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## Rebuilding Social Trust in Post-COVID America

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CHICAGO – At first glance, the coronavirus pandemic has deepened economic divisions within the United States. It has magnified income and social inequality, and highlighted many longstanding systemic problems.

For example, women are more adversely affected than men. Children from poor households are less able to adapt to virtual schooling than those from wealthier families. Experts think that domestic violence and child abuse have risen rapidly during the pandemic, but much of the increase has gone unreported because of the reduction in monitoring due to school closures. Lower-income individuals face higher health risks because many of the factors that worsen COVID-19 consequences are negatively associated with income.

But, despite these painful and unevenly distributed costs, could America's trial by fire during the pandemic help to restore the mutual trust needed to improve the economic well-being of all Americans in the long run?

Trust, by which economists mean a person's confidence in the honesty and integrity of someone they don't personally know, is an essential component of a successful economy. It is also often overlooked.

To trust in an economic sense is to believe that the other person is not out to take advantage of you. To lack trust is to feel that you must fight for the maximum share of the pie at every turn. Trust makes policy compromises possible, because all parties understand that the gains will be shared over time, even if not everyone benefits at the moment the agreement is reached. As with a healthy personal relationship, people can take turns getting what they want, because they know there will be many future interactions requiring compromise, so that things will even out in the long run.

Moreover, empirical evidence shows that trust explains a substantial part of the differences in economic growth across countries, and increases political stability during economic recessions. The ability to cooperate improves outcomes for everyone.

Surveys show that, among European countries or others whose populations are largely

descended from Europeans, Scandinavian countries have the highest levels of trust, with over 70% of the population saying that they trust people they don't personally know. Brazil and North Macedonia have the lowest levels of trust, at around 7% and 13%, respectively.

Trust levels within the US are midway between those in Northern and Eastern Europe, with 41% of Americans saying that they trust people they don't know. Given the empirical evidence that Americans' mistrust is likely rooted in historical discrimination, it is not altogether surprising that the US has lower levels of trust than Northern Europe. Nor is it surprising that US political debate has become increasingly divisive, in part because media organizations have found that stoking anger is more profitable than nurturing compromise.

Lack of trust has been a critical barrier to US economic policy in recent years, because the solutions to the country's main problems all require some degree of redistribution. Providing better opportunities for underrepresented minorities and women through policies such as affirmative action takes away opportunities from other groups. Likewise, protecting US manufacturing and agricultural jobs can raise prices – the equivalent of a tax on American consumers.

To break the policy impasse, voters must be willing to set aside some of their own immediate self-interest. They are more likely to do this if they trust that their dispensation will be reciprocated. People build trust by working toward a common goal, and it increases with social and economic cooperation – especially if the activity generates value for other members of society.

This is exactly what has happened during the pandemic. The restrictions and economic costs entailed by the US national shutdown are the prices that young and healthy Americans are paying to protect high-risk individuals. And unlike in many other countries, a large number of restrictions were ultimately self-enforced and voluntary.

In the US, as opposed to the United Kingdom and European Union countries, no one is fined for not wearing a mask or monitored to ensure compliance with a quarantine. This, of course, has obvious downsides. The lack of enforcement and a coordinated response contributed to the third-highest infection rate and twelfth-highest death rate of any country in the world. But there is also an important upside: people's behavior reveals their willingness to contribute to public welfare, and not just their fear of penalties for non-compliance.

Low-risk individuals adhere to COVID-19 restrictions because they want to, and believe that doing so will help to keep others safe as well as themselves. During the pandemic, the healthy majority has paid a high price to protect a vulnerable minority. Because federal and state governments did not coerce compliance, we can say that people paid it willingly (although perhaps not happily). The effort was not uniform and not everyone followed the same precautions. But, ultimately, tens of millions curtailed their own freedom and quality

of life for over a year. This costly effort is notable, given widespread fears that America is currently being undermined by populism and self-interest.

It would be a shame if Americans lose sight of this hard-earned silver lining in their assessment of the pandemic. Trust is also transmitted intergenerationally. Parents should remind their children, and teachers should educate their students, about the sacrifices made by millions to keep strangers safe. The US now has a unique opportunity to bolster trust, solidarity, and cooperation – and thus to confront the economic challenges ahead.

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