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Cultivating trust : how do public policies become trusted

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CHAPTER 1

Introduction

1.1 TRUST, A PIVOTAL QUESTION

Why trust?

The manner in which to establish trust has increasingly become a pivotal question in economics, politics, and academics. The recent major accounting scandals of large American and European companies in 2001 and 2002 have resulted in adamant attempts by these companies to regain the trust of their shareholders and consumers. After the scandals of America's largest energy provider Enron, American financial authorities reconstructed the financial audit systems and tightened accounting regulations. Enron filed for bankruptcy and the accounting firm involved, Arthur Anderson, lost its auditing license for the United States. In the end, the consultancy firm was sold and renamed.¹

Establishing trust has also been of concern in politics. Many politicians worry about the public's loss of trust in public institutions and their policies. They regard the rejection of the European constitution in 2005 by the French and the Dutch as an expression of distrust in the EU institutions. Especially the politicians and intellectuals promoting the civic society based upon specific values, such as family and communitarian values, emphasize the loss of trust and complain that it has been replaced by cynicism (*cf.* Etzioni 1995; Putnam 2000, 2003). In order to regain the public's trust, politicians have been provided with various tools. Etzioni posits, for example, that politicians should 'mobilize the great underrepresented majorities' (1995, 227).

Politicians, however, not only try to regain trust for public institutions in general, but also concerning specific policy issues. In the 1990s, for instance, the animal disease BSE – also known as mad-cow disease – caused a lot of unrest in Europe. This is because the consumption of BSE infected meat is linked to Creutzfeld-Jacob disease. Hence, when BSE broke out, consumers became weary of beef products and heavily criticized the public institutions that are accountable for food quality. In Britain where

1. Accounting scandals in Europe, which have had the same effects, are Parmalat (Italy), and Ahold (The Netherlands).

BSE was particularly sensitive among consumers, the government changed the name of the department of agriculture into the department for environment, food and rural affairs to regain trust. The then minister of agriculture Gummer went so far as to even feed his daughter a British beefburger in front of the camera.

In academics, the concept of trust has been given attention in a variety of fields. Scholars of philosophy, economics, psychology, sociology, political science, and religious studies have all been involved in conceptualizing trust (*cf.* Misztal 1996). Many have been emphasizing the important function of trust for society. Luhmann, for example, states that 'a complete absence of trust would prevent (one) even (from) getting up in the morning' (Luhmann 1979, 4). Elster posits that trust is the "cement of society", the grease that keeps the societal engine running (1989). Putnam argues that high levels of trust result in a co-operative society with efficient public and private institutions (1993, 2000). Fukuyama even shows that high trust societies perform better economically (1995). Hence, trust seems worthwhile pursuing and analysing.

Central research question

This study aims to understand the relation between establishing trust and day-to-day policy-making by studying agricultural policy making in the Netherlands.

Many scholars have tackled the conceptualization of trust. Others have focused on its propitious effects (Putnam 2000, Fukuyama 1995, Lin 2001, Beck 1992). Most of these studies measure a specific level, or intensity of trust. They investigate, for example, the intensity with which consumers trust or distrust public institutions, or the amount of trust that is vested in specific organisations (corporations) or individuals (politicians). Most of them, however have neglected to study the establishing process of trust and this issue demands further attention.

The primary aim of this study is to make observations about how trust is established for agricultural policies in the Netherlands. The definitive goal, however, is to find general social mechanisms about trusting public policies.² Accordingly, the central research question is as follows:

How do public policies become trusted?

Relevance

Trust research has become substantial in public administration. The complete 2002 annual conference of the American Society for Public Administration, for example, was dedicated to the topic of trust and governance. The European Group of Public Administration has had a study group on productivity and quality, which covers the issue of trust in government. These studies, however, are mainly limited to studies of citizens'

2. Social mechanism is defined in *Chapter 2*

satisfaction for public institutions or organisations.³ Students of the policy process will not find theories that explicitly link trust with public policies (*cf.* Sabatier 1999; Howlett and Ramesh 2003).

I find it remarkable that this relationship between trust and public policies has not yet been discussed because it could deliver important information about how citizens react to policy-making. The formulation, implementation, adjustment and evaluation of public policies can both result in increases or decreases in trust levels. A new regulation, for example, could satisfy one group of citizens but antagonise another group at the same time. Although trust is not a necessary condition for the implementation or alternation of public policy (i.e. policies can be implemented by force), I believe it is an important factor in implementing policies successfully. Once trust is established, stakeholders are more inclined to co-operate. Trust improves co-operation and societal actions (*cf.* Putnam 1993, 2000, 2003; Elster, 1989). Trust is also the 'oil' that keeps the machinery of policy-making running. Policy adjustments can give hope, but they might also result in frustration; policies can satisfy expectations, but they can also confirm a previous cynicism. In other words, administrators and politicians establish and lose trust while formulating and adjusting policies. My aim is to understand how this works in terms of social mechanisms.

Social mechanisms

All sciences are constantly seeking for regularities and making general statements about it. One way to present these regularities is in terms of social mechanisms.

The *natural* sciences present general statements as laws, which are universal and timeless. Their goal is to explain and predict. The *cultural* "sciences", in contrast, cannot predict or explain in the way the natural sciences can because their phenomena are bound in time and place. They are constantly investigating the changing historic patterns of behaviour and societal values. Their goal is to understand (*Verstehen*), rather than to explain. The *social* sciences, however, such as sociology, economics, and psychology employ both types of generalizations and aim at explaining as well as understanding (Zijderveld 1990, 27). Economists for example, present their observations as (economic) laws explaining and predicting actual market behaviour. But, they also try to understand such complex relations as brokers' trust and stock market movements.

Some social scientists are even able to combine both goals. They manage to construct timeless abstract frameworks and use them as a tool to understand particular historic events. Weber for example constructed three timeless abstract types (*Ideal typen*) of authority (tradition, charismatic and rational-legal) and used these to unravel

3. Citizens' surveys, for example, are conducted by the Public Management Institute of the University of Leuven, Belgium. Their studies are available at <http://www.soc.kuleuven.ac.be/io/trust/eindex.htm>. Last accessed 29/07/2004. The MORI-polls in Great Britain are also good examples of this type of study. Available on <http://www.mori.com/sri/pdf/final.pdf>. Last accessed 29/07/2004.

the authoritative basis of historic individuals (Weber 1972, 124). In other words, he formulated a law-like conceptualization to understand cultural phenomena, which were bound in time and place (Zijderveld 1990, 28).

In the same manner social mechanisms combine both goals. A good example in case is Hirschman's abstract social mechanism that describes a causal pattern between exit, voice and loyalty (1970). His main argument ("law") is that as long as individuals are loyal to an organization, they are willing to "voice". If something is wrong with the organisations' management or with its products, employees or customers speak up and the flaws might be repaired; without loyalty, employees or consumers say nothing and "exit" silently. The strength of this social mechanism is its applicability to different types of incidences and historic events. Hirschman applied his scheme to business firms, and public organizations and analyzed historic events such as different as the deterioration of the Nigeria railways and the unexpected political changes in the Germany Democratic Republic in 1989 (*Die Wende*) (Hirschman 1993). It made these unique historic events much better understandable (see also Hirschman 1981).

In my study, I also aim to find similar general social mechanisms. I start off borrowing concepts from various theories, formulate some unfinished mechanisms, and follow two strategies to develop these further. The first strategy starts with an unspecified, general scheme about the establishment of individual trust. This will then be specified into various social mechanisms. The second strategy immediately starts with a set of more specified mechanisms of collective trust, and will be adjusted while interpreting the development of various agrarian policies.

In accordance with the first strategy, the first part of my initial framework, part A, consists of a general idea about the *process of trust*⁴. Much of this part has been inspired by Blackburn (1998) and Möllering (2001). It describes how individuals come to trust someone or something. In order to establish trust, it assumes that one has to suspend uncertainties and potential risks. In this sense, suspension means that one acts *as if* there are no uncertainties or risks. Overcoming risks and uncertainties, therefore, is not an effect of trust, as many scholars suggest, but part of the trust building process. Part A also says that individuals only suspend risks and uncertainties for their own subjective reasons. That is, they only defer risks if they find reasons that seems to them *good* reasons. Whether or not individuals come to such suspension depends therefore on the subjective interpretation of a person or event.

The second part of the framework, part B, gives a pre-understanding how individuals come to trust someone or something in a *collective* manner. This part is based on Searle's theory of *collective intentionality* (1983, 1996). He assumes that individuals are capable of thinking in a *we-mode* where they can have a collective intentional-

4. The terms initial framework, abstract framework, constructed framework, and preliminary framework pertain to the same sets of concepts and propositions as described in *Sections 2.4* and *2.5*.

ity. This means that individuals, when they are doing something together, they also think, believe, trust, and expect that they are doing it as a group. Such a group consists of two people or more. When individuals think in a we-mode, their individual intentionality is derived from a collective intentionality. Passing a ball on a football field, for example, has an individual intentionality: I intend to pass a ball. This individual intentionality, however, is derived from a collective intentionality: we intend to make a forward attack. The conceptual framework, as presented in *Chapter 2* provides four social mechanisms that suggest how and when individuals switch from an I-mode of trusting into a we-mode, and vice versa; these are crisis, diffusion, examples, and coupling mechanisms.

1.2 DUTCH AGRICULTURAL POLICY, A PRIMARY CASE-STUDY

Why Dutch agriculture?

In the Netherlands, establishing trust has been a primary concern in its agricultural policies. In 2003, for example, the minister of agriculture, nature and food quality, Veerman, claimed the trust of farmers and the rest of society in the abilities of his department as one of his primary concerns. Within one year he referred sixteen times to this issue in his public speeches.⁵ On 13 September 2002 he even stated that 'establishing trust' is one of the five key-concepts of the new agricultural policy program (Veerman, speech 13-09-2002). For two reasons, I believe that the 'problem of trust' in agricultural policies is a strong case, compared to other policy sectors (*cf.* Seligman 1997 for the problem of trust).

First, the loss of trust in agriculture is big. In the last decades, many citizens have been experiencing an increasing availability of negative information and disinformation about the food products they buy. This has contributed to the tendency to question the safety and nutritional value of food products. It has bred suspicion. Consumers have had more and more reasons to distrust food products (O'Neill 2002). The numerous veterinarian crises (*e.g.* classical swine fever, mad cow disease (BSE), and food and mouth disease), the discussions about genetically modified products (Soya-beans), and the recent crises about the transferability of animal diseases to humans (*e.g.* SARS, chicken plague), have only increased this tendency to question product safety, more so than in other policy sectors.

Second, the loss of trust between farmers and the government is also illuminating for other policy sectors with respect to the complications that arise with globalising markets. More so than in any other economic sector, the trust relationship between producers and the government in the agricultural sector is moulded by the attempts

5. Veerman has been appointed minister on 22 July 2002.

to liberate markets from governmental support. While international competition was rising in the 1960s and 70s, the Dutch government was eliminating various protective regulations.⁶ Almost all wheat production has been eliminated by competition from American and Canadian farmers. Dutch beef production is more and more constrained by the competition from Argentinean producers. Horticulture is increasingly taken over by South-European and African countries. As a consequence of increasing international competition and declining market protection, trust levels have dropped (*cf.* Schnabel 2001). Hence, more so than other policy sectors, the Dutch agricultural sector clearly illustrates the loss of trust in a modern, globalising society.

Finding social mechanisms, using agricultural policies

Agricultural policies illustrate why trust is important, but most importantly for this study, they reveal the social mechanisms by which trust is established. The rural sociologist Van der Ploeg posits the thesis that the history of Dutch agricultural policy-making is a history of rising and declining trust relations (1999). Following the theory of Giddens, he argues that in the past farmers had to learn to trust a general social system from which all policies were derived. Policymakers assumed that farmers worked and lived in line with a set of previously given rational rules of conduct. Although farmers had developed various types of farming, the general policy by which they were assumed to develop their business aimed at capital-intensive farming, the increase of production and efficiency. They lost their trust in the 1980s when, due to the financial burdens of overproduction, the government had to impose production restraints. It seemed to the farmers that the trusted rules of conduct, which had previously been in place had been abandoned. Before the 1980s, the government and the representatives of the farmers had established clear policy goals, while after the 1980s the government imposed unilaterally restrictive regulations. Especially in the late 1980s farmers felt betrayed and disillusioned, which resulted in a general loss of trust in the government.

Van der Ploeg argues that the relations between farmers and the government have been deteriorating further ever since. The government seems to be unable to support new initiatives for sustainable production and product-diversification. Moreover, it has not loosened its yoke over Dutch farmers. According to a large survey among farmers in 1994, for example, 'no less than 80% of the farmers planned to attend to nature and landscape conservation issues in the coming decade (...). Thus, farmers did not only expect favourable outputs from these new production methods, they were even willing to co-operate' (Ettema *et al.* 1994, 19). In 1995, however, many farmers said they felt thwarted by the large amount of official regulations. Farmers criticised government for not letting them have the freedom to adapt to the changing environment. Only 4% of the farmers said they were satisfied about the support of the central government

6. The liberation of the markets was the result of the negotiations in the EU, GATT, and WTO.

(Ettema, Nooij, Van Dijk, Van der Ploeg, and Van Broekhuizen 1995, 24).⁷ The analysts of the surveys therefore concluded that 'good ideas and intentions faded away and expectations were frustrated' (*ibid.*). This has resulted in unclear policy perspectives and tense situations. 'Concerning the formation of opinions in Dutch agriculture, there is an almost paralysing situation. (...) Deep dissension prevails over many important topics. (...) The result is that little to nothing happens...' (Van der Ploeg *et al.* 1994, 33).

This study, while interpreting the historic development of various agrarian policies, tries to understand how trust is established and maintained. I use the characteristic history of Dutch agrarian policy-making as a vehicle to understand how trust is established and, based on the findings, formulate new or adjust the initial given social mechanisms. Especially the experienced "rise and fall" of trust relations between farmers and the government makes agricultural policies a helpful tool in developing the underlying social mechanisms.

1.3 A PREVIEW

My interpretative proceedings are a continuous interplay between the data and the conceptual framework. The lay-out of the empirical chapters (*Chapters 3 to 7*) represents this interaction. Almost every section of the empirical chapters contains three parts. First, it starts with a selection of different texts from the existent body of literature about the history of Dutch agricultural policymaking. For this, I selected over one hundred texts from a variety of sources.⁸ Second, these data are then interpreted and analysed in terms of the original framework. This implies the application of both parts of the framework, as indicated previously. Third, the sections are concluded with a reflection on the framework and, if applicable, the construction of new social mechanisms or the adjustment of the previously given social mechanisms.

In *Chapter 2* I will clarify the important concepts and the methodology of the study. First, an exploration into the studies on trust will deliver a definition of trust. Second, both parts simply referred to as part A and B, of the initial conceptual framework will be presented. Third, the section on methodology will deal with the interaction between this framework and the collected texts. Finally, *Chapter 2* is concluded with the case selections.

Chapter 3 to 7 are the empirical chapters covering the period between 1880 and 2002. *Chapter 3* discusses the founding of the *Raiffeisen* banking system and the intro-

7. In contrast 79% of the farmers said to be satisfied about their accountants and 58% about their consultants and banks.

8. See for the selection *Chapter 2* and for the summary of all texts, Appendix A.

duction of modern production methods such as dairy factories and artificial fertilisers. *Chapter 4* deals with a set of policies that were introduced after the Second World War. These consist of the structural policies such as land-consolidation and mechanisation, as well as price and income policies such as price support regulations and import-levies. *Chapter 5* discusses the introduction of superlevy regulations on the production of milk and dairy products in 1984. This policy was one of the first firm constraints on the levels of agricultural production. *Chapter 6* analyses the effects of the numerous manure regulations on the trust relations between pigbreeders and the government. *Chapter 7* covers the problem of trust during the outbreaks of the animal diseases between 1997 and 2002. Especially the EC non-vaccination policy for Foot and Mouth Disease is deeply analyzed here. *Chapter 8* contains the conclusions and an evaluation of both parts of the provided trust framework.