Social Capital and Institutional Trust, are these concepts related? Evidence from Bolivia’s decentralisation reforms.

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ABSTRACT  This article explores the elusive correlation between interpersonal and institutional trust, corroborating the notion that basic social interaction and more complex institutional settings are strongly co-related, such as the trust that individuals place in their governments and institutions. The notion of social capital is present throughout the analysis as this type of capital allows observing and measuring changes in social structures that affect more complex institutional arrangements. Using evidence from Bolivia’s emblematic process of decentralisation (Popular Participation), it is argued that although decentralisation did not alter social structures in the magnitude that it was expected, this reform has succeeded enhancing institutional trust but mainly at the local/municipal level.

KEYWORDS Social Capital, decentralisation, popular participation, institutional trust, trust in government, Bolivia, Latin America.

The renewed enthusiasm in the social sciences to re-explore some of its fundamental principles has brought to the forefront of the discussion some of its basic concepts, such as the notion of ‘trust’. This is the kind of trust that individuals place on each-other and the organisations and institutions that surround them. It is not that there is not a lengthy, historical and illustrious debate on this issue, but instead that the development of new ideas, such as the notion of social capital, has made scholars to re-think about the role of these principles. Moreover, the growing literature on this issue is a testimony to the importance of this work and a sign that there are still many areas to be explored. One of them is the correlation between the interaction between individuals and their institutions, and how our

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notion of ‘trust’ transcends closer personal relationships and moves towards the public sphere. At the same time, it is not entirely clear how large institutional reforms promoted by governments penetrate social structures and alter collective behaviours. This article focuses on this fundamental question of how interpersonal trust relates to system trust. To achieve this objective, this article uses a three-prong approach. First, a concise but substantial theoretical discussion on the issue of trust is presented in order to bring the reader up to date on recent literature related to trust and its application on social capital theory. Then, a brief description of Bolivia’s emblematic process of decentralisation, Popular Participation, is presented as an example of a wide institutional reform promoted by the government of a developing nation with the intention of altering social and political structures. Finally, empirical/robust data of this particular process is used to test the validity of some of the theoretical claims.

UNDERSTANDING ‘TRUST’

Trust, as interpreted in social capital theory, allows effective mobilisation for collective action and the production of certain intangible public goods. Significant trust is needed to ensure cooperation and production of ‘public goods’, particularly in large organisations where people don’t face each other regularly (La Porta et al., 1996). Without trust people would not have enough confidence in each other to form coherent groups/organisations. Trust also facilitates the decision of people in engaging (or not) in collective actions, easing the resolution of conflicts among competing interests and reducing fears of free-riding. Although trust is mainly seen as a positive thing, it can also create some social distortions such as ‘closure’, this is closed social circles based on strong ties of trust and reciprocity but whose objectives are not necessarily the common good [the classic example is the Italian Mafia (Gambetta, 1993)]; or generate the opposite effect, ‘distrust’, which can also act ‘as a positive force or catalyst for political action that brings about changes either to the existing (unjust) shared norms of society […] or the economic and social conditions that give rise to the distrust in the first place’ (Arneil, 2006: 141).

An important basic theoretical distinction is the difference between ‘interpersonal trust’ (trust among individuals which mostly denotes a ‘behaviour’) and ‘system trust’ (trust in strangers and complex forms of organisation which are mainly ‘attitudes’) (Luhmann, 1979). This distinction, however, can be subtle as sometimes people trust institutions not because of their validity but because they trust the people that represent them. An alternative perspective is the concept of ‘face-work’ or the trust expressed in individuals that represent interest groups (Giddens, 1990: 85-86). The correlation between trust in individuals and institutions, therefore, seems sound because although institutions may represent more abstract and complex forms of social organisation, ultimately they are composed of individuals. On this discussion, the concept of ‘embeddedness’ is highly relevant (Granovetter, 1985). Behaviour and institutions are constrained by social relations (that is ‘embedded’), however, concrete personal relations (that is ‘networks’) are also important as they generate trust and discourage malfeasance (although these might not be sufficient to guarantee them). From these ideas it is possible to infer not only that trust and social relations is a two-way positive relationship, where higher trust generates stronger networks and vice-versa; but also that ‘system’ and ‘interpersonal’ trust may be more correlated than what initially was thought in the sense that ‘individuals can also hold opinions about the trustworthiness of abstract systems, such as institutions, which are
aggregations of individuals, embedded in particular social structures’ (Paxton, 1999: 99). The levels of interpersonal trust and social participation might also be highly correlated [Putnam’s notion of ‘civic-ness’ (Putnam et al., 1993)] as individuals that show higher levels of inter-personal trust are more willing to create associations and/or collaborate with others (including public institutions), thus strengthening social capital (hereafter also SC). At the same time, higher levels of social interaction and organisation strengthen interpersonal trust, producing ‘a virtuous circle between civic participation and interpersonal trust’ (Seligson et al., 2006: 63).

From an institutional standpoint, SC – particularly in the form of trust – can also promote efficiency and affect the performance of institutions by reducing the need for codes of conduct or written laws to shape interaction (see North, 1990). Conflict is likely to be less in places where people trust in each other, reciprocate received favours and pass dependable information (reducing transactions costs). The ‘social enforcement’ of norms, therefore, is more likely to happen in places with solid social networks based on trust; and high trust among citizens accounts for the ‘superior performance of all institutions in a society’ (Fukuyama, 1995). In terms of political efficiency, SC ‘will produce good governance to the extent that it makes citizens ‘sophisticated consumers of politics’. Active participation in community associations provides opportunities for citizens to discuss civic affairs, increase their awareness of political issues and argue about whether or not the government is doing everything that it should to improve their welfare’ (Boix and Posner, 1998). SC also reduces the costs of enforcing and implementing governmental policies and regulations and generates ‘civic virtues’ by affecting ‘the nature of citizen’s preferences’ towards community goals rather than individual ones (Boix and Posner, 1998). SC can also promote bureaucratic efficiency by fostering co-operation and increasing public capacities. Under a principal-agent model, higher SC reduces the monitoring costs of senior managers (principals) and the opportunistic behaviour of administrative personnel (agents).

The observations above are just brief ideas on a larger ongoing debate on this issue; however, some of these powerful arguments suggest that governments have the capacity to alter institutional and social structures through the promotion of certain policies. Decentralisation is clearly one of them as it promotes civic participation and social activism, particularly in the much smaller local context that it brings. In this sense, the combination of trust and collective action can been seen as contributors to effective public good delivery. Without trust in the state people would refuse to pay taxes, recognise elected authorities or maintain social discipline (that is ‘civic-ness’). Lack of trust could also generate low accountability (public apathy), ‘free-riding’ attitudes (people taking advantage of the system) or fallacy of composition (creation of closed groups to capture benefits). On the contrary, when trust and participation are present, public service delivery and government intervention becomes more effective, reinforcing some sort of virtuous circle participation ↔ state opening. Decentralised forms of government, therefore, have an advantage over centralised ones due to their closeness to the citizenry and better access to information regarding local conditions and needs. In addition, decentralisation opens new mechanisms for social control, which is precisely one of the roles that SC fulfils: the enforcement of norms (Portes, 1998).

Social capital also affects local socio-political dynamics brought by decentralisation. Empirical evidence has shown that in cases where formal negotiation mechanisms are created between local governments and organised civil society as part of decentralisation, local communities gain a unique sense of ownership over public projects
These participatory exercises (for example budgeting/planning), therefore, strengthen bonds of trust and reciprocity between society and state. Decentralisation, however, might also bring with it other potential dangers that could be exacerbated with the presence of negative forms of SC. For instance, local elites might capture local power and use it for personal gains; something that is better accomplished through ‘closed’ rings. Decentralisation might also worsen corruption when colluding public officers use SC to their advantage. Social capital might also exacerbate differences in places where society is highly fragmented (for example ethnically, economically and so forth) by fostering group rivalry and generating mistrust between government and citizens.

**Measuring ‘trust’**

As discussed before trust can be expressed towards individuals (interpersonal) or institutions (system). The challenge, therefore, consists of not only measuring overall levels of interpersonal and system trust but also finding the links between them. Many studies have shown that a careful use of proxy measures might provide enough elements to establish overall SC trends and allow feasible comparisons. The commonly used (straight-forward) question ‘Do you trust other people?’ (and its multiple rephrasing) seems a good starting point to observe interpersonal trust; not only because it seems that most people tend to provide an honest answer to this question (denoting a deeply embodied behaviour), but also because it provides an understanding of aggregated attitudes within specific communities (contextual element). This way of measuring trust estimates individuals’ level of trustworthiness of generalised others, which is essential to assess SC at the aggregate level. (Paxton, 1999: 98-99). This does not mean that a single question will produce all the necessary information to assess the level of trust in a given group or its ‘quality’. Instead, it is an initial approach that needs to be supplemented with additional evidence.

In a similar way, ‘system trust’ can be considered as another measure of trust. Different than interpersonal trust, however, the answers provided by people regarding their overall level of trust towards certain institutions denote an attitude that is highly influenced by subjective considerations (Keele, 2007). For example, paradoxically one might trust the political system but still mistrust politicians. Useful proxy measures, therefore, are related indicators that corroborate people’s trust in institutions, such as perceptions on their performance and participation in meetings. For example, people wouldn’t become active participants in the activities of an organisation/institution unless there is at least some basic level of trust.

**BOLIVIA’S POPULAR PARTICIPATION**

**DECENTRALISATION AND INSTITUTION BUILDING FROM THE BOTTOM UP**

In 1994, under the assumption that the devolution of political powers and resources to the local level would not only increase public efficiency but would also improve governance and strengthen democracy, Bolivia embarked on ambitious decentralisation reforms. The creation of local institutions not only made government visible and tangible to its citizenry but it also generated a new kind of trust in the state. The promulgation of the Law of Popular Participation in 1994 (Gobierno de Bolivia, 1994) that gave birth to decentralisation in this country (hereafter also PP) quickly translated into comprehensive political, administrative and economic reforms in a country that had previously been
characterised by a highly centralist state. President Sánchez de Lozada’s letter to parliament introduced ‘Law No. 1551 of Popular Participation’ as ‘the most important redistribution of political and economic power since the revolution of 1952’ (cited in Grindle, 2000: 120). As a result, political structures changed dramatically and the number of municipalities more than doubled, forcing the re-drawing of this country’s political map. The initial wave of decentralisation saw not only the revitalisation of cities, but also the awakening of lethargic rural communities throughout the country, where in the past the presence of the state was restricted to symbolic flags fluttering on the roofs of schools. The transfer of powers was also accompanied by new public responsibilities and the fiscal resources to assume these tasks. Almost immediately, the extent of the policy changes and their innovative character made PP an emblematic case of state reform in Latin America and in the developing world.

These reforms, however, went beyond mere administrative and economic adjustments. After decades of neglect, local authorities were democratically elected throughout the country, allowing representative democracy to finally reach rural communities. Moreover, for the first time thousands of social, ethnic and grassroots organisations were recognised by the state and were assigned specific roles, confirming the participatory and inclusive spirit of this reform. This process, however, did not bring or create new social structures but instead fostered the re-emergence of traditional forms of social and political organisation and their amalgamation with newly created institutions at the local level. The creation of participatory democratic structures, therefore, allowed blending Western representative democracy with Andean participatory ancestral practices. Despite these positive aspects, however, decentralisation also generated new internal conflicts and exacerbated regional, social and ethnic disparities in a highly diverse country. PP, therefore, directly and indirectly, triggered a broad process of social transformation in Bolivia.

**Institutional Engineering at the Local Level**

The PP design required the consolidation of the municipal government as the basic unit of the state. Local governments were assigned two branches, executive (the mayor and his/her technical staff) and legislative (the municipal council). In order to be elected, municipal candidates must represent either a political party, a citizen’s group (*Agrupación Ciudadana*) or an indigenous community/ethnic group. The innovative aspect of the Bolivian model of decentralisation, however, lies in the creation of mechanisms for social control, specifically Grassroots Territorial Organisations and Surveillance Committees (acronyms in Spanish OTBs and CVs respectively). OTBs are the basic unit of social representation. Local communities, indigenous groups and neighbourhood associations can gain legal recognition and representation by establishing an OTB in a specific territory. By 1997, at least 13,827 OTBs had registered (Ayo, 1999). CVs are more sophisticated and were created to give an institutional voice to ‘organised civil society’ and to ‘insert’ mechanisms of social control into public affairs through direct participation in municipal activities (planning, budgeting, supervision and so forth). CVs have also the capacity to submit complaints related to corruption or other malfeasances to higher instances of government such as the parliament, which can trigger not only formal investigations but also the freezing of municipal accounts. CV members are elected among representatives of OTBs, and therefore can be seen as an extension of grassroots organisations.

Another innovative aspect of decentralisation has been the use of diverse participatory planning mechanisms. Every year municipal governments, in coordination
with CVs, OTBs and sectors involved (that is education, health and so forth), prepare an Annual Operative Plan (POA), where local projects are listed and funds earmarked. This plan is drafted in response to local demands under a participatory approach (*planificación participativa*) (see Goudsmit and Blackburn, 2001). POAs need to be consistent with Municipal Development Plans (*PDMs*), a five-year strategic plan elaborated by municipalities in coordination with the intermediate level that follows national development strategies and guidelines. These two plans represent the backbone of the municipality’s development agenda and must address social policies (education and health), economic policies (promotion and extension) and infrastructure needs (roads and so forth), among others.

If the strength of the PP model is the local institutional design, its weakness is the role of the intermediate level. During PP’s initial phase, the Departmental Governments (formerly known as *Prefecturas*) were useful supporting the consolidation of local governments and serving as a bridge between national policies and their regional implementation. As decentralisation consolidated, however, Departmental Governments became competitors of municipalities, in terms of capturing resources and duplicating tasks in a constant political struggle. In October 2006, responding to strong regional demands Prefects (now Departmental Governors) were elected democratically for the first time. Bolivia’s new Constitution of 2009 recognised the legitimacy of Departmental Governments and incorporated several provisions for the election of regional authorities. In 2010, the emblematic PP Law was replaced by new legislation [*Ley Marco de Autonomías y Descentralización* (Gobierno de Bolivia, 2010)] that building on the initial framework added new elements, such as the notion of indigenous autonomies.

**SOCIAL CAPITAL AND INSTITUTIONAL TRUST IN BOLIVIA**

The effects of Popular Participation at the grassroots have been mostly indirect and gradual in some sort of virtuous circle of increasing participation-opening of the state. Congruent with social theory, PP opened a local ‘institutional window’, which allowed the efforts of individuals through collective action to reach a previously elusive state, this time in the form of municipal governments. Through many institutional mechanisms created by PP (for some ‘foreign’ but for others ‘complementary’ to local practices of governance), such as the aforementioned OTBs, CVs and participatory planning schemes, people and communities found the right incentives to participate, especially in rural areas. Somehow, PP managed to foster local activism and organisation, mainly by reducing participation costs (it became easy to get involved in local public affairs) and maximizing the benefits of becoming active. Decentralisation, therefore, fostered a process of social change. Although these observable changes do not have the strength of the social and political changes brought by Bolivia’s historical 1952 Revolution, the arrival of new political and social structures was evident. While it is difficult to isolate the specific causes and measure the extent of the social transformation brought by PP, the observation of changes in the structure of ‘social capital’ provide a good proxy to assess the magnitude of the changes.

The social effects of PP, which are perhaps its greatest contribution, have been relatively overlooked. In this context, the notion of SC is useful to assess the magnitude of the institutional and social changes. Following the rationale of Robert Putnam, SC can be understood as ‘connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely
related to what some have called ‘civic virtue’ (Putnam, 2000). Obtaining a precise measurement of SC, however, is a difficult (if not impossible) task. However, as many previous works have argued (including Putnam’s), the observance of particular dimensions, particularly trust and participation, are good proxy measures to assess variations in the structure of SC. This does not mean that SC is entirely restricted to these dimensions, but instead that these elements are crucial to explain a process of political and social transformation such as that resulting from PP in Bolivia.

The initial step, therefore, is to assess levels of interpersonal and system trust in Bolivia. According to the Latin American Public Opinion Project (LAPOP) surveys the overall level of interpersonal trust, measured through the specific question ‘Would you say that the people in your area are trustworthy?’ (Figure 1) is relatively low in Bolivia. In each year of the survey, less than 12% of respondents believe that the people in the area where they live are highly trustworthy (confiable), and more than half state that they are ‘not at all’ or ‘barely’ trustworthy. This level of trust has not changed substantially during the period observed, suggesting that this perception varies little over time. Comparatively, the levels of trust in Bolivia are much lower than most Latin American countries, including those of Nicaragua, Guatemala and Colombia where interpersonal trust has been affected by serious and sustained episodes of violence (Seligson et al., 2006: 66).

![Figure 1. Would you say that the people in your area are trustworthy? (%)](chart.png)

These levels of inter-personal trust vary by ‘ethnic group’ (self identification) and ‘place of residence’. According to LAPOP data for 2004 (Figure 2), Indigenous Lowlands groups in the East (that is Guaraníes, Chiquitanos and Mojeños) express higher trust than any other group, followed by people who do not identify themselves with a particular ethnic group and Quechus. Aymaras are the group that express least trust in other people. The causes of these results are difficult to explain as individuals’ levels of trust are affected not only by historical and cultural aspects (for example tradition, religious and moral values and so forth) but also by personal experiences, and environmental and contextual issues. Levels of trust also vary by place of residence. According to this same data, people in rural areas report slightly higher levels of interpersonal trust than those living in urban environments.
Figure 2. Would you say that the people in this place are in general trustworthy? (by ethnic self-identification and place of residence, 2004)

The comparison of these results with the reduced sample of rural local leaders validated the general idea that interpersonal trust is low in Bolivia (Figure 3). In these surveys, however, the perceptions on trust were assessed in more detail in order to observe different forms of SC. The questions on trust in ‘family’, ‘close friends’ and ‘neighbours’ were used to assess bonding (trust in people with similar characteristics), while trust related to ‘friends in general’, people that ‘look honest’, and ‘most people’ were used to observe tendencies of bridging SC (extended ‘trust’ in those who do not necessarily share similar characteristics). 9 Evidently, the categorisation of bonding and bridging does not have such clear boundaries and this oversimplification was made exclusively to observe broad tendencies. As seen in Figure 3, most local leaders exhibit high levels of trust in people close to them while their level of trust in less known ‘others’ is significantly low. For example, only one third of the leaders trust in friends in general and in people that look honest, but, surprisingly, more than half of the leaders answered that they do not trust most people (!).

The implications of these observations are diverse. On the one hand, from a sociological perspective, there is an apparent higher level of bonding SC, which seems a common characteristic of associative life in rural Bolivia. This type of SC can be extremely useful for many communities, as it compensates for the lack of other forms of capital and for the absence of formal organisational structures at the local level (that is the weak presence of the state). On the other hand, bridging SC seems relatively low. These observations favour Coleman’s (1990) notion of ‘closure’, which means that although SC is widely available, it remains in closed groups such as families or those with high levels of bonding (such as ethnic or associative groups). At the aggregate level this kind of capital dilutes with low levels of ‘bridging’, making inter-group interaction difficult. As Schuller (2007) observes ‘the relationship between these two forms of social capital may be complementary or conflictual, or both’.

Source: Own elaboration with data from Seligson (2004)
The combination of high levels of bonding with low levels of bridging ‘may be functional and comfortable for a (perhaps long) time but at a lower energy level [than the other combinations] because it lacks the challenge of adapting to new norms or patterns of behavior. This implies a risky degree of closure – risky because, in a context of rapid knowledge obsolescence, the community will find itself isolated and left behind’ (Schuller, 2007). This situation also generates damaging effects on society at the aggregate level as it render cooperation among groups difficult, unless there are other more powerful reasons that push or force people to engage in collective actions. If such is the case for Bolivia, this combination might not only restrain potential social and economic activity but might also promote some of social capital’s negative effects ‘…where bonding draws its strength from suspicion and hostility towards outsiders’ (Schuller, 2007). This observation partially explains the constant struggle between competing groups that characterise this country, fragmenting existing SC (that is fissile) and hindering its potential use (Figure 4). It is precisely in this context that decentralisation promoted social change, by providing an opportunity to unleash repressed SC by fostering group interaction for the pursuit of collective goals, encouraging bridging and other forms of SC.

The notion of ‘linking’ SC helps to understand further this process of social transformation. Popular Participation promoted a sort of pact based on trust ‘linking’ the state (in the form of municipal governments) and society (in the form of organised social groups). Clearly this process is far from being consolidated, although there are many signs of a wider parallel process of social readjustment. In something more than a decade and a half, local governments have become the most ‘trustworthy’ of all government institutions. This type of trust – a sort of state-society pact valid mainly at the local level – has allowed the flourishing of coordinated actions between diverse institutional actors and social groups at the municipal level. In this symbiotic relationship, municipal governments embody groups’ collective objectives of development and welfare and have assumed responsibly the related tasks, an attitude that is reciprocated by groups’ willingness to cooperate, fostering a virtuous circle of social change. The participation and involvement of local groups has become not just a formality but instead a basic condition for local governance. As Ayo (1999: 72) comments: ‘The LPP inaugurated a process of ‘reconciliation’ between civil
society and the state, opening a door to traditional political organisations of society for their ‘formal’ involvement in politics’.

**Figure 4. ‘Bonding’ and ‘bridging’ social capital (from Schuller, 2007:16)**

### Institutional Trust

This initial assessment of SC through interpersonal trust helps to understand the functioning of basic social relations. The challenge, however, is to try to determine how far aggregated forms of ‘trust’ can be extended beyond close networks of people as a way to understand the elements that make societies work peacefully and harmoniously. Precisely the need to trust people whom we don’t know is one of the reasons why institutions are needed (and built). With these considerations, ‘system trust’ describes not only people’s perceptions, attitudes and past experiences toward different kinds of organisations, formal and informal, but also the level of support that they can harness from communities and/or society. The levels of system trust also provide information on the strength of ‘linking social capital’ – understood as trust in formal/institutional settings, for example between individuals and public servants, or how far communities can rely on institutional settings to pursue and achieve collective goals (see Woolcock, 1998).

The LAPOP data for 2006 (Figure 5) shows that Bolivians placed the Catholic Church as the most trustworthy institution, followed by the media. Trust was also high in institutions with strong local presence such as indigenous authorities, Non-governmental Organisations (NGOs) and municipal governments, demonstrating the impact of PP. Moreover, OTBs and CVs were also seen as trustworthy institutions. In the various years for which data is available, trust in the Catholic Church has remained fairly stable, while trust in institutions with local presence (that is municipal governments, indigenous authorities, CVs and unions) has increased. This is an important outcome, considering that some of these institutions were new and were imposed as part of PP’s institutional engineering, reinforcing the idea that this reform has not only permeated local political structures but has also been internalised by social groups. This result is consistent with Seligson’s (2003) observation that ‘from these results [surveys] we can reaffirm that in general terms, local institutions seem to inspire higher trust than national ones”. The expressed trust in other state institutions was considerably lower, including the judiciary and the police. Ironically, the least trusted institution is the one that still monopolizes most political powers: political parties.
As discussed above, the responses from approximately 12,000 people interviewed on four occasions since 1998 by LAPOP show that although interpersonal trust is relatively low in Bolivia (particularly when compared to other countries), it has remained fairly stable during the period observed. In contrast, the level of trust of Bolivians in their formal institutions, particularly those with local presence, has increased over the years. Are these different forms of trust related? On this point, it is useful to recall an important assumption made by adherents of SC: that increasing levels of interpersonal trust strengthen society as a whole by facilitating cooperation and reciprocity. This leads not only to higher levels of participation but also to a more efficient functioning of institutions by reducing transactions costs (for example, when less enforcing mechanisms are needed).

As an initial approach, the correlation (bivariate) between levels of interpersonal trust and trust in the municipal government was tested using LAPOP data. The initial results (Table 1) show that there is a degree of association between these variables expressed in high Chi-Square values for the whole sample $\chi^2=341.25$ $d(18)$ and for each year of the survey. This association, however, is weak as reflected in Spearman's coefficient low value of -0.121 for the whole sample (also low in every survey). When the data is disaggregated by level of trust in local governments (using LAPOP’s 7 scale measure) and compared to levels of interpersonal trust, their relationship becomes significant. In every year of the survey lower levels of interpersonal trust are related to lower levels of trust in local governments. As interpersonal trust increased, trust in local governments grew too – steadily and proportionally. Evidently interpersonal trust is just
one of a myriad of factors that affect individuals’ level of trust (or mistrust) towards a particular institution but the data shows that a correlation exists (although it is not possible to define causality at this level of analysis). A preliminary conclusion for the case of Bolivia then is that there is a correlation between interpersonal trust and the trust expressed in local governments.

Table 1. Cross-tabulation between ‘level of trust in the municipal government’ and ‘Would you say that the people in this place are trustworthy?’

<table>
<thead>
<tr>
<th>Year</th>
<th>Chi-Square (Χ²)</th>
<th>Symmetric Measure (Value)</th>
<th>Number of valid cases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>df</td>
<td>Asymp. Sig. (2-sided)</td>
</tr>
<tr>
<td>Whole sample (1998-2004)</td>
<td>341.25</td>
<td>18</td>
<td>.000</td>
</tr>
<tr>
<td>1998</td>
<td>114.14</td>
<td>18</td>
<td>.000</td>
</tr>
<tr>
<td>2000</td>
<td>108.68</td>
<td>18</td>
<td>.000</td>
</tr>
<tr>
<td>2002</td>
<td>87.68</td>
<td>18</td>
<td>.000</td>
</tr>
<tr>
<td>2004</td>
<td>120.56</td>
<td>18</td>
<td>.000</td>
</tr>
</tbody>
</table>

* Number of valid cases is different from the total count in the cross-tabulation table because the cell counts have been rounded.
** Correlation is significant at the 0.01 level (2-tailed).

These initial results also support some of the ideas of linking SC. PP promoted precisely that form of SC, where the arrival of local authorities and bureaucrats generated new forms of interaction between citizens and public officers, within contained spaces of public negotiation and contestation (for example participatory budgeting exercises, open town meetings ‘cabildos’ and so forth). PP also altered local social and political structures by incorporating social organisations in decision-making processes and by making their representatives accountable to them. Moreover, in the sample for 2004, 17.7% of respondents affirmed having asked for support or presented a request to the municipal government; 10.9% participated in the elaboration of participatory budgets (POAs); and 11.4% presented a complaint to the Oversight Committee (CV).11 The former two figures suggest that one in ten adult Bolivians are constantly active in local public affairs, a high level of civic involvement by any standard.

But what about interpersonal trust and trust in institutions? The data for Bolivia shows that for all cases low levels of interpersonal trust are related to low levels of institutional trust regardless of the institution considered, reinforcing the idea that interpersonal trust and institutional trust are related. This correlation remains strong and positive for municipal governments, indigenous authorities, political parties and the figure of the President, where increases in interpersonal trust are accompanied by increases in institutional trust (Figure 6). This correlation is weaker for other institutions such as the Congress, CVs and Unions. For these cases, while interpersonal and institutional trust seem to be correlated at lower levels, further increases in institutional trust are not necessarily accompanied by increases in interpersonal trust (or vice versa). This result may be explained by the lack of knowledge by respondents of these particular institutions or their lack of interest in them (perhaps a ‘middle effect’). Also, the correlation between interpersonal trust and trust in the Catholic Church shows great variability, suggesting that
most people tend to trust this institution regardless of their views on how trustworthy other people are.

![Graph showing interpersonal trust and institutional trust for selected institutions in Bolivia aggregated data 1998-2004.]


**Figure 6** Interpersonal trust and institutional trust selected institutions (Bolivia aggregated data 1998-2004)

An initial conclusion, therefore, is that the data from Bolivia supports the hypothesis that interpersonal trust and system trust are related. In other words, people that trust in other people are also more likely to trust in more complex forms of organisation (that is institutions), particularly those with local presence, a congruent result with SC theory and the expectations of decentralisation.12

**Local participation and social capital**

Another important outcome of PP has been the strengthening of state-society links through denser social networks and direct participation, allowing traditional forms of organisation to amalgamate with newly created institutions. For instance, in many places peasant unions (sindicatos) used OTBs and CVs as mechanisms to incorporate their demands into the local political agenda. Consequently, the newly acquired powers of mayors and municipal councillors were swiftly counterbalanced by the political power of indigenous, community and local union leaders; powers that were legitimised by large membership and participation in grassroots organisations. In their study of organisational structures in Bolivia, Grootaert and Narayan (2000) found at least sixty-seven different types of local associations with different functions that varied from political to recreational; and estimated that households belong on average to 1.4 groups and/or associations. Although these numbers are just referential (as organisations and participation can be differentiated by all sorts of characteristics), at least they denote strong social activism at the grassroots. Also, people might belong to only a few groups, however, participation is relatively high. Again, part of this result is explained by the fact that community organisations perform multiple political and social roles. The sindicato becomes the centre of political debate, but at the same time of social activities (for example football tournaments, local festivities and so
Another explanation is that in rural areas only few groups have formal and stable structures and therefore the social ‘offer’ is limited. In other words, people do not have many choices at the time of joining an association, while perhaps religious groups are the exception as they tend to be more stable in terms of participation and membership.13

According to the 2004 LAPOP sample, Bolivians participate more often in religious groups and parents’ associations than in any other type of activity (Figure 6). Also, 14% participate in community groups and 13.2% in neighbourhood associations. In other words, almost one in seven Bolivians attends this kind of meetings. Participation in OTBs is also high, 8% participate frequently and 10% ‘once in a while’, particularly considering that this is a newly created organisation by-product of PP. When these results are disaggregated by place of residence, participation is higher in rural than in urban areas. In terms of gender, women participate more often in religious groups and parents’ associations; however, men participate more frequently in the rest of local organisations. Over the past decade, while participation in religious groups and parents’ associations has slightly decreased, participation in local organisations has increased. Grootaert and Narayan (2000: 51) also estimate that rural households participate an average of nine times per year in specific groups, and men in agrarian unions tend to be more active as they participate eleven times per year.

Bolivians citizens also participate actively in municipal affairs, for example by attending meetings, elaborating participatory budgets and presenting complaints to CVs. This local activism has remained fairly stable over the past years. According to Seligson (2001: 223) people that attend municipal meetings tend to be older, more educated, with incomes higher than the local average, and show higher levels of support toward the overall political system. The data also shows, however, that rather than different people participating constantly in local affairs only a small group is more active, the ‘local

Figure 6. Participation by type of organisation (Bolivia, 2004)
activists’. People that participate in municipal meetings are 7.1 times more likely to request support from municipal authorities, 11.1 times more likely to attend participatory budgets (POAs) and 6.8 times more likely to submit a complaint to a CV. This high level of association confirms the idea that local activism is carried out by a reduced number of people. The implications of this result are mixed. On the one hand, this outcome signals the emergence of some form of local leadership. On the other hand, however, it also indicates that a larger percentage of citizens tend to be ‘passive’ and do not engage actively at the local level but instead rely on the efforts of others. If this is the case, then PP has fostered local leadership but at the expense of wider involvement (free-riding); a result that questions the notion that PP is highly inclusive and participatory as many students of this process have insisted.

**Figure 7. Level of participation in selected Latin American countries (by type of group, 2004)**

Compared to similar countries Bolivia has the highest average participation in four of the five groups considered (Figure 7). As Seligson et al. (2006: 66) point out; this is a paradoxical result because participation is high despite low levels of trust. The fact that people participate actively in local organisations is a sign that somehow they ‘trust’ them, suggesting a positive correlation between participation ↔ ‘institutional trust’ at the local level (Putnam’s idea of a virtuous circle).

In recent years, Bolivia’s capacity for large social mobilisations has been demonstrated time and again, mainly through informal mechanisms such as the emergence of social movements in response to several contextual issues. Although it would be difficult to assess the extent to which people participate in social movements, as many of them tend to be sporadic and created ad hoc in response to specific needs, the available LAPOP data revealed some trends. For example, one third of the people surveyed in Bolivia in 2004 admitted having participated in demonstrations (37%), and one in five
answered that they had participated actively (21%). Evidently, SC is instrumental in any mobilisation, as the nucleus of action is the community in rural areas and neighbourhood associations in urban environments. This percentage is high compared to similar countries such as Colombia where the people participating in demonstration was 26%, Nicaragua 19%, Mexico 14%, Guatemala 11% and El Salvador 6% (Seligson et al., 2005: 83). It is possible that the recent political crises in Bolivia explain part of this high level of activism by forcing people to become more proactive (‘politics of the street’). Public mobilisations, however, have been constant and common tools of political negotiation by different social groups/movements vis-à-vis different forms of government in Bolivia since civil liberties increased after the 1952 Revolution.

**Civic-ness**

Putnam’s notion of ‘civic-ness’ refers not only to social activism in the public sphere but also citizens’ responsibilities to one another, in other words, not only how much people participate in public affairs but also how much they care for each other on a daily basis (Putnam, et al., 1993). However, there is no unique measure of civic-ness because this kind of behaviour can vary widely from paying taxes, voting in elections, donating time for community service or simply picking up a banana peel on the street. According to the LAPOP data community activism seems to be high in Bolivia as one third of respondents tried to solve a community problem through different activities (Table 2). The most common contribution is by participating in meetings, followed by donating labour and money, and finally by trying to organise local groups. Although there is no data to compare these results with the sort of civic activism prior to PP, it is evident that these activities are mostly the result of decentralisation mechanisms that allowed people to get involved directly in community affairs. The disaggregated data shows that civic activism seems to be more common in rural than in urban settings, confirming some of the expected goals of higher rural participation in public affairs pursued by the spirit of the decentralisation reforms. Moreover, civic attitudes traditionally involved a heavy social responsibility in the form of community service expected mostly from young people, reflecting Bolivia’s longstanding tradition of community activism in rural areas and the need to compensate for the absence of formal institutions.

<table>
<thead>
<tr>
<th>Table 2. Indicators of Community Activism</th>
</tr>
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<tbody>
<tr>
<td><strong>Have you ever tried to solve a community or neighbourhood problem?</strong></td>
</tr>
<tr>
<td>(% of people that answered ‘Yes’)</td>
</tr>
<tr>
<td>For those who answered ‘yes’ the percentage that also:</td>
</tr>
<tr>
<td>Donated materials or money</td>
</tr>
<tr>
<td>Contributed with labour</td>
</tr>
<tr>
<td>Participated in meetings</td>
</tr>
<tr>
<td>Tried to organise a local group</td>
</tr>
</tbody>
</table>

Source: Own elaboration with LAPOP data (Seligson, 2001 and 2003, and Seligson et al., 2005).

Another example of civic behaviour – and perhaps the most commonly cited – is voting. Overall, most Bolivians participate regularly in national and local elections. For
example, between 1980 and 2005 the average turnout for national elections was 75.8 % (INE, 2007)\(^{16}\), meaning that three quarters of registered voters exercise regularly their rights, with similar levels of participation in municipal elections. The cross-tabulation of voting and indicators of community activism, however, showed a minimal correlation, suggesting that people’s motivations to vote are independent to their intentions of getting involved with community affairs. In other words, SC has little influence on people’s decision to vote or not, perhaps due to the individual character of this form of civic participation. In addition, this result is also explained by the fact that voting is mandatory in Bolivia, and there are multiple temporary sanctions for people that do not participate in elections.

**Conclusions**

Decentralisation, seen as a broad process of institutional transformation led by the state, did not alter social structures in Bolivia in the magnitude that it was anticipated. This doesn’t mean that many institutional settings have not improved, but instead that this reform *per se* was not enough to foster much needed social and political change. The observation of different forms of interpersonal trust generated a counterintuitive result because although SC seems to be relatively abundant in Bolivia, it is not fully exploited and remains enclosed in small groups – those with similar kinship, confirming the ‘fissile’ character of this society. Furthermore, the variations in levels of trust by factors such as ethnic identification or place of residence confirm how SC is dispersed and unevenly distributed. These are precisely the reasons why the expansion of all sorts of institutions is so desperately needed in such a diverse country, as they facilitate social interaction and group collaboration.

The initial assessment of institutional trust revealed that PP penetrated deeply into social and political structures. In little more than a decade, local institutions (such as municipal governments) became the most ‘trustworthy’ of all public institutions. This is an interesting result in itself, considering that a decade ago municipalities practically did not exist beyond large cities. These results strongly suggest that PP has generated a process of social change in the form of higher levels of trust towards local public institutions in general, which evidently has facilitated governance but mainly at the local level. The robust empirical evidence for Bolivia also supports the argument that interpersonal and institutional trusts are linked. In other words, people that trust each other are more likely to trust more complex forms of organisation, particularly those institutions that operate at the local level. This result confirms one of the main theoretical assumptions made by proponents of SC in the sense that higher levels of trust among people not only facilitate collaboration but also lead to a more efficient functioning of institutions, which is precisely what a country with weak institutional settings desperately needs in the future.
References


**Bio-note**

Martín Mendoza-Botelho is Assistant Professor of Political Science at Tulane University in the U.S. and specialises on issues of political economy and institutional strengthening in developing countries, with emphasis on Latin America. His academic experience includes work at the University of Michigan at Ann Arbor, the University of Cambridge; the Catholic University of Bolivia and The George Washington University. Prior to his scholarly work he served at the Organisation of American States (OAS) in Washington D.C., the United Nations’ Economic Commission for Latin America and the Caribbean (ECLAC) and the United Nations Children’s Fund (UNICEF) among others. He has a growing number of publications and is also a reviewer for several academic journals. His two most recent publications include two book chapters, one on the quality of democracy in his home country of Bolivia (in *Evaluating the Quality of Democracy in Latin America*, Daniel Levine and José Molina (eds.), Lynne Rienner Publishers, 2010) and the other one on social change and leadership (in *Culture and Social Change: Transforming society through the power of ideas*, Brady Wagoner, Eric Jensen and Julian Oldmeadow (eds.). Routledge, forthcoming). He received a national research award in Bolivia as part of the Program for Strategic Research (PIEB), several research grants while studying for his doctoral degree at the University of Cambridge and also several teaching awards at Tulane. He holds a PhD from the University of Cambridge, a Masters’ degree in Economic Development (MPhil) from the University of Glasgow and a Bachelor’s degree (*Licenciatura*) in Economics from the Catholic University of Bolivia.
Notes

1 For studies on social capital and trust in governments see Cusack (1997); Rice (2001) Coffé and Geys (2005); and Keele (2007).

2 See also Lane and Bachmann (1998) concept of ‘institutional embeddedness’ and Garfinkel (1963).

3 Good examples are Porto Alegre in Brazil (Abers, 2000), Kerala in India (Harriss, 2001) and Bolivia (Ayo, 2003; Goudsmit and Blackburn (2001); and Hadenious, 2003).

4 See Putnam, et al. (1993); La Porta et al. (1996); Putnam (2000); Narayan and Pritchett (1997) among many others.

5 For a relevant discussion see Mendoza-Botelho (Forthcoming 2011).

6 By 2000, municipal governments were responsible for approximately 40% of public investment and 60% of all social investments.

7 Municipalities with less than 25,000 inhabitants (88% in Bolivia) are allowed 5 councilors, between 25,001 and 50,000 (22 municipalities) 7; between 50,001 and 75,000 (6 municipalities) 9; and those with more than 75,000 as well as capital cities (10 municipalities) 11 councilors.

8 The data in this section comes from two sources. The first one is the large survey data from the Latin America Public Opinion Project (LAPOP), with an average of over 3,000 respondents throughout Bolivia and carried out bi-yearly since 1998. The second one comes from a sample of over a hundred community/indigenous leaders of selected municipalities in the Andes interviewed by the author in 2006. Information about the LAPOP project can be found at http://www.vanderbilt.edu/lapop/.

9 See Putnam (2000) and for a recent discussion on different forms of social capital see Mendoza-Botelho (2011).

10 These results are similar for the other years of the LAPOP surveys.

11 Similar results were found for each year of the survey.

12 Klesner (2007) reaches to a similar conclusion. For him higher social capital ‘whether measured attitudinally [that is interpersonal trust] or in terms of organizational [non-political] memberships, does seem to encourage political participation in Latin America, at least at the individual level’. Although he also acknowledges that there might be some other factors that also explain political participation such as education and subjective political engagement (that is interest in politics).

13 Mainly the Catholic Church in Bolivia but also there is an increasing presence of other groups with different Christian denominations.

14 Some of Bolivia’s most notorious social movements emerged as a result of recent social confrontations, such as the so called ‘Water Wars’ in 2000 and the ‘Gas Wars’ in 2003, in addition to those more stable movements of ‘coca’ farmers and indigenous groups. See García Linera et al. (2005); Crabtree (2005); and Zapata (2006).

15 A common form of community activism in Bolivia is the ‘cargo’ system, where community residents are expected to donate time for local projects and activities. For a general description see Albó and Libermann (1990).

16 Electoral turnout is calculated based on the number of registered voters, however, there are still problems of registration, particularly in rural areas and therefore the overall attendance should be lower than this official estimation.