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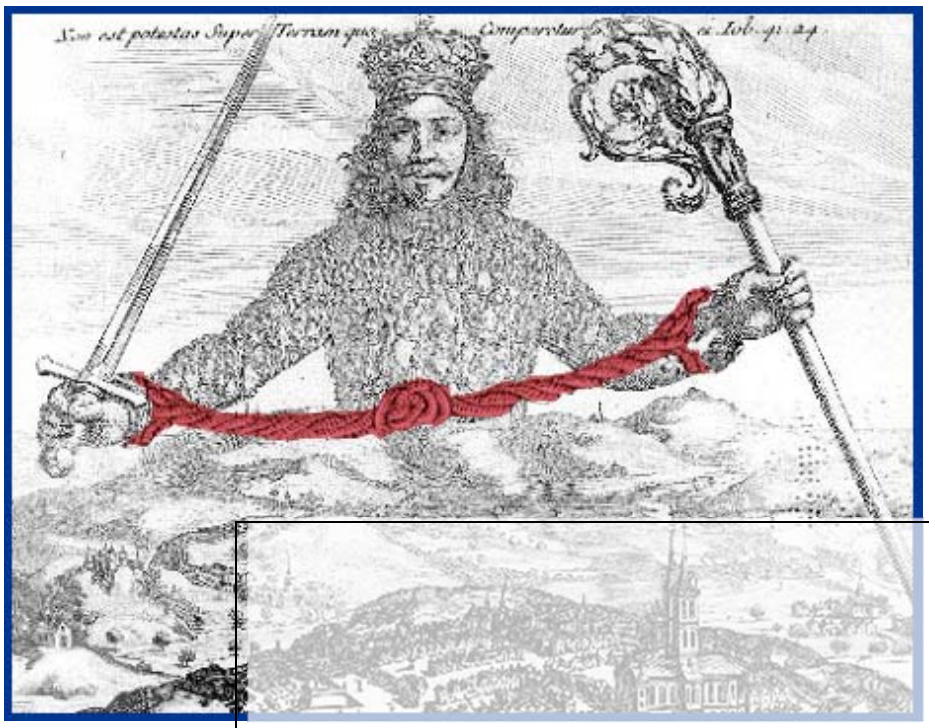

Racism and Trust in Europe

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Abstract

I study the impact of racism on trust in Europe. To operationalize trust and racism, I use individual level responses from the European Social and World Value Surveys. The results of the multivariate analysis indicate, individuals who possess a self-reported racist attitude are less likely to be trusting. To address the issue of causality, I examine second generation immigrants. When analyzing immigrants and using the level of racism of their origin country as a proxy for individual racial attitudes, I find, racism continues to predict lower levels of trust. These results provide evidence racism has a negative, significant, and causal impact on generalized trust. Additionally, the paper supports the notion that racism could have negative economic consequences via the erosion of social capital.

Keywords: Racism; Trust; Culture

JEL codes: *O1; Z1*

1 Introduction

The intersection between race and trust is well documented (Fershtman and Gneezy 2001; Alesina and La Ferrara 2002; Smith 2010; Burns 2012; Bonick and Farfán-Vallespın 2016). For example, Burns (2012), in a trust game experiment in South Africa, finds a systematic distrust of black players by white participants. Given the extensive literature on the impact of generalized trust on a number of economic outcomes, it is important to understand the nature of the relationship between racism and trust (Knack and Keefer 1997; Guiso, Sapienza, and Zingales 2008, 2009, 2016; Tabellini 2010; Bjørnskov and Méon 2013).

My definition of racism is taken from Bonick and Farfán-Vallespın (2018). The authors stipulate, it is a cultural heuristic that uses race as the cue for interpreting and guiding social interactions, often leading to discriminatory behavior, which is transmitted across generations. Generalized trust entails the trust a person has toward a generic and unknown member of a broader community (Tabellini 2010). I hypothesize, a racist individual will not trust other races which will reduce their level of generalized trust through narrowing the pool of individuals they can trust in their broader society. Therefore, I argue, possessing a racist attitude should have a causal and negative effect on generalized trust.

To test this hypothesis, using responses from the World Value Survey (WVS) and European Social Survey (ESS), I first show there is a robust correlation between racist attitudes and lower generalized trust. Second, to address the issues of causality, I examine second generation immigrants in Europe using the level of racism of their country of origin as proxy for individual racial attitudes. The outcome supports that racism has a robust and negative impact on individual's level of generalized trust.

2 Racism and trust within country analysis

The first step in my analysis it to establish a correlation between self-professed racist attitudes and generalized trust at the individual level.

2.1 Data

My study is done using responses to survey questions from the WVS and ESS within Europe. I use all waves up to 2014 for the WVS and waves 1-7 for the ESS.

To measures racism in the WVS, I use responses to the question: "*On this list are various groups of people. Could you please mention any that you would not like to have as neighbors?"*. For racism, the answer is coded 1 if the individuals mention people of a different race in their response. For robustness, I also use a second question within this survey. The question prompts the participant to express their views on ethnic diversity. They can choose between 1-10 with 10 indicating ethnic diversity enriches my life and 1, ethnic diversity erodes the countries unity.

For the ESS, I use responses to five questions. The first measure is the reply to the question, "*To what extent do you think your country should allow people of a different race or ethnic group from most people?*". The answers are on a scale from 1 to 4 with 1 corresponding to allowing many into the country and 4 indicating allowing none, I refer to this variable as, race immigration. The next two variables taken from the response to the question "*Thinking of people who have come to live in your country from another country who are of a different race or ethnic group from most people. How much would you mind or not mind if someone like this was appointed as your boss and if someone like this married a close relative of yours*". The variables are on scale from 0 to 10 with 0 signifying not minding at all and 10 indicating minding a lot. For the final two variables, I use the response to two questions, *"Do you think some races or ethnic groups are born less intelligent than others?"* and *"Do you*

think some races or ethnic groups are born harder working than others", both answers are coded 1 if the answer is yes and 0 if no.

The variable trust is derived from the question "*Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people*?". For the WVS, the answer is coded 1 if people can be trusted and 0 if you cannot be too careful. The ESS measure is coded on a scale from 0 to 10, with 10 representing most people can be trusted and 0, you cannot be too careful.

2.2 Specification

For the empirical analysis, I run a series of regressions of the specification:

$$T_{ict} = \beta_0 + \beta_1 R_{ict} + X_{ict} + \gamma_r + \delta_t + \epsilon_{irt}$$

where the left-hand side variable T_{ict} is the measure for trust of individual i in country c at time t. I run probit regressions if T_{ict} is binary and OLS if it is not. R_{irt} is our variable of interest for racism and X_{ict} are the controls which include dummies for income or views on income status, education, age, age squared, gender and for the ESS additionally, a dummy for if the individual is a minority. The controls used are standard in literature on culture and racial attitudes (Alesina and Giuliano 2010; Bobo 2012; Alesina, Giuliano, and Nunn 2013; Bonick and Farfán-Vallespın 2018). All the regressions contain country fixed effects γ_r and time fixed effects δ_t. Standard errors are clustered at the country level.

2.3 Results

Table 1 reports the regression results for the relationship between different measures of racism and trust. Overall, across all columns, the outcomes show a negative and statistically significant association between racism and generalized trust independent of the measure used for racism. For robustness, I run regressions which, separately add to the baseline, controls for religious denomination, political scale and for the ESS additionally, if the individual has other ethnic groups as their neighbor. The robustness checks produce consistent results compared to Table 1. Given the lack of space, the findings are not shown here.

Table 1 : Trust and Tolerance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Variables of Interest			
	WVS	WVS	ESS	ESS	ESS	ESS	ESS
	Race	Ethnic	Race	Race	Race	Less	Less Hard
Dep.Variable	Neighbor	Diversity	Immigrant	Boss	Marrage	Intelligent	Working
Trust	-0.110***	0.087***	-0.368***	-0.056**	-0.054***	-0.376***	-0.247***
	(0.035)	(0.008)	(0.023)	(0.008)	(0.006)	(0.064)	(0.025)
Observations	63,838	14,288	292,617	67,569	67,879	34,924	35,119
R-squared			0.188	0.189	0.189	0.178	0.177

Robust standard errors are in parenthes. *** p<0.01, ** p<0.05, * p<0.1. Standard errors are clustered by country. All regressions have individual controls, country and time fixed effects.

3 Racism and trust for second generation immigrants ESS

While I have taken steps to address issues of omitted variable bias, there is still the possible problem of reverse causality. To tackle this concern, I adopt the strategy of Alesina and Giuliano (2010) and examine second generation immigrants in Europe. Racism, in this context, is defined as the average level of racism from an individual's country of origin[1].

3.1 Origin Data

I construct the country of origin variable for racism and trust by taking the average country measure of race neighbor and trust questions for all available countries from the WVS. I join these two country level measures, along with variables for origin country education (Barro and Lee 2010) and economic conditions[2] to an individual's father and mother's country of origin in the ESS.

3.2 Specification

For this empirical analysis, I run a series of OLS regressions on exclusively ESS responses of the specification:

$$T_{ict} = \beta_0 + \beta_1 R_{ict} + X_{ict} + \gamma_r + \delta_t + \epsilon_{irt}$$

where the left-hand side variable T_{ict} is the measure for trust of individual *i* in country *c* at time *t*. R_{ict} is the measure for racism which varies by immigrant's country of origin and X_{ict} are the controls. I use the same individual controls as the baseline from Table 1 plus dummies for if the individual was born in the country of destination and a minority. All the regressions contain country fixed effects γ_r and wave fixed effects δ_t. Standard errors are clustered at the country of origin.

3.3 Results

Table 2 reports the OLS results for the relationship between racism of an individual's origin country and trust. Column 1 shows racism has a causal and significant effect on generalized trust independent of using racism from the mother's or father's origin country. The coefficient is significant at the 1% level. To account for other origin country omitted variables, I control for country of origin trust, average schooling, and economic conditions in columns 2-4. The coefficients of interest remain significant but do drop in size and in some cases, level of significance. In columns 5 and 6, I account for factors that could influence the transmission of racism across generations, specifically the origin parent's level of education and the individual's religious denomination. In both cases, the coefficients remain consistent in size and level of significance.

[1] This is a well-established methodology for addressing reverse causality within research on culture. Since I define racism as a cultural heuristic within the research following Boyd and Richerson (1985), the empirical approach is appropriate. For a more detailed discussion of the validity of the empirical strategy and the definition of second generation, see Alesina and Giuliano (2010).

[2] Economic data is taken from World Bank Development Indicators.

Table 2 : Trust and Racism Second Generation Immigrants

	(1)	(2)	(3)	(4)	(5)	(6)
	Dependent Varable : Trust					
Panel A	**ESS : Father's Origin Country**					
Origin Racism	-1.247***	-0.721**	-1.127**	-0.792*	-1.259***	-1.235***
	(0.420)	(0.305)	(0.485)	(0.399)	(0.477)	(0.375)
Origin Trust		1.180***				
		(0.182)				
Origin ln GDP per_cap 1995			0.022			
			(0.037)			
Origin Avg Schooling (1985-1995)				0.026**		
				(0.012)		
Schooling, Father					-0.002	
					(0.004)	
Dummies religion						X
Observations	24,407	24,407	22,999	21,959	21,594	23,853
R-squared	0.110	0.112	0.109	0.110	0.114	0.112
Panel B	**ESS : Mother's Origin Country**					
Origin Racism	-1.467***	-0.834***	-1.224**	-0.949**	-1.436***	-1.501***
	(0.457)	(0.302)	(0.518)	(0.439)	(0.495)	(0.419)
Origin Trust		1.376***				
		(0.173)				
Origin ln GDP per_cap 1995			0.027			
			(0.039)			
Origin Avg Schooling (1985-1995)				0.032**		
				(0.014)		
Schooling, Mother					0.002	
					(0.004)	
Dummies religion						X
Observations	23,942	23,942	22,611	21,607	22,284	23,380
R-squared	0.105	0.108	0.103	0.104	0.107	0.108

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1. Standard errors are clustered at the country of origin. All regrssions contain baseline individual controls, country and time fixed effects.

4 Conclusion

The results of my analysis support the hypothesis that racism has negative and causal impact on generalized trust. While this paper is preliminary and limited in scope, it contributes to the literature on culture and economics by empirically identifying that, within a sample of European countries, racism could have broader detrimental economic consequences via the erosion of generalized trust. Additionally, the results support the findings of Bonick and Farfán-Vallespın (2018) that racism can persist across generations.

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