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## Working Paper

# A chance for optimism: Engineering the break away from the downward spiral in trust and social cohesion or keeping the fish from disappearing

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**A chance for optimism: Engineering the break away from the downward spiral in trust and social cohesion or keeping the fish from disappearing**

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A CHANCE FOR OPTIMISM;  
ENGINEERING THE BREAK AWAY  
FROM THE DOWN- WARD SPIRAL IN  
TRUST AND SOCIAL COHESION OR  
KEEPING THE FISH FROM  
DISAPPEARING.

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**ABSTRACT**

There is room for optimism. There is a considerable potential to thwart the dystopias of the joint collapse of democracy and the natural environment. We know why public action remains too little too late: too little trust among substantial groups of the population that the collective response to globalization is serving them and too little broadly spread information on the pending collapse of the natural environment. We also know what increases trust: collective action towards more social cohesion, towards less income and wealth inequality, towards better chances for a quality education for all children and a more equal access to health care, funded by taxes on profits and on wealth. The chance for optimism is in the use of that knowledge in public policy. Put knowledge institutes in the position of promoting the knowledge that provides leeway for more trust in society and in Government and for better informing the public that climate change is a threat to all. Trust and information to save the fish from extinction in the 2080's by taking decisions in the 2020's.

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Keywords: social cohesion, trust, democracy, institutions, values, social media, human rights, populism, political polarization, globalization.

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## 1. Break the spiral downward in democracy to save the planet.

### 1.1. Fish and democracy threatened

Christmas Dinner 2080.

We are having salmon for dinner. It will be a feast! A multiple feast. We managed to overcome the challenge. In 2020, we watched breathless David Attenborough documentary on the imminent loss of our biodiversity (<https://www.attenboroughfilm.com>). The message of the old man was mild: “we must rewild the world”. In contrast, the images on screen were cruel: fish will be extinct from the oceans and all other waters by 2080. Unless we would act. Fish extinct. It reverberated in our minds. No more fish. All the other warnings of, for example, the International Panel on Climate Change were dwarfed by the vision of dead seas, dead lakes and dead rivers. No more monster of Loch-ness for you. The lake is dead.

Salmon on the table at Christmas 2080: we have answered the call. Not by inviting in the Western world a strong man (or woman) and giving her or him the power to tame our desires and alley our fears, but by finding in Western democracies the small niches to turn what appears especially in the US to be a spiral of despair into one of hope, by seeing the opportunity in the present difficulties, how overwhelming they may appear.

Optimists are likely to see the causes of failure or negative experiences as temporary rather than permanent, specific rather than global, and external rather than internal. Such a perspective enables optimists to more easily see the possibility of change. A chance for optimism is provided by the supply of ideas and examples which may be elements of solutions. There is the catch that “knowledge” counts, that there can be persuasion for change from experiences and analyses of how to do better. That people live in a 21<sup>st</sup> world where science is absorbed in decision-making by individuals in their capacity of a voter, of a consumer of a producer or of a politician. Also and more so in a time of fractionalized distribution of information where no longer there are the checks and balances of a free press, but where everything goes under the flag of privacy protection.

Knowledge “counted” in the COVID crisis, with a rapid translation of scientific insights into public practice and towards a vaccine. Why should knowledge not count towards the other major crises, of democracy and the environment? The comparison may go one step further. Unlike the application of scientific knowledge on for example electricity, the insights in

COVID –its origins, its treatment, protection against the virus- were not embraced by a substantial part (some 20%) of a well-educated population who insisted on rights that might infringe on those of others. Similarly avoiding collective action on democracy and climate is tantamount to claiming rights that endanger others, in particular future generations (your and my children and grandchildren).

The year 2020 times was not only a trying time for fish, but also for democracy, with the assault on the Capital building on January the 6<sup>th</sup> 2021 as the epitome. The US has been the symbol of freedom and democracy in the Western world. Smug Europeans and Canadians who considered the incident as “typical US” were not watching their backs. Freedom House in 2021 finds that in the past 15 years we have seen a decline in democracy across the world ([http:// www.Freedom House.org](http://www.Freedom House.org)). A measure of quality of democracy shows similarly an almost monotonous decline for thirty established democracies in the timespan between 1995 and 2005 (Bühlmann, 2012). This is problematic in itself. Isn't democracy the most just (or the least unjust) way to distribute power within a society? Yet there is another angle: a democracy cannot function without an effective Government. A Government can only be effective if it is well informed AND TRUSTED SO THAT IT HAS LEEWAY TO ACT WITH A LONG-RUN VISION. Trusted to save the fish in 2080 by taking decisions in the 2020's.

Some would say that the fundamental problem causing environmental destruction--and climate change in particular--is the operation of liberal democracy. Its flaws and contradictions bestow upon government--and its institutions, laws, and the markets and corporations --an inability to make decisions that could provide a sustainable society. Would authoritarianism not do a better job if we want to survive climate change? (Shearman, 2007). We would like to give democracy a chance.

We focus on the US and Europe. Bien etonne de se trouver ensemble? The US has been in many respects the predecessor of Europe in its development, mutatis mutandis. US democracy is in a dire state (Kagan, 2021), but Europe goes without a storming of the Capitol in a similar direction (Applebaum, 2020). Both regions should be leading the effort to save the fish from extinction. They are in (back in, for the US) the Paris Climate agreement, but as the Glasgow top showed recently (November 2021) with insufficient implementation of the goal to keep the rise in the temperature from pre-industrial levels below 1.5 degree Celsius by 2050. Countries find it difficult to engage in transition policies needed to reach

the goals of limiting the temperature increase, to switch from fossil fuels to renewable energy resources. The financial interests in our fossil fuel economy is enormous, as are the costs (investments) needed to make the transition. And who pays the bill of higher energy costs?

Every change has winners and losers. The conviction that we all lose without substantial change is not sufficient for blanket support. Support is –so is the thesis of this article- the result of the conviction of a majority that they can trust the collective to do the right thing and that their share of the burden is just.

In the following para's we shall first focus (in section 2) on the capacities of Government/the collective to act. These have been severely limited in the past two decades through the rise of populism, through political polarization and the loss of trust in Government. Populism is on the rise, affecting the rights of minorities, undermining the rule of law, the free press and right to vote. In the EU populism is linked with less support for common European action to deal with international public bads like CO2 emissions. Populism is closely related to trust in "Government" (as a catch all for different types or elements of Government). Immigration is a contentious issue for many voters who turn populist. Yet, there are many more people who do not trust Government than those who vote populist.

In section 3 we give the evidence of studies which try to explain what has happened to trust in Government. In section 4 we look into the potential to restore trust. The role of impartial information appears crucial in the process (section 5), with conclusions in section 6.

## 2. Democracy

Democracy is understood in the spirit of Alexis de Tocqueville as the way in which the interests of citizens for the long run in collective decision making are in balance with those of firms and the social, political and "money"- elite. "Justness" in the balance is grounded in an impartial justice (the rule of law), freedom of the press and the right to vote. But democracy is also about dealing effective with challenges which play out over a longer period, like the climate crisis (Diamond, 2005).

Tremendous changes shook the "golden age of democracy" of the last half of the 20th century. In 1945, there were just 12 democracies in the entire world. By the end of the century there were 87; the terrifying example of the USSR did wonders in bringing countries

in the “democratic camp”. Cross border traffic in goods and services, in people and ideas and in money was an accelerator of “democratization”. Soon, the end of history was proclaimed; liberalism was relentlessly taking over the world. Economic freedom –not easily combined with political lack of freedom- became essential for survival and for welfare growth. But economic freedom was only a blessing if you are competitive.

The 1980 and 1990 were the period when competitiveness was translated across the world in less Government, less taxation, deregulation and privatization. The gold standard could no longer be maintained in this tsunami of increased globalization, with the financialization of the markets as a result. Financialization is a term sometimes used in discussions of financial capitalism which developed over recent decades, in which financial leverage tended to override capital and financial markets tended to dominate over the traditional industrial economy and agricultural economics, so that the share of financial services (“shuffling with paper”) in the economies increased. Financialization is important as an aspect of globalization. For example, between 1970 and 2007, US firms have become more and more financially driven, obtaining an increasingly smaller share of their income from the sale of goods and services, and about four times as much revenues from financial activities compared to 1970 (<https://www.nap.edu/read/2134/chapter/3#21>). General and financial globalization drove democracy in the previous century but undermined it gradually more and more so that the process stopped and reversed in the first and second decade of the 21st century. The financial crisis marked by the Lehman Brothers collapse of September 15<sup>th</sup>, 2008, turned out to be a major point in affecting the quality of Government, for example in trust in Government as we shall see later.

Democracy by the end of the previous century and the beginning of the present one was vulnerable to consequence of increased participation in higher education, leading to the rise of the diploma-elite (Bovens, 2017) (Sandel, 2020). The better educated could see their societal conditions improve. At the same time, less educated groups did not profit as much from increased welfare. The divergence in society laid down the seeds for insecurity and alienation of large, less educated groups in society for whom globalization meant less security in work and in income and less chances for access to quality health and quality

education, and less social welfare. With less support for and trust in an effective democratic Government which can deal with the major challenge of say, saving the fish from extinction.

Populism, political polarization but in particular declining trust in Government stand in the way of an effective democratic Government, that is able to deal with the long run. In some countries, populism as an antidote against meritocracy has been leading the onslaught on the rule of law and the freedom of the press (Poland and Hungary lost their bearings) (Applebaum, 2020). The largest democracy in the world, the US, appears to be in jeopardy with increasing pressure from one of the political parties to force electoral outcomes to be lopsided and outright fraudulent (Kagan, 2021).

What happens in the three countries mentioned is not isolated to Europe and the US: the gusto for democracy is decreasing world-wide. Levels of support for various alternate (authoritarian) regime types is steadily increasing and could threaten the extent to which democratic values are entrenched, especially in younger democracies (Steenekamp, 2017). Freedom House sees a decline in the world over the past 15 years from 89 countries free, 58 partly free and 45 not free in 2005 to 82 free, 59 partly free and 54 not free in 2020 (House, Freedom in the World , 2021).

Not all data point in this direction, however. Data from the largest democracy database ever compiled, the Varieties of Democracy Project (V-Dem), show that the number of democracies worldwide declined slightly from 100 in 2011 to 97 to 2017, and 16 countries transitioned to democracy over the last ten years, including Tunisia, Nepal, and Nigeria. Yet, worrisome trends include gradual erosion of freedom of expression and association in several countries, among them Turkey, Hungary, Poland, and Brazil (Mechkova, 2017).

## 2.1. Populism

“Populism” is measured as the percentage of votes that go to parties either at the extreme right or the extreme left at the time of elections. Or the inclination to vote for a populist party (as indicated at surveys). Often a populist party is defined as a party which promises its voters to turn the judicial system “upside down” and subject it to “proper control of the people” and to curb the “outrageous, lying” press. Anti-immigration attitudes and distrust of parliament are the most important distinguishing features of supporters of nationalists and populists (Safronov, 2019).

Extensive work has been done to measure the degree of populism in countries, with two alternative surveys: the Global Party Survey (GPS) expert estimates of populism and the Populism and Political Parties Expert Survey (POPPA). They come quite close together (with 70% of the variance in one explained by the other) (Norris, Measuring populism worldwide, 2020). PopuList is a list of European political parties from 31 countries which are considered to be “populist” (Eiermann, 2017). The number of European countries with populist participation in Government has doubled since 2000 from 1 to 14 (Eiermann, 2017). Another European data source is the WZB “Elections, Parties, Governments”. The vote share of populist parties grew in the EU from 2% in 1950 to 15% in 2016 (Merkel, 2017).

But populists are just people who let themselves be heard in the democratic process. Why being upset? Because the effect of the rise of populist movements is visible first in the infringements on the rights of minorities and the second is in the rule of law and the free press, as we know from Europe. Furthermore, many populist parties advocate for the weakening or abolition of international institutions like the European Union; push for protectionist trade policies as a supposed panacea to economic anxieties over stagnating labour markets; or seek to impose stringent controls on immigration in response to cultural anxieties about the identity of European nations (Eiermann, 2017). Populist parties grew in Europe in a climate where the traditional “catch all” parties were gradually drawing less voters (a decrease from more than 60% in 1960 to less than 40% in 2015) (Merkel, 2017).

The concern about populism has implications for the menu of the Christmas meal of 2080. Populism limits the ability of Governments to act on the challenges of environmental sustainability. Populism leads to (or is an expression of) less support for the collective of Europe, operating in the EU. The collective (the EU together) presents an excellent platform to avoid free riding and common responsibility for the world, and as a negotiating partner with other major blocks in the world.

On all accounts there seems to be little hope for salmon on the menu, despite the Paris agreement and many other efforts in the developed world to implement it. There may not be enough trust in Government to do what is necessary, unless .... The optimist will still see a window of opportunity by restoring trust in Government if there is a sufficient broadly shared knowledge base. This is not a gift from heaven, but is earned in communities and between communities with the brain trust of countries in the driver’s seat: universities,

knowledge institute and knowledge engaged entrepreneurs. Perhaps pessimism of the brain (as the challenges for change are enormous), but optimism of the will.

The rise of meritocracy (Young, 1958) has often been advanced as one of the reasons for the increase in populism. The elite may assume that schooling has given every-one the chance to rise from paperboy to millionaire. Those who have not made it do not deserve the glamorous jobs of the well -educated. In reaction, people with simple work or unemployed do not feel appreciated, feel looked down upon. Also there is no perspective for their children, because the schools they go to are inferior and higher education is too expensive. They distrust the political establishment and turn to populism or political parties that polarize or will turn away from society (Sandel, 2020) (Goodhart, 2020).

The social outcomes of globalization and the emergence of a meritocracy elite may lead to the political outcome of populism. Less well educated workers feel inferior as if an “enormous social vacuum cleaner has absorbed the status of hand and heart jobs and dislocated them to head jobs” (Goodhart, 2020). This would explain why populism is not directly related to inequality; it is more about status than about income inequality. This is in line with earlier studies (Bovens, 2017) (Fukuyama, 2018) (Lasch, 1995).

## 2.2. Trust around the world

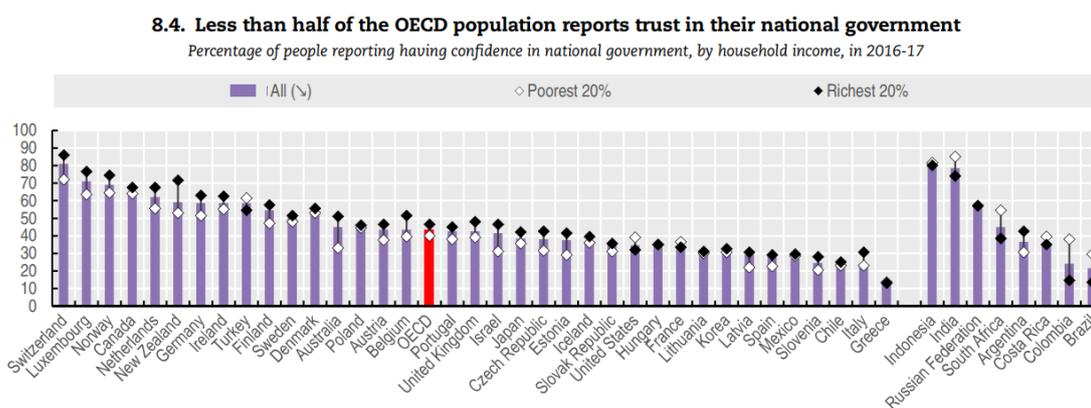
Trust in Government is an important factor in determining the room for maneuver for Governments to act with a long run vision. “Trust is a psychological state comprising the intention to accept *vulnerability* based upon positive expectations of the intentions or behaviour of another” (Rousseau, 1998). This description is helpful for understanding the important role of trust in Government in a democracy.

In a guessing game on trust in the world by country one would find sometimes confirmation, sometimes surprises. Trust is high as in China, Uzbekistan, India, Canada and Turkey, but also in Russia, surpassing slightly Germany and North and Western Europe. Latin America and Australia are low to middle trust regions. Southern and Eastern Europe are low trust regions, as are South Korea and Japan. These findings represent a long historic development. Trust in Government is not a one-time-off thing, but rather the result of a long run development. Note that the US is a “normal” country in terms of trust despite all

attempts of some of the politicians and a storming of the Capitol to give a different impression.

Figure 1 presents and impression of trust in Government around the world.

Figure 1



Source: Gallup World Poll, [www.gallup.com](http://www.gallup.com).

### 2.3. Trust in whom?

Another guessing game of the branch of Government that is most trusted is perhaps easier. In the EU the state (army, police, regional authorities, the legal system and public administration) is doing well with ratings between 50 and 70%, but political parties and the Government are much less trusted with trust levels of between 20 to 40%. The Press is not always that highly regarded except for Germany and the Netherlands with a trust rating above 50%. The UK in 2019 before Brexit had the lowest trust rating for political parties, for Parliament and for the Government of all 12 larger EU countries (Source: Eurobarometer 2021). Parliaments are rule makers and if you do not have faith in the rule maker it is difficult to live by the rules. Hence, trust in parliament is probably more important for the functioning of a society than trust in many other institutions (Rolef Hattis, 2006). This bodes ill for adherence to the law in the US and in the EU, as trust in parliaments/Congress/the Senate is quite low.

### 2.4. Trust over Time: the US and Europe

Trust in Government varies in any country and region over time, due to external circumstances, the composition of the population, its education level and public policy. (see section 3). Over time, trust in the federal government in the US has shown a decline in the

period 1958-2021 from 75% to 25% (PEW, 2021), with a slight increase in the Reagan years (to 50% from a low of 25% in 1980) and in the Clinton years (from 25% in 1995 to 50 % in 2003 in the early Bush the younger period).

Trust in the State Government showed in 2013 that the State Governments in the Mid-West States enjoyed the highest trust (in the 70's of percentages), with the East and West Coast States in the 40's and Illinois on 28%. Trust in State and Local Government in the US has been on the decline in the period 2013 -2021 (SBEcouncil, 2021).

Trust in parliament has been falling in EU countries in the years 1950-2020 (PSA, 2015) (Merkel, 2017), but not monotonous, but with ups and downs. So in the period 1981-2012 there were risers (statistical significant: Belgium, Finland, Netherlands, Sweden) and decliners in trust in Government (France, Germany, Greece, Hungary, Ireland, Portugal, Spain and the United Kingdom). Not significant up were Estonia, Italy, Lithuania, Italy and, Lithuania. Similar movements in trust over time are found for the traditional three estates of government, legislative (parliament), executive (civil service) and judicial (legal/justice system and police), as well as for the press.

Political scientists have painstakingly tried to pin down the effect of the specific electoral system in determining trust in Government, in its institutions and in the press, without success.

There is among political scientists a group which sees the development of the last few years in the UK, in Hungary and in Poland as a ripple on a trend: "In cross-national comparisons political trust is consistently highest in countries that are not considered liberal democracies. Within the set of liberal democracies, the Nordic countries tend to have the highest trust rates, while the former communist countries in Central and Eastern Europe have the lowest. Despite evidence that political trust declines in many longstanding democracies in the 1960s and 1970s, the last few decades are characterized by trendless fluctuations in most countries" (Meer, 2017).

## 2.5. Trust in the European Parliament

Most remarkable in Europe is the trust in European institutions: trust in the European Parliament, the European Commission and the European Central Bank have been rising in the years 2014-2018 from trust-levels of around 30-35% to 40-50%.

In general trust in the European Parliament and the European Commission tends to have been higher than that for national Parliaments and the national Government (in sharp contrast to the US). People in northern Europe have more trust in their national parliament more than in the European Parliament, while the opposite is true in Mediterranean countries. (The opposite is also true, interestingly, in Scotland.) This pattern is consistent with data on the perceived quality of domestic political institutions, which are ranked lower in southern Europe: trust in national political institutions is lower where they are perceived to be less effective.

Data on the “NUTS” level (region) for 2014/15 show that France, Spain, the Northern part of the UK, all of Ireland have more trust in the European than in the national Parliament. In the North and East of Europe the ratings for the European Parliament are slightly lower than for the national parliament.

Anti-EU parties gained votes in most countries in 2014. Nevertheless, only in the UK and Italy did they surpass the 50% threshold, while in the EU as a whole they reached just 30% in 2014. The change between 2009 and 2014 is largest in Italy. The rise in the anti-EU vote share could be due to a change in how votes are allocated between parties, or to a change in the policy platforms of those parties, with some previously pro-EU parties becoming anti-EU. The data suggest that it is voters, not parties, that changed. In most countries, the position of the main political parties did not become markedly anti-EU.

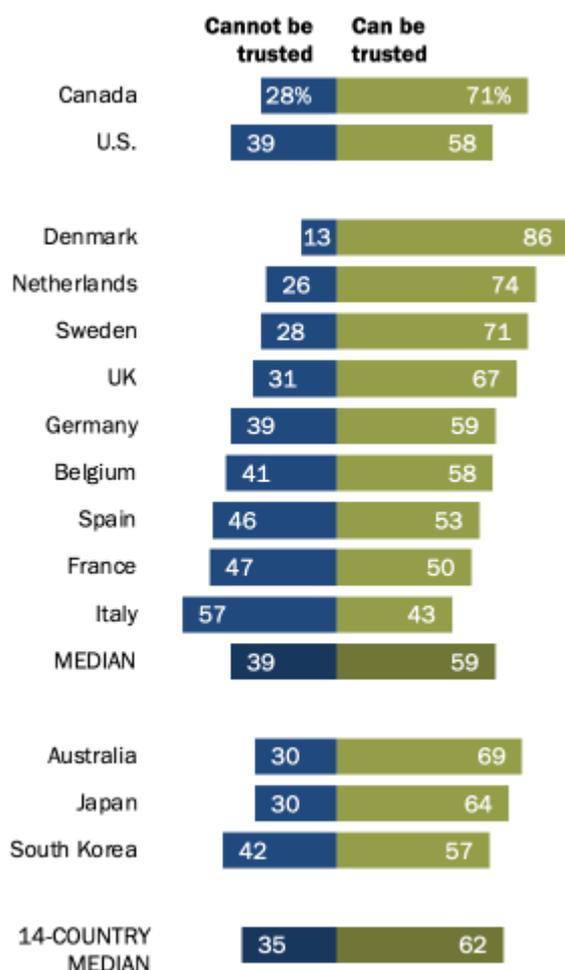
## 2.6. Trust in Government = trust in each other

Interpersonal social trust is an important ingredient for building society, as it lowers most kinds of transaction costs. According to the World Value Survey data from some 80 different countries, the level of social trust is only on a level above 50% in a very limited number of countries—in the Nordic countries, in the Netherlands, in Switzerland, Australia, and New Zealand (Ortiz-Ospina, 2021). In most other countries, the majority of citizens do not trust their fellow man, according to this survey. PEW survey presents a more positive view as depicted in Figure 1. A third source (only available for the EU) is the European Social Survey (held every year from 2002-2018, with a question “Most people can be trusted or you can't be too careful”). The three sources pretty much give the same picture on the positioning of countries on trust in the population in fellow-man.

There are rather clear group differences in social trust in many countries: citizens with university degrees, in good health, and gainfully employed do trust other people much more than citizens with low education, in poor health, and out of work. Less fortunate and less privileged people across the world tend to have lower levels of interpersonal trust. That is not good for them, and it is not good for society (Holmberg S. a., 2017). Differences in social trust tend to be minor in most countries between sexes.

### Majorities in most surveyed countries say most people can be trusted

*% who say that, in general, most people ...*



Note: Those who did not answer are not shown.

Source: Summer 2020 Global Attitudes Survey. Q5.

PEW RESEARCH CENTER

## Figure 1 Trust in fellow man

Social trust is highly related to trust in parliament (with 14% of the variance explained) in Europe according to ESS data.

## 3. Why (dis)trust Government between security and greed

### 3.1. Trust and Security

When it comes to trust in Government, it's Maslow all over again. It is individual security, stupid! Confucius appears to have asked the master: what were the essentials of Government? The Master seems to have replied: "Sufficient food, sufficient forces and the confidence of the people" (Confucius, c. 500 BC). In a nutshell: social cohesion is essential for trust in Government. What people like is peace, harmony, a roof and heating in the winter, the right to be around, proper reward for work, a proper income to live a good life. Governments, that can ensure this, will be more trusted than those who fail to do so. The imprint of Maslow is all over trust's place. Insecurity bugs.

#### 3.1.1. Greed, globalization and trust

Hyper-globalization is the term used for indicating that world trade volumes in 2020 are roughly 40 times the level recorded in the early days of the General Agreement on Tariffs and Trade (GATT) of 1950 to 2020. World trade values in 2020 have ballooned by almost 300 times from 1950 levels. The other part of hyper-globalization is -since the break-down of the gold-standard in 1971- financialization. This indicates the growth of the financial sector, the development of a wide range of new financial instruments, deregulation and liberalization in the financial sector, the ownership of corporations by financial institutions and the pursuit of 'shareholder value'. The awareness has grown of the deleterious effects on the economy and society of these processes of financialization (Sawyer, 2016). The summary of these negative effects is: the financial sector became 'too large', relative to the real economy and the tax system (dating back to 1950) allowed increasingly corporations to avoid paying taxes on profits, while at the same time income taxes and wealth taxes became under increasing pressure from the new elite of well-trained, well-paid executives (Picketty, 2019).

On the micro-level individuals experienced dramatic changes as well in this period of hyper-globalization. The small shop around the corner disappeared to be replaced by shopping centers and (since COVID rapidly) increasingly home delivery. Mobile phones have become the ultimate combination of cards and codes (like the COVID- vaccination QR code). The work place has changed. For many, there is a different work from that of 20 years ago.

Change, dramatic change and often disruptive change, does not come natural to people, except for the maybe 20 to 30% of the population who are themselves engines of change. Change brings winners and losers. On the surface the changes due to hyper-globalization were a positive sum game: the total pie increased, with higher gains for the “elite” compared to the losses of the larger 70-80% of the population.

If citizens have a positive expectation of elite’s intentions and behaviour, for example though taxation and the use of the tax income for social cohesion, they will trust Government and will accept and comply with decisions. Where citizens distrust Government, their expectation will be that Government is acting not necessarily in their long term interests. It then takes only a small amount of negative information to convince a citizen that the Government is acting against their interests. (Tyler, 1998). The general decline in trust in the US and the variability in trust in EU countries fits well in this picture.

### 3.1.2. Response in trust to change / Lehman brothers and COVID.

In the period of globalization in the 21<sup>st</sup> century, there were two major shocks for individual security: the financial crisis of 2008-2014 and the COVID crisis 2020-2022 (is COVID no longer a daily concern in 2022?). The fall of Lehman Brothers started the worst economic downturn since the crisis of the 1930s in Europe. It led to a major sovereign debt crisis, which was arguably the biggest challenge for the European Union (EU) and its common currency (Ritzen, *A Second Chance for Europe*, 2017). The massive interference of the EU with the room for manoeuvre of parliaments and governments in many countries eroded support for national democracy (measured as satisfaction with the way democracy works and as trust in parliament) and for the EU (Lindberg, 2017).

In contrast, the effect of COVID-19 lockdowns on political support was in the EU good news for democracy (Bol, 2021). Apparently, citizens viewed the performance of central institutions, positively. Lockdowns increased vote intentions for the party of the Prime

Minister/President, trust in government and satisfaction with democracy, without any effects found on traditional left–right attitudes. The image of the EU and trust in the EU have increased during COVID and reached their highest levels in more than a decade. Europeans citizens identify health and the economic situation as the two top concerns both at EU and national levels (Bol, 2021).

Trust declines when people have economic and social grievances. They may resort to political action. However, distrust and dissatisfaction with political institutions might be a necessary condition but not a sufficient one to justify resorting to contentious politics (Holte, 2018). This is in line with the sources of political trust: they are most notably the absence of corruption, procedural fairness, (economic) performance, inclusive institutions, and socialization.

Between 2004 and 2014, the satisfaction in Central Europe with the democratic performance was on the rise especially in countries where the economy performs well, economic performance brings better standards of living, and people share a sense of economic optimism (Vlachová, 2019).

Insecurity has many faces. It can be the insecurity of the job held and the prospect for finding another one, it can be the insecurity of pay, it can be also the insecurity of access to a doctor if you need one or of finding a school for your children which provides a quality education. Governments have many ways to provide security, by social security, by medical insurance and by guaranteeing equality of access to quality education. Why are Governments not doing this? Because they are led by the greed of some to the detriment of a social safety net. Because they are elected with the support of big money to support lower taxes.

Greed enters into the equation of trust: many people in the dwindling middle class and in the lower class have felt that the welfare state was not keeping up with the increased demands from globalization while the “elite” looked the other way and felt no need for increased taxation to support the welfare state.

Around 2000, it appears that the impact of globalization on trust in Government and democracy was not yet felt. Mistrust, the contributors find, is largely unrelated to national economic conditions, to challenges of a global economy, to the Cold War, or to bumbling

bureaucrats and venal politicians. Rather, they show “that the most likely culprits are all around us—an interacting blend of cultural and political conflicts stirred by an increasingly corrosive news media” (Nye, 1997). It is hard to believe that this conclusion would still prevail in 2021.

Adverse macroeconomic shocks explain a large fraction of the observed drop in trust in national parliaments, but explain a much smaller fraction of the recent changes in the electoral success of anti-EU parties. The electoral effects of adverse macroeconomic shocks are stronger in southern Europe, particularly after the recent financial crisis. In addition, more authoritarian and traditional cultural traits amplify the negative effects of adverse macroeconomic conditions on trust in political institutions. In regions with more liberal and modern cultural traits, on the other hand, trust is less sensitive to macroeconomic conditions.

If support for European integration is to be maintained, the EU and national political systems must deliver effective responses to the malaise facing their societies, and the grievances felt, in particular, by older individuals who do not feel that they have shared fully in the fruits of economic growth and have been left behind by technical change and globalisation. Promoting growth and employment, and better protecting those who are hurt by globalisation and technology, should be the priorities [source].

### 3.1.3. Response to change: protectionism, anti-immigration

Globalization has not only affected trust in Government. It also has created a backlash against globalization itself in the form of protectionism against free trade and in the form of a reaction to immigration. Trade shocks generate more demand for protectionism (Di Tella, 2020).

The support for the Leave option in the referendum regarding European Union membership of the United Kingdom was systematically higher in regions hit harder by economic globalization, in particular the shock of surging imports from China over the past three decades (Colantone, 2016).

Extreme-right parties in Germany respond significantly to trade integration in the period 1987 to 2009. Their share of the vote increases with import competition and decreases with export access opportunities. Two-thirds of the total effect of trade integration on voting

appears to be driven by observable labour market adjustments, primarily changes in manufacturing employment. (Dippel, 2015).

Canada is a country which demonstrates that well-designed immigration policies may prevent the emergence from populist opposition against immigration and against immigrants (Adams, 2021 ). Canada is the exception to the rule that anti-immigrant feelings have become more prolific. This applies to in virtually all countries in the EU as to the US. Populistic parties thrive on these opinions.

#### 3.1.4. Trust of winners

Individuals with a stronger interest in politics, and who are winners by the account of the last election, have statistically substantively relevant higher average levels of trust in parliament (Holmberg S. S., 2017 ). This is found in some 80 countries. In another study with seven countries (one from each continent) it appears that elites, especially those in government, have in general, a higher level of confidence in state institutions compared to the public at large, both in 2006 and in 2012-2013. Similarly, the elites also had a noticeable higher level of confidence in civil society than the general public in 2006 and 2013 (Kotze, 2017). (Dustmann, 2017).

#### 3.2. Trust in Parliament and satisfaction with Government

Trust in Government will be higher the more effective a Government is. Government effectiveness, is understood as the quality of policy-making formulation and implementation. This appears indeed to be linked to higher levels of trust in Government (and of support for democracy) (Magalhães, 2013 ). Similarly, in the EU there is almost a straight line between trust in Parliament and satisfaction with democracy in 2012 (understood as the functioning of the Government), with 60 % of variance explained and with the Nordic countries on top (with a satisfaction of 6 on an 8-point scale and trust in Parliament around 7.5 on an 8-point scale) and at the bottom Italy, Portugal and Slovenia (with a satisfaction with democracy of around 3 and trust in Parliament around 4). Also: a higher quality of Government is correlated with higher support for Government. This effect is stronger in younger democracies. (Boräng, 2017).

The quality of public institutions is the strongest factor underlying regional variations in trust within European countries (Charron, 2018).

It is important to realize in the context of the disappearance of the fish that the nations with the highest levels of political trust are the most supportive of higher taxes on fossil fuels (and not those that are more aware and concerned about climate change), as was found for 23 European countries (Fairbrother, 2019).

### 3.2.1. Experience with democracy and trust

Subjective well-being (life satisfaction and happiness) and living in a democracy in 10 countries (Brazil, China, India, Russia, Rwanda, Singapore, South Africa, Sweden, Turkey, and the United States, with widely varied political and socioeconomic contexts) turned out to be related. Countries with high levels of life satisfaction tend to be secure democracies (and the other way around), whereas countries with lower levels of life satisfaction tend to experience more political and economic challenges (Loubser, 2017).

Data of 110 countries show that individuals with longer exposure to democracy display stronger support for democratic institutions. However democracies only breed their own support when they are successful in providing economic growth, peace and political stability, and public goods (Acemoglu, 2021).

In Central Europe, between 2004 and 2014, satisfaction with the way democracy works is still on average lower than in Western Europe, but is on the rise especially in countries where the economy performs well, economic performance brings better standard of living, and people share a sense of economic optimism (Plecitá Vlachová, 2019).

### 3.2.2. Democracy and economic growth

Is democracy “good” for economic growth or the other way around? A panel study of over 100 countries from 1960 to 1995 finds that improvements in the standard of living predict increase in democracy, as measured by a subjective indicator of electoral rights (Barro, 1999). The propensity for democracy rises with per capita GDP, primary schooling, and a smaller gap between male and female primary attainment. For a given standard of living, democracy tends to fall with urbanization and with a greater reliance on natural resources. Democracy has little relation to country size but rises with the middle class share of income. The apparently strong relation of democracy to colonial heritage mostly disappears when the economic variables are held constant. Similarly, the allowance for these economic variables weakens the interplay between democracy and religious affiliation. However,

negative effects from Muslim and non-religious affiliations remain intact. That was in the “old days” of the last century.

More recently, a meta-study of 84 studies on democracy and growth concludes that democracy does not have a direct impact on economic growth. However, democracy has robust, significant, and positive indirect effects through higher human capital, lower inflation, lower political instability, and higher levels of economic freedom. Democracies may also be associated with larger governments and less free international trade (Ulubaşoğlu, 2008. ).

The direct and indirect effects of democracy on economic growth using a data set consisting of a 30-year panel of 128 countries show no statistically significant direct effect on growth, but a significant indirect effect through increased life expectancy in poor countries and increased secondary education in non-poor countries (Baum, 2003).

### 3.3. Trust in Government explained

In Europe and the US, it appears that trust in Government is higher for women than for men. But the relation is weak. “Femininity”, a psychologically measured variable distinct from sex, provides a stronger statistical explanation for trust in Government: feminine personalities are significantly more trusting of governing institutions than non-feminine personalities (McDermott, 2020).

Older birth cohorts and less-educated individuals are less trusting of national parliaments and the European Parliament, or of Government in the US. In the EU, they are less supportive of the EU, and are more likely to vote for populist parties (Dustmann, 2017).

The relation between “trust in Government” and age in the EU is counterintuitive as the EU was founded on “Nie wieder Krieg” (never again war) after World War II. At the same time, this observation might imply that EU support will increase in the future if present young generations maintain their position also when they grow older.

### 3.4. Why worry: people have changed

Is democracy endangered, because trust in Government is on the decline? Some believe that we should not exaggerate, as trust in Government may have decreased due to more citizens’ awareness: they are better educated and follow political decision-making more closely. Increased Government transparency may have been actively counter-productive to

trust in Government (PSA, 2015). Several authors suggest that lower levels of trust express the kind of scepticism in the working of democracy that stimulates political engagement (Meer, 2017). It is then reinforcing democracy. Runciman warns for too much confidence in this reasoning. He argues that the cumulative success of democracy has created the conditions for systematic failure and the time may be past for muddling through (Runciman, 2013)(p. 296).

The jury is still out whether we are heading towards the breakdown of democracy in the US. The verdict for parts of Eastern Europe has been passed: Poland and Hungary are no longer to be considered as full democracies. But that is not our point. We want to see effective democracies which are able to deal with the climate crisis. There is all reason to believe that the US and the EU can only be effective if they (re)find the trust in Government to take long term measures.

#### 4. Restoring trust

How can democratic control be regained over our natural environment in the face of the decline in trust in Government and the reduced effectiveness of the democracies of the US and the EU? The chance for optimism is that voters are informed about and understand the alternatives before them. Extinction of the fish is one of the alternatives (used here as a metaphor for the damage of climate change). The other alternative is to take action.

Inaction can be justified by denial or questioning: "Are we so sure?" and "Do we have to act now"? It is like a frog in water that is heating up. Initially it may even feel pleasant. No reason to jump out of the water right now. By the time the frog needs to jump out he/she is too paralyzed by the heat that jumping is no longer an option. Public debate is of the utmost importance with well guided communication strategies. Knowledge counts in providing trust of the people for Government measures.

Democratic support for saving the fish requires sacrifices right now to make the jump of the frog out of the water. Substantial investments have to be made to turn away from fossil fuel towards renewable resources, as well as to reduce the footprint in the high-income countries. Trust in Government is needed. Citizens will trust Governments more if they believe that the sacrifices are evenly spread.

The lesson learned from the preceding is that trust can be earned by policies aimed at and achieving social cohesion. Underlying trust in Government is trust in each other. This is reinforced by social policies which help to support lower income families in finding food, housing and child care, to give lower and middle class families full access to health care and to provide access to quality education: the elements of “inclusive prosperity” (Rodrik, 2021).

This requires substantial steps in the US. The inequitable system of school finance is a killer for social cohesion: kids from richer neighbourhoods get better quality education than those from poorer ones, making the US the country in the developed world with one of the lowest chances for the papergirl/boy to become a millionaire through building up her/his “human capital” (education). Yet, Europe also has its challenges in education. Equality of opportunity to quality education has declined for the birth cohorts born after 1980 (Ritzen, A Renaissance for Equality of Opportunity, 2010). Affordable access to health services for all is in the US still a far out cry. But it might also in Europe get an extra boost. Social security and support in housing for the lowest income group are in equally in the US and in parts of Europe ready for further improvements. These require Government expenditures, while both in the US and in the EU Governments have been led in the past decades by the false myth that lower *tax rates* mean higher economic growth and thus a higher tax income (the so-called Laffer curve which served as a pseudo intellectual basis for reducing tax rates).

#### 4.1. Catch 22: you need trust in Government to increase social cohesion investments

The general tendency in the US as in Europe in the past three decades has been to turn in the opposite direction (away from social cohesion investments), namely towards lower tax rates and more private welfare. In part the support came from the need to adjust production costs to those of competing countries in the struggle of globalization. After the oil shock of the 1970's also left- leaning parties in Europe came to realize that they needed to support competitiveness (meaning also: easy on taxes). For another part it came from the growing new elite, the meritocracy. Higher education participation has increased in the previous century reducing the middle class, contributing to a broad upper class which benefitted greatly from the newly achieved economic growth (Sandel, 2020). Sustainability was placed at the backburner. For the political right, because it was not considered relevant

and would keep them away from “welfare now”, for the political left because the priority was on the improvement of the living conditions of the masses.

The emergence of Green Parties in the EU has shaken the left in their priorities as “later” may be fishless. The Green Deal of the European Commission is an example of a brave attempt to turn the tide. European leaders endorsed the Commission’s proposed target to reduce net emissions by at least 55% by 2030, to be written in EU law. In the US individual states, like California take on the challenge of saving the fish from extinction, as well.

Yet everywhere, in the US and in the EU the awareness should dawn, that the required, far reaching measures to save the fish require trust in Government and that trust in Government is earned by social-cohesion- enhancing policies. They require serious public funding, on top of the investments needed for diverting the economies from fossil fuel to renewable resources: taxes. The first source is an old one which has become in disrepair in the period of globalization say from 1990 onwards: taxes on profits. Internationally operating firms are able to avoid profit taxes, because of the international agreement that corporations pay tax in the country where they are registered, with all possible room to establish tax rules and tax treaties to avoid taxes. With the absurd consequence that some countries provide tax heavens, just for the benefit of earning a few dollars from the establishment of the holding in a country with a tax agreement. An infamous example is an Indian firm Airtel with substantial sales in Uganda. The firm would have paid 25 mln euros in Uganda in the last five years, but for its Dutch holding to which its profits are accredited. The Dutch gain is the rent of a shallow building and the employment of one person. This is one of the millions of cases of legal tax evasion of smaller or larger, internationally operating firms.

But there is a chance for optimism: 136 countries and jurisdictions have joined in October 2021 a plan to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax of at least 15% wherever they operate from 2023. All EU member states are part of the deal. The countries represent more than 90% of global GDP (OECD, 2021). It is a chance for optimism. The plan deals with tax evasion and with the taxation of digital services. Potentially this might lead to a rise in tax income of countries of at least 5 % of GDP. One would have expected some response on this announcement at the stock market, but there was none. Apparently shareholders expect this tax to be rolled over into

higher product prices or believe that this reform will at the end be smothered in its implementation.

A second source of funding for social cohesion is wealth taxation in whatever form (Picketty, 2019). The sword of wealth taxation cuts at the same time at two sides of social cohesion: it increases intergenerational mobility (the chance of the paper girl/boy to become a millionaire) and at the same time may be a source of funding social cohesion for example by letting the paper girl/boy get a quality education.

A last source is higher *progressive* taxes, where in the last part of the previous century the progressivity in the tax rate in the EU had been reduced, because of insufficient within-Europe coordination. Countries sought for the “best” income tax treatment in order to lure people to their country. The US was never a top country in progressivity of the income tax despite the call of a group of wealthy Americans like Warren Buffet for a millionaire’s tax.

A smart policy advice is to start measures for social cohesion now, with increased spending for social services, access to education, and access to health to be funded with future contribution from taxation of profits at a rate of 25-35% without possibilities of evasion. Trust in Government would increase and Governments would democratically be enabled to have salmon on the table by Christmas 2080. The Biden child-care proposal goes in this direction.

The chances for success of a reform of the tax system depends on the lobbying power of a relatively small group of super wealthy. They may be able to convince the public at large that it is in their interest to maintain low levels of corporate profit taxation, of wealth taxation and of progressivity in income tax, by the clever use of (social) media and (in the US) by campaign contributions which “buy” policy, by buying politicians. A frightening example is the framing of the “death” tax as disadvantageous for poor people. Buying politicians, buying the press, buying social media messaging was tantamount to buying public policy against the interests of social cohesion.

A precondition for an effective democracy is freedom of access to accurate information and freedom of an “honest” press. We examine this in the context of recent developments, including the use of internet and social media.

## 5. Freedom from being barred from disinformation

Freedom of the press is an important precondition for democracy. Freedom implies that there are no public or private interests involved in publications outside those who are labelled: advertising. There were the good times in the previous century when most of the free press controlled itself, by imposing strict quality control over their news, checking and rechecking sources. Owners were barred from interfering with the content of publications.

In the recent decades the UK and the US have forgotten the basic rule that owners cannot control content. Some of the UK press was led by owners of press agencies to publish either untruths or outright lies. In the US Fox news has broken the rule of checking and has repeatedly presented false news, with little possibility of taking legal action against it. This undermines democracy and even more the potential of democracy to act on the great challenge of environmental sustainability.

Information is increasingly derived from the internet and from social media. Social media and the internet have no self-correcting mechanisms as exist in many EU countries for the independence of the editors from the owners. Social media and internet information are at the whims of the integrity of the individual or the organization for passing on information, with exceptions in the criminal area: police is allowed to investigate the sources of internet information if the prosecutor has given permission based on evidence. There is some self-correction by social media corporations against blatant disinformation as in the case of the refusal to maintain the account by Former US President Trump on Twitter.

Yet, more discussion on the Government role in information-dissemination through the internet and social media is needed, because of its impact on democracy, as exemplified in Brexit (Hall, 2018), in the US elections of 2017 and in the COVID crisis. The internet and social media have given rise to new forms of power and created new opportunities for economic actors to influence politics (both for the better and for the worse). In particular, the discussion should aim at setting rules for the internal overseers of social media, so that they can work in independence. They should be protected from backlash, in case of conflict between commercial interests and the honesty of the communication.

The public debate about surveillance of social media and the internet to protect the citizen from disinformation is one side of the coin. The other is the debate about privacy and

security. There are legitimate concerns about the abuse of information by firms and by law enforcement agencies. Companies should be required to limit the collection of consumer data and disclose in plain language how they use it, as well as details on third parties that may access the data and how they are allowed to use it. Governments should refrain from introducing legislation that mandates the introduction of so-called “back doors” or reduces intermediary liability protections for providers of end-to-end encryption services. One side of the medal of the role of the new media is to enshrine human rights principles, transparency, and democratic oversight in laws that regulate online content (House, Freedom on the net, 2021), the other is to ensure independence of the oversight of the internet and social media and a constant public discussion on surveillance of the internet.

Some countries (like Australia) consider a Government-funded but independent national News Media Council with appropriate resourcing and power. This might present a chance to increase the trust in the press (Andrew Daniller, 2017).

## 6. Breaking the spiral

Where is the cure for an effective democracy that can meet the challenge of the climate crisis? It is step by step regaining trust for Government to act, by combining intensive measures to limit the onslaught on the environment of our planet by our (Western) way of living with measures to reinforce social cohesion, that nebulous concept, and by spreading the word: clarify to the population at large the challenge ahead, and clarify that it is in harmony that this is done. That social cohesion, for those who may have different tastes, still goes down well as a means, for survival of the fish.

Enhancing social cohesion to increase trust in public action starts with the acknowledgement that globalization in the past decades has given reasons to many to distrust Government, to distrust the elites, the winners of the education race, the politicians who represent them. The Brexit triumph of Boris Johnson, the election of Donald Trump, the storming of the Capitol: it all fits in the picture (Sandel, 2020).

Inclusive prosperity (Rodrik, 2021) may be for many a goal, but it is at least a means to answer the call of the fish. Access to quality education and to health financial means, and other endowments that prepare individuals for their participation in the economy.

So here is the catch: trust in Government will only increase if Government contributes to trust between people. But how can Governments take steps, if they don't have the trust? Is it all about pulling yourself up by the bootstraps? The optimist sees more opportunities: the small steps in improving social cohesion with programmes for child care, with access to quality health and to quality education. And convincing the elite that they are part of one community and one country with equally shared privileges. Privileges are not earned by hard work, but are the result of the place where one is born and the use made of it. That should make the elite humble and be willing to pay taxes.

Jared Diamond identifies two crucial choices distinguishing the past societies that failed from those that survived:

- Long-term planning: "... the courage to practice long-term thinking, and to make bold, courageous, anticipatory decisions at a time when problems have become perceptible but before they have reached crisis proportions."
- Willingness to reconsider core values: "... the courage to make painful decisions about values. Which of the values that formerly served a society well can continue to be maintained under new changed circumstances? Which of these treasured values must instead be jettisoned and replaced with different approaches? (Diamond, 2005).

There are signs for optimism. The agreement of 135 countries to impose business taxes and no longer engage in the negative sum game. Corporations must have realized that this is in their own long run interest. There is also a glimmer of hope in Corporate Social Responsibility, even though the claims of the early part of this century that business would do the job have not been realized. There is a chance for optimism in research findings that individuals who are concerned about climate change are more likely to hold positive attitudes towards climate policies in high-trust countries, particularly where trust in impartial institutions such as the legal system and the police is high (Kulin, 2021). There is EU evidence that information on climate change creates support for measure (Fairbrother, 2019). Pew Research (2016) finds that in the US people's knowledge about science only modestly and inconsistently correlates with their attitudes about climate and energy issues, while partisanship is a stronger factor in people's beliefs. At the same time there is strong or medium support for measures to limit carbon dioxide emissions.

Our chance for optimism is in knowledge institutes, like universities to bring the information (the knowledge) to the table to save the fish from extinction and to hammer constantly on just and secure transitions. Not just to engineer the physical transformation in production and consumption, but also to engineer the social transformation. In view of the urgency, shouldn't 10% of university research budget not set aside of engineering social cohesion as a means to save the fish from extinction?

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