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# Is migration threatening social trust in Europe?

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## About the author

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## Abstract

Bergh considers the relationship between migration and interpersonal trust in the European Union. Interpersonal trust, Bergh avers, is an important foundation for a well-functioning society. The question is how interpersonal trust is affected by increased migration in countries with differing levels of trust. Bergh shows that migrants from low-trust countries who move to high-trust ones show higher trust than those who remain in the former lands. Their trust is lower, however, than that of persons who have always lived in countries with higher trust. Factors such as corruption and weakness in the rule of law cause damage to interpersonal trust, which is very difficult to repair. Bergh contends that the Union must act to strengthen the rule of law and combat economic and social inequality.

A salient challenge for Europe is to make the most of the possibilities and to minimize the problems created by migration between countries. This applies both to migration within the European Union as well as migration between the EU and other countries. According to World bank estimates, slightly more than 3 percent of the world population are residing in a country that is not their country of birth. The share is expected to increase to 5 percent over the next generation. Considering that the world population is growing rapidly, these are large numbers.

In a European context, the enlargements of the European Union in 2004 and 2007 meant that many from Poland have migrated to Ireland and the UK, and many from Bulgaria and Romania have migrated to Italy and Spain. More recently, refugee migration from Syria, mainly to Lebanon, Jordan and Turkey, but also to the European Union, have put migration even higher on the agenda.

It bears noting that migration is often a highly effective way for people to improve their own lives. Clemens (2011) famously suggested that constraints on migration from poor to richer countries may be the greatest single class of distortions in the global economy. Hamilton and Whalley (1984) used data from 1977 to argue that the annual gains from free labor mobility might significantly exceed global GNP. More recent estimates have revised the gains from free movement of labor substantially upwards (Moses and Letnes, 2004; Docquier et al., 2015).

It is also clear, however, that migration can also lead to frictions and conflicts, possibly more so when people move to a place where complex social structures and institutions are already in place. This is especially true when people migrate to countries with fairly generous welfare arrangements (Storesletten, 2003).

This chapter discusses one specific challenge associated with migration: The relationship between migration and social trust. As will be shown, social trust is a key factor for both economic development and welfare state sustainability. It is thus important to ask if there are reasons to suspect migration and social trust to be difficult to combine.

The crucial importance of social trust comes from the fact that a society where people trust each other will work better in several ways. Large migration flows and ethnic diversity could potentially adversely affect social trust. Knowledge about the association between trust and migration is especially important considering the fact that migration flows often begin in countries with dysfunctional social institutions such as countries with high levels of corruption and end in countries with higher institutional quality. In addition to the example of Syria, a case in point for Europe recently is migration from Greece, which is often triggered by discontent with high levels of corruption (New Diaspora, 2016).

If social trust turns out to be highly fragile with respect to migration and diversity, the policy implications are difficult and need to be discussed thoroughly. If, on the other hand, social trust is relatively robust, migration may be one of the most efficient ways of helping those who are unfortunate enough to be born in countries with inferior institutions and low standards of living.

This chapter summarizes a selection of research on the relationship between migration and social trust. First, social trust, and its consequences are explained and discussed. Then, three ways in which social trust could be affected by migration are described. Finally, an attempt is made to say something on how to strengthen social trust in contexts with high migration flows.

## What is social trust?

Social (or generalized) trust is the individual attitude that most people can be trusted. More specifically, it is the prior belief that other people will act honestly and trustworthily in situations where they also have the option to benefit themselves by not behaving trustworthily. People with high social trust are more prone to believing that anonymous others will act honestly and trustworthily, whereas people with lower trust are more prone to thinking that you cannot be too careful when dealing with other people.

The importance of trust can be analyzed in a game theoretic setting. In the well-known trust game (Berg, Dickhaut, and McCabe, 1995) the first player (called the trustor) can make an investment that increases the payoff of the second player (called the trustee). The trustee can reciprocate by sending at least something back to the trustor. Because the investment is multiplied when it reaches the trustee, the total payoff will be higher when is maximized if and only if the trustor invests the full endowment. The catch is that a selfish trustee will not reciprocate and should thus not be trusted.

As noted by Arrow (1972) trust is a crucial element in most economic transactions. The seller of a good or a service must trust that the buyer will pay the price agreed upon, and the buyer must trust the seller regarding the nature of the good or the service.

When buyers and sellers are already familiar with each other, the necessary mutual trust can more easily be achieved. The attitude that “most people” can be trusted simplifies transactions also among people who do not know each other and perhaps have never even met. It is in that specific sense that social trust is fundamentally different from particularized trust, i.e. trust in specific persons or organizations.

The simplest and also the most common way to measure social trust is to ask people to which extent they agree with the proposition that “most people can be trusted”. The question can be asked as a yes/no question, but respondents can also be asked to answer on a numerical scale, where the extremes are the propositions “Most people can be trusted” and “You can’t be too careful when dealing with other people” (or similar statements). Questions regarding “other people” or “most people” may seem vague and difficult to answer. Despite this, these questions are typically perceived to be easy to answer, and they are also easy to translate to different languages. Most importantly, the way an individual answers the question about whether “most people” can be trusted has been shown to correlate with behavior in precisely the type of situations where trust theoretically should matter, i.e. so called social dilemmas, both experimentally and in real life (Sønderskov, 2011; Thöni, Tyran, and Wengström, 2012; Acedo and Gomila, 2013).

Figure 1 illustrates the share of the population with high social trust in 19 European countries according to *European social survey* in 2014 compared to 2004. Two facts are worth noting. First, that social trust seems to be highly stable over time. Second, that there are large differences between different countries. Among the few noteworthy changes we see a decrease in social trust in Ireland, and small increases in Estonia and Poland. The pattern – small changes over time, large differences between countries – is the same in other surveys and holds also for other time periods.

Using Eurostat’s Urban Audit, Figure 2 illustrates social trust in 14 European cities, by summing those who fully or partly agree that most people can be trusted. Trust is very high in Helsinki, Copenhagen and Stockholm. The fact that Sweden’s third biggest city, Malmö, is somewhat lower highlights the fact that there are often important differences within countries. Istanbul and Athens are among the cities where trust is lowest in Eurostat’s Urban Audit.

Figure 1. Share with high trust in selected European countries according to the European Social Survey.

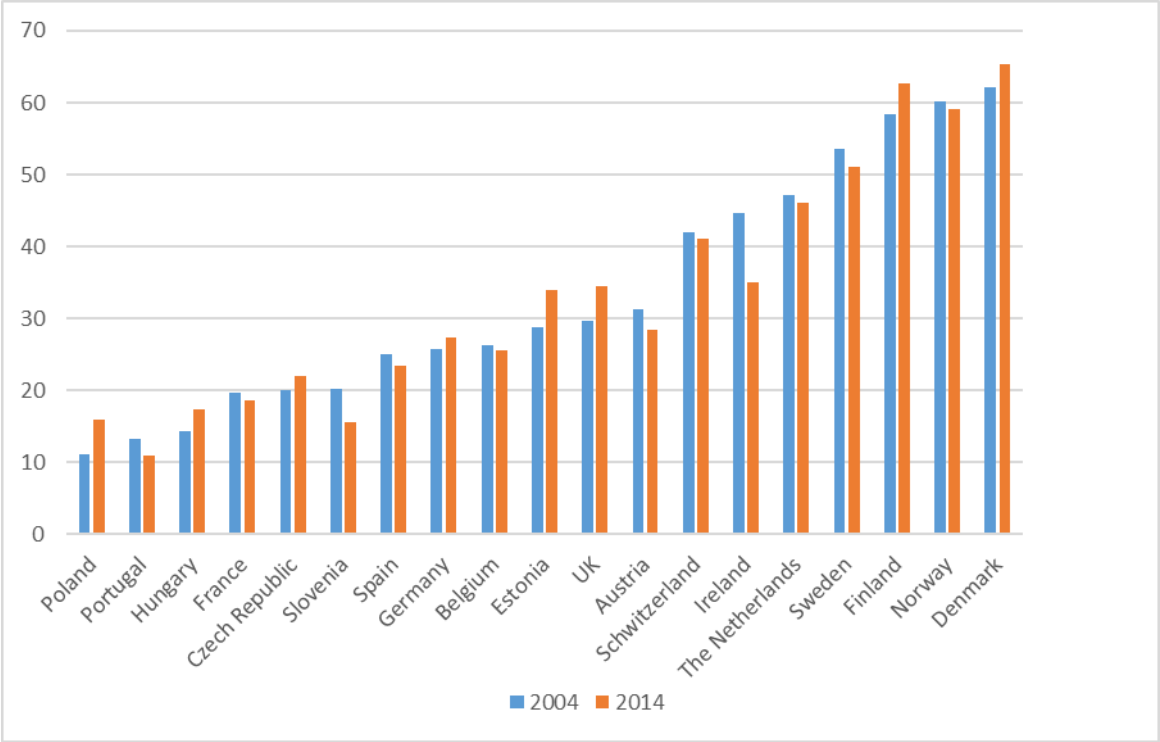
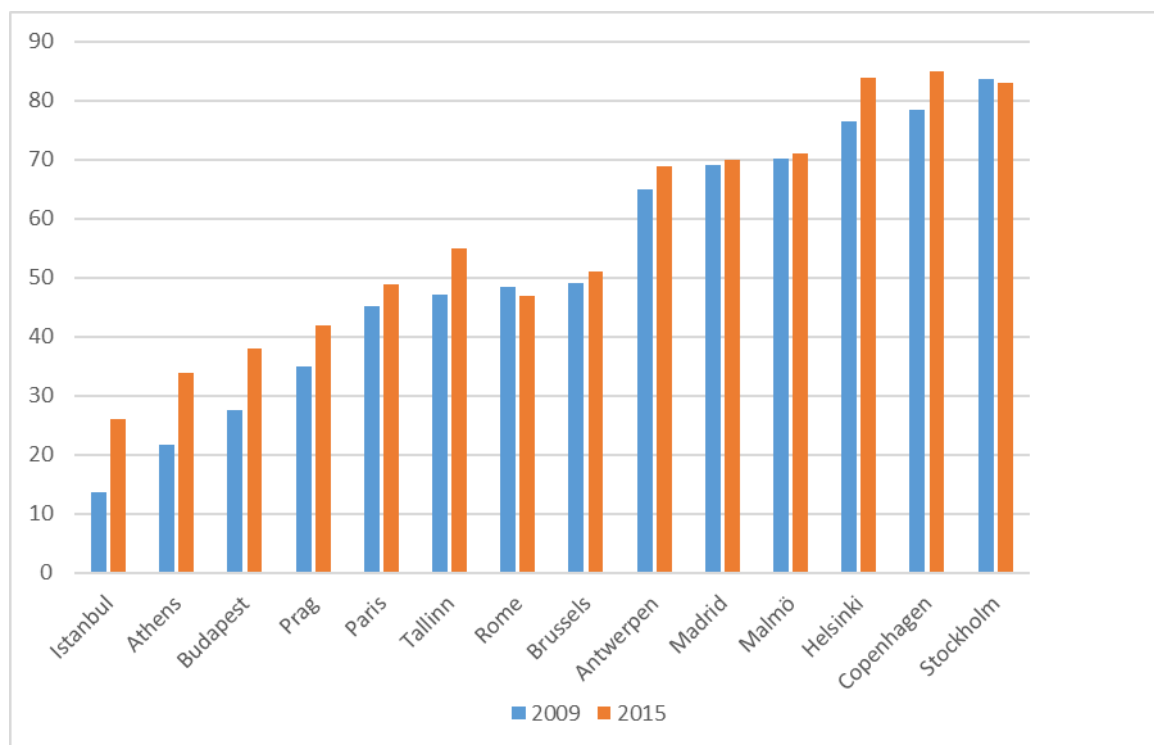


Figure 2. Share with high trust in selected European cities according to Eurostat.



As can be seen in both figure 1 and 2, the differences in social trust within Europe are large. The same is true within the EU, where the difference between the highest and the lowest average trust levels are almost as the difference between the highest and lowest trust globally. The European Union includes Denmark which is often the countries with the highest trust levels among all countries in the world, and the countries with the lowest average trust in the EU have only slightly higher average trust levels than Belize och Cambodia, which are both typically found at the bottom in global surveys. Increasing migration within the European Union thus means migration between countries with very different levels of social trust.

## Why is trust important?

It is not known for sure how people interpret the trust question about “other people”. One possibility is that when we answer questions about other people, we implicitly reveal something about ourselves. There are also indications that the social trust question is interpreted as referring to people with whom the respondent does not identify, i.e. the so-called outgroup (Delhey, Newton, and Welzel, 2011). Bjørnskov (2010) notes that in the long run, trust and trustworthiness cannot logically differ systematically at the macro level unless individuals fully ignore their experience with other people. The implication is that when social trust is constantly high, it is an indication of high average trustworthiness. That interpretation is also supported by experimental evidence (Sapienza et al., 2013).

A hands-on indication that the social trust question captures something important is the lost wallet experiment: When the Reader’s Digest Magazine lost 192 wallets in 16 cities across the world, the share of wallets that were returned to the owner is positively correlated with survey measured social trust. In all, it is perhaps not surprising that the share of the population that agrees that most people can be trusted on a country level correlates with a number of desirable outcomes.

Social trust is also related to state capacity, in the sense that it is easier to initiate and implement political projects and reforms such as social insurance institutions when social trust is high. The combination of trust and trustworthiness also means that such these systems are less likely to be exposed to fraud or misuse. Empirically, the positive correlation between historical trust levels and welfare state size is strong, also when controlling for other factors that explain welfare state size (Bergh and Bjørnskov, 2011; Bjørnskov and Svendsen, 2012).

Trust has also been shown to be positively correlated with macroeconomic stability (Sangnier, 2013), and trust plays an important part in explaining economic reforms: Trust facilitates liberalizing reforms and make de-liberalizing ones more difficult (Berggren and Bjørnskov, 2017). For central-bank independence reforms, the need for reform is greater the lower social trust is, and that the ability to undertake reform is greater the higher social trust is (Berggren et al., 2016). It has also been shown



that that interest rates and credit ratings ratings are more sensitive to inflation and growth problems in low-trust countries compared to high-trust countries (Bergh and Bjørnskov, 2017).

Countries with higher social trust are also characterized by lower levels of regulation (Aghion et al., 2010). A plausible interpretation of that finding is that trust towards people in general means a higher trust in business owners to make decisions without interfering laws and regulations. Perhaps most importantly, there is also a causal association between country level trust and economic growth (Algan and Cahuc, 2013). In summary, social trust is a crucial factor for understanding economic development and why some countries are able to combine high taxes with a strong economic development.

Countries with high average social trust also tend to have high institutional quality (Bjørnskov, 2007). That means that they are characterized by rule of law, low corruption, independent courts and a relatively efficient public bureaucracy. It is difficult, however, to establish if these associations reflect a causality from trust to institutions, from institutions to trust or from something else to both trust and institutions (Berggren and Jordahl, 2006). In any case, the strength of the cross-country correlation means that countries with low average social trust are almost exclusively countries with high levels of corruption and inferior institutions, regardless of which way causality runs.

At the individual level there are also benefits from having high social trust. On average it is beneficial to put trust in others. People with higher trust in others are more successful economically and also rate their health as better (Ljunge, 2014a). Partially, this is likely to be a psychological effect, but there is also a very real economic effect: In many cases beneficial economic outcomes requires putting trust in others – which is a risky decision. By abstaining from many interactions, the low-trusting person will minimize losses, but also miss many opportunities. When people on average are more likely to be trustworthy, the trusting will in most cases be rewarded. There is a catch, however: Having too much trust in low-trust environments may result in other people taking advantage of you. The right amount of trust is high, but one should be careful not to be naïve (Butler, Giuliano, and Guiso, 2016).

## Trust and migration: Three reasons to worry

Why would high levels of social trust be affected by migration flows? There are three ways in which migration may affect trust, that all have been subjected to research, albeit to different degrees.

- Migrants from countries with low average trust levels that move to high-trust countries may bring lower trust to the new country, thereby lowering average trust in the new country.
- Migrants from high-trust countries to countries with low trust and inferior institutions may lower their trust as a result of experiences in the new country.
- Migration (of all kinds) may lead to higher ethnic diversity which may adversely impact social trust.

Ultimately it is an empirical matter if there indeed a trade-off between trust and migration. If low average trust levels in some countries is a result of these countries having inferior institutions, it is possible (and perhaps even plausible) that migrating to a country with better institutions means that the individual belief about other people changes. Knowing that a functioning, non-corrupt legal system in place might prompt people to infer that illegal, dishonest and cheating behavior is being punished, and therefore that most people can be trusted. The same reasoning would however apply that migrants from high-trust countries to countries with inferior institutions will not bring their high trust levels with them.

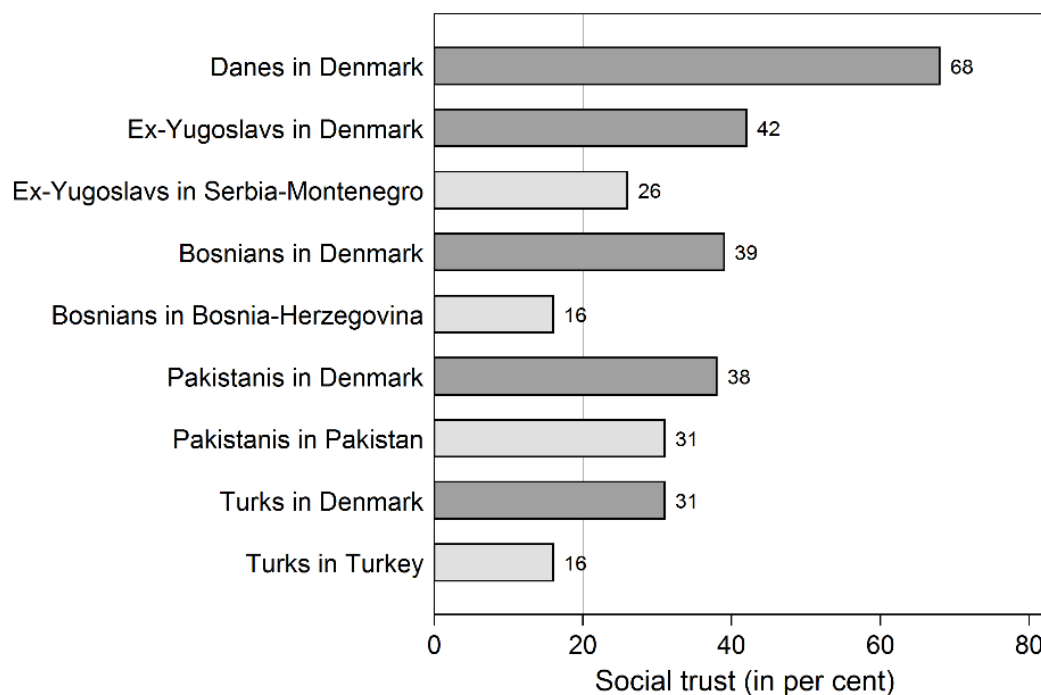
When it come to the effect that ethnic heterogeneity has on social trust, there are competing theoretical perspectives. According to the contact hypothesis, more contacts between different groups will decrease frictions and promote mutual understanding. According to the conflict hypothesis, the effect is the opposite: More contacts between groups with different nationalities or ethnicities strengthen the feelings of solidarity within each group but increase distrust and competition between groups. The effect of ethnic heterogeneity on social trust is has been studies intensively empirically.

## Migration from countries with low trust

What happens when a person migrates from a low-trust country to a high-trust country? Theoretically, several factors are likely to be relevant. To a certain degree social trust is a part of one's personality and thus something that is constant over different contexts. On the other hand, trust is also likely to be influenced by experiences of peoples' behavior, as well as by expectations about the behavior of others. In that sense it is rational to be highly trusting in a country where distrust is the prevailing norm, and more trusting in a country where trust and trustworthiness prevail. If institutions matter as described above, one would also expect the same person to have higher trust in environments with higher institutional quality.

A number of studies have examined social trust among migrants from low-trust countries to high-trust countries, for example by studying migration from Turkey to Denmark. Ideally, trust would be observed both in the country of origin and in the destination country, but such data have not been analyzed. By comparing (for example) Turks residing in Turkey to Turks who have migrated to Denmark, and by making the comparisons between people with similar characteristics, it has been shown that Turks that have migrated to Denmark are more trusting than those who remain in Turkey. As indicated in Figure 1, the same pattern holds also for other countries of origin with lower trust than Denmark.

Figure 3. Trust among different migrant groups in Denmark compared to home country trust and compared to native Danes.



Comment: Social trust refers to the share who agrees that most people can be trusted, according to survey results presented in Nannestad et al (2014). The estimate regarding Danes in Denmark is an average over estimates from different waves of the European Values Study and a number of similar surveys, taken from Berggren and Bjørnskov (2011). The comparison is made controlling for differences in age, sex, education and religiosity. Source: Nannestad et al. (2014) and World Values Survey.

Because trust varies with factors such as age, education and income, the comparisons illustrated in Figure 1 are made between Turks in Denmark and Turks in Turkey that are as similar as possible when it comes to these individual characteristics. Doing so minimizes the risk that differences in trust are a result of selection bias that will exist if Turks who decide to migrate to Denmark tend to be more highly trusting than those who stay in Turkey. It is still possible, however, that the comparison is influenced by selection on some personal trait that is not observed and captured by the data. For example, it has been shown that people with higher trust tends to have better health. That means it is possible that the higher trust among Turks in Denmark compared to Turks in Turkey is not a result of

Danish institutions, but rather a result driven by Turks with good health being more common among those who migrate (either in general or to Denmark).

It is also worth noting that while trust among Turks in Denmark is higher than among Turks in Turkey, it is still only roughly half of the trust among Danes in Denmark. That pattern holds for all immigrant groups studied. There are also no signs in the study by Nannestad et al. (2014) that trust increases with the time spent in Denmark. Other studies have found that trust is inherited over generations, and especially so from the mother's side (Ljunge, 2014b).

In all, while immigrants from low-trust countries typically have higher trust than those who remain in the home country, it is still not clear to what extent that is a result of migrants being more trusting or a result of migration to countries with better institutions.

## Migration from countries with high trust

Several papers have studied trust in the context of migration from low-trust countries to high-trust countries. Much less has been done regarding the opposite direction of migration flows, i.e. when people migrate from a high-trust country to a low-trust country. When people migrate from the Nordic countries, most destination countries will be countries with lower trust and inferior institutions.

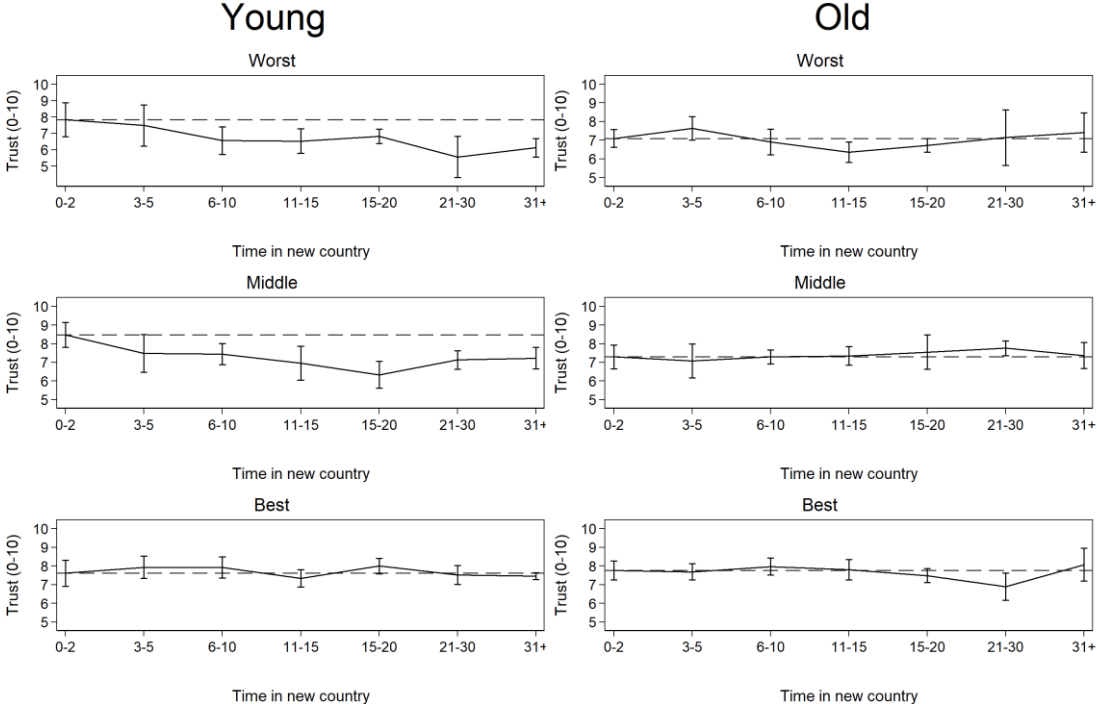
Trust among migrants from a high-trust country was first analyzed by Dinesen (2016) using answers from a special survey conducted by the Swedish SOM-institute directed towards Swedish expatriates in 2014. These data clearly show that Swedish expatriates are a highly trusting subsample of the already highly trusting Swedish population. Using the same survey data Bergh and Öhrvall (2016) showed that these differences remain when controlling for several individual characteristics such as age, sex, education and political orientation. Even more interesting is that one factor explains the entire difference in trust between Swedes in Sweden and migrants from Sweden, namely self-rated health. Swedish expatriates perceive their health to be better than the average Swedish person, and that

difference explains why trust is higher among Swedish expatriates compared to the Swedish population.

What has happened to social trust among Swedish expatriates who have lived a long time in countries with inferior institutions? Bergh and Öhrvall (2016) show that the answer depends on the age at which the person arrived in the new country. Among those who were older than 30 years when they arrived, trust is independent of length of stay even in the most corrupt countries. On the other hand, expatriates who were 30 or less when they arrived to highly corrupt countries and to countries with inferior rule of law are likely to adjust their trust levels downwards. This finding thus confirms the hypothesis that institutions affect trust.

The finding that age at emigration matters supports the impressionable years hypothesis in psychological research (Krosnick and Alwin, 1989). As can be seen in Figure 2, the adjustment of social trust seems to take place during the first 10 years, and there are no signs of a further decrease. In fact, because the trust levels in this group is very high among those who have recently arrived in their new country, the level that appears to be stable among those who have spent 10 or more years in their new country is very close to the level of trust among Swedes in Sweden (which has been roughly constant for several decades).

Figure 4. The effect on trust of length of stay in countries with different degrees of perceived corruption depending on age at arrival (cut-offs  $\leq 30$ ,  $> 30$ )



Remark: Graphs show trust controlling for individual characteristics including self-rated health.

Source: Bergh and Öhrvall (2016).

In countries where corruption is low, there is no correlation between trust and time spent in the new country – regardless of age at arrival. In short, the findings support the idea that institutions and experiences matter for trust, but institutions seem to be detrimental for trust only when people are in their impressionable years. It is also worth emphasizing that while many of the effects are statistically significant at traditional levels, the decrease in trust is not huge. Young Swedish expatriates are initially highly trusting (around 8 on the 0-10 scale), but those who have lived longer than 5 years in the most corrupt countries have average average trust somewhere between 6 and 7, with no signs of a

further decrease. These results also fit well with the fact that US citizens with Swedish ancestry are still today more likely to agree that most people can be trusted.

## Migration, ethnic heterogeneity and trust

In addition to how trust among migrants themselves may change as a result of migrating to another country, increasing migration may lead to increasing ethnic heterogeneity which may in itself affect social trust, also among those who were born in the destination country.

The relationship between ethnic heterogeneity and social trust has been studied intensively by sociologists, political scientists and by economists (for a recent survey, see Dinesen and Sønderskov, 2018). Several studies in the US suggest that states with more ethnic heterogeneity also have lower trust. Studies done in Europe are show more varying results, and a recent Swedish study indicated a negative effect from ethnic heterogeneity on trust towards the local community but not for trust towards people in general (Lundstedt and Nissling, 2016).

The cross-country association between social trust and ethnic heterogeneity is negative, but the size of the effect is small and statistical significance is low. In comparison, when it comes to significance, size and robustness to controlling for other factors that matter for trust, ethnic heterogeneity is much less important for trust than for example country-level income inequality (Bjørnskov, 2008; Jordahl, 2008). There are also studies that suggests that individuals who regularly talk with their neighbors are less influenced by the racial and ethnic character of their surroundings than people who lack such social interaction (Stolle et al. 2008).

In a detailed Danish study, Dinesen and Sønderskov (2015) identified effects of ethnic heterogeneity on social trust levels of native Danes. They argue that people use the local cues available to them when evaluating the overall trustworthiness of others. One such cue is the ethnic background of others in one's social environment. By examining the relationship between ethnic diversity and social trust in small geographical areas down to a radius down to 80 meters of the place of residence, they find a



negative effect of ethnic diversity in small areas, what they call micro-contexts. The relationship becomes insignificant in more more aggregate contexts and ceases to exist in the most aggregate context they examine, which is a circle with a radius of 2,500 meters, roughly a third of the size of Manhattan.

Studies have also examined if the relationship is moderated by other factors. For example, one might expect the trust of people with higher education to be less sensitive to ethnic diversity. The effect of local diversity, however, seems to be independent of not only education, but also length of residence in neighborhood, gender, income, and unemployment (see also Putnam, 2007).

It is worth noting that while the effect found by Dinesen and Sønderskov is very robust, it is also relatively small. A one standard deviation increase in ethnic diversity leads to a predicted reduction in trust of 0.06 points on the scale running between 0 and 10. The size is similar to the partial effect of around one year of education.

The findings by Dinesen and Sønderskov have interesting implications that merit further attention, both by researchers and in the political debate. First of all they suggest that studies that do not find an effect of ethnic diversity on trust may have focused on too high levels of aggregation. Second, the results suggest that if segregation means that few natives in high-trust countries will live in micro-contexts with high ethnic diversity, that might mitigate adverse effects on social trust that would otherwise arise.

## A psychological perspective on trust

Is it surprising that social trust seems to be a sticky personal trait? One possible answer to that question is hinted at by research in psychology. Economists and political scientists often see the trust attitude in a rational choice context, where the decision to put trust in others can be understood by thinking about the consequences of doing so: If others are expected to be trustworthy, trusting them is the rational thing to do and will ultimately benefit the trusting person.

Another possibility is that people choose to be trusting as a way to be nice towards other people. In that case, trust is not driven by selfish concerns but still consequentialist, in that the trusting person expects the consequences of putting trust in someone to be beneficial for him or her.

Recent research in psychology suggests that trust cannot be understood by looking at the consequences of trust. It has been shown that when people act trustingly, they do not do so because they expect trusting behavior to have certain consequences (Dunning et al., 2012; Schlösser et al., 2016). They do so because trusting acts feel right for them in the moment. It has also been shown that people are more prone to taking risks when it involves trusting another person compared to taking risks in general. While these results are highly interesting they also make it more difficult to design policies that promote trust: If trust is best explained by feelings, there are not many choices available for policy makers that matter.

## Promoting trust by strengthening the rule of law

Research on trust and migration is progressing rapidly and new studies still add a lot to our knowledge about these topics. A few results and patterns, however, seem to be robust and appears in several studies of high quality. For example, it is sometimes said that trust takes a life-time to build but can be destroyed in a few seconds. When it comes to social trust, however, this is probably not true. There are studies that identify factors that have adverse effects on trust, but rather than destroying trust, the effects are typically relatively small. For social trust, research rather suggests that it is difficult to build but once you have it, it is relatively robust.

It is important to keep in mind that social trust is conceptually different from trust in specific institutions such as the political system in the European Union (discussed in the chapter by Linda Berg). If trust in political institutions spill over on trust towards people in general, it is important that the EU-system is characterized by high levels of institutional quality. The direction of causality between different types of trust is, however, difficult to identify. People who tend to have high trust in other people also tend to be more trusting towards political institutions. But that does not mean that

institutional trust explains social trust, though that mechanism is plausible. It is also plausible, however, that trust towards people in general affects trust in political institutions. A third possibility, finally, is that both types of trust are driven by feelings as suggested by psychological research. If that is the case, it is probably wrong to speak of trust in one dimension as being the cause of trust in another dimension. Instead, trust in different dimensions are parts of everyone's personality.

Turning to the issue of whether trust and migration is compatible or not, the stickiness of trust is a mixed blessing. When people move from a high-trust country to a low-trust country, there is no or only a small drop in trust levels. For migration in the opposite direction, there is some but incomplete adjustment upwards. A possible, perhaps overly optimistic interpretation of previous research is that migration may cause a ratchet effect for global trust: When people from high-trust countries move to countries with lower trust, the migrants tend to remain highly trusting, especially if they are older than 30 at the age of emigration. On the other hand, the findings in Dinesen (2012) and Nannestad et al. (2014) suggest that the trust among migrants from low-trust countries will increase when they migrate to high-trust countries. These results combined suggests the possibility of a ratchet effect such that global migration will tend to increase average trust among all countries. The ratchet-hypothesis is admittedly speculative but merits further investigation, especially by looking closer at social trust among second generation immigrants in both high and low-trust countries.

When it comes to the effect of ethnic diversity on social trust, several studies find a negative effect. Again, the size of the effects found is not very large and it also probably occurs only in a very local context. Finally, it is worth stressing that two results appear to be both robust and useful for policy implications:

- Corruption and inferior rule of law is detrimental for social trust.
- Income inequality and social trust is strongly negatively associated.

These two patterns may well be connected: Countries with low corruption also tend to have lower income inequality. As discussed by Bergh and Bjørnskov (2014) we should probably not expect that all policies that increase redistribution to simultaneously increase trust. Educational reforms may have

such desirable consequences if they contribute to a more equal distribution of human capital, and thus promote a more egalitarian distribution of income before taxes and transfers.

The current trend towards higher within-country inequality is most likely a warning sign, especially if paired with corruption and deteriorating institutional quality. If there are problems associated with institutional quality and increasing inequality in Europe, there is a risk that trust among young Europeans will be negatively affected even though the trust among most adults remain constant. If that is the case, the effect on social trust will be visible only after some time has passed. By the time we see falling trust levels in the survey data, it may be more difficult to do much about it. Promoting trust by strengthening the rule of law is probably not the most acute challenge that Europe is facing, but it may well be one of the most important ones.

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