

**CENTRE FOR TAX SYSTEM INTEGRITY**



Trusting the Tax Office:  
Does Putnam's thesis  
relate to tax?

Jenny Job and Monika Reinhart



**WORKING PAPER NO 53 • FEBRUARY 2004**

This working paper is supported by the  
Australian Taxation Office



**Australian Government**  
**Australian Taxation Office**

**TRUSTING THE TAX OFFICE:  
DOES PUTNAM'S THESIS  
RELATE TO TAX?**

*Jenny Job and Monika Reinhart*

Centre for Tax System Integrity  
Research School of Social Sciences  
Australian National University  
Canberra, ACT, 0200

ISBN 0 642 76849 8.  
ISSN 1444-8211

**WORKING PAPER No 53**  
*February 2004*

© *Centre for Tax System Integrity, Research School of Social Sciences,  
Australian National University 2004*

© *Commonwealth of Australia 2004*

*National Library of Australia*  
Cataloguing-in-Publication data:

Job, Jenny.  
Trusting the Tax Office: Does Putnam's thesis relate to tax?

Bibliography.  
ISBN 0 642 76849 8.

1. Australian Taxation Office - Public opinion. 2. Social capital (Sociology) - Australia. 3. Trust - Australia. 4. Taxation - Australia - Public opinion. 5. Public opinion - Australia. I. Reinhart, Monika. II. Centre for Tax System Integrity. III. Title. (Series: Working paper (Centre for Tax System Integrity); no. 53).

336.200994

*If you would like to make any comments on this working paper please contact the author directly within 90 days of publication.*

## **Disclaimer**

This article has been written as part of a series of publications issued from the Centre for Tax System Integrity. The views contained in this article are representative of the author only. The publishing of this article does not constitute an endorsement of or any other expression of opinion by the Australian National University or the Commissioner of Taxation of the author's opinion. The Australian National University and the Commissioner of Taxation do not accept any loss, damage or injury howsoever arising that may result from this article. This article does not constitute a public or private ruling within the meaning of the *Taxation Administration Act 1953*, nor is it an advance opinion of the Commissioner of Taxation.

## **THE CENTRE FOR TAX SYSTEM INTEGRITY WORKING PAPERS**

The Centre for Tax System Integrity (CTSI) is a specialised research unit set up as a partnership between the Australian National University (ANU) and the Australian Taxation Office (Tax Office) to extend our understanding of how and why cooperation and contestation occur within the tax system.

This series of working papers is designed to bring the research of the Centre for Tax System Integrity to as wide an audience as possible and to promote discussion among researchers, academics and practitioners both nationally and internationally on taxation compliance.

The working papers are selected with three criteria in mind: (1) to share knowledge, experience and preliminary findings from research projects; (2) to provide an outlet for policy focused research and discussion papers; and (3) to give ready access to previews of papers destined for publication in academic journals, edited collections, or research monographs.

## **Acknowledgments**

Our thanks to Valerie Braithwaite, Andrew Stout and Greg Rawlings for their comments on drafts of this paper. Thanks also to Brian Harrold for assistance with the editing of this manuscript. We would also like to thank the anonymous reviewers for their helpful comments and suggestions.

## **Abstract**

Data from the *Community Participation and Citizenship Survey* are used to explore the factors that influence people to place trust in strangers and impersonal others. We use Putnam's social capital thesis to explore whether civic engagement and associational membership are major factors in the development of generalised or social trust, and whether this kind of trust is generalisable to trust in government institutions, specifically the Australian Taxation Office. There is partial support for Putnam's thesis that civic engagement develops social trust. More important is affective trust which is developed in the family and through familiar others. We find that trust is generalisable, being extended to strangers and to the impersonal others in government institutions. It is trust that builds trust – and government institutions like the Tax Office begin their task with benefits accrued through generalised trust.

## **Trusting the Tax Office: Does Putnam's thesis relate to tax?**

*Jenny Job and Monika Reinhart<sup>1</sup>*

### **Introduction**

Complex societies require that we generalise trust to those who are not personally known to us in order to maintain social relations and to facilitate social action. While many bemoan loss of trust in institutions and government (Fattore, Turnbull & Wilson, 2003; Inglehart, 1997; Papadakis, 1999; Putnam, 2000; Wuthnow, 1998), some have marvelled at how many of us arrive at 'a standing decision' to give others who we do not know 'the benefit of the doubt' (Putnam, 2000, p. 136). This applies not only to other individuals - institutions attract similar good will. Even an institution like the Australian Taxation Office (Tax Office) enjoys community trust (Braithwaite & Reinhart, 2000). However, the factors which influence people to trust those they do not know, or know little of, including those in government institutions, remain open to debate.

Putnam's (1993) social capital thesis implies that generalised or social trust is developed through civic engagement and associational membership (Stolle, 2001), but does not distinguish different types of trust and whether they might be developed in different ways (Fattore et al., 2003). More recently, Putnam (2000, p. 137) has stated that trust in government and its institutions is different from social trust, leaving us to conclude that it is developed in a different way. However, if trust is relational and generalisable (V. Braithwaite, 1998; Braithwaite & Levi, 1998), there is no reason why social trust cannot be extended to the impersonal others in government institutions.

This paper uses survey data to explore the development of generalised or social trust in the Australian context in unknown persons and entities – strangers or impersonal others, and government institutions as examples of abstract systems. We focus on Putnam's social capital thesis to explore whether civic engagement and associational membership are major factors in the development of generalised or social trust, and whether this kind of trust spills over into trust in government institutions, specifically the Tax Office. We argue that

---

<sup>1</sup> Centre for Tax System Integrity, Research School of Social Sciences and Regulatory Institutions Network, Australian National University.

the capacity to trust strangers, including those in government institutions, is initially developed in the family and generalised to strangers, including strangers in government institutions such as the Tax Office. Taxpayers have a relationship with the Tax Office (Braithwaite, 2003a) and trust is an important factor in building the relationship in such a way that citizens will cooperate and comply with the Tax Office (Braithwaite, 2003b). We extend trust, assume goodwill, and make ourselves vulnerable until we have reason not to trust.

This paper is divided into three sections: a brief discussion of the literature, followed by the methods used for the empirical analyses, and a presentation of the findings. We find relevance in Putnam's ideas but with qualifications: that generalised trust develops from trust in familiar others and, in small part, from volunteering and engaging with the media, and that generalised trust extends to the impersonal others in government institutions.

### **A brief review of trust and social capital**

There is as much debate about the value of the social capital thesis as there is about whether trust applies only to individuals or can be extended more broadly to groups and society in general. Putnam gives recognition to both sociological and psychological perspectives of trust. 'Trust itself is an emergent property of the social system, as much as a personal attribute. Individuals are able to be trusting (and not merely gullible) because of the social norms and networks within which their actions are embedded' (Putnam, 1993, p. 177). Trust is the bridge between the personal and the social.

The reason for its importance is that trust is a vital ingredient not only in building the bridge to the broader community but because it facilitates social cooperation and helps to maintain social order, stability and solidarity (Misztal, 1996; Murphy, 2003; Offe, 1999; Putnam, 1993; Warren, 1999). 'Social networks allow trust to become transitive and spread: I trust you, because I trust her and she assures me that she trusts you ... Trust is an essential component of social capital ... because ... trust lubricates cooperation.' (Putnam, 1993, pp. 169-171). Putnam (1995, p. 67) defines social capital as 'features of social organisation, such as networks, norms and social trust that facilitate coordination and

cooperation for mutual benefit'. Trust appears to be the link between social networks and norms of reciprocity. In Putnam's thesis, social capital is developed in the social networks and social ties that people have with those they know, but more useful are the ties that people have with those they do not know because they expand one's horizons and form a 'bridge' to the broader community.<sup>2</sup> Putnam (1993) used social capital in his Italian study as a framework for examining institutional performance and determining the origins of good and effective government. He relates social trust to good government by explaining that if people trust that everyone else is honest and complying, they will comply too.

Trust is not an easy concept to define, and this difficulty has increased more recently with growing specialisation in the range of conceptualisations of trust (Misztal, 2001; Seligman, 1997). We make no attempt here to explore all the meanings of trust - our emphasis is on the relational aspect of trust. Many suggest that trust is based on knowledge of either an individual or a collective, and expectations of future behaviour drawing on past experience (Hardin, 1998; Offe, 1999). Hardin (1998) has emphasised the importance of knowledge for predicting the behaviour of actors, thereby providing a base for trusting some and not trusting others. Faith or belief in others goes beyond knowledge, however, and many regard this as the essence of trust (J. Braithwaite, 1998; Pettit, 1998). Recently, this idea has been expressed in terms of a willingness to make oneself vulnerable. It is 'mutual confidence that no party to an exchange will exploit another's vulnerability' (Misztal, 2001, p. 372). Warren (1999, p. 1) maintains that 'trust involves a judgment, however implicit, to accept vulnerability to the potential ill will of others by granting them discretionary power over some good'. Under this conception of trust, there is an element of risk in trusting others and those with power may exploit that trust (J. Braithwaite, 1998; Brennan, 1998; Pettit, 1998).

Trust is conceptualised here in this broader sense. For better or worse, we trust those of whom we have little personal knowledge, and we are participants in the game of generalised trust. Generalised trust is important because if we extend trust only to those personally well known, we limit our social circle, our level of cooperation and our ability

---

<sup>2</sup> 'Bonding' social capital is exclusive, whereas 'bridging' social capital is 'outward looking', and helps in spreading information and generalised reciprocity (Putnam, 2000, p. 22).

to share with and help others. Engagement only with those we know well can cut us off from a wide range of potentially beneficial interactions, and limit what the individual and society can achieve, both socially and economically (Putnam, 1993; Uslaner, 2002). This is Putnam's reason for advocating *networks* of civic engagement which work across the community rather than confining our trust to the tight-knit bonds between family. This paper tests the development of generalised trust using Putnam's social capital thesis.

### **Why social trust and trust in institutions should be separated**

The importance of family and intimate acquaintance for the development and maintenance of trust has had a long tradition in psychology (Delhey & Newton, 2002; Erikson, 1963; Misztal, 1996; Uslaner, 2002).

Stack (1978) highlighted two paths to trusting, one largely based on subjective feelings (affection, respect, reverence), the other on evidence from our experiences of the world. Extending this line of thinking is Warren's (1999, p. 330) distinction between trust with cognitive or affective origins. Affective trust develops in love, friendship and parent/child relationships and emphasises shared interests (Warren, 1999). Cognitive trust develops from 'judgments about the circumstances surrounding a trust relation [and is] especially relevant to trust relations with institutions, strangers, business associates, and political representatives' (Warren, 1999, pp. 330-331). This type of trust allows institutions like the Tax Office to be trusted because people make judgments based on the knowledge they gain through social networks, the rules of an institution, the legitimacy of rules, and shared knowledge of those in the institution and the community. Warren (1999, p. 338) maintains that the opportunity to monitor and to challenge maintains trust, rather than the actual doing so. From this perspective, institutions make trust possible, and particularly those institutions that promote 'the important role of democratic discourse in mediating institutions by constantly testing, revising, invigorating, and communicating norms' (Warren, 1999, pp. 349-350).

It is the cognitive trust that we would expect to be related to the social or generalised trust of social capital, where the engagement of people in their community would provide

experience upon which to base judgments of the trustworthiness of impersonal others. Social capital theory states that the trust developed from the personal experience of civic engagement is generalised to include those one does not know. In other words, there is a socialisation process where one learns to trust through the knowledge one gains through one's personal experiences and this is then generalised to the broader community.

According to Putnam (1993, p. 171), 'the theory of social capital argues that associational membership should ... increase social trust'. Participation in the community develops the capacity for social, or 'thin' trust. 'Thin' or 'generalised' trust can be described as 'a *standing decision* to give most people – even those whom one does not know from direct experience – the benefit of the doubt' (Putnam, 2000, p. 136). This means that people in a community with strong social capital are not only more trusting of those they know ('thick' or particularised trust), but are also more trusting of those they do not know well, or do not know at all ('thin' or generalised trust). In Putnam's (1993, p. 173) view, the development of generalised or social trust comes from interactions in horizontally structured organisations like 'neighborhood associations, choral societies, cooperatives, sports clubs, mass-based parties'. Here Putnam is talking about socially 'equal' relationships where people who may not know each other, possibly of different social status, come together as equal members of the same organisation (Boeckmann & Tyler, 1997). Through such interactions people learn generalised trust and generalised reciprocity, both of which, according to Putnam (1993, p. 174) are dependent 'on reliable information about the past behavior and present interests of potential partners ... the greater the communication (both direct and indirect) among participants, the greater their mutual trust'.

Putnam (1993, p. 174) argues that the same effect cannot be sustained in vertically structured groups and organisations because the flow of information is less reliable and sanctions are less likely or able to be imposed from the bottom up. This is the case with vertical client-patron relationships which are based on 'dependence instead of mutuality' and where the patron can exploit the relationship (Putnam, 1993, p. 175). Further, Putnam (2000) stresses that even though different forms of trust may or may not be correlated with each other, theoretically they should be distinguished. 'Trust in government may be a

cause or a consequence of social trust, but it is not *the same thing* as social trust' (Putnam, 2000, p. 137). Others, too, maintain that trust in government or in institutions is different to the trust one has in other individuals (Hardin, 1998; Luhmann, 2000; Offe, 1999; Warren, 1999).

### **So can we trust institutions?**

The argument that trust in others in the community and trust in government are acquired in different ways does not preclude the possibility of common ground between them, although few have advanced this argument as such (for an exception see V. Braithwaite, 1998).

Indeed some go further to argue that one cannot have trust in inanimate objects and systems; rather one has confidence in them (Cohen, 1999; Luhmann, 1979; Offe, 1999; Seligman, 1997). When referring to social groups in contrast to government institutions, the distinction is made between trust and confidence. Papadakis (1999, p. 88) found that 'high levels of interpersonal trust are associated with *confidence* in public institutions' (our emphasis).

But is this dismissal of common ground between social and institutional (political) trust premature? Are government institutions really inanimate in the minds of citizens? People may see an institution in two ways – an abstract system (for example, the police force, the education system, the government, the taxation system), or as a system run by and regulated by people who are also members of the community, and with whom they interact. If people see the institutions of government in more abstract terms it is less likely they would generalise social trust to institutions, rather they would have confidence in them. Alternatively, it may be that social trust can be extended to political institutions if people see the institution as a 'social group' which is part of their community and with which they identify through shared interests. While not conclusive, there is evidence to suggest that citizens personify their government and its agencies, particularly when things go wrong (see Hobson, 2002; Murphy, 2002; Murphy, 2003; Senate Economics References Committee, 2001). That members of the community see their interaction with the Tax

Office as relational is suggested in the common reference to the 'Tax Man' - a personification of the symbol, that is, the abstract system, negating its inanimate facade.

Recognition of the ways in which we construct relationships between government and ourselves is also implied by the 'psychological contract', carrying with it 'emotional ties and loyalties' (Feld & Frey, 2002). This relationship or contract holds people to their promises, but must be two-way: government must keep its promises, the people theirs. A breach of the psychological contract can have serious consequences for compliance, including compliance with taxation obligations (Feld & Frey, 2002).

For the relationship between community and government to function, the community has granted 'discretionary power' to the institutions of government (Warren, 1999). However, the community's subservience is not unconditional; it does it with certain expectations of government and its institutions. Murphy (2003) captures this phenomenon when she quotes one tax scheme investor: 'Well, I don't trust *them* [the Tax Office] any more ... *they're* not very well organised; *they* are running a reactionary-mode tax department' (our emphasis). Levi (1998, p. 88) describes the relationship between citizen and government as one of 'contingent consent'. This relies in part on citizens' perceptions of the trustworthiness of government, and 'mutual trust between government and citizen' (Levi, 1998, p. 88).

It is not only the community that personalises its relationship with the institutions of government. The reverse is also the case. Institutions do this publicly through their Charters. The Tax Office released its *Taxpayers' Charter* in 1996 after extensive consultation with the Australian community. This document is a psychological or social contract rather than a legal contract. The Charter outlines the mutual rights and obligations of the Tax Office and the community with regard to the meeting of taxation obligations.

The reasons outlined above suggest that we may also consider the idea that people do trust in government institutions. We may extend trust to institutions because we have a relationship with the impersonal others who work there, as well as a psychological contract expressed on both sides. We may trust institutions because we have knowledge about them, or the opportunity to gather it if we choose, to make a judgment about an institution

and come to a decision that it is trustworthy. That decision may be based on our assessment of the institution, our knowledge and our judgments of their competence and their ability to meet our expectations. This knowledge may be gained through our personal experience or the experience of others known to us. Or the initial trust we give to government institutions may be based on our ability to generalise our experiences from familiar environments to unfamiliar ones, from local institutions to those that are distant. We acknowledge that people may view government institutions as abstract systems in which they have confidence rather than trust. However, people often do refer to government institutions in a personal and familiar way and give trust to these institutions. Rather than trying to show that it is either trust or confidence that people have in government institutions, we aim to shed some light on whether citizens do relate to government institutions through their social relationships and consider these institutions to be part of the community.

## **Hypotheses**

The main objective in this paper is to determine the factors which influence the development of trust in strangers and whether this extends to the development of trust in the Tax Office. We will explore this through three hypotheses.

Hypothesis 1: According to Putnam's social capital thesis, civic engagement and associational membership should predict trust in the community (social trust).

Hypothesis 2: If trust is generalisable without civic engagement, trust in family and friends should directly predict trust in the community.

Hypothesis 3: If trust is generalisable and if citizens relate to government as they relate to strangers, trust in the community (social trust) should directly predict trust in institutions, specifically the Tax Office.

## **Method**

This study relies on data collected as part of the *Community Participation and Citizenship Survey* conducted between August and December 2000. The sample comprised 1999 people from the general population in New South Wales and Victoria, and was drawn from the Australian electoral roll. The unadjusted response rate was 42%. When adjusted for persons who had moved or who were deceased the response rate was 44% or 837 persons.

Comparison with Australian Bureau of Statistics population estimates showed that survey respondents were generally representative on standard social demographic indicators such as sex, occupation, and marital status.

Differences of note were found on age and education. People younger than 39 years of age are under-represented, specifically 18 to 24 year olds. Those between 40 and 65 years old are over-represented. The responses under-represented those with no post secondary education and over-represented those with post secondary education. This lends weight to the hypothesis of response bias in mail surveys towards the educated (Moser & Kalton, 1971, p. 268).

## **Trust variables**

### *Trust in particular others and strangers*

Trust in particular others and trust in strangers were measured using questions based on the Pew Research Center (1997) survey on trust in Philadelphia. Respondents indicated how much they would trust eight groups of people: (a) people in your immediate family; (b) people in your neighbourhood; (c) your boss or supervisor (if employed); (d) people you work with (if employed); (e) people at your church or place of worship; (f) people in the same clubs or activities as you; (g) people who work in the stores where you shop; (h) people you encounter downtown. The items were scored on a four-point scale from 1 = 'trust them a lot' to 4 = 'not trust them at all'. The items were recoded for analysis so that the higher the score the greater the trust in others. These questions measure trust

developed through horizontal ties, that is, those involved are on a relatively equal social footing.

### *Institutional trust*

Institutional trust was also measured using questions adapted from the Pew Research Center survey on trust (1997). Respondents were asked to indicate how much they could trust a set of institutions or organisations, with trust explained as ‘the trust you have in their ability to meet community needs and expectations’. The set of seven institutions known to Australians were: (a) the police stations in your area; (b) the fire station in your area; (c) the public schools in your area; (d) your local council; (e) the newspapers; (f) the television news channels in your city; (g) the hospitals in your city; (h) the Tax Office; (i) the federal government. The items were measured on a four-point scale ranging from 1 = ‘trust them a lot’ to 4 = ‘not trust them at all’. The items were again recoded for the analysis so that a high score meant greater trust in institutions and government. This measure of trust stems from vertical networks and is a form of thin trust.

### *Trust scales*

The seventeen items measuring trust in particular others, trust in strangers and trust in institutions were factor analysed with the purpose of developing a set of trust scales (see Uslaner, 2002 for a similar analysis). The results of a principal components factor analysis using varimax rotation are presented in Table 1. Four scales representing trust of different kinds were used for further analyses: (a) trust in family and friends; (b) trust in strangers; (c) trust in government institutions supplying services; and (d) trust in political institutions. The items comprising each scale have factor loadings in bold in Table 1.

**Table 1: Results of a principal components factor analysis and varimax rotation of trust variables**

|                                    | Factor 1     | Factor 2     | Factor 3     | Factor 4           |
|------------------------------------|--------------|--------------|--------------|--------------------|
| Scale                              | Strangers    | Political    | Service      | Family/<br>Friends |
| People encountered downtown        | <b>0.852</b> |              |              |                    |
| People in stores where you shop    | <b>0.811</b> |              |              |                    |
| People in same clubs or activities | <b>0.628</b> |              |              |                    |
| People in neighbourhood            | <b>0.612</b> |              |              |                    |
| People at your church              | <b>0.431</b> |              |              |                    |
| Newspapers                         |              | <b>0.840</b> |              |                    |
| Television news channels           |              | <b>0.780</b> |              |                    |
| Federal government                 |              | <b>0.621</b> |              |                    |
| Local council                      |              | <b>0.598</b> |              |                    |
| Tax Office                         |              | <b>0.576</b> |              |                    |
| Fire stations in your area         |              |              | <b>0.812</b> |                    |
| Police stations in your area       |              |              | <b>0.736</b> |                    |
| Hospitals in your city             |              |              | <b>0.549</b> |                    |
| Public schools in your area        |              |              | <b>0.534</b> |                    |
| Boss or supervisor                 |              |              |              | <b>0.762</b>       |
| Immediate family                   |              |              |              | <b>0.703</b>       |
| People you work with               | 0.422        |              |              | <b>0.701</b>       |
| % variance                         | 17%          | 16%          | 13%          | 12%                |
| Total variance                     | 58%          |              |              |                    |

These results bear some similarity to the analysis of United States survey data by Uslaner (2002), confirming a separation of trust in strangers and trust in family and friends, that is, social and particularised trust. Unlike Uslaner, however, we found that government institutions divided into two factors - those departments supplying services and who are visible at the local community level, and those more remote, less recognisable and more preoccupied with the business of politics.

## **Independent variables**

### *Social capital variables*

The measurement of social capital has been, and remains, problematic (Cohen, 1998; Levi, 1996; Paxton, 1999; Putnam, 2000). The micro/macro issues are of particular concern. Social capital is not an individual attribute, but it can be measured at both the individual and the collective level. This study relies on individual measures of social capital concepts. In other words, individuals were asked about their own levels of participation and engagement in society.

The measures of civic engagement included a wide range of activities representing both the formal and the informal ties people have with others. The majority of the questions were based on the Pew Research Center (1997) trust survey, with adaptations to suit the Australian context. The areas of civic engagement covered could be grouped into four categories: (a) personal/leisure; (b) democratic participation; (c) voluntary work; and (d) news watching, listening and reading. The specific items associated with each category are set out in Table 2.<sup>3</sup>

Civic engagement was measured at two levels – whether or not one ever engaged in the activity and whether or not one regularly engaged in the activity. Within social capital theory, the inference is that regular engagement in activities with the same people builds capacity to trust. But sometimes regular engagement is practically unlikely. For example, protests or demonstrations are unlikely to be regular activities for most people. Thus, we measured both exposure to activities as well as regularity of engagement. A further advantage of this approach was that comparing measures enabled us to determine whether frequency of engagement was of consequence. In order to collect information on both

---

<sup>3</sup> Putnam (1993) has treated interest in the news as an indicator of civicism. He included only newspaper readership in his Italian study because in Italy it was the ‘medium with the broadest coverage of community affairs’ but acknowledged that in the modern world other mass media also feature in carrying the news to the community (1993, p. 92). In Australia, people keep up with local, national and international news via television, newspapers and radio so all three forms of media were included in this study. We acknowledge that studies have shown that the mass media, particularly television, can have a negative effect on people (Jeffres, Atkin & Neuendorf, 2002). However, other studies have shown the opposite or a nil effect on both political and social activity, and highlight that newspaper readership strongly predicts political and social involvement (Jeffres, Atkin & Neuendorf, 2002).

exposure and regularity, respondents were asked to indicate how much time they had spent participating in activities over the last six months ('never', 'sometimes', 'monthly', 'weekly' or 'daily').

#### *Developing civic engagement indices*

Eight multi-item indices were formed to measure civic engagement - four indices represented exposure to personal/leisure, democratic participation, volunteering and the media and four represented regularity of engagement in these four types of activity. Measures of exposure to civic engagement were formed by dichotomising frequency of exposure into 'never' versus 'sometimes', 'monthly', 'weekly', 'daily'. To obtain measures of regularity of civic engagement, the data were again dichotomised into 'never' and 'sometimes' versus 'monthly', 'weekly', 'daily'. Each index was calculated through counting the number of activities to which the respondent had been exposed (or which were performed regularly). It should be emphasised that the measure was oriented to assessing diversity of participation (the number of different activities) not intensity of participation in some or any one activity. Our objective was to differentiate between the number of regular activities a person engaged in as opposed to the number of exposures to activity a person had. (The items comprising each of the indices are listed in Table 2.)

**Table 2: Civic engagement items**

| Activity index                       | Items in index  |
|--------------------------------------|---|
| Personal/Leisure                     | Continuing or adult education<br>Exercising or working out<br>Attending a self-help group<br>Attending clubs or associations<br>Attending church or religious services<br>Participating in special interest groups<br>Participating in organised sporting activities<br>Playing cards or board games with a usual group of friends<br>Using a computer for personal e-mail, on-line discussions, chat groups<br>Children participating in sports teams or sporting activities<br>Children participating in music or dance lessons<br>Children participating in art and craft activities<br>Children participating in other activities |
| Democratic participation             | Attending a town council meeting or public hearing<br>Calling or sending a letter to an elected official<br>Joining or contributing money to an organisation in support of a cause<br>Participating in union activities<br>Joining with co-workers to solve a workplace problem<br>Participating in professional or industry association activities<br>Contacting local council members   |
| Voluntary work                       | Volunteering for church or religious group<br>Volunteering for a political organisation<br>Volunteering for a school or tutoring program<br>Volunteering for environmental organisations<br>Volunteering for child or youth development programs<br>Volunteering for arts or cultural organisations<br>Volunteering for a hospital, health or counselling organisation<br>Volunteering for a local government, neighbourhood, civic or community group<br>Volunteering for an organisation to help the poor, elderly or homeless  |
| News watching, listening and reading | Regularly watching the news on television<br>Watched the news or a news program on television yesterday<br>Regularly reading any daily newspaper or newspapers<br>Read a daily newspaper yesterday<br>Listening to the news on the radio  |

**Findings***Relationships between the trust variables*

The results in Table 3 confirm that the different types of trust are significantly related to each other. Note that the trust in political institutions scale includes the Tax Office item which partially explains the high correlation with trust in the Tax Office. When the Tax Office item was dropped from the political institutions scale, trust in the Tax Office

remained significant in its relationship with trust in other political institutions ( $r = 0.53$ ,  $p < 0.01$ ).

**Table 3: Intercorrelations between the trust scales**

| Type of trust (M, SD, $\alpha$ )             | 1 | 2      | 3      | 4      | 5      |
|--|---|--------|--------|--------|--------|
| 1. Family/Friends (3.23, 0.56, 0.67)         | - | 0.61** | 0.39** | 0.29** | 0.23** |
| 2. Strangers (2.70, 0.57, 0.81)              | - | -      | 0.51** | 0.42** | 0.32** |
| 3. Service institutions (3.21, 0.50, 0.69)   | - | -      | -      | 0.47** | 0.40** |
| 4. Political institutions (2.35, 0.56, 0.78) | - | -      | -      | -      | 0.73** |
| 5. Tax Office (-)                            | - | -      | -      | -      | -      |

\*\* significant at the 0.01 level

The results of the correlational analysis between the four trust scales, the single item trust in the Tax Office and the eight civic engagement indices appear in Table 4.

**Table 4: Correlations between the trust scales and civic engagement indices**

|                  | Trust          |           |                      |                        |            |
|------------------|----------------|-----------|----------------------|------------------------|------------|
| Civic Engagement | Family/Friends | Strangers | Service Institutions | Political Institutions | Tax Office |
| Exposure         |                |           |                      |                        |            |
| Personal         | 0.12**         | 0.07*     | -0.03                | 0.04                   | -0.05      |
| Volunteer        | 0.06           | 0.15**    | 0.04                 | 0.08*                  | 0.04       |
| Democratic       | 0.14**         | 0.06      | 0.02                 | 0.01                   | -0.02      |
| Media            | -0.01          | 0.07*     | 0.10**               | 0.10**                 | 0.03       |
| Regular          |                |           |                      |                        |            |
| Personal         | 0.19**         | 0.15**    | 0.04                 | 0.07*                  | 0.03       |
| Volunteer        | 0.17**         | 0.20**    | 0.07                 | 0.09*                  | 0.07*      |
| Democratic       | 0.11**         | 0.10**    | 0.02                 | -0.01                  | -0.02      |
| Media            | -0.01          | 0.07*     | 0.10**               | 0.10**                 | 0.03       |

\*\* significant at the 0.01 level

\* significant at the 0.05 level

In general, the regular civic engagement indices were more highly correlated with the trust measures than were the exposure measures, thus supporting the notion that repeated

contact with others outside one's intimate group builds social trust. As Putnam would predict, regular civic engagement and associational membership had most impact on social trust (trust in strangers). Moreover, civic engagement had little relationship to trust in government institutions. The central issue to emerge from the correlational analysis concerns the role of the civic engagement variables, specifically, regular civic engagement. They predict trust in strangers, but not institutional trust, but they also are associated with trust in friends and family. There is a consistent pattern of correlation between trust in family and friends and civic engagement. This raises the question of whether trust in strangers is directly associated with trust in family and friends or whether it is primarily shaped by civic engagement.

In setting up a causal model for testing, it seems implausible that civic engagement would boost trust in friends and family. It is more plausible that a lack of trust in one's intimate circle reflects social breakdown/stress of some kind which, in turn, would deplete resources for civic engagement. Without measures of all the variables in this causal chain, trust in family and friends and civic engagement are best conceptualised as covariates in this study. Thus, we are assuming that although related, trust in family and friends and civic engagement will each have an influence in their own right on trust in strangers. Trust in strangers, in turn, should be generalisable to trust in institutions, possibly mediated by civic engagement.

### *Structural equation model*

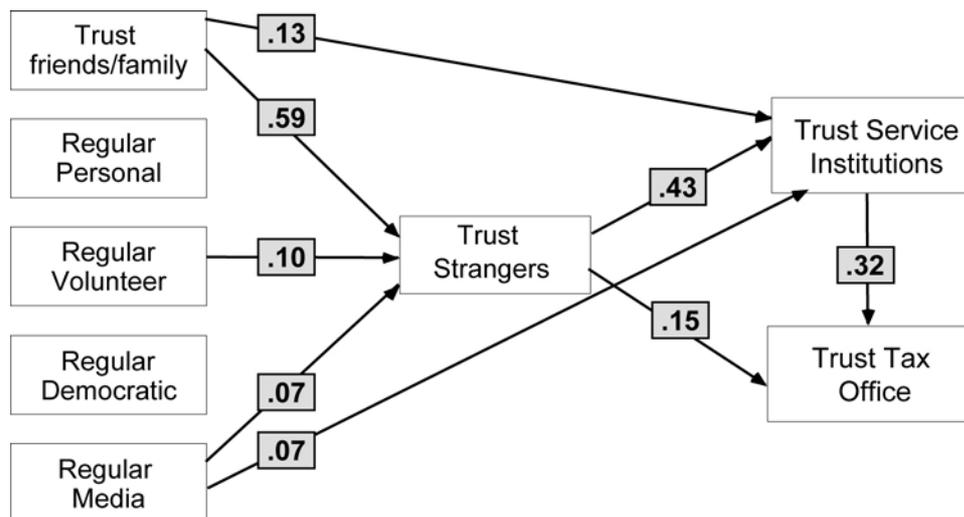
To continue our analysis and test for relationships among the civic engagement and trust variables, we constructed a structural equation model using Analysis of Moment Structures (AMOS) (see Figure 1).

The model tested here focuses on one political institution, the Tax Office.<sup>4</sup> The AMOS procedure is used to test for links between civic engagement and the different kinds of trust, from trust in family and friends through trust in strangers, through trust in service

---

<sup>4</sup> In a further publication (in progress), the Tax Office will be replaced in the structural equation model with the complete trust in political institutions scale.

oriented institutions through trust in the Tax Office. Prior to arriving at this model, several models were tested in which civic engagement (indices used individually and as a set) was postulated as mediating the trust in strangers-trust in institutions relationship. None of these models had acceptable goodness-of-fit indices and therefore they were set aside in favour of the model presented in Figure 1.



**Figure 1: Regular engagement and trust model**

Overall, support was found for the idea that civic engagement built trust in strangers. Of significance in the findings, once we had controlled for civic engagement, was considerable support for the generalisation of trust hypothesis. If one trusts those close to them, they are more likely to trust strangers. In turn, one is more likely to trust service institutions. If one trusts service institutions, one is more likely to trust the Tax Office.

What is remarkable from Figure 1 is that civic engagement has only a minor part to play in the development of trust in strangers and the impersonal others in government institutions. By far the strongest path to trust in strangers originates from trust in family and friends and not from civic engagement. Trust in strangers and institutions does not need to be mediated by civic engagement, though it has some influence. There is a weak but direct relationship between regular engagement with the media and both trust in strangers and trust in service

institutions. There is also a weak but direct relationship between regular volunteering and trust in strangers. These results support Putnam's argument that civic engagement and associational membership teaches one to generalise trust to those unknown. Presumably, being with others allows people to exchange information about the trustworthiness or reliability of institutions they may have dealt with, just as engaging with the media does. However, regular engagement in personal activity and participation in democratic activity has no effect on the development of any type of trust.

There is support for the hypothesis that trust is generalisable. There was a strong and direct relationship between trust in family and friends and trust in strangers. There is also support for the hypothesis that citizens who trust strangers extend their trust to government institutions, particularly institutions that provide service at the community level. There is a strong and direct relationship between trust in strangers and trust in service institutions. It is also interesting that trust in family and friends has a direct effect on the development of trust in service institutions. Institutions such as schools, hospitals, police and fire brigades are visible in our communities, and demonstrably share the interests of the community by giving help and support at the local level. Figure 1 suggests that trust in institutions, like the Tax Office, is shaped by the trust we have generalised to strangers and trust in service institutions.

It is of note that there is no direct relationship between any of the civic engagement indices and trust in 'political' institutions like the Tax Office. This partly supports Putnam's more recent statements that trust in government is not the same as social trust – that is, it is not developed through civic engagement. However, in this study we found evidence of a direct relationship between engagement with the media and service institutions, although it is weak. This finding extends Putnam's original social capital thesis, demonstrating that trust in institutions is partly affected by social capital factors. The strongest predictor of trust in the Tax Office was trust in service institutions, and to a lesser extent trust in strangers - support for the hypothesis that trust is generalised.

Government institutions like the Tax Office are more remote from the local community and are not as recognisable in the community as those in the service institutions. However,

our findings suggest that people understand and support the role ‘political’ institutions like the Tax Office play and generalise trust to them. These findings support the hypothesis that trust is generalisable, not just to strangers but also to the impersonal others in the institutions of government, particularly those institutions providing services at the local community level. These findings suggest that the ways in which citizens relate to government institutions are influenced by the ways in which they relate to strangers.

The goodness-of-fit indices for the regular civic engagement and trust model are presented in Table 5. According to modification indices, the adding or deleting of paths could not improve the model. There was no evidence of multicollinearity. Cross validation was undertaken through splitting the sample randomly into two equal groups. No significant differences emerged between the samples in the results of the factor analysis, the correlations and the structural equation model.

**Table 5: Chi-square statistics and the goodness-of-fit indices for the regular activities model linking civic engagement to types of trust**

| Goodness-of-fit statistics            | Regular activities model |
|---------------------------------------|--------------------------|
| $\chi^2$ = Chi-Square                 | 8.28, $p < 0.602$        |
| df = Degrees of Freedom               | 10                       |
| CFI = Comparative Fit Index           | 1.000                    |
| GFI = Goodness-of-Fit Index           | 0.998                    |
| AGFI = Adjusted Goodness-of-Fit Index | 0.991                    |
| RMSEA = Root Mean Square              | 0.000                    |

### **Discussion and conclusion**

While partial support is provided for Putnam’s thesis, this does not seem to be the main story of institutional trust. Civic engagement and associational membership has some effect on the building of trust in strangers and trust in government institutions and abstract systems, but the effect is limited. Where there is an effect, it is activity specific. Participation in civic activities in the forms of volunteering and engagement with the news

may teach us to trust unfamiliar others by giving us some of the information we need to form opinions about the reliability or trustworthiness of others.

What these results suggest is that trust in family and friends is more important in the development of generalised trust in strangers and government institutions such as the Tax Office. Trusting those we know intimately has a profound influence on how much trust we extend to those we do not know. It appears that the generalisation of trust works like ripples in a pond – the ripples are stronger at the source (the family), move out over a wide distance and envelop all they contact (friends, acquaintances, strangers and impersonal others) but decrease in strength as they extend further out over the pond (to those less visible government institutions like the Tax Office). Strength at the source makes the ripples stronger and able to spread across a greater distance – there is generalised or bridging trust. Weaker ripples at source reduce the distance the ripples cover, and there is less bridging trust.

Trust in political institutions such as the Tax Office develops because we trust in our local service institutions and we trust local service institutions because we trust in strangers. We have learned to do that through trusting intimate others. The service institutions represented in this research all operate at local level, familiar enough for people to feel they know them and share their interests. The ‘thick’ trust we develop at the horizontal level in family, friends and co-workers, enables us to extend or generalise trust to those we do not know, at both the horizontal level (strangers) and the vertical level (government institutions). We generalise trust to government institutions because we relate to the impersonal others in these institutions in the way we relate to any other stranger, through our shared interests. However, the finding of the importance of service institutions flags a possible caveat. If there is reason to doubt the existence of mutual interests, or perhaps in the face of evidence of corruption in government, the trust ‘ripple’ is likely to be interrupted. This question is an important one to be addressed in future research.

In summary, these findings confirm the importance of family and close acquaintance in the development of trust – the affective factor in trust. They have also opened up the possibility of cognitive factors playing a role in the development of trust through support

for Putnam's thesis that engagement in the affairs of one's community builds generalised or social trust. The main finding, however, is that people do relate to institutions like the Tax Office on a subjective basis in that they generalise 'thick' trust to government institutions which one might think involved at best 'thin' trust. It remains plausible that people have trust in government institutions, not just confidence in an abstract system. This is not to deny that people may still view institutions as abstract systems in which they have confidence. In testing the relevance of trust in institutions, this research draws attention to trust of a more relational kind. People seem to see institutions as part of their social relationships and extend trust from significant others to these institutions. Both affective and cognitive factors need to be recognised as having a part to play in the development and maintenance of the trust relationship.

Our findings raise the question of whether it is predominantly subjective or affective factors at play in the development of trust in strangers and impersonal others, including those in institutions such as the Tax Office. It is unlikely that affective and cognitive components of trust define different kinds of trust. It seems more likely that trust, whether it is in the family or in the Tax Office, combines the affect that comes with a sense of belonging and feeling safe with the cognitions of knowing what has happened in the past (see V. Braithwaite's work [1998] on trust norms). If trust in institutions has its roots in trust that has developed in the family and with those we are close to, these data put forward another model of trust: we generalise trust and extend it to strangers until we have knowledge from our experiences with that person or others that it would be a risk to us to continue to give that trust.

What is the relevance of the findings of this study for government and its institutions? Encouraging people to become civically engaged may have only the smallest of parts to play in building trust and social capital. It appears that affective trust has a major role in building trust. At a more fundamental level, this research demonstrates why. Government institutions such as the Tax Office begin their task with benefits accrued through generalised trust, trust that is already in place between citizens and between the community and the institutions of government. Citizens extend this trust to government institutions presumably because they believe the community and government institutions have shared

interests. The groups to which we belong, and in which we find our identity and feel pride, can extend from the intimate (being part of a family) to the superordinate (being Australian) (see Taylor, 2003; Rawlings, 2003). To be seen as trustworthy, government institutions need to behave in a way that nurtures and facilitates the generalised trust that citizens have for each other. They can do this by behaving in a fair and just manner, demonstrating that they share the same ethical standards and values as the community. As well as trying to build confidence in the systems of government, institutions need to remember that trust is also a factor because citizens see institutions as part of their social relationships and identify with the impersonal others who work in government institutions. Institutions which 'behave' in a way that suggests they do not trust members of the community, or in ways which favour one group in the community over another, immediately jeopardise the basic trust relationship (see V. Braithwaite, 2003c). We have seen this with the tax scheme investors in Murphy's study (2003; see also Murphy, 2002). Not only is behaviour that jeopardises the trust relationship ineffective but it undermines the trust relationship and the legitimacy of the tax system.

The findings of this study are important in building a bridge between research that focuses on building capacity (education, social welfare) and research that focuses on regulating society (for example, taxation, policing). The data presented in this paper show that trust in the institutions of government has its basis in the trust that develops in the homes, schools and workplaces. If homes, schools and workplaces fail to provide security for individuals or fail to provide safe space where individuals can learn to trust, there is very little likelihood they will trust institutions of government.

## REFERENCES

- Boeckmann, R. J. & Tyler, T. R. (1997). *The psychology behind the Putnam hypothesis: Understanding the relationship between civic engagement and democratic participation*. Paper presented to the Australasian Political Studies Association Conference, Flinders University of South Australia, Adelaide (September).
- Braithwaite, J. (1998). Institutionalizing distrust, enculturating trust. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.
- Braithwaite, V. (1998). Communal and exchange trust norms: their value base and relevance to institutional trust. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.
- Braithwaite, V. (2003a). Dancing with tax authorities: motivational postures and non-compliant actions. In V. Braithwaite (Ed.), *Taxing Democracy: Understanding Tax Avoidance and Evasion*. Aldershot: Ashgate.
- Braithwaite, V. (2003b). *Collective hope and taxing change*. Paper presented in the Regulatory Institutions Network seminar series, Research School of Social Sciences, Australian National University, Canberra, May.
- Braithwaite, V. (2003c). Tax system integrity and compliance: The democratic management of the tax system. In V. Braithwaite (Ed.), *Taxing Democracy: Understanding Tax Avoidance and Evasion*. Aldershot: Ashgate.
- Braithwaite, V. & Levi, M. (1998). Conclusion. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.
- Braithwaite, V. & Reinhart, M. (2000). *The Taxpayers' Charter: Does the Australian Tax Office comply and who benefits?* Centre for Tax System Integrity Working Paper No. 1. Canberra: Australian National University.

Brennan, G. (1998). Democratic trust: A rational-choice theory view. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.

Cohen, J. (1998). American civil society talk. *Civil society and democratic citizenship*. Report from the Institute for Philosophy & Public Policy, 18(3), Summer.

Cohen, J. (1999). Trust, voluntary association, and workable democracy: The contemporary American discourse of civil society. In Mark E. Warren (Ed.), *Democracy and Trust*. Cambridge: Cambridge University Press.

Delhey, J. & Newton, K. (2002). *Who trusts? The origins of social trust in seven nations*. Working Paper FSIII 02-402, Social Science Research Center Berlin (WZB), May.

Erikson, E. (1963). *Childhood and Society*. 2<sup>nd</sup> Edition, New York: W. W. Norton.

Fattore, T., Turnbull, N. & Wilson, S. (2003). 'More community!' Does the social capital hypothesis offer hope for untrusting societies? *The drawing board: An Australian review of public affairs*, 3(3), 165-179.

Feld, L. & Frey, B. (2002). *Trust breeds trust: How taxpayers are treated*. Centre for Tax System Integrity Working Paper No. 32. Canberra: Australian National University.

Hardin, R. (1998). Trust in government. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.

Hobson, K. (2002). 'Say no to the ATO': *The Cultural Politics of Protest Against the Australian Tax Office*. Centre for Tax System Integrity Working Paper No. 37. Canberra: Australian National University.

Inglehart, R. (1997). Postmaterialist values and the erosion of institutional authority. In J. Nye, Jr., P. Zelikow & D. King (Eds.), *Why People Don't Trust Government*. Cambridge (Mass): Harvard University Press.

Jeffres, L., Atkin, D. & Neuendorf, K. (2002). A model linking community activity and communication with political attitudes and involvement in neighbourhoods. *Political Communication*, 19, 387-421.

Levi, M. (1996). Social and unsocial capital: A review essay of Robert Putnam's 'Making Democracy Work'. *Politics and Society*, 24, 45-55.

Levi, M. (1998). A state of trust. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.

Luhmann, N. (1979). *Trust and Power*. Chichester: Wiley.

Luhmann, N. (2000). Familiarity, confidence, trust: Problems and alternatives. In D. Gambetta, (Ed.), *Trust: Making and Breaking Cooperative Relations*, electronic edition, Department of Sociology: University of Oxford.

<<http://www.sociology.ox.ac.uk/papers/trustbook.html>>

Misztal, B. A. (1996). *Trust in Modern Societies: The Search for the Bases of Social Order*. Cambridge: Cambridge University Press.

Misztal, B. A. (2001). Trust and cooperation: The democratic public sphere. *Journal of Sociology*, 37(4), 371-386.

Moser, C. A. & Kalton, G. (1971). *Survey Methods in Social Investigation*. 2<sup>nd</sup> edition. London: Heinemann.

Murphy, K. (2002). 'Trust Me, I'm the taxman': *The role of trust in nurturing compliance*. Centre for Tax System Integrity Working Paper No 43. Canberra: Australian National University.

Murphy, K. (2003). Procedural justice and tax compliance. *Australian Journal of Social Issues*, 38(3).

Offe, C. (1999). How can we trust our fellow citizens? In Mark E. Warren (Ed.), *Democracy and Trust*. Cambridge: Cambridge University Press.

Papadakis, E. (1999). Constituents of confidence and mistrust in Australian institutions. *Australian Journal of Political Science*, 34(1), 75-93.

Paxton, P. (1999). Is social capital declining in the United States? A multiple indicator assessment. *American Journal of Sociology*, 105(1), 88-127.

Pettit, P. (1998). Republican theory and political trust. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.

Pew Research Center. (1997). *Trust and Citizen Engagement in Metropolitan Philadelphia: A Case Study*. Princeton: Princeton University Press.

Putnam, R. (1993). *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press.

Putnam, R. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6(1), 65-78.

Putnam, R. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.

Rawlings, G. E. (2003). Cultural narratives of taxation and citizenship: Fairness, groups and globalisation. *Australian Journal of Social Issues*, 38(3).

Seligman, A. (1997). *The Problem of Trust*. Princeton: Princeton University Press.

Senate Economics References Committee. (2001). *Inquiry into Mass Marketed Tax Effective Schemes and Investor Protection: Interim Report*. Canberra, Commonwealth of Australia.

Stack, L. C. (1978). Trust. In H. London & J. E. Exner, Jr (Eds.), *Dimensions of Personality*. New York: John Wiley and Sons.

Stolle, D. (2001). Clubs and congregations: The benefits of joining an association. In Karen S. Cook (Ed.), *Trust in Society*. New York: Russell Sage Foundation.

Taylor, N. (2003). Understanding taxpayer attitudes through understanding taxpayer identities. In V. Braithwaite (Ed.), *Taxing Democracy: Understanding Tax Avoidance and Evasion*. Aldershot: Ashgate.

Uslaner, E. (2002). *The Moral Foundations of Trust*. Cambridge, Cambridge University Press.

Warren, M. E. (1999). Conclusion. In Mark E. Warren (Ed.), *Democracy and Trust*. Cambridge: Cambridge University Press.

Wuthnow, R. (1998). The foundations of trust. *Civil Society and Democratic Citizenship*. Report from the Institute for Philosophy & Public Policy, 18(3), Summer.

**THE CENTRE FOR TAX SYSTEM INTEGRITY  
WORKING PAPERS**

- No. 1. Braithwaite, V., & Reinhart, M. *The Taxpayers' Charter: Does the Australian Taxation Office comply and who benefits?* December 2000.
- No. 2. Braithwaite, V. *The Community Hopes, Fears and Actions Survey: Goals and Measures.* March 2001.
- No. 3. Braithwaite, V., Reinhart, M., Mearns, M., & Graham, R. *Preliminary findings from the Community Hopes, Fears and Actions Survey.* April 2001.
- No. 4. Mearns, M., & Braithwaite, V. *The Community Hopes, Fears and Actions Survey: Survey method, sample representativeness and data quality.* April 2001.
- No. 5. Sakurai, Y., & Braithwaite, V. *Taxpayers' perceptions of the ideal tax adviser: Playing safe or saving dollars?* May 2001.
- No. 6. Wenzel, M. *The impact of outcome orientation and justice concerns on tax compliance: The role of taxpayers' identity.* June 2001.
- No. 7. Wenzel, M. *Misperceptions of social norms about tax compliance (1): A prestudy.* June 2001.
- No. 8. Wenzel, M. *Misperceptions of social norms about tax compliance (2): A field-experiment.* June 2001.
- No. 9. Taylor, N. *Taxpayers who complain about paying tax: What differentiates those who complain from those who don't?* June 2001.
- No. 10. Wenzel, M. *Principles of procedural fairness in reminder letters and awareness of entitlements: A prestudy.* June 2001.
- No. 11. Taylor, N., & Wenzel, M. *The effects of different letter styles on reported rental income and rental deductions: An experimental approach.* July 2001.
- No. 12. Williams, R. *Prosecuting non-lodgers: To persuade or punish?* July 2001.
- No. 13. Braithwaite, V. *Tensions between the citizen taxpaying role and compliance practices.* Forthcoming
- No. 14. Taylor, N. *Understanding taxpayer attitudes through understanding taxpayer identities.* July 2001.

- No. 15. Shover, N., Job, J., & Carroll, A. *Organisational capacity for responsive regulation*. August 2001.
- No. 16. Tyler, T. R. *Trust and law-abidingness: A proactive model of social regulation*. August 2001.
- No. 17. Genser, B. *Corporate income taxation in the European Union: Current state and perspectives*. August 2001.
- No. 18. McBarnet, D. *When compliance is not the solution but the problem: From changes in law to changes in attitude*. August 2001.
- No. 19. Schneider, F., Braithwaite, V., & Reinhart, M. *Individual behaviour in Australia's shadow economy: Facts, empirical findings and some mysteries*. September 2001.
- No. 20. Taylor, N., & Wenzel, M. *Assessing the effects of rental property schedules: A comparison between self-prepared tax returns lodged via paper and e-tax*. March 2004. (A version of this paper appears as 'Comparing rental income and rental deductions for electronic versus paper lodgers: A follow-up investigation'. Working Paper No. 20, 2001).
- No. 21. Braithwaite, J. *Through the eyes of the advisers: A fresh look at tax compliance of high wealth individuals*. September 2001.
- No. 22. Braithwaite, J., Pittelkow, Y., & Williams, R. *Tax Compliance by the very wealthy: Red flags of risk*. September 2001.
- No. 23. Braithwaite, J., & Williams, R. *Meta risk management and tax system integrity*. October 2001.
- No. 24. Braithwaite, J., & Wirth, A. *Towards a framework for large business tax compliance*. November 2001.
- No. 25. Murphy, K., & Sakurai, Y. *Aggressive Tax Planning: Differentiating those playing the game from those who don't?* October 2001.
- No. 26. Morgan, S., & Murphy, K. *The 'Other Nation': Understanding rural taxpayers' attitudes toward the Australian tax system*. December 2001
- No. 27. Ahmed, E., & Sakurai, Y. *Small business individuals: What do we know and what do we need to know?* December 2001.
- No. 28. Hobson, K. *Championing the compliance model: From common sense to common action*. December 2001.

- No. 29. Savage, M. *Small business rural taxpayers and their agents: Has tax reform affected their relationship?* Forthcoming.
- No. 30. Job, J., & Honaker, D. *Short-term experience with responsive regulation in the Australian Taxation Office.* May 2002.
- No. 31. Frey, B. *A constitution for knaves crowds out civic virtues.* June 2002.
- No. 32. Feld, L., & Frey, B. *Trust breeds trust: How taxpayers are treated.* June 2002.
- No. 33. Wenzel, M. *An analysis of norm processes in tax compliance.* July 2002.
- No. 34. Wenzel, M. *The social side of sanctions: Personal and social norms as moderators of deterrence.* October 2002.
- No. 35. Murphy, K. *Procedural justice and the Australian Taxation Office: A study of tax scheme investors.* October 2002.
- No. 36. Hobson, K. *Financing Australia: A 'post-modern' approach to tax compliance and tax research.* August 2002.
- No. 37. Hobson, K. *'Say no to the ATO': The cultural politics of protest against the Australian Tax Office.* December 2002.
- No. 38. Wenzel, M. *Altering norm perceptions to increase tax compliance.* December 2002.
- No. 39. Murphy, K., & Byng, K. *A User's Guide to 'The Australian Tax System Survey of Tax Scheme Investors'.* December 2002.
- No. 40. Murphy, K., & Byng, K. *Preliminary findings from 'The Australian Tax System Survey of Tax Scheme Investors'.* December 2002.
- No. 41. Webley, P., Adams, C., & Elffers, H. *VAT compliance in the United Kingdom.* December 2002.
- No. 42. Wenzel, M. *Principles of procedural fairness in reminder letters: An experimental study.* December 2002.
- No. 43. Murphy, K. *'Trust me, I'm the taxman': The role of trust in nurturing compliance.* December 2002.
- No. 44. Braithwaite, J. *Making tax law more certain: A theory.* December 2002.
- No. 45. Murphy, K. *Moving towards a more effective model of regulatory enforcement in the Australian Taxation Office.* Forthcoming.

- No. 46. Murphy, K. *An examination of taxpayers' attitudes towards the Australian tax system: Findings from a survey of tax scheme investors*. Forthcoming.
- No. 47. Cooper, G., & Wenzel, M. *Does the Tax Value Method increase 'certainty' in dealing with tax? An experimental approach*. Forthcoming.
- No. 48. Geis, G. *Chop-chop: The illegal cigarette market in Australia*. Forthcoming.
- No. 49. Murphy, K. *The role of trust in nurturing compliance: A study of accused tax avoiders*. Forthcoming.
- No. 50. Murphy, K. *Procedural justice, shame and tax compliance*. Forthcoming.
- No. 51. Sakurai, Y. *Comparing cross-cultural regulatory styles and processes in dealing with transfer pricing*. Forthcoming.
- No. 52. Rawlings, G. *Cultural narratives of taxation and citizenship: Fairness, groups and globalisation*. February 2004.
- No. 53. Job, J., & Reinhart, M. *Trusting the Tax Office: Does Putnam's thesis relate to tax?* February 2004.