Legitimacy and trust in the times of the coronavirus

Implications for policy responses

Stuti Khemani
Development Research Group
The World Bank

How has international development policy thought about governance *before* the coronavirus?

- Before 1996: Focus on large infrastructure investments that will 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

- Work in progress on one of the most difficult, and least understood, problems of our times: how to establish wise and restrained public institutions?

- Need institutions to address market failures (eg. pricing of carbon), redistribution (eg. persistent inequality), public goods (eg. disease control)

- *World Development Report 2017: Governance and the Law* laid bare the fact that power and politics is at the center of the problem

What is different in the times of the coronavirus, from a governance perspective?

- Sweeping public health regulations
- Governments thrust into commanding heights, and war time mode of command and control
- New questions/concerns:
  - Will people comply with public health regulations? Labeled as issue of "trust"
  - Will there be riots on the streets, social chaos? Again, arising from "distrust"
  - Will governance challenges get worse?: power grabs (Leviathan raises its head); erosion of markets as forces of growth
  - Will politics of fear lead to further erosion of markets, or worse, human rights violations?
  - What should international agencies do to manage/forestall these concerns?

Will people comply with public health regulations?

- What are we learning from real-time events as these unfold?

- Example of the United States
  - Confusing signals from political leaders, distrust of experts
  - Consistent with established research on how ideological polarization leads people to resist scientific evidence that runs contrary to their prior beliefs (Kahan et al)

Will people comply with public health regulations?

- What are we learning from real-time events as these unfold?

- Example of India
  - ➢Clear signals from political leaders across all political parties
  - ➢People *want to* comply with the new rules, but too many are simply, physically, unable to
  - ➢Migrant workers have no homes or space to socially distance themselves

Case of India's migrant workers, who come from its poorest state, Bihar

Villages in lock-down in Bihar refuse entry to migrants returning home

Interpreting real-time events using available research on legitimacy

- 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 of legitimacy

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

Implications of "windfall legitimacy" going forward?

- Political leaders can use it to pursue their pre-shock objectives

  - ➢ Risk of politics of divisiveness and fear (as in Campante et al paper presented just now)

  - ➢ Risk of power grab to become Leviathans

  - ➢ Opportunity for "reform" leaders to strengthen public institutions in wise and restrained ways

- Opportunity for international organizations to use contestability in local political markets to strengthen the hands of reform leaders (in apolitical, non-partisan ways)

Will there be social unrest/chaos?

- Yes—poor people in densely populated and poor states like Bihar are suffering
- Policy response that experts are advising:
  - Direct cash transfers using secure payment infrastructure
  - War-scale management of supply chains of essential goods; provision of basic food-water-shelter to those who have too little or none
  - Testing, testing, testing
  - Frontline health workers who can deliver, and are trusted by the communities they serve (lessons from ebola outbreak)

The governance challenge facing leaders who are trying to implement these policies

- Lack of trust in and within government bureaucracies
- What does lack of trust, relevant to these policies in the times of the coronavirus, look like?
- (Large literature on generalized trust is not that helpful)
- Evidence from a survey in Bihar undertaken in two phases between November 2018 and March 2019

Note: Figure shows districts in sample (0 = districts not in sample, 1=early railway districts in sample and 2=late railway districts in sample)

Village Level

Households + SHGs

(4547)

Health Staff: ANM/ASHA/AWW

(1428)

Politicians: Mukhiya, Council Members, Contenders for Mukhiya

(1603)

Block Level

Bureaucrats: MOIC, Program Managers(NHM), Program Officers(RCH), ASHA Supervisors

(165)

Health Staff: PHC Doctors, ANMs, Nurses

(1188)

Politicians: Chairperson/ Member of Panchayat Samiti, MLAs

(146)

District Level

Bureaucrats: CMO/ACMO, Program Manager(NHM), RCH/Immunization in Charge, ASHA Supervisor

(128)

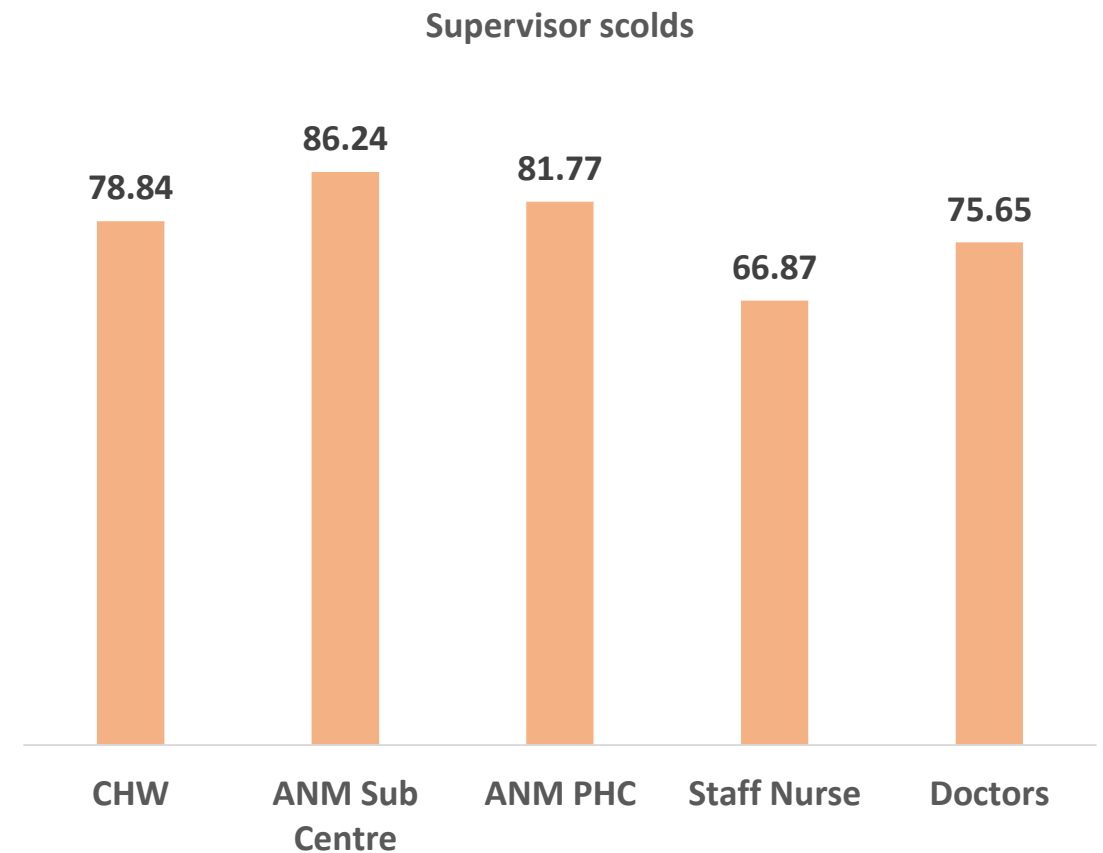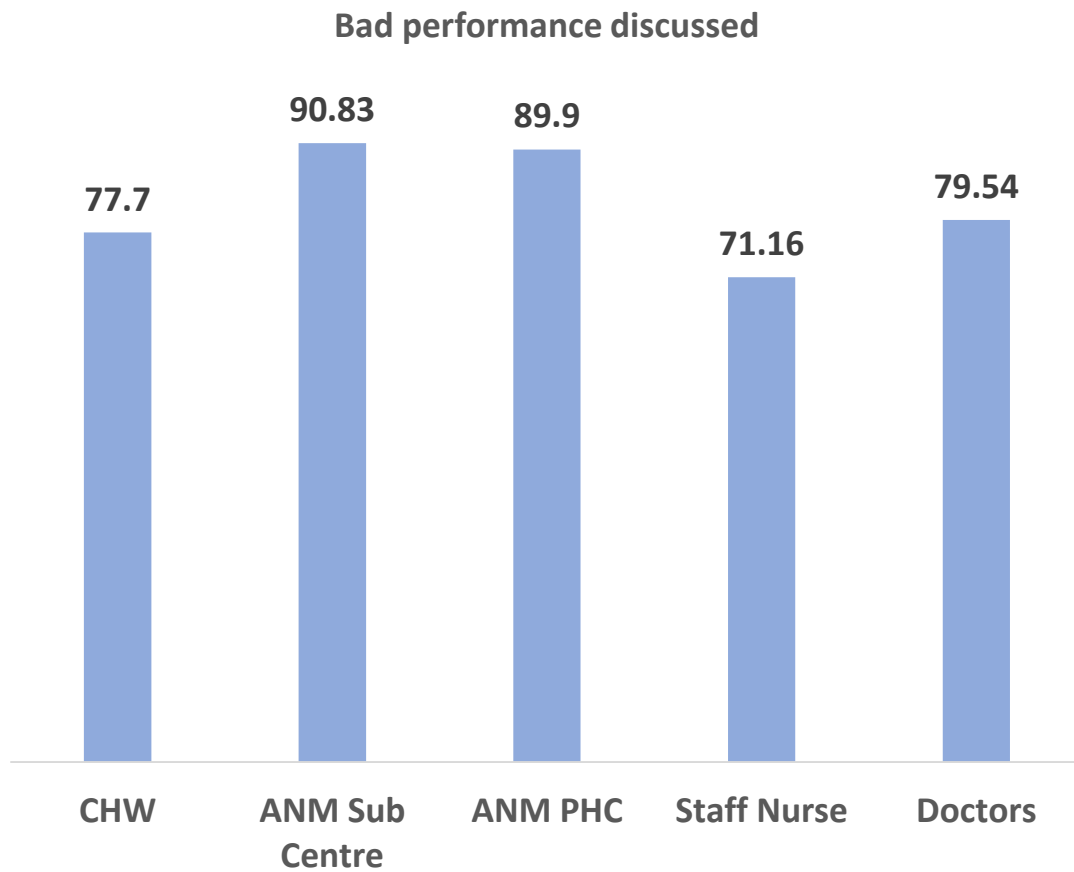**Politicians:** Zilla Parishad - Chairperson/Member , MPs

(49)

Share who agree with: "Irrespective of my efforts, the system will not allow people's health outcomes to improve."
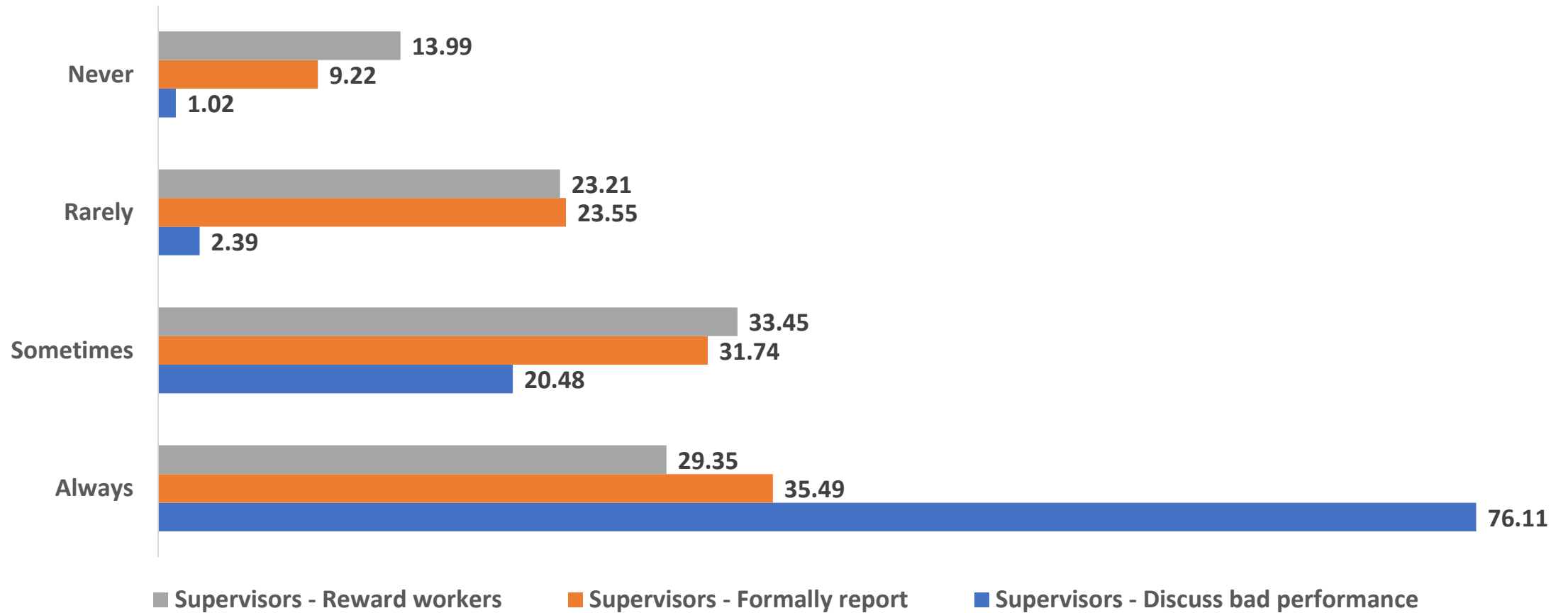
Share who agree with: "In my work, I have to take permission for every little thing."

Category	Value
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"

Bad performance discussed

	CHW	ANM Sub Centre	ANM PHC	Staff Nurse	Doctors
	77.7	90.83	89.9	71.16	79.54

Supervisor scolds

	CHW	ANM Sub Centre	ANM PHC	Staff Nurse	Doctors
	78.84	86.24	81.77	66.87	75.65

Supervisor respondents provide a similar picture

Never
- Supervisors - Reward workers: 13.99
- Supervisors - Formally report: 9.22
- Supervisors - Discuss bad performance: 1.02

Rarely
- Supervisors - Reward workers: 23.21
- Supervisors - Formally report: 23.55
- Supervisors - Discuss bad performance: 2.39

Sometimes
- Supervisors - Reward workers: 33.45
- Supervisors - Formally report: 31.74
- Supervisors - Discuss bad performance: 20.48

Always
- Supervisors - Reward workers: 29.35
- Supervisors - Formally report: 35.49
- Supervisors - Discuss bad performance: 76.11

■ Supervisors - Reward workers ■ Supervisors - Formally report ■ Supervisors - Discuss bad performance
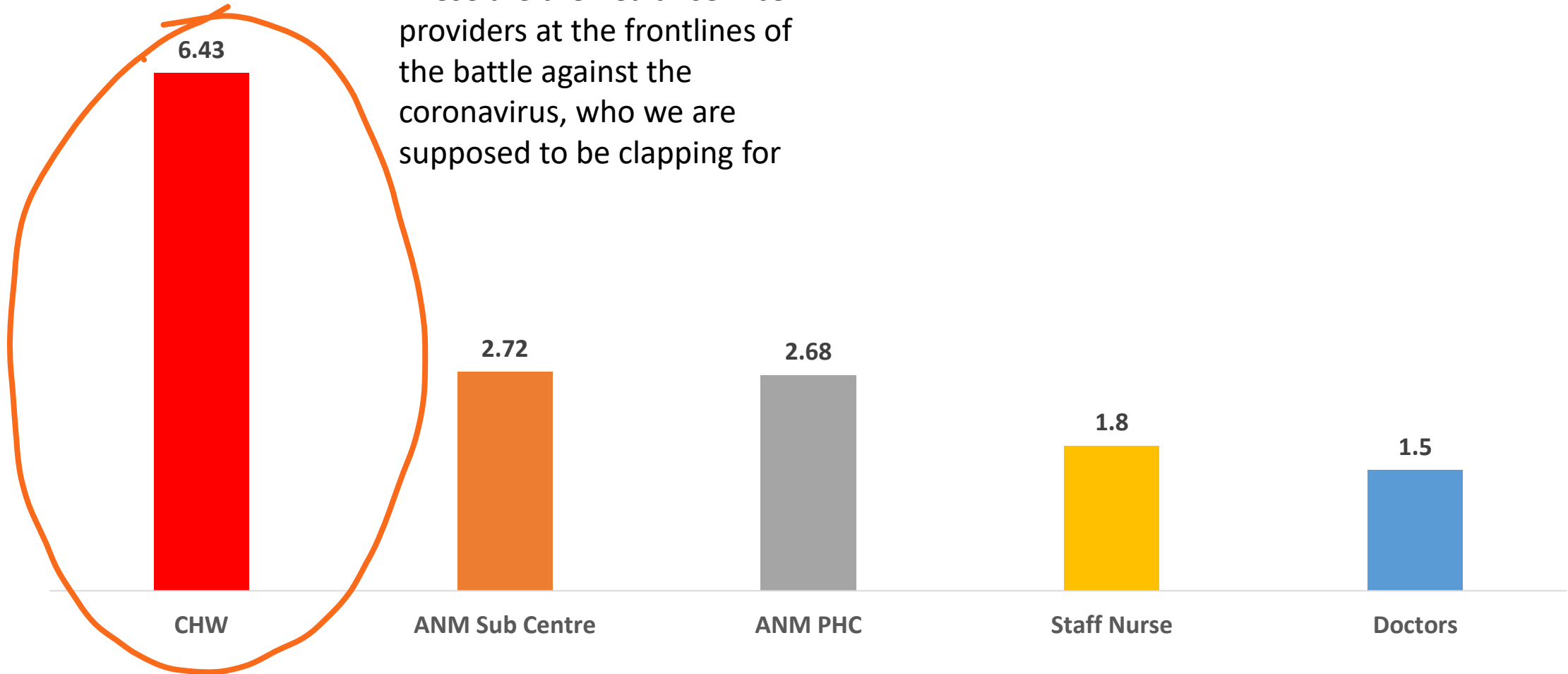
How does this compare with what the logic of economic theory recommends?
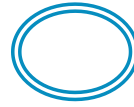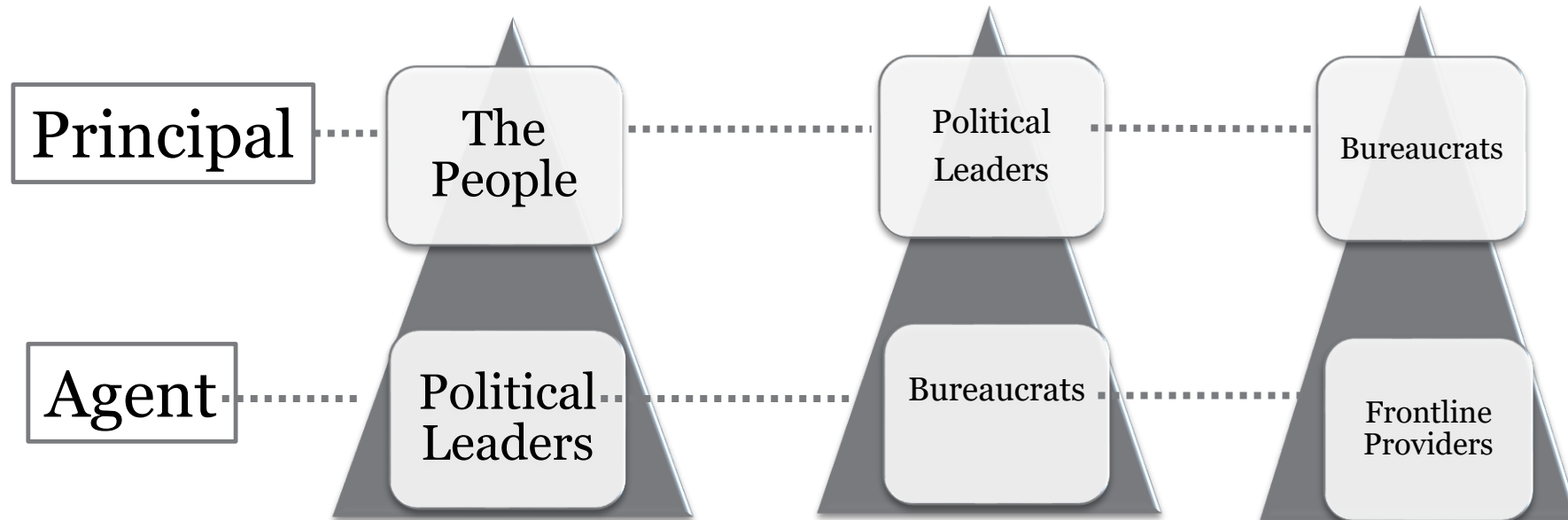
1. Reduced role of high-powered incentives, and greater role for recruiting intrinsically motivated agents

2. Reduced role for top-down hierarchical monitoring and greater role for autonomy and peer-to-peer professional norms
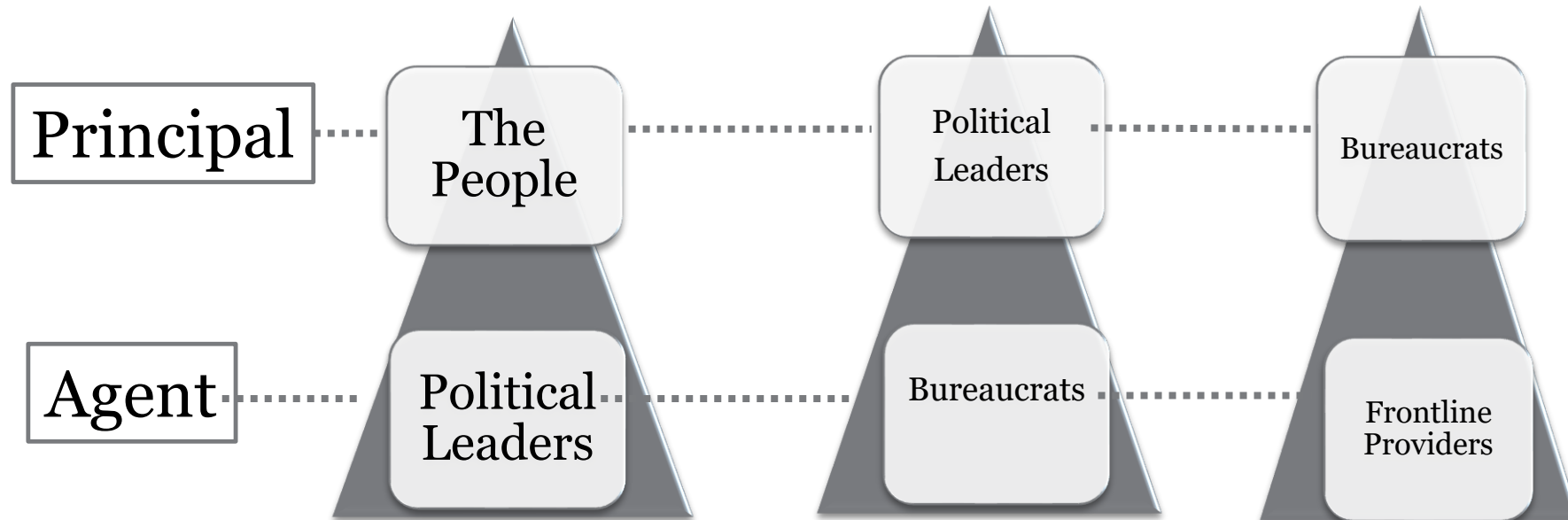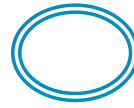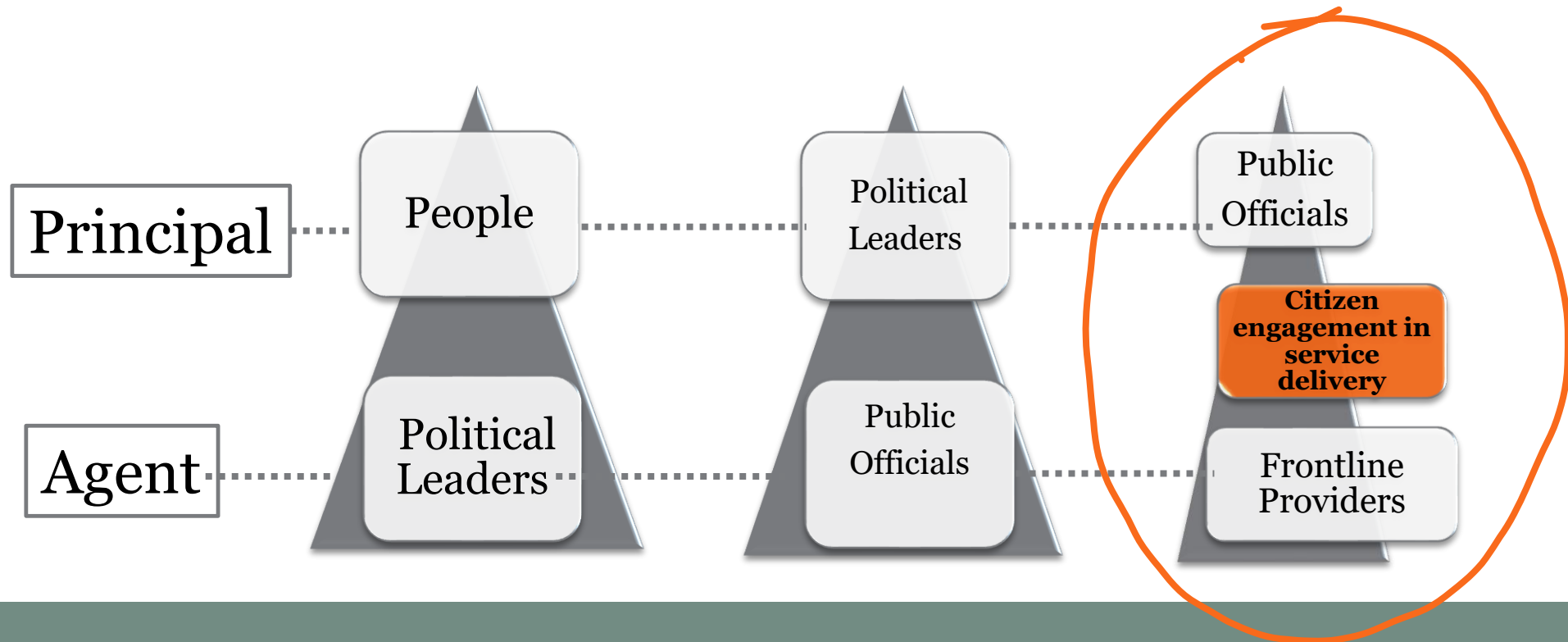
Using Economics and Game Theory for Reforms
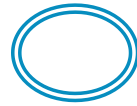
1. Reduced role of high-powered incentives, and greater role for recruiting intrinsically motivated agents

2. Reduced role for top-down hierarchical monitoring and greater role for autonomy and peer-to-peer professional norms

3. Complementary role of communication to shift norms—beliefs/expectations about how others are behaving (Eg. Case of Ceara, Brazil)
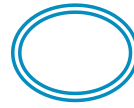
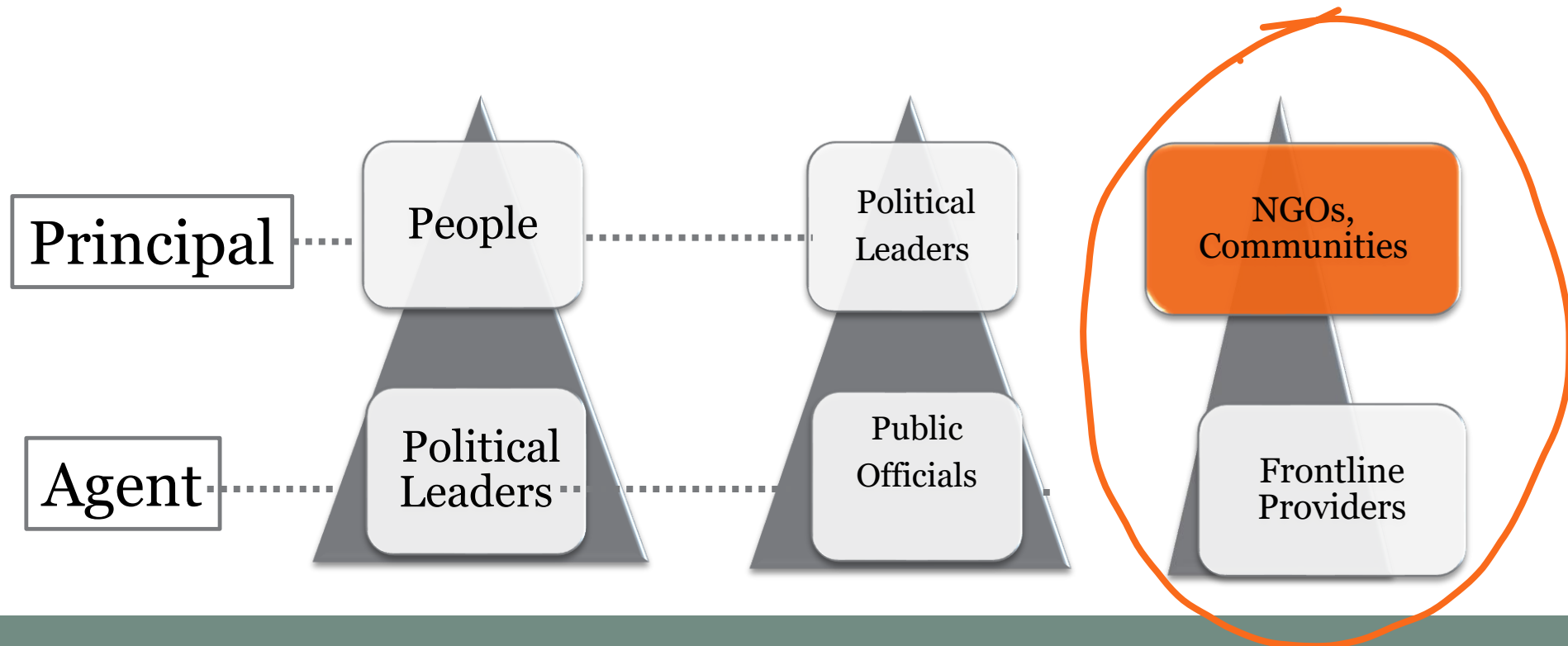| Principal	The People	Political Leaders	Bureaucrats
Agent	Political Leaders	Bureaucrats	Frontline Providers

What have external partners focused on?

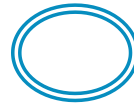- Social accountability interventions

What have external partners focused on?

- Social accountability interventions
- NGOs and Communities—bypassing the state

How to Develop Wise and Restrained Public Institutions?

- Large knowledge gaps in what works and how: rich countries don't have the answers; RCTs that strengthen incentives provide only partial answers; insights of economic theory are untested

- People are showing greater activism as political- rather than social- principals
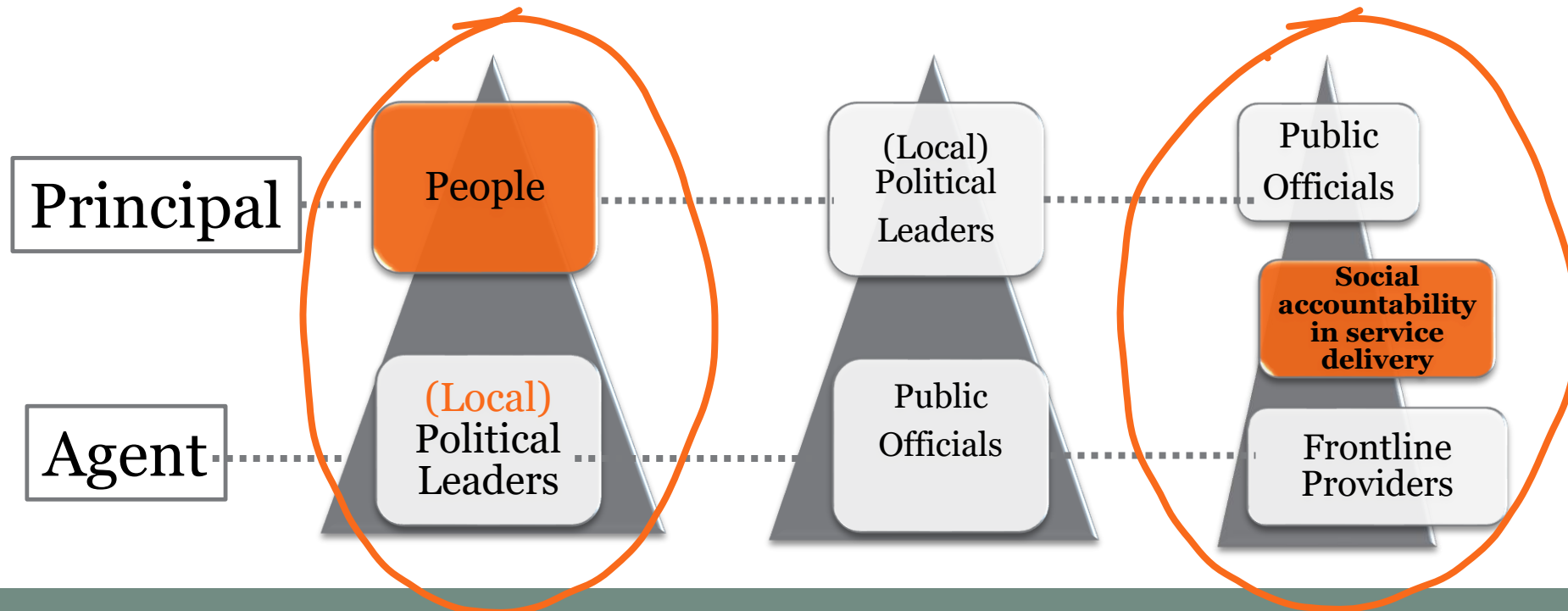
Immediate implications

1. Provide more resources to countries and people with great needs for basic life goods

2. Pay steady living wages to frontline health workers who serve poor communities

3. Messaging and communication in management meetings: signal trust, encourage peer-to-peer monitoring and professional norms

4. Use locally relevant media, Ceara style, to broadcast messages about the role of local political leaders in supporting, not hindering, frontline health workers

This is where apolitical international agencies, who are not part of the domestic political game, have a particular comparative advantage (World Bank 2016, Chapter 7, Box 7.3).

Failure to do 4. increases the risk of the politics of fear and power grabs by Leviathans

Immediate implications

- Projects, policies can be designed using available detailed, context-specific research: don't take communication lightly

Khemani, Chaudhary and Scot (2020): can be used to help Bihar now

- More analytical rigor and clarity, fewer euphemisms, to understand the potential of contestability in local political markets

Internal dialogue within the World Bank is already using this policy brief and renewing attention in the DECRG policy research report on politics

- Reform leaders are listening and receptive: let's talk to them about how to use "windfall legitimacy" to build public institutions as we go