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Trust and reciprocity: A theoretical distinction of the sources of social capital

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Abstract

The social capital literature has focused on the functional and structural properties of social relations, partially neglecting the way in which they are experienced by individuals. Drawing on anthropological and social theory, this article distinguishes two ideal-typical forms of social capital – reciprocity and trust – based on the meaning of the social relations that embed them. Reciprocity is the type of social capital embedded within personal relations, triply defined in the factual, social and temporal dimensions by co-presence, reciprocity and memory, respectively. Trust is the type of social capital embedded within relations with strangers, defined by the condition of impersonality or anonymity. These two types of social capital cannot be reduced to extremes in a continuum, nor are they fungible, and while reciprocity is by definition particularistic (this is the source of its strength as a linking mechanism), trust has a universalistic potential. Analytical and empirical implications of this distinction are outlined.

Keywords

personal relations, reciprocity, social capital, strangers, trust

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During the past two decades, the notion of social capital has transcended academic boundaries and is extensively used by the public and decision-makers worldwide. Regarded as a source of economic development and social integration, developed countries look with deep concern at its supposed decline (Putnam, 1995; Paxton, 1999; Uslaner, 2002), and developing nations see in it a possibility to overcome poverty and consolidate democratic rule. The conceptual boundaries of social capital are not well defined, however. Beyond two basic agreed upon parameters – what is social about social capital is its embeddedness in a structure of social relations; what is capital is its functional dimension, the fact that it provides actors with access to valuable and scarce resources that contribute to their well-being – there is a myriad of definitions and emphases. While some scholars argue that the proper object of analysis of social capital is the network structure that embeds it, others focus on the content of these networks, including trust, norms, and common values. While some approaches understand social capital as an individual resource, others predicate it on collectivities, including groups, regions, countries, and even entire cultures.

This article, however, is not about discussing analytical strengths and limitations of the concept. Important work has already done so (e.g. Durlauf and Fafchamps, 2004; Lin, 2001a, Portes, 1998). We claim that these controversies partly emerge from a focus on the structural and functional dimensions of social capital, and a relative disregard of its experiential dimension, i.e. of the way in which social relations are experienced by those who participate in them. Based on this approach, we distinguish between personal and impersonal relations. In ideal-typical form, personal relations are triply defined in the real, social and temporal dimension by *co-presence*, *reciprocity* and *memory*, respectively. Reciprocity, the type of social capital embedded in personal relations, is experienced as diffuse and taken for granted, and it is hardly universalizable or generalizable. Impersonal relations are those we establish with strangers. As a sociological category, the stranger is one with whom I do not share a space of co-presence; from whom I have not received anything and to whom I therefore owe nothing; and with whom I share no common memory. The stranger is therefore defined by the condition of impersonality or anonymity. The form of social capital embedded in this type of relation emerges from trust. Trust transcends the particularism of personal relations, universalizing duties and obligations beyond those established by reciprocity.

The article proceeds as follows. First, we review widely used approaches to social capital and argue that these definitions focus on the structural and functional properties of social relations, or they restrict social capital to closure networks, thus failing to account for the ubiquitous relations with strangers in contemporary societies. The second section brings in insights from the trust literature. This literature explicitly deals with the ‘problem of strangeness’, but ends short of exploring the attributes of relationships with strangers *as subjectively experienced* by individuals. In the third section, we attempt to fill this vacuum in the literature. We distinguish personal relations and relations with strangers in ideal-typical form, and argue that they give rise to distinct, incommensurable, types of social capital. The article concludes by arguing that reciprocity and trust cannot be understood simply as extremes in a continuum from ‘bonding’ to ‘bridging’ or ‘thick’ to ‘thin’, they are hardly fungible, and, because

they are experienced differently, they involve different structural attributes, resources and limitations.

Social capital literature: insights and limitations

The conceptual origins of social capital can be found in the works of Bourdieu and Coleman, and lie in a close analogy with the economic notions of physical and human capital.¹ Bourdieu produced the first systematic contemporary definition of social capital as ‘the aggregate of actual or potential resources linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition, in other words, to membership in a group’ (1986: 248). The level of analysis is implicitly the individual, and the object of analysis is defined at a very high degree of generality – any kind of individual resources based on membership in a network. Coleman, in contrast, defines social capital by its function: any aspect of the social structure that the actor can use as a resource for action (1988, 1990). He specifies the content of these networks as including three dimensions: obligations, expectations, and trustworthiness; information; and norms and sanctions.

Coleman notes also that social capital is a public good, in that its benefits are appropriated by all those involved in a social structure, not only by those who invested in it. Thus, social capital is usually created and destroyed as a by-product or unintended consequence of individual rational action. This can lead to an imbalance between the individual and the social optimum and, hence, to under-investment. This insight has two important implications. First, social capital directly benefits individuals if its outcomes can be confined and appropriated (Dasgupta, 2000a), but it can also provide indirect benefits if it emerges only at the collective level, in the standard public good form. Second, social capital may result from purposive, goal-oriented action, or it can emerge as collateral, unintended consequence of interaction. These distinctions imply that social capital cannot be reduced to directly appropriable, purposefully sought resources managed by individuals.

Perhaps the most influential of Coleman’s insight is the identification of social capital with closure networks. In spite of the claim that any aspect of the social structure that provides individuals with resources can be capital, he identifies only closure networks – those with sufficient ties of a sufficient intensity between a certain number of people so that no one can escape the notice of others – as sources of social capital. Closure networks are powerful because close contact among individuals facilitates monitoring and enforcement of common expectations and norms through the use of sanctions and rewards. In his pioneering educational research, Coleman attributes differences in student learning across Catholic and public schools in the US largely to the existence of closure networks in the former (Coleman et al., 1982; Coleman and Hoffer, 1987).²

The emphasis on closure networks was qualified by the structural approach to social capital. Combining insights from structuralism, rational choice theory and network analysis, this perspective has shown that closure is not the only, or even the most relevant, source of valuable resources. An alternative type of network structure, characterized by open, sparse networks with disconnected segments, can be the source of individual advantage. In this type of network, individuals who are able to bridge connections

between otherwise detached segments gain privileged access to information and control of information diffusion. This idea has been extensively elaborated by Burt as the notion of ‘structural hole’ (1992, 2000, 2001), and finds its antecedents in Granovetter’s notion of ‘weak ties’ (1973), and originally in the sociology of Merton and Simmel, who highlighted the autonomy generated by conflicting affiliations.³

The structural perspective does not deny the relevance of closure networks, but rather claims that the utility of different network structures depends on the outcome of interest. Closure networks are better for preserving resources as well as for monitoring and enforcing group norms, while bridges in open networks are more useful for searching for and obtaining new opportunities (Burt, 2001; Granovetter, 1973; Lin, 2000b), and that these network structures can be combined with non-additive beneficial results.

The structural perspective offers an important contribution. It integrates the individual and collective levels of analysis by looking simultaneously at the macro structure of social relations and at the individual location in this structure. Furthermore, this perspective empirically tests the consequences of different network structures on diverse outcomes (Burt, 2000, 2001 and the literature cited therein; Lin et al., 1981). The network approach does not engage, however, with the basic fact that different types of relations are established, maintained, and experienced by participants in particular ways. An extended quote from Aristotle beautifully introduces this point:

For in every community there is thought to be some form of justice, and friendship too; at least men address as friends their fellow-voyagers and fellow-soldiers, and so too those associated with them in any other kind of community. And the extent of their association is the extent of their friendship, as it is the extent to which justice exists between them . . . And the claims of justice differ too; the duties of parents to children, and those of brothers to each other are not the same, nor those of comrades and those of fellow-citizens, and so, too, with the other kinds of friendship. There is a difference, therefore, also between the acts that are unjust towards each of these classes of associates, and the injustice increases by being exhibited towards those who are friends in a fuller sense; e.g. it is a more terrible thing to defraud a comrade than a fellow-citizen, more terrible not to help a brother than a stranger, and more terrible to wound a father than anyone else. And the demands of justice also seem to increase with the intensity of the friendship, which implies that friendship and justice exist between the same persons and have an equal extension. (*Nicomachean Ethics*, Book VIII, ‘Friendship’, Chapter 9, quoted in Durlauf and Fachamps, 2004: 1)

This paragraph contains the essence of what the influential structural approach to social capital overlooks: the experiential dimension of social capital – the taken-for-granted assumptions, obligations, expectations, and values attached to different types of social relations. Our attempt to bring the experiential dimension of social capital back in is not novel. Drawing on a Weberian interpretative approach, Portes (Portes, 1995, 1998; Portes and Landolt, 1996; Portes and Mooney, 2002; Portes and Sensenbrenner, 1993) pioneered the characterization of social capital based on actor’s orientations within particular relations. Portes adds to the standard definition ‘social capital is the ability to secure scarce resources by virtue of membership in social networks of larger social

structures' the assertion that 'social capital depends on the expectations for action within a collectivity' (Portes and Sensenbrenner, 1993: 1323).

From this perspective, social capital is a gift, in the sense that expectations of repayment amount and timing are not fixed. Two types of donors' motivations to give exist. Altruistic or consummatory motivations are those in which the donor regards the giving act as an end in itself. Self-interested motivations, in contrast, are those in which the donor regards the giving act as a means towards his interest.

Altruistic motivations can be guided by value introjections – general values in which individuals are socialized, and which appear as 'the right thing to do' – or by bounded solidarity – principled group-oriented supportive behavior towards the members of the same community. Self-interested motivations, in turn, can be based on expectations of commensurate returns by the benefitted party within face-to-face transactions, backed up by the rule of reciprocity. In contrast to market exchange, in this expectation, neither the equivalence terms nor the time-span of the exchange are fixed in advance. Self-interest is also the source of enforceable trust, the guarantee that individuals will comply with group expectations (donating or repaying the gift received) in order to maintain their good standing in the community.

This four-fold typology of social capital – value introjection, bounded solidarity, reciprocity, and enforceable trust – adds to the definition the missing component of individual orientations and expectations. However, it reduces social capital to a conscious and purposive individual orientation, disregarding Coleman's insight that social capital can be (and generally is) a collateral, unintended consequence of social interaction. More important, with the exception of 'value introjection', all the sources of social capital in Portes' typology are predicated on the existence of closure networks in bounded communities whose members share a strong sense of belonging and obligation, usually based on an identifiable underpinning of solidarity such as religion, ethnicity, region, kinship, immigrant status, or political affiliation.⁴

This leaves value introjection as the only form of social capital that contains a universalistic potential, i.e. which establishes obligations with those who do not share common membership and loyalty. Value introjection is, in fact, just another name for the Parsonian solution to the problem of order as 'normative integration' (1962), in which moral values serve as generalized media of exchange, which, once internalized, become categorical imperatives that guide individual behavior. In increasingly complex social contexts, where diverse sets of values coexist, the value introjection solution is at least incomplete and requires specifying how norms emerge and in which contexts they provide a strong enough basis for the formation of social capital.

In order to solve this limitation and to extend the notion of social capital beyond closure networks, researchers have usually resorted to the 'extremes in a continuum' metaphor: from 'thick' to 'thin' trust, from 'personalized' to 'generalized' interactions, from 'bonding' to 'bridging' social capital (Narayan, 1998; Putnam, 2000). The idea behind this metaphor is that the attributes of social relations can be extended from the closest ones to larger social settings. Putnam's assertion is paradigmatic:

Thin trust and thick trust represent the ends of a continuum, for 'thick trust' refers to trust with a short radius, encompassing only others who are close to the truster, sociologically speaking, and 'thin trust' refers to trust . . . with a long radius, encompassing people at a greater social distance from the truster. (Putnam, 2000: 466)

This statement invites elaboration. What determines distance and closeness? Are the sources of trust that exist in 'thick relationships' efficient also in 'thin' ones, or do they dissolve precisely because of the social distance? The structural perspective on social capital has shown that the network structures that embed these two extremes – closure networks and structural holes – are radically different (Burt, 2000, 2001; Lin, 2001a), and thus question the simple extension of community bonds to the larger set of social interactions with strangers. The structural approach cannot, however, explain the *source* of these structural differences, because it says nothing about the ways in which the relations that embed different types of social capital are experienced by individuals.

The literature on interpersonal trust provides a framework to extend the notion of social capital beyond contexts tightly regulated by either closure networks or role expectations as formulated by Parsons (Seligman, 1997: 6–27). Trust provides a strategy to deal with interpersonal risk, specifically risk that emerges from the freedom of others. In other words, trust provides a solution to the 'problem of strangeness' – the fact that we are surrounded by others who are not related to us by either loyalty or enmity, and about whom we have limited information (Luhmann, 1988: 95; Misztal, 1996: 18; Offe, 1999; Uslaner, 2002; Yamagishi and Yamagishi, 1994). As this literature highlights, interpersonal trust is a particularly modern phenomenon, predicated on the extension of relevant social interactions beyond closure networks, the universalization of individual autonomy, and the resulting need to expand trust relations from hierarchical contexts marked by personal loyalty (e.g. Locke, 1988: 381) to habitual interactions with strangers (Hardin, 1991).

Trusting others involves, in the first place, predictability in the behavior of others: 'I trust that the other will handle his freedom, his disturbing potential for diverse action, in keeping with his personality, or rather, in keeping with the personality he has presented and made socially visible' (Luhmann, 1979: 39). But the trust expectation involves more than stability. It involves also the competence and self-interest of others, and, particularly, their integrity, honesty and moral character: I expect the trustee to keep promises, pay debts, and include my interests in his dealing with me even when betraying my trust results in a higher gain for him. Thus, the problem of trust would not arise if 'full monitoring and control of somebody's performance' (Giddens, 1991:19) were feasible, nor would it arise if 'we were all hopelessly moral, always doing what we said we would do in the circumstances which we said we would do it' (Dasgupta, 2000b: 53).

A powerful source of trust is strategic calculations by interactional partners (Sztompka, 1999, esp. 60–8). From this perspective, trust is 'encapsulated interest' (Hardin, 1993, 2001), an interactional strategy that emerges through the evaluation of the motivations of others. I trust if I have reason to believe that it is in alter's interest to be trustworthy in a particular situation. From this 'encapsulated interest' approach, trusting is the outcome of a strict risk assessment. I trust if the chance of winning relative

to the chance of losing is greater than the amount that would be lost relative to the amount that would be won by trusting others (Coleman, 1990: 99).

The strategic approach does not reduce the motivation for trustworthiness to individual self-interest. Emotional attachment and intimacy, knowledge about alter's righteousness, or informal control through reputation and sanctions embedded in networks are a powerful basis for trust. However, these elements do not constitute the bulk of trust relationships; in most interactions beyond closure networks where monitoring is feasible, trust is claimed to be largely based on the evaluation of a potential interaction partner's self-interest (Hardin, 2001).

So understood, trust provides an avenue for extending social capital beyond bounded communities, rendering the structural account of 'bridging' or 'generalized' social capital plausible. But, as the social capital perspective, the trust literature quickly resorts to a gradational notion of 'extremes in a continuum' so that the level of trust involved is seen as a monotonic function of the closeness of the relationship. There are 'gradual, expanding concentric circles of trust' (Sztompka, 1999: 42), forming 'a continuum of a feeling of confidence and obligation, which starts with the absolute trust in the dearest person and ends with the less intimate feeling of reliance on others who share some of our characteristics' (Misztal, 1996: 99). This 'extremes in a continuum' solution requires elaboration. In what follows we claim that reducing social capital and trust to locations in a continuum does not allow understanding their constitutive characteristics and linking potential. We offer a substantive typology of social capital based on the way social relations are experienced by individuals. Specifically, we distinguish the constitutive features of personal relations and relations with strangers in ideal-typical form and we describe the distinct type of social capital – reciprocity and trust – that they embed.

Personal relations and relations with strangers: distinct sources of social capital

We introduce these two ideal-typical forms of social relations with a puzzle presented by Coleman (1990: 104–5). Coleman reports an empirical regularity: Persons are slow to trust a friend but quick to trust a 'confidence man', someone they have never seen before. He notes that the process of getting to deeply know someone includes developing trust, and that this appears to be especially true for close and intimate relationships, in which trust develops only over an extended period of time. Why is that the case? His solution to this puzzle refers to the rational evaluation that trusting a confidence man involves a greater probability of gain vis-à-vis loss precisely because the stranger is not intimate, so there is less to lose in taking him into one's confidence or exposing one's weaknesses.

In what follows we argue that this is not the only answer. Developing trust in a friend as opposed to a confidence man takes time because it requires building a personal relation, one that transcends – without canceling – individual self-interest. Building personal relations requires, by necessity, time, but once they are established, trust ceases to be a conscious choice, becomes embedded in reciprocity, and usually acquires the taken-for-granted character of familiarity.

We define personal relations based on three dimensions: *factual*, *social*, and *temporal*.⁵ The factual dimension of personal relations can be called *co-presence*. Personal

relations exist among those who are mutually present, in the sense of being given to each other with independence of individual calculus or deliberation. Personal relations have a defining ontological foundation: It just happens that nobody can initiate their own existence. Our existence is the product of an act that entirely escapes our decision, it is always received, and it therefore has an origin that precedes consciousness and will, and which appears as essentially unavailable.

The original act that gives rise to personal relations has a constitutive social dimension: it is the case that our existence and all that comes with it have been given by others. Reciprocity is therefore an original experience. Our existence is immediately and from its origin a bonded experience. Thus, personal relations are doubly defined by presence and donation: What is present is what simply appears, and it is also what is given, received as a gift before any decision. Presence and donation are mutually constitutive: to give something means to make oneself present, and he who is present always gives something, if only his presence and all that comes with it. That is why it is difficult to resist someone's presence without giving something: a greeting, a nod, or some acknowledgement that the other is there (as when we are in an elevator with a stranger), and why it is harder to deny a favor if asked in person. Note that the deep link between the factual and the social dimensions of personal relations is kept in natural language: the words 'gift' and 'present' are synonymous in many languages.⁶

We call the social dimension of personal relations *reciprocity*. Every donation contains the request to return what has been received, and it therefore demands reciprocation. Reciprocity can be defined in the Maussian sense as a social dynamic whereby persons give, receive, and return (Mauss, 1967). This is the power and the efficacy of the gift: having received from other implies a rigorous commitment to give back, to return what has been received. Reciprocity is a way to establish a personal relation and not only to obtain something I need and cannot procure myself – although that motivation is also present – because things do not circulate independently from people. The linking power of the gift is what Mauss refers as the *hau*: 'the spirit of the person that is embodied in the thing given' (1967: 9–10). Beyond its animistic connotation, this refers to the fact that a gift exchanged embodies the person who gives it and the personal relation with the receiver. Reciprocity is therefore an exchange of gifts, not only of things: gifts demand reciprocation, and declining a gift implies an affront. It is in this sense that reciprocity transcends, without canceling, economic exchange, because what is exchanged is inalienable from those who exchange and the unique relation established among them.⁷ This explains why if I want to avoid a personal relationship with someone, I cannot accept the gift given, why when a romantic relation is broken the partners return the gifts exchanged, why it is anathema to sell the gifts received, and why even in contemporary societies it is seen as problematic to sell what is regarded as deeply personal attributes – such as bodily organs or sexuality – but they can be given as gifts.

The temporal dimension of personal relations is called *memory*. Memory consists in remembering those whom I have received something from, and it is ultimately a reference to the original act whereby someone has given us something. Memory is not history; it is not just a way to reference to and account for facts in the past, but the acknowledgement and commemoration of sustained reciprocity over time. From this perspective, the notion 'collective memory' is redundant – memory by definition

involves others. Note that reciprocity and memory are mutually constitutive: Reciprocation cannot be immediate, for if it were, the bond created would disappear. The time span before reciprocation takes place allows for the cultivation of the personal relationship and to build a common memory.

As an ideal-type, personal relations are defined by co-presence, reciprocity and memory. Its paradigmatic model can be found in the family – an original social structure characterized by the co-presence of their members, by continuous exchange of goods, services, interactions, and favors; and by common memories, more than by projects for the future. Family bonds are experienced by individuals as present or given before and beyond any conscious and deliberate individual act. In contrast to voluntarily built ties, family ties – in particular, filiation and consanguinity – are not chosen. The sometimes all-too-painful acknowledgement that ‘you do not choose your family, you just get it’ asserts the given nature of personal relations.

Social interactions are, of course, not reduced to original bonds such as the family. In contrast, social life requires facing and solving the ‘problem of strangeness’. We define the stranger as the opposite of the personal relation. If personal relations are defined by presence, reciprocity and memory; the stranger is one who is not present; one from whom I have received nothing, and therefore to whom I owe nothing; and one with whom I do not share a common memory. In contrast to the Simmelian definition of the stranger as ‘that who has not belonged to the group from the beginning and therefore imports qualities into it’ (Simmel, 1950: 402), we define the stranger as that who I have not personal obligations with because I have not received anything from him. The stranger is characterized by the condition of impersonality or anonymity.⁸

Social life has by necessity to solve the ‘problem of strangeness’. The most basic way to overcome strangeness is the alliance, in the traditional form of giving something to create a personal relation, documented in its purest form by Mauss (1967) and Lévi-Strauss (1969) in the context of ‘archaic societies’. In the form of the alliance, a donation includes an expectation of retribution, the ‘*do ut des*’ of the veterotestamentary tradition. This expectation, however, cannot exist without the original form of reciprocity, as it is based on the fact that those who have received in turn reciprocate and return. A paradigmatic model of the alliance is found in the conjugal relation: the establishment of a deeply personal bond between two strangers who do not owe anything to each other, and which is, not casually, marked by the exchange of gifts (Godbout, 1998: 30).

This ideal-typical distinction between personal relations and strangers helps refocus the distinct attributes of social capital highlighted by the literature. The type of social capital described as ‘thick’, ‘personalized’, ‘bonding’ or ‘trust at the core of a concentric circle’ emerges from social relations experienced as personal relations. The continuous bond maintained by reciprocity is the basis of the resources that come with and from the relation. Indeed, in a context of personal relations, social capital is to a large extent an involuntary by-product of the relationship, and trust is often indistinguishable from familiarity, virtually always an unconscious bet, which becomes conscious and problematic only if betrayed.

The very nature of personal relations explains also why reciprocity is usually characterized by structural closure and redundancy: co-presence, reciprocity and memory

express themselves in redundant and cohesive links, and they, by definition, strengthen weak ties and close structural holes. Returning to Coleman's puzzle, trust in a 'confidence man' can emerge quickly if the evaluation of this motivation makes the risk worthwhile taking. In contrast, trust in a personal relation takes time precisely because it requires reciprocity to occur and establish a link that goes beyond self-interest, and which participants experience as given.

Personal relations are a powerful source of social capital, but they have three important potential limitations. First, reciprocity is usually characterized by a particularistic ethic that excludes any kind of obligation toward the strangers. Usually described as an attribute of 'backward societies' (e.g., Banfield, 1958; Gellner, 2000), a particularistic ethic is prevalent in closure networks in contemporary societies, in particular, as highlighted by Portes, among groups defined by visible characteristics, possessing high degree of internal communication and able to confer unique rewards upon its members. Personal relations establish obligations only toward those linked by reciprocity, and therefore who tolerate – and sometimes encourage – neglect of or negative reciprocity toward the stranger. Intense personal ties may be incompatible with, and prevent the formation of, trust in the 'world of strangers' beyond the bounded community (e.g. Fukuyama, 1995).

Second, reciprocity gives rise to a particular power structure based on the capacity to give beyond reciprocation, defined by sociology as patrimonialism – a relationship in which 'governing powers are treated as private rights' (Weber, 1970: 237). Patrimonialism emerges when receivers of the gift of social capital are unable to reciprocate, thereby establishing a pervasive and durable structure of personal dependence and domination. The capacity to give beyond reciprocation is a strong form of legitimate power because it involves not only formal, well-defined contractual obligations but also wide and diffuse personal subordination, which may compromise the freedom of the recipient.

Dealing with strangers: trust and its alternatives

The third and perhaps most important limitation of reciprocity as a source of social capital is the difficulty of extending it beyond personal contexts (Offe, 1999). Personal relations are, by definition, not universalizable or generalizable to interactional contexts beyond the relational scope defined by reciprocity. Thus, a crucial question concerns the sources of social capital in a society in which relations with strangers constitute an increasingly large proportion of everyday social interactions.

It is only within impersonal relations – with those to whom we owe nothing, and to whom we are not linked by affection or obligation of any sort – that trust emerges as a compulsory necessity and a purposeful decision. The compulsory need for trust in relations with strangers does not mean, however, that it is the only, or even the most important, resource to make these relations possible. Widely used functional equivalents to trust include the transformation of the stranger into a personal relation, and the formal-legal sanctioning of interactions.

The transformation of the stranger into a personal relation is carried out through reciprocity in the modality 'I give so that you may give', and it is the way in which personal relations such as marriage and friendship are built. Overcoming strangeness requires,

sometimes literally, ‘making the other part of the family’, which is most clear in marriage, but also can be seen in friendships, as when inviting a friend home becomes a landmark in the development of a personal bond. These strategies to transform the stranger into a ‘family member’ are abundantly described for traditional societies (Ensminger, 2001; Gellner, 2000), but they are not a vestige of the past. On the contrary, they are regularly used in contemporary interactions, and documented in corporate settings, for instance, through the cultivation of intense informal sociability between business partners, in order to build a web of densely knit personal obligations (Granovetter, 1985: 495–6).

Another widely used functional equivalent of trust is the expansion of formal regulations that increase the cost of defection and render the behavior of others predictable (Coleman, 1990; Granovetter, 1985). As Luhmann (1979: 34) states,

The legal institution of the contract formed purely through the concurrence of the parties’ declared wills entails a technical reformulation of the principle of trust in terms of law which makes it too independent for trust to play a role either as factual condition or as a ground for the validity of contracts.

Substitution of trust with the law operates through the development of an increasingly comprehensive and effective legal system that regulates a growing number of domains of human interaction – including professional practice, family relations, school interactions, decisions about how establish and finish intimate relationships, procreate, and die (e.g. Zucker, 1986).

The transformation of the relation with strangers into personal relations and the expansion of the contract can be very effective. They are, however, extremely onerous. They require large, constant, investments in terms of time, money, and organizational resources. This is why trust is seen as a critical social resource, irreplaceable as a way to establish relationships with strangers ‘in the interstices of the system’ (Seligman, 1997: 27), ‘these areas relatively unmediated by the formal obligations of kinship and contract’ (Hart, 2000: 178). Trust may not be the only answer to the problem of strangeness in contemporary societies, but it is essential because it is much less onerous than personal relations, and because formal contracts are limited and reactive by definition.

Trust is therefore the type of social capital that allows us to establish and maintain relationships with strangers. As such, the basis of trust cannot be reduced to ‘encapsulated self-interest’. The interpretation of trust as the outcome of a strategic calculation does not account for the significant variation in the disposition to trust across individuals who face similar risks and payoff structures; it does not explain why some individuals, and particularly, those in some social contexts, trust more than others; or why people are willing to trust when no or almost no information about the other is available without reducing the interpretation to sheer irrationality (Uslaner, 2002). In addition to being the outcome of a risk–payoff evaluation in relational contexts, trust is a culture and a cultural orientation. Trust involves a system of shared, historically formed, norms and values regulating granting and meeting trust, and it emerges ‘when a community shares a set of moral values in such a way as to create regular expectations of regular and honest

behavior' (Fukuyama, 1995: 53). Trust as culture fleshes out the Parsonian-inspired notions of normative integration and value introjection by situating it in a particular historical context. As an individual orientation, trust is a learned capacity that develops through life experiences, particularly through continuous socialization into specific cultural milieus (Sztompka, 1999: 65). From this perspective, trust exists as a persistent and stable individual disposition which orients action with varied interaction partners.

Trust is particularly modern not only because it deals with risks that emerge from the autonomy of others, but because it is based on a specifically modern universalistic ethic of individual responsibility, which establishes obligations with those not situated in the modality of co-presence, reciprocity and memory (Valenzuela and Cousiño, 2000: 327). The trust ethos transcends the obligations based on reciprocity and expands it to those whom I have received nothing from and therefore owe nothing. The universalistic orientation of the trust ethic sharply contrasts with the particularistic morality characteristic of personal relations. An important historical landmark in the development of the trust ethic is the introduction of *caritas* by Christianity. The historical novelty of charity is that it establishes, probably for the first time in Western history, obligations toward strangers. The rule of *caritas* transcends a particularistic morality of familial scope that restricts obligations to those who have given us something and therefore allows for neglect of or harm to strangers. Because charity establishes universalistic obligations with strangers, it is usually the source of family scandal, as in the standard complaint that 'charity begins at home'.

Trust as a universalistic ethic refers to systems of norms and values about granting and meeting trust, being trustful and trustworthy. As a universalistic rule, trust and trustworthiness are mutually constitutive (Uslaner, 2002). Trustworthiness – an ethic of personal responsibility based on the rigorous fulfillment of the word given and on the strict respect of agreements established with strangers – is essential for trust to pervade society.

Trust relationships are favored by specific historical contexts. Historical-comparative research suggests that specific historical developments may have induced interactions among strangers, thereby promoting the formation of trust relationships. These include the expansion of commercial exchange, and the formation of an egalitarian public sphere at the local level. The expansion of market-based commerce forces transcending personal loyalties and hostilities – both detrimental for market exchange and profit – in order to conduct transactions with unrelated individuals to whom we are otherwise indifferent (Silver, 1990, 1998). The rise of a commercial society such as experienced in modern England may have provided a powerful catalysis for the formation of trust by forcing mutually beneficial relationships with strangers.

If the British case provides an example of early modern commercial development, the U.S. case provides an instance of the early formation of an egalitarian public sphere. The paradigmatic depiction of early American society is provided by Tocqueville (2007 [1835]). In sharp contrast to Tocqueville's native France, the U.S. did not know a landed aristocracy and the concomitant form of power emanating from personal subordination in the lord-tenant relationship widespread in Europe. Substantial economic equality and the absence of patrimonialism facilitated the confinement of personal hierarchical bonds to the private sphere, and the emergence of a public sphere in which strangers emerged as

equal citizens, unbounded by personal loyalties and duties, and therefore requiring trust as a form of political exchange. The early emergence of a commercial society and a local public may have strongly promoted the formation of trust cultures as a mechanism to interact with strangers – be it exchange partners or fellow citizens.

This reference to historical contexts that may facilitate the development of trust is not intended to imply deterministic associations and developments. Beyond suggestive leads, we do not attempt to understand the historical formation of trust cultures. Important, historically informed, work has started to examine this issue (Fukuyama, 1995; Mackie, 2001; Putnam, 1993; Sztompka, 1999: Ch. 6; Uslaner, 2002), and more is necessary. The objective of this article has been more modest. By providing an ideal-typical distinction between personal relations and relations with strangers, as of the distinct types of social capital embedded in them – reciprocity and trust – we hope to have contributed to understanding of the sources of social capital and to a literature to date mostly focused on the structural and functional attributes of social relations, in disregard of how these relations are experienced by participants.

Conclusion

This article contributes to the understanding of social capital by focusing on the experiential dimension of the social relations that embed it, moving beyond their functional properties or structural form. We have distinguished two ideal-typical forms of social relations – personal relations and relations with strangers. Personal relations are triply defined in the factual, social and temporal dimensions by co-presence, reciprocity and memory. Reciprocity, the form of social capital embedded in personal relations, is usually not experienced as a purposive choice but as a deep bond that is given beyond deliberation, and it only becomes manifest and problematic if broken.

Relations with strangers are defined in direct contrast to personal relations. The stranger is that who I do not regularly see; from whom I have not received anything and to whom I therefore owe nothing; and with whom I do not share a common memory – i.e. it is defined by the condition of impersonality or anonymity. The social capital embedded in relations with strangers is called trust. Trust is the ability to interact with strangers even when weak third-party guarantees of compliance exist, and without the onerous need to transform the stranger into a personal relation. Trust involves rational calculation and purposive evaluation about the other's interests. However, what distinguishes trust from other situations in which a rational cost-benefit analysis is required is that it is embedded within a universalistic ethic of personal responsibility, which rests on the basic assumption that all interaction partners keep the promises and commitments made to others. It is this ethic that provides the basis for successful relationships with strangers.

Our approach to trust is eminently interpretative. Our focus is the *motivation* for trust rather than its *function* – what motivates someone to place a bet on the trustworthiness of others? As discussed, the answer transcends rational calculation of interest to include a personal disposition embedded in a particular, historically formed, cultural context.

We have argued that trust is an imperative necessity in contemporary societies, populated by strangers. But how relevant is trust vis-à-vis its alternatives – legal, contractual,

regulations and the transformation of strangers into ‘friends and family’? We suggest that trust provides a powerful resource to establish relationships in domains not regulated by contract or kinship (Hart, 2000). As such, trust provides enormous opportunities for economic exchange and civic collaboration by efficiently reducing transaction costs and for associative collaboration with strangers by relaxing the need to transform them into personal relations. While it is difficult to counterfactually compare outcomes in the absence of trust and to quantify the gains emerging from these interactions, comparisons across societies with arguably different levels of trust (e.g. Fukuyama, 1995; Putnam, 1993) suggest that trust may bring substantial benefits in terms of economic growth and institutional development.

It is important to highlight that we have used reciprocity and trust as ideal-types, in the standard sociological sense of ‘abstractions from reality . . . which involve the highest possible degree of logical integration by virtue of their complete adequacy on the level of meaning’ (Weber, 1970: 20). Actual social relations contain elements of these pure types, with filial and conjugal bonds being usually closest to the pure type of personal relation. The purpose of this typology is to highlight the sources of the taken-for-granted assumptions, obligations and expectations involved in reciprocity and trust, and hence provide analytical insight into the strengths and limitations of the social capital they support.

The distinction between reciprocity and trust may be relevant at both the analytical and practical levels. At the analytical level, it highlights that these relations refer to different domains of human experience, and they are not usefully framed as extremes in an undifferentiated continuum, and therefore they are hardly fungible and transposable. At the practical level, our approach highlights the futility of strategies vaguely trying to support or promote social capital as an engine for economic or civic improvement. It suggests that an attempt to promote social capital should start by specifying the modalities of social capital prevalent in the particular community, and the sources of social capital that is desired and feasible to promote. We demonstrate that reciprocity and trust have their source in the distinct way they are experienced by individuals, and that these forms of social capital might very well be contradictory or incompatible. Overall, this approach adds to perspectives solely focused on the structural or functional dimension of social capital, by highlighting that its scope and potential depend on how individuals experience the social relations that embed it.

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Notes

1. Earlier, less systematic but prescient uses of the term can be found in Hanifan (1920: 78), Jacobs (1961: 138), and Loury (1977).
2. Empirical evidence for the impact of closure networks on educational attainment is contradictory, however. See Bryk, Lee and Holland (1993), Carbonaro (1998), and Morgan and Sorensen (1999).

3. See also Freeman (1977) on the notion of 'betweenness centrality' and Cook and Emerson (1978) on the advantages of having exclusive exchange partners for elaborations of the same approach.
4. Portes specifically claims that social capital will be high in groups with distinct phenotypical or cultural characteristics that lower the probability of entry or exit; engaged in strong, frequent confrontation with other groups perceived as more powerful; suffering strong discrimination; possessing high degree of internal communication and able to confer unique rewards upon its members (Portes 1995; Portes and Sensenbrenner 1993).
5. This three-fold distinction is adapted from Luhmann's dimensions of meaning (1995: 74–82).
6. Therefore, co-presence is not incompatible with a mediated experience of the other, insofar as there are reciprocal donations as a way to 'make the other present' even without temporal and spatial immediacy.
7. This sharply contrasts with the modern ideology of the gift, that conceives of it as entirely free, autonomous, spontaneous and disinterested (see, for instance, Carrier, 1995; Cheal, 1988).
8. Sennett (1978) offers an insightful historical account of the emergence of the stranger in modern urban settings.

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