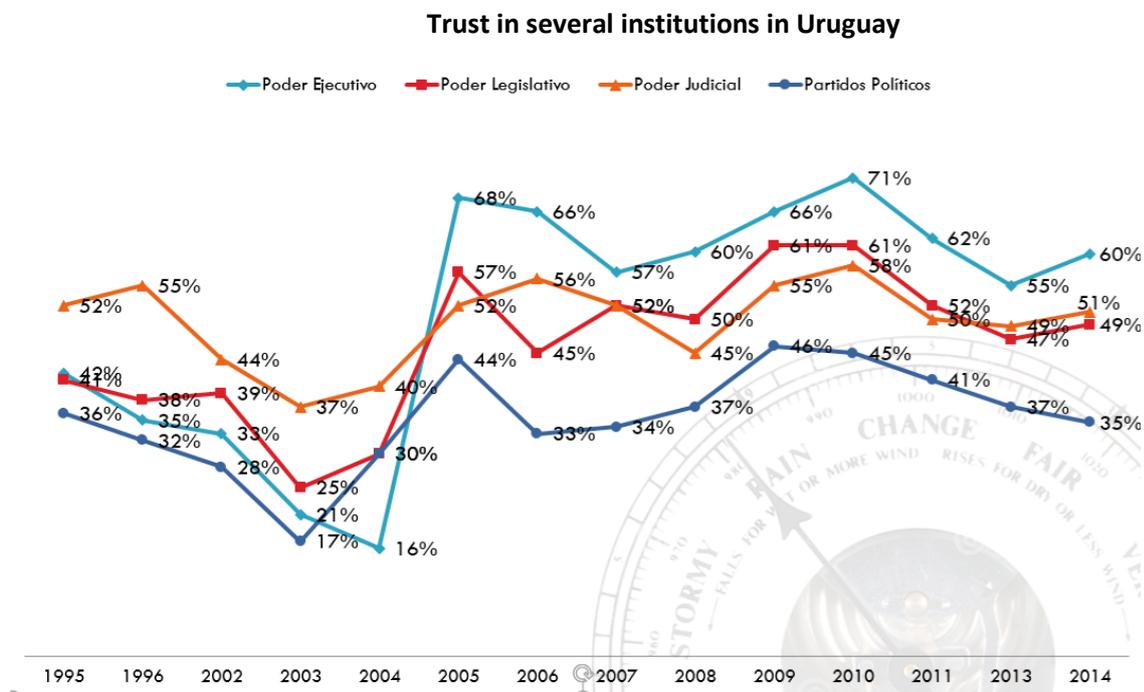


Highlights from the OECD Webinar: “The Trust Divide: How COVID-19 Exposes the Impact of Inequality on Citizen Confidence in Government”, October 19th, 2020

The third webinar of the OECD series “Building a New Paradigm for Public Trust” discussed how the COVID-19 crisis has affected population groups differently, as well as its indirect impacts on the population, such as the potential increase in people’s preferences for technocratic governance vis a vis democratic accountability. During the webinar, especial emphasis was placed on public policies and mechanisms that could address distrust and promote a fair and sustainable recovery while mitigating inequalities and generating opportunities for the most vulnerable groups.

Reforms that aim at solving systemic issues, such as concentration of power or wealth, could be effective in improving trust levels in the longer run

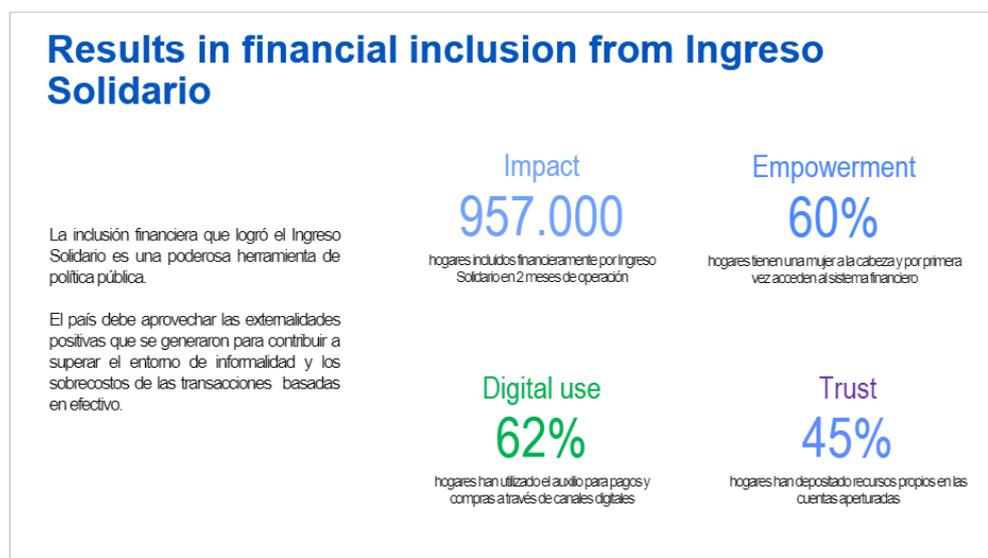
- Historically, low levels of interpersonal and institutional trust in Latin America could be explained by the existence of deep social and economic inequalities. Without addressing such imbalances, changing structural trust levels would prove difficult.
- Reforms aimed at redistributing power and/or wealth are effective mechanisms for building trust in the long term. The figure below shows a spike in trust following alternation in power in Uruguay, which led to the implementation of a series of reforms aimed at mitigating inequalities.



Source: Latinobarometro (presented by Marta Lagos)

In the short run, maintaining trust during the COVID-19 emergency requires recovery measures aimed at mitigating effects on vulnerable groups

- Vulnerable groups are the most affected by the COVID-19 crisis. According to a real-time survey in 11 OECD countries and Brazil, 30% of earners in the lowest quartile stopped working during the shutdowns, more than double of earners in the top quartile – only 14% stopped working (OECD Employment Outlook, 2020).
- Trust in governments in Latin America also follows the trajectory of economic growth and recessions. For example, while in 2003 a steep decline is observed (Asian crisis), there is an increase in 2008 following the rise in the price of commodities.
- An analysis on the results of focused social interventions run by the government of Colombia shows that these measures have mitigated the impact of the crisis on extreme poverty. These measures had positive effects on consumer and businesses confidence, and they contributed to include people in the formal economy (i.e. financial aid was provided through new bank accounts for people who did not have one, and 45% of them have put their own savings in these accounts).

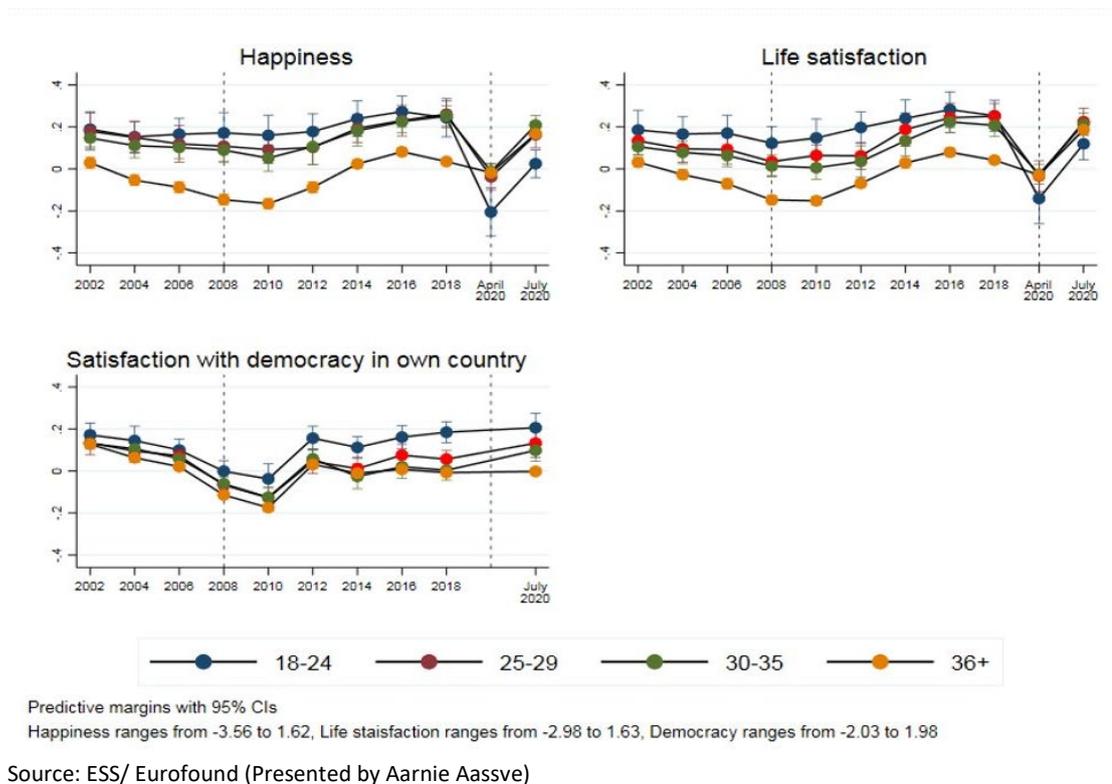


Source: Presidency of Colombia (Presented by Alejandra Botero)

Youth have suffered significantly the COVID-19 effects, yet they still exert higher trust in supranational and national institutions

- An analysis of the effect of a huge corruption scandal in Italy (Tagentopoli or “clean hands”) showed that people who experienced the scandal in their formative years have lower levels of institutional trust throughout their lives.
- Following the COVID-19 outbreak, young people had a higher probability of losing their job, and they are the age group whose life satisfaction and well-being decreased the most. While there is variation across countries, people between 25-29 years are reporting higher levels of satisfaction with democracy and trust in supranational (e.g. European Union) and national institutions than the other age groups.

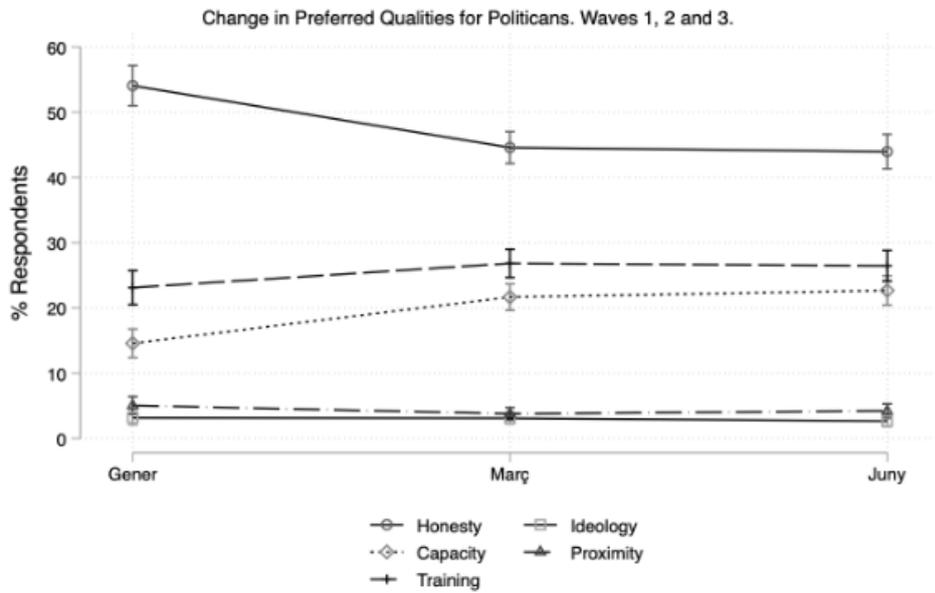
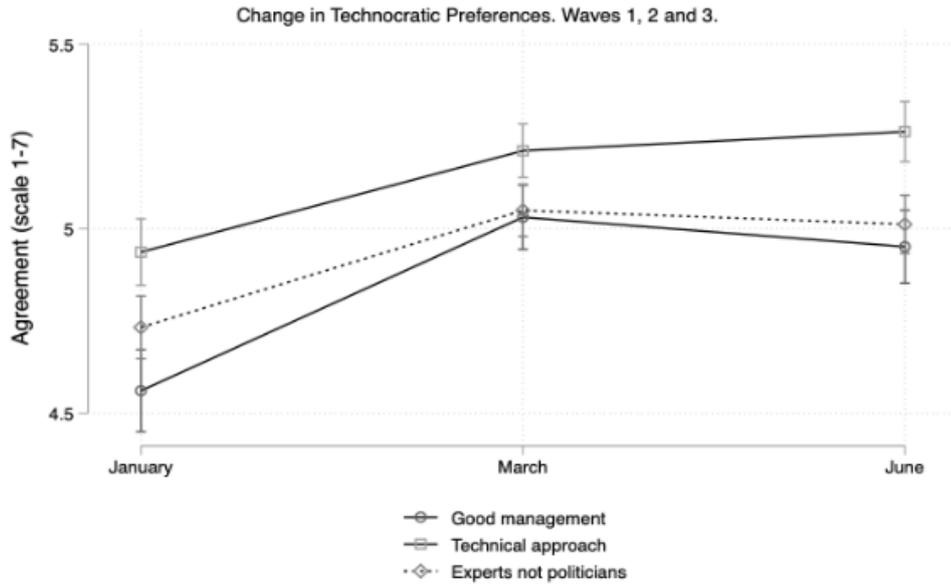
- Although young people show higher levels of trust, they are disadvantaged in any other way. According to data from the ESS/Eurofound, the youngest age group has the lowest levels of happiness and life satisfaction.



- The president of the European Youth Forum indicated that young people feel unfairly treated and blamed for the COVID-19 emergency. According to a survey carried out by the Forum, young people think it is key that recovery measures prioritise social investment and the environment over economic growth, and they perceive themselves as critical to build a fairer society and labour markets.

The pandemic represents a challenge to institutional trust, but also to democratic governance

- A panel survey carried out in Spain – a country with low levels of interpersonal trust – between January and July of 2020, showed that people had a stronger preference for discipline and coercive measures rather than counting on people’s cooperation to enforce norms.
- Results from the same study show that being exposed to COVID (either directly or vicariously, through a friend or relative) correlates with lower institutional trust and lower democratic support. An evaluation of change in citizens’ preferences found a sizable increase in technocratic preferences at the expense of democratic accountability. Moreover, people are reporting that they value the management capacity and training of policy-makers more than their honesty.



Source: Amat et. al (2020) (Presented by Francesc Amat)