

# THE OPTIMAL TRUST IN GOVERNMENT

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## INTRODUCTION

How much should the public trust its government, where by trust we mean confidence that the government will efficiently carry out the tasks it takes on and will take on only those tasks that are justified in the public interest?<sup>1</sup> On the one hand, the answer depends on how trustworthy the government is. Obviously, a well-functioning democratic government deserves more trust than a bungling despotic one. This suggests that many economists, particularly those influenced by public choice, would argue that few, if any, governments deserve much trust. According to public choice economists, inherent even in democratic governments are tendencies to sacrifice the general well-being to the demands of narrowly focused interest groups and to tax and spend beyond efficiency limits. Furthermore, these tendencies can be exacerbated by public trust in government by increasing the ability of organized interests to push government farther beyond its ideal level of activity.

On the other hand, some argue that the performance of government is not independent of the public trust it receives. The concern has long been expressed that a lack of public trust undermines the government's ability to carry out its proper role. Benjamin Franklin worried that "Much of the Strength and Efficiency of any Government, in procuring & securing Happiness to the People, depends on . . . the general Opinion of the Goodness of that Government."<sup>2</sup> More recently, studies investigating the decline in trust in government, and expressing concern about the consequences, have been published by the John F. Kennedy School of Government at Harvard such as Nye, Zelikow, and King, [1997], the University of Virginia including Hunter and Bowman [1996] and the Pew Research Center for the People and the Press, [1998]. Interestingly, two leading public choice scholars, Geoffrey Brennan and James Buchanan, have worried that public choice, and its premise that government action is motivated primarily by private interest, may alter public attitudes toward government in unfortunate ways. According to Brennan and Buchanan:

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Even if the explanatory power of public choice models of politics is acknowledged . . . the moral spillovers of such models on the behavior of political actors may be deemed to be so important as to negate any purely "scientific" advance made in our understanding of how politics actually works. The maintenance of the standards of public life, it could be argued, may require a heroic vision of the "statesman" or "public servant," because only by holding such a vision can the possibility of public-interested behavior on the part of political agents be increased. [1988, 184]

So should the public trust government less to restrain the harm from flaws inherent in the political process, or more to minimize those flaws and achieve as much good as possible from the political process? The tension here suggests, as with most things, that there can be either too much or too little trust in government, with an optimal amount somewhere in between. Of course, the optimal level of trust varies over different government functions. For convenience our discussion will often be in terms of a generic trust in government, but it should be kept in mind that the analysis becomes more meaningful when applied to particular activities. Regardless of how focussed the analysis, any attempt to determine this optimal level has to consider the tension between improvements in government performance that can result, at least up to some point, from more trust in government, and the additional latitude more trust gives government to cater to organized interests at public expense.

The exact nature of the tradeoffs between trust and performance in government depends on the existing political institutions, with constitutionally limited democracy surely providing the greatest scope for beneficial trust in government. But one attribute of voting limits the desirability of trust in a democratic government. Somewhat ironically, this attribute is highlighted by Brennan and Buchanan [1984] and implies that their 1988 concern about undermining trust in government may be misplaced, and is almost surely overstated. Brennan and Buchanan [1984] examine an interesting implication of the fact that an individual's vote in an election is extremely unlikely to be decisive: people's electoral choices are often motivated more by their expressive preferences than by their outcome preferences. If a voter receives satisfaction from expressing support for a political proposal (for example, helping the poor), he will likely vote for the proposal even though its high cost would motivate him to vote against it if his vote were to decide the outcome. This suggests that the less decisive an individual vote, the more likely an increase in the trust that government effectively promotes desirable social objectives will translate into voter support for increasing government action beyond efficient limits.

We develop the idea of expressive voting in the next section and argue that for any given level of trust, the size of government people are willing to support is a decreasing function of the decisiveness of an individual vote. In the following section, we incorporate the implications of expressive voting into a more general model connecting trust in government to the social benefits derived from government action. This model allows us to determine necessary conditions for the optimal trust in government. Our model has a normative flavor since the concern is with what the level of

trust in government should be, rather than what it will be. Yet, as opposed to many normative models, the control variable in our model (trust in government) is not one that any individual or group chooses. We then use the model as a springboard for a broader discussion of the circumstances that call for more or less trust in government, and, straying somewhat into positive implications, of the possibilities of a cycle between too much and too little trust. Concluding comments are offered in the final section.

### A DISCONNECT BETWEEN CHOICE AND COST

Economists have long recognized that the connection between a voter's choice at the polls and the outcome of the election is extremely tenuous. Two well-discussed implications of the indecisiveness of an individual vote are rational voter ignorance and apathy [Downs, 1957, Chs 11-14]. Because no individual vote is likely to determine the electoral outcome, voters quite rationally devote little time to becoming informed on political issues, and, indeed, realize little private advantage from voting at all, at least in terms of influencing outcomes. Another implication of voter indecisiveness is not as well known. Even if an individual is fully informed on the issues and goes to the polls, she incurs little personal cost no matter what choice she makes because the probability that her vote will be decisive is indistinguishable from zero. She is unlikely to sacrifice the value she would receive from outcome *B* because she voted for outcome *A*. This disconnect between choice and cost can significantly affect election outcomes when the option voters feel they should favor differs from the one that would promote their private advantage.<sup>3</sup>

For example, consider an individual who feels that protecting the environment is the right thing to do and also trusts the government's ability to implement effective environmental policies. Assume that he is pondering a vote on a government proposal to reduce pollution<sup>4</sup> that, if passed, will increase his taxes by \$1,100 while providing him what he believes (given his trust in government) with \$100 worth of pollution reduction, for a net cost of \$1,000. Will he vote against the proposal? If he knew his vote would decide the outcome of the election, the answer is clearly yes. But assume, for example, that the probability is 1/10,000 that his vote will break what would otherwise be a tie (an unreasonably high probability in most state or national elections - but see endnote 11). This means that the expected net cost of voting for the proposal is only \$.10. So if the voter receives more than a dime's worth of satisfaction from expressing support at the polls for protecting the environment, then a yes vote is a bargain. The more trust in government the voter has, the more pollution reduction he will expect and the more secure his positive vote is to increases in the probability that his vote is decisive. In general, the more voters trust the government to perform properly, and the less decisive their individual votes (the less electoral choice is connected to electoral consequence), the more likely a voter is to vote for a policy or a candidate on the basis of "expressive" rather than "outcome" preferences.

Expressive voting can be motivated by a general sense of civic duty, but the implications are most interesting when a particular issue is being considered, especially when what is in voters' private interests differs from what they feel good supporting

expressively. Plenty of such differences exist. For example, most people under age 45 are adversely affected by the Social Security program, yet, at least until recently, even young voters supported the program electorally (and much of this support continues). Young people may, of course, see Social Security as reducing their financial responsibility for their parents. But surely an important reason for the political popularity of Social Security is that most people feel that supporting it is the right thing to do even if it harms them personally. Similar arguments can be made for welfare programs, agricultural price support programs, minimum wage legislation, mandated benefits for workers, protecting public schools against competition, import restrictions, and many others. Most people are harmed by such government policies, but large numbers of voters have been led to believe that these programs promote noble social objectives, and they feel virtuous expressing support for them. And the cheapest way to express this support, with the possible exception of casual conversation, is in the voting booth.<sup>5</sup>

A somewhat extensive literature has evolved from the 1970s dealing with the question of whether Americans tend to "vote their pocketbooks", (i.e. vote for what is in their own individual economic self-interest), or to vote "sociotropically" (i.e. for legislation that, in their view, is "good for the country"). The traditional view of this question is best summarized by Kiewiet, who states that; "Perhaps the most common observation made about elections in this country is that the people 'vote their pocketbooks.' Indeed in the minds of many students of American politics, the proposition that economic concerns powerfully influence voters' decisions enjoys the status of a self-evident truth" [1983,5]. However, in several subsequent studies by Kinder and Kiewiet [1979] and Kiewiet and McCubbins [1985], as well as Oppenheimer [1985], the authors found significant evidence of sociotropic voting that contradicts the traditional view. Kinder and Kiewiet state unequivocally that, "With respect to economic issues, voters appear to choose between congressional candidates 'sociotropically'. Voters are not egocentric in any narrow sense — They do not vote their own pocketbooks. Rather their preferences follow a more collective nature" [1979,524]. This evidence of sociotropic voting supports our contention that expressive voting can and does take place, especially when the costs to the individual are very low and the emotional rewards for what they may perceive as virtue are at least positive.

The satisfaction that people realize from expressing support for policies that reduce their material welfare is often influenced by political persuasion. Politicians and organized interest groups have strong incentives to persuade voters to support public policies that benefit the organized interests at the expense of the general voter. Hence, all attempts to secure private advantage through political influence are masqueraded behind the rhetoric of public advantage. This public-interest rhetoric does not necessarily attempt to convince voters that the recommended policy will be good for them, only that it will be good for the country. Public choice economists often argue that political interest groups take advantage of rational ignorance to fool voters into believing that special-interest legislation improves their welfare. Certainly, this happens. Lobbyists favoring import restrictions for their industry clothe their case in arguments suggesting that foreign imports threaten all American jobs. Those pushing for agricultural price supports try to convince people that without these sup-

ports, farmers will be driven into bankruptcy, and food prices will increase. But much special-interest lobbying attempts to win over those who are clearly harmed, at least to some degree, by the policy being advocated. We are encouraged to support welfare programs that will cost most of us money because we should help the poor, or minimum wage legislation that will increase some prices we pay because all workers deserve a living wage. Such lobbying is explained, at least in part, by expressive voting. Even if such appeals to voters' senses of duty result in their realizing just a little satisfaction from supporting a policy, voters are put in a prisoners' dilemma that dramatically increases electoral support for it.

We acknowledge that many policies which voters feel good about supporting, even though they work against the voters' private interests, are not ones on which they vote directly. There are three responses to this fact. First, there is a large and growing number of referenda on issues ranging from school choice to welfare eligibility for illegal aliens, indicating that voters are faced with many opportunities for expressive voting. Second, representative government implies that a vote for a political candidate is a reasonable proxy for voting directly on issues. In fact, as reported by Kau and Rubin in 1993, to be elected requires that the representative be in agreement with his constituency. Political markets do a good job controlling ideological shirking by legislators, which is strongly and quickly punished. Rubin's 1999 article on "Ideology" also clearly supports this conclusion. Third, while political representatives may respond to public concerns, how those concerns are actually addressed depends far more on the influence of organized interests than on voter preferences. We formalize this aspect of expressive voting in the following equations.

Let  $M_A$  be the outcome value a voter expects to realize if a pollution-reduction program is enacted, and  $M_B$  be the value the voter attaches to having the government do nothing, which we assume is equal to zero.  $M_A$  may be negative for our voter, reflecting the fact that the personal tax cost of the program exceeds the value of reduced pollution. However, the more a voter trusts government (the more effective he believes government pollution-reduction efforts will be), the larger  $M_A$  will be, although we assume it remains negative. If the probability that any one vote will be decisive is given by  $P$ , then the expected outcome value of voting for A is given by  $PxM_A$ . Finally, let  $E_A$  be the expressive value the voter realizes from voting for A, and  $E_B$  be the expressive value of voting for B. Because protecting the environment is widely perceived as the right thing to do,  $E_A$  will be positive for many voters for whom  $M_A$  is negative. As with  $M_A$ , the more trust a voter has in government, the larger  $E_A$  will be. Surely, the more one trusts that government efforts to do good will be effective, the better one feels about expressing support for those efforts.<sup>6</sup> Similarly,  $E_B$  will be influenced by the level of trust in government; the more trust one has, the more negative (or less positive) one feels about voting against government efforts to improve the environment.

The value a voter expects to receive from voting for A is given by

$$(1) \quad P(M_A) + (E_A - E_B).$$

A voter will obviously vote in favor of A if (1) is positive, or

$$(2) \quad P(M_A) + E_A > E_B.$$

The equality in equation (2) obviously holds if the voter's outcome and expressive preferences both favor A. But when these preferences conflict, which we assume they do, it is clear from equation (2) that the expressive preference can dominate the electoral choice even though it is much weaker than the outcome preference. For example,  $M_A$  may be quite negative and  $E_A$  only slightly greater than  $E_B$ , but because a vote is so unlikely to be decisive, with  $P$  close to zero, equation (2) can still be positive. As in the earlier example, even with  $M_A = -\$1,000$ , when  $P = .0001$  the voter will vote for A if  $E_A - E_B > \$.10$ .

The discussion suggests an indifference curve containing those combinations of trust in government,  $T$ , and the probability that one vote is decisive,  $P$ , that finds an individual indifferent between voting for A or voting for B. Because we are representing trust in government as a scalar, we need to provide a precise operational definition of trust. By trust we mean confidence that government can be depended on to promote the public interest efficiently; (i.e., perform those activities it takes on at least cost), and to take on only those activities in which the public interest is best served by government involvement. Relevant to this paper is 1) a measure of the degree to which a person trusts government according to the above definition (with 1 representing complete trust and 0 representing no trust), and 2) the percentage of the voting-age population that holds each possible level of trust. This suggests a scalar measure of trust equal to the sum of each measure of trust weighted by the percentage of those with that measure of trust. This scalar runs from 0, indicating that everyone has a trust in government of 0, to 100, indicating that everyone has trust in a government of 1. Our definition of trust is highly similar to the Hunter and Boman [1996] study based on the subjective responses to questions asked to a large sample of voters. Our definition also shares similarity with that used by the Knack and Keefer [1997] article on social capital.

Expressing  $M_A$ ,  $E_A$ , and  $E_B$  as functions of  $T$ , this voting indifference curve is given by

$$(3) \quad P(M_A(T)) + (E_A(T) - E_B(T)) = 0.$$

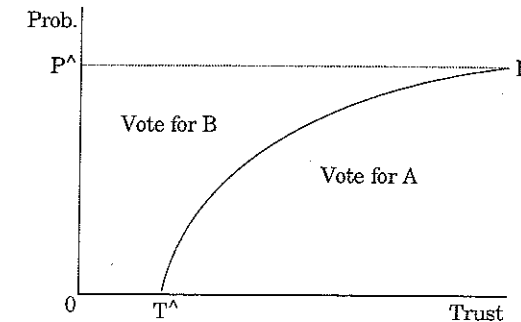
Differentiating equation (3) through with respect to  $T$ , recognizing that equation (3) defines  $P$  as a function of  $T$ , and solving for  $dP/dT$ , yields

$$(4) \quad dP/dT = -(PdM_A/dT + dE_A/dT - dE_B/dT) / M_A.$$

Assuming the interesting case where  $M_A < 0$ , it follows from equation (4) that  $dP/dT > 0$  as long as we maintain the reasonable assumptions that  $dM_A/dT > 0$ ,  $dE_A/dT > 0$ , and  $dE_B/dT < 0$ .

The voting indifference curve,  $I_j$ , for individual  $j$  is shown in Figure 1. Below some level of trust, given by  $T^\wedge$ , individual  $j$  will not vote for A even though  $P = 0$ . In this case the outcome cost of voting for A is zero, so it follows that  $E_A < E_B$  when trust is less than  $T^\wedge$ . At  $T^\wedge$ ,  $E_A = E_B$  when  $P = 0$ , and the voter is indifferent between voting

FIGURE 1  
Trust, Decisiveness and Voter Choice



for A and B. Beginning at the indifference point  $(0, T^\wedge)$ , the indifference is maintained as  $P$  increases above zero as long as  $T$  also increases, as reflected by the positive slope of  $I_j$ . There is no reason that  $I_j$  has to be everywhere concave from below as shown, but at some point ever-larger increases in  $T$  are required to offset the effect of a small increase in  $P$ . As shown in Figure 1,  $I_j$  asymptotically approaches the horizontal line at  $P^\wedge$ , indicating that no matter how great the trust in government, individual  $j$  will not vote for A if the probability of a decisive vote is larger than  $P^\wedge$ .

Of course, each voter has a voting indifference curve. The indifference curves for voters more favorably disposed toward A than individual  $j$  (because of some combination of larger  $M_A$ s and  $E_A$ s and smaller  $M_B$ s) will lie to the left of  $I_j$  (with a higher asymptote), while the indifference curves of those less disposed toward A will lie to the right of  $I_j$  (with a lower asymptote). The voting indifference curves for some individuals will intersect  $I_j$ , indicating that at some levels of trust they are more likely to vote for A than individual  $j$ , and for other levels of trust, less likely. So as the general level of trust in government increases, the larger the number of voters who will vote for A for any given  $P$ . Generalizing further, for any given  $P$ , the greater the general level of trust, the larger the number of government programs that will be passed and the greater government spending will be. For any level of trust in government, the more decisive the individual voter (the larger  $P$ ), the less government spending will be. These relationships can be expressed as

$$(5) \quad G(T, P),$$

where  $G$  is the level of government spending and  $G_T > 0$  and  $G_P < 0$  (the subscript represents a partial derivative with respect to the indicated variable).<sup>7</sup>

### A SIMPLE MODEL OF OPTIMAL TRUST

We now develop a model of the optimal trust in government. The variable  $T$  is not a control variable in the standard sense that someone chooses it directly. But much political activity is, at least in part, motivated by the desire to influence the prevailing level of trust in government. Conservative politicians are fond of pointing to gov-

ernment failures and emphasizing that people spend their own money more wisely than politicians and bureaucrats spend it for them. Liberal politicians are equally fond of pointing to what they see as successful government programs and to "urgent" problems requiring political action.

In developing a model of the optimal trust in government, we have to make some assumptions on how trust in government affects the social benefits from government spending. There are plausible arguments that trust in government is socially beneficial because it increases both the level and effectiveness of government spending. For example, Joseph Nye, Dean of Harvard's Kennedy School of Government, argues that confidence in government and its performance are connected

through the willingness of the public to provide such crucial resources as tax dollars, the willingness of bright young people to go into government, and voluntary compliance with the laws. If people believe that government is incompetent and cannot be trusted, they are less likely to provide these resources. Without critical resources, government can't perform well . . . [1997, 4]

Obviously, government cannot perform without resources, but it is also true that government can have too many resources, with government performance being improved by reducing the resources available to it. So beyond some point, additional trust begins eroding the benefits from government by increasing the amount of money voters approve for political purposes, and increasing the power of organized interest groups to achieve private gains at public expense. Of course, trust could increase because government performance increases, which would justify the additional trust and government spending. Although we consider some dynamic implications of improved government performance causing more trust in government in the next section, this discussion assumes that the improved performance results in a reduction in resources available. An exogenous improvement in performance typically requires a change in the political constitution, either formally or informally. We are considering the implications of such exogenous changes in government performance on trust in government in some ongoing work.

Both the positive and negative influence of trust can be incorporated into a formal model by letting the net social benefit,  $B$ , from government spending be a function of the level of spending and the prevailing level of trust in government. Making use of equation (5), this function is represented by

$$(6) \quad B(G(T,P), T),$$

where

$$(7) \quad B_G \begin{cases} > 0 & \text{when } G < G^{\wedge} \\ = 0 & \text{when } G = G^{\wedge} \\ < 0 & \text{when } G > G^{\wedge}. \end{cases}$$

We assume that  $B_T > 0$  over some positive range of trust. At some point, however, the marginal social benefit of trust becomes negative,  $B_T < 0$ . We make the plausible assumption that, over the range of government relevant to today's democracies, the larger is government, the smaller is  $B_T$ , or, what is mathematically equivalent, the greater is the trust, the smaller is  $B_G$  (which means  $B_{GT} < 0$ ). This implies that the range over which the marginal social benefit of trust remains positive becomes smaller as the size of government increases.

For any given level of decisiveness,  $P$ , the optimal trust in government is given by the  $T$  that maximizes equation (6), which we denote as  $T^*$ . So  $T^*$  necessarily satisfies the first-order condition

$$(8) \quad B_G G_T + B_T = 0.$$

Since  $G_T$  is always positive, satisfying condition (8) requires either that  $B_G$  and  $B_T$  have opposite signs, or that they both become zero at the same point.<sup>8</sup> If  $B_G$  becomes zero before  $B_T$  does, then at that point, the cost of the additional government caused by a marginal increase in trust is zero while the marginal gain from better government remains positive. In this case, the optimal level of trust finds the marginal net benefit from government spending negative, with this cost of additional trust being exactly offset by the marginal gain from increased government effectiveness. On the other hand, if  $B_T$  declines to zero before  $B_G$ , then it is optimal to increase trust into the range where its marginal effect is to decrease the performance of government. Consider Social Security, for example. The Social Security program has been greatly expanded since its inception, and we believe most knowledgeable observers would agree that this expansion has reached the point where  $B_G < 0$ . That is, at the current level of expenditure, the net value of Social Security is negative at the margin. Yet, one can argue that a reasonable level of trust in the program is justified, even though it results in additional Social Security expenditures, because it marginally reduces the divisiveness between generations that the program provokes, with  $B_T > 0$ .

Nye's [1997] case for more trust in government assumes that it would both increase its efficiency, for example by attracting better people into government service, and increase the money available for government to spend. Obviously, if both government efficiency is improved and the marginal net benefit of government spending is positive, his case is unassailable. But condition (8) implies that the case for increasing trust does not depend on both greater government efficiency and positive marginal net benefit from government spending. More trust in government may be desirable even though it reduces government efficiency, or increases government spending beyond the range where its marginal net value is positive. So our model suggests that the case for more trust in government may be more robust than recognized even by its advocates, whose arguments are based, if only implicitly, on the assumption that the marginal net value of government is positive.

On the other hand, our model implies limits to the desirability of increasing trust in government, limits that proponents like Nye often seem to ignore. In our model, the consideration that limits the range over which trust is beneficial is the indecisiveness of voters (incorporated into our model through the variable  $P$ ), which allows voters to make choices with little personal concern for the social cost of those choices.

One can make an intuitive argument that the less decisive is each voter, and therefore the less responsibility the voter feels for electoral consequences, the more limited is the range over which trust in government remains productive at the margin. This intuition can be scrutinized within the context of our model by recognizing that the necessary condition (8) defines  $T^*$  as a function of  $P$ . Differentiating through condition (8) with respect to  $P$ , and solving for  $dT^*/dP$  yields

$$(9) \quad dT^*/dP = -(B_{GG}G_P G_T + B_G G_{TP} + B_{TG}G_P) / \Delta,$$

where  $\Delta$  represents the second-order condition to the maximization of (6), and is negative by virtue of that condition being satisfied. So the sign of  $dT^*/dP$  is the same as the sign of the expression in brackets in the numerator of equation (9), which we now examine.

Since  $G_P < 0$  and  $G_T > 0$ , the first term,  $B_{GG}G_P G_T$ , is unequivocally positive under the plausible assumption that the marginal net benefit of government spending is decreasing in  $G$ , or  $B_{GG} < 0$ . To evaluate the second term,  $B_G G_{TP}$ , we make the plausible assumption that  $G_{TP} < 0$ ; increasing the decisiveness of the voter reduces the marginal positive influence of  $T$  on government spending. The positive influence of  $T$  is moderated by the stronger sense of voter responsibility for the cost of expanding government. So the second term is also positive when  $B_G < 0$ , which it is according to condition (8), when  $B_T > 0$ . Of course, when  $B_T < 0$ , then  $B_G > 0$ , and the second term is negative. Since  $G_P$  is always negative, the third term,  $B_{TG}G_P$ , has the opposite sign of  $B_{TG}$ , which we have assumed is negative (see our discussion immediately following equations (6) and (7)) and therefore this term is also positive.

So given plausible assumptions, when  $B_G < 0$  (and therefore  $B_T > 0$ ), all three terms within the brackets in the numerator of equation (9) are positive, and we get the unambiguous result that  $dT^*/dP > 0$ , as our intuition suggests. The more decisive is the voter (the larger  $P$ ), the greater the optimal trust there is in government. The greater the probability that a vote is decisive, the less likely that a given level of trust in government will motivate voters to cast expressive votes for feel-good government programs that expand spending beyond efficiency limits, and the larger is the range over which the positive influence of trust exceeds its negative influence.

But if  $B_G > 0$  (and therefore  $B_T < 0$ ), then the second term may be negative enough that  $dT^*/dP < 0$ . Since  $G_{TP} < 0$ , increasing  $P$  reduces the marginal effect of  $T$  on government spending. This increases the range over which the direct benefits from reducing  $T$  can be realized ( $B_T < 0$ ) because it reduces the indirect sacrifice from the resulting reduction in  $G$  ( $B_G > 0$ ). So it is possible, though we believe unlikely, that  $G_{TP}$  is sufficiently negative for an increase in the decisiveness of the voter to call for a decrease in trust in government.<sup>9</sup>

### SOME BROADER CONCLUSIONS

The implication that the more decisive the voter, the more trust there should be in government suggests broader conclusions. Consider the fact that the voter (citizen input in general) is more decisive at the local level than at the national level. This, along with the normative implication of our model, suggests that trust in local gov-

ernments should be greater than trust in the federal government. There is at least casual evidence that this implication is of positive significance (i.e., people are more likely to trust their local governments than the federal government). According to a recent survey of American opinion,

While just one-third of all Americans have "a great deal" or "quite a lot" of "confidence in the federal government," only a slightly greater number (39 percent) has the same level of confidence in state government. Yet, as one moves to the local community, the sentiment of disaffection begins to change appreciably. . . . Fifty-seven percent of those surveyed say that they are at least content, if not pleased, with their local government. [Hunter and Bowman, 1996, 21]

This suggests that proponents of more trust in government would strengthen their case by also arguing for more devolution of responsibilities from the federal level to the state and, better yet, local levels. Even if the federal government is just as capable (at every level of trust) of performing a particular function as a local government, as measured by  $B_G$ , a strong argument can be made for shifting responsibility for that function to the local government because of the additional value that can be realized from more trust in government.

The decisiveness of the voter varies not only among local, state, and federal elections, but also among different electoral decisions at each level of government. The probability of a decisive vote can vary significantly for a given number of voters, depending on how evenly the electorate is split.<sup>10</sup> Since trust in government can vary over issues, our model suggests that people should have less trust in government on issues for which there is large majority support than on those over which the public is evenly divided.<sup>11</sup> The greater the majority vote a proposal is expected to receive (the lower  $P$ ), the greater the importance of expressive voting, which can result in an even larger than expected favorable vote: this is the bandwagon effect driven by expressive voting. And the more overwhelming is the vote, particularly when based primarily on expressive rather than outcome considerations, the greater is the power transferred to government, and the less is political accountability. The less is the trust in government's ability to address the issue, the less is the transfer of such unaccountable political power.<sup>12</sup>

A similar argument applies to issues with strong emotional appeal, or to charismatic political candidates. For a given degree of voter decisiveness, the greater the emotional appeal in favor of an issue, or the more charismatic is a favored political candidate, the less is the desirable level of trust. The less trust, the less is the benefit to individual voters of making their decisions on emotional grounds with little sense of responsibility for the collective consequences.

For example, proposals claiming to protect the environment are emotionally appealing, and thus often command large majority support regardless of the benefit/cost implications of particular proposals. This increases the likelihood of enacting pollution-control proposals that, even if implemented at least cost, cost more than they are worth. Furthermore, since expressive rather than outcome considerations dominate the public's involvement, organized groups have more latitude to benefit by

promoting overly costly pollution-control approaches. For example, the uniform requirement typical of the command-and-control pollution approach allows well-established firms to restrict the entry of competitors and impose disadvantages on smaller, less-established competitors.<sup>13</sup> Also, government agencies enforcing environmental laws can justify larger budgets under the command-and-control approach because it requires more detailed involvement in pollution-control decisions.<sup>14</sup> Unfortunately, these special-interest benefits come at an enormous cost. The uniform requirements of the command-and-control approach can cost twenty-two times more than the least-cost approach for the same amount of pollution reduction.<sup>15</sup> The inefficiencies in pollution policy would be reduced, though never eliminated, if the emotional appeal of environmental protection were countered with more skepticism about government's ability to protect the environment.

Despite the consistency between our model and the earlier observation that people tend to trust their local governments more than the federal government, the implications of our model are primarily normative. Nothing in our model suggests the existence of equilibrating tendencies toward the optimal trust in government. A destructive dynamic can develop that leads to a suboptimal equilibrium in trust as expressed by Nye, "And if government can't perform (because of the lack of public trust), then people will become more dissatisfied and distrustful of it. Such a cumulative downward spiral could erode support for democracy as a form of governance" [1997,4].

We are somewhat more optimistic. For purposes of simplicity, our model considers only the effect of trust on government performance, with no formal recognition that performance affects trust in government. We are considering this latter influence in additional work. But taking the effect of performance on trust into consideration informally, we believe that the prevailing level of trust in government is subject to negative feedback, with trust subject to cycles of significant duration around, and significant departures from, some central level, which may be reasonably close, but unlikely equal, to the optimal level. Unlike Nye and others who worry about the erosion of trust in government, we believe that some of the most persistent political influences push toward too much trust. These influences are orchestrated by organized interest groups that can secure private advantage at public expense by convincing the public that government can be trusted to accomplish all manner of good things. Once this trust is transformed into political power through expressive voting, how that power is used is determined primarily by the organized groups. And because their influence is far more decisive than that of individual voters, these groups are far more motivated by private advantage than public purpose (less tempted by expressive indulgences). So as trust increases, people feel better about supporting more government spending on efforts to accomplish good with power that will eventually be controlled and abused by special interests.

This control and abuse will eventually sow the seeds of mistrust in government. These seeds can take a long time to germinate and grow as rational voter ignorance and apathy, the temptations of expressive voting, and the growing number and influence of organized interest groups all favor increasing trust in government. But eventually, as government expands far beyond desirable limits and its failures dominate its successes, public trust will reverse and begin declining.<sup>16</sup> During the decline phase

trust can fall too far, with the arguments of those who, like Nye, are worried about the erosion of trust in government becoming relevant. But, with a lag, the declining trust leads to reductions in the size of government and the power of interest groups, with improved government performance in a more limited range of activities. The result can be a reversal in the declining trust in government, and the beginning of a new cycle as trust begins increasing.<sup>17</sup>

Information on the public trust in government going back to the early decades in this century is sketchy, but what does exist, along with more recent data, is consistent with long cycles in that trust. Robert Lane detected an increased trust in government in the 1930s, which he saw resulting from the expectation that the federal government could bring the economy out of depression.<sup>18</sup> We would add that the relatively limited economic role of the federal government into the 1930s, along with the perceived success of many of the progressive measures enacted earlier in the century, was also important in the increased trust in government, an increase that probably began earlier than the 1930s. Data from University of Michigan polling that began in 1958 indicate that trust in government continued to increase into the 1960s, peaking around 1964, when about 75 percent of the respondents answered "always" or "most of the time" to the question, "How much of the time do you think you can trust the government in Washington to do what is right; just about always, most of the time, or only some of the time?" Since that time, trust has declined significantly (though not monotonically), with only about 25 percent answering "always" or "most of the time" in 1994. It has increased somewhat since then [Orren, 1997, Figure 3-1]. This decline in trust coincides with the expansion in the federal government's economic role and corresponding increases in federal spending, beginning with President Johnson's "Great Society" initiatives in the mid-1960s—spending and initiatives that have been greatly influenced by organized interest groups and have seldom provided the public benefits promised. Whether this decline in trust results in a smaller, more efficient government, with an eventual turnaround in public trust, remains to be seen.

## CONCLUSION

Trust is widely seen as an important factor promoting good government. A trusted government can more easily attract the type of people and resources needed to perform so that it is worth trusting. But, like most things, such trust can be excessive. Too much trust can increase government's power while reducing its accountability. So it is not obvious that worry over eroding trust in government is warranted. That erosion may be desirable. The important, but seldom considered question is, what is the optimal trust in government?

No definitive answer can be given to this question. The optimal trust depends on many considerations. Obviously, political institutions are of major importance, with the range over which trust is desirable being greater when political power is disciplined by constitutional constraints and democratic procedures. But common to all political processes is the tenuous connection between the choices of individual citizens and political outcomes. In a democracy, this disconnect between choice and consequence follows from the small probability that any vote affects the outcome of an

election. The indecisiveness of individual voters reduces their sense of responsibility for electoral outcomes, which can amplify the effect trust has on the size and inefficiency of government.

By incorporating the indecisiveness of the voter into a model relating social benefit to government spending and trust in government, we have examined the relationship between voter decisiveness and the optimal level of trust. Under reasonable conditions, the greater is voter decisiveness, the greater is the optimal level of trust. This suggests, everything else equal, that trust should be greater in local governments than in the federal government, greater when an issue is closely contested than when overwhelmingly favored, and greater when little emotion is attached to the choice than when strong emotions are involved.

Ultimately, views on the optimal trust in government depend on the prevailing political ideology, which is influenced by the performance of government. Poor performance fuels an ideology of skepticism toward government while good performance fuels an ideology of trust. Since our model implies that the influence of political ideologies is magnified by expressive voting, it suggests the possibility of cycles between too much and too little trust in government.

## NOTES

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1. Other definitions of trust are possible. Ours is a broad definition relevant to the social benefits from government spending in general. By our definition, someone could trust government to serve his private interest effectively with a particular program, and still have little trust in government. We shall present an operational definition of trust in government in the next section.
2. Quoted in Samuelson [1995, 187].
3. Tullock [1971] was the first we are aware of to consider the low cost of voting against one's private advantage when discussing the political popularity of transfer programs. The most complete economic analysis of the implications of the low cost of voting expressively is provided by Brennan and Lomasky [1993].
4. Or pondering a vote on a candidate who promises to support such a proposal.
5. Expressive voting would cease to be an issue if voting could somehow be based on an incentive-compatible-demand-revealing process of the type discussed by Tideman and Tullock [1976]; Clarke [1977]; and Groves and Ledyard [1977]. These processes motivate accurate expressions of preferences by internalizing all the costs of political choices individuals make.
6. This implies that "rational ignorance" can increase the importance of expressive preferences when voting by allowing voters to believe that government action is more effective at achieving broad social goals than it is.
7. Obviously the indifference curves will differ over issues, with trust being less important on issues like abortion and capital punishment (where the decision may be controversial, but carrying the decision out is rather straightforward) than on complex issues such as dealing with foreign policies or economic stabilization. But regardless of the issue, the general shape of the curves will be the same (an increase in trust has to be offset by an increase in decisiveness if voter is to remain indifferent between voting for A or B). But it has to be acknowledged that function (5) is sensitive to the mix of government activities.
8. We assume that the second-order condition is satisfied everywhere, so equation (8) has a unique solution.

9. If the third term is also negative ( $B_{\gamma C} > 0$ ), the chances increase that  $dT^*/dP < 0$ . The possibility that increasing the decisiveness of the voter calls for less trust in government is intriguing, and we would like to claim that it is likely. But we are afraid making this claim would strain our credibility, so we continue the discussion under the assumption that  $dT^*/dP > 0$ .
10. One might be tempted to argue that the probability of a tied election is so small, no matter how evenly the voters are split, that any relevant difference in this probability can have no noticeable effect on voter behavior. But this is not true, particularly for local elections, where the number of voters can be relatively small. For example, if the number of voters is 2001 and the voters are evenly split (i.e., the probability is 1/2 that a randomly chosen voter will vote for A or B), then the probability that the total vote will end up 1000 to 1001 (in which case each voter is decisive) is 1/56. In this case the individual considering a vote for an environmental proposal that, if passed, will cost him \$1,000, would have to receive at least \$17.86 worth of expressive satisfaction to motivate him to vote yes. One can expect a lot less expressive voting when the cost is \$17.86 than when the cost is \$.10, as in our example in Section II. Even when the number of voters is 10 million, the probability of a tie vote is only 1/4,000 when the voters are evenly split probabilistically. However, as the probability that a randomly chosen voter will vote for A and B diverges even slightly from 1/2, the probability of a tied election quickly becomes indistinguishable from zero, with the decline more dramatic the larger the number of voters. See Brennan and Lomasky [1993, 55-59] for more detail on the relevant calculations.
11. Of course, overwhelming support for an issue may reflect the fact that the government can, with good reason, be trusted to handle it competently. But trust can vary over issues that government is equally competent, or incompetent, to address, in which case decisiveness can be a critical consideration.
12. The argument here is a bit different than implied by our model. The implications of our model are based on a negative connection between voter decisiveness and the number of proposals that get passed. Thus voter indecisiveness increases the power of government by increasing the range of its responsibility. In this case currently being discussed, we are considering just one issue, and it is the size of the majority that adds to the government's power.
13. The literature on this subject includes works by Ackerman and Hassler [1981], Buchanan and Tullock [1975], Maloney and McCormick [1982], and Pashigian [1984].
14. As observed in *The Economist* [1991, 28], "The EPA exists to regulate things, not to see the market do the job for it."
15. See Table 15.2 and the accompanying discussion in Tietenberg [1992, 402-405].
16. Samuelson discusses this phase of the cycle in trust in similar terms when he says, "There is a vicious circle. Government that grows must do more of its work in obscurity; otherwise, it could not function at all and would inevitably fail in many of its missions. But government that works in obscurity will become increasingly dominated by narrow groups, which will bend it to their own purposes and make government seem even more removed from popular will" [1995, 200-201].
17. Arthur Schlesinger considers this stage in the cycle when he comments, "The fewer responsibilities loaded on the national authority, the better it will be able to discharge those it cannot escape" [1986, 245]. And three sentences later, Schlesinger points to the beginning of the next stage in the cycle with the observation, "Sometimes government intervenes too much. Its regulations become pointlessly intrusive. Its programs fail. After a time, exasperations accumulate and produce indictments" [ibid.].
18. Lane's observations are discussed in Nye [1997, 10].

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