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Governing Life and the Economy: Exploring the Role of Trust in the Covid-19 Pandemic

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Abstract: When comparing both GDP loss and mortality across countries, it appears that countries that have managed to save more lives during the Covid-19 pandemic have also managed to save their economies better. What accounts for these stark differences in country performances? In this article, we argue that a salient feature of economic and health performance is the degree of trust populations have in their governments. We set up a heuristic analytical framework that models this relation, under particular assumptions about what drives government and individual behavior, in order to better understand the mechanisms that may be at work. We identify three key roles that trust in government may play in enforcing social distancing policies, conveying credible information for individual decision-making, and shaping government attitudes towards risk. We argue that these implications are consistent with the empirical evidence. We also discuss the relevance of other forms of trust, namely, interpersonal trust and trust in science.

Keywords: trust, trust in government, Covid-19, pandemic, economic growth, mortality, trust in science, interpersonal trust

JEL Classification: A13, C7, I15, I18, J18

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I. INTRODUCTION

One salient feature of the Covid-19 pandemic compared to previous ones is that, for the first time, governments around the world have chosen to implement very costly measures, such as national lockdowns. These measures were met with unequal success in reducing Covid-19 related mortality. They have also resulted in economic losses (reflected in large drops in GDP) both through their effects in reducing the demand for goods and services, and because of impediments to production.

Much of the recent literature on the challenges posed by Covid-19 on public policies has focused on the trade-off between economic and health performance. But when we compare performance across countries, it appears that countries that have managed to save more lives during the first wave of the Covid-19 pandemic have also managed to save their economies better. What accounts for this positive relation, and for the stark differences in country performances? In this article, we propose that a striking determinant of both economic and health performances may be the degree of trust populations have in their government.

Historically, from the plague to the more recent coronavirus outbreaks (Severe Acute Respiratory Syndrome or Middle East Respiratory Syndrome) and the Ebola epidemics, public authorities have had recourse to a number of constraining measures (quarantine, isolation, the closure of borders and schools, surveillance, and so on) that restrict the circulation of people and goods as an attempt to reduce the spread of an epidemic (Tognotti 2013; Hawker et al. 2019, 147, 359, and 394). And, as with earlier pandemics (Gilles et al. 2011; Prati, Pietrantoni, and Zani 2011; Quinn et al. 2013; Blair, Morse, and Tsai 2017), several empirical studies on Covid-19 have shown the existence of a positive relation between compliant health behavior (such as respect of stay-at-home orders) and trust in government (Bargain and Aminjonov 2020; Bicchieri et al. 2021; Brodeur et al. 2020; Elgar, Stefaniak, and Wohl 2020). But to the best of our knowledge only a few studies have looked at how trust in government has affected health performances during the Covid-19 pandemic (Elgar, Stefaniak, and Wohl 2020). And no studies have looked at the effect of trust in government on both health and economic performances. Relatedly, the mechanisms underlying this relation have not been conceptualized clearly. Finally, besides trust in government, several other forms of trust come up in the literature with insufficient clarity as to their differential impacts—this is particularly the case for interpersonal trust

and trust in science (Elgar, Stefaniak, and Wohl 2020; Bicchieri et al. 2021; Borgonovi and Pokropek 2020).

Our goal in this article is to explore how trust in government (TG thereafter) can enable better social distancing policies to ameliorate health outcomes at low economic cost.[1] While we observe correlations between these variables, we do not seek to demonstrate that particular forms of trust *cause* performance. Such an investigation would be replete with endogeneity issues, unless a convincing identification method is found, which would require data that we do not have access to. What we do instead is develop a coherent and plausible theory about the possible determinants of this relationship, under reasonable assumptions about what drives government and individual behaviors under health risk. The basic logic of the model is simple: the greater TG is, the easier it is for government policy to reduce the incidence of the virus at low cost, and thus the fewer lost lives and less economic losses a country will experience.

The model allows for a logical exploration of the various ways in which TG affects outcomes. We identify three key roles that TG can play in the context of this pandemic: (1) in enforcing social distancing rules, (2) in convincing people of the seriousness of the health risks, and (3) in affecting a government's attitude towards risk. We illustrate these mechanisms by comparing particular country cases, and we argue that the implications of the theory we present are broadly consistent with the results of a wide range of empirical studies. We conclude with a discussion of the possible effects of other forms of trust on performance.

II. LIVES AND LIVELIHOODS

Now that we have some hindsight of the Covid-19 pandemic that emerged in January 2020, it is possible to compare countries' performances along both the economic and health dimensions (Figure 1). The data is quite spread out, illustrating a broad range of country experiences. Yet strikingly, there appears to be a highly significant positive relation between economic and health performance (the correlation coefficient is – 0.35): countries that have been able to save more lives have also managed to preserve their economy better (and vice versa). This is surprising, as one

[1] We define social distancing policies as all government-mandated non-pharmaceutical interventions (NPIs) that can reduce the circulation of the virus (including mask wearing, national lockdowns, state-at-home orders, restriction on mobility, and so forth).

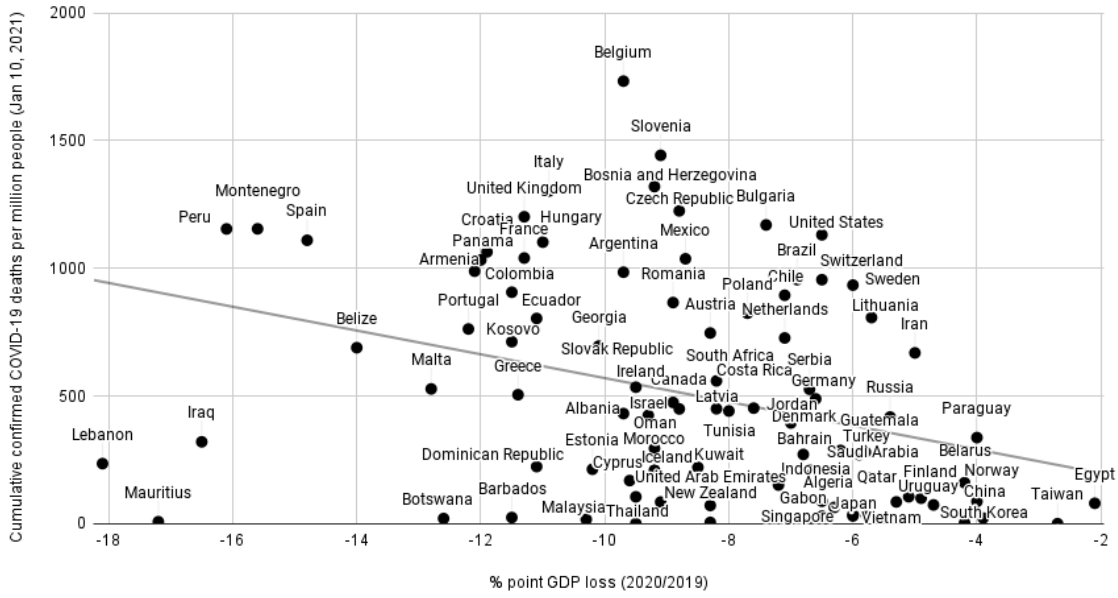

Figure 1: Health and Economic Performance, 2020.

Notes: A country's percentage point GDP loss is calculated as its GDP growth rate in 2020 minus its GDP growth rate in 2019, from numbers provided by the International Monetary Fund (IMF); Covid-19 mortality numbers are taken from Our World in Data. The correlation coefficient is – 0.35, and it is significant at the 1% confidence level. The correlation remains negative and significant when the outliers (Lebanon, Iraq, Mauritius, Peru, Montenegro, and Spain) are omitted.

could have expected a negative relation, given the focus of much of the literature on the trade-off between the goals of preserving lives versus livelihoods. But while this trade-off must have been present *within* each country, the evidence does not suggest that it describes well differences *across* countries. Instead, there must be other factors that explain why some countries have managed to perform well on both goals, while others have not.

There are many possible factors that can affect both economic and health outcomes in the face of the Covid-19 pandemic shock: the extent to which a country is globalized (Bouhaj 2020), demographical characteristics (Onder, Rezza, and Brusaferro 2020), levels of poverty (Lou, Shen, and Niemeier 2020), and inequality (Banik et al. 2020; Elgar, Stefaniak, and Wohl 2020). Among these variables, only globalization affects both health and economic outcomes in the same direction. But globalization in itself cannot explain the variation in performance across countries—for example, European countries are more or less equally globalized, but they ended up with different performances.

Equally, other country characteristics, such as a country's level of income (and relatedly, the fiscal and/or health capacity of a country), and the type of its political regime, do not seem to explain the variation in performance. Some lower middle-income countries did well, while others did not; and some high-income countries did well, while others did not. One may think that authoritarian countries may find it easier to sanction non-cooperative behavior (*The Economist* 2020). But while some autocracies did well (for example, China), others did not (for example, Iran), and some but not all democracies did well.

In the rest of the article, we explore the possibility that trust variables can help explain these differences. It is reasonable to expect the role of trust in government (TG) to be important for controlling the spread of Covid-19 because it is necessary both for *incentivizing* governments to implement strict social distancing policies (lockdowns, mandatory mask wearing, the shutdown of certain economic activities, and so on), and for these measures to be *efficient* (in the precise sense of improving health outcomes at low economic cost). We also explore the roles of interpersonal trust (IT) and trust in science (TS).

To get a feel for the statistical relation between various trust variables and performance, we start by looking at country-level measurement from the World Value Survey (WVS), the Arab Barometer (AB), and the Wellcome Global Monitor. We use the latest surveys just before the Covid-19 crisis hit since this is what is relevant to understanding the first wave of the pandemic.

Table 1 shows the results of a simple linear regression that seeks to measure the statistical relation between economic and health performances with various measures of trust across countries. Admittedly, our sample is relatively small, as we only managed to assemble the required data for 44–46 countries, and so the empirical results that emerge from this analysis are indicative rather than definitive. The data shows that, on the one hand, countries with high TG have done well in both controlling the epidemic and saving their economies—the coefficients of TG are highly significant at the 1% confidence level. On the other hand, the other measures of trust, namely IT and TS, do not seem to affect either economic or health performance in a significant way.[2] The statistical power

[2] The three trust variables we consider in this article seem to convey different information about individual values. In particular, TG is not correlated with TS (the correlation coefficient is not significantly different from 0) and only moderately correlated with IT (correlation coefficient 0.3 and significant at the 5% confidence level). However, IT and TS are highly correlated (correlation coefficient 0.7 and significant at the 1% confidence

	CHANGE IN GROWTH	MORTALITY	CHANGE IN GROWTH	MORTALITY
TG	.0810696**	−13.17787**	.0962007**	−12.94422**
	(.0244774)	(3.37944)	(.0191073)	(2.522612)
IT	.0636367	−.6219912		
	(.0374541)	(5.17105)		
TS	−1.225948	147.6503		
	(1.328985)	(183.4845)		
Constant	−12.41318**	979.0141**	−12.14206**	1056.559**
	(1.067636)	(147.4018)	(.9020019)	(119.0857)
R-squared	.4383	.3694	.3655	.3744
Number of observations	44	44	46	46

Table 1: The impact of trust on economic growth and mortality. Ordinary least squares; standard deviation in parenthesis; ** = 1%; * = 5%.

Notes: Change in growth rates between 2019 and 2020 from IMF; Covid-19 mortality during March–January 2020 from Our World in Data; TG: Trust in Government from WVS and AB (answers to "How much do you trust the government?"; we add the percentage that answered "A great deal" or "Quite a lot"); IT: Interpersonal Trust from WVS and AB (answers to "How much do you trust others?"; we used the percentage that answered "Trust completely" in WVS, or "Most people can be trusted" in AB); TS: Trust in Science index based on the Wellcome Global Monitor adapted from Borgonovi and Pokropek (2020).

of TG in explaining variations in economic and health performance is, moreover, quite remarkable, accounting for more than a third of the variation of economic and health performance (this is not due to multicollinearity: as seen in the right panel, the *R*-squared remain high when IT and TS are omitted from the model).

We develop, in the next sections, a model that can explain the possible mechanisms through which TG may predict both health *and* economic performances. In the concluding section, we also speculate on why the impact of IT and TS may not be as important as that of TG.

III. AN ANALYTICAL FRAMEWORK

Rather than a formal model, we will content ourselves with a stylized framework, based on rational behavior and equilibrium considerations, which will be sufficient to shed light on the interactions involved between the key variables of interest. In our set-up, TG is a conditioning variable that affects government and individual behaviors: a high level of TG incentivizes both governments to select more stringent social distancing

level). It should be noted that all correlations are positive, which means that the different trust variables are complementary at the country level in our database.

measures and individuals to comply more with these measures (and vice versa).

Our starting point is that a basic determinant of how governments and individuals decide whether to impose or respect social distancing rules is a comparison of costs and benefits. The type of social distancing rule (SD) people have been faced with is of the type: 'individual x should leave home for no more than y hours a day'. We assume that an SD rule will be adopted by a government when the rule's overall health benefit is perceived to be larger than the overall economic cost it involves, and that people act rationally by comparing the costs and benefits of their actions.

For a government, SD-type rules can be complex. A choice of an 'optimal' level SD set by a government, call it SD^g, would aim at containing the circulation of the virus at a certain level, in ways that minimize economic costs. Since social distancing reduces mobility and slows down the economy (consumers spend less time in shops, producers who cannot telecommute spend less time producing, and so forth), the choice of how tight social distancing is should balance health and economic concerns. Moreover, for a certain level of virus circulation, the precise nature of SD^g—who is allowed to circulate more—will aim at minimizing the economic slow-down (for example, by affording more mobility to essential workers). SD^g thus depends on a government's welfare function ('cost of life')—that is, how it values economic lives over income lost—but also on how it places weights on different individuals in society, on economic structure, and on government capacity.[3]

This type of cost/benefit comparison also applies at the individual level. Even with no SD policies in place, people will impose restrictions on their own mobility to reduce their chances of getting infected, as long as the cost of the implied economic hardship is below the expected gain on the health side. Those less at risk (the youth) will circulate more and continue to work, while those most at risk will reduce their interactions more, accepting a higher economic loss. Peoples' behavior will also be affected by that of others: higher virus circulation increases health risks, and will tend to push people to stay at home more. In an 'equilibrium' with no government-imposed restrictions, one would expect to see a relatively high level of virus circulation, as rational actors do not take into account

[3] It seems reasonable to presume that *effective SD* rules lead to lower circulation of the virus and hence to lower infection rates. We assume here for simplicity that this relation is strictly monotonic.

the risk that their behavior poses to others. Call SD^n the 'natural equilibrium with no policies'.

By choosing to implement social distancing as a means to reduce the spread of the novel coronavirus, government action thus aims at producing a 'socially better equilibrium' than SD^n. There are various ways in which this can happen. For example, SD^g can be very constraining, with tight lockdowns and contact tracing eliminating the virus circulation rapidly, at sharp but short-lived economic costs. Alternatively, governments could aim at keeping at home the least productive members of society, while allowing, and even encouraging, so-called frontline and essential workers to keep working, so as to minimize economic costs while keeping the level of virus circulation low. Thus, SD^g should be more socially desirable than SD^n, as long as restrictions are reasonably effective, and a government represents the broad interests of society. There might be winners and losers, but in an ideal world, the losers could be compensated (especially the poor who are required to stay at home and stop working), and thus everyone could benefit.

The potential social gains driving governments to optimize SD rules are directly related to the benefit of coordination in an environment replete with agency costs. First, a government would tend to be more risk-averse than self-interested individuals, as it also values the benefit of people not infecting others. In addition, in countries where the cost of healthcare is socialized, the government can be more risk-averse than individuals in relation to their own health, as it bears more of the cost related to the care of sick people. Second, there is a difference between who is optimally allowed to circulate, and who has incentives to circulate. While individuals care about not being infected, in the absence of rules, those at low risk would evaluate the trade-off less tightly than those at a higher risk—with little consideration for the impact of their circulation; and equally, those who fear getting infected most would tend to skip work, even if it is socially desirable that they do not (for example, healthcare workers). Third, information may be asymmetrically distributed. Some governments may hide the real risks for various reasons, and people may not believe the information communicated by governments about the risks posed by the pandemic.

In the simple analytical framework we have just outlined, we now propose three ways in which TG could play an important role in shaping and enforcing SD policies, which we discuss in the subsequent sections: first, a high level of TG could allow for the enforcement of SD^g rules more

effectively by reducing free-riding incentives (an enforcement issue); second, it could help convince citizens more rapidly that the health threat is serious, *before* the spread of the virus starts exacting visible health and economic costs (an informational issue); and third, it could allow governments to engage in early action, even as the health situation is still replete with uncertainties (an attitude to risk issue). In all these cases, governments with high TG are thus able to curb the spread of the virus more efficiently (that is, at lower economic cost).

IV. ENFORCEMENT OF SOCIAL DISTANCING

A first direct role that TG could play is related to the enforcement of sanctions, which is necessary to deter free-riding, since the socially optimal rule set by a government, SD^g, will be for many individuals above their own preferred SD. For SD^g to hold, sanctions against those who do not respect rules must be high enough so that individuals with an SD lower than SD^g respect the established guidelines. In the end, the actual SD that is observed, call it SD^a, will be somewhere between SD^g and SD^n, closer to the first when SD rules are more effective, and closer to the second when they are not respected.

While governments may threaten costly sanctions, they may fail to enforce them, which is likely to be especially the case when TG is low, as governments may then fear stoking social unrest. This can be the case if there are large and powerful groups for which the distance between SD^g and SD^n is high, for example among the poor in unequal countries with no social safety nets.

If people discover that actual penalties are low, some will tend to cheat more. But there are also secondary effects. Since those who cheat expect others to cheat too, they now realize that SD^g is likely to have to last longer in order to achieve its health targets. For those poor enough, this increases exponentially their economic costs (for example, they could have afforded, with difficulty, two weeks without income, but not a month). Similarly, some among those whose work is deemed valuable and who are not constrained by SD would stop working if they were from a high-risk health group, hence hurting the economy more. At the limit, faced with many cheaters, the sanctions regime collapses, and the equilibrium approaches the natural situation SD^n.[4]

[4] If we allow IT and TS to vary, the needed level of sanctions to enforce compliance will vary as well (see the last section for a discussion).

Conversely, if TG were high, people would tend to believe that the regime SD^g would hold and that the virus circulation would be controlled, and infection risks would rapidly fall in the future. This encourages essential workers to work, and low productivity/younger workers to be more willing to restrain their free-riding incentives. As a result, health performance is higher (lower circulation of the virus means lower mortality). Hence the effectiveness of *SD* depends on high TG.

These considerations can help explain the large variability in the observed effectiveness of social distancing interventions in curbing the spread of the virus. Several prominent studies (Dehning et al. 2020; Hsiang et al. 2020; Flaxman et al. 2020) have studied empirically the role of government-mandated non-pharmaceutical interventions (NPIs) in reducing the transmission of Covid-19, showing that these policies had a large impact on the transmission rate of the disease in the early phase of the pandemic. However, other studies have questioned these results and have argued that NPIs have at best marginal impact (Atkeson, Kopecky, and Zha 2020; Bendavid et al. 2021; Bjørnskov, forthcoming; Lin and Meissner 2020). These mixed results concerning the effectiveness of NPIs are illustrated by Bjørnskov (forthcoming) who explores the association between the severity of lockdown policies in the first half of 2020 and mortality rates in 24 European countries. The "hard lockdown group" (Bjørnskov, forthcoming, 5) registered 372 additional deaths per million while the other group registered 123 deaths per million. This either means that social distancing policies make things worse, which is unlikely, or that there is enormous endogeneity. Our framework offers one plausible explanation of this endogeneity: countries with low TG can end up imposing longer, but less effective, lockdowns and still end up with higher mortality than high TG countries.

Because of effective *SD* policies in curbing the spread of the virus, high TG countries are able to put in place *more efficient SD* policies (ceteris paribus) allowing more people to go back to work faster, which allows for a faster economic recovery after a short period of contraction. By efficiency we mean that the stringency of these measures does not have to remain high for a long time or can be implemented less often; in other words, they are less costly in terms of economic loss while still leading to better health outcomes. In contrast, *SD* measures are less efficient in low TG countries with low compliance in the population, which requires

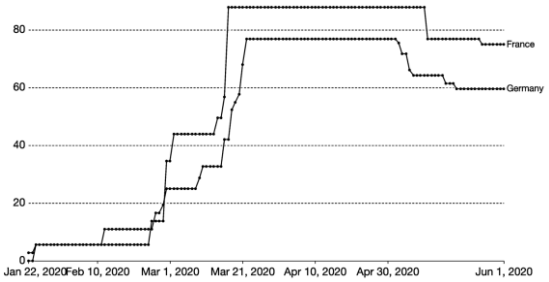

Figure 2a: Government Stringency Index for Covid-19. *Source*: Our World in Data.

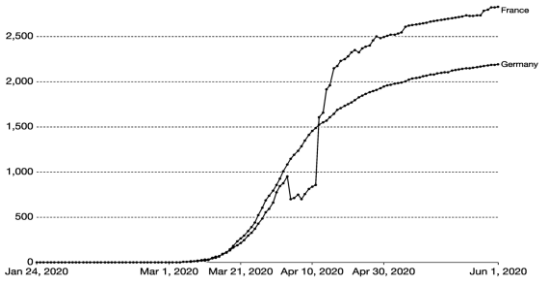

Figure 2b: Cumulative confirmed Covid-19 cases per million people. *Source*: Our World in Data.

recourse to more frequent and longer lockdowns, obliging the government to close the economy more frequently, causing both more infections and sharper economic downturns.

What we observe is consistent with these considerations. Generally, in countries with similar income levels and economic structure, higher TG levels allowed shorter public health interventions to be implemented while at the same time keeping infection rates lower (than in countries with lower TG). We can illustrate this by comparing Germany (TG 44%) and France (TG 31%). During the first wave of the pandemic, the former managed to implement *more efficient measures*. While Germany kept the stringency of its social distancing high for a shorter period of time (Figure 2a), it managed to achieve better health outcome (Figure 2b) at lower economic costs: Germany's GDP ended up shrinking by 6.6%, better than France where GDP fell by 11.3%.

V. ASYMMETRIC INFORMATION

People may have trouble evaluating the risk of infection of a new virus, and may think that the government is not honest in its evaluation of risks because of political motives. This is not unreasonable; governments face a number of political trade-offs when devising an *SD* strategy, which includes slowing down international trade and travel, supporting the survival of businesses and the welfare of individuals, accelerating medical responses, and deciding how to manage schools (Migone 2020). This leads to a lot of lobbying activity, and thus to political trade-offs between the needs of diverse groups, which are hard to manage early in a pandemic when containment measures appear to be out of scale with the perceived level of threat (Tyshenko and Paterson 2010; Kushner Gadarian, Goodman, and Pepinsky 2020). Especially when TG is low, governments may find it difficult to elicit cooperation across sectors and lobby groups. As

a result, individuals may have more reasons to shirk. For example, members of the opposition are likely to suspect that a restrictive *SD* strategy is imposed to weaken them (for example, demonstrations are forbidden, elections are delayed). Equally, some may think that to gain votes, the government is pandering to the elderly (by exaggerating risks), or to business lobbies (by understating risks), or to populist voters (by exaggerating the necessity of border closures).

The point here is that if people do not trust the government, they are more likely to interpret its actions as politically driven than scientifically motivated. An important implication of this asymmetric information is that governments with low TG may need to signal credibly the severity of the pandemic by allowing the healthcare system to become overburdened before implementing harsher measures, reducing the efficiency of their intervention.

This is consistent with what happened in Italy (TG 24%). During the first wave of the pandemic, the 'Italian scenario' became the benchmark worst-case scenario (Pinedo and Carreño 2020). The same can be said of Spain (TG 20%) which implemented a lockdown about a month after the first case of local transmission was detected. The Spanish healthcare system was quickly overwhelmed with countless lost lives (Organisation for Economic Co-Operation and Development 2020; Working Group for the Surveillance and Control of COVID-19 in Spain 2020). Another example is France (TG 31%) that lost two crucial weeks before it took the decision to act decisively. Arguably, the French hesitancy had to do with its historically low TG level (Galland and Grunberg 2020), which makes decision-makers risk-averse. Indeed, fearing accusations of exploiting the public health emergency for its own political gains, the French government decided to maintain the municipal elections (Briatte, Neihouser, and Kelbel 2020).

VI. ATTITUDE TO RISK

A third aspect of TG has to do with governments' attitudes towards risk. So-called zero-Covid or suppression (rather than 'mitigation') strategies have so far only been successful in high TG environments. Taiwan (TG 52%), South Korea (TG 51%), or Vietnam (TG 92%), managed to either suppress or keep infections at near zero levels rapidly resulting in very low economic losses.

A zero-Covid strategy requires two conditions. First, preparedness. But a high degree of preparedness is costly to maintain and thus requires

a public that trusts that its government is acting in the public interest, as opposed to pandering to particular constituencies, or worse, overspending because of corruption. Many Asian countries had anticipated the Covid-19 pandemic precisely because they had learned from previous pandemics. They had put in place early and robust surveillance systems and expanded their healthcare capacity to sustain such shocks (Pollack et al. 2020). As a number of social scientists have argued (Jalan and Sen 2020; Chathukulam and Tharamangalam 2021) in the context of Kerala in India (which had performed exceptionally well during the first wave of the pandemic), preparedness and pro-active actions by the state government in turn helped build trust, leading to greater compliance with public health measures in a kind of "virtuous" synergy (Chathukulam and Tharamangalam 2021, 10). An argument has been made for countries to "mobilize and transition" to a zero-Covid strategy, even in the case of under-preparation, by building on efforts spent on the first wave of the pandemic (Allen et al. 2020, 17). New Zealand, a country with high TG (50%), followed precisely this approach given its unpreparedness to face the pandemic after years of low spending on healthcare (Daadler 2020).

The second condition is quick, decisive, and early action. Such an approach requires tight contact tracing and drastic measures to quickly extinguish clusters when they appear—often at high localized costs (for example, cordoning off an entire neighborhood or a city when only one case is signaled). In this case, some citizens are subject to extreme pain, and enforcement may require the threat of highly punitive sanctions. Governments with low TG are unlikely to bet on such a risky strategy. There is always the possibility that these costly efforts would not be rewarded with public recognition: the virus itself may dissipate rapidly for exogenous reasons, or—if government efforts manage to stop the virus—people may believe that this success was due to exogenous causes and not to government intervention. In all such situations, early movers are at risk of being overturned for constraining individual freedoms for no credible reason. That is why, we believe, early movers act only if the public is perceived to be on their side.

VII. In Lieu of a Conclusion

Many governments around the world have chosen to implement costly lockdowns in order to save lives. The countries that managed to slow down the pandemic more efficiently—better health outcome at lower economic cost—seem to have one characteristic in common: high TG.

While our article has focused on the role of a particular form of trust, namely trust in government, other forms of trust—notably interpersonal trust (IT) and trust in science (TS)—have been discussed in the literature. Both put more emphasis on the effect of individuals' own actions to protect themselves, rather than on public policy, in curbing the pandemic. Nevertheless, it is possible to argue that unlike TG, these variables do not have an unambiguously positive effect on health and economic performances. Our cross-country empirical results in Table 1 also suggest that high levels of IT and TS do not seem to have been sufficient to mobilize communities to make costly behavioral changes.

In the context of our analytical framework, we can imagine that both low and high IT push individuals to respect *SD* more; in the first case, in order to protect *themselves* from infections (they suspect others may be infected), and, in the second case, to protect *others* from infections (they fear that they may themselves be infected).[5] On this view, mid-level IT individuals are those least likely to reduce their mobility voluntarily. Another view is that individuals with high levels of IT may have a harder time accepting the mandate to isolate themselves from their close peers. Indeed, while Bicchieri et al. (2021) find a positive but small relation between IT and compliance using experimental methods (in nine countries), Elgar, Stefaniak, and Wohl (2020) find that actual *mortality* was *positively* related to IT (in a large set of 84 countries).[6] These considerations suggest that in general relying on IT is unlikely to be sufficient to enforce social distancing, and that a sanctions regime will remain necessary.

Similarly, a high-level TS is also unlikely to unambiguously improve health and economic performances by itself. On the one hand, people who trust science more can agree to costly behavioral changes because they believe science provides a better guide. But, on the other hand, they may also estimate (correctly) that their personal risks are low, pushing them to shirk *SD* rules more often in the absence of a sanction regime. Indeed, while some studies claim to show that TS improves compliance with social distancing (Bicchieri et al. 2021), others actually find a negative effect (Borgonovi and Pokropek 2020).

[5] A similar logic is found in the economic literature. In their article on the 'twin peaks curve', Algan, Cahuc, and Sangnier (2016) show the existence of a 'twin peaks' relation between IT and the size of the welfare state: uncivic people with low IT favor large welfare states because they expect to benefit from them without bearing their costs, while civic individuals support generous benefits and high taxes only when they are surrounded by trustworthy individuals.

[6] This result may be due to their constraining the data to fit along a line rather than a curve.

In this exploratory article, we have offered an explanation for these stark differences in country performances by presenting a theory linking trust in government with the ability of governments to manage the Covid-19 crisis. The theory allows us to derive several implications about how governments intervene, and about the effectiveness and efficiency of their intervention. The initial empirical evidence we presented is broadly consistent with the implications of the model.

In contrast with other aspects of trust, we have argued that TG can only improve government regulations. In the context of Covid-19, there is little downside to high levels of TG. This does not mean that all high-TG countries decided to implement social distancing policies. In contrast to its Nordic neighbors, Sweden (a country with high TG) chose not to impose tight lockdowns, preferring to rely more on individual decisions and ending up with much higher lost lives (Conyon, He, and Thomsen 2020). But for governments implementing social distancing policies, higher TG can, conceptually speaking, only help make regulation more efficient, a result consistent with our empirical exercise.

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