

## Interview Balázs Bodó, Global Institutions and Technology-Mediated Trust

**IntroVoice:** Welcome to our next episode of TrustTalk. Our guest today is Balázs Bodó, a research scientist at the Institute of Information Law at the University of Amsterdam. He describes three dimensions of technology-mediated trust, the known and unknown risks of new technologies, how we interact with these technologies and whether they are trustworthy. He speaks about a trust crisis caused by the lack of leadership of global institutions and how new technologies step in to facilitate trust between strangers. Your host today Severin de Wit.

**Interviewer:** Balázs, good to have you at TrustTalk. On the website of the Institute of Information Law at the University of Amsterdam, where you currently are a visiting professor at Stanford. OK, you are described as an economist and a piracy researcher. And of course, that last part intrigues me because maybe you can tell a little bit about that role and your work at the University of Amsterdam.

**Balázs Bodó:** Yeah, I have a background in economics. That's my master's education and PhD in media studies. And now I'm working at the Institute for Information Law, mostly with information lawyers, copyright scholars, data protection and privacy scholars on issues at the intersection of law, technology and society. And I am working within my team with lawyers on what to do with particular issues that emerge in society because of new technologies emerge and which both legal and policy issues. And I, I started to, like 15 years ago, or even more, in around 2005 with Creative Commons issues back in Hungary, and my home country, and what I experienced is that there is this whole new digital environment around us and that enables infinite copying and zero-cost-copying and therefore the whole information economy changes. But there is still a legal regime that is the copyright regime, which is struggling to actually incorporate all these digital practices in its legal framework. And I realized that I have to somehow learn the language of lawyers and how lawyers think about information markets or intellectual property issues to be able to actually engage with them in a dialogue of like what is happening when people suddenly have a device at their hands which with which they can actually copy.

**Interviewer:** We will come to that. Before we enter into the conceptual details about the role of trust, I would first like to go a little deeper into a major theme of your research in trust relations. So it seems that you hold the view, and correct me if I'm wrong, that the rapid proliferation of information technologies is forcing us to consider, or maybe better reconsider, the role of trust. What's your opinion on that?

**Balázs Bodó:** Yeah, I think there are three ways the emergence of new technologies is affecting how we trust each other as people to people or we trust institutions like the police or the courts or the government or science or the press. One is that like, the emergence of every technology, every new technology from

plastics to nuclear power to flight, introduces new risks into society and new unknowns, new contingencies. And within that environment, where we face many unknown unknowns, we need a new way to actually trust each other, right, with trust,

**Interviewer:** especially because we don't see each other with the technologies. There is no physical contact. So if with digital technologies, if I'm connecting with somebody, it may be at the other side of the world. I don't particularly know him. I haven't dealt with him in a working relationship. And yet we have to work together. And so that that triggers the issue of can we trust, not him, but the technology that enables us to get connected.

**Balázs Bodó:** Yeah, these are the second and the third dimensions where trust changes. So we are sitting across each other and maybe we have a little bit of trust because we have a shared acquaintance, right, Egbert Dommering. And that is also a point of reference because you trust me a little bit, because UVA<sup>1</sup> trust me by giving me a job and so there are all these interpersonal clues, right, and then technology stands in between us because you may have or I certainly Googled you. And so I trust based on what Google tells me about you or I, I've seen pictures about you on the Internet and then I trust you or I don't trust you based on those images. But I don't know what kind of filters these technologies put in between us. Right. What does Google show me and what does Google not show me when I saw a picture, how much it has been edited so that there is this technological mediation of you and of me and that changes, how we build interpersonal trust. And the second is that also we communicate. We have these technologies, we communicate, we have Facebook, or we communicate with a stranger via Airbnb or Uber or WhatsApp. And it's very difficult to know whether these technologies are actually trustworthy. Will they leak my information to law enforcement services or to unknown subcontractors? Will they cheat me or will they steal my data or will they censor me? So also the third, this is the third domain. We have to inquire or we have to ask very difficult questions about the trustworthiness of those technological infrastructures that we rely on to interact.

**Interviewer:** You say there are three dimensions. Right?

**Balázs Bodó:** yes

**Interviewer:** so let's put them together, the first dimension is,

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**Balázs Bodó:** is this unknown risks. What are the unknown risks of these new technologies? The second is how these new technologies actually shape how we see each other in interpersonal relations. They also change how we interact with the institutions. So when the police starts to use predictive policing technology or the healthcare system starts to use AI to actually diagnose, then, or trust vis-a-vis these institutions changes, right, because there is a new technology that we are using. And the third one is actually whether these technologies that we rely on more and more are trustworthy. Can we trust them? And if not,

**Interviewer:** And that's the third.

**Balázs Bodó:** yeah, that's the third.

**Interviewer:** I see. In the several publications that I have tried to read and partly read, I have to be honest with you, but you describe there is a new theoretical concept, what you call the "technology-mediated trust". You talked a little bit about it and you argue that globalization and digitalization have unleashed a crisis of trust. What is that crisis and how to address the crisis?

**Balázs Bodó:** Well, we are increasing, there are two types of crisis, or maybe three. One is that we are increasingly locked into global networks, global networks of finance and the financial crisis, global networks of travel, global networks of supply chains, global networks of media, and these expose local environments like Amsterdam or like the local university or the local master's programs, local housing prices, two events that are far beyond the reach of the nation-state or far beyond the reach of the European Union. So we are in this global village, right, where something happens in Far East Asia and then suddenly it has very severe consequences in The Netherlands. And this requires global cooperation. Right. We have to cooperate with strangers.

**Balázs Bodó:** We also have to cooperate with strangers because we have, uh, we are facing challenges which we can only solve together. The global pandemics. We are sitting in a lockdown situation. The global pandemic is a global situation that needs to have a global, it can only be solved by a global corporation, climate change, ecological degradation, the one million people showing up at the doorstep of Europe, massive human displacement. These are planetary-scale problems that require us to cooperate across national, cultural, religious, boundaries, geographic boundaries. Right. And we do not have the institutions. We don't have very good institutions that facilitate that cooperation. Right. We see how the WHO is struggling to control the global pandemic, to see how the European Union is struggling to coordinate European action. We see that the WTO, the World Trade Organization, is struggling to maintain a global financial or trade network. We see how the

**Interviewer:** even our own government, yeah

**Balázs Bodó:** Yeah. We see how the lack of global leadership, because of Trump, has led to the degradation of a global political or economic or social order. Right, so we do not have these institutions of global coordination. We have very good institutions at the national level. The Dutch government is an exemplary actor in making sure that you have a working society here, but on a planetary scale, not so much. And that leads to a crisis. The lack of institutional support for global cooperation is actually, in my argument, the trust problem, because it's much easier to trust each other and cooperate with strangers if we can have an institutional background, a framework that fosters that trust. Right. If you have good courts, if you have good governance, if we have good coordination mechanisms, then it's much easier to actually engage with each other. If you have bad ones, like in my home country or in the US now, if there is that the institutions cannot be trusted, then society starts to fall apart, coordination, cooperation becomes much more difficult.

**Interviewer:** or, foreign institutions that are no longer trusted or governments that can't be trusted like the American equivalent of our health institutes in The Netherlands. That is the sort of crisis that you are referring to, right?

**Balázs Bodó:** Exactly. And so the crisis of the WHO to be seen as a trustworthy source of information or as a trustworthy institution of global pandemic response is a prime example of the need for a global coordination institution and the cost of not having one that is equally trusted.

**Interviewer:** And what is it that you are advocating? What is your preferred solution to that crisis?

**Balázs Bodó:** Well, what I see is that they are faster-moving domains in life and there are slow-moving domains in life and institutional development is a very slow-moving glacial thing. But technology development, on the other hand, is super fast. So what I see is that in response to this need for global coordination, institutional background, we have seen the emergence of a number of technologies or platforms or services which enable facilitate coordination between strangers in a particular niche. So UBER allows you to travel to India and sit in a stranger's car, Airbnb allows you to travel to Indonesia and sleep in a stranger's bed, and there are a number of these global digital platforms that emerged in the last 10 years, which facilitate cooperation across the globe among strangers, right?.

**Balázs Bodó:** This is a technology response to the crisis. Blockchain development emerged in response to the 2008 financial crisis and said we're going to develop something that is trustworthy but doesn't require

the existing and trustworthy institutional framework to transfer value across the globe among strangers. Right. AI systems also try to address this trust crisis. You say they say, well, the future is hard to predict, but I have very good predictions for you based on all this data that I've hoovered up. So you can actually be more confident in the future. So we see this fast-moving technological development in trust production. But the problem is that they are not really trustworthy or hard to establish their trustworthiness,

**Interviewer:** Are you referring here to what you call often call "trust mediators?"

**Balázs Bodó:** exactly.

**Interviewer:** and the platforms so to speak.

**Balázs Bodó:** Digital technologies, which enable the emergence or support the emergence of interpersonal trust on a planetary scale among strangers and service background for cooperation.

**Interviewer:** Can we as human beings trust technology or will the technology control us? From digital technologies to nuclear physics, gene-technology, biochemical science, nanotechnology? It seems that constantly evolving new technologies also have a heavy burden on us trusting all these technologies as helping us, actually, if there is a new vaccine for the pandemic, are we trusting that? Are we trusting the pharmaceutical company to do what is best for us?

**Balázs Bodó:** Yeah, I have a very nice story to that, from 1942, when Enrico Fermi, the nuclear physicist has built the first nuclear chain reaction in the middle of Chicago in a sports field at the University of Chicago. And it was literally a pile of graphite and uranium and there was no containment, no lead protection, no nothing. This is just literally a pile of graphite. And they were confident to build a nuclear reactor, the first nuclear reactor in the world, because of a number of things. They had knowledge. So they were very confident in how the laws of physics worked. Right. They were able to design, based on those rules. They had instruments to track what's happening inside of that pile. And they had some insurance. They had a guy with a bucket of moderate, he was supposed to dump on the pile if something went wrong. So they had knowledge. They had insight, they had agency. So they had these are very strong supports of trust.

**Interviewer:** And that's why they were able to do what they were doing. They were able to do the research that normally people would be very scared of.

**Balázs Bodó:** Yeah, exactly. They were able to trust their pile and themselves. Right. And that is what I see now is that we are doing very similar now. Like 70, 80 years later, we are launching untested technology in the middle of our societies. But there is a very big difference between Enrico Fermi physicist and today's technology developers. There are no laws of, like society, as there are laws of physics. We have no instrumentation. We do not really know what's happening on our screens, what you see, what kinds of ads are being shown, and what kind of news you are being shown as opposed to what's happening on my screen. Right. We have very limited agency vis-a-vis these technologies. We do not know the rules that govern what's happening as we do not see the live feedback of what's happening to us. And we have very little agency to actually act upon that information or knowledge. So we are in a completely different setup. Yet we still are deploying these technologies. And Enrico Fermi could be relatively confident that the thing will not turn Chicago into a radioactive blast. But he was unable to foresee in the long run, nuclear armament, the Cold War, the mutually assured destruction, Fukushima, Hiroshima, Chernobyl, all this shebang of nuclear energy right now. So there is short term confidence in technologies like we can make them more reliable. This is what's happening with self-driving cars. I cannot be sure whether your Tesla will kill me or not if it's in self-driving mode, but we can sort that out. But what's happening in the long run, right? What's happening in 20, 30, 40, 50-year time spans, it's completely unforeseeable. And this we also have to be aware of.

**Interviewer:** I think you mentioned at the beginning of our conversation, another interesting angle to trust is the relationship with risk. I think you wrote, if I'm not mistaken, "trust is what enables the cooperation of strangers in the face of risks". How do risk and trust interrelate?

**Balázs Bodó:** You're a lawyer, so you should be very aware of the principal-agent problem. If I turn to you as a lawyer and ask you to do some things, I have to have some confidence that you will not use your powers as a lawyer in your own interest instead of mine, right? And that is that some kind of a fiduciary duty that lawyers have to exercise in the interest of their clients. Right? And there is a risk of not performing.

**Interviewer:** you mean the risk of me not performing according to your expectations.

**Balázs Bodó:** Or defrauding me, or like, making money out of like putting your interests ahead in front of my interest right then and there are a number of professions where this may happen, like in the medical profession and in the police as like I will not investigate this crime because the criminal paid me not to do that. Like everywhere in courts, the judge says, like, I will not decide according to the law, but according to the money I received from some interested parties. There is always this type of risk. And then when there's corruption in society or there are weak enforcement or weak oversight, then it becomes more

difficult to trust all these agents. I can trust we are sitting in a restaurant that the cook will not poison me because I can trust the Dutch government to enforce all the food safety regulations or the reputation of the owner or everything.

**Interviewer:** In that sense just resembles a little bit like glue, right?. It glues the uncertainties, the risky parts of life together so that we believe that it will stick, it will not come apart. It will do what we expect it to do and therefore we build trust.

**Balázs Bodó:** And we can engage with each other. And The Netherlands is a very strange example because it's a super high trust society and I come from a super low trust society, Hungary, where in the last hundred years, every ruling power tried to maintain its grip on society by many, like sowing distrust, the same way Trump does now. That's a very powerful way to control a society, to atomize it, to sowing distrust. And therefore, Hungary is a very low trust society. And you see how society is not able to come together and solve problems together because people do not trust each other. People do not trust institutions. People do not trust their politicians or.

**Interviewer:** or politicians don't trust their own people.

**Balázs Bodó:** or professionals. They don't trust the doctor. They don't trust the lawyer. They don't trust the teacher. They don't trust the taxi driver.

**Interviewer:** In another field you are interested in, economics, there is often talk about the "cost of trust". Firstly, what is meant by that and can you give some examples?

**Balázs Bodó:** So far I've been pointing to the role of institutions in producing trust or actually enabling interpersonal trust to emerge. Good courts, good healthcare system, good government, good police actually help citizens, consumers to engage with each other. Right. But we have to pay for these institutions so they are actually costly. Having a good justice system is costly. Having a good policing system is costly. Having a good government is costly. So there is a cost of trust. And one study by Jason Potts and others estimate did an estimate for how many people work in the trust industry on the trust production? And they estimated that 35 percent of the total US workforce in 2010 have been working on obs or on tasks, which ultimately produces trust, like everyone who works in the bank, not just how to transfer money, but they actually produce trust. Everyone who works in the government does not just take care of education but has to produce trust in the education system.

**Interviewer:** Or if you work in Wall Street and I am ordering to buy some shares, I want to make sure that the process is actually doing and getting the right price for what I am ordering, stuff like that.

**Balázs Bodó:** Consumer protection agency and financial authorities, lawyers, are all in this production of trust. And of course, when it comes to blockchain developers, they say you develop the technology with which you can actually save all those costs because you don't need them because the technology will do that. But it's not that simple. I think that trust is such an invisible but so valuable, glue, as you said, or bonding agent in society that actually, this cost like every cent we spend on production trust and producing trust is well spent. And the more we get out of it, the better.

**Interviewer:** Yeah. So we have covered, we could talk for much longer about that. I think we have to keep it a little bit limited because there's a lot of information that comes to us. And if we are talking about trust. The fascinating part is and you will probably have encountered that in your research, that trust is everywhere. And we have discovered with all our talks that we have done with experts on different fields that there is almost no expertise, does no expert.

**Interviewer:** There is no field where trust doesn't play a role. So in that sense, trust is a fantastic subject. Thank you very much for being with us and wish you good luck with your research at the University of Amsterdam.

**Balázs Bodó:** Thank you very much.

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