Who/What do We Trust?
Reflections on Structural and Cultural Approaches in Trust Theory

Iwan Dzulvan Amir
(The Australian National University)

Abstrak

Trust (kepercayaan) adalah konsep dalam ilmu sosial yang sedang naik daun, terutama dengan meningkatnya berbagai identitas kelompok di dunia pada umumnya dan di Indonesia khususnya. Apakah hal itu berarti tingkat kepercayaan masyarakat akan institusi berskala besar seperti negara, agama dan ideologi sudah digantikan oleh tingkat yang lebih lokal atau spesifik? Tulisan ini selain bertujuan untuk menjelaskan hubungan konsep trust dengan kondisi sosial, ekonomi dan politik, juga akan mengatikannya dengan proses pembentukan identitas kelompok. Dalam tulisan ini diungkapkan bahwa trust adalah sesuatu hal yang dinamis dan historis, yang sangat tergantung pada kondisi, baik sistem normatif maupun struktural. Kedua hal ini perlu diperhatikan dalam perumusan sistem trust dalam kelompok masyarakat mana pun.

Trust is a concept that generates a growing interest among social theorists, particularly for its role in cooperative collective behavior. This article introduces the major concepts employed by various trust theorists in the analysis of cooperative collective behavior, summarizing these concepts and why they are important in the development of any trust theory, and assessing the importance of the trust concept. It uses an analysis of a multicultural society—in this case Indonesia—and determines the best way to view trust within a theoretical framework of social science.

This article is divided into several major sections. The first section introduces various trust theories, specifically those that attempt to associate the concept of trust with risk-taking behavior and its role in cooperative economic behavior. This section is important to the background for the second section, which explains briefly that the global economy is a high-risk environment where the formation of economic partnerships (or any other networking activities) is always considered as a risk-taking activity indispensable to economic success. The third section describes an alternate approach to the trust theories outlined in the previous sections. It points out that social structure (especially enforcement mechanisms),

---

1 The author would like to thank Dr. Rachel Bloul (Sociology, The Faculties, ANU), Dr. Patrick Guinness (Anthropology, The Faculties, ANU) and Dr. Margot Lyon (Anthropology, The Faculties, ANU) for their invaluable criticisms and commentaries as well as Dr. Kathryn Robinson (Anthropology, RSPAS, ANU), Dr. Minako Sakai (School of Language, Literature and Communication, ADFA) and Prof. James J. Fox (Director, RSPAS, ANU) for their continuous support throughout the development of this article.
trust, and risk-taking economic behavior are also influenced by cultural systems. The fourth section provides a brief trust analysis on contemporary Indonesia while assessing two different approaches on trust theory. The article ends with a brief conclusion.

**Trust and risk in economic behavior**

There are several important issues that are deeply related with the concept of trust. They are the construction of identity, the relationship between actors and social structures, and the historical and socio-economic condition of the society in question. Admittedly, these are issues that are interrelated with each other. Indeed, various trust theories are primarily concerned in categorizing these issues into more manageable concepts such as trust, confidence, cooperative behavior, coercion, etc.

**Trust and the Other**

The very concept of trust draws the line that separates—to a varying degree—those who can be trusted and those who cannot. Therefore, identity construction is arguably the most important factor to be considered in any analysis of trust. Trust is about interaction with the Other. It is an issue that involves the construction of the Other and whether or not the self can act cooperatively with the Other without coercion. The issue of coercion is important especially in the examination of economic behavior, because economic success can be achieved through coercion-based as well as trust-based behavior. That is why the two concepts often associated with trust—cooperation and solidarity—must actually be distinguished from each other.

While at first these distinctions provide a comfortable framework for defining and analyzing trust-based behavior, we have to be careful how to apply them to various context-sensitive cooperative behaviors. Coercion-based cooperative behavior involves the domination of the Other (e.g. gender, class, racial, ethnic, or other boundaries). However, non-coercive cooperative behavior may or may not assume that the Other can be trusted depending on how the identity is constructed. Valerie Braithwaite (1998:52) summarizes the existing trust theories into two main perspectives:

- **Theories of the self/the Other exchange:** these theories are based on the idea that people cooperate because they expect such cooperation to result in rewarding outcomes at some time in the future. It is a perspective that sees trust in terms of motivational interdependence. The actor’s decision on whether or not to give or honor trust is based on utilitarian evaluations. Trust is associated with the actor’s calculation of risk, knowledge and the capacity to control and predict outcomes to achieve a desired benefit. The Other is one constructed embodiment of such risk and unpredictability.

- **Theories of shared identity:** these theories are based on the idea that there can be no individual identity without identification with social groups and therefore ‘acting in terms of self’ must incorporate both group and individual. Trust is a by-product of shared understandings, goals and social responsibility. Trust is built through a history of thoughts and actions shared by concepts like commitment, competence, reliability, meeting obligations, and civic order. Giving and honoring trust is a function of how well the actors have been imbued with norms and values furthering collective inter-

---

2 ‘Cooperative behavior’ does not necessarily require trust or solidarity and can be based on coercion. Conversely ‘solidarity’ does not necessarily lead to cooperative behavior (e.g. doing nothing or something distasteful to others ‘for their own good’) nor is it necessarily based on trust (e.g. professional courtesy, etc).
ests, how well actors see each other in the group sharing these same norms and values, and how resistant they are to adopting alternative identities that compete for prominence as the social, political and economic contexts change.

This question of identity is crucial because the key to linking value systems and trust norms lies in the way in which the Other is defined in these trust theories. Actors in positions of power are more likely to adopt the shared identity perspective in assessing trustworthiness (since the approach does not involve the Other or rather supposes that the Other cannot be trusted) while those without power are more likely to adopt the self/Other exchange perspective (Kramer 1996). Excluding situations of coercion, how the actor is positioned in society determines how the actor views the Other ranging from competitors whose potentially harmful actions must be minimized through rules and laws, to potential partners whose potential benefits derived from any cooperative ventures far outweigh the consequence of the absence of any cooperation. Either way, the actor would prefer predictability to uncertainties on the part of the Other.

**Interpersonal trust and structural trust**

There are different classifications of trust. One of the most prominent is the approach employed by mainstream trust theorists who treat trust in two separate spheres: the personal and the public. This approach has a consequence that needs to be addressed: trust theory can be used as a political ideological tool. For example, proponents of modernization theory would see a general shift of trust from the interpersonal to the structural form as inevitable (e.g. Luhmann 1979; Gellner 1988; Giddens 1990) while the proponents of cultural determinism would see trust as a socio-economic determinant (e.g. Redding 1990; Fukuyama 1995; Siu-Lin 1996). Addressing the interpersonal/structural or personal/public separation is important before proceeding into any analysis of trust within specific cases.

Focusing on predictability, Niklas Luhmann (1979) tackles the problem of trust in terms of its function and the social mechanisms that sustain it. Luhmann’s model—which is widely adopted by subsequent trust theorists (e.g. Eisenstadt and Roniger 1984; Dasgupta 1988; Gambetta 1988; Gellner 1988; Hart 1988; Hawthorn 1988; Pagden 1988; Menkhoff 1992; Eisenstadt 1995; LeKander 1996; Seligman 1997; Blackburn 1998)—can be qualified as Braithwaite’s self/Other exchange perspective primarily because the model is centred on the idea that trust assumes a situation of risk which is created by ‘the internal decisions made by an actor’ (Luhmann 1979:97). Trust is a rationally calculated gamble in the face of a decision-making situation with uncertain consequences.

Luhmann (1979:97) distinguishes trust from ‘confidence’. Confidence relates to the existence of danger which is an external condition. In confidence cases, common knowledge is involved. For example, if two persons know that both of them share and follow the same set of behavioral rules, and based on this they can predict with certainty the results from any interaction between them, then we can say that they have confidence in each other, the set of rules, or both. Confidence is generally accepted by social scientists as ‘certainty that existing

---

3 The distinction between confidence and trust depends on perception and attribution. If alternatives are not considered, then this is a situation of confidence. If one action is preferred to others in spite of the possibility of being disappointed by the action of others, this is a situation of trust (Luhmann 1979:97). Trust is only possible in a situation where the potential damage may be greater than the advantage being sought. Otherwise, it would simply be a question of rational calculation. Trust is only required if a bad outcome would cause regretting the action (Luhmann 1979:97-98).
arrangement or system will produce the predicted outcome whereas trust is seen as one of the effective means of protecting the self against the unknown.\(^4\) Confidence situations apply when social systems can be relied upon to deliver certain outcomes while trust situations involve choices with uncertain or unpredictable outcomes.

In addition to the confidence and trust distinction, Luhmann (1979:23) and most trust theories influenced by his model differentiate between forms of everyday trust into ‘interpersonal trust’ \(^5\) and the more impersonal ‘system-trust’. Such a contrast is deemed necessary in order to address the degree of interaction drawn from ‘any’ case of trust-based cooperative behavior. Trust theorists argue that as societies became more complex, dependence on ‘system-trust’ grew replacing the more traditional or pre-modern ‘interpersonal trust’ (Luhmann 1979; Dunn 1984; Seligman 1997). Luhmann (1979:30) argues that system trust plays a significant role in modern societies by becoming a ‘mechanism’ which compensates for such societal complexity. Trust increases the tolerance of uncertainty, which explains why trust-based behavior became more frequent than confidence-based behavior considering that actors in a complex environment interact most of the time with unfamiliar Others.

The large functional systems depend not only on confidence but also on trust. If there is a lack of confidence there will also be a diffuse sentiment of dissatisfaction and alienation or even anomie. This may have no immediate impact on the system. If trust is lacking, however, this changes the way people decide about important issues. Trust, as may be recalled, is an attitude which allows for risk-taking decisions (Luhmann 1979:103).

Indeed, Luhmann goes so far as to declare that the conversion towards system-trust—often presented as aimed at fostering confidence—is part of the ‘great civilizing processes’ (Luhmann in Menkhoff 1992:263) towards a greater social differentiation and societal complexity. In the scheme of the modernization project implicit in this approach, cooperative behavior based on system-trust is ‘expected’ to replace traditional forms of cooperative behavior. This approach views societies where the dominant cooperative behavior is based on interpersonal trust (e.g. in norms, kinship, or family values) as ‘less progressive’ than those who rely on system-trust (considered to be modern societies).

In a self/Other exchange perspective such as Luhmann’s, trust—both interpersonal and structural—is seen as a particular degree of the subjective probability with which an actor assesses that another actor or a group will perform a particular action, both before the actor can monitor such action and in a context in which it affects his/her own action. When we say we trust someone or that someone is trustworthy, we implicitly mean that the probability that he/she will perform an action that is beneficial or at least not detrimental to us is high enough for us to consider engaging in some form of cooperation with him/her (Gambetta

\(^4\) This demands a clearly defined and visible system of group membership. Trust lacks the certainty factor that makes it less preferable than confidence. At least among urban populations, well-defined system of group, which membership is no longer as dominant as in rural populations because it is replaced with a belief in central authority to enforce fair interactions between alienated individuals (Gellner 1988:146-150). Trust contribute not merely towards the establishment of social order but also towards the establishment of checks on government (Gellner 1988:156).

\(^5\) On the interpersonal level, trusting behavior consists of action that increases one’s vulnerability to another whose behavior is not under one’s control, and takes place in a situation where the penalty suffered if the trust is abused would lead one to regret the action (Lorenz 1988:197). Even to compete, in a mutually non-destructive way, one needs at some level to trust one’s competitors to comply with certain rules (Gambetta 1988:215).
This definition circumscribes the focus of trust in several ways:

- Trust is better seen as a threshold point located on a probabilistic distribution of more general expectations ranging from complete distrust to complete trust (Gambetta 1988:217).
- It stresses the fact that trust is particularly relevant in conditions of ignorance or uncertainty with respect to unknown or unknowable actions of others (Gambetta 1988:217).
- Postulating that our own actions are dependent on that probability, it excludes those instances where trust in someone has no influence on our decisions (Gambetta 1988:218).
- It limits our interest to trust between actors. It excludes those instances where trust is based on the premise that others have no intention to cheat us, and the premise that others would perform adequately regardless of personal intentions (Gambetta 1988:218).

While this may not pose much of a problem in analyzing a society where the self is defined as a self-contained actor (e.g. as in ‘individualist’ societies), it is very problematic in analyzing societies where the self is defined by the actor’s network of relationships (e.g. as in the so-called ‘collectivist’ societies). In societies where the fulfillment of obligations is a major motivating force in almost every aspect of life, confidence and obligation became almost interchangeable (e.g. actors are confident that ‘everyone’ will strive to fulfill their obligations). In terms of the social mechanisms which sustain trust, these societies would be seen as highly coercive where actors do not have trust in each other and must rely on sanctioning mechanism to motivate cooperative behavior. This would be the case if such societies are assessed solely using Western individualist framework and it is the primary critique of structure-oriented trust theories such as Luhmann’s.

To summarize, the concept of trust in mainstream trust theory includes an assessment of sincerity, competence and reliability (Yamazaki 1997). Only when mutual assurances can be given and relied upon can we have the possibility of cooperation (Blackburn 1998:42). These assurances usually come from regulatory measures, either cultural in the form of norms (Hollis 1998:79-66) or structural in the form of sanctioning mechanisms (Dasgupta 1988:50-51). In both interpersonal and structural trust, the actor—already imbued with culturally specific norms that to some degree determine when, how and who to trust—is held accountable for any involvement in acceptable trust-based cooperative behavior. Breach of trust not only will be punished but will also affect the actor’s reputation. Therefore, trust in general relies on some kind of regulatory or enforcement mechanism in the form of rules, laws, sanctions, gossip, shame, and other forms of punishment or threat of punishment. Whether one form of enforcement mechanism is considered ‘better’ than another (e.g. more or less advanced/modern/Western) is a matter of ideological perspective on the part of those who employ the concept of trust (e.g. academics, religious scholars, clergies, politicians).

---

6 This is the one conclusion from the self/the Other exchange theorists that this article agrees with. However, the identity and power relation issues described earlier indicate that it is not the only thing that trust is based on. This article is concerned that not only trust is about the construction of, and interaction with, the Other, but also that the theories of trust itself have the potential to become a tool to construct or—in cases like Fukuyama (1995)—essentialize and marginalize the Other. Such a theory would become an ideology contrasting the ‘most trust-oriented’ societies from the ‘least trust-oriented’ ones.
Trust, risk, and the economy

How do theories of trust deal with the circumstances of trust-based behavior—specifically situations that demand risk-taking—and their relationship with the economy? Simply put, trust promises stability, predictability, as well as dependability. Indeed, the main reason why ‘confidence’ is something that Western theorists on social emotions (e.g. Luhmann 1979; Gambetta 1988; Gellner 1988; Hawthorn 1988; Lorenz 1988; etc) are so eager to distinguish from ‘trust’ is the expectation that social structures will evolve into a form that is completely dependable in facing the uncertainties of the future. This ideal model maintains that under normal circumstances modern society will have ‘confidence’ in the ability of its structural systems to perform without alarming deviation, while under times of uncertainty they can ‘trust’ the same structures to deal with the situation effectively. In other words, in line with Weberian theories of bureaucratization and rationalization, risk-taking will no longer be borne by individual agents but will rest on well-established structures. The uncertainties brought by interactions with the Other will be negated through structural means (e.g. formal or legal agreements backed by common enforcement mechanism).

This optimistic model certainly appeals to any studies of economic systems that emphasize the importance of cooperative behavior. Attempts to link economic development with culture maintain that trust is a part of a system of solidarity and integration (Eisenstadt and Roniger 1984:22). This view is generally about how several actors collectively produce, manage and distribute resources that will benefit one party (in cases of oppression) or will be mutually beneficial (in cases of cooperation). Cooperative economic behavior will inevitably run into risk-taking situations, especially when the parties involved possess knowledge about each other that is not enough to spark confidence. This mode of analysis assumes a core social consensus based on central societal values and goals. It emphasizes the boundary-maintaining mechanisms of social control. Fellow group members are trustworthy. The Other is also clearly defined and can be categorized as trustworthy enough to become an economic partner or not trustworthy enough—especially if sanctioning mechanisms are deemed not powerful enough—and should be considered as a potential competitor.

While this model can be applied for within-group interaction, it is designed to be used to examine between-groups interaction where harmonious and homogenous economic units interact with each other either cooperatively or competitively. However, such an approach also implicitly minimizes the importance of power and coercion as a means of social integration; therefore it is unable to explain social conflicts, loss of trust, resistances and most importantly, social change. Trust, meaning, and power are defined as needs of the social system, reducing them to part-and-parcel of a fixed social division of labor.

As different group identities in the world proliferate at an accelerated rate, the current trends of thought among social theorists are polarized into two different camps: those who pessimistically expect a conflict-ridden world and those who optimistically expect a unified consensual utopia. The pessimists would see a world where the proliferation of identities is a sign of the decline of trust. In such a world,
gender, religious, ideological, political, or any other differences would only exacerbate competition for resources. The optimists would see a world where the proliferation of identities would see a rise in demand for a trust-based relationship. The basic premise is that of resource management. In a humane world, an efficient (not necessarily equitable) economic system that can last for a long time would demand voluntary cooperation between various identity groups. Coercion is no longer recognized as the best of incentives, but promises of prosperity are and trust promises prosperity.

In either case, both pessimists and optimists would prefer a trust-based world rather than a conflict-based one. Trust is important for reasons of mass mobilization in the modern world. Its importance is not limited to the economic sphere because it is one of the few important tools of political legitimacy. Indeed, governments increasingly use the concept of trust to legitimate their authority. Based on this, I would argue that trust has to be examined as an integrated element in the social and cultural systems. It is influenced by contextual circumstances as well as influence the nature of social, political, and economic interactions. For example, during the 1997 economic crisis in Indonesia—which created social and political turmoil—public discourse constantly involve discussions about ‘the lack of trust in the government’ as well as ‘the need to have trustworthy leadership’, as if trust is a vital component needed to achieve prosperity. At the same time, one cannot fail to notice that the issue of trust has always been discussed in both good and bad times, yet it seems to matter for the public only in times of crisis when both the leaders and their oppositions employ the concept to maintain or seize legitimacy.

The global economy as a high-risk environment

One of several factors affecting the degrees of trust applied to any cooperative venture is historical knowledge, specifically the actor’s reputation. This is very much evident in any close-knit societies where personal reputation is important to any cooperative economic behavior. According to Luhmann’s model (1979), cooperative economic behavior in these ‘traditional’ local economies is gradually being contested by the ‘modern’ global economy that is impersonal and relies strongly on legal systems (treaties, legal arrangements, etc) and the history of firm/company profitability, and less on personal reputation. This view informs a modernist line of argument that dichotomizes and contrasts the traditional from the modern and relies heavily on a Weberian theory of rationalization, which sees modernization as a process that will inevitably replace traditional ways of life.

This view classifies traditional enforcement mechanism as less rigidly structural, primarily informal, as well as very coercive. This mechanism relies very much on personal systems of accountability among its members. In any cooperative behavior within such a community, the actor’s personal reputation is always at

---

9 One example of such a view is Samuel Huntington’s (1996:245) *Clash of Civilization* thesis that categorizes the global politics into those of ‘less conflictual’ and ‘more conflictual’.

10 One example of such a view is Francis Fukuyama (1995) *Trust* thesis, which categorizes societies into ‘high trust’ and ‘low trust’ ones. In this view, trust is a commodity that gives societies an advantage or disadvantage (if lacking) in the global competition for prosperity.

11 While it is true that the reputation of directors or managers is reflected in stock prices, and profitability as a consequence of industrial relations, these are not considered as mainstream practices. They are often relegated either to individual abilities (e.g. the talents of the manager derived from a supportive working environment) or to external circumstances (e.g. a good and profitable partnership with other groups).
stake (Lorenz 1988:197). Any breach of agreement would jeopardize this reputation and could lead to social censure (Siu-lin 1996:19-20). The smaller the size of the community and the more tightly-knit its members, the more effectively this form of enforcement mechanism operates. Small community size means more intense daily contact among its members—often making them more dependent on each other—improving the speed and efficiency of reputation-based system of accountability.

In contrast to the traditional system, the modernization process introduces a more formalistic and rationalistic (re: standardized) enforcement mechanism. It relies on impersonal enforcement agencies to uphold the law. This system focuses less on reputation-based censure and more on fines, confinement or other punishments as deterrent (Braithwaite, J. 1998:352). It is designed to work in large societies that consist of less connected individuals. On a small tight-knit community, its effectiveness is always challenged by the existing traditional enforcement mechanisms with different results.

This dichotomous view describes both types of enforcement mechanism as powerful coercive devices by which society forces individuals to conform to expectations through the threat of punishment. It does not provide an explanation for non-coercive motivational factors that entice actors to voluntarily participate in risky collective economic ventures. Behaviors that are often classified as ‘deviation’ or ‘exceptions’—often initiating social and cultural changes—are also vital for economic success. While the issue of power relations and their role in determining the successful from the less-successful developing societies is an important explanatory factor to consider, the point remains that some societies accommodate risk-taking behaviors better than others. They are far more receptive to new changes in the economic system, new relationships with outsiders, and other untested (re: risky) ventures. While all societies have risk-taking individuals, not every society encourages or even accommodates their risk-taking or unpredictable activities. There are societies that are more conservative and discourage them.

Nothing is more indicative of such different adaptive abilities than how different societies respond to recent economic globalization. Recent economic globalization processes create a risky environment when between-groups relationships are concerned (Bauman 1998:61-65). These processes test how adaptive people really are within the constraints of possible economic activities available to them. They test whether people will embrace new relationships with Others as often as possible, or retreat and cut themselves from the rest of the world (Huntington 1996:53-55). The former is risk-taking activity, while the latter is risk-avoidance. Even in the highly unequal global power relations, societies that are adaptive accommodate their members’ risk-taking activities, including initiating new relationships with Others.

Modernization is a process that does not happen everywhere at the same pace or with the same result. Due to structural and possibly cultural circumstances, some societies fare better in terms of the modern economy than others. Modernization theorists would see this difference as the gap between the developed and the developing societies (e.g. Worsley 1973; Braudel 1985). Underdevelopment theorists would see it as the result of unequal exchange of resources heavily influenced by power relations between the West and the rest (e.g. Frank 1969; Baran 1970; Hoogvelt 1997). World-systems theorists, however, are far more pessimistic. As the world economies become more interconnected thanks to the rapid advancement of technology, capital moves faster from place
to place creating instabilities in the market. This destroys economic certitude. Poverty and economic disparity increase despite increasing development in developing countries, while social order is undermined in developed countries giving rise to xenophobia, sectarianism, fundamentalism, and other reactive extremist movements.

We have entered a phase of what appears to us … as great global uncertainty—so much so that the very idea of uncertainty promises to be globally institutionalized (Robertson 1990:16).

Economic globalization increases the number of risky economic interactions between economic actors linked to the global economy and operating within it. There is growing variety of unknown ‘Others’ which neither local trust-systems nor enforcement systems cover. Lack of accountability is one major factor that increases risk and encourages resistance to cooperative economic behavior with outsiders. In fact, the resistance to the modernization process—especially the management of economic resources—is often blamed by members of the society on how the outsider fails to understand and follow the established traditional system. The Other is considered not trustworthy because they do not subscribe (and therefore are not accountable) to the ‘old ways’. Therefore, globalization forces change the regulatory features of the world economy by challenging existing local enforcement systems. More than ever, confidence and reliance on traditional enforcement systems is replaced by the need for trust-based relationships.

### Cultural differences in cooperative economic practices

Braithwaite’s (1998) other category described earlier—the shared identity perspective—focuses on the role of shared values or norms in giving or honoring trust. Not surprisingly, this view examines cultural difference more thoroughly than the self/the Other exchange perspective. There are very few trust theorists who employ this approach (e.g. Redding 1990; Fukuyama 1995; Siu-Lin 1996). This perspective notices that some traditional trust-systems seem to be more compatible with modern economic systems than others. These compatible systems are characterized by their ability to interact positively with Other systems. There are two major options to overcome the perceived risky situation in order to interact productively with the Other. Either the Other is adopted into the local system, or members of the system try to understand (or even be adopted into) the Other’s system. In both cases, understanding the Other is the key. Even if the Other is a total stranger associated with an unfamiliar group, the reputation of the group—be it true or not—is enough to formulate a risk-taking strategy complete with assessment of potential failures. There also has to be some degree of rational decision involved in risk-taking in the form of knowledge accumulation (e.g. either about the Other or about the venture involved). The idea is to reduce the risk while acknowledging that total risk elimination is impossible.

While knowledge of norms is important in establishing the choices a member can take, knowledge of the Other (reputation) and enforcement mechanism that can be agreed upon together are also important. If trust is about the ability to take risk in investing in the cooperativeness of the Other, then trust can neither be completely normative nor completely structural. Different societies and cultures possess different normative and structural systems, and with it, different trust systems. Some trust systems require the actor to have little knowledge of the Other in order to initiate a relationship, while other trust systems require the actor to learn further about the Other. The former is a
more risk-taking trust system than the latter. In an economic environment that demands fast response in taking advantage of economic opportunities—especially those that require partnership with the Other—then the two trust systems will obviously yield different degrees of economic success. Trust systems that encourage the actors to engage in risk-taking cooperative economic venture would increase the possibility of the actors’ economic success.

On the other hand, the one major weakness of any risk-taking cooperative economic venture is that there will always remain the possibility of one party taking advantage of the other. It is a problem that could exist in any kind of economic system. The prevalence of this ‘free riders dilemma’ (Braithwaite, J. 1998:363) depends mainly on the enforcement mechanism of the society or culture in question. Since enforcement mechanisms are very much tied to cultural systems, then there are a large variety of different enforcement mechanisms that operate with different degrees of efficiency. They range from those that rely heavily on ‘rationalistic’ judicial systems to those that rely on normative systems. The effectiveness of the two depends on the scale of operation. Normative enforcement mechanisms will operate effectively on small scale communities while the ‘modern’ legal system is specifically designed to operate in a larger population. But what if a large community possesses a weak and unreliable legal system and at the same time that community consists of a large number of sub-groups (e.g. ethnic groups, religious groups, etc) with different systems of norm? If we strictly use the premise that the enforcement mechanisms are the only thing that ‘maintains the peace’, then such a community would disintegrate quickly due to economic competition without any reason for cooperative economic behavior. However, there are plenty of cases of multicultural societies where their diverse members embrace different normative systems and yet they seldom hesitate to take the risk to interact and cooperate with each other. This indicates that despite normative differences, cooperation based on similarities or shared values is still very much a preferred option compared to hostility.

Just as enforcement mechanisms are influenced by cultural systems, then so must risk-taking economic behavior. Discounting law or norm breaking behavior, the socialized actor would either conduct risk-taking ventures within the acceptable cultural system or engage in ventures involving Others from outside of the system. One of the best examples of risk-taking economic behavior is the case of entrepreneurs, because the entrepreneur engages in seldom-explored (occasionally pioneering) economic ventures. The essence of entrepreneurship is the ability to innovate (Schumpeter 1934:66). The entrepreneur must rely on information (e.g. to find new business opportunities, potential partners, etc) that makes him/her rely very much on networking. These activities often require contacts with people outside of the entrepreneur’s initial group. Only entrepreneurs who are willing to take the risk of expanding their network can succeed in obtaining greater economic opportunities, otherwise the economic activity will be severely confined on existing relations. Any cultural influence in the actors’ decision to take the risk must be in the form of initial predisposition, which function either to motivate or discourage risk-taking behavior. No doubt, every society has its own share of risk-taking individuals. However, not all cultures accommo-

---

12 The mechanism functions primarily to deter potential law or norm violators through threats of punishment upon the discovery of a violation. If the mechanism fails to perform, potential violators will be less deterred to perform acts of violation. It is in this situation that the risk factor in collective economic behavior increases.
date such tendencies or encourage individuals to be innovative. Even if an individual wants to become an entrepreneur in an unaccommodating culture, his or her efforts are less likely to succeed. So in a sense, culture does influence risk-taking economic behavior but to a varying degree and consequently with different results.

**Do Indonesians trust ‘the Other’?**

One must by now acknowledge that explaining economic success requires more than one mode of explanation and trust theory is but one of them. Trust must also be understood not exclusively within the economic context but also in other social and political contexts. So what makes an economically beneficial trust-based environment? It is in the context of accommodating risk-taking behavior that this article has so far stressed the importance of a legal system that can effectively mediate the interests of the group and those of innovative members. Such legal system should also be able to encourage tolerant outlook to difference—especially of those outside of the group—unless it has been proven to threaten the very survival of the group. This structural solution has already been in use (with reasonably successful economic results) in industrial countries with an increasingly multicultural population (e.g. Singapore, Australia, USA, UK and France). But what about a developing country with a deeply traditional and diverse population like Indonesia?

Most trust theories explain trust at the structural level, treating it as a product of social structure (e.g. its political system, legal system, enforcement system, etc). Cooperative economic behavior is explained in terms of how the social structure facilitates and regulates the actors’ cooperative economic behavior in a prescribed manner. In this context, Indonesia’s legal system is very weakly enforced. It is often very ambiguous and open to cooptation by certain ruling groups. Indonesia is a highly centralized state system, which often points to the distrust in regional self-rule. This also fosters regional distrust in the central government. To make matters worse, ethnic rivalries (Javanese and non-Javanese) or outright hostility (especially against the ethnic Chinese) overlap with such perceptions. Most recently—thanks to the economic crisis—there seems to be a religious reformist tendency (primarily among Muslims) that often involves ‘Other’ processes thus further overlaps the existing distrusts. At the structural level, Indonesia is currently not very conducive to between-group trust. In such a structure, within-group trust dominates. This is quite evident in the form of leadership that prevails in various political groups in Indonesia. Rather than trust in structural authority and good political platforms, leadership in Indonesia is still predominantly charismatic relying on individual personalities. Figures like Abdurrahman Wahid, Megawati Sukarnoputri, or Amien Rais are trusted by their constituents more because of who they are than what their organizations offer. To borrow Luhmann’s categories (1979) cited earlier, cooperative behavior in Indonesia still relies on traditional ‘interpersonal trust’ applied on a national level rather than the more impersonal ‘system trust’.

The other kind of trust theories perceives trust as a cultural product and tends to treat it as an unchanging and deterministic variable. Cooperative economic behavior is explained in terms of how the system incorporates values that motivate and encourage the actors into behaving cooperatively. In this sense, most disaffected Indonesians blame the dominance of the Javanese aristocratic priyayi ideology—enforced upon various government-related economic activities by the New Order regime—for the exclusion of those deemed as ‘not Java
enough’ in the political, social and economic arena. The Javanese priyayi ideology hinders networking behavior. By relegating economic activities into the profane, it actually ‘discourages’ economic success through hard work. Sensible business practices (e.g. capital saving) are stigmatized. Economic prosperity depends on the benevolence of powerful patrons. While profit making is acceptable (to some extent) and business may be mixed with personal interests, this follows a separate path from the accumulation of prestige. The priyayi ideology that separates prestige from wealth limits successful entrepreneurs from obtaining better social standing and blocks their access to political resources. Entrepreneurs must rely upon the benevolence of the power structure. In short, the Javanese economic system is a welfare system and not a growth-oriented mechanism. As a consequence of this economy of dependency, while economic relationship with Others can be established, it seldom means treating them as equal partners. The relationship is most likely to be one of domination. Taking risks—including initiating new business relationships with others—is implicitly discouraged since the Other must always be initially treated as potential competitors to resources rather than as partners. Those who remain outside such a system often react by reinforcing their own regional identities as witnessed in recent explosion of separatist sentiments outside of Java. Within-group trust is in an all-time high at the expense of between-group relationship. Suffice to say, the priyayi ideology is the normative scapegoat that made Indonesia not conducive for between-group trust.

It is easy to close the case on Indonesia with a negative note with these conclusions. However, social and cultural dispositions are not fixed conditions. They fluctuate throughout history with varying results. One avenue of change is the impact of the economic system on the political system. The recent economic crisis in Indonesia, for example, has forced the political system to address the issue of ethnic and racial discrimination. It also challenges the ‘corrupt’ business and political practices. With the rising demand for the decentralization of governance and more autonomy for the Outer Islands by the non-Javanese Indonesians, the Javanese priyayi ideology is increasingly under pressure, constantly contested by ‘more open and liberal’ ideologies, and has become a political liability. For the first time in its history, there is a great possibility for the priyayi ideology to be discarded, mainly because political patronage no longer guarantees prosperity. Whether it will actually happen depends on how the social and political structure changes (e.g. whether the enforcement mechanism will be improved). The passing of ideologies is not to be mourned. The days of one dominant traditional trust system are numbered. Even if we remain within the national context, as long as Indonesia has weak legal system, the various ethnic groups would have to resort to ‘traditional’ cultural mechanisms to regulate cooperative behavior (e.g. In such a system the Javanese will have no alternate ideology to draw from and have to rely on the clearly disadvantageous priyayi ideologies). Young Indonesians raised in the oppressive New Order regime recognize this and are more than prepared to do away with the existing ideological and structural systems as the recent election demonstrated. Identities constantly shift from ethnic-based (e.g. Java, Chinese, etc) to religious (e.g. Muslim, Christian, secular, etc) and class-based (e.g. middle-class professionals, workers and laborers, etc). Therefore, only ideologies that can simultaneously accommodate these new identity groups will be maintained or even modified and as such, another redefinition of trust itself will take place.
Conclusions

The two type of trust theories employed so far are correct in their assessment up to a point. Trust is a combined product of normative and structural systems. It relies on normative system to motivate the risk-taking aspect of trust and it also depends on strong enforcement mechanisms to provide the necessary confidence that limits and controls the potential damage caused by failure. It is this combination that accommodates entrepreneurial behavior and partially responsible for the economic success of particular ethnic groups. Any trust theory that dismisses either one of these factors would risk reducing the concept of trust into a purely rationalistic model or essentialize the concept of culture itself. It would end up as a deterministic trust theory that neglects the capacity for resistance of the individual actor.

This is why the two approaches on trust fail to account for social and cultural changes. They fail to see trust as a constantly changing social and economic factor throughout history. Trust in actuality reflects the economic system as well as determines economic success. It is a concept that is best seen in terms of discursive practices and the construction of identity, where interactions between individual actors and socio-cultural agencies constantly affect normative and structural systems. Consequently, the characteristics of trust itself in relation with economic behavior would change as well. Therefore, trust theories need to address the important issues of ideology, identity, and networking.

References

Baran, P.

Barbalet, J.M.

Baudrillard, J.

Bauman, Z.

Blackburn, S.

Braithwaite, J.

Braithwaite, V.
Braudel, F.

Dasgupta, P.

Dunn, J.

Eisenstadt, S.N., and R. Louis

Eisenstadt, S.N.

Foucault, M.

Frank, A.G.

Fukuyama, F.

Gambetta, D.

Gellner, E.

Giddens, A.

Hart, K.

Hawthorn, G.

Hollis, M.

Hoogvelt, A.
Huntington, S.P.  

Kramer, R.M.  

LeKander, R.  

Lorenz, E.H.  

Luhmann, N.  
1979 *Trust and Power*. Chichester: Wiley.

Menkhoff, T.  

Pagden, A.  

Redding, S.G.  

Robertson, R.  

Seligman, A.B.  

Siu-lin, W.  

Worsley, P.  

Yamazaki, M.  

76

ANTROPOLOGI INDONESIA 60, 1999