

## Can a Crisis Reduce Trust in the President to the Point that Citizens Do Not Accept Fiscal Reforms or Economic Sacrifices Intended to Overcome It?



Survey data for Argentina and Uruguay do not show a decline in trust in the president among those whose health was compromised by COVID-19.



Over time, trust in the president increased in Uruguay and declined in Argentina among the population at large.



Evidence on support for greater economic sacrifices was mixed. Compared to the population in general, those whose health or that of their loved ones was affected by the virus showed more support for the economic sacrifices necessary to exit the pandemic.

### CONTEXT

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Crises can diminish trust in leaders, but they can also have a “rally around the leader” effect when citizens believe leaders have performed well. Crises may also set the stage for implementing reforms. In Argentina and Uruguay, presidents elected in 2019—both with different political orientations than their predecessors—took office only months after the start of one such crisis, the COVID-19 pandemic. These parallel experiences provide an opportunity to explore whether those directly affected by the COVID-19 pandemic changed the level of trust in the government, support for reforms, and acceptance of economic sacrifices.

### PROJECT

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Data were collected in two telephone surveys. The first was conducted in November-December 2019, prior to the pandemic and before the presidents-elects took office. The second was conducted in December 2020, with an active pandemic and presidents one year into their terms. In order to evaluate the impact of the crisis, respondents were classified into treatment and non-treatment groups depending on whether they or someone in their immediate family had been infected. In both rounds, respondents were asked about their trust in the president-elect, and their willingness to accept changes in policy across different areas to address the economic crisis.

## RESULTS

The pandemic's effects on trust differed between the two countries. In Uruguay, trust in the administration increased following the pandemic. In the first survey, 29 percent did not trust the president. This figure was 9 percentage points (pp) lower in the second survey. The opposite occurred in Argentina. In the first survey, 24 percent of those surveyed distrusted the new administration, and that figure increased by 4 pp with the pandemic. It thus appears that the crisis increased trust in Uruguay but decreased it in Argentina. A regression model controlling for initial levels of trust and other variables reaches the same conclusion. The results indicate that Uruguayans' trust in their president had increased by 5 pp a year after he took office, while in Argentina it dropped by 9 pp. In both cases, voters changed their opinions in the second survey, especially in Argentina.

What was the effect of having fallen ill with COVID-19? No highly significant impact on the level of trust was found in either country. In contrast, with the pandemic crisis and one year into the new president's term, people were less willing to make sacrifices to contribute to economic growth. In Uruguay, willingness declined by 8.7 pp with respect to an increase in prices and 7.4 pp with respect to making it easier to fire workers. In Argentina, the changes were not statistically significant. Willingness to make sacrifices increased, however, among some of those affected by COVID-19. Respondents in Argentina were more willing to pay higher taxes, while those in Uruguay preferred to accept salary reductions.

### Key Concept



#### UNEXPECTED CRISIS

An unexpected crisis refers to an unanticipated event or series of events that significantly disrupts the normal functioning of the economy, such as with natural disasters and pandemics.

## POLICY IMPLICATIONS

Much is still unknown about the impact of the health crisis on citizen trust in leaders. In this case, trust in the president did not change in a single direction; depending on the president and country, it could increase or decrease due to the crisis. Likewise, willingness to accept economic sacrifice depends on the country and/or reform proposed. It is not clear, moreover, how having suffered affected those surveyed. This result differs from other crises, such as those following natural disasters, where those affected seem to react more than those not affected. Unfortunately, one drawback of our analysis is that we do not have a more refined measure of impact (e.g., the intensity of COVID-19) or a measure of remedial actions taken by the government at the individual level (e.g., subsidies for those who contracted the virus or unemployment benefits) for purposes of comparison.

The results are relevant for understanding how experiencing the impact of COVID-19 affected their trust in the government and whether a crisis is a good time to propose reforms. In general, a crisis like COVID-19 is not necessarily an opportunity to make economically significant reforms, probably because trust has declined and because people may feel like they already made the necessary sacrifices. Managing the crisis is nonetheless important in the long term, both directly (e.g., reducing costs of the crisis) or indirectly (e.g., reducing the negative impact that crises have on trust that affects the quality of policies later on). The results in the article highlight the importance of having multi-country panel data for evaluating the impact of crises on trust. The analysis would not have been possible without multiple rounds, and the interpretation of the results would have been biased if the survey had only covered one country.

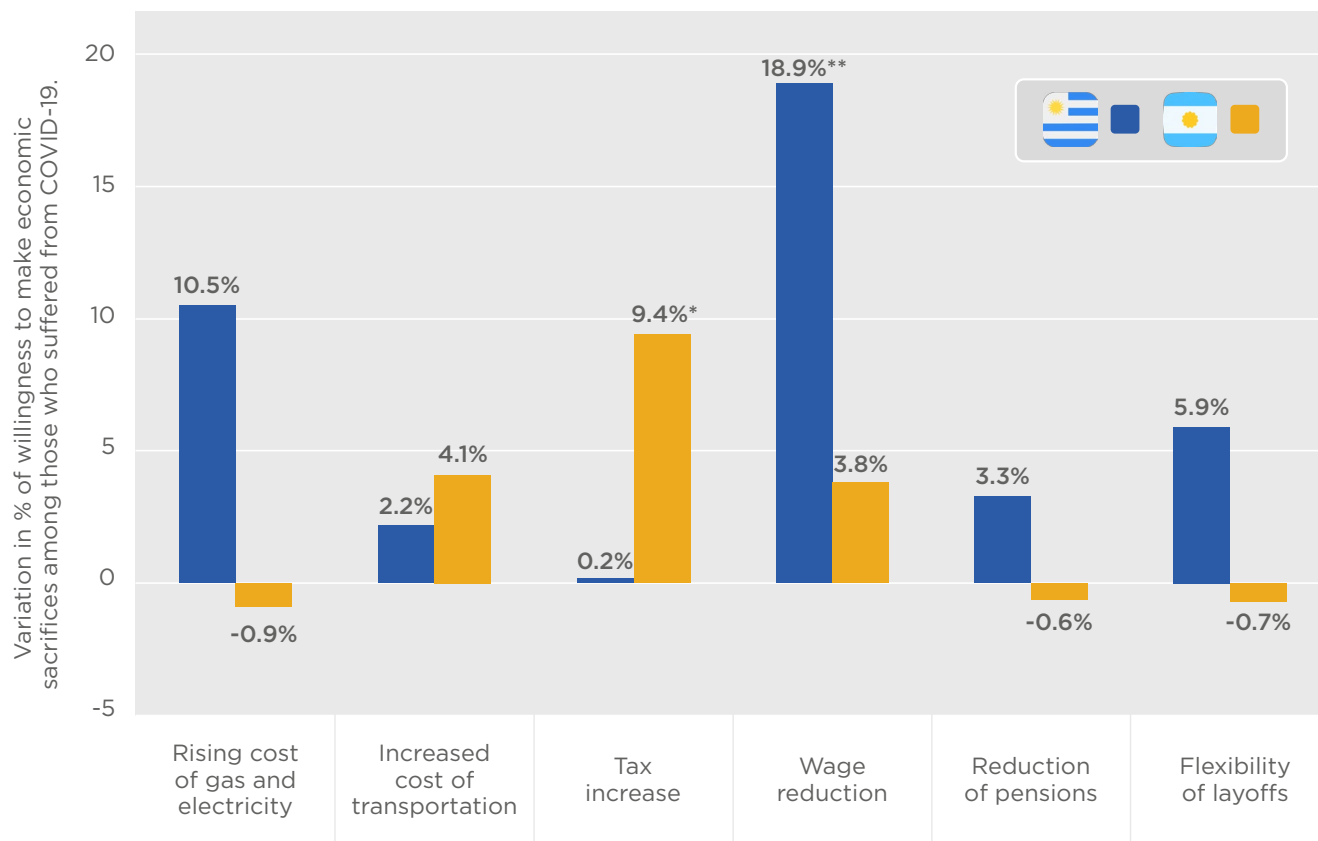
### Key Concept



#### TRUST

The belief that others (including the government) will not act opportunistically.

**Figure 1. Willingness to Make Economic Sacrifices among Those Who Suffered from COVID-19**



Note: \* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

## IDB RESEARCH ON TRUST

This document is part of a series of studies and initiatives that the IDB has promoted to understand the importance of trust in economic growth and building citizenship.



### FULL STUDY

[Bonvecchi, Alejandro, Ernesto Calvo, Susana Otálvaro-Ramírez, and Carlos Scartascini. 2022. "The Effect of a Crisis on Trust and Willingness to Reform: Evidence from Survey Panels in Argentina and Uruguay."](#)

## DEPARTMENT OF RESEARCH AND CHIEF ECONOMIST

The Department of Research and Chief Economist generates new ideas to enrich the knowledge base that supports the policy agenda of the Inter-American Development Bank (IDB) and its member countries for achieving sustainable and equitable development in the region. To maximize the impact of its research, the Research Department carries out activities that serve as inputs to other IDB departments, governments, the academic community and public opinion in the region.

