

TRUST IN INSTITUTIONS, DEMOCRACY, AND OFFICIAL STATISTICS

According to the recent Trustlab survey administered by STATEC, a large majority of Luxembourg residents show a high level of trust in the country's institutions. The survey results indicate that 60% of respondents report having trust in the government, while for the judicial system this reaches 66%, and 70% for the police. However, the media enjoys only a limited level of trust among citizens. As much as 69% of interviewees report having trust in STATEC, the National Statistical Institute.

It also emerged that education, income level, employment status, and nationality play a significant role in determining the level of trust people have in institutions. This research explored additional factors that explain trust in institutions, such as social cohesion, trust in official statistics, and trust in the media, showing that social cohesion, measured by trust in other citizens, enhances trust in institutions. Additionally, there is evidence that trust in official statistics is associated with trust in institutions. Finally, the study also focused on the role by the media: traditional media sources such as newspapers and television promote trust. In contrast, exposure to internet may reduce trust in institutions.

Democracy and institutional trust

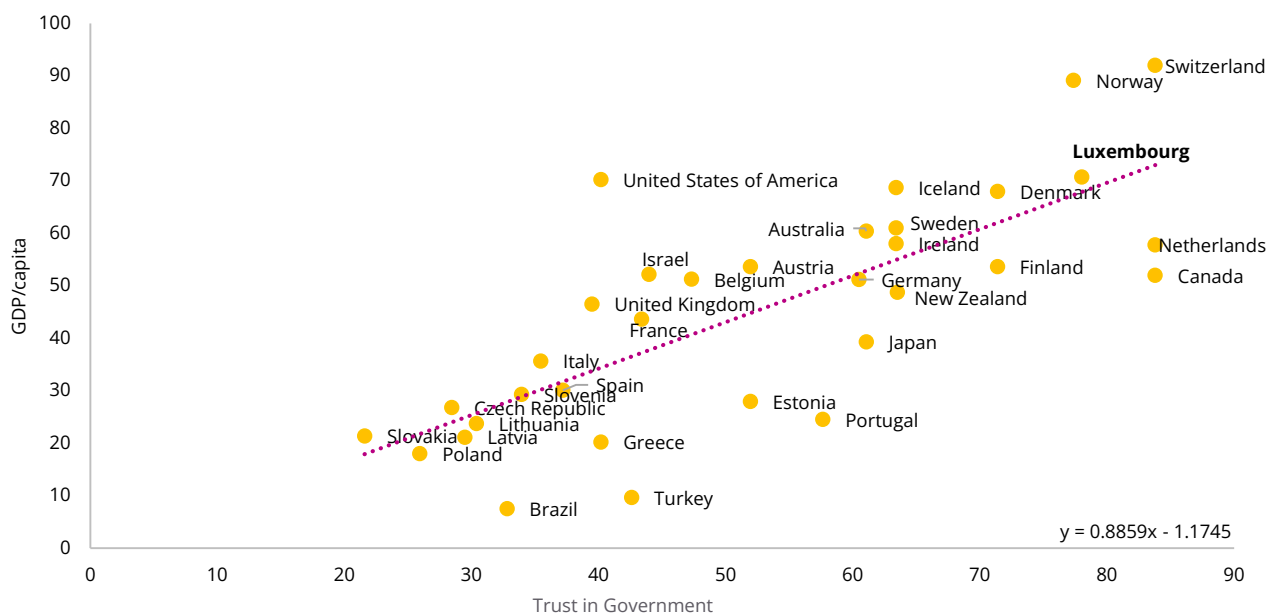
We define democracy simply as the rule of the people by the people and the respect for the rule of law. At the core of the rule of law there are limits on state power, clarity, accessibility, and equality before the law, protection for fundamental rights, judicial independence and access to justice. These principles hold for government agencies and administrations created by the legislator, which have explicit missions to fulfil. This includes statistical institutes that are independent from government and are ruled by European regulations and national law, their adherence to these principles increase the trustworthiness of official numbers as discussed in a recent study (see Allegrezza, et.al 2022).

Martinez (2022) comparing self-reported GDP figures to night-time lights recorded by satellites provides evidence that autocracies overstate yearly GDP growth by a large margin. In contrast, democratic statistics are more

accurate and trustful. The relation between democracy, trust, and economic performance is highly complex, as research in economic and political science has demonstrated. Nevertheless, the evidence at hand suggests that democracy causes growth (see Acemoglu et al. 2019).

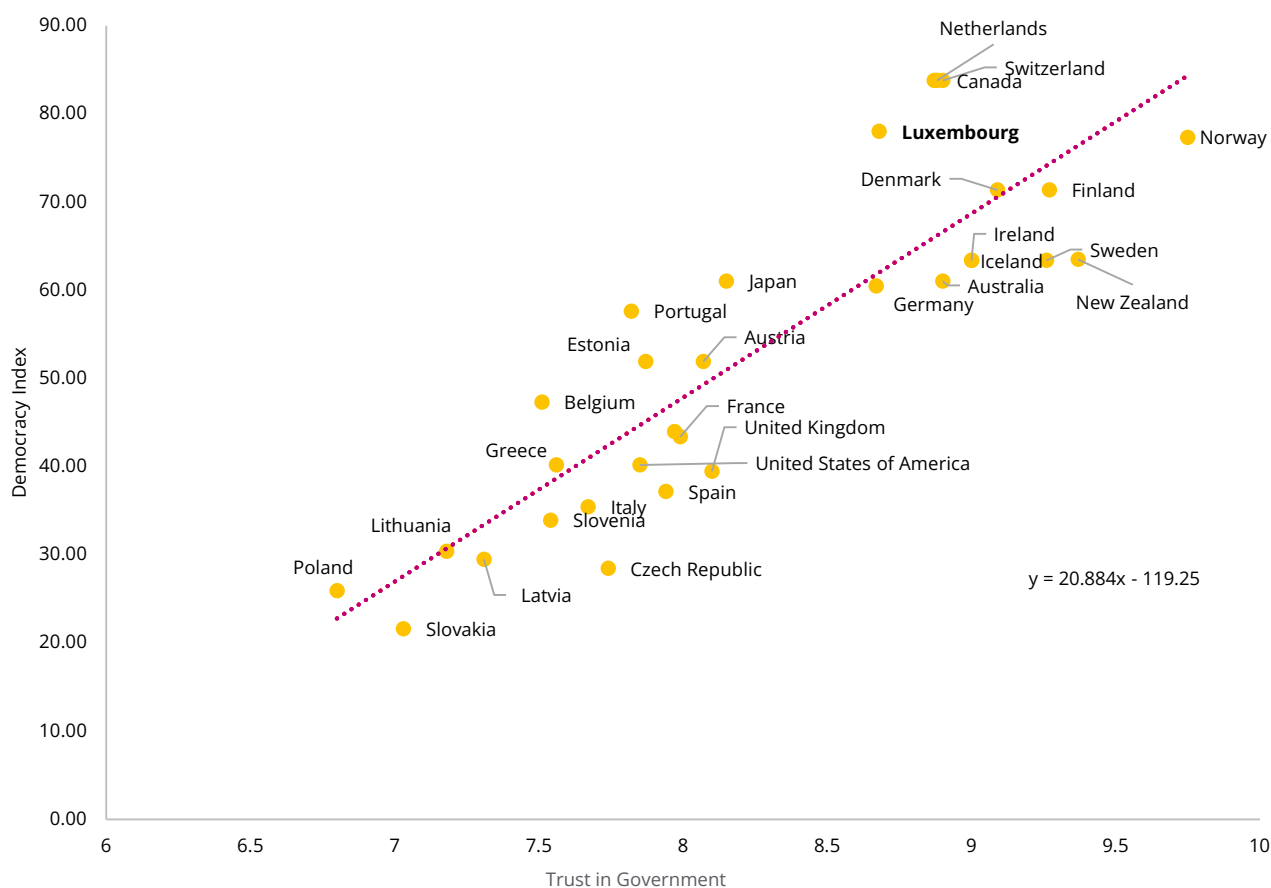
Figure (1) shows the strong correlation between per capita GDP and trust in institutions. The more trust people have in the institutions of their country, the richer they are and vice versa. Figure (2) instead shows a positive correlation at aggregate level between trust in institutions and democracy index as measured by the *The Economist*, but this relation hides a contrasting picture at micro level as evidenced by surveys.

Figure 1: Correlation between GDP per capita and trust in government in selected countries for the year 2021



Note: For Luxembourg and Ireland, we use GNI (Gross National Income) per capita in 2021)

Figure 2: Correlation between the democracy index and trust in government



Note: We present selected countries

According to the recent OECD survey on democracy and trust in institutions (["Building trust to reinforce democracy"](https://www.oecd-ilibrary.org/governance/building-trust-to-reinforce-democracy_b407f99c-en)),¹ in most countries the majority of people do not trust their governmental institutions. Results of this survey (["Building trust to reinforce democracy"](https://statistiques.public.lu/en/actualites/2022/ocde-novembre-trust-17-novembre.html))² presented at the Global Forum on Trust in Institutions and Democracy in Luxembourg on November 17th, 2022, showed that trust is strengthened by the proper functioning of institutions, such as the responsiveness of the public administration, the reliability of government, and the integrity of politicians. At that forum, it was also argued that independent official statistics may help empower citizens and boost trust in public institutions.

Even if the level of trust has declined for various reasons (the increase in economic insecurity due to globalization, disruptive technological progress, pandemics and a sharp surge in unemployment...), low trust in government should not be alarming as the very nature of democracy is to allow a controversial debate and the criticism of policies and politicians. In Europe, the strength and resilience of democratic attitudes has not suffered during the last decades as Larry Bartels (2023), a leading political scientist, has uncovered through a thorough analysis of loads of surveys. This paper explores the determinants of trust in political institutions and in official statistics using an original type of data from the OECD Trustlab survey pertaining to Luxembourg.

The micro-foundations of trust

The OECD (2017) defines trust as *"a person's belief that another person or institution will act consistently with their expectations of positive behavior."* Scholars have identified trust as attributes embedded in human interactions that are promoted by personal links, community rules, informal and formal mechanisms, or frequent transactions. Institutional trust encompasses trust toward all types of institutions, including political, governmental, non-governmental, as well as the judiciary (OECD, 2017).

In collaboration with the OECD, in 2021 STATEC conducted a survey to assess various types of trust. As depicted in Figure (3), approximately 58.6% of the population of Luxembourg express a high level of trust in the government, while nearly 23% declare having no trust. The survey also revealed that the police, the national statistical agency (STATEC), and the judiciary enjoy the highest levels of trust. This trend aligns with other countries; for example, the police is also the most trusted institution in Germany, the USA, and Korea. Luxembourg's trust in the media is low, however, with only 35% of the population expressing trust in this institution. Trust in the parliament, civil servants, and the financial system is around 55%.

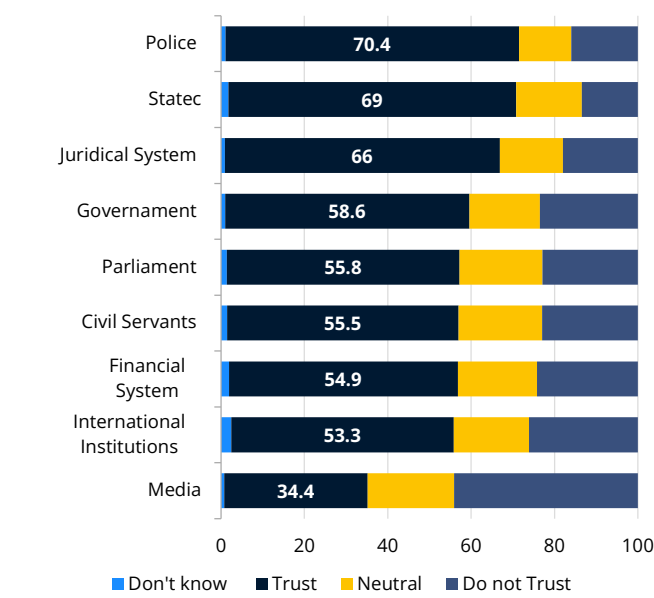
Our analysis also aimed to identify the specific impact of individual and household socioeconomic characteristics on trust in each institution, as described in Figure (4). Notably, older individuals exhibit higher levels of trust in all institutions, though the difference is statistically significant only for trust in international institutions. While males display slightly higher levels of trust than females, the gender difference is statistically significant only for trust in international institutions and the financial system.

Income level has a significant impact on trust in almost all institutions. The results show that individuals with higher incomes tend to show significantly greater trust in the media, parliament, financial system, judiciary, and police. Moreover, higher levels of education are associated with a stronger level of trust in institutions. Household size (having more children) has no significant effect on trust in institutions.

We also found that politically left-oriented individuals tend to trust civil servants more but have less trust in the financial system and that religious individuals exhibit higher levels of trust in the police and the judiciary. Unemployment exerts a negative effect on trust in all institutions.

Finally, immigrants show a higher level of institutional trust compared to natives, and having Luxembourgish nationality is associated with lower trust in the government compared to non-natives.

Figure 3: Trust in the main institutions in Luxembourg

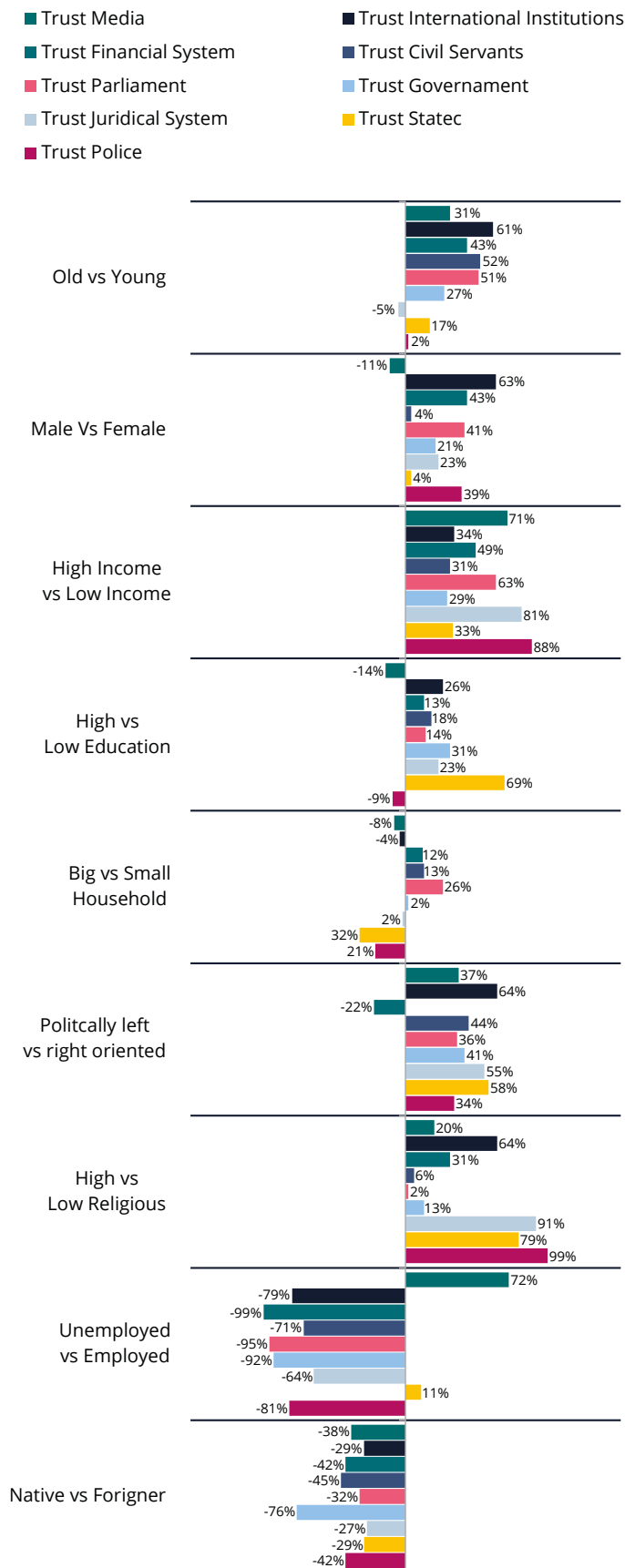


Source: Statec, TrustLab Survey 2021

¹ https://www.oecd-ilibrary.org/governance/building-trust-to-reinforce-democracy_b407f99c-en

² <https://statistiques.public.lu/en/actualites/2022/ocde-novembre-trust-17-novembre.html>

Figure 4: Regression analysis of the determinants of institutional Trust



Source: Staterc, TrustLab Survey 2021

Note: The coefficients derived from a logistic regression represent marginal changes.

Social cohesion fosters trust in institutions

According to Francis Fukuyama (1995), trust in others is a fundamental prerequisite to developing trust in institutions. Numerous studies have explored the link between trust in institutions and trust in others, revealing that social cohesion among individuals willing to cooperate with each other is a crucial aspect of a functioning democracy. The underlying concept is that cooperation and civic participation foster trust, which is vital for the effective functioning of a democratic system. Researchers concur that a nation's civic life reflects the quality of democratic governance, and civic associations serve as training grounds for participants to pursue collective goals.

In Luxembourg, the level of trust in others stands at around 38%, comparatively lower than countries such as Germany, Italy, or the USA. However, other forms of personal trust, such as trusting family and acquaintances, are found in higher levels (91% and 85% of respondents, respectively). Trust in immigrants remains high at around 50%, whereas trust in strangers is much lower, at only 38%. Trust in individuals of other religions hovers around 46%.

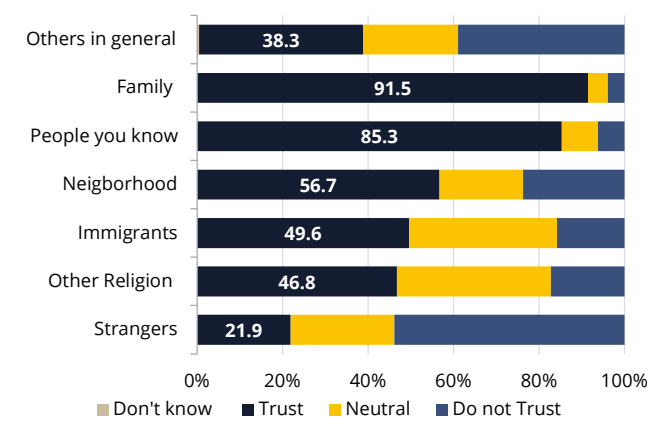
Another significant aspect is trust in one's neighborhood, which scores around 57% for Luxembourg, surpassing other countries such as Italy (55%), the UK (56%), and France (54%). Research indicates that trusting one's neighborhood reflects an active civic life that encourages interpersonal cooperation. It fosters the expectation that others will comply with public requirements critical to the functioning of democracy. Consequently, trusting one's neighbors creates conditions for community integration, social cooperation, and greater democratic stability.

The econometric analysis⁵ presented in Figure (5) examines the specific impact of trust in others on institutional trust, controlling for a set of personal characteristics. The results demonstrate that trust in others has a highly significant effect (at the 1% level) on trust in institutions. In particular, the coefficients are significant for institutions that are managed by individuals as well, e.g., parliament and the civil service.

A 1% increase in personal trust has a significant positive impact on trust in parliament, resulting in an approximately 35% points increase. Similarly, a 1% increase in personal trust leads to a roughly 30% points increase for trust in government and in STATEC. The highest effect is reflected on the trust in Civil Servants, where 1% change in trust in other increases trust in others by around 40% points. These effects are observed after accounting for various socioeconomic factors such as age, gender, education level, and income.

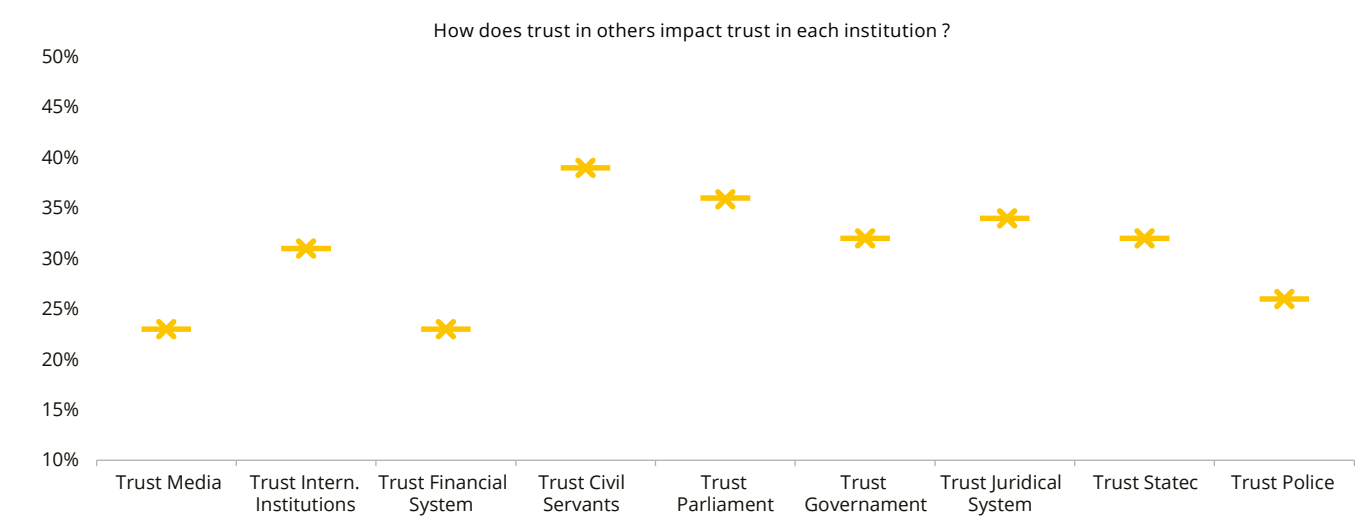
These findings highlight the crucial role of trust in others as an index of social cohesion influencing trust in institutions. For institutions aiming to build trust, the focus should not solely be on fostering trust in themselves but also on promoting trust in society as a whole. This can be achieved through initiatives aimed at encouraging social cohesion, cooperation, and active civic engagement. By strengthening the bonds between individuals and fostering a sense of collective responsibility, institutions can contribute to enhancing overall trust in society and the functioning of democratic systems.

Figure 5: **Social cohesion in Luxembourg**



Source: Stateg, TrustLab Survey 2021

Figure 6 **Social cohesion and institutional trust**



Source: Stateg, TrustLab Survey 2021

Note: The points show the probability change of social cohesion for trust in each institution. The effect of social cohesion is assessed after controlling for a set of individual and household variables such as age, gender, income bracket, education status, household size, political orientation, religion, labor market status, and immigration status.

Trust in official statistics supports trust in institutions

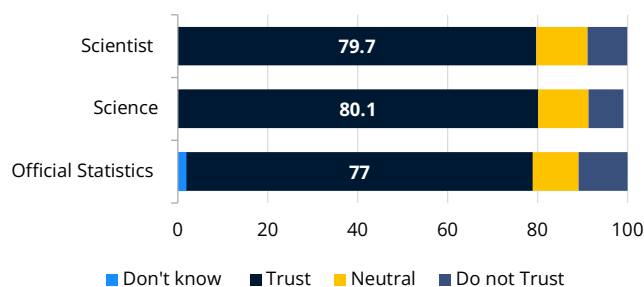
Science is widely acknowledged to improve people's lives and promote prosperity in society. A commitment to transparency between the scientific community and individuals fosters mutual understanding and facilitates communication on matters concerning citizens. In Luxembourg, trust in science is robust, with approximately 80% of the population having confidence in science and scientists, as depicted in Figure (7).

The statistics produced by reputable organizations, such as national statistics offices, significantly influence people's perception of governance in a country. These national administrations are often perceived as reliable and credible sources of timely statistical information free from

political interference. Trust in statistics in Luxembourg is high, with approximately 77% of the population expressing confidence in official statistics.

Regression analyses, the results of which are presented in Figure (8), reveal that trust in official statistics has a highly positive effect on trust in every institution. In particular, trust in official statistics can increase the likelihood of trust in the parliament and government. Improving the way official statistics are made available and understandable plays a central role in the public discourse and helps building institutional trust. Therefore, the role of official, i.e. certified and reliable numbers, are crucial to foster trust in institutions.

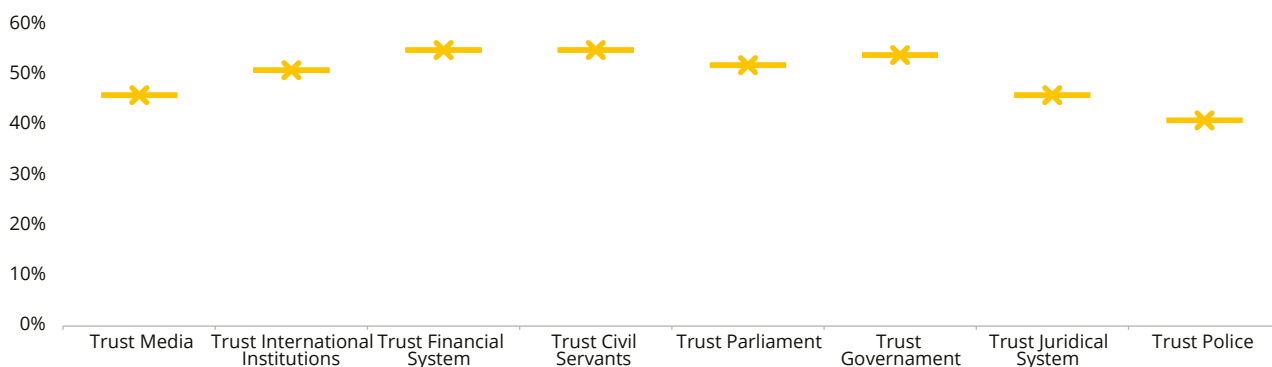
Figure 7 Trust in science, scientists, and official statistics



Source: Stater, TrustLab Survey 2021

Figure 8 Statistics and Institutional Trust

How does trust in official statistics impact trust in each institution ?



Source: Stater, TrustLab Survey 2021

Note: The points show probability change of trust in official statistics for trust in each institution. For example, trust in statistics increases trust in the media by 45% point's change. The effects reported are obtained when controlling for individual and household variables such as age, gender, income bracket, education status, household size, political orientation, religion, labor market status, and immigration status.

Media exposure affects institutional trust

The relationship between media exposure and trust in institutions is complex and influenced by several factors. First, media coverage of government activities, for example, can shape individuals' perceptions of government competence, integrity, and responsiveness. Positive media portrayal of government initiatives tends to boost people's trust in the government, whereas negative coverage can erode trust.

Second, the type of media individuals consume plays an important role. Studies indicate that those who rely more on traditional media such as newspapers and television news tend to exhibit higher levels of trust in the

government. Conversely, individuals who consume more online and social media content may experience no effect or lower levels of trust.

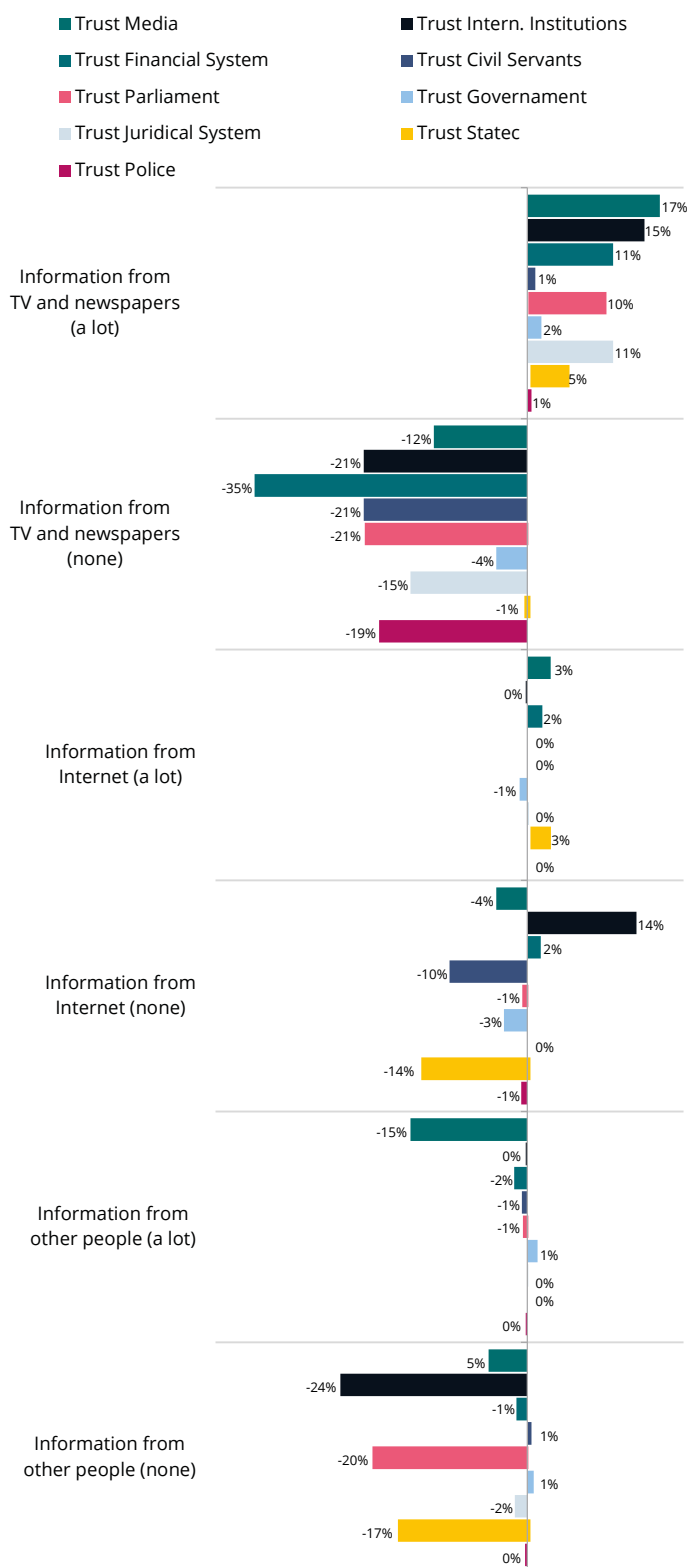
Third, the alignment between media and political beliefs can impact trust in government. People who consume media that supports their political preferences may be more inclined to trust the government if the media coverage of preferred party is positive. Conversely, negative media coverage may diminish trust among such individuals.

Finally, the timing and context of media coverage also has an impact on trust in the government. For instance, during times of crisis or uncertainty such as natural disasters or pandemics, people are more likely to trust the government if they perceive it to be taking decisive action

and providing accurate information. Figure (9) illustrates the influence of high or no exposure to various forms of media. The data clearly indicate that frequent exposure to traditional media such as TV and newspapers has a significant positive effect on trust in various institutions including parliament, international institutions, and the financial system. Conversely, having no exposure to TV or newspapers has a significant negative impact on trust, particularly in the case of the government and parliament.

Getting a lot of information from TV and Newspaper also impacts trust in the National Institute of Statistics (STATEC), increasing it by around 5 percentage points. Social networks increase trust in official statistics although less so than traditional media. This positive impact of social media on STATEC (and on civil servants) is noteworthy since information carried by internet generally does not help increase trust in institutions. The results show also that avoiding social networks is not a solution, since absence from social media reduces trust in institutions. This holds in particular for STATEC. All these results are consistent with the existing literature. On the other hand, obtaining information from other individuals has a negative and substantial impact on trust, particularly in the media itself.

Figure 9 **Media exposure and trust in institutions**



Source: Statec, TrustLab Survey 2021

Note: The coefficients show the impact of two levels of media exposure (high level and none) on trust in each institution by using a logistic regression. These results are obtained after controlling for a set of individual and household variables such as age, gender, income bracket, education status, household size, political orientation, religion, labor market status, and immigration status.

Conclusion

The rule of law, which is at the core of democracy, underpins the proper functioning of public institutions, including statistical offices. Our analysis reveals that social cohesion, measured by trust in fellow citizens, plays a crucial role in shaping trust in institutions, with a positive impact observed on trust in both parliament and government. We find that trust in official statistics is an essential component of institutional trust, significantly influencing trust in various institutions, controlling for socio economic characteristics for the respondents.

Media exposure also has a significant effect on trust in government, with positive media coverage fostering trust. Trust in traditional media such as TV and newspapers positively impacts trust in several institutions, while information channeled through social media may have adverse effects.

The findings underscore the importance of fostering transparent communication and choosing media channels carefully. It suggests that STATEC, for instance, must make efforts to ward off fake news and post-truth nonsense improperly reporting official statistics on social media.

More in depth analysis will follow using different data sets and more sophisticated techniques will be applied.

Box note

1. Trustlab is the first international instrument to combine experimental measures of trust and other social norms with an extensive survey of the attitudinal, institutional, and social determinants of trust. The survey is carried out by an online data collection platform designed by the OECD and Sciences-Po Paris. In each participating country, the survey was completed by at least 1,000 respondents. In Luxembourg, the 2021 Trustlab survey was carried out by STATEC. The survey collected socioeconomic and demographic variables along with various measures of trust. For more information, see <https://www.oecd.org/wise/trustlab.htm>.

2. To calculate the democracy index, The Economist Intelligence takes into account five factors: electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties. By evaluating the scores of various indicators within these categories, each country is categorized as one of the following regime types: full democracy, flawed democracy, hybrid regime, or authoritarian regime. <https://www.eiu.com/n/campaigns/democracy-index-2022/>

3. https://www.oecd-ilibrary.org/governance/building-trust-to-reinforce-democracy_b407f99c-en

4. <https://statistiques.public.lu/en/actualites/2022/ocde-novembre-trust-17novembre.html>

5. The coefficients reported on the graphs for Figures (5) and (8) are the marginal effects of a probabilistic logistic regression model, where the dependent variable takes a value of 0 for "Do not trust" and 1 for "Trust".

References:

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Cette publication a été réalisée par Dr Serge Allegrezza et Majlinda Joxhe.
Le STATEC tient à remercier tous les collaborateurs qui ont contribué à la réalisation de cette parution.

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