Special Article

Social Stratification, Intermediary Groups and
Creation of Trustfulness

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Abstract

In this paper, we focused on trust as one of the factors of social capital, and examined its generating processes by comparing two main theoretical approaches of trust – the Emancipation Theory of Trust and the Reduction Approach. The former theory states that creation of general trust will be undermined when commitment relations with specific others are strong, whereas the latter approach states that strength of commitment relations with specific others provides the basis for nurturing general trust. First, we examined the relationship between city size (supposedly an indicator of the strength of committed relations) and the level of general trust using data from two social surveys conducted in Japan. The result of the analysis showed no correlation between city size and the level of general trust. Then we performed structural equation modeling to explore the relationships between a wider variety of capitals, social resources and general trust. The results of the analyses show that general trust is nurtured when it is based on relations of trust with specific people. In other words, the result is diametrically opposed to the Emancipation Theory of Trust in that it implies that placing a high priority on existing relationships with people fosters accumulation of general trust and therefore of social capital.

Key Words and Phrases: Trust, Intermediary Group, Social Stratification

1. Social Capital and Trust

In this paper, we focus on trust as one of the factors of social capital, and review the process of creating trustfulness with respect to people’s position in the social stratification system and their strength of commitment to intermediary groups. As many authors have pointed out, lack of clarity in defining social capital and theoretical problems in qualifying it as capital have created a situation in which concepts of social capital have been far from comprehensively organized or standardized.

In this context, we believe that Putnam (1993, 2000) provides us with the most concise and most commonly accepted definition, in the broadest sense, of social capital in terms of the following three factors: ‘norms of reciprocity’, ‘networks’, and ‘trust’. We will present, first of all, the reasons why we focus on trust among these three factors, and then look at the creation process of trust in the following sections.
Putnam’s three factors of social capital are presented as parallel factors. However, theoretical meaning or any so-called ‘unified theory of field’ for the three factors have not been identified. Within current research, what certain concepts indicate is inconsistent between articles because different authors frequently emphasize different points. Authors seem so confused about the concept of social capital that some of them even use one of the three factors as a variable explained by social capital. (See, for example, the analysis of the effects of social capital on political actions by Lake, Due and Huckfeldt 1998). However, ‘norms of reciprocity’, ‘networks’ and ‘trust’ are all related to relationships between people, or they focus on different aspects of ‘connections between human beings’. In other words, theoretically classifying and organizing the concepts of social capital will lead us back to thinking about the meaning of ‘connections between human beings’.

Here we would like to classify and organize ‘connections between human beings’ mainly in the context of the concept of ‘trust’ without discarding ‘norms of reciprocity’ or ‘networks’. We would like to define two components of trust – trustfulness and trustworthiness – as follows and draw a clear distinction between them. Trustworthiness is defined as ‘a degree of performance up to which the object carries out the expected function’. Trustfulness is defined as ‘an estimated value of trustworthiness an actor feels towards the object’. Since trustworthiness is ultimately a function, the concept can be applied not only to human beings but also to machines and animals. However, trustfulness is an estimation or evaluation by an actor, which is fundamentally a concept only applicable to human beings or animals.

Putman and Coleman saw trustfulness experienced by people towards human beings, and other objects containing human beings (such as organizations and nations) as one of the fundamental factors of society. Putnam perceived the declining level in trustfulness in the United States as a serious problem. In other words, the ‘trust’ Putnam (1993, 2000) refers to as a factor of social capital is closer to ‘trustfulness’ in our classification above.

When Putnam and Coleman argue in terms of a ‘norm of reciprocity’ that the efficiency of society will decline if a norm of self-sacrifice for others is decreasing in the society, their arguments are very similar to those around the problems of reciprocity.

If we can expect to obtain highly reliable information, economic assistance or spiritual support from people, we could say that we have a certain kind of connection with them; in other words, we have subjective trustfulness toward specific others and we have specific others in our network objectively display trustworthiness. It is true that the way in which someone actually performs will not always measure up to expectations, but conceptually we can describe trustworthiness and trustfulness as above. Boldly speaking, strength of networks between individuals could be described as the strength of expectation an actor has for his/her object and the degree to which the object meets such expectation, i.e., the distribution of trustworthiness and trustfulness.

Following these arguments, it is possible to classify and organize concepts of social capital, including ‘norms of reciprocity’ and ‘networks’, under the concept of trust. Based on this premise, we would like to discuss the issues of social capital by focusing on trust.
Incidentally, the World Bank pointed out the importance of trusting acquaintances in maintaining effective community activities (Grootaert and Bastelaer 2002). However, there are also discussions that emphasize the role of ‘trust towards general others’ as the prerequisite for developing or sustaining industrialized society, including Japan. The theory of ‘trust towards general others’, or so-called ‘general trust’, by Yamagishi (1998) is one of the most prominent and well received theories of trust in social psychology and sociology. The theory by Yamagishi (1998) emphasizes the positive function of general trust and the negative function of commitment relations among acquainted people in highly industrialized society. Many arguments, not only in the fields of social psychology and sociology but also in the fields of economics and business administration, followed the ideas introduced by Yamagishi (1998); for example, it was discussed from this theoretical point of view that the interlocking stockholding system in Japan could have been getting out of date (Mukoyama 2000). Here in this paper, we pick up the issues of trustfulness as the first step, and then we go on to review creation of ‘trustfulness towards general others’ based on the existing studies on trustfulness.

2. General Trust and Commitment Relations

How is trustfulness towards general others created? Miyake (1998) demonstrated that there is a positive correlation, as shown in Figure 1, between socio-economic status (based on factors such as income and academic background), and trustfulness towards general others(1). However, Miyake’s analysis shows only that socio-economic status has a positive correlation with trustfulness towards general others; it doesn’t go into the subsequent process such correlation could create. With regard to the mechanism arising out of the correlation between socio-economic status and trustfulness towards general others, we could assume, for example, “The relative size of the risk involved in trusting others would change according to people’s social class” or “Trustworthiness of the people associated with those positioned near the top of the social stratification system is high.” The latter theory explains trust felt towards general others by reducing the estimation of the target person’s trustworthiness, and therefore corresponds to the Reduction Approach classified by Yamagishi (1998)(2). The reduction approach states that trustfulness towards general others is nurtured when we are surrounded by people we can trust. Therefore general trust is produced when we are strongly connected or committed to specific partners.

However, the Emancipation Theory of Trust (Yamagishi, 1998) suggests that general trust will be produced only in a social situation in which the levels of both social uncertainty and opportunity costs are high. The process of creating trustfulness in terms of this theory is significantly different from the Reduction Approach. Following the Emancipation Theory of Trust, in the society where commitment relations are strong, people focus their cognitive capacity on relationships among acquaintances and, as a result, they are inferior in getting insight into trustworthiness of strangers. In
other words, strong relations of trust with specific people impair our ability to get insight into trustworthiness of strangers. Conversely, according to the theory, in the society where commitment relations are weak and encounters with strangers frequent, people focus their cognitive capacity on dealing with strangers. Having both social skills that enable people to get insight into others’ trustworthiness, as well as having general trust would be socially adaptive.

Incidentally, membership-limited or extremely strong commitment relations, such as blood relations, will decrease the level of trust in the whole society and generate political, economic and social inefficiency, as Fukuyama (1995) and Putnam (1993) pointed out. The Emancipation Theory of Trust is consistent with the traditional theories in this sense. However, we may be allowed to place the Emancipation Theory of Trust in the context of the Libertarian Approach due mainly to its emphasis on an individualistic and rational human image and its focus on market mechanisms. But it is also true that the theory differs greatly from arguments presented by Fukuyama (1995), Putnam (1993) or Coleman (1988, 1990), which place a high value on people’s interaction with regional communities or participation in local club activities as social capital. An original perspective is presented by Yamagishi’s (1998) argument that only high trustors, who are freed from commitment relations, can become adaptive to the highly industrialized society of recent years, in which both social uncertainty and opportunity cost are high.

Here let us simplify and organize the two contrasting positions with respect to commitment relations and general trust.

The Reduction Approach states that strength of commitment relations with specific others provides the basis for nurturing general trust.

The Emancipation Theory of Trust states that creation of general trust will be undermined when commitment relations with specific others are strong.
With respect to the validity of each theory, Yamagishi and Yamagishi (1994) and Yamagishi, Cook, and Watabe (1998) have conducted a wide variety of broad reviews through social surveys and experiments, and in their conclusions supported the Emancipation Theory of Trust. One of the major points of their contentions is a result of a US–Japan comparative questionnaire survey (Figure 2).

![Bar Chart: Mean of General Trust Scale for Student and General Population samples in Japan and the US](image)

**Figure 2 US–Japan Comparisons on General Trust Scale**

*(Created from Table 4.1 of Yamagishi 1998 p. 92)*

Before analysing the comparative survey, Yamagishi (1998) reinforced the assumption that stable commitment relations are stronger in Japanese society than in American society by using as collateral evidence one of the observations from the survey – ‘The Japanese responders have a stronger belief in the practical merit of maintaining relations with specific partners than Americans’ (Yamagishi, 1998, p.107, translated by authors). Based on this assumption, we may be able to examine whether the Reduction Approach or the Emancipation Theory of Trust is correct by comparing the US and Japan⁹. If the Reduction Approach is correct, the level of general trust of the Japanese will be higher than that of the American people. If the Emancipation Theory of Trust is correct, Americans will have a higher level of general trust than the Japanese. Figure 2 shows the result of a US–Japan comparative questionnaire survey, using both students and general population samples. In this survey, general trust is measured using the General Trust Scale, which is the simple addition of answers to the following six questions:

- Most people are basically honest.
- Most people are trustworthy.
- Most people are basically good and kind.
- Most people are trustful of others.
- I am trustful.
- Most people will respond in kind when they are trusted by others.
General trust is defined as 'the default value of other people’s trustworthiness' (Yamagishi, 1998, p.42, translated by authors). All questionnaire items in the General Trust Scale measure trustfulness towards general others, and are widely used because they are assumed to fit into this definition. The mean values of this General Trust Scale are higher in Americans than Japanese in both student and general population samples, showing a statistically significant Japanese–American difference in each of the samples. In other words, the results of the questionnaire study generally support the theoretical prediction of the Emancipation Theory of Trust—the general trust is lower in the Japanese society, where commitment relations are stronger than in American society.

The result of this analysis has been emphasized as proof indicating the validity of the Emancipation Theory of Trust. It is perceived as being complementary to the results of experiments on judgment accuracy of others’ trustworthiness by Kikuchi, Watabe, and Yamagishi (1997) or experiments on sensitivity to information about others’ trustworthiness by Kosugi and Yamagishi (1998). In addition, since it is consistent with the results of these experiments and theoretical predictions, the Emancipation Theory of Trust has achieved the status of dogma mainly in the field of social psychology.

However, it seems that there are several issues that need to be classified and organized before we can accept the argument put forward in the Emancipation Theory that the transformation from 'a closed society' into 'a more open society' depends on 'whether we can develop general trust backed by social intelligence' (Yamagishi 1998: p.202, translated by authors). This is based on the notion that strong commitment relations with acquaintances will impede the creation of trustfulness towards general others. In the following section, we would like to review this argument based on the Japanese data.

3. City Size and General Trust

– Review of the Relationship between Commitment Relations and General Trust

Let us start by reviewing the analysis of Figure 2. First of all, we would like to analyse attributes of the samples. The student sample used in this study was from two universities in America and five universities in Japan. Yamagishi (1999) pointed out that there is a strong positive correlation between the relative standing (hensachi) of the college and the general trust of its students. If this finding by Yamagishi (1999) is generally applicable, it is desirable that this factor is taken into consideration. However, there is room to study this point further because this variable is not controlled in the analysis of Figure 2.

In addition, with respect to the general sample, because random samples were drawn from the city telephone books in Sapporo, Japan, and in Seattle, in the US, there are some problems on the assumption that they are representative samples of both countries. Yamagishi (1998) pointed out, as supplementary evidence, that differences in general trust between Japanese and Americans found in the survey conducted in Sapporo and Seattle is consistent with the result of the International
Research on Nationality. However, questionnaire items used in this international research contain some problems because they include both factors of general trust and significant levels of caution, as argued by Miller and Mitamura (2003). For these reasons we may have to be careful about interpretation of the results. Taking this into account, it seems to be difficult to make generalizations about the difference between the Japanese and Americans based on the analysis of Figure 2.

However Yamagishi clearly declares in *The Structure of Trust* (Yamagishi 1998) that the essential purpose of his analysis does not lie in the US–Japan comparison itself. The main purpose of Yamagishi’s survey, as represented in Figure 2 in this paper, is to examine the fact that it is difficult to create trust in a social situation where commitment relations are important. If this is the case, it is not inappropriate to compare general trust in the two cities of Sapporo and Seattle, despite the unavoidable problems of language with respect to international comparison. Setting aside the perspective of general comparison between Japanese and Americans for now, we would like to focus on the importance of commitment relations and creation of general trust.

Since the result of the survey showed that there is a difference in the importance of commitment relations between samples of Japanese and Americans, it is reasonable to conclude that the prediction by the Emancipation Theory of Trust is applicable to Figure 2, with the proviso that there are significant nuances in the questions due to differences between languages.

If the Emancipation Theory of Trust is a general theory predicting the relationship between the strength of commitment relations and general trust, it would give us the same prediction even without conducting international comparison. More specifically, we might predict that general trust is also lower in the area where commitment relations are stronger even if we compare the levels of general trust within a nation so that we can minimize the impact of nuances between the different languages.

If we found two areas within Japan between which there is a difference in strength of commitment relationships, as pointed out by Yamagishi (1998), we could review this theory by comparing the two areas, in an analogous way to the US–Japan survey, and avoid problems of interpretation due to the differences between languages.

When conducting the comparison survey within Japan, what kind of communities could we choose as areas with different degrees of commitment relations? Yamagishi (1999) contrasted traditional village communities and cities with respect to trust, while Tsuji and Harihara (2002) made an empirical study on general trust in a city and a village. Yosano and Hayashi (2005b) demonstrated that determining factors of general trust differ between the area where an urban lifestyle is prevalent and the area where traditional communities remain. Taking into account these findings, we could adopt an analytical strategy to classify the areas, based on the size of cities, and compare general trust among these areas.

We would like to analyse whether there are significant differences between cities of different size in Japan using data from the ‘Academic Survey on Living and Society’, conducted in January–February, 20049 (hereinafter referred to as the ‘Kinki survey’), and then weigh up the differences of general trust among the surveyed areas.
In the Kinki survey, the following questionnaire items were included, as analogous to the US-Japan comparative questionnaire survey by Yamagishi (1998), where questionnaire items emphasizing commitment relations were provided.

Let's assume that you decided to remodel your house by spending 500,000 yen. Will you be closer to (a) or (b) below?

(a) I will commission the contractor I previously used or another one that my acquaintance introduced me to.

(b) I will choose and commission a contractor from among a variety of candidates by looking through advertisements, telephone books or the internet, or by listening to the salespersons.

Those who choose (a) tend to place importance on commitment relations and keep such relations. We could say that those who choose (b) have a stronger tendency to break away from commitment relations. Figure 3 shows the ratio of respondents who chose (b) (ratio of those who tend to break away from commitment relations) by city size. City size was categorized into ‘14 big cities’, ‘other cities’ and ‘town and village’. Figure 3 clearly shows that the tendency to break away from commitment relations is higher as city size gets larger.

Figure 3 Ratio of people likely to break away from commitment relations by the city size using the data from the Kinki survey.
If the Emancipation Theory of Trust is a general theory that explains creation of general trust, the level of general trust in residents of 14 big cities should be clearly higher than that in towns and villages, as we have seen in the examples of Sapporo and Seattle. Figure 4 compares average scores of general trust by city size with respect to the Kinki survey. If the Emancipation Theory of Trust holds true, general trust should be lower in towns and villages, where commitment relations are important, than in the 14 big cities. However, we cannot find evidence of this in Figure 4\textsuperscript{11}. The result is not only applicable to the Kinki area. The results of the same analysis on the national survey data\textsuperscript{12}, including questionnaire items on the General Trust Scale and the data on city size, still don’t reveal any difference among areas (Figure 5)\textsuperscript{13}.

In order to review whether commitment relations have no effect on general trust, we conducted regression analysis. In the analysis, we adopted ‘tendency to break away from commitment relations’ as the explanatory variable as well as city size, while controlling demographic variables. We treated ‘tendency to break away from commitment relations’ as the explanatory variable because if the Emancipation Theory of Trust corresponds well with the actual process of creating trust, we could perceive the result in terms of regression analysis. This would show that the more important commitment relations (the lower the tendency to break away from commitment relations), the lower general trust (even if city size does not have any significant effect as we have seen in Figure 4 or 5). We also used ‘the degree of neighbourly relations’\textsuperscript{14} as an explanatory variable to check the effect of actual commitment relations to local communities.
As Table 1 shows, the tendency to break away from commitment relations doesn’t have a significant effect on general trust controlling the effects of other variables in the analysis. Degree of neighbourly relations shows a significantly positive effect on general trust. In other words, the stronger the commitment relations within a neighbourhood, the higher the level of general trust. The similar analysis that doesn’t include the variable of tendency to break away from commitment relations (because the national survey data doesn’t include any variables with respect to tendency to break away from commitment relations) still shows that the degree of neighbourly relations\(^{15}\) has a statistically significant positive effect on general trust.

The Emancipation Theory of Trust predicts that strong commitment relations impede creation of general trust, but the result of this analysis indicates that close association with specific individuals could be a basis of nurturing general trust. However, the coefficient of determination of Table 1 is only 2.7%. Therefore we would like to make a provisional conclusion here that the prediction of the Emancipation Theory of Trust was not supported by this

<table>
<thead>
<tr>
<th></th>
<th>Partial Regression Coefficient</th>
</tr>
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<tbody>
<tr>
<td>Constant</td>
<td>17.348</td>
</tr>
<tr>
<td>Sex</td>
<td>.279 (.040)</td>
</tr>
<tr>
<td>Age</td>
<td>.025 (.082) **</td>
</tr>
<tr>
<td>Tendency to Break away from Commitment Relations</td>
<td>.247 (.028)</td>
</tr>
<tr>
<td>Neighbourly Relations</td>
<td>.324 (.100) **</td>
</tr>
<tr>
<td>Dummy variable for 14 big cities</td>
<td>-.097 (-.012)</td>
</tr>
<tr>
<td>Dummy variable for other cities</td>
<td>-.635 (-.900)</td>
</tr>
</tbody>
</table>

\(R^2=0.027\)

\(n=596\)

( ) is standardized partial regression coefficient.

** statistically significant at the level of 5\%.

Figure 5 City size and general trust using the data from the national survey
statistical model.

In the next section we will explore further the process by which general trust is created through considering other social resources and structure of commitment relations relevant to the intermediary groups.

4. Commitment to Social Resources and Intermediary Groups

As we have pointed out in the previous section, the creation of general trust cannot be explained only by variables such as the importance of commitment relations. However, Miyake (1998) and Yosano and Hayashi (2005b) pointed out that social stratification variables, such as income and academic background of individuals, have a certain correlation with general trust. Taking account of this point, in this section, we would like to discuss relationships between a wider variety of capitals, social resources and trustfulness. Here we look at three capitals – economic capital, human capital and cultural capital – to be considered as additional capitals to social capital\(^{16}\). With respect to social capital, we take particular note of trust because the purpose of this paper is to review creation of trustfulness, one of the primary factors of social capital.

While Fukuyama (1995) and Putnam (1993) argue that commitment relations with a tightly closed nature of membership sometimes damages trustfulness towards general others, they also point out that voluntary and active participation in community sports activities and volunteering, from a macro point of view, contributes to accumulation of social capital. Coleman (1990) also positively evaluates the function trust towards acquainted others carries out in the community. These arguments take opposite sides of the Emancipation Theory of Trust, which stresses the importance of trustfulness in the market system and argues that it is in the expanding market system that general trust is really required and created. The Emancipation Theory of Trust asserts that commitment relations with specific others impedes trustfulness towards general others on the one hand. And on the other, Fukuyama (1995), Putnam (1993), Coleman (1990) and others point out that commitment to the intermediary groups which are less tightly closed will be a basis for nurturing trustfulness within the whole society\(^{17}\). We could say, however, that even though they differ in their directions, both the Emancipation Theory of Trust and the arguments by Fukuyama (1995) and others are based on the idea that strong commitment to the intermediary groups is important for creating general trust. Given this understanding, we would like to review the creation process of general trust by considering, in addition to economic, human and cultural capitals, commitment to intermediary groups. Figure 6 displays the variables used in this analysis.

We used academic background as human capital, household income as economic capital and ‘popular-culture’ activities and ‘high-culture’ activities as cultural capital\(^{18}\). In addition, because it is well known that occupational stratification is the determinant of economic capital and cultural capital, we use occupational prestige of the primary supporter of the household (abbreviated as ‘household prestige’) and prestige of origin of primary supporter of the household (abbreviated as
Incidentally, the main focus of this paper is not to investigate differences in the level of general trust among cities and towns or villages, but to elucidate the effect of commitment relationships on the creation of general trust. As shown in table1, the ‘city size’ variables have no significant effect on general trust, so in the subsequent analyses we will not use the ‘city size’ variables as indirect indicators of commitment relationships, but we will use the variables that directly denote degree of ‘commitment to the intermediary groups’.

‘Commitment to the intermediary groups’ is largely divided into the strength of commitment relations to neighbourhood (‘number of years at current residence’ and ‘degree of neighbourly relations’) and voluntary participation in local group activities (abbreviated as ‘social participation’). With respect to ‘trust,’ we added ‘confidence in institutions’ to the ‘general trust (General Trust Scale)’ in accordance with the argument by Newton (2001). We put in ‘trustfulness towards neighbourhood’ as a variable, which overlaps the variable of commitment relations with neighbourhood in some degree.

If the argument that the intermediary groups will provide a basis for nurturing general trust is correct, then the variable of ‘trustfulness towards neighbourhood’ will be positively related to general trust. If, however, trust towards specific people impedes creation of general trust, the variable must have the negative effect on general trust. We will examine the creation process of general trust by applying structural equation modeling to these variables.
When it was difficult to identify causal directions among any two variables in Figure 6, either in time orders or based on the existing theories, we improved the models from time to time by calculating the models of both directions and comparing goodness of fit\(^\text{23}\). As a result of this process, Figure 7 was finally adopted. All paths in Figure 7 are statistically significant at the 5% level. Even though we used ‘sex’ and ‘age’ as exogenous variables, their impact was omitted from the graphic representation of Figure 7 to avoid complication.

From Figure 7, we can observe that general trust is determined by three variables: ‘confidence in institutions’, ‘trustfulness towards neighbourhood’ and ‘household prestige’. While the ‘importance of commitment relations’ could hardly determine general trust in the previous regression analyses, 20% of variances of general trust are explained in this model. In other words, this model has been significantly improved as a prediction model for general trust.

\[
\text{RMSEA} = .046 \\
\text{PCLOSE} = .764 \\
X^2 = 146.08 \\
\text{DF} = 59 \\
p = .000
\]

Figure 7 Causal modeling of trustfulness, capitals and commitment to the intermediary groups using the data from the Kinki survey. (The figures in block letters are coefficients of determination.)

And two variables of cultural capital (‘popular-culture’ activities and ‘high-culture’ activities) are determined by human capital, economic capital or social participation, but these variables don’t determine any other variables. Given this observation, some adjustments were made to create Figure
8. We omitted cultural capital because it is not directly related to general trust, and we re-drew the arrows into three different thicknesses based on the size of causal effect, for the purpose of visually grasping the causal flows of variables that determine general trust. Figure 8 indicates that there are two flows that determine general trust, as shown in the ellipses.

![Diagram](image)

(≥ +0.20; thickest arrow, ≥ +0.10; thick arrow, ≥ 0.00; thin arrow)

Figure 8 Two streams that determine general trust

The solid ellipse encloses the flows of causes of mainly human capital, economic capital and occupational stratification, indicating the process whereby the amount of social resources people possess will impact on general trust. The dotted ellipse encloses the processes where the strength of commitment relations to the intermediary groups create general trust. Social participation is located in the middle of the two ellipses and intermediates the effect from ‘household prestige’ and ‘number of years at current residence’ to ‘trustfulness towards neighbourhood’.

First we look at the process of creating general trust through social resources. Both the direct effect of household prestige and the indirect effect of household income through ‘confidence in institutions’ have positive effects on general trust. This implies that the more social resources people have, the higher is their level of general trust, as was indicated by Miyake (1998). In other words, if people have more social resources, they may tend to be more likely to trust strangers because their tolerance for risk is higher. However, the effects of social resources are divided into the direct but not large effect of household prestige, and the indirect effect through confidence in institutions. In addition, only 2% of the variance of confidence in institutions is explained, as shown in Figure 7. Therefore, the creation of confidence in institutions itself becomes an object to be analysed further, and the issue of how trust is created in this respect will be postponed without solution.
Next, we will investigate the process of how commitment to the intermediary groups has the effect on general trust (dotted ellipse). First of all, variables that represent commitment relations in the behavioural aspect, such as social participation, neighbourly relations and number of years at current residence, positively determine trustfulness towards neighbourhood. Then the level of trustfulness towards neighbourhood becomes higher and finally the level of general trust increases. Here we would like to focus on the fact that commitment relations towards the intermediary group positively determine general trust mediated through trustfulness towards neighbourhood. This means that the existence of a certain constant connection with acquaintances increases the level of trustfulness towards specific people, and as a result, increases trustfulness towards general others. This process exactly corresponds to the Reduction Approach, which the Emancipation Theory of Trust has dismissed.

5. Review of the Creation Process of General Trust

The Emancipation Theory of Trust as the Libertarian approach have asserted that the problem of a ‘breakdown of trust’ will be solved in the market economy of uncertainty and with high opportunity cost, based on the social intelligence of people. Taking account of the fact that a ‘breakdown of trust’ is deemed to be one of the most serious crises for the market, the Emancipation Theory of Trust looks bold, but is actually a very subtle argument in that it suggested that this problem can be solved in a Libertarian manner. However, the result of structural equation modeling indicates that general trust, which is one of the most important factors of social capital, is nurtured when based on relations of trust with specific people. In other words, the result is diametrically opposed to the Emancipation Theory of Trust in that it implies placing a high priority on existing relationships with people fosters accumulation of social capital. The foregoing conclusion seems to correspond to Putnam (1993), who refers to the importance of ‘civil community’ by comparing Libertarianism to Republicanism. We could not find any positive evidence, in this research, supporting the theory that the amount of uncertainty and opportunity costs will create general trust. Conversely, in the society that is extremely Libertarian and which atomizes people, there is likely to be damage to the basis for general trust and a reduction in the total amount of trust in that society.

We must admit that our description by structural equation modeling is not sufficient to support our argument at all; therefore, our conclusion must be provisional in this paper. The study about the process of how ‘People trust people’ is not, we believe, coming to a conclusion in the context of a dichotomy between the two sides, but is instead coming back to the starting point. It is clear that continuous reviews on the issue are important and necessary. In addition to the development of study in the theoretical field, further multidisciplinary and empirical research projects are required in the future, including experiments, fieldwork and evaluations of the theory by mathematical formalization.
This research was supported by the JSPS grant in aid for scientific research Basic Research (B)(1) 14310107 (A. Yosano).

Notes

1) Figure 1 shows the ratio of respondents who answered "I think I can trust" to the question: "Do you think that you can generally trust others or you had better keep watch for them?" Miller and Mitamura (2003) pointed out that this question contains the indistinct combinations of 'trust' and 'keeping watch'.

2) The former process could be classified in line with Decreasing Absolute Risk Aversion by Arrow (1970) and Pratt (1964). Please see Hayashi and Yosano (forthcoming) on this point.

3) As Putnam (1993) stated, Libertarianism, in contrast with Republicanism, is characterized by individualism, or by emphasizing the liberty of individuals, and the belief that it is the markets, mechanisms with least regulation that realize economic and social efficiency.

4) In considering the argument put forward by Fukuyama (1995), the assumption of the Japanese society where commitment relations are stronger than in the American society needs to be examined. Yamagishi (1998) recognizes this point but he ultimately concluded, 'Commitment relations are stronger in Japan (than in the US).'

5) One of the problems involved in whether the General Trust Scale correctly corresponds to its definition is that each respondent assumes different scope from others, as pointed out by Grootaert and Bastelaer (2002). See Yosano and Hayashi (2005a) with respect to problems on the General Trust Scales.

6) The Emancipation Theory also suggested that general trust helps people to break away from commitment relations. However, in this paper, we specifically focus on trust generating processes, contrasting the Emancipation Theory with the Reduction Approach, and check the validity of these theories.

7) The samples were taken from the University of Washington, UCLA (the University of California at Los Angeles), Hokkaido University, Saitama University, Toyo University, Osaka International University and Bukkyo University. (Yamagishi 1998, p.90)

8) In the Table 4.1 of Yamagishi (1998), which is the basis for Figure 2, data was counted according to sex. Only gender is the third variable controlled in the analysis.

9) The research was conducted in the Kinki area of Japan (prefectures of Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama and Mie) by an interview system, conducted between the middle of January and late February 2004. The designated sample was 1,000, composed of men and women from 20 to 59 years old. Participants were selected by means of a two-stage stratified sampling method from local resident registrations. The number of responses was 707 (rate of collection: 70.7%).

10) At 10% level, there is a statistically significant difference between town-village and 14 big cities (t(241.9)=1.82).

11) There is no statistically significant difference among any of the averages.

12) This is the data of the national survey conducted in November 2003, on men and women of 20 years old or older throughout Japan. The number sampled was 2,000, selected by means of a two-stage stratified sampling method. Data was provided through interviews. The number of responses was 1,414 (rate of collection: 70.7%).

13) Differences in wording in the questions in the US–Japan comparative questionnaire survey could create differences in the answers between the two cities, and wording issues could be the major cause of the disparities between the results presented here and the results of Yamagishi's study (1998). However, we cannot research this point any further in this paper.

14) We used a factor score calculated from factor analysis based on 7 indices (such as 'drinking tea together', 'stand talking' and 'consulting each other') as a measurement of neighbourly relations.
The four indices on the degree of neighbourly relations (based on 5 step scales) are as follows: co-operating in life while consulting with and helping each other; having contact to the extent of exchanging souvenirs; associating to the extent of standing talking; and minimum association such as exchange of conventional greetings.

The classification in this discussion is pursuant to Lin (2001).

However, the arguments by Fukuyama (1995) and others are not as well-organized as the Emancipation Theory of Trust, nor are they necessarily supported by empirical data in a clear manner.

The two variables of popular-culture activities and high-culture activities are two factor scores obtained from factor analysis of answers to 10 questionnaire items with respect to recreation activities, including visiting museums and going out to karaoke.

The variable of social participation is a factor score obtained from factor analysis of answers to 7 items, including participation in sports circles and local festivals, etc.

The variable of confidence in institutions is a factor score obtained from factor analysis of answers on trustfulness towards law enforcement agencies, the judicial system, education, public administration and private corporations.

The variable of trustfulness towards neighbourhood is measured as an expectation of how much people living in the neighbourhood will help us if we become a victim of criminal activity near home.

This trust is trust felt towards acquaintances in the neighbourhood or other people in a certain category based on information that they live in the neighbourhood. So we could say that this trust is information-dependent trust in contrast to general trust, following the classifications of Yamagishi (1998).

Amos5 was used to conduct the analyses. Since the data contained missing values, we adopted the 'estimate means and intercepts' option so that we could use all the cases.

See Hayashi and Yosano (forthcoming) on the suggestion that high resource holders adopt a 'risk-acceptance seizing opportunity strategy', and low resource holders adopt a 'risk-aversive expanding opportunity strategy'.

References


(Received April 20, 2005 /Accepted August 9, 2005)