Government Behavior and Trust: The Case of China

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Social capital has become a critical term in the social sciences since Loury (1977) and Coleman's (1988) seminal studies. Coleman (1990) and Putnan, Leonardi, and Nanetti (1993) focus on the positive spillover effect of social capital. Fukuyama (1997) argues that only certain shared norms and values can be regarded as social capital. Putnan (2000), Ostrom (2000), and Bowles and Gintis (2002) highlight the network effect of social capital. All these studies demonstrate that trust is central to social capital.

Fafchamps (2004) argues that trust may be understood as an optimistic expectation or belief regarding other agents' behavior. The origin of trust, however, may vary. Durkheim (2000) argues that trust comes from family ties. Platteau (1994a, 1994b) argues that it arises from general knowledge about the population of agents, the incentives they face, and the upbringing they have received. The former can be called personalized trust and the latter generalized trust. Glaeser et al. (2000) employ economic experiments to see how attitudes and background characteristics influence the choice of strategies.

Researchers are obsessed with the term social capital, even if it is very elusive, and contend that it is an important determinant of economic development. Arrow (1972) and Fukuyama (1995) have argued that the level of trust in a society strongly influences its economic performance. Knack and Keefer (1997) find that a one standard deviation increase in a measure of country-level trust increases economic growth by more than 0.5 standard deviation. Putnam, Leonardi, and Nanetti (1993) use the social capital level difference to

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explain the development gap between Northern and Southern Italy. LaPorta et al. (1997) find that across countries, a one standard deviation increase in the same measure of trust increases judicial efficiency by 0.7 of a standard deviation and reduces government corruption by 0.3 of a standard deviation. In most situations, trusting others enables economic agents to operate more efficiently—for example, by invoicing for goods they have delivered or by agreeing to stop hostilities. Whenever this is the case, generalized trust yields more efficient outcomes than personalized trust (Durlauf and Fafchamps 2004).

These studies, though interesting and somewhat persuasive, do not separate trust in government from trust in the general public. In modern society, government plays a prominent role in shaping everyday life. People's behavior will inevitably be influenced by government behavior. It is therefore inappropriate to define trust or social capital without looking at the interplay between government behavior and trust. This article views trust from an institutional perspective and examines the interplay between government behavior and trust across various regions in China. One of the key findings from the sample surveys is that positive and negative government behavior have a significant impact on the level of social trust: good government increases social trust while bad government diminishes trust.

Data Description

From 2006 to 2007, the Unirule Institute of Economics distributed 3,300 questionnaires to investigate the attitudes and feelings of households toward government in each provincial capital city of China.[1] To understand the trust levels in Chinese society and to explain its determinants, this article divides trust into two categories: trust in government and trust in people. Survey questions were based on the Likert scale, which is a commonly used scale to measure respondents' attitudes (see Kapes, Mastie, and Whitfield 1994). Table 1 describes the various indicators of trust used in the sample survey.

The reliability of the scale has an impact on the survey results and should be examined. There are a variety of ways in which reliability can be assessed (see De Vellis 1991, Carmines and Zeller 1979). The most commonly employed method is the use of Cronbach's alpha, which measures the proportion of scale variance that is communal, resulting from covariation among the items in the sample survey.

[1] Tibet, Hong Kong, and Macao were not included in the survey.

TABLE 1

INDICATORS OF TRUST

Indicator/Variable	Description	Code
Trust in Government (TG)	Do you fear speaking on public policy?	TG1
The questions in this group are perception based.	Do you believe government is useful in solving problems?	TG2
	How would you rate government corruption in your province?	TG3
	Is the legal system trustworthy?	TG4
	Do you think court decisions are fair?	TG5
	How would you rate court corruption in your province?	TG6
	Do you think forced evictions are for the public interest?	TG7
	Do you think government is in favor of the poor?	TG8
	How would you rate your attitude toward government?	TG9
Trust in People (TP)	Do you think people are trustworthy in your community?	TP1
The questions in this group are perception based.	How would you rate changes in the level of trust in your community?	TP2
	To whom and where will you speak on social issues?	TP3
	Can you speak to your family members on social issues?	TP5
	Can you speak to your friends on social issues?	TP6
	Can you speak in public on social issues?	TP7
Positive Government Behavior (PGB)	Traffic situation	PGB1

continued

TABLE 1 (*continued*)

Indicators of Trust

Indicator/Variable	Description	Code
Indicators measuring the "helping hand" of government. The questions in this group are behavior based: respondents can observe the exact behavior of government and generate evaluations.	Public transportation	PGB2
	City cleanness	PGB3
	Sewage	PGB4
	Public projects	PGB5
	Is government listening to you on public affairs?	PGB6
	Government effectiveness	PGB7
Negative Government Behavior (NGB) *Indicators measuring the "grabbing hand" of government. The questions in this group are also behavior based.*	Enforcing policies by force	NGB1
	Abuse of power	NGB2
	Failure to respond to complaints	NGB3
	Failure to respond to public hearing results	NGB4
	Government information disclosure	NGB5
	Costs to going to court	NGB6
	Government charges without due process	NGB7
	Government fines without due process	NGB8
	Government takes your property without compensation	NGB9
Participation (PAR) *The questions in this group are behavior based.*	Participating in activities organized by civil society organizations	PAR1
	Community activities	PAR2
	Public hearings	PAR3
	Court trials	PAR4
	Religious activities	PAR5
	Internet discussions	PAR6
	Discussing public affairs with friends	PAR7
	Club activities	PAR8

Since the construct is presumed to cause each of the item scores, "good" items are positively correlated and alpha should be "high." If the items in the scale were completely orthogonal, scale variance would equal the sum of the individual item variances and alpha would take a value of zero (the lower bound). The upper bound for alpha approaches one, with values above 0.7 generally accepted as demonstrating that a scale is internally consistent or reliable (Nunnally 1978). The aim of scale purification is to obtain a high alpha, which implies a reliable scale. However, while elimination of an item with a low item-total correlation raises alpha, fewer items in a scale reduces alpha. Table 2 presents Cronbach's alpha for each of the questions/items used in the sample survey. From an examination of Table 2, we find that the data gathered from the survey is reliable because it falls in the interval (0.8, 0.9), an interval deemed to be very reliable.

In order to examine the trust levels of Chinese society quantitatively, the questions are converted into scores from 100 (highest trust level) to 0 (lowest trust level). All components of each indicator are given equal weights because each component is important and valuable. Table 3 reports the summary statistics of trust in government and trust in people. As far as trust in government is concerned, Hangzhou, the capital city of Zhejiang province (one of the most market-oriented regions in China) has the highest score (69.21), while Shenyang (68.93) is second and Shanghai (67.76) third. Trust in government is closely related to governance qualities as well as to public awareness. For example, in a region where the media frequently expose corruption cases, people will have the impression that they should not trust government. Meanwhile, in a region where such cases are covered up, and the public has little or no access to information, people may give a relatively higher score when asked about trust in government—even though it is possible that the former province actually has better governance.

It is interesting to note that Hangzhou also has the highest score with respect to the general social trust, which means that Hangzhou residents tend to trust other people. Such trust is essential for the operation of a formal market economy, and it appears that the higher the level of trust, the wider the scope for market exchange.

One important finding in Table 3 is that in Chinese society the general social trust (i.e., trust in people) is much higher than trust in government. The mean score for trust in government is 63.44 (with a standard deviation of 8.71), while for trust in people it is 70.39 (with a standard deviation of 8.69). The t-statistic (38.89) strongly rejects the hypothesis that these two trust levels are equal.

TABLE 2

Testing for the Reliability of the Sample Questions

ID	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	ID	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TG1	0.30	0.869	NGB4	0.34	0.868
TG2	0.38	0.868	NGB5	0.29	0.869
TG3	0.35	0.868	NGB6	0.30	0.868
TG4	0.41	0.867	NGB7	0.33	0.868
TG5	0.41	0.867	NGB8	0.32	0.868
TG6	0.37	0.867	PGB1	0.09	0.870
TG7	0.41	0.867	PGB2	0.16	0.870
TG8	0.40	0.867	PGB3	0.09	0.870
TG9	0.27	0.869	PGB4	0.17	0.870
TP1	0.12	0.870	PGB5	0.25	0.869
TP2	0.27	0.869	PGB6	0.34	0.868
TP3	0.35	0.868	PAR1	0.07	0.871
TP4	0.11	0.870	PAR2	0.07	0.871
TP5	0.14	0.870	PAR3	0.11	0.870
TP6	0.27	0.869	PAR4	0.16	0.870
TP7	0.36	0.868	PAR5	0.10	0.870
NGB1	0.10	0.870	PAR6	0.09	0.870
NGB2	0.25	0.869	PAR7	0.02	0.871
NGB3	0.35	0.868	PAR8	0.07	0.871

TABLE 3
Summary Statistics

	Trust in Government				Trust in People			
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max
Beijing	65.10	8.57	41.25	84.38	70.73	8.11	46.73	88.54
Changchun	63.40	7.66	40.00	88.13	74.38	8.95	29.58	96.88
Changsha	60.19	9.45	43.13	80.78	69.97	7.51	54.58	89.77
Chengdu	65.49	10.20	43.75	85.63	69.90	7.48	47.08	86.25
Chongqing	63.83	6.74	40.00	80.03	71.22	8.83	40.21	89.58
Fuzhou	61.48	7.59	42.63	76.88	68.11	7.29	49.38	86.25
Guangzhou	63.68	7.65	40.63	85.09	70.46	9.67	44.17	88.75
Guiyang	65.41	8.15	41.25	85.95	71.58	7.73	49.23	92.56
Ha'erbin	62.60	7.77	46.88	81.88	67.73	7.43	52.71	91.25
Haikou	61.51	8.55	35.63	82.91	74.17	7.61	57.92	91.88
Hangzhou	69.21	8.58	44.70	83.53	76.83	9.08	58.33	96.88
Hefei	63.69	8.56	39.46	85.00	71.37	9.78	42.12	90.14
Hohhot	62.62	7.22	35.00	81.32	70.61	8.13	46.46	91.25
Jinan	66.46	7.64	48.48	79.70	71.25	7.04	45.21	88.75
Kunming	63.10	10.05	40.95	83.20	71.73	8.09	54.17	89.58
Lanzhou	63.13	6.95	38.75	82.50	70.76	8.65	40.90	88.75
Nanchang	65.12	7.95	43.13	93.75	70.58	6.87	53.75	91.25
Nanjing	60.78	8.15	43.13	76.25	66.77	9.11	45.21	86.25
Nanning	58.94	8.80	26.25	81.28	67.84	7.69	47.92	89.58
Shanghai	67.76	7.79	48.75	82.50	72.57	8.81	53.54	91.25
Shenyang	68.93	8.57	46.25	88.13	70.59	10.46	45.83	93.75
Shijiazhuang	60.11	9.65	33.20	79.38	66.56	12.30	34.58	93.75
Taiyuan	63.15	8.07	45.00	86.25	71.30	8.06	49.79	92.71
Tianjin	61.68	8.68	41.88	78.13	62.23	5.96	49.38	78.54
Urumqi	64.50	7.11	43.75	83.45	70.75	6.41	53.10	83.75
Wuhan	61.82	8.11	44.38	88.21	71.79	8.65	42.08	90.21
Xi'an	66.43	8.15	47.30	85.63	70.95	8.18	49.38	89.38
Xining	62.55	9.18	38.13	82.50	68.97	8.80	49.58	90.90
Yinchuan	61.12	9.76	35.00	89.38	71.23	7.66	48.75	91.88
Zhengzhou	59.86	8.12	46.25	78.75	69.26	6.23	47.92	83.75

Regression Results

Government may serve as a "helping hand" to facilitate the development of society, such as by providing a just legal system, respecting property rights, and delivering public services. However, government may also abuse its powers. The "grabbing hand" of government will involve taking bribes and overt interventions (Shleifer and Vishny 1993).

A government following the helping-hand approach should have different implications for trust than governments following the grabbing-hand approach. In order to test this theory, I distinguish the grabbing behaviors from the helping behaviors of government. The former are mainly connected with negative government behavior, including enforcing policies by force, abuse of power, disregarding the appeals of residents, and taking properties without due process or without payment to the owners. The helping behaviors are mainly about positive government behaviors, for example, providing an independent judiciary and supplying various public goods that benefit society.

The participation of residents in civil society may have an effect on trust levels. In this article, I survey participation in some public affairs, such as court trials, public hearings, public discussions, and religious activities.

Trust in Government

The impressions of trust in government that respondents have are usually a combination of real and imaginary facts. Respondents may perceive certain officials to be corrupt even though they have never had contact with those officials. That perception, however, was likely shaped by what respondents have learned from the media and from people who have had direct contact with corrupt officials.

Government behavior has an impact on the impressions people have about government. Table 4 shows that positive government behavior has important implications for people's judgment about government. Model 1 indicates that when controlling for negative government behavior, an increase of one standard deviation in the positive government behavior score will increase trust in government by 0.28 of a standard deviation.[2] However, negative government behavior has a bigger impact on trust in government. As indicated in model 1, for every one standard deviation increase in the negative government behavior score, trust in government will increase by 0.29 of a standard deviation.[3] Consequently, it appears that the impressions people have about government are driven more by negative government behavior than by positive government behavior. We find similar results when controlling for participation (model 2), education level

[2] Only beta coefficients are shown in Tables 4 and 5—that is, standard partial regression coefficients. To be meaningful in the context of this survey, the regression coefficients need to be expressed in terms of standard deviations.

[3] For negative government behavior, a higher score means less negative government behavior—that is, a *more* friendly government. Thus, the coefficient has a positive sign in the regression.

TABLE 4

REGRESSION RESULTS: TRUST IN GOVERNMENT

	(1)	(2)	(3)	(4)	(5)
Positive government behavior	0.28	0.26	0.26	0.26	0.26
	(16.77)**	(15.99)**	(15.73)**	(15.96)**	(13.07)**
Negative government behavior	0.29	0.29	0.29	0.29	0.28
	(17.76)**	(17.56)**	(17.55)**	(17.51)**	(14.21)**
Participation		0.16	0.17	0.16	0.18
		(10.63)**	(10.92)**	(10.35)**	(9.43)**
Senior high school			−0.19		
			(0.58)		
College and beyond			−0.04		
			2.39*		
RMB1,500–3,000 income group				0.31	
				(0.9)	
RMB3,000–5,000 income group				0.22	
				(0.56)	
RMB5,000 and higher				−0.17	
				(0.39)	
Private sector employment					−0.24
					(0.73)
Observations	3,338	3,338	3,338	3,338	2,203
R-squared	0.22	0.25	0.25	0.25	0.25

NOTES: Only beta coefficients are shown; absolute values of t-statistics are in parentheses; *significant at 5 percent; **significant at 1 percent.

(model 3), income effect (model 4), and employment (model 5). It is suggestive that when controlling for these variables, we find a very stable impact of government behavior on the level of trust in government, while the impacts of education, income, and employment are not statistically significant.

Trust in People

Government behavior will not only shape the trust level in government but also the general social trust level. When government frequently tells lies, people may follow the same approach in their daily interpersonal relationships. People living under a dictatorship will have a clearer picture about this dynamic. For instance, in the Mao Zedong era, political ideology was deeply rooted and there were many cases of whistle-blowing on colleagues, friends, or even family members. Whistle-blowers reported what they heard on social issues to the authorities.

Table 5 provides evidence that government behavior can affect personal trust in society. In model 1, every one standard deviation increase in the positive government behavior score will increase general social trust by 0.18 of a standard deviation, while a one standard deviation increase in the negative government behavior score will increase general social trust by 0.16 of a standard deviation. Both effects are statistically significant.

Meanwhile, positive government behavior has a bigger impact on trust in people than negative government behavior. In particular, positive government behavior will facilitate trust in people by providing interaction mediums, which implies that government behavior indirectly shapes the general social trust. It is reasonable to predict that when differences in political institutions increase, the trust level across countries will be more dependent on government behavior.

The Impact of Social Participation on Trust

The literature on social capital improving efficiency highlights participation in group activities. Researchers contend that networking will have social benefits resulting from information sharing, group identity, and explicit coordination. Naturally, we are interested in discovering the possible effect of participation in group activities on trust in government and trust in people.

Model 2 in Table 4 indicates that every one standard deviation increase in the participation level will increase trust in government by 0.16 of a standard deviation. We can find a similar effect in models 3, 4, and 5, respectively, when controlling for educational attainment, income group effect, and working environment.

TABLE 5

REGRESSION RESULTS: TRUST IN PEOPLE

	(1)	(2)	(3)	(4)	(5)
Positive government behavior	0.18	0.18	0.18	0.18	0.18
	(9.90)**	(9.70)**	(9.75)**	(9.71)**	(8.10)**
Negative government behavior	0.16	0.16	0.16	0.18	0.18
	(8.75)**	(8.66)**	(8.67)**	(8.42)**	(6.79)**
Participation		0.03	0.03	0.15	0.15
		(1.75)	(1.5)	(1.17)	(2.45)*
Senior high school			0.08		
			(0.23)		
College and beyond			0.41		
			(1.04)		
RMB1,500–3,000 income group				0.39	
				(1.04)	
RMB3,000–5,000 income group				0.06	
				(3.05)**	
RMB5,000 and higher				0.05	
				(2.15)*	
Private sector employment					0.10
					(0.29)
Observations	3,338	3,338	3,338	3,338	2,203
R-squared	0.08	0.08	0.08	0.08	0.08

NOTES: Only beta coefficients are shown; absolute values of t-statistics are in parentheses; *significant at 5 percent; **significant at 1 percent.

It is reasonable that when people have more discussions and participate in social activities, they will have a clearer view about government behavior. In some cases, the rumors among participants may spread and the bad sides of government behavior will be brought to light. However, from the findings of this article, it is more probable that when participating in group activities, people will share information about government and increase their understanding of government. For example, I usually find that when dissenters join a discussion about corruption in China, if they are asked to compare China with countries where corruption is pervasive or with previous regimes in China, they will generally say that the present regime is better—even if no substantial improvements are found. It may be that people will have a more favorable view of government if they perceive the central government is making a stronger effort to reduce corruption.

The persuasion process may not totally change the prior beliefs of dissenters, but in most cases the dissenters' negative beliefs will be weaker. That result is reflected in Table 4: participation in social activities, such as court trials, public hearings, and religious ceremonies have a positive impact on people's trust in government. However, as far as the general social trust is concerned, participation has not yet had a significant impact in improving social trust in China. Perhaps this result reflects the saying in Chinese culture: "To make allies with people far away but fight with neighbors."

Other Factors Affecting Trust

Trust is subjective and is inevitably influenced by personal factors such as education, income, and employment. Glaeser et al. (2000) use economic experiments and find that attitudes and background characteristics influence the choice of strategies. From Tables 4 and 5, however, there is little evidence in China to support a significant impact of these other factors on trust.

Model 3 in Table 4 does provide some support that respondents with a university degree or above have a more negative evaluation of government compared to respondents with only a primary education. Model 4 of Table 5 provides some support that households with average incomes from RMB 3,000 to 5,000 per month, a group of people widely considered to be the middle class in China, have more trust in other people than families with below-average incomes.

Conclusion

In this article, the impact of government behavior on trust levels is examined for a sample of 3,300 households across China in 2006 and

2007. We found that government behavior will influence people's trust in government and also trust in other people. One implication of the study is that the Chinese government should allow people to have a greater choice in participating in social activities.

In the last several years, the government's control over society has been tightening. Many public debates on government behavior have been banned. But from the findings of this article, more public debates will not necessarily harm the government's reputation. On the contrary, greater freedom for debate and participation is conducive to people having a more positive image of government. Allowing people to join some government activities, such as public hearings, would give people more unbiased information on government. Otherwise, perceptions of government will be based largely on rumors, which actually can do great hurt to the government's reputation.

Chinese social organizations are often mistakenly regarded as untrustworthy. But one should understand that in a one-party state people often have to hide their true feelings to avoid retaliation from government. So behavior that may appear to the outsider as untrustworthy is really just individuals trying to protect themselves from harm.

What this article has shown is that the trust level in China is connected with government behavior. In particular, we find that in comparison to government behavior, the impact of personal factors (schooling, income level, and employment) is not significant. A future research task is to examine the effect of political institutions on trust.

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