



POLICY BRIEF No 108

Trust in public institutions: Trends and implications for economic security

WHY SHOULD WE CARE ABOUT TRUST?

Trust is integral to the functioning of any society. Trust in each other, in our public institutions and in our leaders are all essential ingredients for social and economic progress, allowing people to cooperate with and express solidarity for one another.¹ It allows public bodies to plan and execute policies and deliver services. Greater public trust has been found to improve compliance in regulations and tax collections, even respect for property rights.² It also gives confidence to consumers and investors, crucial to creating jobs and the functioning of economies more broadly. Success in achieving each of the Sustainable Development Goals (SDGs)—from eliminating poverty (SDG1), to combatting climate change (SDG13), to building peaceful and inclusive societies (SDG16)—will depend on citizens' and businesses' trust in public institutions and in each other.

Governments have also drawn on public trust to effectively address every stage of the COVID-19 pandemic response—from containment, to mitigation, to vaccinations. Early evidence has found that higher levels of confidence in national public institutions is associated with lower national COVID-19 mortality rates. This is consistent with evidence from previous health crises—including SARS, H1N1 and Ebola—where high public trust was found to be a crucial determinant for successful responses. Governments will need to count on, or in cases where government responses were largely found to be ineffective, to regain public trust as they plan and implement an inclusive recovery.

However, there is growing concern about a crisis in public trust that is contributing to, among other things, support for extreme political views, increasing public discontent, protests and in some cases violent conflict. The UN Secretary-General recently warned of a "trust deficit" that threatens to undermine progress towards the SDGs. 6

- 1 Trust is defined here as "a person's belief that another person or institution will act consistently with their expectations of positive behaviour", following OECD, 2017. OECD Guidelines on Measuring Trust.
- 2 Citrin and Stoker, 2018. Political Trust in a Cynical Age.
- 3 Elgar and others, 2020. The trouble with trust: Time-series analysis of social capital, income inequality, and COVID-19 deaths in 84 countries
- 4 For example, see Chuang and others, 2015. <u>Social Capital and Health-Protective Behavior Intentions in an Influenza Pandemic</u>; Freimuth and others, 2014. <u>Trust During the Early Stages of the 2009 H1N1 Pandemic</u>
- 5 See, for example, Foreign Policy, 2020. <u>The Global Trust Crisis</u>; Algan and others, 2017. <u>The European Trust Crisis and the Rise of Populism.</u>
- 6 United Nations, 2020. <u>Secretary-General Highlights 'Trust Deficit' amid Rising Global Turbulence, in Remarks to Security Council Debate on 'Upholding United Nations Charter'</u>.

Summary

The legitimacy of public institutions is crucial for building peaceful and inclusive societies. While levels of trust in institutions vary significantly across countries, opinion surveys suggest that there has been a decline in trust in public institutions in recent decades. Economic insecurity—which the COVID-19 crisis threatens to exacerbate—and perceptions of poor or corrupt government performance undermine the social contract and are closely linked to declines in institutional trust. Rebuilding public trust in the light of the current crisis demands services that work for everyone and jobs that provide income security, as well as more inclusive institutions.

MEASURING TRUST

Measuring whether people trust their institutions and each other is difficult. Opinion surveys include questions that ask directly about a respondent's levels of trust in other people, such as neighbours (interpersonal trust), or trust in various public institutions —including national Governments, the police and the media. The World Values Survey, the Gallup World Poll and various regional Barometers, among others, all ask questions on institutional trust or confidence, allowing for cross-country comparisons. With most series starting in the late 1990s, they also allow for an assessment of trends over recent decades. Longer-run trends are only available for a handful of European countries and the United States.

Opinion surveys raise questions about peoples' interpretations of an issue, especially across countries and cultures. Concepts of trust, trustworthiness, integrity, confidence, competency and expertise, for instance, may all be rolled in a single-issue 'trust' item in surveys. In addition, opinions may not necessarily reflect respondent's actual behaviour.

Indirect methods of measuring trust have also been used. In democracies for example, voter turnout has been used as an indirect measure of trust in political institutions.⁸ Per capita

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⁷ Seyd, 2016. <u>How Should We Measure Political Trust?</u>

⁸ Grönlund and Setälä, 2007. Political Trust, Satisfaction and Voter Turnout

consumption of bottled water is another possible proxy measure of trust in the institutions associated with the water supply. However, the application of these methods is often limited to specific country studies. It can also be challenging or costly to gather sufficient indirect observations to draw meaningful conclusions. Elections for instance, usually happen only once every four or five years.

A comprehensive review by the OECD found that despite their limitations, opinion surveys remain a simple, intuitive and cost-effective method of measuring trust and in particular identifying general patterns and trends over time and across countries. Evidence suggests that survey questions on trust are well understood by respondents and that findings from different opinion surveys are consistent with each other. In-depth country studies often complement data from various sources—direct and indirect—to provide a fuller picture.

TRENDS IN INSTITUTIONAL TRUST

Evidence from opinion surveys shows that levels of institutional trust vary significantly across countries. Higher income countries tend to enjoy higher levels of institutional trust than lower income countries, for instance, while opinion polls also suggest that trust in national Government is higher in countries with authoritarian Governments than in those with established democracies. ¹⁰ This latter relationship, however may be affected by the challenges with conducting opinion surveys in strict authoritarian countries. In general, large cross-country differences tend to persist over time, suggesting that those born into societies with high levels of trust will be more trusting (and vice versa).

While data for long-run trends are limited, the data available show a marked decrease in institutional trust in developed countries. In the United States, trust in the national government has declined from 73 per cent in 1958 to 24 per cent in 2021. Western Europe has seen a similar steady decline in public trust since the 1970s. However current European levels of trust are not as low as in the United States (see *figure 1*). These trends may be partly due to generational changes in attitudes towards government although, in the United States, there are only small differences between consecutive cohorts in terms of trust. Currently, the percentage of Millennials in the US (now ages 23-38) who report trusting the Government—25 per cent—is close to that of older generations. ¹³

More recent data from opinion surveys across a broader range of countries show a decline in trust in most public bodies since 2000 (see *figure 1*). The percentage of people expressing confidence or trust in their Governments in the 62 developed and developing countries included peaked at 46 per cent, on average, in 2006 and fell to 36 per cent by 2019.

Additional sources suggest comparable declines in other types of institutions. Namely, trust in financial institutions in these countries decreased by an average of nine percentage points,

- 9 OECD, 2017. <u>OECD Guidelines on Measuring Trus</u>t; PRAIA City Group, 2020. <u>Handbook on Governance Statistics</u>
- 10 van der Meer, 2017. Political Trust and the "Crisis of Democracy".
- 11 Pew Research Center, 2021. Public Trust in Government: 1958-2021
- 12 Citrin and Stoker, 2018. <u>Political Trust in a Cynical Age.</u>; Dalton, 2004. <u>Democratic challenges, democratic choices: The erosion of political support in advanced industrial democracies</u>
- 13 Pew Research Center, 2021. Public Trust in Government: 1958-2021

Percentage of the population across three regions with confidence or trust in their national Government or Parliament



Note: Author's calculations (unweighted averages) based on data from Eurobarometer, Afrobarometer and Latinobarometro. Eurobarometer figures taken since 2004 EU expansion onwards to maximize countries included, while avoiding composition effects. Two values per year but only one selected here (earliest survey in year taken). Afrobarometer data consists of only 6 waves, with waves covering 2/3 years of field work and responses relate to "trust in parliament" (as there is no "trust in government" question on the survey). Reports as latest year in range. For Afrobarometer and Latinobarometer, graph combines "a lot" and "somewhat" into single positive value and "none" and "not much" into a single negative response. Graph excludes "don't know/no response" and calculations only include country averages with continuous data, to avoid composition effects.

from 55 per cent to 46 per cent over the same period. ¹⁴ Data from the Eurobarometer shows trust in political parties in countries of the European Union has remained low, hovering between 15 and 20 per cent on average between 2000 and 2019, while trust in the press has also stayed relatively stable, around 45 per cent over the same period. ¹⁵ Nonetheless, substantial differences between countries and regions remain, as Figure 1 partly shows.

It is still too soon to assess the overall impact of the COVID-19 crisis on levels of trust. The data available suggest that, after an initial increase in people's trust in the first half of 2020—as public opinion appeared to "rally round the flag"—a recent survey of 28 developed and developing countries found that trust in national Governments reverted to its (low) pre-pandemic levels. 16

Worryingly for COVID-19 recovery efforts, including the roll-out of vaccines, trust in all news sources, including scientific authorities, seems to be at an all-time low. A recent survey of 140 countries found that distrust in scientists is particularly pronounced in developing countries—with 84 per cent of people

¹⁴ OECD, 2017. <u>Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust.</u>

¹⁵ Data from Eurobarometer, 2021. Available <u>here</u>. Accessed on 03 February

¹⁶ Edelman Trust, 2021. Edelman Trust Barometer 2021

in high-income countries expressing trust in scientists, compared to 62 per cent in low-income countries.¹⁷ This distrust of science is also likely to hinder the fight against climate change.

ECONOMIC INSECURITY AND GOVERNMENT PERFORMANCE

There are many complex and interrelated factors that affect trust in institutions. Economic, social and environmental issues can all play a role. Much depends on specific national contexts. However, in countries where declines in public trust have been most pronounced in recent decades, evidence suggests that two interrelated factors have contributed significantly—namely economic insecurity and perceptions of poor or corrupt Government performance.

Providing economic security is a key role of the State and its institutions and is a foundation of the social contract between government and citizens. When economic insecurity becomes widespread, trust in those institutions may erode. In Europe, the sharpest recent decline in trust in national Governments coincided with the 2008 financial crisis, with trust decreasing most in countries hit hardest by the economic downturn, including Greece and Spain. Across countries, those people who are economically more secure, namely high-income, highly-educated groups, report higher institutional trust than the rest of the population—68 per cent compared to 52 per cent. Considering the challenges posed by the ongoing COVID-19 crisis, this vicious cycle between economic insecurity and distrust is likely to be exacerbated in coming years, if no concerted action is taken.

Poor Government performance, scandals and corruption also undermine people's trust that public institutions are working for theirs' and the country's best interests. Rates of institutional trust are indeed substantially lower in countries where corruption is high, while Government performance is positively associated with political trust.²¹ The quality of public services matters for people's engagement and trust in institutions, although the direction of causality is not straightforward as levels of trust in institutions might also impact perceptions of the quality of services received.

Moreover, people who do not trust institutions disengage from public mandates and are less willing to pay taxes, further hindering quality public service provision. Lack of trust therefore creates a vicious cycle that affects governance and the functioning of institutions, including the capability to address economic insecurity.

In principle, people who are economically insecure should push for redistributive policies and better services. However, they also often lack political influence and the capacity to organize and lobby for their interests, compared with more economically secure groups. This disparity in political influence tends to preserve or even widen opportunity gaps, eroding trust in

- 17 Wellcome Trust, 2019. Wellcome Global Monitor 2018
- 18 Armingeon & Guthmann, 2014. <u>Democracy in crisis: The declining support</u> for national democracy in European countries, 2007–2011
- 19 Edelman Trust, 2021. Edelman Trust Barometer 2021
- 20 UN DESA, 2021. <u>Policy Brief No.91: The politics of economic insecurity in the COVID-19 era</u>.
- 21 van der Meer, 2017. Political Trust and the "Crisis of Democracy"; Wang, 2016. Government Performance, Corruption, and Political Trust in East Asia

the ability of Governments to address the needs of the majority. Political engagement may then be perceived as pointless if people's individual circumstances, or those of their peers, never seem to improve, creating a vicious cycle.²²

Greater connectivity and access to more (dis)information may be affecting trust as well. While empirical evidence is still scarce, social media and quickly-spreading news—genuine or fake—is changing the public discourse. Social media have emphasized institutional failures (real or perceived), enabled the sophisticated targeting of information campaigns, manipulated views and affected trust in the legitimacy of election outcomes. They have also been used by populist leaders to bypass or undermine other public institutions that may provide checks on power or help mediate a plurality of interests, such as political parties and the media.

SERVICES THAT WORK FOR EVERYONE

Addressing economic insecurity and improving the effectiveness and accountability of public institutions are mutually reinforcing policy priorities. Governments that effectively respond to the needs of their citizens are likely to improve economic security for the majority and engender trust.²⁴ Evidence shows trust in Governments and institutions among OECD countries, for example, is higher where taxes and social transfers are perceived to be effective and equitable.²⁵

The COVID-19 crisis makes the need to strengthen public trust even more pressing. Overcoming the public health crisis and supporting the economic recovery require trust in institutions. Inadequate responses threaten to exacerbate insecurity and political instability, undermining trust and derailing progress towards the SDGs.

Progress on these fronts require social and economic policies equipped to address the challenges people face today—from increasingly precarious employment, to inadequate health care and difficulty accessing social protection, housing and other public services. Just as the decline in institutional trust is a slow process, rebuilding it is a long-term objective. It will require consistent and predictable public investment to narrow social, economic and political divides. In the short term, concrete policy actions to expand social protection coverage have been shown to build trust in public bodies.²⁶

This push also means enabling citizens, especially those from traditionally marginalized or under-served groups, to participate in the decisions that affect their lives, while communicating policies regularly and in plain language. Public institutions that fail to convey what they do on behalf of the people they serve, are unlikely to engender trust. Social media and increasing connectivity can be

²² UN DESA, 2021. <u>Policy Brief No.94: A changing world of work: implications for the social contract.</u>

²³ UN DESA, 2020. <u>Policy Brief No.61: COVID-19: Embracing digital government during the pandemic and beyond.</u>

²⁴ For more information see the eleven principles of effective governance, developed by the Committee of Experts on Public Administration and endorsed by the UN Economic and Social Council in 2018.

²⁵ OECD, 2019. Risks that Matter. Main Findings from the 2018 OECD Risks that Matter Survey

²⁶ Evans and others, 2018. Cash transfers increase trust in local government

harnessed to inform the public. Emerging evidence suggests that Government use of social media to inform citizens and promote access to government services can improve citizens' perceptions of government transparency.²⁷ Lessons can also be learned from the current crisis where many public institutions have used new technologies and deployed innovative methods to interact with stakeholders, in the face of lockdowns and other restrictions to normal functioning.²⁸

²⁷ Song and Lee, 2015. <u>Citizens' Use of Social Media in Government</u>, <u>Perceived Transparency</u>, <u>and Trust in Government</u>; <u>Porumbescu</u>, 2016. <u>Linking public sector social media and e-government website use to trust in government</u>

²⁸ UN DESA, 2021. <u>Policy Brief #74</u>: Resilient institutions in times of crisis: transparency, accountability and participation at the national level key to effective response to COVID-19