Why is trust a crucial issue?

- **History offers a simple answer (and a warning)** as a parallel can be drawn between the contemporary period and the early 20th century.

- **There are strong similitudes:** among high-income countries, two periods of intense globalisation with rising income inequality...

- **...growing social tensions,** as strong migration pressures have backlashed (US Immigration Quotas, 1920, Brexit, 2016)...

- **...and economic catastrophes:** WWI, hyperinflation, the Great Depression, the Great Recession

- **A warning:** strong social tensions, rising economic inequality and insecurity, have derailed democracies in the past

- **Reducing social tensions, fixing the discontent of globalisation, restoring trust among citizens and trust in government,** are today’s most crucial policy objectives
How to Restore Trust?
The Proposed Research Agenda

- **Trustlab proposes a research agenda on the policy drivers of trust**
- This research is confronted with two key problems:
  1. **The measurement of trust is contentious, as trust is intangible**: in practice, existing measures drawn from behavioural economics and from surveys are poorly related
    -> New approaches are needed to better understand trust measures
  2. **The key drivers of trust are subjective perceptions of policies and government’s actions** (e.g. satisfaction with public services, perceived government transparency, perceived fairness of welfare system, desirability of trade integration...) on which there is only limited and scattered evidence
    -> New data need to be collected to better document subjective policy perceptions across all relevant fields
The Two Key Contributions of Trustlab

• Trustlab takes a **NAEC perspective** as it cuts across different fields: in practice, Trustlab collects **experimental measures from behavioural economics as well as self-reported (survey) measures for both trust in others and trust in institutions** in order to compare them and better understand them

  -> “**what do trust measures capture?**”

• Trustlab is currently building **a comprehensive survey on policy perceptions as drivers of trust**

  -> “**where is policy action most needed to rebuild trust?**”
Trustlab: Links with OECD agenda

• The two contributions of Trustlab link well to the OECD agenda:

1. **Advancement of the Statistical Agenda on Trust**:  
   - A pillar of the « OECD Guidelines on the Measurement of Trust »  
   - Related to **SDG 16** (« Peace, Justice and Strong Institutions... »)

2. **Informing the policy agenda**:  
   - The **OECD Trust Strategy**  
   - Related to specific national initiatives that put trust at the centre-stage, e.g. the **Slovenian Development Strategy**
Trustlab: Partners and Timeframe

- **2016 Q4**
  - FRA: Sciences-Po/Medialab *(measurement)*

- **2017**: **Pilot phase (partly funded through CPF)**
  - KOR: KDI *(measurement)*
  - SVN: Slovenia Development Strategy *(measurement+policy)*
  - USA: Brown University *(measurement+policy)*
  - DEU: Kiehl Institute *(measurement+policy)*
  - Ongoing discussions with ISR (Prime Minister Cabinet Office)

- **2017/2018**: **Development phase**
  - Raise funds to cover all OECD countries
Trustlab is an online platform run on a nationally representative sample of \( n=1000 \).

It combines experimental games (played with real resources) with traditional survey questions, providing both behavioural and self-reported measures of trust in others and trust in institutions.
Both players start with €10.

Player A’s transfer (trust) to player B is multiplied by 3.

Player B transfers back some money (trustworthiness).

Player A’s payoff depends on decision by Player B.
All players start with €10.

Players make decision to invest in a joint project.

Investments are multiplied by 1.6 and equally redistributed.

Player A’s payoff depends on own investment (cooperation) and on other players’ investment.
Participant A receives €10, participant B receives €0

Participant A can share some of her endowment with B who cannot react

This game yields a measure of altruism for participant A
Implicit attitudes (i.e. hidden and unconscious bias) can differ from explicit declarations when dealing with sensitive issues.

IAT is a well-established method to investigate implicit attitudes towards race, sexual orientation, gender (e.g. Greenwald et al. 2008).

Due to political correctness, bias towards race are often implicit: Banaji and Greenwald (2013) show that 75% of white participants implicitly prefer white over black in IAT; IAT predicts discriminatory behaviour by participants who explicitly describe themselves as racially egalitarian.

Conversely, distrust towards government may be overstated in self-reported measures due to explicit political cynism (Easton 1975).

How does IAT work? IAT exploits the cognitive bug that takes place when two concepts, subject to conflicting implicit attitudes, are associated.
Implicit Association Test (IAT)

1st step: government associated with ‘Trustworthy’ when stimulus ‘Moral’ appears

Quick sorting reveals high trust
*(small positive latency)*

2nd step: government associated with Untrustworthy when stimulus ‘Inefficient’ appears

Slow sorting reveals high trust
*(long negative latency)*

Trust score: normalized average difference between negative and positive latencies
Each respondent takes either the first three or the second two IATs in the 15 minutes allocated to this section.
<table>
<thead>
<tr>
<th>Mod</th>
<th>Theme</th>
<th>Example of questions included</th>
</tr>
</thead>
</table>
| 1   | Trust and trusting behaviour      | • Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people?  
• If you lost a wallet or a purse that contained items of great value to you, and it was found by a stranger, do you think it would be returned with its contents, or not? |
| 2   | Trust in institutions             | • How much confidence do you have in (*list of institutions*) to act in the best interest of society?  
• Do you agree with the following statements:  
  - Public institutions deliver public services in the best possible way.  
  - Public institutions pursue long term objectives  
  - People working in public institutions behave according to ethical standards aimed at avoiding corruption  
  - Public institutions are transparent  
  - Public institutions treat all citizens fairly regardless of their gender, race, age or economic condition |
| 3   | Demographics                      | Age, sex, nationality, HH income, educational attainment                                                                                                                                                                     |
A trust interaction between two people involves two behaviours: trusting others and being trustworthy, Trustlab looks at both

The *OECD Guidelines on Measuring Trust* define Trust as:

*a person’s belief or expectation that another person or institution will act in favour of one’s well-being*

Trust is multi-dimensional as it depends on:

1. **Expectations**: Personal anticipation and attitudes towards risk under uncertainty
2. **Social norms**: Social interactions involve notions of cooperation, fairness and altruism (Thaler, 2015), a concern for reciprocity (Falk and Fishbacher, 2006) or betrayal aversion (Bohnet et al. 2008).
Drivers of Trust in Others

• **An empirical question**: how much social norms and expectations contribute to trust might depend on whether it is measured via survey questions or experimental games.
Macro studies have used **self-reported trust from surveys** highlighting its importance for economic performance (Algan and Cahuc, 2014):

- Generalised Trust question in WVS: «Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?»
- Based on representative samples at national level and easy to implement

Micro/behavioural studies have derived **experimental measures of trust** from economic games (Glaeser et al., 2000):

- There is growing evidence that despite limitations, what happens in the lab also happens in the field (Fehr, 2016)
- Algan et al. (2014): altruistic behaviour in the field is predicted by experimental measures rather than survey questions
- But all experimental studies are run on small selected samples
The Measurement of Trust: ... a puzzle?

- Glaeser et al. (2000) and others find:
  - no or weak correlation between self-reported and experimental measures of trust in others
  - Some correlation between self-reported trust and experimental measures of trustworthiness

**Average Experimental vs. Self-reported Trust – France 2016**

- Trustlab reaches the same conclusion: What explains the zero correlation between self-reported and experimental trust?
Because trustlab collects a lot of measures on behavioural characteristics, it can identify the drivers of both trust measures.

Preliminary findings (based on French and Korean data):
- Self-reported trust captures risk attitudes and altruism, but it is not correlated with willingness to cooperate.
- On the contrary, experimental trust is strongly related to cooperation, but only poorly to risk attitudes.

Interpretation:
- Experimental trust is based on a game where cooperation is central.
- Self-reported trust is measured in a context where the degree of uncertainty is very large due to the question (trusting whom for doing what?)

Trustworthiness predicts self-reported trust, as the latter can be understood as a belief on others’ trustworthiness derived from introspection of one’s own likely behaviour (Fehr, 2009).
The wording of the Generalised trust question emphasises the risk component:

«Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?»

In the Guidelines on the Measurement of Trust, the OECD will recommend a more neutral wording (plus 0-10 scale):

«Generally speaking, would you say that most people can be trusted?»

This is based on ONS evidence (as well as Smith, 1997, and Helliwell et al. 2006) that the sentence «you can’t be too careful in dealing with people» lowers trust among more risk-averse groups (e.g. women)
External validation: How do we know the measures predict behaviour in the real world?

- External validation of trust measures is difficult to obtain.
- For altruism, both experimental and self-reported measures of altruism correlate with donations to UNICEF at the end of Trustlab (% of amount gained).

-> limited evidence on external validation of trust implies that experimental and self-reported measures should be viewed as complementary (cf. Trust Guidelines)
Generalised trust in others is less meaningful in countries with deep social tensions between groups (across ethnicity, income etc...)

Possible development: Assess « bonds and bridges » i.e. trust between and within ethnic groups (US) or immigrants/natives (DEU)

Technically, one can use a ‘priming’ in repeated Trust Games (i.e. tell people with whom they can be matched)

Desired outcome:

### Hypothetical Matrix of Bilateral Trust Between Ethnic Groups in the US

<table>
<thead>
<tr>
<th>Ethnic group A</th>
<th>African-American</th>
<th>Hispanic</th>
<th>White and Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Hispanic</td>
<td>5</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>White and Others</td>
<td>4</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>
TRUST IN INSTITUTIONS
What are the levels of explicit and implicit trust in government?

- **Implicit trust in government is higher than explicit trust:**
  - 70% of French people record positive implicit trust, versus 35% declaring a trust score larger or equal to 5 on a 0-10 scale
  - Explicit trust is skewed to the left, while implicit trust is normally distributed

**Distributions of trust in government – France 2016**
What is the relationship between experimental and self-reported trust in government?

- Key preliminary finding: despite their difference in levels, there are robust correlations between ‘implicit’ and ‘explicit’ measures of trust in government (less so for judicial system and media)
- Digging deeper, experimental and self-reported measures trust in government integrity and competence/responsiveness correlate as well

-> despite limitations, self-reported measures appear to be credible as they capture a deeply ingrained sentiment

Dimensions of trust in government – France 2016

<table>
<thead>
<tr>
<th>Dependent variable: Self-reported trust in</th>
<th>Government integrity</th>
<th>Government responsiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Trust in government integrity (IAT)</td>
<td>0.088*** 0.089*** 0.069**</td>
<td>(0.035) (0.034) (0.034)</td>
</tr>
<tr>
<td>Trust in government competence (IAT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioural characteristics</td>
<td>No Yes Yes</td>
<td></td>
</tr>
<tr>
<td>Individual characteristics</td>
<td>No No Yes</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>393 384 384</td>
<td></td>
</tr>
<tr>
<td>Adj. R2</td>
<td>0.014 0.076 0.120</td>
<td></td>
</tr>
</tbody>
</table>

- (IAT) = Implicit Association Test
External validation: Self-reported trust in government correlates with voting

- If both measures are correlated, which one should be the main focus of analysis?
  -> external validation

- Self-reported trust predicts ‘Voting at the last election’, IAT trust measure may or may not...but evidence remains fragile
  -> Self-reported trust in government appears to be a credible measure as it is positively correlated with both experimental measures (IAT) and an objective outcome (voting)
The strongest subjective predictors of trust in government are:

- perceived government responsiveness in the provision of public goods (« Public institutions deliver public services in the best possible way »)
- government openness («public institutions are transparent»)
- government fairness («public institutions treat all citizens fairly»)

Subjective drivers of self-reported trust in government

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived responsiveness</td>
<td>0.288***</td>
<td>0.299***</td>
<td>0.295***</td>
</tr>
<tr>
<td>in provision of public goods</td>
<td>(0.053)</td>
<td>(0.054)</td>
<td>(0.054)</td>
</tr>
<tr>
<td>Perceived reliability in</td>
<td>0.079*</td>
<td>0.076</td>
<td>0.086*</td>
</tr>
<tr>
<td>pursuing long-term objectives</td>
<td>(0.047)</td>
<td>(0.048)</td>
<td>(0.048)</td>
</tr>
<tr>
<td>Perceived integrity</td>
<td>0.052</td>
<td>0.057</td>
<td>0.052</td>
</tr>
<tr>
<td></td>
<td>(0.056)</td>
<td>(0.057)</td>
<td>(0.057)</td>
</tr>
<tr>
<td>Perceived openness and</td>
<td>0.168***</td>
<td>0.133**</td>
<td>0.141**</td>
</tr>
<tr>
<td>transparency</td>
<td>(0.056)</td>
<td>(0.057)</td>
<td>(0.057)</td>
</tr>
<tr>
<td>Perceived fairness</td>
<td>0.100**</td>
<td>0.099**</td>
<td>0.098**</td>
</tr>
<tr>
<td></td>
<td>(0.046)</td>
<td>(0.046)</td>
<td>(0.046)</td>
</tr>
<tr>
<td>Behavioural characteristics</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Individual characteristics</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>N</td>
<td>801</td>
<td>780</td>
<td>780</td>
</tr>
<tr>
<td>Adj. R2</td>
<td>0.310</td>
<td>0.318</td>
<td>0.325</td>
</tr>
</tbody>
</table>
The subjective determinants of trust in government (2)

- Better public services delivery is key to restore trust

Increase in government trust after 10% increase in...

![Graph showing the subjective determinants of trust in government](image)

- Perceived integrity
- Perceived fairness
- Perceived reliability
- Perceived openness
- Perceived responsiveness
No existing survey covers a large range of policy perceptions

Trustlab Slovenia (Development Strategy) will include an extended questionnaire (drawing from many surveys: GOV, EQLS, EQWC, ESS, DB, CEVIPOF, Gallup etc…) covering specific policy areas:

- Responsiveness of public services (GOV, EQLS): national (health, education, transportation…) and local ones (safety, environment…)
- Openness-Integrity (GOV): perceived transparency of law-making, degree of public consultation, perceived corruption
- Reliability (GOV, DB): perceived degree of business regulation
- Fairness (Alesina): desired tax-benefit system, perceived social mobility
- Economic and job security (EQLS, EQWC)
- International trade and globalisation (CEVIPOF, Mansfield&Mutz)
- Social cohesion and diversity (ESS, Gallup, Koopmans&Schaeffer)
CONCLUSION
Conclusion

- Trustlab is an innovative platform that allows comparing experimental and self-reported measures of trust over large samples and across countries (mid-2017: FRA-KOR-SVN-USA-DEU-...)
- Trustlab shows that surveys and experiments capture different aspects of trust in others, providing a complementary picture
- Experimental measures and external validation support self-reported measures of trust in government
- Two platform developments are considered to shed further insights on the policy implications of Trustlab:
  1. Assess bilateral trust between/within ethnic groups
  2. Assess policy perceptions as subjective drivers of trust in government
Partnersing with Trustlab

- **Trustlab welcomes new partners** for the pilot phase (2017)
  - Run a Trust survey with a strong policy content at a small cost
  - Possibility to tailor the survey according to country needs
  - Possibility to commission a report
- **A statistical architecture**: in the longer run, the platform could be used to run surveys on other aspects
- **Trustlab needs funding** for the development phase
Thank you!
Annex: Trust in government and objective policy indicators

- Trust in government is negatively related with several policies thought to be growth-enhancing: LM and PM deregulation, UB replacement rate reduction, extension of legal age of retirement, freedom to trade internationally

- No trade-off: control of corruption and legal enforcement of contracts, tax wedge (but positive correlation of public spending in health)