Legitimacy and trust in the times of COVID-19

Implications for reform agenda for economic development

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The approach to international development before COVID-19

• Before 1996: Focus on large infrastructure investments, and “structural adjustment”, to enable economies to “take-off”

• After “cancer of corruption” speech in 1996: capacity building (copying “best practices” of government agencies in developed countries); instituting Singapore-style anti-corruption agencies; transparency and citizen engagement (PRR 2016); politics and power (WDR 2017)

• **Work in progress** on some of the most difficult, least understood, yet most urgent questions of our times:

  ➢ What public institutions are needed to support market-led growth and provide the public goods that markets don’t?
What has changed in the times of COVID-19?

• Even greater need for state capacity and public/government institutions
  ➢ Public health systems to tackle COVID
  ➢ Added to pre-existing problems of climate change, increasing frequency and strength of natural disasters, water scarcity, conflict, migration...

• Concern about inequality and poverty has heightened
  ➢ COVID has challenged our sense of justice and fairness
  ➢ Racial divisions are surfacing more

• Rise in demand for common-interest, public goods
  ➢ Driver of institutional change in human history
What have we learned in the times of COVID?

• Prevalence of incorrect beliefs about governments’ ability to tackle the crisis in developed versus developing countries (Eg. The Economist, March 2020, The Politics of Pandemics got it wrong)

• Contrast the experience of the two largest democracies of the world: the United States and India
  ➢ Where was there greater distrust, noncompliance with government regulations, societal and political division?
What have we learned in the times of COVID?

• Issue of **legitimacy** may be useful to distinguish from **trust**

• (Both are about beliefs or expectations about how others are likely to behave, and involve the use of informal pressure or social sanctions)

• Akerlof (2017): legitimacy as a rule-specific attribute

• Basu (2018): A new law wins compliance if the law changes the “focal point”

• Real-time responses to an unprecedented shock are consistent with this view: COVID conferred a “legitimacy windfall” in developing countries, even if brief
Legitimacy: hypotheses based on “focal point” view

• Legitimacy of post-shock new rules is not necessarily lower in developing countries, despite pre-shock lower trust (as measured by high perceptions of corruption)

• Low levels of pre-shock trust in government can co-exist with a high level of initial legitimacy to deal with a “global public bad” shock, because the scale and immediate life-risk create a focal point

• Legitimacy (of new rules) is lower in countries with greater ideological polarization in political institutions

• Legitimacy (of new rules) is lower where government bureaucracies are weaker (have lower autonomy to pursue a defined technical mandate)

• Once political polarization and bureaucracy strength is controlled for, there is insignificant difference in legitimacy (of new rules) between democratic and authoritarian institutional regimes
Trust: its role differs depending on the agency relationship

• Although generalized, interpersonal trust has been found to have profound implications for economic development (Algan and Cahuc provide a review)...

• ...Trust in “principal-agent” relationships of government is what we need to understand urgently to tackle COVID and its economic crises
  ➢ Need conceptual clarity before we measure it, so we know what to measure and how to interpret it
What is the role of trust in principal-agent relationships of government?

➢ Do we want to/what does it mean to increase trust in political leaders?
➢ ...in bureaucrats heading government agencies?
➢ ...in frontline service providers, such as public health workers?
What type of trust are we after?

Trust in a public-service-motivated bureaucracy:
- Reduced role of high-powered incentives, and greater role for recruiting intrinsically motivated agents
- Reduced role for top-down or bottom-up monitoring, and reliance on peer-to-peer professional norms
We are far from that trust: Example from India
Share who agree with: “Irrespective of my efforts, the system will not allow people’s health outcomes to improve.”
Share who agree with: “In my work, I have to take permission for every little thing.”

- Supervisors: 66.55
- Doctors: 68.71
- Staff Nurse: 68.4
- ANM PHC: 72.38
- ANM Sub Centre: 75
- CHW: 76.49
Share of health staff saying management meetings discuss bad performance and involve “scoldings”

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<th>CHW</th>
<th>ANM Sub Centre</th>
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<td><strong>Supervisor scolds</strong></td>
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<td>86.24</td>
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Supervisor respondents provide a similar picture
Number of months salaries not received in past year

These are the health service providers at the frontlines of the battle against COVID, who we are supposed to be clapping for.
We are far from that trust
A critical cadre of health workers (village ANMs) have lower measures of “integrity” compared to other village-level respondents
What type of trust are we after?

Constructive role of distrust vis a vis political agents:

- Political contestation works through constructive distrust
- PRR 2016 documents these forces at work in developing countries, perhaps even more than in developed countries
- Political contestation can drive the emergence of professional bureaucracies (eg. Progressive Era)
Constructive role of distrust in political contestation:

Correlates of Public Health Service Delivery by Districts in Uganda
We may be close to that constructive distrust in local politics: Village politicians have higher measures of “public service motivation” compared to other village-level respondents.
Innovations needed, not “business as usual”

- Role of non-partisan, local political contestation, versus, “social accountability”
- Role of CSOs/NGOs in enabling healthy political contestation, versus, pressuring frontline providers
- Eg. Lessons from Ceara, Brazil
Conclusions

• The world needs government institutions, or state capacity, to tackle the public good problems of the 21st century

• Developed countries don’t have the answers for how to build these institutions: we need more careful thinking in designing our projects

• COVID has created a demand for common-interest public goods, which we know from history as a driver of institutional change

• Concrete implications for aid delivery and project design

➢ We have ideas for how to build trustworthy and trusted agencies capable of tackling this and the next crisis—projects could take these ideas up and innovate