed by scripts, while in fact it should be seen more in analogy to narrative. The script constitutes the canon, and remains guiding, but should allow for individual variation in interpretation, depending on context and experience. In other words, work should be conducted according to the spirit, not the letter of a script, taking the script as a platform for deviation even if it looks like deviance.

This does not entail full release of control, but room for deviance, subject to argument and subsequent demonstration of success.

There is nothing new in this. It is found also in legal litigation, where law is to be interpreted with allowance for special circumstances and varying perspectives.

In philosophy one finds it in the practical wisdom, 'phronesis', proposed by Aristotle.

Earlier in this blog (item 75) I pleaded for 'horizontal control', where vertical, top-down imposition of protocols is replaced by debate and negotiation between controller and controlled, where the latter can bring in experience and evidence of deviations from rules that work. By taking part in this, the controller deepens its insight into what works, and thereby becomes an increasingly attractive partner in debate. The aim also is to reduce controls to a minimum, to reduce costs of control, and to ensure that they are feasible and functional, in line with practice.

This yields a concrete form of the otherwise perhaps remote notion of narrative as opposed to scripts. This also connects with the role of 'voice' in relationships, mentioned several times in preceding items in this blog.

So, the excess of top-down control is explained, in part, by a misapprehension of the nature of professional work.

Another part of the explanation is cultural, in an excess of risk avoidance, due to lack of resilience, inability to absorb disappointments, setbacks, to fall and get up to go on. A lack of adaptiveness, to connect with a previous blog: lack of flexibility, robustness. Hence the lack of trust. Trust is giving room for action, and that carries risk. Without risk life is lifeless, society stagnates, without trust.

325. A crisis of trust   published 21-7-2017

Trust is said to be like clean air: one talks about it when it is no longer there. And now there is a lot of such talk. The word 'trust' careens across daily discourse. Why? Where does the smog of distrust come from?

There is, I propose, a pernicious combination of three conditions: a great need for trust, a lack of courage for it, and a lack of trustworthiness to merit it. I consider each in turn.

First, an increased need for trust arises from an increasing complexity and interdependence in society. In division of labour that went global, with fluid capital and labour, yielding shifts of production and employment, waves of refugees, evasion of tax, and pressures on governments

to accommodate the demands of multinationals. Lack of trust here yields revolt against free trade and ruling elites, intolerance regarding refugees, a re-emergence of nationalism, and shelter sought in authoritarian regimes.

In communication, opportunities for connection have exploded on the Internet, with social media, YouTube, Instagram, etc. There, lack of trust leads people to cocoon in bubbles of the likeminded, and to blast invective across the media.

Second, lack of courage for trust. Trust entails giving room for actions of others. That entails risk, in room for action at your expense. Without risk no relation. It requires courage to accept that, It also requires resilience, to cope with setbacks and disappointments. I discussed this in an item on adaptiveness (item 321). Trust is not being nice to each other. Precisely because there is trust one can give the other 'a piece of one's mind'. Courage and resilience are needed to accept and appreciate this.

Present society, at least in highly developed Western Europe, has become accustomed to risk avoidance. Conditions have to be safe. This yields the excessive, perverse control of professional work, discussed in the foregoing item in this blog.

To connect with earlier item in this blog (323, 324): Control may be based on scripts, as a generalized frame, but must allow for interpretations and variations depending on the context, as narratives.

Third, lack of the trustworthiness that is required to deserve trust. In economics classes, prospective managers and politicians have been told that self-interest is a virtue, and efficiency is the basis for prosperity and happiness. But trust requires give-and-take, with openness and awareness of the interests of the other.

Liberalism has won the day, and in liberalism virtue is a private, not a public concern. Debate on morals is seen as stifling moralism that hampers markets. But trust requires virtues of reasonableness, empathy, openness to others, moderation, and justice, as argued earlier in this blog.

Here, a problem also is the following. In more complex organizations and institutional structures, with division of labour, intertwining interests, roles and positions, responsibilities become diffuse, and blame can be dissolved, which also undermines trustworthiness. This is part of what earlier I have called 'system tragedy'.

366. How to extend the boundaries of trust   published 14-4-2018

In item 205 of this blog I discussed the phenomenon of 'parochial altruism' and in 208 its implication for the integration of refugees. To recall: there is altruism within the group at the cost of suspicion and distrust regarding outsiders. That may explain the problems concerning refugees. For their integration, then, the boundaries of the group need to be extended to include them in trust.

What determines the boundaries? Here I adopt an idea from Carsten de Dreu that the boundaries of a group are determined by proximity, similarity (in appearance, conduct, habit, religion, political views. ideology, …), and a sense of a shared fate.

Immigration yields proximity in space. Similarity is slow to develop, in cultural assimilation. And then there is a vicious circle of immigrants being discriminated against, then sticking together and maintaining their dissimilarity. How, then, to speed up the growth of similarity, and to achieve a sense of a shared fate?

The practice of crowding immigrants together in large centres then is counterproductive, in settling a fate that is shared only between them, secluded from the host society.

It is better to get them into jobs or shared projects with indigenous people, where they become mutually dependent and need to share ideas, practices, goals, understanding.

Rather than waiting until they are sufficiently integrated and trained before entering jobs, it should be turned around: jobs provide the platform and the incentive to integrate.

In practical action, in projects, ideologies fade, do not help, and people find out, often to their surprise, that they are much more similar, with similar needs and imperfections, than they were aware of.

The principle applies more widely, to overcome the segregation of a population into different, rival social, cultural groups, in what is sometimes called a new 'tribalism'. That is enhanced by the 'filter bubbles' that emerge in the use of internet: people are fed and choose information congruent with views they already have, in social media and advertising tailored to their previous conduct and choices.

This tendency is especially pernicious with people seeing their identity in terms of the group they belong to and the stands that they take concerning current issues, such as climate, gender, economics, democracy, public debate, freedom, …. Then disagreement is not just a difference of view but is felt to constitute an attack on one's identity, which enhances culture wars and separation of populists and elites.

Part of this correlates with differences in education levels, employment and prosperity. People of different social groups segregate in different neighbourhoods with different price levels of housing, amenities and the furnishings of public space with coffee shops, bistro's, delicatessen, etc. Here the group determinants of proximity and similarity diverge further rather than converge.

To counter this, citizens should be involved more in joint work, recreational activities, and political involvement in local development and execution of public policies.

This connects with my earlier plea , in item 283, to move away from a politics of positioning, voting for a political party with a pre-arranged set of policy proposals, every four or five years, to a politics of process where people are involved in the making and execution of policy.

There is an additional argument for this, mentioned also in the foregoing item in this blog. Democracy is by its nature imperfect and messy in its process, never satisfying everybody. Being excluded from the process, citizens seem to increasingly see this at best as incompetence and at its worst as a conspiracy against the people by an elite. By involving citizens in the process they become complicit in the mess of democracy, more understanding

of it, and learn to live with it, rather than seeking recourse in the illusory efficiency and coherence of a totalitarian regime.

377. Trust in Japan and the US   published 26-6-2018

In his book on trust, Fukuyama (1995) claimed that Japan is a 'high-trust society', along with the US (and Germany). Indeed, Japan is said to be 'the society that displays perhaps the greatest degree of spontaneous sociability among contemporary nations'[iii], where that sociability is defined as: 'the ability to come together and cohere in new groups, and to thrive in innovative organizational settings'.

From the 'World Values Survey' also it was reported, in 2005, that Japan was among the countries with the highest score on the proposition 'most people can be trusted'.

Yamagishi & Yamagishi claimed the opposite: trust in people in general is much lower in Japan than in the US. This was based on a survey with the proposition 'Most of the time people try to be helpful', 47% of respondents agreed in the US vs. 26% in Japan.[iv]

Instead, and as a compensation for this lack of general trust, Japanese employ stable relationships, in tight networks of family and long term relations, based on loyalty and internal monitoring and sanctioning.

Yamagishi & Yamagishi noted that this locks people up in existing relationships, at the sacrifice of possibly new and more productive relationships with outsiders. There is also a vicious circle: not going outside one does not develop the cognitive and social skills of judging the reliability of possible new partners.

Interestingly, Fukuyama did note that when Confucianism migrated from China to Japan, in the seventh century, emphasis shifted away from benevolence and filial piety to loyalty to the leader, and 'reciprocal obligation based on exchange of services … entrenched in feudal traditions'.[v] That does seem to connect to the analysis of the Yamagishi's.

How is this divergence of findings to be explained? To answer this question I employ the categorization that I developed in my 2012 book on trust[vi], and that was also used in earlier items in this blog. There, I distinguished different features of trust that need to be considered to avoid confusion.

Perhaps the most important distinction is that between reliance and trust. One can rely on people in two ways. One is control, where one manages the room for misconduct, by contract or hierarchical control, and incentives for good, non-deceitful conduct. The second way is trust, which goes beyond control, in the expectation that people will not deceive even if they have the room (opportunity) and incentives (gain) for it.

The second distinction that I make is that between factors within a relationship and institutional factors outside it.

Outside the relationship, *control* can be based on the law, and contracts based on it, as reputation effects as an incentive. Inside the relationship, control can be based on hierarchy, or a balance of mutual dependence, or the use of a hostage.

Outside the relationship *trust* can be based on generally shared ethics and morals. Inside the relationship it can be based on routinization in long term association, empathy, identification, friendship or love (as in a family).

An overview of these factors is given in the table below.

Sources of reliability

	Outside	Inside
Control room for conduct incentives	contract, the law, reputation	hierarchy, mutual dependence, hostage, rewards, punishments
Trust	ethics, morals, shame	routinization, empathy. identification, loyalty, friendship, love

Now, in this framework I can to some extent locate the positions of Fukuyama and the Yamagishi's, as follows.

Apparently, the Japanese mostly employ the internal factors of hierarchal control and personalized trust based on loyalty. However, I wonder: if generalized trust is indeed lacking, as the Yamagishi's claim, in an absence of shared generalized, non-relationspecific ethics and morality, how about using the opportunity for control from institutions of law and regulations, and outside reputation mechanisms? Do they forgo that opportunity? If so, why?

How about the US? Is cooperation there indeed based on generalized trust, in a shared ethic and morality, or more on control with contracts and reputation? The latter seems more plausible. That is how the US is widely perceived: as a highly legalized society rather than one based on forbearance and benevolence. Could it be that in the surveys, and their interpretation, there is a mix-up between the two? Perhaps what is interpreted as generalized trust is in fact mostly reliance on such control.

Further empirical research seems needed that takes these considerations into account.

393. Openness, transparency and trust   published 23-10-2018

Here I give an intermezzo, in the present series on economics, on an issue of trust that I came across.

In a Dutch newspaper it was said, recently, that transparency, with demands for openness about what is going on, is antithetical to trust, is a form of control.

By contrast, I have been arguing, in this blog and elsewhere, that openness is necessary for trust.

What now? Who is right?

I argued that openness is needed to demonstrate trustworthiness, in admitting errors before they are detected by the partner, trying to mend the problems that result, and promising to make an effort to prevent similar errors in future, in the exercise of 'voice'. It is voluntary.

By contrast, transparency is imposed, not voluntary, indeed a form of control. It reduces the room for action for the other, and that is the opposite of trust, which is giving room.

The difference lies in what the partner is to be open about, and whether it is imposed or voluntary.

Now one might argue that if openness is needed for trust, it is no longer voluntary but necessary, imposed. A might demand that B be open, 'or else'.

But A cannot enforce this: how does he know whether B is holding something back? He can only enforce his demand by specifying what B is to be open about. And the whole point of openness is that relations are uncertain, and you cannot specify in advance what can happen, so that it has to be left to B to tell what comes up and needs to be reported.

Demanding transparency, specifying in advance what needs to be reported, is part of the old control mode of managing relations, as if one knows what may come up so that one can manage it.

The point of professional work is that it cannot be caught in specific protocols, as argued and shown in the literature on 'communities of practice'.

The discussion on transparency in the newspaper came up in the context of politics. That yields another point. There, the claim of transparency is that in a democracy politicians have to be open about policy making and negotiation while those are going on. That yields another problem.

Politics in a democracy is a messy business of finding a compromise between standpoints that at the start seem irreconcilable. In groping around for a solution one has to test concessions one might make, to see what concessions will be made in return, to try and achieve some balance. If during that process every move has to be in the open, in the trials and errors of compromise before a balance has been struck, constituencies will rise in protest, blocking the process.

How about openness there, then? After a balance has been struck one should bring the arguments into the open, with pros and cons, and put that to the electorate. And then one needs to be open in not parading it as better than it is, raising expectations one cannot fulfil, because that is most destructive of trust.

397. Power, dependence, control and trust   published 17-11-2018

Economists shy away from discussions of power, because power should not play a role in supposedly anonymous market forces. Economists do talk of market power as a disturbance of markets by monopolies, oligopolies and firms erecting entry barriers to markets. That is to be fought by competition authorities. But power is more widespread. Power creates dependence. But it can also be positive. Even monopoly can be beneficial.

I use the (customary) definition of power as having influence on the choices of others. It can be positive, in an extension of options for choice, and freedom of choosing from them, or negative, in reducing them.

If for choice one is dependent upon another, than he/she has power over you. One can avoid or reduce that by avoiding him/her or by creating counter-power, by constraining the actions of the other. Trust is leaving room for conduct for others, control is constraining it. Control can result in a vicious circle of accumulating mutual constraint. A danger looms of excessive oversight and control.

What forms and sources of dependence are there? One is that the other has a unique offer, with few adequate alternatives. That is the power of monopoly. Or there is no way out, no exit: you are locked in. That is the power of enforcement. Or there are incentives to submit to power, for the sake of income, position, protection or prestige.

How to deal with power?

One can fight negative power by constraining the room for power play, and punishing it by means of contracts, legal coercion. However, the specification of activities, rights and duties constrains action, and can act as a straightjacket that inhibits innovation. Contracts are also costly and may be difficult to enforce, particularly if it is difficult to monitor the partner's conduct.

One can also exert direct hierarchical control by taking over the partner, becoming his/her boss. That is a cop-out: one does not face the challenge of collaboration between independent partners.

One can also employ a reputation mechanism, where the partner will not cheat for fear of losing his reputation. Or one can use a hostage, in the form of some commercially sensitive information one has of the partner, with the threat, often implicit, not pronounced, to divulge it when the partner misbehaves. The hostage may also take the form of a package of shares that one has in the partner's business that one can sell to someone with the intent of a hostile take-over of the partner.

There are also more constructive, benevolent ways of dealing with power.

In relations of collaboration there is the following 'paradox of specific investments'. To create unique novelties, in innovation, connecting each other's competences, one typically needs 'specific investments', dedicated to the relation, that have no use elsewhere. That makes dependent: if the relation breaks, the investment is rendered useless. If the investment is asymmetric, mostly on one side in the relationship, dependence is one-sided. On the other hand, if the investment makes you special, offering something unique, that gives countervailing power. A monopoly, in fact. This can generate a race not to the bottom but to the top: partners keep investing in themselves to maintain a unique offer.

Another possibility is to demand shared payment and ownership of the specific investment. Yet another is to make the partner dependent in some other way, by offering some other unique benefit, such as access to a market, a brand name, special knowledge, technology, or a patent, or to some other resource (a lobby, perhaps).

One may also rely on other sources of reliability that are not oriented towards control, such as trust based on ethics or personal bonds of friendship, family, clan, or custom.

With the latter, however, one can get caught in systems of paternalism and enforced loyalty that does not allow for exit, thus imposing another constraint from power. Obligatory bonds limit the variety and freedom of outside contacts needed for learning and innovation.

Sometimes there is no alternative to such personal bonding, as in countries where there is no institutional basis outside personal relationships, such as a legal system to support contracts, reputation systems, or a shared ethic and morality. I found that to apply, for example, for different reasons, to Japan and the Ukraine.

In Japan the reason is a strong tradition of family values, which is now weakening. In the Ukraine the reason is widespread corruption and lack of a reliable legal and democratic order and justice.

489 Power and trust   published24-8-2020

Earlier in this blog I defined power as the ability to affect choices of others. A negative form is to reduce the choice options of someone, or impose a choice. This is the usual understanding of power, as coercion, control or manipulaton, restricting freedom. A positive form of power is to widen the number of options and leave open the choice, increasing freedom. This is freedom in the double sense of negative feedom, limiting external constraint, and positive freedom, yielding access to resources.

I had not connected this to the notion of trust, but do so now. One of the distinctions in trust is that between general or 'prima facie' trust, based on culture and personal experience, which is automatic and regards anyone who is unknown. It is surveyed in an international trust monitor, tracing differences between countries. Note that this trust can be tacit, based purely on habit and experience, or more explicit, based on moral conviction and an inborn aptitude of empathy, supported by mirror neurons.

The other form of trust is 'reflective', with a rational analysis of reasons why people might be trustworthy or not[i]. I analyzed the latter in Nooteboom (2002). I recognised the general notion of reliance, which can be based on control, with legal arrangements such as contracts and reputation, outside the relationship, and hierarchy, hostages, and incentives, rewards and punishments, within the relatioship. This is the exercise of negative power of coercion and enforcement.

Next to such control, reliance can be based on trust, in prima facie habitual (dis)trust and trust based on more explicit morality in a culture, outside the relationship, and personal bonds of trust with family, friends and clan, within the relationship. Here we have trust as yielding room for action, freedom, and taking the risk of that. It is a form of positive power, in giving freedom, room for action. So, I agree with Pedersen that trust can be a form of positive power.

I compared the US and Japan concerning trust in business, and concluded that in the US the main sources of trust are legal governance and reputation outside the relationship and

hierarchy within it. In Japan the main sources were hierarchy and personal bonding in the clan, within the relationship. General, prima facie trust outside the relationship was weak.

Positive trust can deteriorate in hypocritical manipulation, in giving choices selected or designed to the advantage of the giver of choice. Will one also give choices against one's material interest? It can also take the form of leaving choice free except for what is forbidden.

The main point here, and also that of Pedersen, is that trust can be aligned with power if one gives a positive connotation to it.

However, some people, and under current conditions of corona many people, like to be told what to do: It relieves them from insecurity and stress of choice. An authoritarian society as China seems to be doing better in fighting the corona virus than the liberal West. The messiness of Italian institutions and the laissez faire of US politics appear to be penalized. Tendencies towards nationalism, inward looking, central authority and suspicion seem to be strengthened. Kierkegaard noted that freedom creates a fear and trembling, a fear of doing the wrong thing. Being told what to do may be comforting, relieving this fear and the pressure of responsibility. And when the choice is between freedom and prosperity, the outcome is not always certain.

There is also the distinction between trust in competence and trust in intentions. An authoritarian, decisive government strengthens trust in its competence, it seems. That yields a temptation towards negative power. That seems to manifest itself in Hungary, at the moment.

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[i] Esther Oluffa Pedersen, 2015, 'An outline of interpersonaltrust and distrust', in: Sue Liisby, Esther Oluffa Pedersen & Anne Line Dilsgård (eds), *Anthropology & Philosophy,* p. 104-117.

[ii] Nooteboom, Bart, 2012, 'The dynamics of trust: Communication, action and third parties', in Masamichi Sasaki & Robert Marsch (eds.), *Trust: comparative perspectives*, Amsterdam: Brill, p. 9-30.

499 Where trust goes too far   published 31-10-2020

There is a positive bias in trust, as if it is always a good thing. I have written much about trust, and my approach also was mostly positive. But trust can go too far, in several ways:

- Trust in untrustworthy people is misplaced. If trust decreases because trustworthiness decreases, that is a good thing.
- Blind trust. in disregarding the possibility or evidence of a lack of trustworthiness.
- Trust out of desperation: there is no alternative. This connects to Albert Hirschman's recognition of 'loyalty'next to 'voice'and 'exit'. If there is no basis for deliberation, in voice, and no option of exit, in beig pinned down or coerced, there is only one option of staying put and making the best of it. In Russia under.Stalin, people talked lovingly of 'little father' Stalin, in spite of his blatant terror. Psychologically, it was unbearable to face reality.

- The disadvantage of bonding in family or clan, as in Japan, for example, is that relationships are locked into such clans, excluding variety from outside, which can be bad for innovation.
- One can have multiple, conflicting obligations, to job, family, personnel, customers, suppliers, environment, community or nation, that can necessitate disloyalty to at least one of them, in a crisis.
- Due to harsh outside conditions that threaten survival, people. who intend to be trustworthy. can no longer afford it.
- According to the philosopher Nietzsche, benevolence and pity as the result of the power play of the weak to protect them against the strong or exert vengeance on them.This can yield forced or hypocritical trust
- According to Bernard Mandeville, private vices are public virtues. I would say that the duty of benevolence can eliminate the virtuous power of 'Thymos', the urge to excell and perform of the entrepreneur, discoverer, sportsman, scientist etc.

Bernard de Mandeville claimed that there is little evidence of virtue and that a society endowed with all the virtues would be a static, stagnant society Virtues might suppress initiative and 'thymos', the drive and spirit of life, too much, which can harm both the individual, taking away the gist of life, and render society pallid and dull, in the absence of entrepreneurship in busines, science,. politics and discovery

However, one can be open and honest in some of those conflicts, ask for sympathy, offer recompense, or accept retribution. One can be trustworthy in one's untrustworthiness.

In judging trustworthiness, one should be wary of impostors and con artists, and one should consider the conditions of survival and the multiple loyalties that people may have, in what Aristotle called 'phronesis'.

The principle remains that the default should be trust: trust someone until evidence or the necessity of untrustworthiness arises. The other way around: distrusting people until trustworthiness is proven, is impossible, in the same way that a theory cannot be proven to be true. It is also counterproductive, in encouraging people to resort to make-believe and deception or lack of initiative.

[i] Inspired, in particular, by Levinas' philosophy of the other.
[ii] See: T. Klos & B. Nooteboom, Agent-based computational transaction cost economics, *Journal of Economic Dynamics and Control*, 25 (2001): 503-526, Alexander Gorobets & Bart Nooteboom, Adaptive build-up and breakdown of trust: An agent-based computational approach, J*ournal of management and Governance,*10 (2006): 277-306.
[iii] Francis Fukuyama, *Trust; The social virtues and the creation of prosperity*, 1996, Penguin, page 150.
[iv] Toshio Yamagushi & Midori Yamagushi, 'Trust and commitment in the United States and Japan', *Motivation and Emotion',* 18(1994), p. 129-166.
[v] Fukuyama, op. cit. p. 182.
[vi] Bart Nooteboom, *Trust: Forms, foundations, functions, failures and figures*, 2012, Cheltenham UK: Edward Elgar.