COVID-19 and the Trust Deficit

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Years of polling in the United States and Europe show that public confidence in institutions has been falling, fueling partisan polarization and political paralysis. But now that the COVID-19 pandemic has left us with no choice but to rely on our institutions, the question of whether trust can be restored has become paramount.

PALO ALTO/MILAN – With the world in the grip of a deadly, disruptive pandemic, it should be obvious that scientific, medical, economic, political, and other varieties of expertise are crucial to addressing the attendant health, economic, and psychological effects. Unfortunately, what should be obvious is not.

The problem, as we warned back in 2012, is that we are living in an era of policymaking paralysis. “Government, business, financial, and academic elites are not trusted,” we wrote. “Lack of trust in elites is probably healthy at some level, but numerous polls indicate that it is in rapid decline, which surely increases citizens’ reluctance to delegate authority to navigate an uncertain global economic environment.” Change those last words to “navigate a highly chaotic public-health and economic shock,” and the statement loses none of its relevance today.

A WORLD OF DISTRUST

Although there are many reasons for the lack of trust, a key element is ordinary citizens’ belief that elites are placing their own interests above broader shared values. Beginning in May 2015, an Economist-YouGov poll has surveyed a panel of 5,000 Americans on issues relating to politics, elections, and trust in institutions. For example, when asked that September, “Do you think the US economic system favors the wealthy or is fair to most Americans?,” 66% of the panelists said the system favors the wealthy, while only 24% said it is fair to most Americans.

Over the next five years, that question was asked numerous times, and the “favors the wealthy” percentage never fell below 60%. In the March 2020 survey, a full 67% of registered voters continued to doubt the system’s fairness. Some 70% think that the US government is run by and for a few big interests, rather than for the benefit of everyone, and about two-thirds believe that many of those running the government are crooked and routinely waste taxpayers’ money.

But the distrust does not stop there. Questions exploring trust in institutions other than government yield similarly dismal results, as shown in Table 1. (See tables at the end of the paper.)

With the exception of the military, the police, and small business, the ratio of strong to very little confidence is less than one across all the institutions measured. In fact, most of the remaining institutions score less than 0.25 on this metric. From organized religion and the medical system to the stock market, organized labor, and the news media, many more Americans distrust major institutions than trust them. With the exception of organized religion, these distrusted institutions do not win the strong confidence of even 10% of the public; and with the exception of the medical system, the scores for “very little confidence” range from 25% to 50% of the public.

THE PULL OF POLARIZATION

These figures doubtless reflect many factors. But one important trend is that support for a particular institution seems to depend heavily on one’s political-party affiliation. As Table 2 shows, Republicans tend to have a lot of
confidence in the military and the police, then some degree of confidence in small business and organized religion. After that, no other institution has the confidence of more than 7%.

In contrast, Democrats have less confidence in the military (35%) and the police (32%) than Republicans do, and also are relatively less supportive of organized religion and small business, albeit by smaller margins. As might be expected, Democrats tend to be more supportive of public schools, organized labor, news organizations, and universities.

The only areas of agreement concern banks, the stock market, and the criminal-justice system, toward which neither Republicans nor Democrats are particularly supportive. Finally, views toward the medical system show a small degree of partisan difference, but are generally more supportive than those toward banks, the criminal-justice system, and the stock market.

Turning to the negative side of confidence assessments, the biggest partisan divergences (from largest to smallest) show up in views toward newspapers, TV news, organized labor, universities, public schools, and organized religion. And while Republicans are less dismissive of banks and the criminal-justice system than are Democrats, few supporters of either party report a lack of confidence in the military, small business, and the medical system, and both parties’ supporters hold similar views about the stock market.

Some of these differences are understandable, given today’s ideological polarization. With the exception of Fox News, Republicans regard the national media as overly liberal, along with universities and public schools. And organized labor, of course, has historically supported Democrats. Finally, minority groups tend to have differing views than whites when it comes to the police and the criminal-justice system.

All told, the only major institutions about which Americans agree are banks and the stock market: they have a low opinion of both. While some of these differences are understandable, partisan politics in the United States appears to have made it more difficult to build and maintain trust in the system as a whole.

**NEW DIVISIONS ON THE OLD CONTINENT**

Similar patterns also show up in the European Union’s member countries. In July 2019, the Hewlett Foundation, the Hoover Institution, and YouGov conducted a “populism survey” in which respondents were asked, “Do you agree or disagree with the following statements pertaining to the people and the elites in your country?” Table 3 shows the results for five countries.

Across all five countries, Europeans do not think their interests are well represented by the political elite. In the United Kingdom, only 8% agree that political elites represent the people, whereas 71% disagree. Similarly, in Italy, only 19% agree, whereas 70% do not. Only in Poland was the share of those who disagree with the statement that elites properly represent the people below 60%.

Meanwhile, when asked, “Do political elites have the nation’s best interest at heart?” a majority in every country say they do not. Only in Italy does the share of those who think elites have their best interests at heart exceed 20%. With the exception of Germany, large majorities in every country surveyed agree that political elites are corrupt. And even in Germany, 46% agree that elites are corrupt, with only 27% disagreeing.

As for Europeans attitudes toward institutions other than the government, the survey results yielded patterns similar to those found in the US. Table 4 reports the results of the Hewlett-Hoover-YouGov survey across the same five countries, focusing on the figures for high confidence and no confidence.

The results speak for themselves. The only institution with a ratio of high confidence to no confidence greater than one is the police. When it comes to the media and organized religion, more of the public leans toward no confidence than toward confidence, even in Poland and Italy, where one might have suspected stronger scores for religious institutions in particular.

Meanwhile, high confidence in business does not rise above 10% in any country, but nor is there strong support for unions. With the exception of Germany, where unions do fairly well, no other country reports a double-digit level of high confidence in organized labor; even in France and Italy, the numbers are perhaps lower than one would expect.
More broadly, support for the EU itself is not particularly high in the United Kingdom (no surprise), France, or Italy, which is understandable given that each has a major political party more or less opposed to the European project. The ratio of high to no confidence is reasonably even, albeit still negative, in Germany. In Poland, 22% of respondents have high confidence in the EU, while 12% have no confidence in it.

On other issues (not included in the table for brevity’s sake), universities and public schools fare much better in Europe than they do in the US, representing a rare point of strength. But on the whole, the results for European countries parallel those for the US. There is a widespread lack of trust in major political, financial, and economic elites across the West.

SIGNS OF STRAIN

In the US, ideological polarization (reflected in the partisan differences outlined above) has led to deepening political instability, as evidenced by US President Donald Trump’s rise in 2016. Trump exploited the lack of trust in government and institutions to take over the Republican Party. He was never a “small government, free trade” Republican – indeed, by these standards, he wasn’t a Republican at all. Yet by running and winning, he has fundamentally changed the traditional Republican coalition.

In Europe, a similar phenomenon is manifested in traditional center-left and center-right parties’ electoral losses in recent years. The lack of trust in elites contributed significantly to the outcome of the 2016 Brexit referendum, in which a majority of Labour and Liberal Democrat voters favored remaining in the EU, whereas a majority of Conservatives and all of the new UK Independence Party supported leaving the bloc.

In Italy, the major longstanding parties were devastated in the last election, won by the populist Five Star Movement and the right-wing League party, both of which campaigned on an anti-establishment, anti-EU platform. In France, the 2017 presidential and parliamentary elections were a contest between Marine Le Pen’s far-right National Front (now the National Rally) and Emmanuel Macron’s new La République En Marche ! movement. With the country’s traditional center-left and center-right parties sidelined, Macron went on to win the presidency, and then secured a parliamentary majority in the National Assembly election a month later.

In Germany, support for the far-right Alternative for Germany (AfD) has continued to rise in national and regional elections, while support for the Social Democrats (SPD) has plummeted. As a result, the most politically stable country in the EU has become increasingly less so. Meanwhile, Poland, newer both to the EU and to democracy, also shows signs of political instability, owing to the divisive approach adopted by the ruling party, Law and Justice (PiS), which has led to the formation of a new Civic Coalition that includes mainstream parties as well as more marginal parties such as the Greens.

These developments lead us to conclude that the lack of trust in institutions and elites has had a defining impact on politics and policy in the US and Europe. Social cohesion has atrophied as distrust has deepened and broadened. Collaboration among government, business, and labor to address economic and social challenges has become ever more difficult. As a result, governments have been spending more time and energy arguing than they should in the face of major economic, environmental, and health challenges.

TOWARD A NEW POLITICS

Political paralysis becomes especially problematic when rapid and decisive action is needed, as it is during a pandemic. In the EU, cross-country solidarity was already in decline, and COVID-19 has accentuated this trend. And yet, with so many other institutions having lost the public’s trust, it inevitably falls to government to take the lead, both in mustering a response to the crisis and in restoring trust more generally. Neither task will be easy.

Still, in America, one point of leverage may lie in the fact there is less partisan disagreement about the government’s failings. To be sure, in the most recent Economist-YouGov survey (March 2020), majorities of both Democrats and Republicans agree that government is run for a few big interests most of the time. But over three-quarters of respondents in each party also agree that government does the right thing – that is, pursues the public interest – at least some of the time.
Even more promising, over 60% of both parties’ supporters agree that having a member of Congress who is willing to compromise is more important than having one who sticks rigidly to their principles. Some may think that making concessions is a cop-out. But the fact is that politics is and always has been about compromise. The art of politics is the art of the possible, and a growing number of Americans appear to be wary of embracing a principles-driven politics that cannot deliver when it really counts.

The COVID-19 crisis is one of those moments. Because the coronavirus spreads stealthily, especially in its early stages before symptoms appear, most governments (with a few exceptions) responded too late and were inadequately prepared; the costs of these failures are now mounting. Very few countries had pre-established systems for dealing with a pandemic, as demonstrated by the shortages in medical equipment and other critical resources across the hospital system.

These tragic failures come despite prior warnings from those (like the philanthropist and public-health advocate Bill Gates) who have been at or near the front lines of prior epidemics. For the most part, we have been flying blind and playing catch-up. Decisive leadership is helping to overcome some of the political and institutional headwinds, but in the US and most other countries, there has been a lack of clarity about who is in charge of what.

This chaos – the predictable consequence of a lack of preparation – does not inspire much confidence after years of declining confidence in institutions. Still, there is an opportunity to start restoring lost trust. By now, the outlines of a path to recovery are coming into focus. Much uncertainty remains, and it can be resolved only with data, research, and experience. But one thing is quite clear: In addition to the loss of life, all economies are going to take a tremendous short-run hit in the form of permanently lost output and income. Economists will call this a deep recession, and many people will experience it as a deterioration in their standards of living, driven by a negative hit to their balance sheets.

The losses will vary greatly across sectors and the population. How they are ultimately absorbed will be determined by the policies currently being adopted to buffer the shock and then distribute it fairly across the population and over time. If we leave the losses largely where they fall initially, trust in institutions will remain low or sink further. Extending credit to someone who is laid off and can’t pay their rent may be useful in buffering the immediate shock, but it isn’t sharing the burden. Through debt forgiveness and other means, we need to shift these burdens. The best way to do that is probably to find ways of moving them to the public balance sheet, where they are automatically socialized across people and over time.

ALL TOGETHER NOW

Insofar as there is a broad-based recognition among citizens and political/business leaders that today’s losses are large enough that they should be shared or socialized, there is a small chance to start reversing the downward spiral of distrust. Either “we are all in this together” or “we are each on our own.” What happens to the trust deficit will depend on how we choose between these two perspectives.

Given the scale of the COVID-19 crisis, it should be obvious that our shared interests are far larger than our differences. During periods of relative prosperity and stability, it is too easy to forget the former and amplify the latter (especially when we are armed with a growing selection of digital communication tools). But when confronting an external threat, the balance tends to shift in favor of shared interests.

The current pandemic (and there will be more to come) has widely been described as a war, even though everyone in some sense is on the same side against a nontraditional enemy. The situation demands a rapid, cooperative response from governments and other institutions. If successful, that response could help to reverse the adverse trends described above. We have a chance to improve our capacity for addressing future challenges, both nationally and internationally. But first, governments and private-sector leaders must win back the public’s trust. The pandemic crisis is not a bad place to start.

Note: Supplemental Paper contains discussion questions and tables.