

People's Trust: A Survey-Based Experiment

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Non-Technical Summary

Trust is an important lubricant for social and economic transactions. Higher levels of trust and trustworthiness can reduce transaction costs by allowing the use of informal agreements instead of complex contracts and their costly enforcement. The main aim of the project was to obtain measures of the extent of trust and trustworthiness in British society for simple trust situations involving strangers, in which stakes are relatively small and there are no contractual obligations.

Overall, about 40% of people were willing to trust a stranger in our experiment, and their trust was rewarded one-half of the time. Analysis of variation in the trust behaviour in our survey suggests that trust increases with age, although this could be a generational effect. Also, people whose financial situation is comfortable are more likely to trust, as are homeowners. Trustworthiness is less likely if a person's financial situation is perceived by them as 'just getting by' or difficult. Taken together with the results for trusting, this suggests that trust in strangers and trustworthiness toward them are 'luxuries' that some people cannot 'afford'

The common question about trust which has been run in the BHPS and many other surveys – "Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people?" – has been used in around 500 papers that analyse the economic effects of trust and in particular it has been employed to study trust in Britain as a function of individual attributes and measures of neighbourhood attachment, social networks and civic participation. The present study shows that this question has absolutely no predictive power for people's trusting behaviour as measured in our experiment. There is, however, some evidence suggesting that the survey question captures to some extent the expectations component of trust decisions, in contrast to the preferences/risk component.

There was no evidence that responses to question that elicited 'general willingness to take risks' were associated with either trust or trustworthiness in the experiment. But an analogous question about taking risks in trusting strangers indicated that people who express more willingness to take risks *in trusting strangers* were more likely to trust in the experiment. Thus, there appears to be some behavioural content in this question.

We conclude that behavioural responses to experiments like the one carried out here provide reliable measures of trust and trustworthiness, which are superior to the common survey questions regarding trust. Such measures also suggest how individual attributes and features of a person's network of social interactions affect trust.

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