Rebuilding Trust. Experience from Latin America and the Caribbean

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# WHAT DO WE MEAN BY TRUST?

Trust is the <u>belief</u> that others will not act opportunistically.

People/firms/governments do not

- make promises they cannot keep,
- renege on promises they can keep,
- violate norms to take advantage of those who respect them

## WHY IS TRUST LOW?

#### OPPORTUNISTIC BEHAVIOR IS MORE COMMON IN SOCIETIES WHERE THERE ARE AMPLE:

## **Information asymmetries**

When information is scarce, people cannot distinguish between good or bad luck and the reliable or opportunistic behavior of others. Trust falls.

### **Power asymmetries**

Unreliable behavior is not punished even if everyone is adequately informed about it.

## TRUST AND CITIZENSHIP STRATEGY

## TRUST SHOULD BE AN OBJETIVE OF PUBLIC POLICY



The uninformed are more likely to believe (correctly) that others will take advantage of them.



The powerless are more likely to believe (correctly) that others will take advantage of them.

REFORMS THAT INFORM

REFORMS TO

STRENGTHEN INSTITUTIONS

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# **INFORM AND COMMUNICATE**

## **PUBLIC SECTOR REFORMS: TRANSPARENCY AND COMMUNICATION**

Test scores in schools	Crime rates by neighborhood		MAKE	
	Subnational	(4 <del>1)</del>	COMMUNICATE	PROMISES
Mortality rates in hospitals	government performance		KEEP	

# Reducing information asymmetries







#### CITIZENS MISTRUST OPAQUE GOVERNMENTS

#### TRANSPARENCY ABOUT PROMISES AND FULFILLMENT INCREASES TRUST

## A. Sample of public commitments



100 percent of street corners wheelchair accessible



30 new schools with classrooms for 3-year-olds



10,000 security cameras around the city and on public transportation



20,000 families are homeowners with the support of the City of Buenos Aires



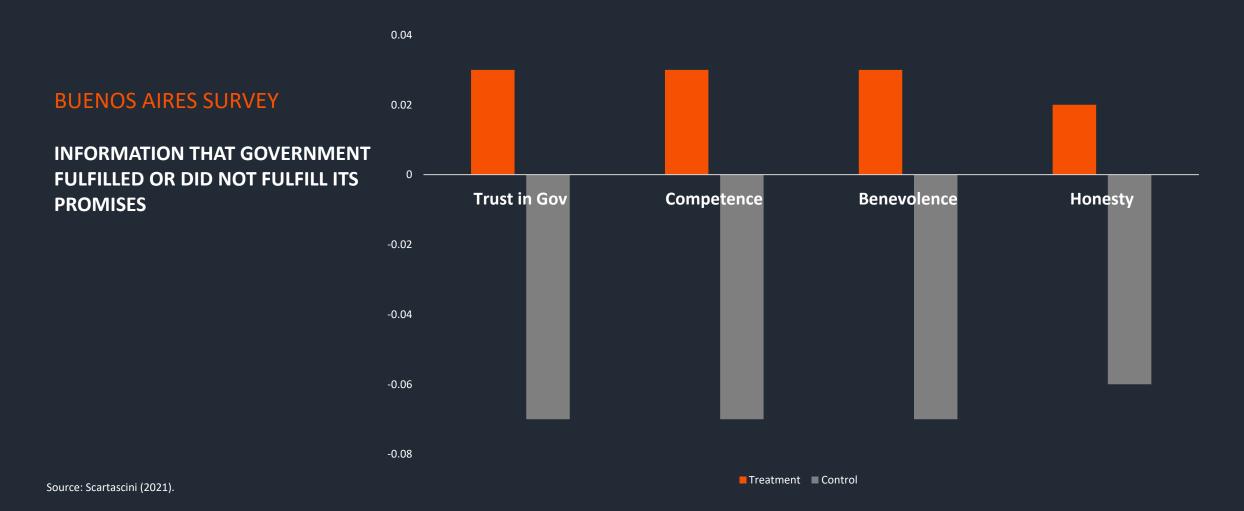
1,000 more police officers on the street

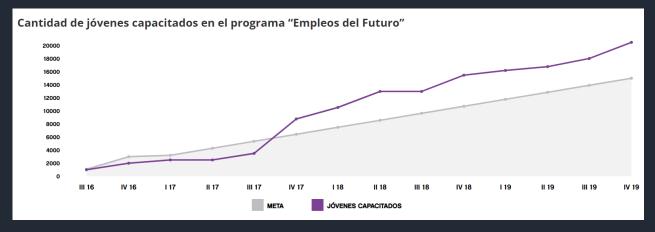


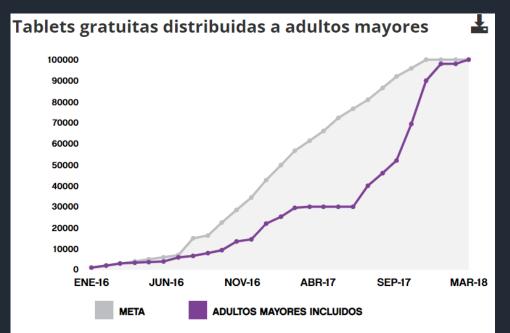
12 sports centers and four large parks renovated

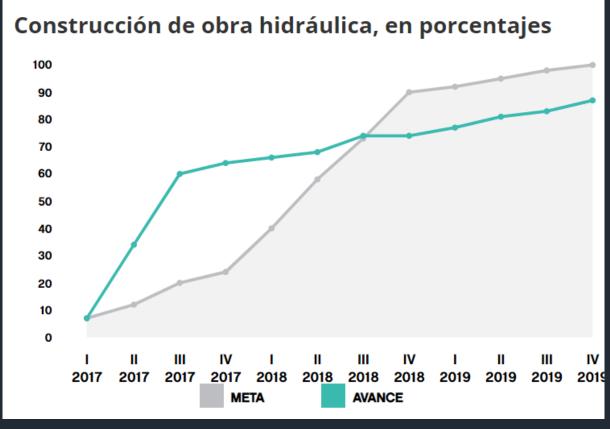
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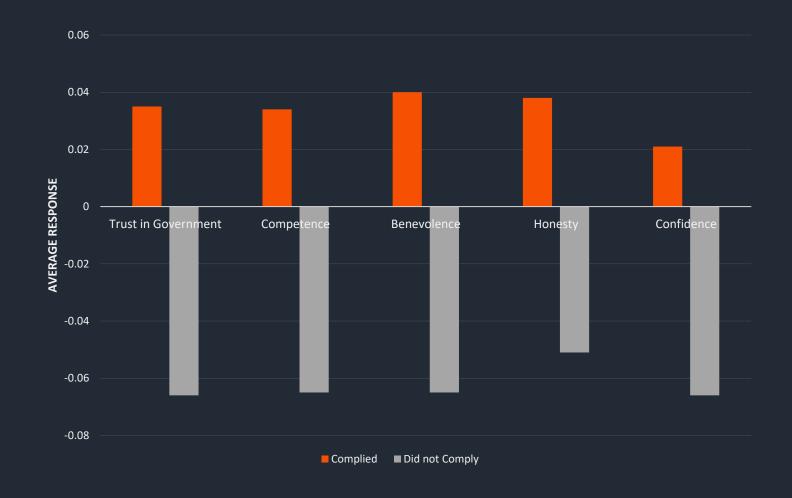


#### CITIZENS MISTRUST OPAQUE GOVERNMENTS

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#### **BUENOS AIRES SURVEY**

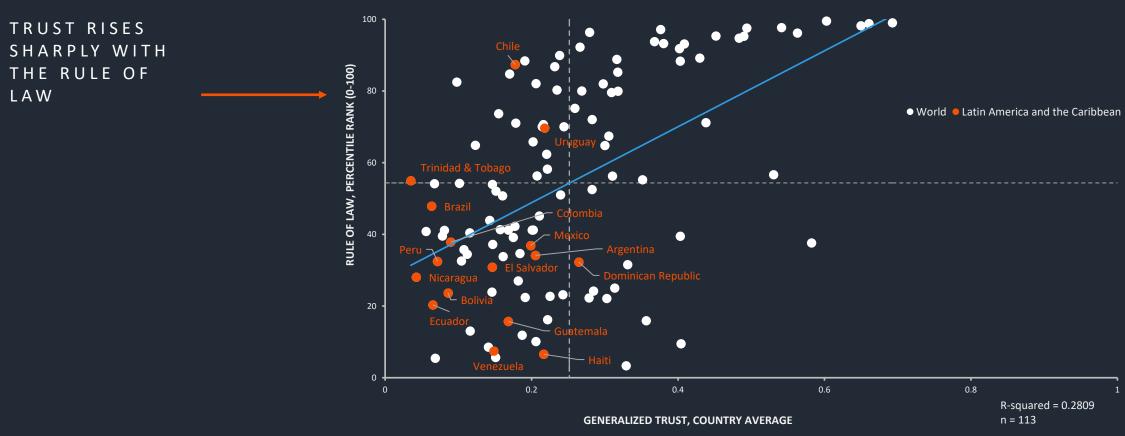
INFORMATION THAT GOVERNMENT FULFILLED OR DID NOT FULFILL ITS PROMISES



Source: Scartascini (2021).

# **EMPOWER:** SUPPORT FOR THE RULE OF LAW

RULE OF LAW: LAWS, CONTRACTS, AND PROPERTY RIGHTS PREDICTABLY AND SYSTEMATICALLY ENFORCED.



Source: Keefer and Scartascini (2022).

# **EMPOWER:** SUPPORT THE RULE OF LAW

We typically think of tax administration reform in terms of revenue maximization, but . . .



Fair and systematic enforcement of the obligations of citizenship

For example

**%**=

Fair and efficient tax enforcement

# **EMPOWER:** INCREASE THE CAPACITY OF GOVERNMENTS TO FULFILL PROMISES

We typically think about public sector reform in terms of efficiency.

#### Two other key outcomes:

- Empowering citizens by aligning incentives of public servants with interests of citizens.
- Enabling government to fulfill promises.



Public sector management reform aims to align.

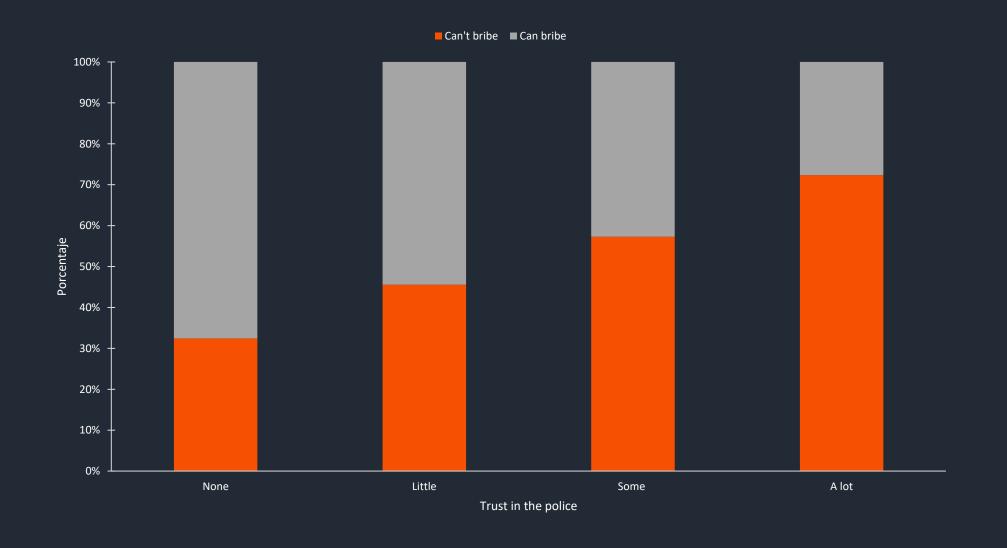




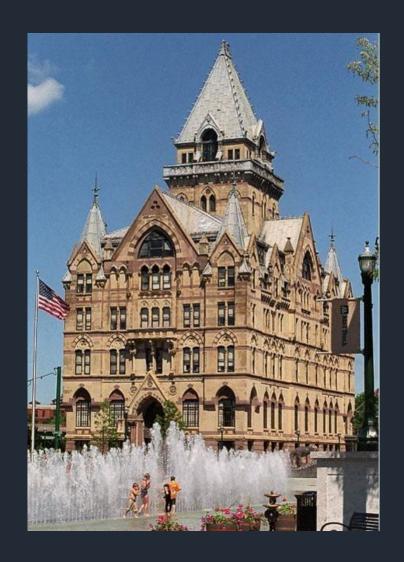
Police recruitment and training

Information systems to track policing performance

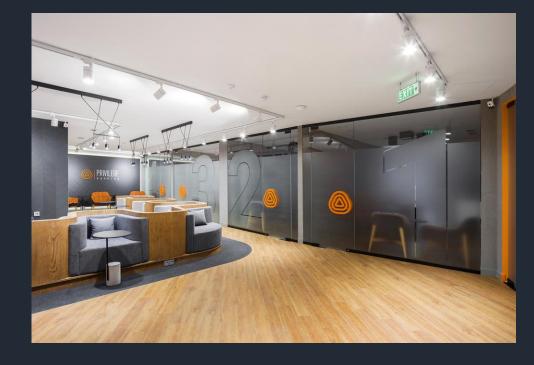
# **EMPOWER:** INCREASE THE CAPACITY OF GOVERNMENTS TO FULFILL PROMISES



# **EMPOWER AND INFORM:** REGULATORY AND SUPERVISION AGENCIES







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## TRUST SHOULD BE AN OBJETIVE OF PUBLIC POLICY



REFORMS THAT INFORM



REFORMS TO

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### TRUST SHOULD BE AN OBJETIVE OF POLITICS

- Create a common identity
- Strenghten positive social norms
- Ser efficient and effective but also people should believe the governemnts is benevolent
  - In most languages, trust has a component of hope and faith

