

***Trust: The Social Virtues and the Creation of Prosperity***  
**by Francis Fukuyama**

New York: Free Press, 1995. xv., 457 pages.

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Francis Fukuyama is a senior social scientist at the Rand Corporation and one of America's most highly-regarded intellectuals. *Trust: The Social Virtues and the Creation of Prosperity* was published in 1995 just as the technology-powered "new economy" was dramatically heating up. *Trust* was regarded as one of the most important business books of the mid-Nineties and its message is as timely today as the day it appeared.

*Trust* is a massive, densely-argued and illustrated, study in economic and social history. Fukuyama argues that economic prosperity and business success cannot be adequately explained by abundance of natural resources, brilliance of intellect, or the presence of good laws and institutions. Nor is capitalist success attributable solely to the operations of rational, self-interest in free market environments (the Neo-Classical argument).

Rather, business success and economic prosperity require (also) a culture of trust and a capacity for what Fukuyama calls "spontaneous sociability." While most economic enterprise begins in families, it is often then limited by an incapacity to develop trusting relationships beyond the family. France, China, and southern Italy are examples of such "low trust" societies. Between family enterprise and the centralized state apparatus there is a lack of viable intermediate institutions. Germany, Japan, and the United State exemplify "high-trust" societies and, despite profound differences on many levels, they have in common a history of economic expansion and success.

Without trust, relationships, if they occur, are guarded and encumbered by legalistic contracts and processes. These additional "transaction costs" prevent flexibility and rapid growth. Relationships depend on trust. Trust depends on a culture of shared values, a shared language of good and evil. There is not one unique pathway to trust. Japan and Germany have their own stories. In America, Fukuyama argues that the history of voluntary societies, especially the various Protestant sects and churches, was the grounding of a widespread receptivity to the practice of joining together with non-family others, on the basis of shared values, to build something important.

Fukuyama, however, saw clouds on the horizon even in the mid-90s. The rapid increase in both lawyers and prisoners in America, and the breakdown of families and voluntary community associations signaled a decline in trust. Could Internet technologies facilitate new forms of spontaneous sociability and trust, Fukuyama asks? Maybe so but probably not. In the end, Fukuyama provides no answers and no recommendations but his case is thoroughly made. No shared values, no trust; no trust, no business. It's up to us to figure out how to enrich trust in our time and place.