

## **Is a History of Trust Possible?**

### **Remarks on the Historic Imagination of Two Economists**

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**How can historians measure and analyse the fluctuations of trust and civic feeling? In spite of the remarkable success enjoyed by Yann Algan and Pierre Cahuc's *La société de défiance*, the book's argument is based on a very fragile opposition between the Third Republic, seen as the golden age of trust, and bureaucratic state intervention established at the end of the Second World War. In this article, Nicolas Delalande shows how slight and ideologically biased the authors' historical arguments are.**

*La société de défiance (A Society of Distrust: How the French Social Model Self-Destructs)*, a book published last fall by Yann Algan and Pierre Cahuc, was well received by both critics and the media and won the 2008 Economics Book Award.<sup>1</sup> The authors maintain that France is conspicuous for the high level of distrust and lack of civic feeling prevailing in all social relationships. This state of affairs is the result, they say, of an explosive combination of state intervention and corporatism, a legacy of the social and political compromises established at the end of the Second World War. The absence of trust shown by the French in both their fellow citizens and their institutions (the Parliament, trade-unions, etc.), and clearly proven by their rankings in the international opinion polls carried out in a number of developed countries, results, according to Algan and Cahuc, in a general absence of confidence in the market and a preference for regulation and protection. According to the authors, this phenomenon furthermore produces inflexibility in the labour market and prevents reform of the social model. France, then, is trapped in a “vicious circle” of distrust.

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<sup>1</sup> Algan, Yann and Pierre Cahuc. *La société de défiance. Comment le modèle social français s'autodétruit*. Paris: Cepremap, Éditions rue d'Ulm, 2007.

In their conclusion, Algan and Cahuc quote the Nobel prize-winning economist, Kenneth Arrow, and maintain that France's poor economic performance can be explained by this deficit of trust.

### **Trust Has a History, but Which One?**

Algan and Cahuc base their argument on an impressive series of statistics and a great many related analyses that, as they are beyond our range, will not be discussed here. It should be said, however, that the interpretation of data varies significantly depending on whether or not Scandinavian countries are included in the sample. As soon as countries with "high levels of trust" — like Sweden, Denmark or Norway — are included, the gap between the remaining countries is far less striking. It could be argued, in other words, that the real scientific enigma is the interpretation of Scandinavian societies.

We wish to draw attention to the historical dimension of the two economists' reasoning. It does not take up much space in their book, but provides an essential link in their demonstration. Indeed, one of the major difficulties encountered in any work on trust and social attitudes is that of the origins and evolution of trust. The American sociologist, Robert Putnam, in his book about Italian regional government *Making Democracy Work*, was one of the first to propose an analysis of the connections between social capital and institutional performance. Putnam's argument was that the North of Italy was governed better than the South because social capital, trust, and community involvement were more developed there, and had been ever since the Middle-Ages.<sup>2</sup> The argument was convincing but came to a depressing conclusion — nothing, or almost nothing, had changed in six or seven centuries, thus giving the impression that social relations in the North and South of Italy were determined by ancient socio-economic factors.

Works on trust, such as that of the Swede, Bo Rothstein, have since attempted to go beyond determinist analyses by taking an interest in the role of institutions in the process of transition between situations of high-level trust and situations of low-level trust or vice versa.<sup>3</sup> Putnam himself wrote a well-known book on the deterioration of community involvement in

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<sup>2</sup> Putnam, Robert D., (with Robert Leonardi and Raffaella Y. Nanetti). *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press, 1993.

<sup>3</sup> Rothstein, Bo. *Social Traps and the Problem of Trust*. Cambridge: Cambridge UP, 2005. For the part played by the state and institutions in the production of trust, see also, Braithwaite, Valerie and Margaret Levi, ed. *Trust and Governance*. New York: Russell Sage Foundation, 1998; and Szreter, Simon. "The State of Social Capital: Bringing Back in Power, Politics and History". *Theory and Society*. vol. 31.5 (2002): 573-621.

the United States.<sup>4</sup> Algan and Cahuc seek to distance themselves from deterministic analyses and reject the idea that distrust might be an old and permanent fixture of French society. They believe, on the contrary, that the Second World War marked a break in the history of trust. “Trust *seemed* far stronger before the Second World War”, they write. “It *seems* to have deteriorated since.”<sup>5</sup> Although it is formulated with prudence, this stage in their argument is an essential one since it allows the authors to explain that, “by creating statutory inequality, the French state contributed to the deterioration of solidarity and mutual trust.”<sup>6</sup> Even more explicitly, they say that in France, “the post-War state renewed connections with the old demons of monarchism and Bonapartism from which the Third Republic had freed itself.”<sup>7</sup> The historical sub-text thus becomes clear: the Third Republic was a sort of golden age of trust, thanks to a policy “far more liberal”<sup>8</sup> than the interventionist, corporatist, and bureaucratic approach instituted after 1945.

### **Can Trust be Measured?**

Because they draw attention to an important and until now little-studied question — i.e. how the fluctuations of trust and civic behaviour in societies can be measured — historians ought to pay attention to the arguments put forward by Algan and Cahuc. From a methodological point of view, the authors propose to measure “intergenerational transmission of social attitudes”<sup>9</sup> by comparing social attitudes (such as those measured by the *General Social Survey* and the *World Values Survey*)<sup>10</sup> of Americans according to the countries of origin of their ancestors and to the length of their presence on American soil. Having noticed that the American descendents of French immigrants who had arrived at the beginning of the twentieth century had a level of mutual trust that was higher than that found among immigrants from other countries during the same period, they conclude that mutual trust must have been higher in France at the beginning of the twentieth century. This one and only attempt to measure the historic evolution of trust, although commendable, is far too indirect

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<sup>4</sup> Putnam, Robert D. *Bowling Alone. The Collapse and Revival of American Community*. New York: Simon and Schuster, 2000.

<sup>5</sup> Algan and Cahuc. 85. Emphasis added.

<sup>6</sup> Algan and Cahuc. 85.

<sup>7</sup> Algan and Cahuc. 86.

<sup>8</sup> Algan and Cahuc. 86.

<sup>9</sup> Algan and Cahuc. 36.

<sup>10</sup> The General Social Survey is an American survey, begun in 1972, which measures the influence of the country of origin on the answers to the following question: “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” (see <http://www.norc.umd.edu/GSS+Website/>). The World Values Survey is an international survey that measures and compares the changes in values and social attitudes in more than 80 countries from 1980 to 2000 (see <http://www.worldvaluessurvey.org/>).

and flimsy to back up a position on an issue as important as that of whether levels of trust were higher or lower in the periods before and after 1945. To assert that there was more trust in 1900 than in 2000 calls for more ample investigation. Moreover, can we really compare, quantitatively, social attitudes in societies as different as those of *Belle Époque* France and post-1968 France, when social hierarchies, gender relations, ethnic composition of the population, and the organisation of labour were all radically different? To move from comparison in space — between Sweden, the United States, etc. — to comparison in time, is no small methodological and conceptual matter.

In the absence of a number of homogenous quantitative series covering the entire twentieth century, Algan and Cahuc might have attempted to found their arguments on the work of historians or sociologists.<sup>11</sup> Their hypothesis, let us remember, is that the Second World War led to the end of a liberal state and a “public sphere open to civil society”<sup>12</sup>, and its replacement by state interventionism and reinforced corporatism. This view runs counter to most presentations of post-War France as a time of reconstruction of French society rather than an episode of destruction of the supposedly “harmonious” social relations of the inter-War period. Of course, for two economists to challenge historians and question the received wisdom concerning post-War France is entirely legitimate. Our knowledge of history progresses thanks to constant revision, but Algan and Cahuc never refer to any convincing historic enquiries. And while their analyses are remarkably rigorous elsewhere, they appear here to embrace the new historical doxa: they have no use for idealized representations of the French social model or the defence of social welfare, and present post-War France instead as an apocalyptic time of triumphant interventionism, egotism, and corporatism. According to this view, the French believed in fairy tales for almost fifty years, not comprehending that what they said they held dear was really the source of all their troubles and a great deal of injustice.

### **Was the Third Republic Really the Golden Age of Trust?**

There is clearly a gap between the statistical arsenal mobilised by Algan and Cahuc and the relative absence of sophistication of their historical approach. The authors seem naïvely to believe in the self-celebratory narratives contained in history textbooks under the

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<sup>11</sup> Their approach to history is much indebted to Smith, Timothy B. *La France injuste. 1975-2006 : pourquoi le modèle social français ne fonctionne plus*. Paris: Autrement, 2006.

<sup>12</sup> Algan and Cahuc. 86.

Third Republic according to which French Republicans somehow heroically managed to build a liberal state without a trace of monarchism or Bonapartism. Yet, not even the Republicans themselves believed this, and since then, historians have shown how slowly and with what difficulty change came about after France became a Republic.<sup>13</sup>

Was the Third Republic the golden age of trust that Algan and Cahuc seem to think stands in sharp contrast with the society of distrust produced by the Second World War? The authors make a number of highly disputable statements. First of all, the French economy, in spite of the high degree of trust that they say prevailed in the first half of the century, was characterized until 1945 by moderate growth — compared, say, to Germany or the United States — and by the slowness of the process of modernization. It was only after 1945 that the economic and social structures changed considerably as a result of exceptional growth. The authors, following idealist theories of nineteenth-century free trade, maintain elsewhere, as though it were an irrefutable economic truth, that “the corollary of a deficit of trust in a society is fierce regulation of trade.”<sup>14</sup> Does such a positive correlation between trust and free trade really exist? The “Bonapartist” state under the Second Empire adopted free trade in 1860. The protectionist tariffs with which the Third Republic sheltered French peasants from 1880 onwards would appear to show that either trust was not as strong as the authors say it was, or that the connection between trust and free trade is not absolute.<sup>15</sup>

From the social and political point of view, the authors say that the Third Republic was open to civic society. This idealized representation of the training of elites under the Third Republic resembles the embellished and anachronistic view of the school system introduced by Jules Ferry that politicians and intellectuals who wish to denounce the effects of mass education so often produce. Although the *École Nationale d'Administration* (ENA) was created only in 1945, it does not follow that under the Third Republic the highest positions in the civil service were open to all. The *École Libre des Sciences Politiques* (Sciences Po), the Law faculties, and the Scientific “Grandes Ecoles” trained the administrative, economic and intellectual elites. As Christophe Charle has demonstrated,

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<sup>13</sup> On civil liberties, see in particular Machelon, Jean-Pierre. *La République contre les libertés ? Les restrictions aux libertés publiques de 1879 à 1914*. Paris: Presses de la Fondation Nationale des Sciences Politiques, 1976.

<sup>14</sup> Algan and Cahuc. 62.

<sup>15</sup> On the political influence of protectionism under the Third Republic, see in particular Pierre Barral's classic *Les agrariens français de Méline à Pisani*. Paris: Armand Colin, 1968.

these elites came from a very small social milieu, were self-perpetuating, and cumulated positions of power.<sup>16</sup>

So while the Third Republic was supposedly favourable to civil society, 1945 marked the advent of corporatism. Yet corporatism made itself felt in French society well before 1945. The First World War, and the financial and social difficulties which followed, profoundly affected the ways in which people understood society and the ways in which it was organized.<sup>17</sup> In the inter-War period, the state itself was aware of the need to create institutions that were capable of representing various social and economic interests.<sup>18</sup> The term “corporatism” has always meant different things and designated different projects for different social and political actors. In fact, the debate on corporatism, a constantly denounced “French disease”, goes back as far as the French Revolution and has been kept alive in all social and political debates.<sup>19</sup>

For Algan and Cahuc, the main point is that the Third Republic had a healthy liberal policy, which is precisely the necessary condition of trust in all social relationships and all economic activity. To categorically oppose “liberalism” and “state interventionism”, or “civil society” and the “state” is, in the final analysis, more like reproducing stereotyped judgements of a period than using relevant tools to analyse and understand the historical character of the development of the market, the state, and various forms of solidarity. Categories such as “liberalism”, “Bonapartism”, and “state interventionism”, etc. function as though they were screens that prevented the authors from thinking out the complexities of the economic and social world. Beyond ideology and economic mythology, new economic history invites a reappraisal of the conflicts, negotiations and the arrangements through which social and political actors developed markets.<sup>20</sup> Philippe Minard, for example, has shown how the modern opposition between virtuous English liberalism and obsessional rule-driven French Colbertism does not account for the practices of public economic and administrative actors in France and England.<sup>21</sup> Before Minard, the English historian John Brewer had already

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<sup>16</sup> Charle, Christophe. *Les élites de la République, 1880-1900*. Paris: Fayard, 1987.

<sup>17</sup> Maier, Charles S. *Recasting Bourgeois Europe: Stabilization in France, Germany and Italy in the Decade After World War I*. Princeton: Princeton U P, 1975.

<sup>18</sup> Chatriot, Alain. *La démocratie sociale à la française. L'expérience du Conseil national économique 1924-1940*. Paris: La Découverte, 2002.

<sup>19</sup> Kaplan, Steven L. and Philippe Minard, ed. *La France, malade du corporatisme? XVIII<sup>e</sup>-XX<sup>e</sup> siècles*. Paris: Belin, 2004.

<sup>20</sup> Stanziani, Alessandro, ed. *Dictionnaire historique de l'économie-droit, XVIII<sup>e</sup>-XX<sup>e</sup> siècles*. Paris: LGDJ, 2007.

<sup>21</sup> Minard, Philippe. *La fortune du colbertisme: État et industrie dans la France des Lumières*. Paris: Fayard,

undermined the same historical cliché by showing that from the seventeenth century to the beginning of the nineteenth century the fiscal hold on its subjects of the “liberal” English state had been far tighter than that of the “absolutist” French state.<sup>22</sup> In the same way, it has become unthinkable to try and understand the development of markets without taking into account the role played by governments in the definition and control of norms and rules that were the necessary basis of competition.

When the two authors say that the French state contributed to the “erosion of solidarity” after 1945<sup>23</sup>, it is difficult not to question the meaning of “solidarity”. The incapacity of mutual funds to provide a remedy for social insecurity was noticed well before the end of the nineteenth century. And if the Republican state had *not* taken action, there would not have been compensation for labour accidents (1898), there would not have been pensions (1910) and there would not have been social insurance (1930) — and none of these would have been compulsory.<sup>24</sup>

### **Was the post-War period in France Really the Source of Present Distrust?**

Although a great many political and social crises affected French society during the inter-War period — including the near-collapse of the Republic in 1934 before its tragic dissolution with the defeat in June 1940 — Algan and Cahuc say that “defeat, German Occupation, and the Vichy regime undermined French trust.”<sup>25</sup> But how much trust remained after the First World War and the depression in the 1930s? While classical historical analyses see in the post-War period a renewal and reconstruction of society, Algan and Cahuc say that the organisation of state interventionism and a corporatist social model undermined trust — trust probably no longer even existed. So the question is, did the post-War period contribute to the erosion of trust and civic feeling or did it on the contrary contribute to their regeneration?

Because they were consensual, the reforms implemented during the post-War period (nationalisation, social security, work councils, etc.) allowed France to renew the social

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<sup>22</sup> Brewer, John. *The Sinews of Power: War, Money and the English State, 1688-1783*. London: Unwin Hyman, 1989. Mathias, Peter and Patrick O’Brien. “Taxation in Britain and France, 1715-1810. A Comparison of the Social and Economic Incidence of Taxes Collected for the Central Governments.” *Journal of European Economic History*. vol. 5.3 (1976): 601-650.

<sup>23</sup> Algan and Cahuc. 85.

<sup>24</sup> Castel, Robert. *Les métamorphoses de la question sociale: une chronique du salariat*. Paris: Fayard, 1995.

<sup>25</sup> Algan and Cahuc. 40.

fabric. At the time, state intervention and planning were not seen as obstacles to the market, but simply as measures necessary to the reconstruction of the country. The charter of the Conseil National de la Résistance was approved by Socialists, Communists, Christian Democrats, Gaullists and the trade unions. And social security did not create, *ex nihilo*, a new system of protection founded on both state intervention and corporatism, but rather was an attempt to generalize (that did not, in the end, universalize) a system of social insurance that had already been established between the two World Wars.<sup>26</sup> It is moreover an oversimplification to say that the economic systems built after the War were uniformly state interventionist. Liberal ideas were far from unusual in the 1950s and 60s, as the widespread influence achieved by “modernizers” under the Fourth and Fifth Republic shows.<sup>27</sup> And, it should be remembered, it was under the “state interventionism” of the Gaullist regime that France integrated the Common Market.

### **Conclusion: Is trust a value in itself?**

Let us, then, accept for a moment the hypothesis that trust and civic feeling were stronger in 1900 than in the second half of the twentieth century. What can we learn from this? Does it mean that we should turn towards the liberal social model that prevailed at the beginning of the twentieth century so as to find our way out of the vicious circle of distrust in which French society supposedly willingly shut itself up in 1945? We will take one example, that of trust and civic feeling in fiscal matters, so as to show that although trust is certainly desirable, it is sometimes in conflict with other equally worthy values, such as equality, justice, or social progress.

In their book, Algan and Cahuc show how trust and civic feeling are connected. Clearly, it is better if individuals trust each other and are responsible citizens. Yet, if individuals trust an institution, it does not follow that the institution is necessarily just. Take the case of tax evasion. Before 1914 and the introduction of tax declarations, there was very little tax evasion: state demands were minimal and taxpayers had few reasons to purposely underestimate their incomes since the very notion of a tax declaration did not exist. Civic feeling as regards taxation was strengthened considerably between 1850 and 1914: direct

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<sup>26</sup> Dutton, Paul V. *Origins of the French Welfare State. The Struggle for Social Reform in France 1914-1947*. Cambridge: Cambridge U P, 2002. Dreyfus, Michel and Michèle Ruffat, Vincent Viet, Danièle Voldman, with Bruno Vallat. *Se protéger, être protégé. Une histoire des Assurances sociales en France*. Rennes: Presses universitaires de Rennes, 2006.

<sup>27</sup> Denord, François. *Néo-libéralisme version française. Histoire d'une idéologie politique*. Demopolis, 2007.



taxation was no longer called into question and tax revolts receded into the distant past. On the whole, the tax system had managed to gain the trust of taxpayers. Yet trust was conservative and implied a refusal of change at a time when international conflicts and widespread movements for social welfare compelled states to find new financial resources. By creating income tax, French Republicans were attempting to fill the objectives of both fiscal productivity and social justice, but risked eroding existing trust built up over the decades. Tax evasion became a major issue between the two World Wars because the state, by being more demanding, had made it economically profitable and materially possible. Would it have been better *not* to institute change so as not to give citizens the opportunity to shirk their responsibilities? Fraudulent behaviour in social or fiscal matters is of course more likely to develop when demands on the individual are high. In the same way, the fewer the rights conceded by a state, the fewer the individuals who attempt to usurp those rights. So to compare civic feeling and trust in France at the beginning of the twentieth century with the attitudes of the French at the beginning of the twenty-first century is meaningless, since social expectations have changed radically with the transformations of the state and society. Unless, of course, one thinks that in order to re-establish trust, we should go back to the nineteenth century with its minimal state — and minimal rights.

By way of conclusion, we should add that we do not question Algan and Cahuc's analyses of the deficit of trust in French society today. However the authors' historical argument, which takes up only a small part of their book but plays an essential part in their demonstration, appears to us over-simplified and historically unfounded. It is a symptom of our times that, in order to justify reform, it is necessary to “burn the French social model”, and to compare various national models and historical periods in an over-simplified manner. It is possible to want to improve social dialogue and reinforce trust without referring to an imagined Third Republic or condemning the economic and social system established during the post-War period, which, to be sure, allowed French society to answer the challenges it had had to face between 1914 and 1945.

**For further study:**

- Opinion poll sites on changes in values and social attitudes:

- General Social Survey: <http://www.norc.org/GSS+Website/>

- World Values Survey: <http://www.worldvaluessurvey.org/>

- International Social Survey Program: <http://www.issp.org/>
- An article by the Swedish political scientist, Bo Rothstein, on the institutional conditions of the passage from distrust to trust:  
<http://www.pol.gu.se/file/Person/Rothstein/TrustRothstein.pdf>
- Robert Putnam's "Saguaro Seminar" site on civic involvement in the United States:  
<http://www.bowlingalone.com/>
- An article by the historian, Geoffrey A. Hosking, "Why We Need a History of Trust" on the Institute of Historical Research site:  
<http://www.history.ac.uk/reviews/articles/hoskingGA.html>
- On [www.laviedesidees.fr](http://www.laviedesidees.fr), the review by Thierry Aprile of Alessandro Stanziani (ed.), *Dictionnaire historique de l'économie-droit, XVIII<sup>e</sup>-XX<sup>e</sup> siècles*, Paris: LGDJ, 2007: <http://laviedesidees.fr/Histoire-du-capitalisme-francais.html>
- The article by Nicolas Delalande. "Le solidarisme de Léon Bourgeois, un socialisme libéral?" (<http://laviedesidees.fr/Le-solidarisme-de-Leon-Bourgeois.html>)

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