

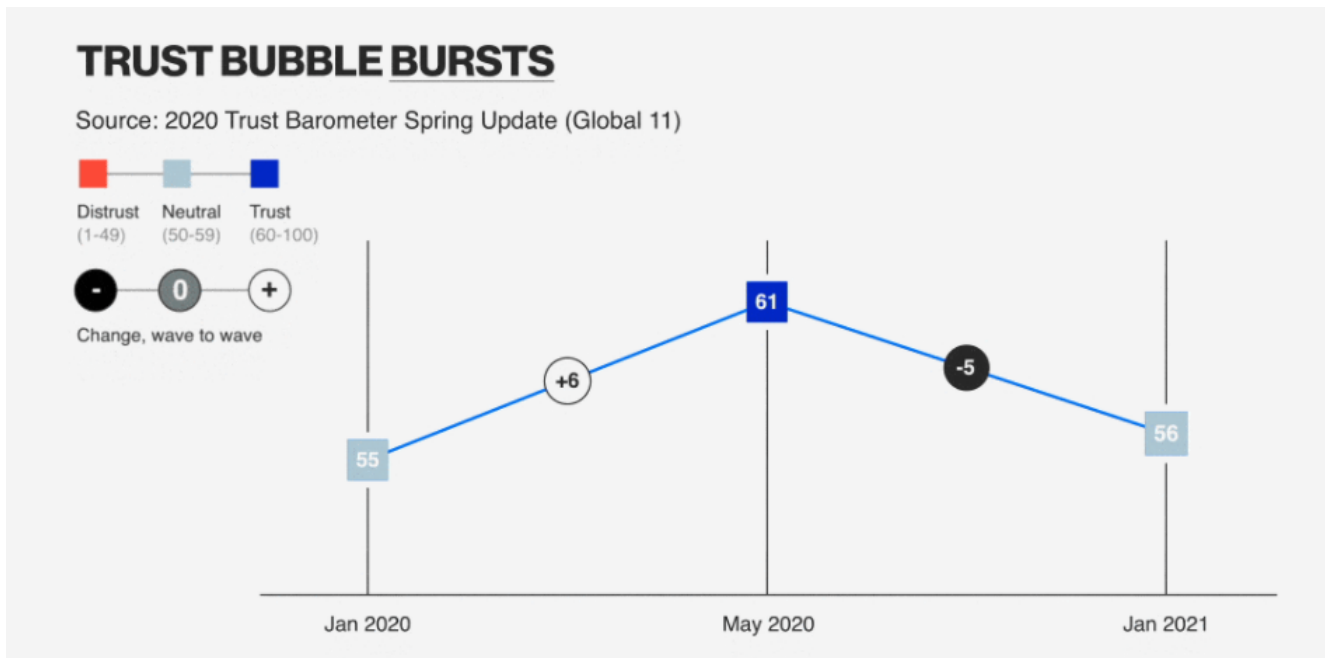
## Restoring Civic Trust in the Post-Pandemic Era What makes citizens trust governments?

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Over the past year, the COVID-19 pandemic has undermined already fledgling trust levels around the world. After the initial upswing of trust and confidence in governments at the outset of the crisis, trust levels have now regressed to their pre-pandemic state and continue a downward trend. Governments appear to have largely failed the test of the crisis response and missed the opportunity to retain the early trust gains.

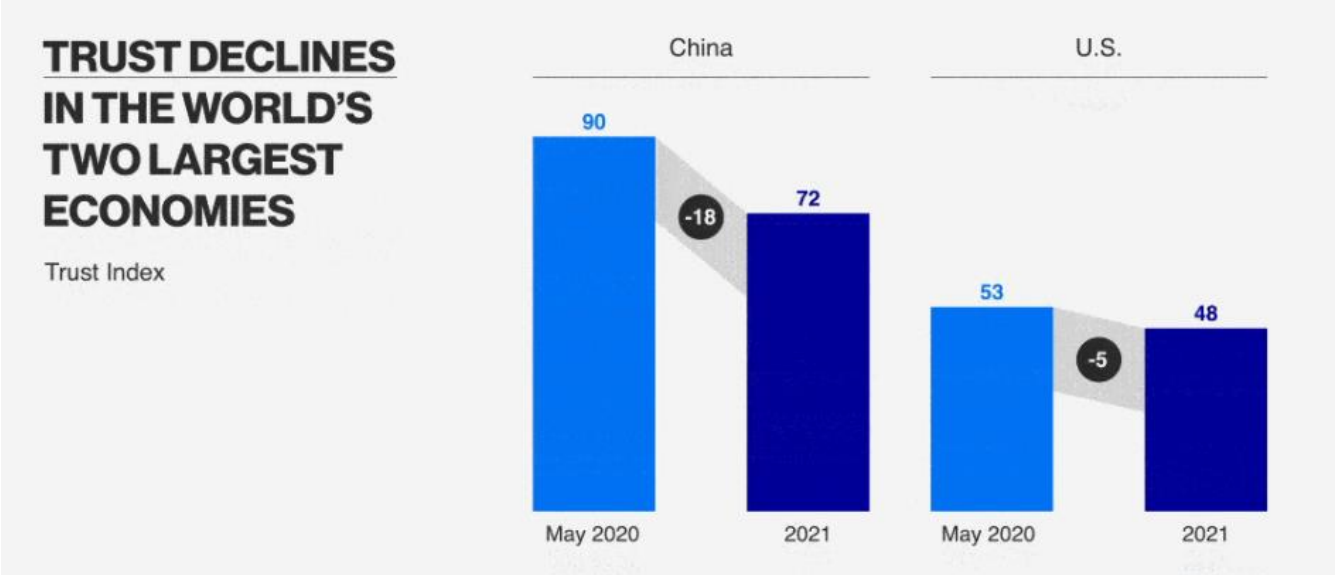
Figure 1: Trust Bubble Bursts



Source: 2021 Edelman [Trust Barometer](#)

The two largest economies in the world, the United States and China, were not immune to this trend. The United States, already in the bottom quartile for trust according to the [Edelman Trust Index](#), experienced an additional drop in its trust level in the latter half of 2020. The fatigue is also visible in China where an 18-point drop in trust was recorded since May 2020.

Figure 2: Trust Declines in the World’s Two Largest Economies



Source: 2021 Edelman [Trust Barometer](#)

### Why trust matters and its impact on socio-economic growth

In previous years, trust had been viewed by development actors and politicians as too sensitive and nebulous an issue to address. However, as new evidence emerges, this view has begun to shift, and several are beginning to see trust measures as fundamental to social and economic outcomes. Recent research also shows that trust levels have strong connections with economic growth, education, tax morale, political stability, and international cooperation, as well as COVID-19 management amongst others.

**Below are a few areas that expand on the correlation between trust and several socioeconomic measures:**

1. **Income per capita levels:** Social trust is strongly correlated with GDP PC levels, as demonstrated by the [World Values Survey data](#). It is clear that trust is not only an effect of more economic prosperity but also its driver. A research [paper](#) by Yann Algan et al., for example, from 2010 demonstrates inherited trust levels across migrant groups in the US has a strong causal effect on economic success of these communities. This is because high trust levels in a society facilitate economic risk taking and entrepreneurship, allowing for social mobility and full realization of human capital. This can also raise investment rates and lower transaction costs such as insurance.

2. **COVID-19 Management:** During the pandemic, trust levels appear to have been strongly connected with lockdown compliance as demonstrated by [research](#) between different regions of Italy, where policies were similar but actual compliance very different – trust levels explain the difference. There is also research on [trust and vaccine hesitancy](#), indicating that different forms of trust, whether in health products, in health professionals, in the government, and generalized trust including of other individuals, all drive vaccine hesitancy.
3. **Educational Outcomes:** [Recent research](#) indicates that trust has a very strong impact on the results of high school students – and arguing that we need to pay more attention to these socio-cognitive aspects of schooling, beyond the physical issues of teacher training, curriculum, attendance, and school facilities.
4. **Tax Compliance:** Our ability to raise domestic revenues is of course crucial to development and here too trust plays a role. There is a consistent result that vertical trust improves voluntary tax compliance. Among many other studies, [a recent paper](#) uses data from the World Values Survey and Freedom House for 92 countries over 30 years and finds that trust levels (both in institutions and between individuals) significantly improves tax mobilization and compliance and, that trust in the public organizations in charge of delivering public goods and services is more important than other trust in other branches of government.
5. **Political Volatility:** Development progress is only possible when political leaders can carry policies through to fruition: this is halted when we have high political volatility. There are two mechanisms emerging in [recent research](#) that relate political trust to electoral volatility: (1) structurally low trust undermines the formation of stable party preferences and thereby stimulates volatility, and (2) declining trust drives voters, particularly supporters of parties in government, to change party preferences quickly.
6. **International Cooperation:** International relations literature has considered trust to be an important part of successful outcomes for many decades. While different IR approaches have different definitions and conceptions of trust, there is general consensus that trust is important to create and sustain large multilateral institutions (such as the UN and IFIs) well as for value-creating diplomacy that averts crises and allows for win-win outcomes.

All the signs are that this will be a central issue for research and policy throughout this decade, especially as more policymakers acknowledge trust as critical in accelerating COVID-19 recovery.

## Determinants of trust: Restoring and nurturing trust

Trust is a complex subject that spans real and difficult issues such as trust between citizens, and between citizens and institutions. **It is important to establish that trust cannot simply be built by communication or**

**consultation strategies without substance.** The points below aim to briefly explain trust determinants and policy implications.

1. **Trust is driven by real historical experiences and it lasts for a long time.** Current differences in trust levels within Africa can be [traced back](#) to the Transatlantic and Indian Ocean slave trades. They show that individuals whose ancestors were heavily raided during the slave trade are less trusting today. These experiences can be both real and manipulated to increase distrust by political leaders. [In Austria](#), regions which experienced Ottoman occupation in the 17<sup>th</sup> century, display lower trust levels. However, while these events were well-remembered amongst communities, they did not result in anti-Muslim sentiment and changed voting patterns until national and local politicians started to use this narrative in electoral campaigns.
2. **Inequality levels are one of the foremost drivers of trust levels.** Economic equality levels are strongly correlated with trust. [CIC's recent research](#) correlates Gini coefficients with levels of trust in doctors and medical authorities across 140 countries, and with subsequent COVID-19 performance. We believe that this type of causality is likely across many other development dynamics, where inequality results in lower trust, which then affects development outcomes. The reasons are intuitive: communities have interpersonal trust when they see and understand the reasons why some people are better off than others; when they no longer see any logic or justice in why some people prosper and others do not, levels of trust drop.
3. **Corruption also has a high impact on trust.** [OECD studies](#) show that government integrity is the most significant determinant of trust in government. Government performance also matters, but not as much. There is [good evidence](#) on the difference forms of action against corruption (transparency, punitive action on offenders) that increases trust. For example, corruption in fiscal spending [hurts public trust](#) even more than corruption in tax collection. Citizens are becoming angry not only about direct, illegal corruption but about impunity and arrogant behaviors by elites – the debate in the US about “deplorables,” or “[hogra](#)” in the Middle East.

## Policy Options for Improving Trust

As our understanding of the role trust plays increases, so too does the imperative to find policy and program options that increase trust. The points below are a brief list of possible policy options with the aim of bolstering trust.

1. **Assess trust levels and dynamics before finalizing development priorities and designing programs.** Trust is an [important part](#) of development dynamics in both [public](#) and [private sectors](#), and is one vector explaining development failures. Multilateral institutions could consider working with governments to conduct regular surveys on different types of trust levels, their drivers, and how reform proposals affect trust – across the population as well as in organizations that are the focus of

reform. Other options include considering funding more national dialogues, and partnering with others in governments, the UN, and civil society who can foster these conversations.

2. **Policy-makers can more fully take on board that inequality and exclusion are crucial for trust.** We already know due to [Pathways for Peace](#) that inequality and exclusion are important as conflict drivers – but [new research](#) shows they are also important for political stability and development goals in countries at lower risk for conflict, no matter whether they are low, middle or high income. A particular emphasis should also be placed on identifying policies that improve both generalized (vertical) inequality and the treatment of specific ethnic, racial, or religious groups. It is in this nexus that the fastest decreases in trust occur, and that the key elements to repairing this exist.
3. **Community-Driven Development programs can help close the trust gap in underprivileged communities.** When given clear rules and access to information, poor communities can organize to identify community priorities and solve local problems by working together with local governments. [Research has shown](#) that at least some of that positive engagement stems from the fact that local understanding of poverty and priorities differs from that brought in by the government in a top-down fashion. Extending partial agency over funds to communities bridges those different perspectives. The World Bank’s experience demonstrates that the resulting enhanced trust in public authorities can have positive spill-over effects in terms of community members [participating in elections](#), [school enrollment](#), and [social inclusion of women](#).
4. **The link between public trust, integrity, and corruption has to be taken more seriously.** In many cases, strengthening state capacity and tax collection will not succeed without improving public trust through the visible reduction of corruption. Carefully sequenced visible action on corruption [can open political space](#) for necessary tax reforms. At the same time, anti-corruption measures have to be perceived as neutral and fair. When the nature of anti-corruption policies is perceived as disingenuous and as a way to weaken political opponents, the public trust impact will be subdued.
5. **Inclusive historical narratives and acknowledgment of communal sensitivities matter.** Educational curricula as well as the government stance on issues involving past political and communal strife can impact trust levels. To that end, careful exercise in inclusive discourse shaping can improve public trust in identity-based groups. This includes language policies in countries where minorities and excluded groups have their own languages and dialects that distinguish their cultures from the dominant one. Acknowledgment of history of abuse, shared commemorative memorials, and in some cases pursuing reparations along with truth and reconciliation commissions are potential tools in facilitating public trust.
6. **Governments and multilateral institutions need to take seriously the post-COVID19 decline in international trust and act to restore it.** While in the early part of the pandemic, countries rich and poor were all seen to be affected, the last six months has seen a widening divide in two crucial issues: access to vaccines, and the fiscal space to expand social protection and stimulus

programs. These two issues are now affecting international cooperation on many other questions, from security to climate change. They are an excellent example of the need to back up dialogue with practical policy to increase trust: only a concerted effort by the rich world to bring vaccines and financial liquidity to developing countries, along with an agreement to do better in future crises, will be sufficient to restore the trust we all desperately need to face the challenges of the future.