

COVID-19, Trust and Solidarity in the EU

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Abstract

We design and conduct large-scale surveys and experiments in eleven European countries to examine the effect of the COVID-19 pandemic on social trust, reciprocity, solidarity as well as institutional trust. Using incentivized outcome questions on trust and solidarity towards fellow citizens, people from other EU countries and non-EU countries, we assess the causal effect of priming respondents about the COVID-19 crisis. We find that respondents correctly believing that they live in an EU country with a below average COVID-19 incidence show higher levels of trust and reciprocity towards fellow citizens than respondents in the control group. In contrast, respondents who wrongly assume to live in a high incidence country reveal a lower level of reciprocity. For respondents who rightly believe that incidence is high in their country we find positive treatment effects on solidarity. Our study further establishes that the pandemic reduces trust in institutions, in particular for those respondents who (rightly) believe that their country's is strongly hit by COVID-19.

Keywords: COVID-19, Europe, trust, reciprocity, solidarity, survey experiment

JEL-Codes: D72, H51, H53, H55, O52, P52

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1 Introduction

"We are all in this together, so humanity has a collective, unifying challenge to overcome this pandemic." | Ursula von der Leyen, President of the European Commission's remarks at a virtual panel hosted by the World Economic Forum on November 18, 2020

The COVID-19 pandemic is not only a health crisis of unprecedented intensity and severity, it's also likely to accelerate an imminent restructuring of the global economic, political and social order. In response to the COVID-19 outbreak, European governments took a wide range of measures - some (allegedly) prioritised the economy, while others focused on containing the spread of the virus. It has been widely argued that the success of governments' policies will be determined by trust (Fukuyama 2020). Indeed, recent evidence suggests that individual traits such as social trust and capital are key determinants of how well the pandemic can be contained (Bargain and Aminjonov 2020; Bartscher et al. 2020; Durante et al. 2020). At the same time, the pandemic itself is likely to affect trust, attitudes towards institutions and solidarity. In this paper we focus on the social trust part of this equation, which matters for the well-being of people as well as for economic activity and GDP growth (OECD 2018).

There is a growing literature documenting correlational evidence that pandemics affect social and institutional trust. Brück et al. (2020) conduct a global survey and uncover a negative correlation between exposure to (people infected with the) COVID-19 virus and interpersonal and institutional trust. Amat et al. (2020) compare political attitudes reported in a Spanish survey conducted in January and March of 2020 and find evidence that the COVID-19 crisis had a dampening effect on political trust. Aassve et al. (2020) show that the Spanish flu pandemic of 1918 had long-lasting negative effects on social trust. Aksoy et al. (2020a) find that experiencing an epidemic during one's 'impressionable years' (age 18-25) has a persistent negative effect on confidence in political institutions and leaders.¹

The pandemic has also brought about an economic recession, and there is evidence that these tend to lower social and institutional trust. Owens and Cook

¹Aksoy et al. (2020b) also show that individuals exposed to epidemics during their impressionable years are less likely to trust in scientists, which translates into lower compliance with health-related policies in the form of negative views towards vaccines and lower rates of child vaccination.

(2013) show that worsening local economic conditions due to the Great Recession of 2008 have led to a decline in interpersonal trust, while Kevins (2019) finds that labour market vulnerability dampens social trust. Stevenson and Wolfers (2011) show that there was a huge decline in institutional trust in the US after the Great Recession. Frieden (2016) finds similar developments concerning trust in EU institutions during the 2008-12 crisis.²

Against this background, our paper presents the first incentivized survey experiment shedding light on the question how the COVID-19 pandemic has affected solidarity and trust among European citizens. Furthermore, we study to what extent the pandemic has impacted on the trust citizens have both in national and international institutions. To that end, we have conducted online surveys in nine European countries in early August 2020.³ We aimed at including countries from different European regions and with different exposure to COVID-19 at the time of the survey. Our sample includes France, Germany, Greece, Hungary, Poland, Italy, the Netherlands, Poland, Spain and Sweden.

The structure of our survey is as follows. Participants are randomly assigned into a treatment or a control group. The treatment group is asked to assess whether the incidence (per million people) in terms of confirmed COVID-19 deaths in their country is higher or lower compared to the EU average. This question elicits their belief about the severity of the COVID-19 crisis in their country relative to the EU as a whole. After answering the question, respondents in the treatment group are informed about the actual COVID-19 incidence in their country and in the EU. The control group does not get this question and is given other information unrelated to COVID-19 instead. We then observe how subsequent decisions in the *Trust and Dictator game* differ between participants who are informed about COVID-19 (and for whom the pandemic is thus more present in their minds) and participants in the control group. These games are incentivized since participants know they can earn an extra payment in addition to the baseline remuneration for completing the survey which depends on their own decisions and those of their matched fellow player. After the two games, participants answer various attitudinal questions eliciting trust in institutions. For the interpretation of our results, it is important to note that the

²See also Dustmann et al. (2017), Hernández and Kriesi (2016), Guiso et al. (2020), Margalit (2019).

³The survey was also fielded in two non-EU countries (Turkey and Serbia). However, this paper solely focuses on the survey experiments conducted in the EU countries.

treatment effects are likely to be a lower bound of the true effect of the COVID-19 pandemic on our outcome variables, as the pandemic is probably present in every respondent's mind to some extent and all the treatment does is to focus respondents' attention on the COVID-19 problem.⁴ We believe our experiments provide a clean way to obtain an estimate of the causal effect of the pandemic on trust, trustworthiness and solidarity, in the absence of a robust baseline incentivized survey fielded before the outbreak of the COVID-19 pandemic. Thus, if significant, the results are quite reliable.

Our trust game is played between a sender (Player A) and a receiver (Player B). The sender can decide between two options. The first is to send 50 points to the receiver and to keep 50 points for herself. The second option is to send 200 points to the receiver who will then decide how many points between 0 and 150 he will return to the sender. The second option is the risky choice because the sender will only receive a payment if the receiver sends back a positive number of points. At the same time, it is potentially the more profitable one as the total number of points that will be split between both players is twice as high compared to the first option. The dilemma arises because it is more socially beneficial for the sender to choose the second option. But if the receiver is completely self-interested, she may receive less than what she would have obtained under the first option, or even nothing. The decision of the sender whether or not to send all her money to the receiver can be seen as a measure of the belief in how opportunistic (or trustworthy) fellow survey participants are. If she decides to send all her money, she trusts her fellow player will not behave opportunistically. And for the same reason, the money the receiver sends back is a measure of reciprocity towards someone who has behaved nicely towards the recipient. In the experiment we allowed the sender and the receiver to make different decisions depending on whether the fellow player is a citizen of her own country, of another EU country, or of a non-EU country. To discuss behavior, we disaggregate results by countries with above and below average COVID-19 incidence. We further differentiate treatment effects between individuals who have correct beliefs about whether the incidence in their country is above or below EU average and those who have incorrect beliefs.

We start by discussing the behavior of receivers in the trust game. The

⁴For other papers using a similar priming technique to investigate various aspects of the COVID-19 pandemic see for instance Daniele et al. (2020) and Bartos et al. (2020). Alesina et al. (2018) use priming to investigate the effect of immigration on demand for redistribution.

clearest result we have is that individuals who *believe* their country has below average incidence give back more to the sender than respondents in the control group without the COVID-19 prime, provided that the sender is from their own country. This result holds both for senders in countries with below average incidence, i.e., for respondents whose beliefs are correct, and for senders in countries with above average incidence, i.e., for respondents who underestimate the impact of the pandemic on the death toll in their country. This means these respondents feel less inclined to take advantage of their fellow citizens. One interpretation of this result is that fellow citizens are rewarded for their good behavior in times of pandemic. The behavior of those who believe their country is above average in terms of COVID-19 death toll is more complex. For those living in countries which are indeed above average in confirmed COVID-19 deaths, there is again a positive effect. This is probably because the receivers feel that the responsibility for bad behavior lies in the hands of governments or other institutions, *in spite* of good behavior by the citizens. Those who live in countries where incidence is in fact low, but who have wrong (above average) beliefs, return less to their fellow citizens, whom they probably (wrongly) blame for the perceived bad behavior.

Subsequent questions in the survey help us to rationalize these findings. Looking at the effect of the COVID-19 treatment on trust in government and institutions, we will see that respondents in countries with an above average incidence who believe their country is above average indeed have lower trust in their national government and parliament. Moreover, for those respondents there is an insignificant treatment effect for the question whether the success of suppressing COVID-19 depends on individual behavior in their country. On the contrary, the treatment effect for the latter question is positive for respondents who believe the incidence in their country is above average even though it is below. These results suggest that the opposite treatment effect for receivers in the trust game who believe the incidence in their country is above average might be driven by a differential view on whether their fellow citizens are to be held responsible for bad behavior.

The behavior of senders is less clear, probably because the task they need to do is more complicated. They need to anticipate whether the receivers are more or less opportunistic, and how this is changed by the epidemic. This creates a lot of noise in their inference process. Yet, there is one group for whom the trust increases with COVID-19, namely for those individuals in below average incidence countries

who correctly identify their country's incidence to be below average. For that group COVID-19 increases trust. Our treatment probably is a strong signal to them that others behaved well and can be relied upon.

We now discuss behavior in what is called the dictator game. This is an incentivized task to measure distributional preferences in a population. Player A is given 200 points and asked how much she is willing to give to another randomly matched participant. As in the trust experiment, the other participant is identified to be a citizen either from the respondent's country, a citizen from another EU country or from a non-EU country. This instrument measures generosity or solidarity towards others. But, unlike the behavior of receivers in the trust game, it does not measure a reciprocal kind of generosity, but a more generalized (abstract) version of the trait.

Our key result for the dictator game is that – as in the trust game – there is only one group for which our COVID-19 treatment increases generosity towards others: individuals living in countries with higher than average incidence, who have correct beliefs about the incidence in their country. Clearly, these are people who live in countries where there is now more suffering, and this easily explains the heightened compassion. In this case, however, the task is simple, so we cannot rely on complexity as an explanation for the absence of effects in other groups. Thus, most likely, the other groups don't perceive a higher need of their fellow player, which is understandable for those who believe incidence is low. Those who believe wrongly their country has high incidence don't react either. But this is a group with a very high level of noise, so it is probably not a good idea to read too much into the results for this group.

A final set of results examines treatment effects on trust in institutions. Respondents who believe that the COVID-19 incidence in their country is above (below) the EU average are less (more) likely to be satisfied with how their government has handled the COVID-19 pandemic as compared to respondents in the control group. Furthermore, people who believe their countries have above average incidence tend to lower their trust in their government and national parliament. Interestingly, they also tend to increase their belief in the government as the entity responsible for making sure citizens have work. We find mostly insignificant treatment effects for respondents who believe that the COVID-19 incidence in their country is below the EU average. Finally, we document that support for the market economy has

eroded when we compare results from our survey with previous waves of the Life in Transition Survey.

The remainder of the paper is structured as follows. In Section 2, we present the experimental design and the trust and the dictator game. Our results are presented in Section 3. Section 4 concludes.

2 Data and Experimental strategy

Online survey

The online survey was fielded in nine EU countries (France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Spain, Sweden) and in two non-EU countries (Serbia, Turkey) in early August 2020 by the professional survey company Respondi.⁵ The samples which are representative with respect to gender, age, region and income roughly include 3.100 participants per country in the EU member states and 2.100 participants per country in the two non-EU countries. Survey respondents received a baseline remuneration for completing the survey and an extra payment which was based on their decisions made in the Trust and Dictator game. In addition to the selections made by respondents in the two games and the beliefs elicited in the randomized survey experiment, the data includes a rich set of socio-demographic characteristics, various attitudinal and preference variables as well as information on how the pandemic has affected respondents and their families economically and healthwise.

Experimental design

The experimental component of our research design consists in the random assignment of survey participants into four (three) sub-groups in the EU (non-EU) samples. The current paper exploits two of these four sub-samples and focuses on EU member states only. We refer to the first sub-sample as the COVID-19 treatment group and to the second one as the control group. Both sub-samples contain 750-800 survey respondents per country, respectively, yielding in total 14.224 survey participants across the nine EU member states.

After a first set of questions on socio-demographic characteristics, respondents in the treatment group are asked whether they think that the cumulative number of confirmed COVID-19 deaths per million people in their country by July 1, 2020,

⁵<https://www.respondi.com/EN/>

was higher, lower or around the same as in the EU as a whole. After answering the question, they are informed about the correct answer including both numbers. It is important to note that all respondents in the treatment group are primed with COVID-19, i.e. the treatment makes them think about the health crisis associated with the COVID-19 pandemic. As we show below, a significant fraction of respondents under- or overestimates the death toll due to COVID-19 in their country relative to the EU. For those respondents, our treatment also contains an information component. Respondents in the control group are informed about a neutral fact that is not expected to influence any of their later answers in the survey. In particular, we ask them to guess their country’s population density in 2019 and then inform them about the correct number.

Trust and Dictator game

After participants were randomly provided with information on the COVID-19 death toll per capita in their country and in the EU or on the population density in their country, the survey continues with the trust game and the dictator game which are played in random order. Each game is played between two players (Player A and Player B), and participants are informed that they are randomly matched with another survey respondent who can either be from their own country, from another EU country or from a non-EU country. They have to take decisions both as Player A and Player B (only as Player A) in the Trust (Dictator) game and for each of the three possible matches, i.e., respondents don’t know if their actually matched counterpart is from their own country, from another EU country or from a non-EU country. The order of the three decision situations is also randomized. Moreover, respondents are told that - depending on their own decisions and those of their counterpart in the game - they can earn points which are converted to an extra payment which is higher the more points they earn in the selected game. After the survey was completed in all countries, we randomly matched participants in pairs, randomly decided which one is Player A and which one is Player B and randomly chose the pay-out relevant game.⁶

In both games, players take decisions which determine the allocation of points between themselves and their counterpart. In the trust game, Player A has to decide between two options. Option A1 allocates 50 points to herself and 50 points to Player B. Option A2 hands over the decision to Player B, who gets 200 points and

⁶Respondents were paid in their local currency. 100 points earned in the selected game correspond to 1 EUR. The average pay-out in our sample amounts to 0.85 EUR.

can decide how many points to keep for himself, and how many points to allocate to Player A. Player B has to keep a minimum of 50 points for himself so that any number between 0 and 150 points can be allocated to Player A. By choosing Option A2, Player A thus has the possibility to increase her own payoff, but only if she trusts in Player B to return more than 50 points to her. Thus, we regard the choice of Option A2 by Player A as a sign of trust towards her counterpart. Player's B decision is considered as trustworthy if he returns more than 50 points to Player A. In the dictator game, Player A gets 200 points and decides how much to keep for herself and how much to allocate to Player B. Player B does not make any active decisions in this game. Player A can theoretically keep all the points for herself. Any positive amount of points that she allocates to Player B can thus be interpreted as a sign of solidarity towards her counterpart, with the degree of solidarity increasing in the number of points. After playing the two games, participants move on to answer a series of questions measuring their views in various domains.

Identification

It is important to differentiate between two sets of explanatory variables employed in our analysis. First, our main variables of interest measure the effect of the randomized information treatments presented above, henceforth called information treatments T_i . Second, we additionally account for a rich set of socio-demographic characteristics and various preference variables, henceforth referred to as individual characteristics X_i . Given that the information treatments are randomized and therefore independent of all other relevant variables, we can interpret their effects in a causal manner. The individual characteristics, however, are of an observational nature and thus we cannot exclude the possibility of omitted variable bias. Therefore, their effects should be interpreted as correlations. All of our regressions are based on some form of the following equation:

$$Y_i = \beta T_i + \gamma X_i + \epsilon_i \quad (1)$$

where Y_i measures the allocations made by respondents in the trust and dictator game and their stated views in our outcome questions. Moreover, in all regressions, we control for country and date fixed effects.

3 Results

3.1 Trust and Solidarity among European citizens

Table 1 presents first descriptive statistics on the beliefs survey participants have concerning the incidence of COVID-19 deaths (per million people) in their country relative to the EU as a whole. Our sample contains five countries with an incidence which, by July 1, 2020, was above the EU average of 299.23 confirmed COVID-19 deaths per million people (ES: 606.63, IT: 575.02, SE: 528.06, FR: 457.20, NL: 356.52) and four countries with an incidence below the EU average (EL: 18.42, PL: 38.66, HU: 60.56, DE: 107.24). The share of respondents who have correct beliefs, i.e., who think the incidence is higher (lower) when in fact it is higher (lower), is much higher among the countries with an incidence which is below EU average. On average, it amounts to roughly 62% (34%) in the group of countries with a below (above) average incidence. In turn, 31% (55%) of respondents in countries with a below (above) EU average incidence overestimate (underestimate) the incidence, that is, they believe it is higher (lower) or around the same as in the EU. The remaining share of respondents answer the question with ‘Don’t know’.

Table 1: COVID-19 beliefs

Anwer option:	Country										Total	N
	DE	EL	ES	FR	HU	IT	NL	PL	SE	Col%		
Above EU average	7.98	12.61	55.28	19.82	14.36	28.57	26.38	26.43	39.68	25.74	1,855	
Below EU average	74.06	71.00	15.90	33.85	57.93	33.04	41.84	43.36	23.98	43.87	3,162	
About the same	13.09	12.11	18.63	33.72	19.10	26.15	23.68	19.85	26.45	21.38	1,541	
Don’t know	4.86	4.29	10.19	12.61	8.61	12.24	8.10	10.35	9.89	9.01	649	
Total	100	100	100	100	100	100	100	100	100	100	7,207	

Notes: The table reports answer shares for the question: “Do you think the number of confirmed COVID-19 deaths (per million people) in [respondent’s country] by July 1, 2020, is higher or lower than the number of confirmed COVID-19 deaths (per million people) in the EU as a whole?”

As described in Section 2, after the treatment (control) group has been confronted with the COVID-19 (population density) treatment, all respondents continue

the survey by playing the trust and dictator game in random order, both as Player A and B in the trust game and as Player A in the dictator game. They know that their fellow player can either be a citizen of their own country, a citizen of another EU country or a citizen from a non-EU country and make selections for all three possible matches. Tables 7–9 in the Appendix provide summary statistics for the selections made in both games. As can be seen in Table 7, the choice of Player A in the trust game does not seem to be affected much by the nationality of the fellow player. Irrespective of the nationality of the fellow player and of whether the respondent is from a country with a COVID-19 incidence above or below the EU average, 59-60% of respondents choose option A1. As Player B, the average number of points returned to Player A if she has chosen option A2 amounts to 84-86 as shown in Table 8. Again, the degree of reciprocity of Player B only slightly differs between the different country groups of origin of Player A.

Differences are somewhat larger in the dictator game. While the average number of points Player A sends to Player B if Player B is a citizen of the same country amounts to 106 (103) in countries with an incidence above (below) EU average, the mean values become smaller if the fellow player is from another EU country (102 and 99 points) or from a non-EU country (99 and 97 points).

How does the COVID-19 treatment influence the decisions made in both games? Focus first on Table 2 which presents treatment effects for the selections made as the sender (Player A) in the trust game. Recall that the sender could choose between two options, the first being an equal split of 100 points between herself and the recipient (Player B) so that both players receive 50 points, respectively, while the second option implies that 200 points are sent to Player B who in turn decides how many points (between 0 and 150) to send back to Player A. We code the first option with a 0 and the second one with a 1 and estimate both OLS and Probit regressions.

Table 2 reports OLS results both for the pooled sample as well as separate results for countries with a COVID-19 incidence above and below the EU average.⁷ Results for the pooled sample indicate that survey respondents who believe their country’s incidence to be lower than the EU average show a somewhat higher level of trust if their fellow player is from their own country or from a non-EU country. A comparison of the results for countries with an incidence above and below EU

⁷Results based on the probit model are very similar and are available upon request.

average reveals, however, that this positive treatment effect on trust is solely driven by respondents in countries with a below EU average incidence. Compared to the control group, participants in the treatment group who are from a country with a below EU average incidence are 3.8 percentage points more likely to choose the second option as the sender, that is, they trust in Player B sending back at least 50 points so that they are better off as compared to the first option. Moreover, we find positive, albeit somewhat smaller treatment effects for this group of respondents when the fellow player is from another EU country or from a non-EU country.

As shown in Table 3, results are more nuanced for Player B in the trust game. Both in countries with a COVID-19 incidence below and above the EU average, we find positive treatment effects on reciprocity for respondents who believe to live in a country with a below average incidence if Player A is a citizen from their own country. These respondents return 2-3 points more to Player A as compared to respondents in the control group. While the positive effect on reciprocity holds for respondents in countries with an above EU average incidence who believe that the incidence in their country is higher or around the same as in the EU, it reverses for respondents in countries with a below EU average incidence who erroneously believe that the incidence in their country is higher as in the EU. Compared to the control group, those respondents return roughly 4 (3) points less to Player A if she is from their own country (another EU country). These contrasting findings highlight the importance to differentiate between countries with an incidence below and above EU average.

Finally, Table 4 shows that in the dictator game significant treatment effects are mainly confined to respondents from countries with a COVID-19 incidence which is above the EU average. Respondents from these countries who correctly believe that their country was hit harder than the EU average send 4 (3) points more to fellow citizens (citizens from another EU country) than respondents in the control group.

Table 2: Trust game: Treatment Effects Player A

	Pooled sample			Above EU average			Below EU average		
	Own country	EU	Non EU	Own country	EU	Non EU	Own country	EU	Non EU
Believe to be above EU average	-0.0131 (0.0133)	0.00225 (0.0133)	-0.0154 (0.0130)	-0.00573 (0.0159)	0.00731 (0.0168)	-0.0134 (0.0168)	-0.0372 (0.0238)	-0.0179 (0.0235)	-0.0211 (0.0194)
Believe to be below EU average	0.0185* (0.0110)	0.00993 (0.00933)	0.0204** (0.00889)	-0.00872 (0.0140)	-0.00761 (0.0141)	0.0134 (0.0146)	0.0380** (0.0160)	0.0230* (0.0127)	0.0264** (0.0114)
Around the same	-0.0130 (0.0135)	-0.0219 (0.0137)	-0.0146 (0.0133)	-0.00875 (0.0171)	-0.0240 (0.0172)	-0.0127 (0.0181)	-0.0247 (0.0228)	-0.0228 (0.0230)	-0.0207 (0.0194)
Don't know	0.0267 (0.0226)	0.0160 (0.0201)	-0.00561 (0.0196)	0.0241 (0.0254)	0.0233 (0.0237)	-0.0110 (0.0246)	0.0286 (0.0461)	0.000924 (0.0376)	0.00433 (0.0327)
Observations	14224	14224	14224	7902	7902	7902	6322	6322	6322
R^2	0.022	0.025	0.020	0.025	0.027	0.026	0.027	0.033	0.025
Fixed effects:	Country & date			Country & date			Country & date		
Controls:	YES			YES			YES		

Notes: OLS model. Standard errors clustered at region level are in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls: age, marital status, education level, household gross income group in February/July 2020, time to complete survey, total number of children and adults younger/older than 65 in the household.

Table 3: Trust game: Treatment Effects Player B

	Pooled sample			Above EU average			Below EU average		
	Own country	EU	Non EU	Own country	EU	Non EU	Own country	EU	Non EU
Believe to be above EU average	0.592 (0.981)	0.163 (0.958)	0.414 (0.970)	2.552** (1.097)	1.638 (1.124)	0.665 (1.238)	-4.334** (1.764)	-3.463* (1.766)	-0.749 (1.643)
Believe to be below EU average	2.627*** (0.722)	1.196 (0.747)	1.210 (0.767)	2.139** (1.060)	0.661 (1.130)	-0.313 (1.227)	2.720*** (0.999)	1.510 (1.031)	2.397** (1.006)
Around the same	1.612* (0.928)	0.348 (0.965)	1.448 (0.998)	2.566** (1.088)	0.0590 (1.167)	0.795 (1.358)	0.139 (1.568)	0.969 (1.719)	2.711* (1.371)
Don't know	0.920 (1.553)	0.448 (1.481)	2.149 (1.515)	0.712 (1.711)	0.913 (1.954)	0.717 (1.762)	1.459 (3.086)	-0.304 (2.358)	4.642* (2.674)
Observations	14224	14224	14224	7902	7902	7902	6322	6322	6322
R^2	0.019	0.019	0.020	0.018	0.018	0.019	0.030	0.031	0.033
Fixed effects:	Country & date			Country & date			Country & date		
Controls:	YES			YES			YES		

Notes: OLS model. Standard errors clustered at region level are in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls: age, marital status, education level, household gross income group in February/July 2020, time to complete survey, total number of children and adults younger/older than 65 in the household.

Table 4: Dictator game: Treatment Effects Player A

	Pooled sample			Above EU average			Below EU average		
	Own country	EU	Non EU	Own country	EU	Non EU	Own country	EU	Non EU
Believe to be above EU average	4.371*** (1.400)	3.092** (1.308)	1.786 (1.312)	3.964** (1.542)	3.383** (1.538)	1.243 (1.531)	5.097 (3.045)	2.382 (2.666)	2.837 (2.733)
Believe to be below EU average	1.230 (1.114)	2.108** (1.042)	-0.0891 (1.000)	0.0907 (1.536)	1.675 (1.507)	-1.443 (1.501)	2.039 (1.657)	2.475* (1.450)	1.181 (1.375)
Around the same	3.137** (1.279)	2.938** (1.318)	2.815** (1.332)	2.424 (1.528)	2.547 (1.556)	1.988 (1.609)	4.411* (2.289)	3.691 (2.506)	4.678** (2.330)
Don't know	3.725* (1.968)	4.699** (2.300)	4.144* (2.259)	2.421 (2.247)	4.937* (2.724)	3.173 (2.837)	5.474 (3.684)	3.618 (4.075)	5.721 (3.658)
Observations	14224	14224	14224	7902	7902	7902	6322	6322	6322
R^2	0.022	0.022	0.021	0.021	0.024	0.022	0.035	0.030	0.031
Fixed effects:	Country & date			Country & date			Country & date		
Controls:	YES			YES			YES		

Notes: OLS model. Standard errors clustered at region level are in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls: age, marital status, education level, household gross income group in February/July 2020, time to complete survey, total number of children and adults younger/older than 65 in the household.

3.2 Trust in Institutions

After the trust and dictator game, the survey continues with a set of attitudinal questions. This section discusses how our COVID-19 treatment impacts on the perceived role of policy measure and individual behavior for suppressing COVID-19 and on the level of trust in various national and international institutions. We begin with two questions asking respondents to what extent policy measures and individual behavior of citizens (in respondent's country, other EU countries and non-EU countries, respectively) influence the success of suppressing COVID-19. As before, we report results for the pooled sample as well as for countries with a COVID-19 incidence above and below the EU average and differentiate between respondents who believe the incidence in their country is above/below EU average.⁸ Table 10 in the Appendix provides summary statistics for both questions, Table 5 reports the treatment effects. An interesting finding that emerges from Table 5 is that the treatment effect for respondents in countries with below average incidence who believe incidence is above average is positive for both questions and both for policy

⁸For the sake of brevity, we omit treatment effects for respondents who have answered the question on the COVID-19 incidence in their country with 'Around the same' or 'Don't know' and focus on respondents who believe their country has an incidence above or below the EU average. The reason is that treatment effects tend to be more pronounced for the latter group of respondents.

measures/individual behavior in their own country, in other EU countries and in non-EU countries. Respondents in countries with below average incidence who believe the incidence is below average are also more likely to agree that individual behavior of citizens in their own country is important, but not that of citizens in other countries. Moreover, coefficients for the latter group are smaller than those for the former which could imply that respondents who believe the incidence is high are more concerned about COVID-19.

Another interesting finding in Table 5 is that respondents in countries with an above average incidence who believe incidence is above average are **not** more likely to agree with the statement that policy measures and individual behavior in their own country matter for suppressing COVID-19. One interpretation of this result is that they do not blame fellow citizens for the high incidence in their country, while they do not trust their government to pass measures that successfully suppress the virus. Our next set of findings indeed shows that trust in government and satisfaction with how it handled the COVID-19 crisis is indeed negatively affected for this group of respondents.

Table 11 in the Appendix provides summary statistics for our survey questions on trust in institutions, Table 6 reports the treatment effects. The first question asks respondents how satisfied they are with how the government has handled the COVID-19 pandemic. In line with the interpretation above, we find positive (negative) treatment effects for respondents who believe that the number of COVID-19 deaths in their country is below (above) the EU average. The effect is strongest for respondents who correctly believe that the incidence in their country is above the EU average.

The next two questions ask how much respondents trust their national government and parliament, respectively. Here, we find significant treatment effects only for respondents from countries with an above EU average incidence who correctly believe that the COVID-19 incidence in their country is above the EU average. Their trust in the national government and parliament is significantly lower compared to the control group. Further survey questions elicit trust in the European Commission, the European Parliament and the World Health Organization. For these international institutions, we find a somewhat different pattern as for national institutions. While there is a negative treatment effect on trust – in particular in the World Health Organization – for respondents who correctly assume that the incidence in

their country is above the EU average, treatment effects are positive for respondents in countries with a below EU average incidence who overestimate the incidence in their country. The final set of questions deals with the role of the state in providing jobs as well as support for the market economy and democracy. Our results suggest that the COVID-19 treatment induces respondents who believe their country is more severely affected by the pandemic than the average EU country to assign a higher level of responsibility for supplying people with work to the state. Treatment effects on support for the market economy and democracy are insignificant.

Table 5: Suppressing COVID-19: Treatment Effects

		Pooled sample			Above EU average			Below EU average		
		Own country	EU	Non EU	Own country	EU	Non EU	Own country	EU	Non EU
The success of suppressing COVID-19 depends on policy measures taken in:	Believe to be above EU average	0.0289 (0.0252)	0.118*** (0.0228)	0.102*** (0.0231)	0.00173 (0.0302)	0.0998*** (0.0278)	0.0942*** (0.0288)	0.107** (0.0404)	0.172*** (0.0394)	0.129*** (0.0405)
	Believe to be below EU average	0.0557*** (0.0196)	-0.0186 (0.0166)	-0.0156 (0.0167)	0.0889*** (0.0321)	0.0172 (0.0247)	0.0415 (0.0286)	0.0369 (0.0237)	-0.0400* (0.0221)	-0.0527*** (0.0196)
The success of suppressing COVID-19 depends on individual behavior in:	Believe to be above EU average	0.0238 (0.0215)	0.0634*** (0.0223)	0.0842*** (0.0216)	-0.00308 (0.0260)	0.0496* (0.0267)	0.0851*** (0.0271)	0.0964*** (0.0323)	0.100** (0.0379)	0.0956*** (0.0323)
	Believe to be below EU average	0.0613*** (0.0152)	-0.00358 (0.0189)	-0.0215 (0.0186)	0.0819*** (0.0278)	0.0122 (0.0290)	0.0168 (0.0256)	0.0491*** (0.0183)	-0.0159 (0.0261)	-0.0530** (0.0262)

Notes: OLS model. Standard errors clustered at region level are in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls: age, marital status, education level, household gross income group in February/July 2020, time to complete survey, total number of children and adults younger/older than 65 in the household. Number of observations differ across regressions and questions due to different numbers of “Don’t know” answers. First question: 13573, 13095 and 12784 observations in the pooled sample; 7506, 7182 and 7021 in Above EU average countries; and 6067, 5913 and 5763 in Above EU average countries. Second question: 13725, 13301 and 13131; 7618, 7302 and 7193; and 6107, 5999 and 5938 observations.

Finally, we exploit that our survey questions on the preferred economic and political system were included in previous waves of the Life in Transition Survey (LITS). The LITS is jointly administered by the European Bank for Reconstruction and Development and the World Bank and contains three waves which were carried out in 2006, 2010 and 2016. Even though we don’t find significant differences in support for the market economy and democracy between the treatment and control group, there might be a general trend how support for the market economy and democracy has evolved over the period 2006-20. Figures 1-2 show the share of survey respondents who consider the market economy and democracy to be the preferred

Figure 1: Market Economy

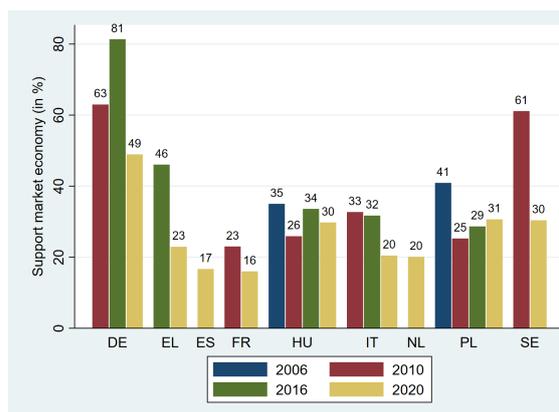
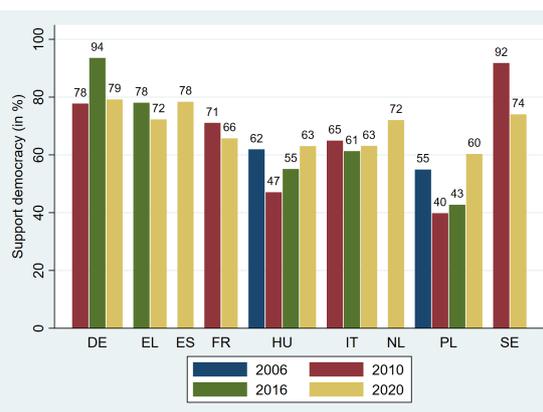


Figure 2: Democracy



Notes: Figures 1 and 2 show the level of support for market economy and democracy. Source: Combined results from the Life in Transition Survey (2006, 2010, 2016) and our own online survey (2020). Sample sizes: between 900-1.600 participants per country and year in the Life in Transition Survey, on average 1.580 participants per country in our online survey.

economic and political systems.⁹ Depending on the wave, the LITS does only cover a subset of the countries included in our survey which explains why results for all four years are only available for Hungary and Poland. With the exception of Poland, support for market economy deteriorates in 2020 compared to the last available data year in all countries. The reduction is particularly large in countries like Germany or Sweden where support for the market economy was relatively high in previous years. In none of the countries do we observe more than 50% of respondents unambiguously considering the market economy as the preferred economic system. In comparison to the shares presented in Figure 1, support for democracy seems to be much more stable as is shown in Figure 2.

⁹The questions on the preferred economic and political system read as follows: “With which one of the following statements do you agree most?” Answer options for the former are “a. A market economy is preferable to any other form of economic system. b. Under some circumstances, a planned economy may be preferable to a market economy. c. For people like me, it does not matter whether the economic system is organised as a market economy or as a planned economy.” For the latter, the answer options are “a. Democracy is preferable to any other form of political system. b. Under some circumstances, an authoritarian government may be preferable to a democratic one. c. For people like me, it does not matter whether a government is democratic or authoritarian.”

Table 6: Trust in Institutions: Treatment Effects

Question		Pooled sample	Above EU average	Below EU average
How satisfied are you with how the government handled the COVID-19 pandemic?	Believe to be above EU average	-0.534*** (0.0920)	-0.624*** (0.112)	-0.317** (0.133)
	Believe to be below EU average	0.226*** (0.0620)	0.210* (0.107)	0.254*** (0.0787)
How much do you trust your own government?	Believe to be above EU average	-0.456*** (0.0760)	-0.548*** (0.0824)	-0.245* (0.141)
	Believe to be below EU average	0.0861 (0.0752)	0.0586 (0.105)	0.131 (0.108)
How much do you trust your own parliament?	Believe to be above EU average	-0.308*** (0.0777)	-0.406*** (0.0886)	-0.0852 (0.137)
	Believe to be below EU average	0.0889 (0.0753)	0.0982 (0.0892)	0.117 (0.116)
How much do you trust the European Commission?	Believe to be above EU average	0.0788 (0.0670)	-0.123* (0.0679)	0.603*** (0.111)
	Believe to be below EU average	-0.0384 (0.0580)	0.0324 (0.0794)	-0.0653 (0.0826)
How much do you trust the European Parliament?	Believe to be above EU average	0.0459 (0.0710)	-0.132* (0.0756)	0.525*** (0.126)
	Believe to be below EU average	-0.0570 (0.0611)	0.00763 (0.0908)	-0.0882 (0.0837)
How much do you trust the World Health Organization?	Believe to be above EU average	-0.0959 (0.0700)	-0.293*** (0.0756)	0.423*** (0.115)
	Believe to be below EU average	0.0887 (0.0635)	0.133 (0.0852)	0.0794 (0.0913)
Should the state be primarily responsible for supplying people with work?	Believe to be above EU average	0.0346*** (0.00927)	0.0206** (0.00845)	0.0657*** (0.0232)
	Believe to be below EU average	-0.00794 (0.00737)	0.00930 (0.0112)	-0.0193* (0.00989)
Is a market economy preferable to any other form of economic system?	Believe to be above EU average	0.0102 (0.0123)	0.0231 (0.0142)	-0.0189 (0.0212)
	Believe to be below EU average	0.00912 (0.00957)	-0.0165 (0.0126)	0.0211* (0.0122)
Is democracy preferable to any other form of political system	Believe to be above EU average	-0.0135 (0.0123)	-0.0165 (0.0142)	-0.00435 (0.0268)
	Believe to be below EU average	0.0147 (0.00944)	0.0102 (0.0141)	0.0166 (0.0131)
Observations		14224	7902	6322

Notes: OLS model. Standard errors clustered at region level are in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls: age, marital status, education level, household gross income group in February/July 2020, time to complete survey, total number of children and adults younger/older than 65 in the household.

4 Concluding Remarks

Trust in other people and in institutions is an important determinant for prosperity and the well-functioning of society. Our paper provides the first causal evidence on how the COVID-19 pandemic has affected trust and solidarity among European citizens. We have run an incentivized survey experiment in nine EU (eleven European) countries in early August 2020. Our treatment group was primed with COVID-19 and informed about the relative severeness of the pandemic in terms of death toll in their country relative to the EU average, while the control group did receive information unrelated to COVID-19. Afterwards, survey respondents played the trust and dictator game where they could earn an extra payment, depending on their decisions and the decisions of their matched player. Subsequently, they answered a set of attitudinal questions related to COVID-19 and trust in institutions in general.

We show that beliefs about the relative severity of the COVID-19 pandemic in their own country relative to other EU countries influence the effect of our COVID-19 prime on survey participants' behavior in the trust and dictator game. Respondents living in an EU country with a below average COVID-19 incidence who are aware of that fact show higher levels of trust and reciprocity towards fellow citizens than respondents in the control group. In contrast, respondents who erroneously assume to live in a high incidence country reveal a lower level of reciprocity. For respondents living in countries with above average incidence, we find positive treatment effects on reciprocity both for respondents who believe that incidence is above average and for respondents who believe the opposite. Results for the dictator game reveal positive treatment effects for respondents who rightly believe that incidence is high in their country.

Our results suggest that actual behavior in the trust and the dictator game depends on the perceived behavior of fellow citizens in the pandemic. Respondents in high incidence countries do not seem to hold their fellow citizens accountable for the high incidence, while the opposite seems to be true for respondents who erroneously believe the incidence in their country is high. This is supported by different views on the importance of individual behavior for suppressing COVID-19 among respondents in high vs. low incidence countries.

Our study further establishes that the pandemic reduces trust in institutions, in particular of those respondents who (rightly) believe that their country's is strongly

hit by COVID-19. Finally, we document a higher support for state intervention in the economy. Respondents who (rightly or wrongly) believe that the incidence in their country is higher than the EU average are more likely to hold the state responsible for supplying people with work. Moreover, support for the market economy drastically declines in our survey compared to levels shown in other surveys in recent years.

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Appendix

Descriptive Statistics

Table 7: Trust game: Descriptive Statistics Player A

	Covid-19 deaths p.c.		Total	N
	Above EU average	Below EU average		
Own country				
A1	59.43	59.44	59.43	8,454
A2	40.57	40.56	40.57	5,770
Total	100.00	100.00	100.00	14,224
EU country				
A1	60.02	59.21	59.66	8,486
A2	39.98	40.79	40.34	5,738
Total	100.00	100.00	100.00	14,224
Non EU country				
A1	60.20	58.95	59.65	8,484
A2	39.80	41.05	40.35	5,740
Total	100.00	100.00	100.00	14,224

Notes: The table reports the share of respondents in countries with a COVID-19 incidence above and below EU average who have selected option A1 and A2 as Player A in the trust game, depending on whether the fellow player is from their own country, another EU country or from a non-EU country.

Table 8: Trust game: Descriptive Statistics Player B

Variable	(1)	(2)	(3)
	Above EU average	Below EU average	Total
	Mean/SE	Mean/SE	Mean/SE
Own country	85.858 (0.396)	84.521 (0.448)	85.263 (0.297)
EU country	84.834 (0.393)	83.760 (0.445)	84.357 (0.294)
Non EU country	83.581 (0.402)	83.508 (0.452)	83.549 (0.300)
N	7902	6322	14224

Notes: The table reports the average number of points and its standard deviation respondents in countries with a COVID-19 incidence above and below EU average have returned to the sender (Player A) as Player B in the trust game, depending on whether the fellow player is from their own country, another EU country or from a non-EU country.

Table 9: Dictator game: Descriptive Statistics Player A

Variable	(1)	(2)	(3)
	Above EU average	Below EU average	Total
	Mean/SE	Mean/SE	Mean/SE
Own country	105.568 (0.549)	102.985 (0.599)	104.420 (0.405)
EU country	101.808 (0.545)	98.834 (0.585)	100.486 (0.399)
Non EU country	98.958 (0.556)	97.158 (0.602)	98.158 (0.409)
N	7902	6322	14224

Notes: The table reports the average number of points and its standard deviation respondents in countries with a COVID-19 incidence above and below EU average have sent to the receiver (Player B) as Player A in the dictator game, depending on whether the fellow player is from their own country, another EU country or from a non-EU country.

Table 10: Suppressing COVID-19: Descriptive Statistics

		Pooled sample					Above EU average					Below EU average				
		Mean	SD	Max	Min	N	Mean	SD	Max	Min	N	Mean	SD	Max	Min	N
The success of suppressing COVID-19 depends on policy measures taken in:	Own country	3.16	0.85	4.00	1.00	13573	3.12	0.86	4.00	1.00	7506	3.21	0.83	4.00	1.00	6067
	EU	2.95	0.81	4.00	1.00	13095	2.90	0.83	4.00	1.00	7182	3.01	0.79	4.00	1.00	5913
	Non EU	2.82	0.90	4.00	1.00	12784	2.74	0.92	4.00	1.00	7021	2.91	0.87	4.00	1.00	5763
The success of suppressing COVID-19 depends on individual behavior in:	Own country	3.40	0.77	4.00	1.00	13725	3.39	0.79	4.00	1.00	7618	3.42	0.75	4.00	1.00	6107
	EU	3.18	0.83	4.00	1.00	13301	3.17	0.85	4.00	1.00	7302	3.19	0.80	4.00	1.00	5999
	Non EU	3.11	0.89	4.00	1.00	13131	3.08	0.93	4.00	1.00	7193	3.14	0.85	4.00	1.00	5938

Notes: The table reports summary statistics for the survey questions on the extent policy measures and individual behavior matter for suppressing COVID-19.

Table 11: Trust in Institutions: Descriptive Statistics

	Pooled sample				Above EU average				Below EU average			
	Mean	SD	Max	Min	Mean	SD	Max	Min	Mean	SD	Max	Min
Satisfaction with government handling COVID-19 pandemic	5.75	2.78	10.00	0.00	5.70	2.70	10.00	0.00	5.82	2.87	10.00	0.00
Trust in own government	4.59	3.04	10.00	0.00	4.81	2.89	10.00	0.00	4.33	3.19	10.00	0.00
Trust in own parliament	4.52	2.86	10.00	0.00	4.76	2.74	10.00	0.00	4.23	2.98	10.00	0.00
Trust in European Commission	4.76	2.62	10.00	0.00	4.67	2.53	10.00	0.00	4.87	2.73	10.00	0.00
Trust in European Parliament	4.77	2.65	10.00	0.00	4.65	2.55	10.00	0.00	4.92	2.75	10.00	0.00
Trust in World Health Organization	5.42	2.74	10.00	0.00	5.44	2.66	10.00	0.00	5.39	2.84	10.00	0.00
State should be primarily responsible for supplying people with work	0.16	0.37	1.00	0.00	0.12	0.33	1.00	0.00	0.21	0.41	1.00	0.00
A market economy is preferable to any other form of economic system	0.26	0.44	1.00	0.00	0.21	0.41	1.00	0.00	0.33	0.47	1.00	0.00
Democracy is preferable to any other form of political system	0.70	0.46	1.00	0.00	0.71	0.46	1.00	0.00	0.69	0.46	1.00	0.00
Observations	14224				7902				6322			

Notes: The table reports summary statistics for the survey questions eliciting trust in institutions.

EconPol Europe

EconPol Europe - The European Network for Economic and Fiscal Policy Research is a unique collaboration of policy-oriented university and non-university research institutes that will contribute their scientific expertise to the discussion of the future design of the European Union. In spring 2017, the network was founded by the ifo Institute together with eight other renowned European research institutes as a new voice for research in Europe. A further five associate partners were added to the network in January 2019.

The mission of EconPol Europe is to contribute its research findings to help solve the pressing economic and fiscal policy issues facing the European Union, and thus to anchor more deeply the European idea in the member states. Its tasks consist of joint interdisciplinary research in the following areas

- 1) sustainable growth and 'best practice',
- 2) reform of EU policies and the EU budget,
- 3) capital markets and the regulation of the financial sector and
- 4) governance and macroeconomic policy in the European Monetary Union.

Its task is also to transfer its research results to the relevant target groups in government, business and research as well as to the general public.