

America's Trust Deficit

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by Jason Kemp • February 2018



Ipsos Presents

**Our Age of
Uncertainty**

America's Trust Deficit

The “paranoid style in American politics”¹ dominates America's public and social discourse as we have never been more suspicious, doubtful, and willing to believe conspiracy theories. Right now, we hold the lowest levels of trust in institutions and in our fellow Americans in modern history. Beyond being a problem on its own merits, the lack of trust also has negative consequences for our democracy and economy. Pronounced distrust exacerbates the dysfunction of our political system, making tribal divisions starker, and casting doubt on anyone trying to bridge these divides.

What is trust?

Trust is “the firm belief in the reliability, truth, ability, or strength of someone or something.”² At its most basic level, trust is a belief built up over time through repeated positive interactions. After a series of events where the outcome is good, we begin to *trust* that the outcome of such interactions will *always* be positive.

Because trust is rooted in personal experience, our trust in local communities or institutions is stronger than our trust in national institutions that we only know of through intermediaries or abstractions. For example, ratings for “my local schools” outperform “the United States education system;” “my member of Congress” is generally more trusted than “Congress” as a whole; specific companies (particularly consumer-oriented companies) have higher trust than the generic concept “major corporations”; and so on. For most Americans, trust in large institutions includes an element of faith, a healthy dose of symbolism, and significant amounts of affiliation. Since large organizations are diffuse and remote seemingly for most people, trust is built up through the words and deeds of appealing public leaders or familiar personal “experts.”

Why is this decline in trust important?

The value of trust is most apparent in its absence. Trust among individuals and between individuals and organizations helps society function more smoothly. Take these stylized examples:

1. Two businesspeople know and trust each other. One asks the other for a short-term loan in exchange for favorable pricing in the future. The two agree on terms, write up the agreement, shake on it, and the deal is done.
2. Two businesspeople do not know and do not trust each other. One asks the other for a short-term loan in exchange for favorable pricing in the future. The second businessperson does a background check on the first, a credit check, and consults with a lawyer. Then both businesspeople hire contract lawyers to draw up the deal before agreeing to it.

The second example shows all the additional steps non-trusting people might take before reaching an agreement. These additional steps are commonly referred to as “transaction costs,” and societies with low levels of trust tend to have very high transaction costs as the behavior of others needs multiple validations and guarantees. In fact, the second example underplays the transaction costs, because it does not mention the implicit need for both law enforcement and a legal system to punish deal-breakers.

In some settings, these transaction costs may be so high,

¹ <https://harpers.org/archive/1964/11/the-paranoid-style-in-american-politics/>

² Oxford English Dictionary

or the mechanisms to enforce an agreement so poorly established, that deals are impossible to reach. Best case in these scenarios is that the parties gridlock and nothing gets done. Trust makes all our interactions—interpersonal, commercial, political, media—more efficient.

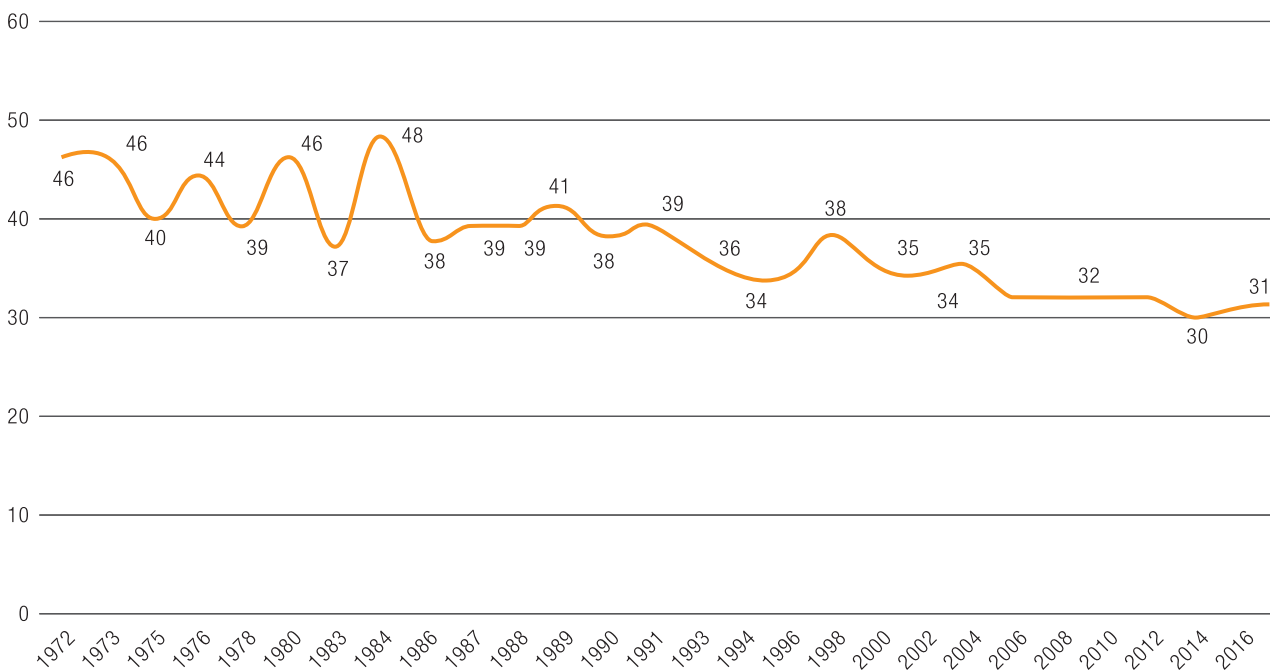
Additionally, low trust environments are fertile ground for “alternative facts” and “fake news” as the public loses confidence in impartial arbiters of a common set of truths.

Is the decline in trust a temporary change?

According to the General Social Survey, belief that “people can be trusted” is at a low ebb in modern history. Interpersonal trust has been declining since the early 1970s, but the most pronounced and sustained decline began in the mid-1980s.

Can People Be Trusted?

Q. Can people be trusted? *Can trust/Cannot trust/Depends*— % Can trust



General Social Survey (GSS) N = 41,095

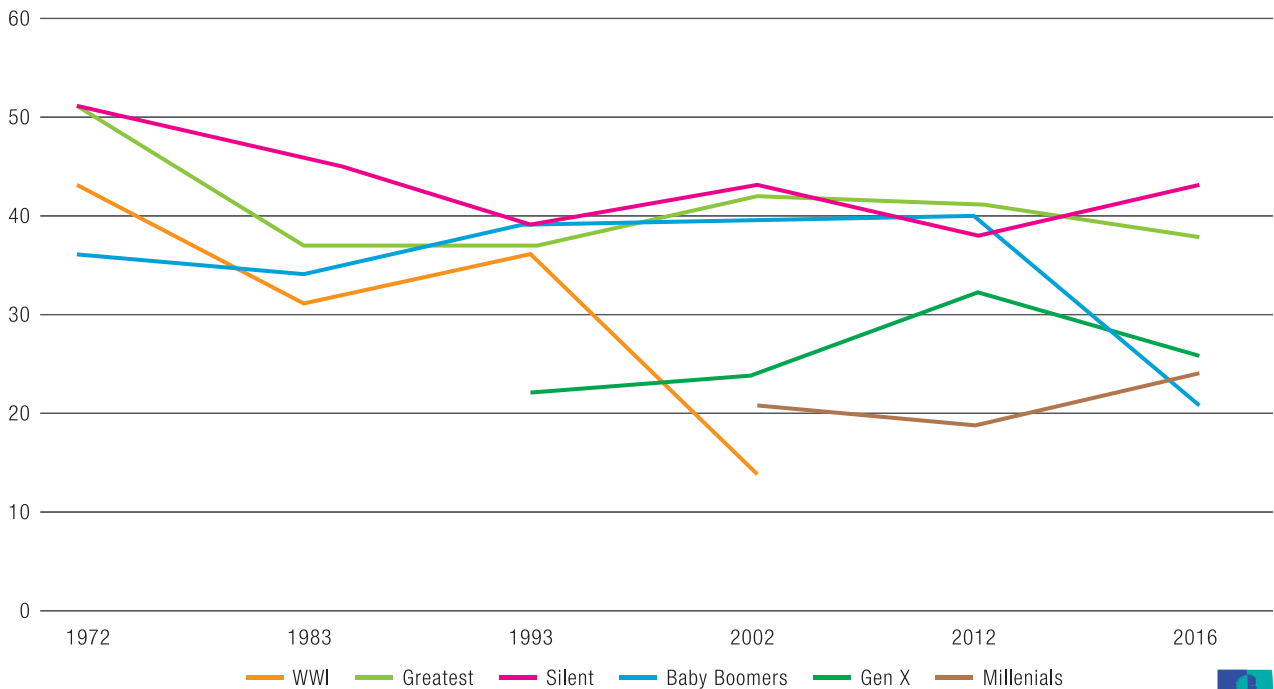


The trust deficit stems from societal shifts and extended change in how we relate to each other. At the societal level, the trust deficit coincides with the passing of the “Greatest Generation” and their younger siblings the “Silent Generation.” These two generations have maintained high levels of interpersonal trust, even as their numbers have declined and they have been replaced as the bulk of the population by the “Baby Boomers,”

“Gen X,” and “Millennials.” Baby Boomers for most of the last forty years held levels of trust similar to their parents. But as Boomers have entered senior-status in the last five years, they have shown a pronounced decline in trust. It appears that the generation which famously said, “never trust anyone over 30,” now trusts no one. Compounding this trust deficit, their children—“Generation X” and “Millennials”—never had much trust.

Trust by Generation

Q. Can people be trusted? *Can trust/Cannot trust/Depends*— % Can trust



General Social Survey (GSS) N = 40,956



With most of the American population now less trusting of each other, this society-wide decline appears to be permanent for the time being.

How did this happen?

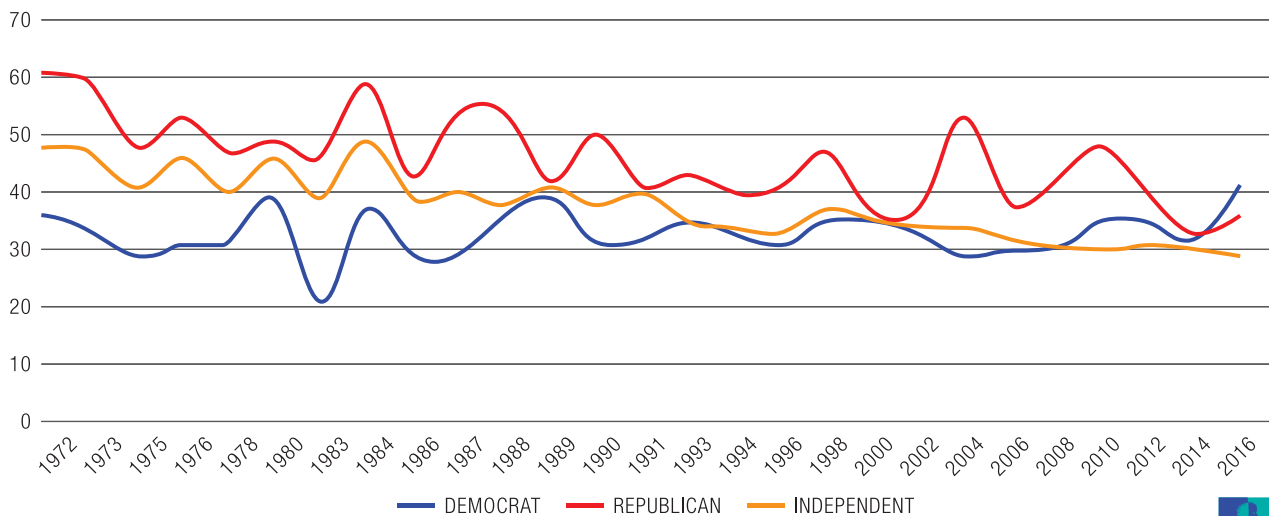
The decline in personal trust in America has a strong political dimension (of course): most of the decline appears to stem from weakening trust among Republicans and Independents. In contrast, levels of interpersonal trust among Democrats have changed little over the last

40+ years. While Democrats were historically the least trusting political group, their levels of trust have held relatively steady, and they now show higher levels of trust than either Republicans or Independents. This shift in Republican sentiment coincides with the change in political rhetoric from broadly seeing themselves as being the establishment to believing the establishment is the enemy. President Trump's election is the latest expression of contempt for elites by Republican voters, "pull a lever for me and you'll horrify them all..."³

³ <https://www.amazon.com/Insane-Clown-President-Dispatcher-Circus/dp/0399592466>

Trust by Party ID

Q. Can people be trusted? *Can trust/Cannot trust/Depends*— % Can trust



General Social Survey (GSS) N = 41,095

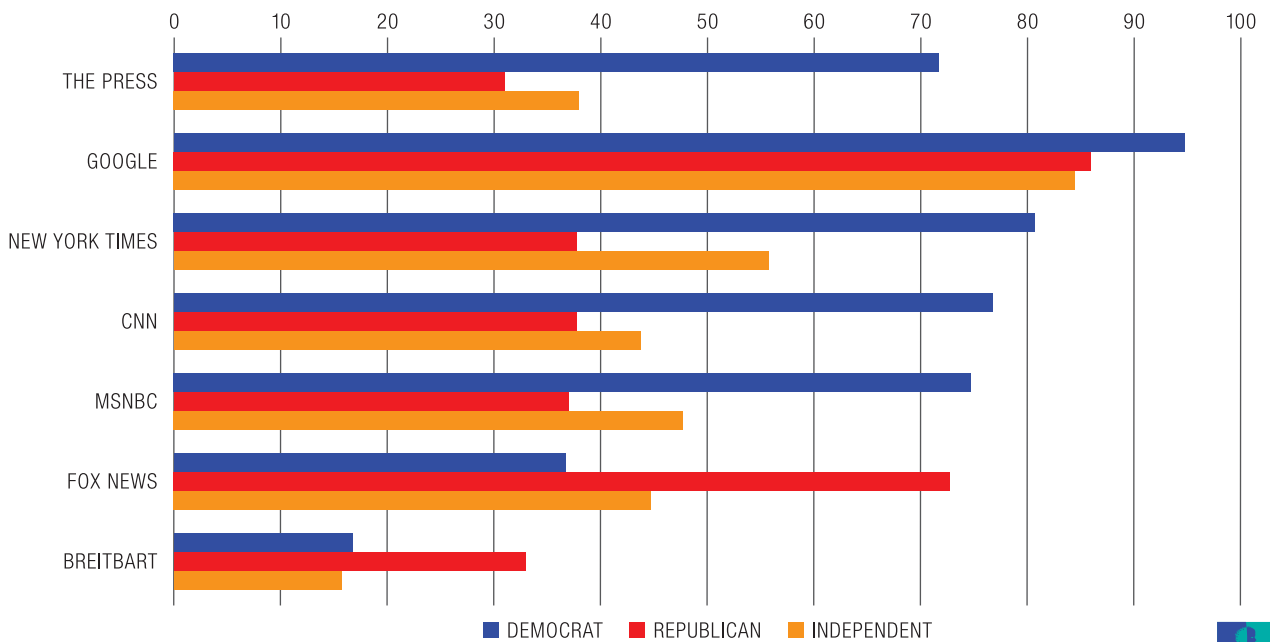


Growing distrust and the media

Changes in the news media industry have also contributed to America's trust deficit. Compared to when Walter Cronkite was the "most trusted man in America," we have exponential growth in media channels coupled with increased fragmentation of points of view. While trying to ease their mental stress, most people opt for media sources that are congruent with their personal beliefs, and the proliferation of channels gives them this opportunity. The effect of pushing people away from a few neutral arbiters of information to more ideological news sources exacerbates the cycle of tribalism and polarization by reducing the shared vocabulary of "true facts."

Moreover, the evolution of news as a 24-hour machine has altered public sentiment by prioritizing the new and sensational over the complicated, slow, or important-but-boring. An example of this is the duPont-Columbia Awards, a journalism award for broadcast news akin to the Pulitzer. These awards go to journalism with major impact on the public interest. The three cable news networks that dominate contemporary public debate have received a total of eight of these awards between them. By comparison, PBS has received 23 awards on its own. The American public has responded to the shift from being informed to being entertained by trusting the media less and less.

Favorability Toward Media Sources



Ipsos survey conducted August 16–18, 2017 among 1,192 U.S. adults

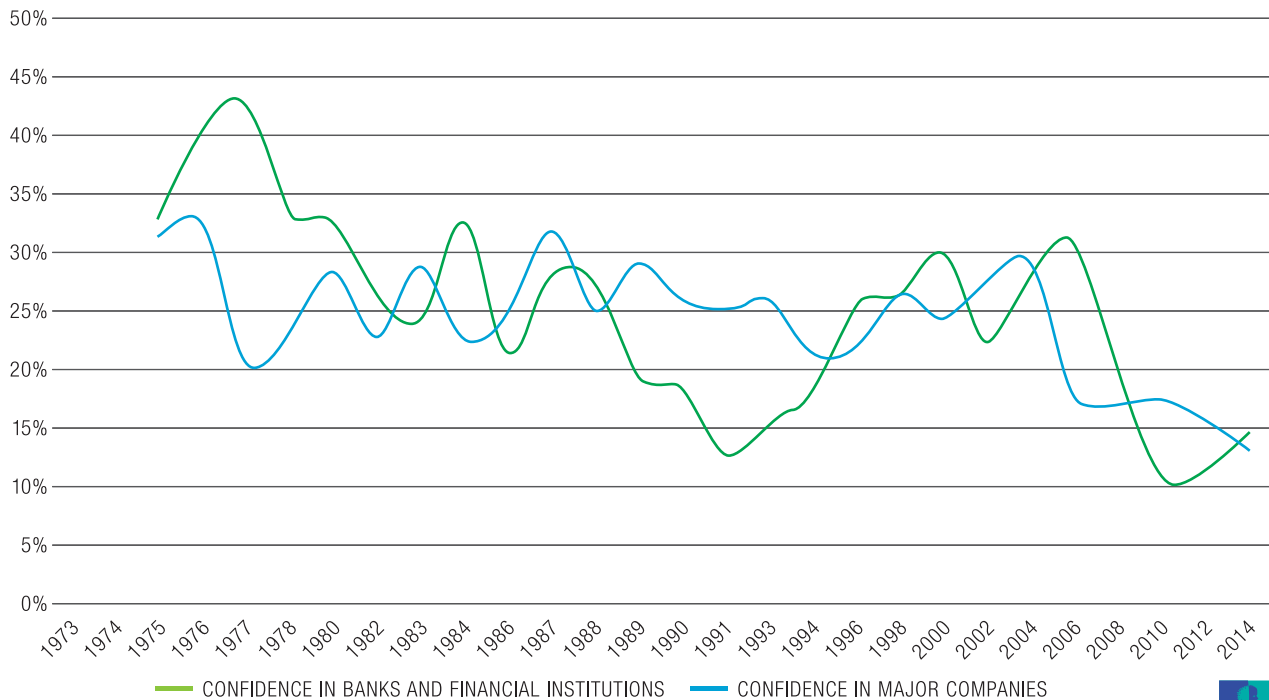


Everyone knows politics and the media are corrupt. The business of America is business!

Americans are not just losing their trust in each other. Our belief in larger organizations is also on the decline. The decline in trust for companies is not new either. In fact,

according to GSS data, the decrease in trust for major corporations roughly corresponds to the bursting of the dot-com bubble, whereas for banks and financial institutions, it dates to the financial collapse of 2008. If trust in organizations is built on experience combined with leaders, these two economic crises and the intense coverage that went with them focused the American public on market failures. The private sector has been able to rebound, but it takes time and good performance.

Trust in Private Sector



General Social Survey (GSS) N = ca. 40,000



However, there remains a wide gap between trust in “major companies” in general and trust in specific companies. In the 2017 Ipsos Global Reputation Monitor we found trust in specific organizations in the U.S. ranging from a high of 70% to a low of 11% with average trust at 44%—much higher than trust in “major companies” as a whole.

Implications of the dissolution of trust

What is the practical impact for the decline of trust and the increase in “transaction costs” for America? It is the difficulty we have believing each other, even when stakes are high.

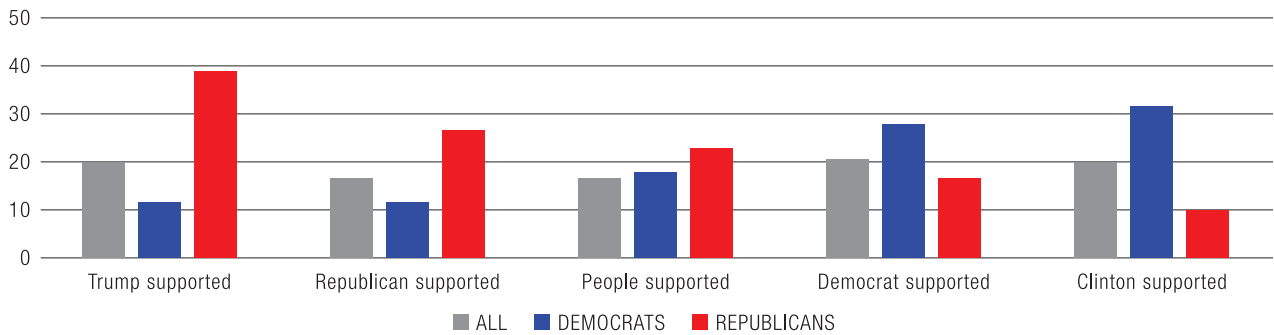
Take, for example, political communication. Of course, Americans have not lost faith in everything at the same time. In reality, people’s faith in organizations and each other have faded at different rates leading to “differential

credibility,” that is, credibility or legitimacy derived from association with one’s tribal colors. In the political context, this results in some identifying as Republicans and trusting fellow Republicans while others identify as Democrats and trust Democrats.

This leads to statements being evaluated almost solely on the basis of who says it, with very little consideration of any underlying facts. Take a well-known experiment where people are asked about repealing the “1975 Public Affairs Act.” This experiment randomly tells the respondent that either “President Trump,” “Republicans,” “Democrats,” “Hillary Clinton,” or “People” want to repeal the 1975 Public Affairs Act, then they are asked their opinion. Partisans provide widely different answers based on who they think supports the repeal. The notable thing about the 1975 Public Affairs Act is it is not a real thing—it is entirely made up.

Policy Positions Dependent on Trust in Messenger

Support Repeal of 1975 Public Affairs Act When...



Q. [SPONSOR] has stated that the 1975 Public Affairs Act should be repealed. To what extent do you agree or disagree?

Source: June 2017 Reuters/Ipsos Survey



This illustrates the impact of trust on communications. Trusted messengers can sway their supporters even in the absence of other information while distrusted speakers (à la Hillary Clinton for Republicans) actually create a backlash response. In many ways, trust is the glue that

holds society together and keeps our political and economic society working efficiently. The dissolution of trust makes it harder to build political consensus, further fragments the media landscape, and means that companies must work harder to be believed.

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