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**Working Paper**

## The effect of a crisis on trust and willingness to reform: Evidence from survey panels in Argentina and Uruguay

IDB Working Paper Series, No. IDB-WP-1306

**Provided in Cooperation with:**

Inter-American Development Bank (IDB), Washington, DC

*Suggested Citation:* Bonvecchi, Alejandro; Calvo, Ernesto; Otálvaro-Ramírez, Susana; Scartascini, Carlos G. (2022) : The effect of a crisis on trust and willingness to reform: Evidence from survey panels in Argentina and Uruguay, IDB Working Paper Series, No. IDB-WP-1306, Inter-American Development Bank (IDB), Washington, DC, <https://doi.org/10.18235/0004396>

This Version is available at:

<https://hdl.handle.net/10419/290035>

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July 2022

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Cataloging-in-Publication data provided by the  
Inter-American Development Bank  
Felipe Herrera Library

The effect of a crisis on trust and willingness to reform: evidence from survey panels in Argentina and Uruguay / Alejandro Bonvecchi, Ernesto Calvo, Susana Otálvaro-Ramírez, Carlos Scartascini.

p. cm. — (IDB Working Paper Series; 1306)

Includes bibliographic references.

1. Coronavirus infections-Social aspects-Argentina. 2. Coronavirus infections-Social aspects-Uruguay. 3. Coronavirus infections-Economic aspects-Argentina. 4. Coronavirus infections-Economic aspects-Uruguay. 5. Trust-Social aspects-Argentina-Econometric models. 6. Trust-Social aspects-Uruguay-Econometric models. I. Bonvecchi, Alejandro. II. Calvo, Ernesto. III. Otálvaro-Ramírez, Susana. IV. Scartascini, Carlos G., 1971-. V. Inter-American Development Bank. Department of Research and Chief Economist. VI. Series.  
IDB-WP-1306

<http://www.iadb.org>

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## Abstract

Does exposure to crises reduce the citizens' trust in a country's president? Are individuals willing to accept fiscal reforms and make personal economic sacrifices if it would help the country to leave the crisis faster? We take advantage of two survey panels in Argentina and Uruguay, with a first wave fielded before COVID-19 (the crisis studied here) and a second wave a year later during the pandemic. Results provide no evidence of a decline in trust after the individual's health was compromised by COVID-19. We find mixed evidence of support for higher personal sacrifices. These results are relevant for understanding how voters' experience with COVID affects their trust in the government and whether crises could be prudent times for reforms. The results highlight the importance of having multi-country panel data for evaluating the impact of crises on trust.

**JEL classifications:** D72, D91, H0

**Keywords:** Trust, Crises, Political economy, Fiscal reforms, COVID-19

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This project received IRB approval by the University of Maryland. The information and opinions presented herein are entirely those of the authors, and no endorsement by the Inter-American Development Bank, its Board of Executive Directors, or the countries they represent is expressed or implied.

# 1 Introduction

Trustworthy politicians increase political engagement, voting, citizens' disposition towards policy or institutional reforms, compliance with political authorities' directives, and interpersonal trust (Levi and Stoker, 2000).<sup>1</sup> Importantly, only when citizens trust their governments will they demand public goods or policies whose benefits materialize in the long run (Keefer et al., 2018, 2020; Keefer and Scartascini, 2022; Scartascini and Valle L., 2020). Crises may provide a signal to voters about politicians' trustworthiness and may also offer politicians with opportunities to enact policy changes if the public internalizes the cost of not reforming (Hallerberg and Scartascini, 2017; Ardanaz et al., 2020). Hence, crises could help countries to move to a better policy equilibrium or derail them for the foreseeable future. But not all crises are created equal, and their causes and consequences are not evaluated similarly by voters. Therefore, it is relevant to ask whether a crisis, such as COVID-19, increases trust in the president of a country, creating the conditions for long-term development or hindering long-term recovery instead.

This article describes results from a two-survey panel fielded in Argentina and Uruguay that measured trust in political institutions before the COVID-19 pandemic and a year later. The first survey wave was conducted in late 2019, days after the Argentine and Uruguayan National Presidential Elections but before COVID-19 broke into the news. The second wave was implemented a year later, well into the pandemic. Measuring the impact of the pandemic shock on trust before and after an election is complicated because we cannot separate the influence of each event. Moreover, the general COVID-19 shock does not provide a source of identification, as it affects everybody. Therefore, we evaluate trust changes for those infected by COVID-19 or who have somebody close infected. Our findings are unique because the same individuals were interviewed before and after the COVID-19 crisis, allowing for direct measures of attitude change after COVID-19.<sup>2</sup> Most prior research on the effect of crises on trust compares survey data from repeated cross-sections with different respondents (Kritzinger et al., 2021).

This article provides two main results: first, respondents who had people close to them or who experienced COVID-19 themselves did not reduce their levels of trust in the government to a larger extent than respondents who were not directly affected. While trust in the president declined in Argentina and increased modestly in

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<sup>1</sup>Trust and trustworthiness are fundamental forces that shape societies and institutions (formal and informal) and co-evolve with them (Arrow, 1974; Guiso et al., 2004). Trust and trustworthiness positively affect people's ability to make transactions and the ability of governments to function (Arrow, 1974; Knack and Keefer, 1997; Gambetta, 1988; Jacobsen, 1999; Zak and Knack, 2001; Algan and Cahuc, 2014; Bjørnskov and Méon, 2015; Algan et al., 2017). High trust correlates with higher growth, social progress, and democratic stability (Algan and Cahuc, 2010, 2014; Aghion et al., 2010; Keefer et al., 2020).

<sup>2</sup>There is some evidence that framing effects in survey experiments reduce trust (Aruguete et al., 2021; Calvo and Ventura, 2021; Li et al., 2021) but little evidence on whether becoming ill with COVID-19 or losing one's job because of it has a direct effect on trust.

Uruguay,<sup>3</sup> this change was indistinguishable among respondents with first or second-hand experience with the disease. Therefore, we find no evidence of a decline in trust after the individual’s health or that of their close personal network was compromised by COVID-19. We also find no evidence coming from changes in employment status because of the pandemic.

Second, we find mixed evidence of support for higher personal sacrifices among those directly affected by COVID-19. That is, we find partial evidence that “sacrifices” became more acceptable and that voters were modestly more likely to accept higher taxes or lower provision of services after they or people close to them experienced COVID-19. At the same time, the overall baseline willingness to sacrifice decreased between waves. It indicates that while those directly affected by COVID-19 may be marginally more willing to make some sacrifices, the rest of the population is less willing. Overall, the crisis does not seem to have either increased or decreased the prospects for higher demand for public goods in the long run (it did not affect trust). It also does not seem to have paved the way for reforms that would help to leave the fiscal crisis behind, particularly if they entail increasing taxes or reducing spending or subsidies. These results highlight that crises are not necessarily opportunities for reform and that the management of crises is fundamentally important for long-term development directly (lowering the cost of the crisis) and indirectly (reducing the impact of the crisis on political trust).

## 2 Trust, Retrospective Sanctioning, and the COVID-19 Pandemic

As in other unanticipated crises, such as earthquakes, floods, and hurricanes, comparative scholars expect voters to evaluate the costs of the pandemic, assess the quality of the government’s response, update their public policy priors, and reward or punish the incumbent president and elected officials for their performance in office. From blind retrospection (Achen and Bartels, 2017) to performance voting (Alcañiz and Hellwig, 2011; Arceneaux and Stein, 2006; Carlin et al., 2014a), unanticipated crises are expected to reduce support for the incumbent, increase the likelihood of replacement (Acuña-Duarte and Salazar, 2021), lower trust in existing institutions (Albrecht, 2017; Nicholls and Picou, 2013), and increase reliance on the community of peers for support (Carlin et al., 2014b; Chang, 2010). While there is some evidence that early in a crisis voters sometimes "rally around the flag" and support the incumbent president,<sup>4</sup> the consensus among scholars

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<sup>3</sup>Results show a statistically significant increase in trust in Uruguay and a reduction in trust in Argentina over time. However, we cannot disentangle the change in trust due to the pandemic and other unmeasured political factors. Because Argentina and Uruguay held general elections right before COVID-19, differences in citizens’ perceptions over time may be related to perceived improvement or worsening of the government’s competence, to social unrest due to the unequal effects of global sanitary and health shocks, or citizens’ compliance with protocols.

<sup>4</sup>An example of documented rally-around-the-flag effects during COVID-19 is described in Lupu and Zechmeister (2021) in their study of the early COVID months in Haiti.

is that voters punish politicians in bad times and reward them in good times (Achen and Bartels, 2017).

While we expect voters to punish incumbent governments on average, the existing literature offers a number of important moderators. Voters' evaluations may be affected by the effectiveness of the response (Frost et al., 2021; Gallego, 2018; Lazarev et al., 2014), the timing of the response (Sances, 2021), and the degree of coordination shown during crises by agencies across levels of government, which in turn may be harder to achieve in federal than unitary countries (Bennouna et al., 2021; Boin et al., 2013). Policy responses, however, are unlikely to be homogeneous. The voters' response to health crises and other unforeseen disasters will likely vary over several gender–race–class–disaster dimensions (Reinhardt, 2019) and levels of exposure, including whether people had first-hand experience (direct victims of COVID-19) or second-hand information (Reinhardt, 2015).

The consensus among political science scholars is that, as succinctly expressed by Achen and Bartels in *Democracy for Realists* (2017), “[when voters are in pain] they are likely to kick the government, so long as they can justify doing so with whatever plausible cultural constructions are available to them” (Achen and Bartels, 2017, pp. 118). During the COVID-19 crisis, we expect those directly affected to be more likely to punish elected officials, lowering their trust in the government. The perceived costs of the current COVID-19 crisis add to a regional political environment that has seen widespread declines in trust for more than a decade (Keefer et al., 2018; Scartascini and Valle L., 2020). Therefore, our first hypothesis states that:

**H1: Voters with first-hand experience with COVID-19 will lower their trust in the government to a larger extent than unaffected voters.**

The pandemic has heightened fiscal imbalances in the region. In Argentina and Uruguay, which have relatively high tax revenues and expenditures, improving public spending efficiency and reforming tax codes to jumpstart the economy (Cavallo and Powell, 2021) and face the social inequalities derived from the pandemic with well-targeted public policies (Keefer et al., 2020) are a must to overcome a potential political crisis. Whether people would be willing to accept those sacrifices is an open question that we try to tackle here. In other words, do unanticipated crises alter voters' perceived trade-off between taxation and government intervention?

Crises may provide politicians with opportunities to enact policy changes, particularly if the public internalizes the severity of the fiscal constraints imposed by the crisis and the fact that government responses to those most affected may be hindered when some voters are unwilling to make sacrifices.<sup>5</sup> The evidence

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<sup>5</sup>Paul Romer's coined term, later popularized by Rahm Emanuel's famous statement that “you never want a serious crisis to go to waste” (Rosenthal, 2009) summarizes this literature well.



regarding the likelihood and the conditions under which crises lead to fiscal reforms in Latin America is inconclusive. It depends on the type of crisis (Hallerberg and Scartascini, 2015, 2017), the instruments employed to address them (Ardanaz et al., 2020), and its timing (Ardanaz et al., 2020; Hallerberg and Scartascini, 2017). It also depends on how confident citizens are that politicians will fulfill their commitment to carry out policies that are best for society if citizens make sacrifices (Keefer et al., 2018), and how much private-public trust becomes strained by the crisis (Aldrich, 2017). As far as we know, no previous research looks at the role of health crises in individuals' willingness to make sacrifices (hence, to accept reforms). Therefore, our second hypothesis states that:

**H2: Voters with first-hand experience with COVID-19 will be more likely to support increases in taxes and lower provisions of benefits that would personally affect them.**

### 3 The Argentine and Uruguay Survey Panels

Argentina and Uruguay held presidential and congressional elections on October 27, 2019. Both countries conducted similar versions of the two-round election process.<sup>6</sup> However, in Uruguay, no presidential candidate received a majority of the vote in the first round. Hence, a run-off election took place on November 24, when candidate Luis Lacalle Pou was finally elected. In Argentina, former Cabinet Chief Alberto Fernández defeated the incumbent president Mauricio Macri in a single round. Both presidents-elect represented a shift in the ideological orientation of the government. Therefore, their election could indicate an appetite for change in the design and execution of public policies. Right after the elections, COVID-19 hit Latin America. Although people elected their representatives informed by their campaign promises regarding the countries' development, budget allocations changed to address the twin health and economic crises (Cavallo and Powell, 2021). The conditions faced by the citizenry with the virus' arrival required an immediate response from the government, operating in a context of high uncertainty (OECD, 2020).

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<sup>6</sup>In Argentina, a candidate can win the presidency in a single round by obtaining 45% of the vote, or if (s)he obtains 40% of the vote while finishing ten percentage points ahead of the runner-up. In Uruguay, a run-off is held when no candidate receives 50% of the vote in the first round.

### 3.1 Data

We take advantage of a two-round phone-based panel survey to elicit citizens' perceptions of the government.<sup>7</sup> We fielded the first wave of the survey before the advent of COVID-19 and before the presidents-elect took office (November-December 2019); the second wave was conducted a year later (December 2020), well into the health crisis and presidential mandates. The survey attempts to capture individuals' trust in the president, perceptions of politicians' compliance with promises, and willingness to make sacrifices to boost the economy in times of crisis. Although the study aimed to follow up on participants' perceptions of the presidents six months into their tenure, the pandemic delayed the second round for a few months. Far from representing an obstacle, the circumstances under which the second round was carried out provided us with a unique opportunity to measure the effect of the pandemic on trust in the government. This unforeseen event enabled us to evaluate how people change their perceptions about the government and their willingness to make sacrifices during a health and economic crisis amidst a political switch.

The Online Appendix A describes the survey in more detail. During the first wave, the sample was stratified by gender, age, and place of residence. Individuals were contacted by cell phone conditional on being 18 years or older. The interviewees were reached in a probabilistic way using Random Digit Dialing (RDD). The second survey wave was conducted a year later. For this wave, the polling companies contacted first the individuals interviewed in the first wave who agreed to be reached on a subsequent occasion. Those who could not be interviewed were replaced with cases that met the first wave of respondent's gender and age quotas. A total of 1,683 individuals were contacted in each survey wave: 835 in both rounds and the remaining 848 individuals as replacements according to quotas. This procedure generated two datasets for our analysis. The first, on which most of our empirical analyses rely, only includes people contacted in both waves. The second, which we use for robustness, also includes the matched replacements. Tables A1 and A3 in the Online Appendix show descriptive statistics of the sample. As is common for phone-based surveys, the sample is slightly older and more educated than the overall population in each country.

### 3.2 Empirical Analysis

While there is vast literature looking at the effect of COVID-19 on various outcomes, less is known about the impact of COVID-19 exposure on trust. It is a relevant analysis because it could help us understand the impact of crises on political unrest, political participation, and public policy demand (Keefer and Scartascini,

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<sup>7</sup>Companies that specialize in collecting phone-based survey data carried out the interviews. For details about the companies, visit <https://equipos.com.uy/> in Uruguay and <http://www.mbc-mori.com.ar/> in Argentina.

2022). In particular, low trust is associated with higher demand for inefficient policies that run counter to long-term sustainable growth, which is much needed after a pandemic. Estimating the effect of the pandemic in our sample has its challenges given that the health shock took place simultaneously with a political shock, namely, the change in government. Therefore, any differences in trust between the first and second waves may be related to the pandemic, the honeymoon period, perceived improvements or drawbacks in the incumbent’s managerial skills, or social unrest due to the global economic and health shock’s unequal effects. Such differences can even be related to the government’s response to the pandemic and the citizenry’s compliance with protocols. To deal with these issues, we estimate a panel-data model with individual-level fixed effects that incorporates an indicator variable ( $Covid_{it}$ ) that serves as our “treatment” variable to understand how trust perceptions evolve over time and are affected by COVID-19.<sup>8</sup>

$$Y_{it} = \beta W_t + \gamma Covid_{it} + \rho I_{it} + X'_{it}\delta + \mu_i + \varepsilon_t \quad (1)$$

where  $Y_{it}$  corresponds to two possible sets of answers: i) individuals’ trust in the president-elect, and ii) citizens’ willingness to accept changes in policy across different areas to cope with the economic crisis.<sup>9</sup>  $W_t$  is an indicator variable of the survey round.  $Covid_{it}$  is an indicator variable; it takes value one if COVID-19 infected the person or somebody in their immediate circle, or (in separate specifications) it takes value one if the person changed their employment status.  $I_{it}$  is an indicator variable that takes the value one if the person voted for the president.<sup>10</sup>  $X_{it}$  is a vector of controls that includes all observable characteristics, such as living in the capital city, having completed secondary school, and education level. Finally, we include individual fixed effects  $\mu_i$  to account for unobservable idiosyncratic characteristics that do not vary over time and may affect trust. We also estimate a model using the second round data controlling for observables in round 1. In the Online Appendix, we also show the results for the broader matched sample.

To check for the assumption of the randomness of COVID contagion, we test balance in observable characteristics using pre-COVID data to estimate the probability of being infected or having someone in their inner circle infected. As can be observed in Table 1, we do not find many significant effects. In the case

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<sup>8</sup>As we discuss below, being infected with COVID-19 or having somebody close infected by it can be considered quite random.

<sup>9</sup>We also assess the motivations behind the decision to trust or mistrust the president. They are positive when individuals indicate they trust the government leader and negative when people provide an unfavorable assessment of the president’s trustworthiness. While understanding the motivations behind the decisions to trust or mistrust the government is fundamental to addressing the crisis and promoting compliance with measures dictated by the state, we cannot identify, within the set of options available in the survey, a precise mechanism that links COVID-19 to the level of trust in government.

<sup>10</sup>The individual that citizens vote for does not objectively vary from round to round, but this is not captured by the fixed effects. As it is a self-reported variable, individuals may report differences in their voting behavior between the first and second round. This may arise as a result of citizens’ inability to recall their vote or their desire to be perceived as members of the winning party or the opposition, depending on how leaders have managed their affairs. In particular, we detect a 3 pp rise in the proportion of respondents who say they voted for the president-elect.

of Argentina, age has a significant but marginal effect on the likelihood of being infected with COVID. In the case of Uruguay, as expected from recent evidence in the literature, we find that higher trust in the president is associated with a lower prevalence of COVID contagion. However, this effect is marginally significant, in terms of probability and magnitude. In each country sample, we find two significant coefficients (at the 10% level) out of 28, which is compatible with chance.

The absence of significant correlations between COVID-19 exposure and observable characteristics, such as age, income, or other relevant characteristics, does not rule out the possibility of significant correlations between COVID-19 exposure and unobservable factors that influence trust in the government. To understand the direction of the potential bias of unobserved characteristics on the estimated coefficients, let us consider the most obvious one: risk aversion. Individuals with lower risk aversion would be more likely to become infected (Muller and Rau, 2020). Most research suggests that people with lower risk aversion are, on average, more trusting (Levi and Stoker, 2000; Eckel and Wilson, 2004; Ahern et al., 2014; Cai et al., 2014). Therefore, if risk aversion determines the probability of contracting COVID-19, we would expect a negative correlation between COVID-19 and trust. As shown in the results section, we do not find such a negative correlation in the data. This is also expected given that the COVID-19 variable includes own infection but also the infection of people in the close network of the individual, which the individual has no control over.

As an alternative variable, used to capture the shock to the individual, we have also looked at the economic shock from the pandemic. In particular, we evaluated if the person’s labor status ( $Unemployment_{it}$ ), i.e., whether the individual has lost their job between the survey waves, influences perceptions about the government. Because the share of people who switched job statuses is small, we do not report those results in the text, but we present the regression results in the Appendix (Table B1). As we incorporate a proxy for each of the potential mechanisms by which COVID could shift trust over time, i.e., the economic, health, and political shocks,  $W_t$  captures the overtime change in the perceived trust in the president, therefore we control for previous assessments of the president trustworthiness.  $I_{it}$  controls for the partisan leaning of the individual and the fact that trust tends to be relatively persistent amongst hard-core partisans.

### 3.3 Results: Trust in the President-Elect

Figures 1 and 2 present the descriptive results of the pandemic on trust in presidents-elect for Uruguay and Argentina, respectively. In the first round, 29% of Uruguayan respondents indicated no trust in their president-elect at all, while 24% of Argentinians shared the same position as theirs. In the second round,

Uruguayans increased their level of trust, with a lower proportion of people who said that they did not trust (-9 percentage points-pp) and a higher proportion who claimed to trust the president very much (about 5 pp). The opposite occurred in Argentina; the percentage of people who do not trust the president increased by 4 pp, while the proportion who mentioned a high level of trust dropped by 2 pp. On average, people in Uruguay who indicated that they did not trust the president-elect in the first round of the survey improved their trustworthiness assessment. In the Argentine case, both the initial and final distribution of answers are more uniform, with an increasing share of people indicating that they do not trust the president.

Descriptive evidence suggests that a greater percentage of respondents reported a higher level of trust in the president in Uruguay, and a smaller proportion did the same in Argentina between rounds. Table 2 presents our findings on the effect of the passage of time on perceptions about the president, a period that included political, health, and economic shocks.<sup>11</sup> We first estimate a cross-sectional model to capture the relationship between past and present trust in the president-elect (columns 1 and 5).

The first noticeable aspect is that trust is persistent over time (Columns 1 and 5). Those who had a high trust level in the first round of the survey expressed higher trust in the president in the following survey. It also shows that those who had voted for the incumbent still showed higher trust one year later. For the following columns, we estimated benchmark linear probability models (as described in equation 1) to capture the effect of exposure to the political (newly elected president) and health (the arrival of the pandemic) shocks, and the effect of being personally affected by the latter on the binary decision to trust or not to trust in the president in the second survey round.<sup>12</sup> Columns 2 and 6 show that people in Uruguay are 5 pp more likely to trust the president after a year of holding office, and Argentinians are 9 pp less likely to trust their president (as it had been previewed in Figures 1 and 2.) Because changes in trust are heterogeneous, we also use an interactive linear model between the time span and the self-reported vote.

Column 3 presents the results for Uruguay, and column 7 for Argentina. In Uruguay, we find that the effect of the joint shocks remains, i.e., people trust the president more. Being aligned with the incumbent, i.e., having voted for him, is associated with higher levels of trust. Dealing with the pandemic has been detrimental for trust in the president for those who voted for him. Findings on the effect of the pandemic in Argentina show less confidence in the president after the pandemic, yet estimates do not reject the null

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<sup>11</sup>The table considers controls and individual fixed effects progressively. The first column of each country's set does not consider individual fixed effects since it estimates the effect of the perception of trustworthiness stated in the first round as the explanatory variable for the second round assessment. The second to fourth columns include controls and fixed effects and examine proxies of the political and health shocks to support conclusions regarding the effect of COVID-19 on institutional trust. Table D3 in the Appendix presents robustness checks, including participants who could not be contacted in the second round but were replaced with new observations based on quotas and a matching process.

<sup>12</sup>We reclassified individuals' assessment of the president's trustworthiness in a binary version that takes the value of one if respondents indicate they trust the president much or very much.

hypothesis. However, those who voted for the incumbent seem to have decreased their trust the most.

The best estimates of the direct effect of COVID-19 on individuals' trust are provided in columns 4 and 8. We find limited results; people exposed to COVID-19 in their networks in Uruguay have a marginally higher level of trust than people who have not (8 to 11 pp increase). We find a similar pattern in Argentina, but the results are not statistically significant. Therefore, results provide no evidence of a decline in trust after the individual's health, or personal networks, were compromised by COVID-19, in addition to the generalized effect captured by the common shocks.

We also look at changes in employment status as a source of exogenous variation. We find no significant effects (see Table B1).<sup>13</sup> Results are also the same if we estimate the model using the full sample -including the matched replacements, as shown in Table D3.

Looking at why people change their trust or mistrust of the president provides some additional insights. As described in detail in the Online Appendix (Tables C1 and C2), people are more likely to trust the president because they consider them to be experienced. We find significant differences across countries for those who do not trust the president. In Uruguay, people in the first round do not trust the president because they do not feel represented (61.2%). In Argentina, people mistrust him because they consider the president dishonest (51.9%). After holding office, mistrust is associated more with a lack of representation in Uruguay (4.4 pp). In Argentina, there is an increase in the likelihood that people do not trust the president because they do not feel represented by him.

Finally, we also look at whether the effects found for the president also extend to politicians. In general, there seems to be no effect of being personally affected and a minimal overall effect of the elapsed time between surveys (Table D1.) Trust in other people seems to have been particularly affected in both countries as it came out lower in the second survey wave. As expected, this effect is mostly independent of political affiliation (Table D2.)

### 3.4 Results: Sacrifices to Boost the Economy

Are crises ripe moments for reform? Are those directly affected more or less likely to accept sacrifices if necessary? To probe the willingness of individuals to accept material sacrifices, we test the model indicated in equation 1. Instead of trust in the president, the dependent variables now comprise a set of policies that

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<sup>13</sup>It is important to notice that there is little variation in this variable within the data (which may be explained by the fact that both countries adopted measures to contain the spread of unemployment.)

people could accept to help increase tax collection or make working conditions more flexible to face the health and economic crisis. They include whether people would be willing to accept higher gas and electricity rates, transportation rates or taxes, lower wages or pensions, more flexibility to fire people, or an increase in the retirement age. In Table 3, responses to the individual questions are grouped in three indices: prices and taxes, labor-related wages, and labor quantity adjustments. Table 4 looks at each component separately.

Table 3 shows that people are less willing to make sacrifices to contribute to economic growth after one year of the president's administration, considering the particular conditions brought about by the coronavirus. Initially, around 40% of interviewees in Uruguay indicated that they were willing to accept a rise in prices (gas and electricity, transport, or taxes), nearly 15% agreed to reduce wages or pensions, and 25% agreed to fire people if necessary to contribute to economic growth in a time of crisis. In Argentina, figures are similar; approximately 40% supported price increases, 15% labor prices reductions (wages or pensions), and 17% allowed a labor quantity decrease. However, after a year under a new presidency and almost 10 months facing the coronavirus pandemic, people are less likely to be willing to make sacrifices to improve the national economic situation. Although we cannot interpret the driver of the result when we look at the wave variable, we find significantly different results in each country. In Uruguay, people are less likely to agree to higher prices (-8.7 pp) or let people get fired more easily (-7.4 pp). In Argentina, coefficients are not statistically significant. Results are a bit different when we look at those who have been directly affected. In Argentina, respondents are more willing to accept increases in prices and taxes, while in Uruguay, respondents are more likely to accept reductions in wages and pensions. These results show that attitudes differ between the population who has been affected indirectly and those who have been directly affected.

Table 4 presents each measure of sacrifice independently. Results are similar to the composite indexes. In general, when the wave variable is significant, it shows a lower willingness to make sacrifices in the second round of the survey compared to the first. In the case of Uruguay, it happens for gas and electricity tariffs, transportation rates, and labor contract flexibility. In the case of Argentina, the same lower willingness is registered for paying higher taxes. Again, results run opposite for those directly affected according to our  $COVID_{it}$  variable. Respondents in Argentina are willing to pay higher taxes if necessary, and those in Uruguay are willing to accept reductions in wages.

Consequently, we find mixed evidence of support for higher personal sacrifices. That is, we find partial evidence that some "sacrifices" become more acceptable to individuals after people close to them or themselves experience COVID-19. However, this higher willingness does not extend to the overall population, which tends to be less likely to accept those sacrifices in the second round of the survey. In most cases, however,

changes are not significant. Given the time elapsed between surveys, the null results in the attitudes and sacrifices individuals are willing to perform make sense. First, given the magnitude and nature of the health shock, as [Lupu and Zeichmeister \(2021\)](#) mention for the case of Haiti, voters could respond by uniting in support for the incumbent to overcome the challenges posed by the shock in the early stages of the pandemic. However, media attention may have dissipated such rally effects in the long run. Second, the strategies to mitigate the pandemic effects have been presented in multiple frames, to which individuals respond differently. [Carreras et al. \(2021a\)](#) find in Peru, for example, that people who receive information with an economic self-interest frame shift their attitudes toward public health policies; potentially, they can also maintain people’s interest in making individual sacrifices so that the government can address the crisis.

## 4 Robustness Checks

Given that we have two additional cross-sections in the data panel, we performed a matching process between rounds to take advantage of the data available from the other individuals surveyed. Columns (5) to (7) and (12) to (14) of Table D3 in the Appendix display the results using diverse specifications. In the first column, we run an OLS regression controlling for sociodemographic characteristics. In the second column, we find the most similar person from the last wave surveyed as a replacement to match each individual in the first wave who could not be reached again in the second. We use a Propensity Score Matching technique conditioning on age group and gender to account for quotas and reduce the distance in the probability of responding to the questionnaire, having had the opportunity in the first wave based on observable characteristics. In the third column, we implement a Kernel approach under the matching process. Results are virtually the same as before; people in Uruguay increase their trust, while people in Argentina reduce their trust in the president. Levels of significance increase as we incorporate more observations, indicating that lack of significance can be associated with a lack of power.

## 5 Conclusions

Crises affect political trust. The direction, however, is not unique according to the literature. In this paper, we evaluate the effect of the COVID-19 pandemic on trust in the president. Changes in people’s responses indicates that trust increased in Uruguay and decreased in Argentina over time. However, because the pandemic occurred during the first presidential term, we cannot distinguish whether this effect is driven



by the pandemic or by the government's travails. Whatever the reason, voters improved their view of the president in Uruguay and worsened it in Argentina. In both countries, trust drops more for those who voted for the president than those who did not.

While we cannot separate the political and health shocks in the aggregate, we can evaluate what happened with those individuals who contracted COVID or had someone close to them getting it. This variable seems to be well balanced in observables, which gives us better identification conditions. Results indicate that the effect on political trust is either zero (or significantly positive for Uruguay at the 10% level.) We find similar results when focusing on the economic shock (changing employment status) rather than the health shock.

At least with COVID-19, it does not seem to be the case that people directly affected either in their health or employment status updated their priors any differently than those who did not. This result appears different from other crises, such as those following natural disasters, where those affected seem to react more than those not affected. Unfortunately, one drawback of our analysis is that we do not have a more refined measure of impact (e.g., the intensity of COVID-19) or a measure of remedial actions taken by the government at the individual level (e.g., subsidies for those who contracted the virus or unemployment benefits) that could have counteracted the negative effect of COVID on priors.

Crises usually require engaging in fiscal reforms, and they could be ripe moments to initiate reforms instead of letting them "go to waste." But are people willing to accept them? In this paper, we evaluate individuals' willingness to sacrifice. The results are mixed. Respondents in Argentina affected by COVID-19 are more willing than those who were not to pay higher taxes but are not more willing to accept higher prices or lower wages and pensions. In Uruguay, respondents who dealt with COVID-19 appear relatively more willing to accept reductions in wages than those who did not get COVID-19. Overall, those who were not directly affected, at least according to our measure, are no more willing to sacrifice during the pandemic than before it started. The overall evidence is not very promising for the crisis-as-opportunity literature, particularly given that the overall willingness to sacrifice decreased between survey rounds in both countries regardless of COVID-19 status.

The evidence in this paper suggests that there is plenty we still do not know. Specifically, the conditions under which crises increase/decrease trust, the role of individual versus collective suffering in affecting respondents' priors, and the conditions under which crises provide opportunities for reform. The results in this article highlight the importance of having multi-country panel data for evaluating the impact of crises on trust. Our analysis would not have been possible without having multiple rounds, and our interpretation of the results would have been biased if we had concentrated on only one country.

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## Tables and Graphs

Figure 1: How much trust do you have in President Luis Lacalle Pou - Uruguay

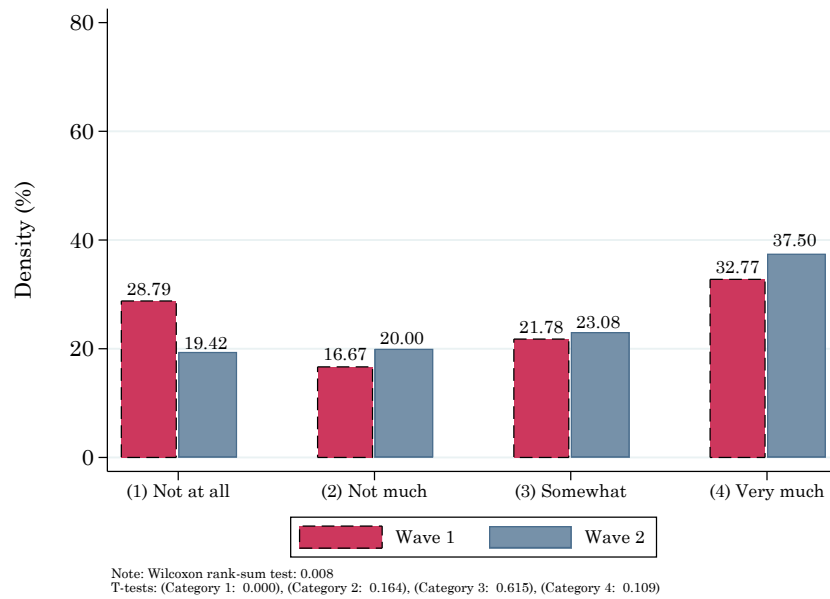


Figure 2: How much trust do you have in President Alberto Fernández - Argentina

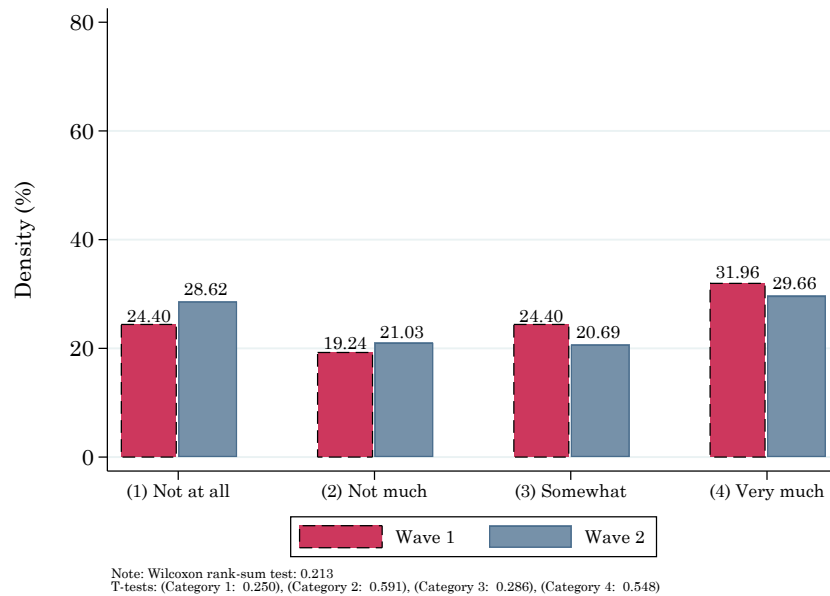




Table 1: Balance between COVID-19 exposed and non-exposed individuals prior to the pandemic

Variables	Exposed to COVID-19	
	(1)	(2)
Gender (male=1)	-0.047 (0.066)	-0.025 (0.025)
Age	-0.005* (0.002)	-0.001 (0.001)
<b><i>Educational level</i></b>		
Primary	0.071 (0.319)	-0.040 (0.058)
Secondary	-0.001 (0.311)	0.022 (0.071)
Post-secondary	0.039 (0.311)	0.073 (0.067)
College	0.078 (0.309)	0.042 (0.065)
<b><i>Labor Status</i></b>		
Employed	0.003 (0.087)	0.008 (0.032)
Unemployed	0.120 (0.166)	0.015 (0.073)
Trust in the president	-0.005 (0.098)	-0.053* (0.028)
<b><i>Trust in institutions</i></b>		
<i>Is it very likely that ... keep their promises?</i>		
Politicians	-0.019 (0.098)	0.019 (0.029)
Entrepreneurs	0.073 (0.092)	0.001 (0.032)
Family members	0.130 (0.103)	-0.005 (0.038)
People	-0.021 (0.080)	-0.021 (0.031)
<i>Is it very likely that ... care for your interests?</i>		
Politicians	0.148 (0.090)	-0.029 (0.032)
Entrepreneurs	-0.050 (0.116)	0.014 (0.034)
Family members	-0.138 (0.101)	-0.037 (0.040)
People	-0.010 (0.080)	0.038 (0.031)
<b><i>Campaign promises</i></b>		
<i>Is it very likely that the president will commit to...?</i>		
Lower taxes to small businesses	-0.082 (0.079)	0.020 (0.026)
No increase of transport tariffs	0.028 (0.073)	0.015 (0.033)
Voted Incumbent (2019)	0.059 (0.094)	0.059* (0.031)
Collective Action	-0.026 (0.070)	0.004 (0.031)
Constant	0.583 (0.383)	0.158* (0.087)
Observations	294	541
R-squared	0.072	0.057
Zone FE	Yes	Yes
Country	ARG	UR

*Notes:* All estimations consider exclusively those in the first wave whose answer to the coronavirus question is traceable in the second wave of the survey, i.e., those who sum up a panel dataset. Base categories for indicator variables are: less than completed primary for educational level and inactivity for labor status, i.e., having worked as a home-keeper, being a student at the moment of the survey or having received the pension, for labor status. Remaining variables are binary and take the value of one when the respondent high or very high agreement levels with the statements. Although several questions regarding campaign promises were conducted in both countries, we only consider those that are comparable between countries. All surveys were conducted among people living within the metropolitan area of both countries' capital cities; to account for each *partido* contagion dynamics, we include zone (partido) fixed effects. Robust Standard errors in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

Table 2: Change over time in Trust in the President

	Uruguay				Argentina			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lag <i>Trust the President</i>	0.479*** (0.054)				0.317*** (0.077)			
Wave		0.047** (0.023)	0.084** (0.037)	0.091*** (0.027)		-0.092** (0.036)	-0.035 (0.050)	-0.023 (0.044)
Wave×Incumbent			-0.088** (0.041)	-0.092*** (0.030)			-0.125** (0.059)	-0.133** (0.053)
Voted Incumbent (2019)	0.266*** (0.049)	0.642*** (0.021)	0.686*** (0.029)	0.031 (0.086)	0.369*** (0.078)	0.647*** (0.032)	0.709*** (0.038)	0.255** (0.122)
Covid-19	0.096* (0.056)	0.079 (0.057)	0.080 (0.057)	0.112* (0.061)	0.025 (0.046)	0.034 (0.047)	0.035 (0.047)	0.032 (0.052)
Constant	-0.317* (0.162)	-0.095 (0.137)	-0.112 (0.139)	0.637*** (0.099)	0.804** (0.326)	1.000*** (0.241)	0.962*** (0.243)	0.351*** (0.113)
Observations	541	1,082	1,082	1,082	294	588	588	588
R-squared	0.526	0.434	0.436	0.060	0.444	0.459	0.463	0.055
Sociodem cont.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
FE	No	No	No	Yes	No	No	No	Yes

*Notes:* Control variables include: gender (male=1), the logarithm of the individual's age, her education level, whether the individual voted for the incumbent president in the past election (2019), the place indicated as place of living. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

Table 3: Change over time in Sacrifices People are Willing to make

	Uruguay			Argentina		
	Panel		Panel +	Panel		Panel +
	Lagged	Wave	Matched Rep.	Lagged	Wave	Matched Rep.
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Panel A. Prices and taxes</b>						
Lag <i>Prices &amp; Taxes</i>	0.217*** (0.055)			0.305*** (0.078)		
Lag <i>Prices &amp; Taxes</i> × Incumbent	-0.048 (0.086)			-0.186 (0.118)		
Wave		-0.087** (0.038)	-0.089*** (0.032)		-0.081 (0.061)	-0.052 (0.038)
Wave × Incumbent		0.078 (0.060)	0.091* (0.051)		0.109 (0.081)	0.067 (0.052)
Voted Incumbent (2019)	0.128** (0.052)	0.040 (0.043)	0.031 (0.036)	0.110 (0.078)	-0.146** (0.059)	-0.066* (0.036)
Covid-19	0.081 (0.074)	0.067 (0.076)	0.002 (0.057)	0.120** (0.059)	0.108* (0.059)	0.087** (0.037)
Constant	0.217 (0.236)	0.354** (0.175)	0.427*** (0.135)	0.185 (0.500)	0.602* (0.323)	0.455** (0.180)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.074	0.024	0.020	0.109	0.042	0.030
<b>Panel B. Labor-related prices (wages &amp; pensions)</b>						
Lag <i>Wages &amp; Pensions</i>	0.200** (0.079)			0.022 (0.077)		
Lag <i>Wages &amp; Pensions</i> × Incumbent	-0.029 (0.109)			0.029 (0.123)		
Wave		-0.019 (0.025)	-0.023 (0.022)		-0.039 (0.041)	-0.031 (0.025)
Wave × Incumbent		0.023 (0.046)	0.031 (0.039)		0.004 (0.055)	-0.037 (0.035)
Voted Incumbent (2019)	0.105*** (0.035)	0.106*** (0.033)	0.089*** (0.028)	-0.008 (0.043)	-0.001 (0.042)	0.025 (0.027)
Covid-19	0.191*** (0.067)	0.204*** (0.069)	0.135*** (0.052)	0.018 (0.041)	0.017 (0.040)	0.015 (0.024)
Constant	0.017 (0.193)	0.130 (0.137)	0.253** (0.109)	0.200 (0.250)	0.404** (0.187)	0.341*** (0.131)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.106	0.046	0.034	0.026	0.038	0.019
<b>Panel C. Labor-related quantity</b>						
Lag <i>Employment</i>	0.207*** (0.063)			0.299*** (0.081)		
Lag <i>Employment</i> × Incumbent	0.006 (0.088)			-0.061 (0.144)		
Wave		-0.074*** (0.028)	-0.080*** (0.023)		0.059 (0.055)	0.052 (0.034)
Wave × Incumbent		-0.066 (0.051)	-0.049 (0.043)		-0.035 (0.063)	-0.045 (0.038)
Voted Incumbent (2019)	0.128*** (0.036)	0.240*** (0.039)	0.207*** (0.033)	-0.114** (0.050)	-0.183*** (0.044)	-0.139*** (0.026)
Covid-19	0.056 (0.059)	0.059 (0.064)	0.036 (0.047)	-0.002 (0.046)	-0.007 (0.047)	-0.024 (0.029)
Constant	0.323 (0.198)	-0.033 (0.144)	0.019 (0.109)	-0.116 (0.270)	0.162 (0.203)	0.030 (0.122)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.121	0.087	0.072	0.202	0.105	0.090
Matching technique	NA	NA	PSM	NA	NA	PSM

Table 4: Change over time in Sacrifices People are Willing to make

	Uruguay			Argentina		
	Panel		Panel + Matched Rep.	Panel		Panel + Matched Rep.
	Lagged (1)	Wave (2)	PSM (3)	Lagged (4)	Wave (5)	PSM (6)
<b>Panel A. Pay higher gas and electricity tariffs</b>						
Lag <i>Gas &amp; Electricity</i>	0.115** (0.056)			0.262*** (0.081)		
Lag <i>Gas &amp; Electricity</i> ×Incumbent	0.058 (0.087)			-0.226* (0.122)		
Wave		-0.109*** (0.030)	-0.103*** (0.025)		-0.040 (0.055)	0.003 (0.034)
Wave×Incumbent		0.072 (0.051)	0.078* (0.043)		0.046 (0.068)	-0.022 (0.042)
Voted Incumbent (2019)	0.109*** (0.036)	0.063 (0.038)	0.048 (0.032)	-0.031 (0.058)	-0.184*** (0.049)	-0.086*** (0.030)
Covid-19	0.100 (0.067)	0.105 (0.066)	0.065 (0.050)	-0.002 (0.049)	-0.009 (0.049)	0.021 (0.031)
Constant	0.133 (0.188)	0.101 (0.140)	0.196* (0.111)	0.134 (0.311)	0.648*** (0.223)	0.420*** (0.146)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.077	0.036	0.028	0.108	0.065	0.044
<b>Panel B. Pay higher Transport Tariffs</b>						
Lag <i>Transport</i>	0.109* (0.056)			0.235*** (0.082)		
Lag <i>Transport</i> ×Incumbent	0.047 (0.088)			0.038 (0.130)		
Wave		-0.070** (0.031)	-0.062** (0.026)		-0.006 (0.057)	0.000 (0.036)
Wave×Incumbent		0.054 (0.051)	0.057 (0.043)		0.058 (0.075)	0.038 (0.047)
Voted Incumbent (2019)	0.086** (0.038)	0.043 (0.038)	0.038 (0.031)	-0.017 (0.065)	-0.122** (0.053)	-0.073** (0.032)
Covid-19	0.032 (0.063)	0.022 (0.062)	-0.004 (0.047)	0.047 (0.055)	0.041 (0.056)	0.043 (0.035)
Constant	0.033 (0.206)	-0.105 (0.150)	0.007 (0.116)	0.449 (0.497)	0.490 (0.308)	0.410** (0.172)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.076	0.027	0.023	0.103	0.051	0.036
<b>Panel C. Pay higher taxes</b>						
Lag <i>Taxes</i>	0.272*** (0.069)			0.295*** (0.089)		
Lag <i>Taxes</i> ×Incumbent	-0.156* (0.095)			-0.113 (0.139)		
Wave		0.010 (0.032)	-0.013 (0.027)		-0.082* (0.048)	-0.072** (0.029)
Wave×Incumbent		-0.156* (0.095)	-0.039 (0.044)	-0.113 (0.139)	0.111 (0.068)	0.117*** (0.042)
Voted Incumbent (2019)	0.031 (0.038)	0.094** (0.038)	0.057* (0.031)	0.131** (0.054)	-0.017 (0.050)	-0.001 (0.029)
Covid-19	0.029 (0.058)	0.002 (0.063)	-0.018 (0.048)	0.121** (0.050)	0.094* (0.050)	0.058* (0.031)
Constant	0.034 (0.201)	0.214 (0.151)	0.264** (0.116)	-0.032 (0.442)	0.357 (0.280)	0.377** (0.154)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.071	0.014	0.010	0.101	0.016	0.017

Change over time in Sacrifices People are Willing to make

	Uruguay			Argentina		
	Panel		Panel + Matched Rep.	Panel		Panel + Matched Rep.
	Lagged (1)	Wave (2)	PSM (3)	Lagged (4)	Wave (5)	PSM (6)
<b>Panel D. Allow a reduction in wages</b>						
Lag <i>Wages</i>	0.092 (0.088)			-0.036 (0.062)		
Lag <i>Wages</i> ×Incumbent	0.036 (0.120)			0.139 (0.127)		
Wave		-0.007 (0.020)	-0.011 (0.017)		-0.021 (0.033)	-0.018 (0.020)
Wave×Incumbent		0.019 (0.040)	0.030 (0.035)		-0.043 (0.047)	-0.059** (0.029)
Voted Incumbent (2019)	0.108*** (0.032)	0.111*** (0.028)	0.091*** (0.024)	-0.040 (0.038)	0.022 (0.037)	0.028 (0.023)
Covid-19	0.185*** (0.064)	0.189*** (0.065)	0.134*** (0.048)	0.040 (0.035)	0.038 (0.034)	0.024 (0.020)
Constant	0.090 (0.173)	0.165 (0.119)	0.174* (0.092)	-0.014 (0.166)	0.036 (0.151)	0.025 (0.085)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.091	0.059	0.043	0.028	0.021	0.014
<b>Panel E. Allow a reduction in pensions</b>						
Lag <i>Pensions</i>	0.049 (0.069)			0.081 (0.092)		
Lag <i>Pensions</i> ×Incumbent	0.125 (0.108)			-0.174* (0.090)		
Wave		-0.016 (0.020)	-0.017 (0.017)		-0.053* (0.030)	-0.027 (0.019)
Wave×Incumbent		-0.018 (0.033)	-0.023 (0.029)		0.067* (0.038)	0.015 (0.025)
Voted Incumbent (2019)	-0.008 (0.021)	0.030 (0.025)	0.040* (0.022)	0.026 (0.026)	-0.043 (0.030)	-0.002 (0.019)
Covid-19	0.025 (0.041)	0.033 (0.042)	0.018 (0.031)	-0.004 (0.026)	-0.006 (0.026)	-0.001 (0.017)
Constant	-0.117 (0.146)	-0.019 (0.103)	0.118 (0.086)	0.247 (0.216)	0.372** (0.148)	0.337*** (0.113)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.058	0.017	0.013	0.044	0.042	0.017
<b>Panel F. Let people get fired more easily</b>						
Lag <i>Fired</i>	0.207*** (0.063)			0.299*** (0.081)		
Lag <i>Fired</i> /Wave×Incumbent	0.006 (0.088)			-0.061 (0.144)		
Wave		-0.074*** (0.028)	-0.080*** (0.023)		0.059 (0.055)	0.052 (0.034)
Wave×Incumbent		-0.066 (0.051)	-0.049 (0.043)	-0.035 (0.144)	-0.045	(0.038)
Voted Incumbent (2019)	0.128*** (0.036)	0.240*** (0.039)	0.207*** (0.033)	-0.114** (0.050)	-0.183*** (0.044)	-0.139*** (0.026)
Covid-19	0.056 (0.059)	0.059 (0.064)	0.036 (0.047)	-0.002 (0.046)	-0.007 (0.047)	-0.024 (0.029)
Constant	0.323 (0.198)	-0.033 (0.144)	0.019 (0.109)	-0.116 (0.270)	0.162 (0.203)	0.030 (0.122)
Observations	541	1,082	1,680	294	588	1,690
R-squared	0.121	0.087	0.072	0.202	0.105	0.090

Notes: Socio-demographic controls include: gender (male=1), the logarithm of the age, education level, and the zone in which the individual reports living in. We control for partisanship, i.e, having voted for the incumbent, Lacalle Pou in

# Online Appendix

## A Phone-based survey - Descriptive Statistics

We use a two-round phone-based panel survey to elicit information about citizens' perceptions of the government.<sup>14</sup> It attempts to capture individuals' perceptions about politicians' trustworthiness and preferences for public policies that imply trade-offs in terms of sacrifices to boost the economy in times of crisis. People fielded the first wave of the survey before COVID-19 hit Latin America. For this wave, the sample was stratified by gender, age, and place of living, and individuals were contacted by cell phone conditional on being 18 years or older. The interviewees were reached in a probabilistic way using Random Digit Dialing (RDD).<sup>15</sup> The second survey wave was conducted a year later, well into the pandemic. For this wave, we first contacted individuals interviewed in 2019 who agreed to be reached on a subsequent occasion.

Those who could not be interviewed were replaced with cases within the study universe that met the first wave respondent's gender and age quotas.<sup>16</sup> We contacted 1,683 individuals in each survey wave, from which 835 were reached in both rounds, and the remaining 848 were selected to complete gender and age quotas in the second wave. The consultancy agency in Uruguay managed to contact 65% of the original sample, and only 35% could be called back in Argentina. We kept the panel data for this analysis. It gathers information for the same individual before the presidential possessions, i.e., by the end of 2019, and after one year in office.<sup>17</sup>

Table A1 presents the descriptive statistics for the main observable characteristics of respondents in the first wave. In both countries, the average respondent is female (nearly 54%). In Uruguay, surveyed individuals are slightly older (47 years old) than in Argentina (44 years old). In terms of location, there is a heterogeneous geographical distribution of respondents. Argentinian interviewees are uniformly distributed across the CABA metropolitan area, with 28% living in the capital city. In the Uruguayan case, people are

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<sup>14</sup>Companies that specialize in collecting phone-based survey data carried out the interviews. For details about the companies, visit <https://equipos.com.uy/> in Uruguay and <http://www.mbc-mori.com.ar/> in Argentina.

<sup>15</sup>The call system used to contact potential interviewees discards the telephones that do not answer or do not work correctly before communicating to the interviewer. The consulting firm has the cell phone numbers of three companies –Antel, Movistar, and Claro– and nine different prefixes. Once the prefix was entered, the system generated a random number between 000000 and 999999.

<sup>16</sup>The consulting firm used the RDD methodology to identify and contact replacements as well. To select the replacements that were part of the study universe, we used some questions that operated as filters to discard people outside the object of study, non-Uruguayans/Argentinians, and people who did not live in the metropolitan area of Montevideo (Outside the states of Canelones, San José and the province of Montevideo) or the Autonomous City of Buenos Aires (CABA). The selection of quotas by sex and age was made by recordings of the voice and a question, respectively.

<sup>17</sup>Although the study aimed to follow-up participants after six months, due to the COVID-19 pandemic, we could reach them again a year after the first interview, in December 2020.

mainly concentrated outside the municipality of Montevideo (85%). Most people in our sample completed at least secondary school (67% in Uruguay and 86% in Argentina) and have a full-time job or works from home (67% and 76%, in the same order as before).

Our sample is slightly more educated, younger, and female than the population identified in the 2010 Argentinian and 2011 Uruguayan censuses. According to the 2010 Argentinian Census, the percentage of men over 18 years old based in CABA and its metropolitan area was 51%, the average age was 44 years old, excluding minors, and 69% of the population between 15 and 80+ years old completed at least secondary education. The 2011 Uruguayan Census indicates that 53% of people over 18 years old are women, on average, people is 46 years old, and nearly 40% of individuals over 25 years old had completed secondary education at least. As such, we may be under-sampling women and less educated individuals.

Table A1: Summary statistics and balance

Variable	Uruguay			Argentina			Diff. btw countries (7)
	Obs. (1)	Mean (2)	SD (3)	Obs. (4)	Mean (5)	SD (6)	
<b>Socio-demographics</b>							
Gender (male=1)	541	0.462	0.499	294	0.473	0.500	0.011 (0.036)
Age	541	47.649	16.105	294	44.180	14.855	-3.469*** (1.136)
Capital city	541	0.153	0.361	294	0.279	0.449	0.125*** (0.029)
<i>Education level</i>							
None	541	0.050	0.218	294	0.014	0.116	-0.036*** (0.014)
Primary	541	0.279	0.449	294	0.126	0.332	-0.153*** (0.030)
Secondary	541	0.142	0.350	294	0.299	0.459	0.157*** (0.028)
Post-secondary	541	0.237	0.425	294	0.293	0.456	0.056* (0.032)
College	541	0.292	0.455	294	0.269	0.444	-0.023 (0.033)
<i>Labor status</i>							
Inactive	541	0.296	0.457	294	0.180	0.385	-0.115*** (0.031)
Employed	541	0.665	0.472	294	0.759	0.429	0.093*** (0.033)
Unemployed	541	0.039	0.193	294	0.061	0.240	0.022 (0.015)
<b>Political participation</b>							
Voted for incumbent (2019)	541	0.414	0.493	294	0.439	0.497	0.025 (0.036)
<b>COVID-19</b>							
Exposure to COVID-19 (closed net)	541	0.087	0.282	294	0.422	0.495	0.335*** (0.027)

*Notes:* Each row shows a different observable variable statistic. Columns (1) and (4) show the number of individuals who responded the question, columns (2)-(3) and (5)-(6) show the average and standard deviations for each country's responses. The final column displays differences and their statistical significance between countries. We have 541 responses in each round for Uruguay. In Argentina, we have 294 observations. *Gender* is a binary variable that takes the value of one when the respondent is male. *Age* is a continuous variable between 18 to 92 years. *Capital city* is a binary variable, and indicates whether the individual lives in Montevideo (Buenos Aires) or in other province of the metropolitan area. *None* to *College* are indicator variables of the participant's education level. *Inactive* to *Unemployed* denote the labor status of the respondent. *Voted incumbent* takes the value of one when the respondent indicated that he voted for Luis Lacalle (Uruguay) or Alberto Fernández (Argentina) one month after the election (first round). Standard errors are robust. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Dependent variables are classified into three groups: (1) Trust and reasons to trust in the president-elect, (2) Trust in institutions, and (3) Sacrifices to boost the economy under uncertain circumstances. Table A3 presents the mean and standard deviation of each variable. The first group attempts to capture whether citizens trust in the president-elect and their reasons to trust or mistrust. We begin by asking participants “how much they trust president-elect *Luis Lacalle Pou/Alberto Fernández*,” and answers varied between “Not at all” and “Very much.” For interpretation purposes, we use a binary transformation of the categorical variable. It takes the value of one when the respondent indicated that he trusts the president-elect much or very much. 55% of the Uruguayan sample trust president Lacalle in the first wave. Similarly, 58% of Argentinians trust president Fernández.



Once people indicated their level of trust in the president, they provided their main reasons to trust or mistrust the government. Individuals who indicated that they trust much or very much the president provided a positive reason for their chosen level of trust. In contrast, those with lower trust pointed out a negative reason. In the first round of the survey, people could indicate any reason, and they were later categorized into six categories: i) Ideological affinity, ii) representation, iii) experience and knowledge of the duties, iv) interpersonal abilities of the president, and v) management abilities. We followed a keywords methodology to classify open questions’ answers in their respective category, Table A2 presents the key words used for classification.

Table A2: Key words

<b>Concept</b>	<b>Key words</b>
Ideology affinity	Ideas, thinking, political party, ideology
Representation level	Representation, likeness
Experience & knowledge	Work team, know-how, political background, expertise
Interpersonal abilities	Honesty, sincerity, rectitude, integrity, transparency
Management resemblance	Administration, governance, project execution, political practice

*Note:* Authors’ design

In Uruguay and Argentina, people tend to trust the president because they share his ideology (20.1 and 34% individuals, respectively). The following most named options differ between countries; 12.4% people in Uruguay think their president represents the people. In Argentina, 16.5% trust their president because he is a good person. People mistrust the president-elect leaders because they do not share the same ideology (37% in Uruguay and 17% in Argentina.) They also do not consider that governors have the experience to hold office (26.5% Uruguay and 41% Argentina). Understanding the motivations behind the decisions to trust is crucial to better target the policy initiatives to address the crisis however, we cannot identify a precise mechanism that links COVID-19 to the level of trust in the president-elect.

Similarly, trust in institutions is relevant for policy making and implementation however, we do not observe a transmission between the president and the rest of politicians. Dependent variables regarding politicians are based on questions developed in previous projects (see Keefer et al. (2018), and Keefer et al. (2020)). These questions capture two important components of trust: competence and benevolence. In relationships in which there are asymmetries of power and information, and interaction between parties is reduced, individuals require an assessment of the competence of the most informed/powerful party and its benevolence to build trust (Berlinski et al., 2022). As pointed out by Hakhverdian and Mayne (2012), citizens

form trust in institutions by evaluating them based on their procedural performance and policy performance, i.e., people trust if the institution they rely upon shares their values and is effective in achieving their goals. We capture individuals' perceptions on whether politicians keep their promises and whether they care about people like the respondent and her family.

Regarding trust in other agents, we observe that 26% of surveyed individuals consider politicians (very) likely to keep what they promise. However, there is a higher assessment of the politician's competence in Uruguay (33%) than in Argentina (19%). In terms of shared values, people from both nations consider that their relatives care for people like them to a greater extent (+80%) than the society (around 45%), or politicians (30%).

Finally, we examine whether people are willing to sacrifice some benefits to boost the economy in times of crisis and how it evolves over time, i.e., their public policy preferences to deal with an economic crisis. We asked participants *how willing would they be to (make some sacrifices), if necessary, to boost the economy, considering the current situation of the country (and the effect of the Coronavirus)?*. Even though answers vary from not likely to very likely, we constructed a binary variable that takes the value of one when people answer somewhat or very likely, and zero otherwise. 52% of the interviewees are willing to make at least one sacrifice. The most accepted sacrifice among citizens is paying higher transport tariffs (around 24%). The least approved strategies to boost the economy are reductions in wages and pensions (9% approximately).

Table A3: Descriptive statistics of dependent variables

Variable	Uruguay			Argentina			Diff. btw countries
	Obs.	Mean	SD	Obs.	Mean	SD	
<b>Trust in President-Elect</b>							
Trust in President-Elect	840	0.548	0.498	843	0.582	0.493	0.035 (0.024)
<i>Reasons to trust</i>							
Same ideology/thinking	452	0.201	0.401	473	0.340	0.474	0.139*** (0.029)
Represents people like me	452	0.124	0.330	473	0.017	0.129	-0.107*** (0.016)
Has experience/Knows what to do	452	0.115	0.319	473	0.144	0.351	0.029 (0.022)
Is honest/a good person	452	0.082	0.274	473	0.165	0.371	0.083*** (0.022)
<i>Reasons not to trust</i>							
Different ideology/thinking	370	0.370	0.484	350	0.174	0.380	-0.196*** (0.033)
Represents people that are not like me	370	0.114	0.318	350	0.000	0.000	-0.114*** (0.017)
Doesn't have experience/know what to do	370	0.265	0.442	350	0.409	0.492	0.144*** (0.035)
Dishonest/a bad person	370	0.097	0.297	350	0.183	0.387	0.086*** (0.026)
<b>Trust in Institutions</b>							
<i>Keep their promises</i>							
Politicians	840	0.333	0.472	843	0.191	0.393	-0.142*** (0.021)
Family members	840	0.869	0.338	843	0.795	0.404	-0.074*** (0.018)
People in general	840	0.561	0.497	843	0.483	0.500	-0.078*** (0.024)
<i>Care for people like you and your family</i>							
Politicians	840	0.351	0.478	843	0.244	0.430	-0.107*** (0.022)
Family members	840	0.869	0.338	843	0.816	0.388	-0.053*** (0.018)
People in general	840	0.483	0.500	843	0.447	0.498	-0.036 (0.024)
<b>Sacrifices to improve the current economic situation</b>							
Pay higher gas and electricity tariffs	840	0.236	0.425	843	0.206	0.405	-0.029 (0.020)
Pay higher transport tariffs	840	0.226	0.419	843	0.265	0.441	0.038* (0.021)
Pay higher taxes	840	0.233	0.423	843	0.183	0.387	-0.051** (0.020)
Allow a reduction in wages	840	0.104	0.305	843	0.097	0.297	-0.006 (0.015)
Allow a reduction in pensions	840	0.093	0.290	843	0.070	0.255	-0.023* (0.013)
Let people get fired more easily	840	0.250	0.433	843	0.173	0.379	-0.077*** (0.020)

*Notes:* Some dependent variables are binary versions of categorical variables; they take the value of one if the respondent indicates that he is "(very) likely to (be in agreement with/willing to)..." For instance, trust in the president, trust in institutions, and sacrifices to boost the economy are variables of this type. Reasons to trust were open answers in the first wave, then we classified them in six possible categories: ideology affinity, representation level, interpersonal abilities, and management resemblance. Column (7) shows the regression coefficients and robust standard errors in parentheses of an OLS regression where the independent variable is binary and represents the country from which the survey was taken; Argentina takes the value of one, and Uruguay takes the value of zero.

## B A comprehensive version of the impact of COVID on political trust

The pandemic has at least two mechanisms to affect individuals' well-being and hence affect the way in which people update their beliefs about the government. The health shock brought about by the COVID also produced a profound economic shock. In the main specification of this note, we approximate the impact of the health shock by assessing whether perceptions change if people are personally affected by COVID-19. To account for the economic impact of COVID-19, we use an unemployment transition variable,  $Unemployment_{it}$ , that indicates whether the individual has lost her job in between the waves. The share of people who switched job status is marginal, and Table B1 shows that its effect on trust in the president is negligible. The direction of the effect is consistent over specifications and signals a negative association with trust, as expected. People who lose their job are less likely to trust the incumbent. In a specification that considers only the economic shock (Table B2), i.e., does not control for direct exposure to the COVID health shock, we do not observe that changes in citizens' perceptions are related to the loss of their income/job due to the health crisis, either.

Table B1: Change over time in Trust in the President

	Uruguay				Argentina			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lag <i>Trust the President</i>	0.479*** (0.054)				0.316*** (0.078)			
Wave		0.049** (0.024)	0.085** (0.037)	0.093*** (0.027)		-0.087** (0.036)	-0.032 (0.050)	-0.025 (0.044)
Wave×Incumbent			-0.087** (0.041)	-0.090*** (0.031)			-0.124** (0.059)	-0.133** (0.053)
Voted Incumbent (2019)	0.267*** (0.049)	0.642*** (0.021)	0.686*** (0.029)	0.029 (0.086)	0.371*** (0.078)	0.647*** (0.032)	0.709*** (0.038)	0.255** (0.122)
Covid-19	0.097* (0.056)	0.079 (0.057)	0.081 (0.057)	0.113* (0.061)	0.023 (0.047)	0.031 (0.047)	0.033 (0.047)	0.034 (0.052)
Unemployment transition	-0.049 (0.065)	-0.035 (0.062)	-0.029 (0.062)	-0.037 (0.080)	-0.040 (0.129)	-0.058 (0.134)	-0.051 (0.131)	0.031 (0.135)
Constant	-0.330** (0.166)	-0.101 (0.139)	-0.116 (0.140)	0.636*** (0.099)	0.809** (0.329)	1.001*** (0.242)	0.964*** (0.244)	0.351*** (0.113)
Observations	541	1,082	1,082	1,082	294	588	588	588
R-squared	0.526	0.435	0.436	0.060	0.445	0.460	0.464	0.055
Number of idc				541				294

*Notes:* Sociodemographic controls include: gender (male=1), the logarithm of the age, education level and the zone in which the individual report living in. We control for partisanship, i.e, having voted for the incumbent, Lacalle Pou in Uruguay and Fernández in Argentina. *Coronavirus* is a dummy variable that takes the value of one if the individual indicated she knows someone infected with covid-19 in the second wave. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

Table B2: Change over time in Trust in the President

	Uruguay				Argentina			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lag <i>Trust the President</i>	0.477*** (0.055)				0.317*** (0.081)			
Wave		0.056** (0.023)	0.092** (0.037)	0.102*** (0.027)		-0.073** (0.031)	-0.018 (0.048)	-0.012 (0.038)
Wave×Incumbent			-0.086** (0.042)	-0.088*** (0.031)			-0.123** (0.060)	-0.131** (0.052)
Voted Incumbent (2019)	0.269*** (0.050)	0.643*** (0.021)	0.686*** (0.029)	0.020 (0.086)	0.371*** (0.081)	0.648*** (0.033)	0.709*** (0.039)	0.250** (0.123)
Unemployment transition	-0.046 (0.070)	-0.032 (0.066)	-0.026 (0.066)	-0.034 (0.082)	-0.044 (0.137)	-0.064 (0.142)	-0.057 (0.138)	0.025 (0.135)
Constant	-0.301* (0.169)	-0.092 (0.141)	-0.107 (0.142)	0.630*** (0.098)	0.826* (0.448)	1.009*** (0.261)	0.973*** (0.264)	0.346*** (0.113)
Observations	541	1,082	1,082	1,082	294	588	588	588
R-squared	0.523	0.434	0.435	0.054	0.444	0.459	0.463	0.054
Number of idc				541				294

*Notes:* Sociodemographic controls include: gender (male=1), the logarithm of the age, education level, and the zone in which the individual reports living in. We control for partisanship, i.e. having voted for the incumbent, Lacalle Pou in Uruguay and Fernández in Argentina. *Coronavirus* is a dummy variable that takes the value of one if the individual indicated she knows someone infected with COVID-19 in the second wave. Robust standard errors are shown in parentheses. \*p <0.10, \*\*p <0.05, \*\*\*p <0.01.

## C The effect of COVID-19 on the reasons to trust the president

The cognitive process of trusting others includes motivational representations (Castelfranchi and Falcone, 2010); to better understand such motivations, we asked our interviewees to provide us with reasons to trust or mistrust the president. Table C1 shows the reasons to trust in the president switch over time however, they are not primarily affected by being exposed to COVID-19 in the closest network. People are more likely to trust because they consider both presidents experienced in the second round, relative to the first one. The likelihood of responding that they trust because they consider their leader has experience increases by 8.3 and 36.4 pp, in Uruguay and Argentina, respectively.

For those who do not trust the president-elect, we find significant differences between countries in initial reasons (see Table C2). However, after a period of holding office, mistrust seems to be more associated with a lack of representation both in Uruguay (4.4 pp) and Argentina (9.7 pp), although statistical significance is low.

## D The effect of COVID-19 on Trust in Institutions

Citizens rely upon diverse institutions to carry out what is necessary to achieve their objectives. In these relationships, they make vulnerable to others, and asymmetries of information and power play a crucial

Table C1: Change over time in Reasons to Trust in the President

	Same ideology		Represents my people		Has experience/Know to do's		Is honest/a good person	
	Lag (1)	Wave (2)	Lag (3)	Wave (4)	Lag (5)	Wave (6)	Lag (7)	Wave (8)
<b>Panel A: Uruguay</b>								
Lag <i>positive reason</i>	-0.015 (0.045)		0.042 (0.086)		0.392 (0.424)		0.947*** (0.070)	
Lag <i>pos. reason</i> × Incumbent	0.110 (0.085)		-0.080 (0.102)		-0.391 (0.431)		-0.959*** (0.119)	
Wave		-0.081** (0.040)		-0.164*** (0.049)		0.084* (0.045)		0.056 (0.038)
Wave × Incumbent		0.007 (0.056)		0.126** (0.056)		-0.115** (0.055)		0.033 (0.054)
Voted Incumbent (2019)	0.133*** (0.045)	0.135*** (0.045)	0.008 (0.038)	-0.095* (0.050)	-0.060 (0.062)	0.086** (0.035)	0.180*** (0.053)	0.113*** (0.032)
Covid-19	0.128 (0.101)	0.084 (0.082)	0.005 (0.065)	-0.003 (0.052)	0.059 (0.086)	0.033 (0.069)	0.061 (0.098)	0.037 (0.081)
Constant	-0.100 (0.276)	0.164 (0.177)	0.467** (0.234)	0.549*** (0.164)	0.534* (0.282)	0.150 (0.156)	-0.337 (0.267)	-0.305* (0.157)
Observations	250	592	250	592	250	592	250	592
R-squared	0.085	0.057	0.048	0.048	0.084	0.037	0.084	0.068
<b>Panel B: Argentina</b>								
Lag <i>positive reason</i>	0.129 (0.119)		-0.240 (0.171)		-0.336** (0.168)		-0.106 (0.313)	
Lag <i>pos. reason</i> × Incumbent	-0.017 (0.160)		1.118*** (0.200)		0.706*** (0.211)		0.296 (0.334)	
Wave		-0.152** (0.064)		0.097 (0.085)		0.364*** (0.116)		0.188* (0.111)
Wave × Incumbent		-0.039 (0.082)		0.046 (0.086)		-0.357*** (0.125)		-0.105 (0.117)
Voted Incumbent (2019)	0.223*** (0.079)	0.284*** (0.069)	-0.098 (0.115)	-0.033 (0.034)	-0.226 (0.157)	0.133** (0.052)	-0.197 (0.164)	0.029 (0.062)
Covid-19	0.057 (0.088)	0.071 (0.072)	0.044 (0.066)	-0.024 (0.062)	-0.077 (0.081)	0.007 (0.075)	-0.031 (0.085)	-0.080 (0.074)
Constant	-0.301 (0.441)	-0.637** (0.320)	0.785* (0.403)	0.234 (0.167)	-0.009 (0.414)	0.700** (0.332)	-0.051 (0.558)	-0.665* (0.342)
Observations	113	292	113	292	113	292	113	292
R-squared	0.156	0.138	0.113	0.093	0.152	0.078	0.110	0.066

*Notes:* Control variables include: gender (male=1), the logarithm of the individual's age, her education level, whether the individual voted for the incumbent president in the past election (2019), the place indicated as place of living. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

role in building trust (Castelfranchi and Falcone, 2010; Hakhverdian and Mayne, 2012). People assess the competence and willingness of others, especially the most informed/powerful ones, to update their priors and build trust (Berlinski et al., 2022). Results on how individuals' change their perceptions on politicians and fellow citizens' ability to keep their promises and their willingness to care about others are shown Tables D1 and D2. Panel A displays the change in the perception of the competence to keep their promises, while Panel B shows the evolution of the second dimension of trust, the sense of caring (benevolence).

Findings suggest an increase in trust in politicians in Uruguay and a reluctance to trust policy-makers in Argentina, measured as the perceived ability to keep promises. Estimates, however, do not reject the null hypothesis. Once we assess individuals' perceptions about politicians' interest in the people's well-being, there is a negative persistent effect in Argentina: people are 11 pp less likely to consider their politicians benevolent following the beginning of the coronavirus. However, we are not able to disentangle whether this relates to the political change or the health shock. Neither having voted for the incumbent nor having been

Table C2: Change over time in Reasons to Mistrust in the President

	Diff. ideology		Doesn't represent me		Has no experience/Doesn't know		Is dishonest/a bad person	
	Lag (1)	Wave (2)	Lag (3)	Wave (4)	Lag (5)	Wave (6)	Lag (7)	Wave (8)
<b>Panel A: Uruguay</b>								
Lag <i>negative reason</i>	0.186** (0.080)		0.150 (0.111)		-0.008 (0.057)		-0.021 (0.051)	
Lag <i>neg. reason</i> × Incumbent	0.176 (0.341)		0.000 (0.000)		0.033 (0.079)		0.000 (0.000)	
Wave		-0.030 (0.049)		0.044 (0.034)		-0.131*** (0.038)		-0.031 (0.028)
Wave × Incumbent		0.012 (0.184)		0.290* (0.164)		0.196*** (0.066)		0.046 (0.177)
Voted Incumbent (2019)	-0.211 (0.132)	-0.235* (0.132)	0.104 (0.173)	-0.097*** (0.033)	-0.114* (0.064)	-0.265*** (0.043)	0.146 (0.175)	0.018 (0.119)
Covid-19	-0.204 (0.137)	-0.213* (0.127)	0.058 (0.131)	0.048 (0.112)	-0.120*** (0.039)	-0.103*** (0.033)	0.095 (0.110)	0.064 (0.101)
Constant	-0.240 (0.426)	0.166 (0.280)	0.811** (0.387)	0.612*** (0.206)	-0.271 (0.270)	-0.129 (0.218)	-0.210 (0.213)	-0.110 (0.151)
Observations	175	437	175	437	175	437	175	437
R-squared	0.095	0.048	0.113	0.059	0.057	0.077	0.066	0.022
<b>Panel B: Argentina</b>								
Lag <i>negative reason</i>	0.081 (0.131)		0.000 (0.000)		0.030 (0.097)		-0.014 (0.109)	
Lag <i>neg. reason</i> × Incumbent	0.000 (0.000)		0.000 (0.000)		0.000 (0.000)		0.000 (0.000)	
Wave		0.068 (0.069)		0.097** (0.037)		-0.072 (0.081)		-0.084 (0.057)
Wave × Incumbent		0.000 (0.000)		0.000 (0.000)		0.000 (0.000)		0.000 (0.000)
Voted Incumbent (2019)	0.270 (0.305)	-0.199*** (0.068)	0.416 (0.293)	0.048 (0.036)	-0.342*** (0.109)	-0.376*** (0.077)	0.002 (0.151)	0.346 (0.280)
Covid-19	-0.010 (0.116)	-0.024 (0.087)	0.007 (0.080)	0.000 (0.057)	-0.170 (0.114)	-0.107 (0.087)	0.113 (0.080)	0.037 (0.069)
Constant	-0.511 (0.681)	0.062 (0.338)	0.211 (0.385)	0.059 (0.134)	0.706 (0.702)	-0.180 (0.370)	0.085 (0.600)	0.519 (0.358)
Observations	83	237	83	237	83	237	83	237
R-squared	0.097	0.045	0.089	0.081	0.136	0.068	0.238	0.133

Notes: Control variables include: gender (male=1), the logarithm of the the individual's age, her education level, whether the individual voted for the incumbent president in the past election (2019), the place indicated as place of living. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

closely exposed to the virus explain the shift in citizens' perceptions.

There are often other actors, besides the government, who retain high levels of trust. In particular, in times of crisis it is people who consider what their fellow citizens are doing to inform their decisions, whether in the decision to leave the house for social gatherings or to take the vaccine to reduce the spread of the virus. Considering that one of the main measures of containment of the virus is whether citizen fellows comply with the mitigation strategies established by the government, it is also relevant to understand whether COVID has affected people's interpersonal trust.

In the Mexican case, depicted in [Martinez-Villareal et al. \(2021\)](#), only 36% of their experimental survey sample thought that their neighbors keep social distance from others. We expect that people in our setting do not anticipate their peers to comply with COVID-19 containment strategies, either, given the socioeconomic and macroeconomic conditions of Uruguay and Argentina at the time of the COVID-19 arrival.<sup>18</sup> We observe

<sup>18</sup>In [Martinez-Villareal et al. \(2021\)](#) there is an important percentage of people who dismiss protocols and public policy

Table D1: Change over time in Trust in Institutions - Politicians

	Uruguay				Argentina			
	Panel		Panel + Matched Rep.		Panel		Panel + Matched Rep.	
	Lagged (1)	Wave (2)	Wave (3)	PSM (4)	Lagged (5)	Wave (6)	Wave (7)	PSM (8)
<b>Panel A. Keep their promises</b>								
Lag <i>Prom Politicians</i>	0.256*** (0.044)				0.318*** (0.073)			
Wave		0.018 (0.030)	0.037 (0.038)	0.030 (0.032)		-0.050 (0.035)	-0.031 (0.036)	-0.034 (0.023)
Voted Incumbent (2019)	0.014 (0.041)	0.044 (0.030)	0.068 (0.042)	0.074** (0.035)	0.115*** (0.043)	0.176*** (0.033)	0.197*** (0.048)	0.185*** (0.031)
Wave×Incumbent			-0.046 (0.059)	-0.049 (0.050)			-0.043 (0.063)	-0.033 (0.040)
Covid-19	-0.019 (0.074)	-0.011 (0.076)	-0.010 (0.076)	-0.009 (0.058)	-0.013 (0.039)	-0.002 (0.041)	-0.002 (0.041)	-0.014 (0.026)
Constant	0.191 (0.232)	0.238 (0.173)	0.230 (0.174)	0.151 (0.132)	0.091 (0.329)	0.426 (0.261)	0.413 (0.262)	0.234 (0.163)
Observations	541	1,082	1,082	1,680	294	588	588	1,690
R-squared	0.087	0.021	0.021	0.021	0.183	0.085	0.086	0.073
<b>Panel B. Care for the interests of the people</b>								
Lag <i>Care Politicians</i>	0.222*** (0.045)				0.214*** (0.057)			
Wave		0.013 (0.029)	0.015 (0.037)	0.007 (0.031)		-0.111*** (0.036)	-0.111*** (0.037)	-0.091*** (0.025)
Voted Incumbent (2019)	0.133*** (0.042)	0.157*** (0.030)	0.159*** (0.042)	0.151*** (0.035)	0.183*** (0.047)	0.207*** (0.037)	0.208*** (0.053)	0.190*** (0.033)
Wave×Incumbent			-0.005 (0.059)	0.024 (0.050)			-0.001 (0.067)	-0.010 (0.042)
Covid-19	0.094 (0.071)	0.067 (0.076)	0.067 (0.076)	0.013 (0.058)	-0.046 (0.040)	-0.034 (0.042)	-0.034 (0.042)	-0.018 (0.026)
Constant	0.384 (0.234)	0.285* (0.168)	0.284* (0.168)	0.198 (0.129)	0.217 (0.392)	0.431 (0.264)	0.431 (0.264)	0.118 (0.140)
Observations	541	1,082	1,082	1,680	294	588	588	1,690
R-squared	0.098	0.052	0.052	0.056	0.176	0.100	0.100	0.075

*Notes:* Socio-demographic controls include: gender (male=1), the logarithm of the age, education level, and the zone in which the individual reports living in. We control for partisanship, i.e. having voted for the incumbent, Lacalle Pou in Uruguay and Fernández in Argentina. *Coronavirus* is a dummy variable that takes the value of one if the individual indicated she knows someone infected with COVID-19 in the second wave. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

a decrease of between 5.9 and 16.6 pp. in the perception that people, in general, care for their peers' well-being in both countries. Since there was an ascending trend and a slight decrease in interpersonal trust by 2018 in Uruguay and Argentina, respectively, it is reasonable to think that this conspicuous fall is related to the conditions created by the pandemic.

## E The trust crisis in Latin America

In the last decade, Latin American countries have significantly improved their development indicators. In Argentina and Uruguay, this improvement was associated with reductions, increased access to education, high inter-generational mobility, better institutions, and the implementation of social transfer programs

recommendations by visiting their families and attending social gatherings. In other countries of the region, for instance Peru and Chile, compliance with quarantines and stay-at-home recommendations are likely to be defied, specially when citizens face large opportunity costs of staying at home and whose preferences for mitigation strategies are shaped by material concerns (Bennett, 2021; Carreras et al., 2021b,a; Hummel et al., 2020).



Table D2: Change over time in Trust in Institutions - People

	Uruguay				Argentina			
	Panel		Panel + Matched Rep.		Panel		Panel + Matched Rep.	
	Lagged (1)	Wave (2)	Wave (3)	PSM (4)	Lagged (5)	Wave (6)	Wave (7)	PSM (8)
<b>Panel A. Keep their promises</b>								
Lag <i>Prom People</i>	0.206*** (0.043)				0.225*** (0.057)			
Wave		-0.008 (0.031)	0.045 (0.040)	0.008 (0.033)		-0.105** (0.047)	-0.106* (0.060)	-0.112*** (0.038)
Voted Incumbent (2019)	-0.119*** (0.042)	-0.054* (0.031)	0.010 (0.044)	0.005 (0.036)	0.057 (0.057)	0.064 (0.042)	0.063 (0.059)	0.083** (0.037)
Wave×Incumbent			-0.127** (0.061)	-0.116** (0.052)			0.003 (0.080)	-0.027 (0.051)
Covid-19	-0.009 (0.076)	-0.025 (0.076)	-0.022 (0.074)	0.013 (0.058)	-0.011 (0.055)	-0.007 (0.056)	-0.007 (0.056)	0.029 (0.036)
Constant	0.284 (0.246)	0.449** (0.178)	0.425** (0.178)	0.369*** (0.137)	0.066 (0.335)	0.822*** (0.300)	0.823*** (0.301)	0.756*** (0.183)
Observations	541	1,082	1,082	1,680	294	588	588	1,690
R-squared	0.077	0.029	0.033	0.028	0.134	0.068	0.068	0.057
<b>Panel B. Care for the interests of the people</b>								
Lag <i>Care People</i>	0.224*** (0.041)				0.105* (0.055)			
Wave		-0.059* (0.031)	-0.079** (0.040)	-0.079** (0.033)		-0.166*** (0.045)	-0.131** (0.058)	-0.146*** (0.036)
Voted Incumbent (2019)	-0.007 (0.042)	-0.040 (0.031)	-0.063 (0.044)	-0.052 (0.037)	0.018 (0.057)	0.056 (0.042)	0.095 (0.060)	0.068* (0.037)
Wave×Incumbent			0.046 (0.061)	0.042 (0.052)			-0.079 (0.079)	-0.054 (0.050)
Covid-19	-0.156** (0.067)	-0.145** (0.070)	-0.146** (0.070)	-0.065 (0.057)	-0.007 (0.056)	-0.002 (0.055)	-0.001 (0.055)	0.055 (0.035)
Constant	0.050 (0.246)	0.200 (0.177)	0.208 (0.177)	0.221 (0.136)	0.218 (0.335)	0.679** (0.313)	0.656** (0.316)	0.550*** (0.180)
Observations	541	1,082	1,082	1,680	294	588	588	1,690
R-squared	0.088	0.028	0.029	0.020	0.032	0.050	0.051	0.039

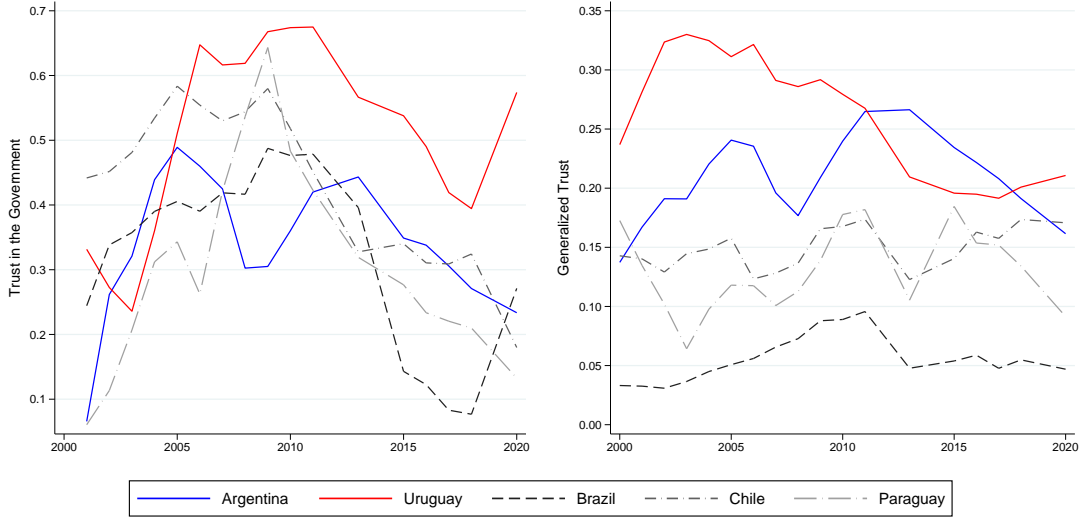
*Notes:* Socio-demographic controls include: gender (male=1), the logarithm of the age, education level, and the zone in which the individual reports living in. We control for partisanship, i.e. having voted for the incumbent, Lacalle Pou in Uruguay and Fernández in Argentina. *Coronavirus* is a dummy variable that takes the value of one if the individual indicated she knows someone infected with COVID-19 in the second wave. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.

(Lustig et al., 2016; Messina and Silva, 2018, 2019; Busso and Messina, 2020). Altogether, these gains place them both on the top of the countries in the region with relatively large amounts on social policies despite unfavorable macroeconomic contexts.<sup>19</sup>

Although reductions in inequality favor an environment for building trust between citizens and the government, Latin American Opinion Polls have shown a profound crisis of interpersonal and institutional trust in recent decades (Scartascini and Valle Luna, 2020; Latinobarometro, 2021; Algan et al., 2017). Figure D1 presents the trends in political and interpersonal trust in South America. Initial levels of trust (15 years ago) in Argentina and Uruguay were the highest in the region; however, they have dropped, potentially in response to unstable macroeconomic and political conditions in recent years (Dincer and Uslander, 2010; Damico et al., 2000).

<sup>19</sup>Social spending includes government expenditure in health, education, and social protection issues.

Figure D1: Trust in Institutions and Interpersonal Trust in South America



*Note:* Authors' calculations based on the Latinobarometer Database. People were asked to indicate *how much trust do they have in different institutions (political or private): a lot (1), some (2), little (3) or no (4) trust*. We reclassify individuals' answers in a binary version that takes the value of one if people indicated a lot or some trust, and zero otherwise. Information of trust in political institutions is available for every year from 2006 to 2018, except 2012. Still, data on trust in entrepreneurs (or private companies) is available from 2006 to 2013, in 2015 and 2018. The Figure shows the share of people who indicate that they trust much or very much the *Government/Congress*, or that most people can be trusted. We smoothed the lines using an one-year moving average for visualization purposes.

## F Robustness checks

Given that we have two additional cross-sections to the data panel, we performed a matching process between rounds to take advantage of the data available from the other individuals surveyed. Columns (5) to (7) and (12) to (14) of Table D3 display the results using diverse specifications. In the first column, we run an OLS regression controlling for sociodemographic characteristics. In the second column, we find the most similar person from the last wave surveyed as a replacement to match each individual in the first wave that could not be reached again in the second. We use a Propensity Score Matching technique conditioning on age group and gender to account for quotas and reduce the distance in the probability of responding to the questionnaire having had the opportunity in the first wave based on observable characteristics. In the third column, we implement a Kernel approach under the matching process. Results are virtually the same as before; people in Uruguay increase their trust, while people in Argentina reduce their trust in the president. Levels of significance increase as we incorporate more observations, indicating that lack of significance can be associated with lack of power.

Table D3: Change over time in Trust in the President

	Uruguay							Argentina						
	Lagged	Panel			Panel + Matched Replacements			Lagged	Panel			Panel + Matched Replacements		
		Wave	No weights	PSM	Kernel	Wave	No weights		PSM	Kernel				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Lag <i>Trust</i> /Wave	0.479*** (0.054)							0.317*** (0.032)						
Wave		0.047** (0.023)	0.084** (0.037)	0.091*** (0.027)	0.111*** (0.030)	0.100*** (0.031)	0.123*** (0.032)		-0.092** (0.036)	-0.035 (0.050)	-0.023 (0.044)	-0.095*** (0.031)	-0.079** (0.033)	-0.075** (0.034)
Voted Incumbent (2019)	0.266*** (0.049)	0.642*** (0.021)	0.686*** (0.029)	0.031 (0.086)	0.662*** (0.024)	0.667*** (0.024)	0.663*** (0.024)	0.369*** (0.078)	0.647*** (0.032)	0.709*** (0.038)	0.255** (0.122)	0.605*** (0.025)	0.617*** (0.026)	0.599*** (0.026)
Wave×Incumbent			-0.088** (0.041)	-0.092*** (0.030)	-0.119*** (0.034)	-0.105*** (0.035)	-0.132*** (0.036)			-0.125** (0.059)	-0.133** (0.053)	0.026 (0.036)	-0.019 (0.039)	-0.025 (0.041)
Covid-19	0.096* (0.056)	0.079 (0.057)	0.080 (0.057)	0.112* (0.061)	0.061 (0.045)	0.070 (0.046)	0.052 (0.052)	0.025 (0.046)	0.034 (0.047)	0.035 (0.047)	0.032 (0.052)	0.009 (0.027)	0.012 (0.030)	-0.005 (0.033)
Constant	-0.317* (0.162)	-0.095 (0.137)	-0.112 (0.139)	0.637*** (0.099)	0.119 (0.108)	0.058 (0.110)	0.153 (0.114)	0.804** (0.326)	1.000*** (0.241)	0.962*** (0.243)	0.351*** (0.113)	0.670*** (0.143)	0.728*** (0.150)	0.711*** (0.164)
Observations	541	1,082	1,082	1,082	1,680	1,680	1,680	294	588	588	588	1,690	1,690	1,684
R-squared	0.526	0.434	0.436	0.060	0.376	0.395	0.368	0.444	0.459	0.463	0.055	0.409	0.406	0.381
Sociodem cont.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
FE	No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	No

Notes: Control variables include: gender (male=1), the logarithm of the individual's age, her education level, whether the individual voted for the incumbent president in the past election (2019), the place indicated as place of living. Robust standard errors are shown in parentheses. \*p < 0.10, \*\*p < 0.05, \*\*\*p < 0.01.