Part 2

Governments
Tales of the Unexpected: Rebuilding Trust in Government

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“Much of the strength and efficiency of any Government in procuring and securing happiness to the people, depends on opinion, on the general opinion of the goodness of the Government.”
—Speech delivered for Pennsylvania delegate Benjamin Franklin by James Wilson on September 17, 1787, the last day of the Constitutional Convention

The headlines surrounding the 2008–09 financial sector crisis seemed clear—the crisis had allegedly further damaged an already unraveling sense of public trust in the competence of developed country governments, and the consequences in the developing world had undermined the already low standing of governments with their publics.

It seems that little of this is true. In the Organisation for Economic Co-operation and Development (OECD) countries, for example, whether the public gave as much credit to governments and regulators for preventing disaster as it blamed them for allowing disaster to come perilously close, it seems that the public did not lose confidence in their governments. However, this does not mean that governments are out of the woods yet in relation to their public’s trust. In the OECD countries, there is some evidence of a long-term decline in “Trust in Government.”
In the middle-income countries, there is little evidence of any major loss of trust or, in fact, of any major change in any direction—a significant problem when trust is very low. In low-income countries, the data are insufficient to pronounce any overall trends, but the phenomenon of poorly performing governments retaining trust remains.

This chapter looks at Trust in Government in the OECD countries; in middle-income countries, using the example of Latin America; and in low-income countries. It notes some ironies and some pointers for public management in “the day after tomorrow” if Trust in Government is to be maintained at a healthy level or, in some cases, restored or redirected toward a more balanced trust in institutions rather than people.

Trust in Government—What Is It and Why Worry about It?

Trust in Government means that citizens expect the system and political incumbents to be responsive, honest, and competent, even in the absence of constant scrutiny (Miller and Listhaug 1990). However, while the concept is clearly important, there are some major definitional problems, as well as some associated questions about the strength of any metrics that can be used to capture it. The various measures of Trust in Government that result from surveys are often unclear about the unit of analysis (what is being trusted?), and whether respondents understood trust or confidence in the same way as the interviewers.

For the purposes of this chapter, Trust in Government is taken to be a general public assessment of government’s current entitlement to be in a position to enforce its policy decisions on individuals and firms and, more fundamentally, that it is generally felt to be reasonable that government retains a monopoly on the legitimate use of violence in the enforcement of social order. This chapter looks at Trust in Government in the OECD countries; in middle-income countries, using the example of Latin America; and in low-income countries. It notes some ironies and some pointers for public management in “the day after tomorrow” if Trust in Government is to be maintained at a healthy level or, in some cases, restored or redirected toward a more balanced trust in institutions rather than people.

There is evidence that citizens’ low Trust in Government can weaken the social contract and lead to citizen and firm disengagement from the state in several key dimensions:

- **As economic actors:** Firms and individuals resort to informal employment practices, and investors are more hesitant for fear of bad faith on the part of government.
• **As service recipients:** Unless forced to do so through lack of an alternative, in low-trust environments, citizens frequently avoid state services, leading primarily to the exit of the middle class from state services with a consequent reduction in influential pressure for service improvements.

• **As taxpayers:** Low trust in government is strongly associated with resistance to paying taxes.³

• **As civic actors:** Low trust can coincide with less compliance with legal obligations such as military conscription, less likelihood of engaging in political movements, and so forth.⁴

Recent anecdotal evidence suggests that a significant absence of public trust may lower the morale of civil servants, with the perverse possibility that demoralized civil servants will communicate their dissatisfaction to the public, thereby further lowering public confidence in the institution.

While the measures might be imperfect, there is strong evidence that survey respondents clearly distinguish between different public institutions: Eurobarometer data indicate that twice as many Portuguese trust the army as trust the judicial system, 50 percent more Danes trust the police than the civil service, and four times more Finns trust their police and army more than their political parties. There is remarkable uniformity across OECD countries in the pattern of relative trust of institutions, and political parties are by far the least trusted institution in every European country except Belgium. The army and the police are the most trusted in almost every case. The judicial system, civil service, parliament, and the executive occupy the middle ground of trust. The civil service tends to be trusted, on average, a little more than parliament and government and somewhat less than the judicial system, but there is some variation across countries. The French, Irish, and Austrians have a particularly high regard for their civil service and Italy and Finland a particularly low regard.

Citizens of the middle-income countries in Latin America distinguish among public institutions just as much as their OECD counterparts. Moreover, this differentiation within countries follows the same pattern across institutions as in the OECD, if slightly less pronounced.

Elected politicians are one particular institution that the public seem to be able to differentiate very clearly from other parts of government,
and the data from the OECD countries and Latin America suggest a deep and broad lack of trust in the political class. The data confirm that Trust in Government reflects more than incumbent-specific satisfactions or dissatisfactions (Levi and Stoker 2000).

While some Trust in Government is good, a lot is not necessarily better. Some skepticism about government is in order if its legitimacy is to rest on its programs and policies and not solely on ethnic or patrimonial connections (Cook, Levi, and Hardin 2005). There are good reasons to assume that the balance between trust and skepticism is in permanent flux (Clark and Lee 2001).

There is a frequent assertion that confidence in government has been in decline and it is the task of reformers or incoming governments to correct this trend through some radical reform program (see Nye, Zelikow, and King 1997; Perry and Webster 1999; Kettle 2000:57; Bouckaert, Laegreid, and Van de Walle 2005), even though others point out that this persistent drumbeat of concern has been heard for over 30 years (Crozier, Huntington, and Watanuki 1975). More skeptical observers suggest that decline in trust has been used cynically to legitimize public sector reform by politicians who are keen to deflect criticism from their own inability to avoid inflation, deficits, and economic instability (Suleiman 2005; Garrett and others 2006).

Some Curious Cases of Trust

In relation to their public’s trust, governments in the OECD seem to have escaped punishment for recent bad work rather nimbly, but ironically, they have been unrewarded for previous good performance. Thus, despite the dire predictions, the financial sector crisis had until very recently remarkably little impact on public confidence in OECD and other European governments. In fact, following mixed trends in Trust in Government during 2008–09, some countries showed a modest increase in Trust in Government from 2009 to 2010, the Russian Federation and Ireland being major exceptions (Edelman Public Relations 2009, 2010; Eurobarometer 2009). However, even though high- and many upper-middle-income country governments may have gotten off lightly in terms of the crisis, the bulk of studies subscribe to a view that while levels of Trust in Government vary among countries, in most OECD
countries there has been a persistent decline in the last three to four decades of the 20th century.\textsuperscript{7}

This is a somewhat bitter pill for those OECD countries that have been working on improving public sector performance for at least 30 years. There have been both productivity and quality improvements over the past three decades, and while some of this is due to investment in human capacity and information technology, at least some of the progress is due to managerial reforms. So while the evidence of a long-term decline in trust might be overplayed, there is certainly no hint of a “trust return” on the performance improvement investment.

Middle-income countries in Latin America seem to be locked into what might be termed “structured distrust.” As in OECD countries, there is little evidence of a major drop in Trust in Government in Latin American countries as a result of the financial sector crisis. In fact, newspaper commentaries suggest the reverse, with implicit praise for governments that seem to have avoided the financial sector deregulatory sins of their richer neighbors. The situation in Latin America seems to be one of persistently low levels of trust in public institutions compared to other regions of the world, including Africa and East Asia (figure 9.1).\textsuperscript{8}

The question is why Latin America seems to have been unable to shift the long-term low levels of Trust in Government. Historically, the

\textbf{Figure 9.1 Trust in National Institutions: Regional Averages}

\begin{figure}[h]
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\includegraphics[width=\textwidth]{figure9.1.png}
\caption{Trust in National Institutions: Regional Averages}
\end{figure}

Source: Blind 2006:10, based on data from the Inter-Parliamentary Union.
return to democracy and economic stability in the late 1980s might be expected to have been reflected in increased levels of measured trust. But in Argentina, trust fell considerably from 1984 to 1999. In Mexico, it remained steady from 1990 to 2000. In Chile, in the same period, trust declined somewhat. There is certainly no evidence of any increase (Arancibia 2008:75). There are some recent, very partial signs that significant and rapid increases in service delivery performance in some Brazilian states might be associated with an increased level of trust in the state institutions. However, this is an early finding and time will tell whether this is sustainable.

In some low-income countries, high levels of trust can be distinctly unhelpful. While the data on Trust in Government in low-income countries are too limited to map trends over time or intercountry differences, the striking phenomenon in many developing countries is the degree to which the public trusts an apparently nonperforming government. There is strong evidence that patterns of clientelism in weak institutional environments lead to considerable trust in individual political incumbents—who foster that trust through targeted goods such as jobs and public works projects (Keefer 2007). The question here is whether that personalized form of trust can evolve over time into trust in institutions.

Explaining Trust

At the individual level, one possible hypothesis for this surprisingly forgiving attitude of the OECD public is that in the short term, individuals are quickly reassured when uncertainty ends, and the scale of the happiness “bounces back” when the downward trajectory of the crisis bottoms out. Another possibility is that the “headline-grabbing actions” proposed by politicians have managed to “mislead taxpayers” who have been convinced that action has been taken (Boone and Johnson 2010).

In a review of the longer-term trends, it is possible that OECD governments had a particularly tough job in impressing the public through public sector performance improvements because services, generally, were already adequate, and thus, the proportionate improvement was rather modest. Also, the public might have grown accustomed to a certain annual performance improvement and, thus, discounted the improvement.
The possibility of a long-term decline in Trust in Government in the OECD also raises questions concerning demographic and cultural changes and concerning some particular aspects of recent public management reforms. The demographic and cultural changes that might be contributing to this decline can be summarized as follows:

- **A postwar entitlement generation that will never be happy:** A generational shift occurred toward “postmaterialist” values related to self-expression and self-fulfillment, accompanied by less concern with economic security (less materialism) than the previous generation. A related but alternative explanation is that young OECD citizens now take their material possessions for granted, feeling so entitled that they no longer need to worry about such things, and so can move on to less tangible goals (Inglehart 1997, 2008).

- **The seemingly decreased relevance of national governments in the face of global security concerns:** As the world grows in complexity, it may be that systemic risk is perceived to outweigh other concerns—hence, anxieties about terrorism, genetically modified crops, or climate change seize the public imagination more than improvements in social services.

- **Overextended governments:** A concern is that the current levels of spending (and most recently, deficits) have stretched the social contract to the breaking point, and that while government legitimacy may have been adequate for a lower level of taxation, it is not sufficient to justify current levels of taxation (and, through debt, taxation on subsequent generations).

Most ironically, it is possible that the institutional and public management reforms that have delivered the performance improvements carried the seeds of distrust within them. There is a sense that the ends may be seen to have outweighed any concern for the means, while citizens in OECD countries appear to be increasingly insistent on ethical standards (and monitoring these), rather than on capabilities, in government (Warren 2006). In addition, several analysts have voiced concern about the tendency of governments to undermine their own institutions while promoting reforms, making citizens doubt the competency and honesty of government overall (Goodsell 1994).

In parallel, there have been somewhat ambiguous signals about the state of public service values, with an attempt to replace or reinforce the
unwritten rules with explicit codes of ethics (OECD 2005), conflict of interest policies (OECD 2003), and defined principles of public life (OECD 1996). These developments form part of an array of measures that convey an ambiguous message. On the one hand, it signals that some constraints on behavior are being tightened, but on the other hand, it serves as a standing reminder that these are now needed in a way that was perhaps not thought necessary 20 years ago. Related to this, some new public sector performance approaches have unsettled citizens who had an emotional link to the traditional service, with reforms suggesting that traditional institutions were old fashioned at best and dysfunctional at worst (Hood 1995; Kaboolian 1998). The image of the empowered and entrepreneurial public manager is somewhat at odds with clear accountability (Terry 1998). In addition, to the extent that performance improvements have been achieved through a commodification of public services, this might undermine a sense that the client matters individually and that the service provider has an interest in the client’s personal well-being.\(^{10}\)

Finally, recent assessments of major government reforms reviews conclude that there is what amounts to a deluge of reform that may have created confusion within government and the public about the strategy and the immediate purpose of all reforms (Light 2006; Pollitt 2007).

The problem for the OECD governments is that, put broadly, the public is unimpressed by several decades of efforts to improve services. However, in contrast to the OECD—where the possibility of a decline in Trust in Government is provoking a debate about the role and authority of government—in the middle-income countries of Latin America, it is the consistency in the low Trust in Government figures that is often associated with the alleged inability, or unwillingness, of governments to address poverty, income maldistribution, and poor public services. History has provided Latin America with a long tradition of concerns about elite capture, and the persistent and significant inequality in the region seems to signal a state that is unable or unwilling to address this through fair or efficient redistribution. The better off, who could contribute most to redistribution through more taxes, feel this lack of trust more strongly than the poor who would benefit. This might be a justified perception held by a group whose members have more insider knowledge of the state than the poor, or it might be an excuse proposed by a group that
recognizes that it would, in simple financial terms, be on the losing side of redistribution (Graham and Felton 2006).

That lack of redistribution in the face of significant levels of inequality in the region might partially account for the low levels of trust in public institutions. Some evidence suggests that inequality is a causal factor in low trust in Europe. However, this is a rather nuanced point since perceptions of inequality can be fitted within many preexisting narratives. If there is a popular perception that inequality is coexisting with a tradition of social mobility, then inequality can be taken as evidence of that mobility. In that storyline, inequality is the price to be paid for an economically and socially vibrant society with opportunities for all. If, however, the preexisting narrative is one of elite capture, then persistent inequality signals that this is indeed the case (Graham and Felton 2006).

The consistently poor Trust in Government figures in Latin America are also seen as part of a vicious circle in which low trust is reflected in the very low fiscal capacity of the state, and the limited capacity to raise tax revenues limits public spending and, hence, improvement of services. Certainly tax revenues in Latin America are distinctively low; at an average of 18 percent, they are around half that of the OECD, at 36 percent.

This limited willingness to pay taxes is one particular case of a more general phenomenon of low citizen engagement with government in Latin America. This limited engagement can be seen in several dimensions reflecting unwillingness to enter into dealings with the state—as economic actors, as service recipients, and as taxpayers. Labor and firm informality is prevalent. Workers are often in informal jobs, with no state-mandated benefits; small firms avoid labor and other regulation; and larger firms “hide” the extent of their employment and their profits when possible. In addition, unless forced to do so through lack of an alternative, citizens frequently avoid state services.

Disengagement is linked to the low levels of trust, driven in turn by the perceptions of corruption, and to the concern that the state is to some degree “captured” by organized interests and run for the benefit of the few. In this context, noncompliance with economic and labor regulations and unwillingness to pay taxes are rational responses. “Non-compliance is then further compounded by the suspicion that others are not complying either . . . .” (Perry and others 2007:13). The signs of disengagement from the state show up economically in the scale of the shadow economy.
In weak institutional environments in low-income countries, excessive trust in individuals within government shows up most among the rich, who have important elite connections, and the poor, who feel that a stable patrimonial connection with a local politician is their best hope of obtaining some basic services that often include public employment (Espinal, Hartlyn, and Kelly 2006; Cleary and Stokes 2009).

So Where Should Public Management Go?

Through better understanding of the diverse patterns of Trust in Government, public management reforms can then be structured to achieve something nearer to an appropriate balance between trust and skepticism.

Public management and public policy are clearly implicated in changes in Trust in Government, although their impact is rather long term since trajectories of trust show few sudden movements. Broadly, governments have two types of levers by which they can influence trust over time: performance and accountability—what government does and how it does it. Both are implicated, but both provide an imperfect link to trust—there are many other factors at work, and the direction of causality is far from straightforward (Pollitt 2009:2–3). Summarizing the data concerning Trust in Government, a broad story emerges:

- **Accountability matters distinctively for trust in OECD countries.** Survey evidence from those settings strongly suggests that perceived deterioration in values in public life undermines any gains in trust resulting from performance.13
- **The contribution of performance to trust erodes over time, even if the performance itself remains constant.** The perception of performance is readily affected by the views of others about the same service. The more varied that service recipients’ experiences are, the more diverse are opinions that any individual will hear within their social network. Since hearing negative experiences has more weight than hearing positive experiences, the effect of hearing a larger range of comments on the service is always negative on balance (Kampen, Van de Walle, and Bouckaert 2006).
- **Improving performance in some services matters more than in others.** Citizens are less able to discern the performance in some opaque policy areas compared to others (market regulation compared to health
provision, for example), thus misestimating variations in service delivery. In addition, citizens have at best a moderate understanding of who provides which services. Dinsdale and Marson (2000) and Swindell and Kelly (2000) note that citizens have increasing problems attributing service provision correctly to the public and private sectors. Services that are more directly related to the provision of better opportunities for the next generation are generally more appreciated by citizens.¹⁴

- **Performance expectations matter.** The paradox of the improving performance–nonincreasing trust in the OECD can be partially explained by an inflationary tendency in performance expectations—what was achieved through much effort “last year” is simply this year’s baseline. In other words, there are diminishing returns as citizens perceive less change than in earlier stages of policy development (Graham and Pettinato 2001).

- **The trust benefits of both performance and accountability improvements can be readily squandered.** Overstated political rhetoric about improvements to be attained from reforms can devalue the credibility of the result and create a cynical and mistrusting public. Most low- and middle-income countries have not experimented as significantly with the more strongly managerialist approaches as the OECD and, thus, may have avoided this problem. In any reforms, suspicions of gaming quickly undermine the credibility of performance information and, hence, undermine any potential impact on trust.¹⁵

- **Performance and accountability improvements have to overcome their own history.** Some individuals will become impervious to any positive developments because they have generalized distrust in government to the extent that any action by government will be regarded negatively (Levi and Stoker 2000).

One implication of this summary is that Trust in Government is likely facilitated by public management and other institutional reforms in quite different ways:

- **In OECD and similar countries,** (re)building Trust in Government will require a strong focus on accountability; there may be many grounds for continuing to improve service delivery performance, but the trust reward is likely to be slim.

- **In some middle-income countries with distinctively low levels of trust** and stable equilibria of low revenue collection and modestly funded
services, performance may well be a far more significant driver of trust, not least because the marginal impact of a performance improvement will be significantly greater than in the OECD.

- In many low-income countries with weak institutional environments, improvements in both performance and accountability are key if citizens are to be convinced that it is safe to abandon stable clientelist relationships with politicians.

Notes

1. Analysis of the trust in government data for the OECD countries and the European Union draws on an earlier draft paper by Geoffrey Shepherd, a consultant to the World Bank.

2. Trust is the key foundation of legitimacy as defined by Rheinstein (1968:212–16) and Levi and Sacks (2005).

3. From at least Weber on, some form of willing or quasi-voluntary compliance has been considered an important outcome of Trust in Government and legitimacy (Levi 1988; see also Glaser and Hildreth 1999). A 2009 International Monetary Fund publication highlights the particular challenges of tax collection during an economic crisis because, among other reasons, changing social norms lead to the conclusion for individual taxpayers that others are also evading taxes (Brondolo 2009).


6. These surveys covered “informed publics” who, among other factors, are college educated and have a household income in the top quartile of their country (per age group).

7. See, for example, Nye, Zelikow, and King (1997) and Dalton (2005). However, Van de Walle, Van Roosbroek, and Bouckaert (2008) see a much more mixed picture, perhaps because they are writing a few years later.

8. The data in figure 9.1 are from the Inter-Parliamentary Union. Mishler and Rose (1997:421, figure 3) similarly report lower trust in the public institutions of the transition countries of Eastern Europe than in those of Western Europe. Arancibia (2008:450), using the mean of confidence in parliament and the civil service in 50 democracies (from World Values Survey data), finds Trust in Government lowest in Latin America, middling in the Eastern European countries, and highest in the advanced countries.
9. This point is highlighted by recent work that sought to disentangle the specific driver of mistrust in the United States following the 2008–09 financial sector crisis. Sapienza and Zingales (2009) noted that the perception that government was captured by business was a significant driver.

10. Taylor-Gooby (2006) and Taylor-Gooby and Wallace (2009) report this in relation to the U.K. National Health Service, where performance improvements and spending increases have been associated with a significant drop in public confidence in the service.

11. Using surveys conducted during 2002–03 in 20 European democracies, Anderson and Singer (2007) examine the effect of income inequality on people’s attitudes about the functioning of the political system and trust in public institutions. They find that citizens in countries with higher levels of income inequality express more negative attitudes toward public institutions.

12. Anderson and Singer (2007:1) note that “the negative effect of inequality on attitudes toward the political system is particularly powerful among individuals on the political left.”

13. However, there may also be a J-curve effect in terms of political returns to such efforts. If expectations and knowledge about public services are low, first-order efforts to make improvements—which also likely impart knowledge, such as test scores in education—may initially increase frustration along with expectations. While not an excuse for not pursuing essential rewards, it is fair warning that the trust returns to some efforts may be very long term—Trust in Government may actually decrease before it increases (Graham and Lora 2009).

14. It is this relationship that might link the problem of trust to that of inequality. When citizens feel that the prevailing economic and social structures give them little opportunity for social mobility, then the impact of public services on improving the mobility prospects of their children assumes a particular significance. Preliminary evidence for Latin America using trust measures (from Latinobarometro surveys) and the World Bank’s Equality of Opportunity Index (Paes de Barros and others 2009) reinforces this hypothesis at the empirical level.

15. “[A] Eurobarometer survey showed that in 2007 the U.K. was ranked the lowest of all European countries on the trust that its citizens have in government statistics. If the public don’t believe the public service performance numbers, gaining a positive political payoff from publishing them seems unlikely” (Hood, Dixon, and Wilson 2009:3).

**Bibliography**


