

# ECA RESEARCH NOTES

Office of the Chief Economist

EUROPE AND CENTRAL ASIA

## Reopening Strategies, Trust in Government and Social Media January 2021

Hi Everyone,



Happy new year! Unfortunately, 2021 arrived with surging infections and new lockdowns and restrictions in most of the region, as well as disturbing social unrest closer to home.

In our recent paper "[Opening-up Trajectories and Economic Recovery: Lessons after the first wave of the COVID-19 pandemic](#)," we provide evidence of the effects of different reopening trajectories, their timing, and speed on economic activity. Despite the recent arrival of vaccines and new treatments, the virus is likely to present a severe health threat for quite some time. The experience with reopening strategies after the first wave of the pandemic can provide useful guidance on how to improve the reopening process this time around.

Our results suggest that a careful, gradual, and transparent reopening process is likely to be optimal in both minimizing the health costs of the pandemic and increasing the chances of a faster recovery. Trust in government has been a theme all over the world as citizens are asked to make sacrifices in order to stop the spread of COVID-19. We also find that governance, particularly trust in government institutions, is an essential determinant of economic recovery, as is providing people with objective information and data. In our 2021 Spring ECA Economic Update, we will be focusing on the role of data and information on improving governance in much greater depth.

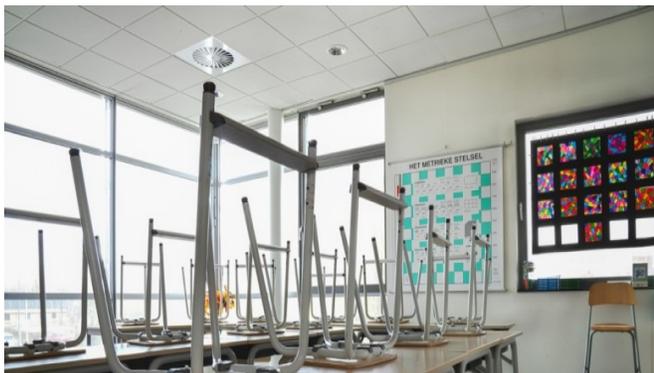
Social media – that can be an important source of such information, yet can also spread misinformation and amplify social divisions– has been under great scrutiny lately. Recent events also sparked a discussion about whether social media should regulate speech, what this regulation would look like, and what should be the government's role in this process. In our first ECA Talk of the year, we had a lively exchange on these issues. One important take-away is the critical role of better fact-checking to ensure we harness the power of social media for positive outcomes.

Below, we provide a round-up of related papers and blogs on these topics and more.

Happy Reading!

Asli

## FEATURES



In response to the first wave of the COVID-19 pandemic, most countries of Europe and Central Asia went into national lockdowns almost simultaneously in the second half of March 2020. The reopening policies of early summer 2020 did not follow such a uniform script, however, with countries following quite different reopening paths. Our recent research provides evidence on the effects of different reopening trajectories, their timing, and speed of reopening on economic activity.

[Working Paper](#) || [Blog](#)



Clockwise from upper left corner: Sergei Guriev, Daniel Rogger, Asli Demingüç-Kunt, Daniel J. Boyce

### [ECA TALK: Presentation of paper "3G Internet and Confidence in Government" by Sergei Guriev, Professor and the Scientific Director of Master's and PhD programmes in economics, Sciences Po](#)

How does mobile broadband internet affect the approval of the government? Using Gallup World Poll surveys of 840,537 individuals from 2,232 subnational regions in 116 countries from 2008 to 2017 and the global expansion of 3G mobile networks, the results show that, on average, an increase in mobile broadband internet access reduces government approval, and 3G helps expose actual corruption in government.

Disclaimer: The views expressed by panelists are their own and do not represent the position of the World Bank.

## RELATED RESEARCH

### [The Interplay of Policy, Institutions, and Culture in the Time of COVID-19](#)

Sheng Fang , L. Colin Xu, and Yuanyuan Yi, *World Bank Policy Research Working Paper 9470 - November 2020*

This study shows that preexisting vulnerabilities increase the spread of the pandemic and/or the mortality rate based on cross-country evidence. While the government policy delay in mobility restriction, democracy, and culture indicators are not significantly associated with the pandemic outcomes.

### [Building Trust in the State with Information: Evidence from Urban Punjab](#)

Anan Khan, Sanval Nasim, Mahvish Shaukat, and Andreas Stegmann, *World Bank Policy Research Working Paper 9469 – November 2020*

Can communication designed to increase support for government policy and shift perceptions of state capacity redress deep-rooted mistrust in state institutions? This study shows that providing information on past state effectiveness, highlighting citizens' cooperation in enabling past effectiveness or appealing to religious authorities' support for government policy have limited impact on support for policy, perceptions of state capacity, and trust in the state in Pakistan.

### [Cash Transfers Increase Trust in Local Government](#)

David K. Evans, Brian Holtemeyer, and Katrina Kosec, *World Bank Policy Research Working Paper 8333 – February 2018*

Exploiting the randomized introduction of a locally-managed transfer program in Tanzania in 2010, this paper reveals that cash transfers can significantly increase trust in leaders. This effect is driven by large increases in trust in elected leaders as opposed to appointed bureaucrats.

### [Contagious Protests](#)

Rabah Arezki, Alou Adessé Dama, Simeon Djankov, and Ha Nguyen, *World Bank Policy Research Working Paper 9321 – July 2020*

Using data on nonviolent and spontaneous demonstrations for 200 countries, this analysis finds strong evidence of "contagious protests," with a catalyzing role of social media. In particular, social media penetration in the source and destination of protests leads to protest spillovers between countries.

### [Reform Chatter and Democracy](#)

Rabah Arezki, Simeon Djankov, Ha Nguyen, and Ivan Yotzov, *World Bank Policy Research Working Paper 9319 – July 2020*

The authors explore the dynamics of media chatter about economic reforms using text analysis from about a billion newspaper articles in 28 languages. The results show that the intensity of reform chatter increases during economic downturns. However, this increase is more significant in democracies.

## Can the lessons of 2008 spare emerging Europe's financial sector from the COVID-19 cliff?

Anna Bjerde, January 8, 2021

Today, as countries grapple with the economic impacts of Covid-19, policymakers in emerging Europe must strive to remember the hard-learned lessons from 2008. In financial terms, the parallels between now and then are striking.

[Read the blog »](#)

## Enhancing government effectiveness and transparency: The fight against corruption

Joel Turkewitz, November 25, 2020

Reducing corruption in customs operations in Afghanistan or in the purchase of rations for the military in Somalia are two of the surprising cases presented in a recent book "[Enhancing Government Effectiveness and Transparency: The Fight Against Corruption](#)". It summarizes the evolution of policy and analytical work in the anticorruption arena and country engagement on the topic.

[Read the blog »](#)

## NBP's response – swift, large and effective in limiting the economic scarring effects of the pandemic

Asli Demirgüç-Kunt - interview by Maciej Danielewicz, January 29, 2021

The policy response of Narodowy Bank Polski has been swift and large and effective in limiting the economic scarring effects of the pandemic. Adequate liquidity provision remains critical in the short-term given the second wave of the pandemic.

[Read the interview »](#)

## CALENDAR OF EVENTS

- **February 3, 2021, 10AM:** ECA Talk "*The Design of Competitive Markets*" featuring Luigi Zingales, Robert C. McCormack Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business
- **March 3, 2021, 10AM:** Joint ECA Talk - Poverty & Equity Seminar "*COVID-19 and Global Income Inequality*" featuring Sir Angus Deaton, Senior Scholar and Professor Emeritus at Princeton University

Check [ECA Lectures](#) and [ECA Talks](#) to learn more about our past and future events.

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