

### Confidence in institutions

A cohesive society is one where citizens have confidence in national-level institutions and believe that social and economic institutions are not prey to corruption. Confidence and corruption issues are dimensions which are strongly related to societal trust.

Confidence in the national government is generally high in Luxembourg, Norway, Sweden and Switzerland, while it is low in the Czech Republic, Greece and Japan. Large differences can be observed across countries (Figure 7.7, Panel A).

**In a majority of OECD countries, trust in national governments declined from 2007 to 2012 (Figure 7.7, Panel B).** The decline was particularly large in Greece, Ireland, Portugal and Slovenia, all countries hit hard by the crisis. However, other countries experienced a substantial increase in trust, notably Israel, the Slovak Republic and Switzerland.

**Youth tended to have more trust in national governments than the total population,** and their confidence declined less from 2007 to 2012. This could be the consequence of less political involvement, but also that youth are more optimistic about the future.

The economic crisis from 2008 was closely related to the crisis in the financial sector. **In most OECD countries, confidence in financial institutions fell from 2007 to 2012 (Figure 7.8).** Belgium, Ireland, the Netherlands, Portugal, Spain and the United States experienced the most substantial drops in confidence. Only in Iceland, Japan and Norway can a positive change be observed.

Corruption can be a sign of the degree of informality and distrust in the economy. **Countries which suffered the biggest declines in GDP from 2007 to 2012 were also among those where corruption had increased (Figure 7.9).** Increase in corruption was particularly high in countries such as Estonia, Greece, Ireland and Portugal. These countries also saw a stronger decline in confidence in the national government. Lower levels of corruption could be seen particularly in Australia, Germany, Japan and Mexico.

Among the emerging economies, confidence in national governments increased in Brazil, Indonesia and the Russian Federation, while it declined in India and South Africa. While confidence in financial institutions in general declined in the OECD countries, it increased in Argentina, Indonesia, the Russian Federation and Saudi Arabia.

#### Definition and measurement

Data on confidence in institutions comes from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates; for example, data, especially for youth, should be interpreted carefully. Sample sizes vary between around 1 000 and 4 000, depending on the country. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the “true value” in 95 out of the 100 surveys. With a sample size of 1 000 the margin of error at 50% is  $\pm 3$  percentage points. Because these surveys use a clustered sample design, the margin of error varies by question.

Data on national government confidence and financial institutions are based on questions created by Gallup. For example: “In this country, do you have confidence in each of the following, or not? In the national government? In financial institutions or banks?”. Rates are calculated omitting “Don’t know” and “Refused” from the denominator.

The corruption index is based on a binary question of whether corruption is widespread in business and government, and measures perceptions in a community about the level of corruption in business and government. The Gallup Corruption Index correlated strongly and inversely with the Transparency International Corruption Perceptions Index, which is based on experts’ rankings for the OECD countries. This is providing evidence of validity.

#### Further reading

OECD (2013a), *Government at a Glance 2013*, OECD Publishing, Paris, [http://dx.doi.org/10.1787/gov\\_glance-2013-en](http://dx.doi.org/10.1787/gov_glance-2013-en).

OECD (2013b), *OECD Economic Outlook 2013*, No. 93, May 2013, OECD Publishing, Paris, <http://dx.doi.org/10.1787/data-00655-en>.

#### Figure notes

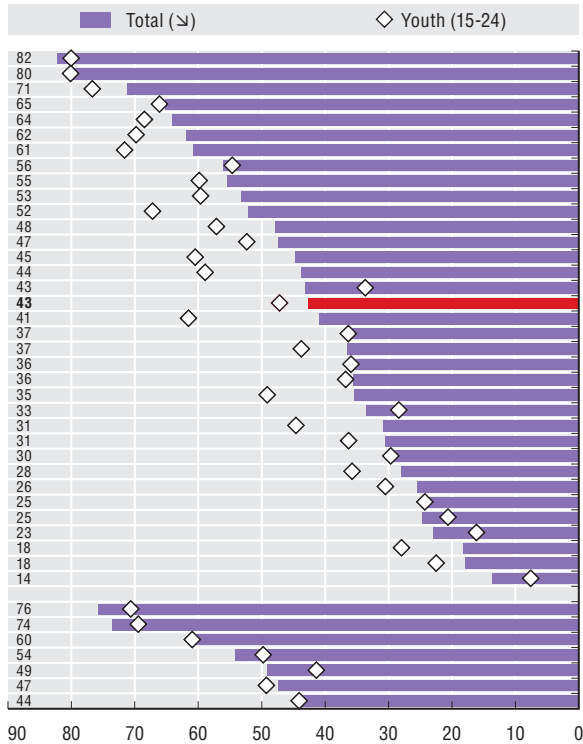
Figure 7.7: No data available for change in China.

Figure 7.9: No data available for change in Slovenia and Switzerland.

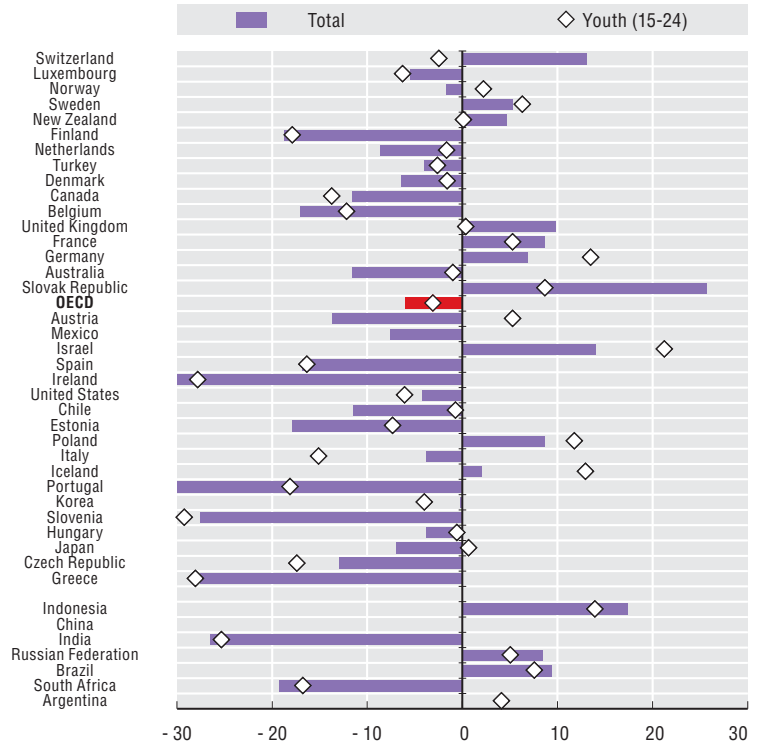
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

7.7. Large differences and general decrease in levels of confidence in national government during the crisis

Panel A. Confidence in national government, 2012 (%)

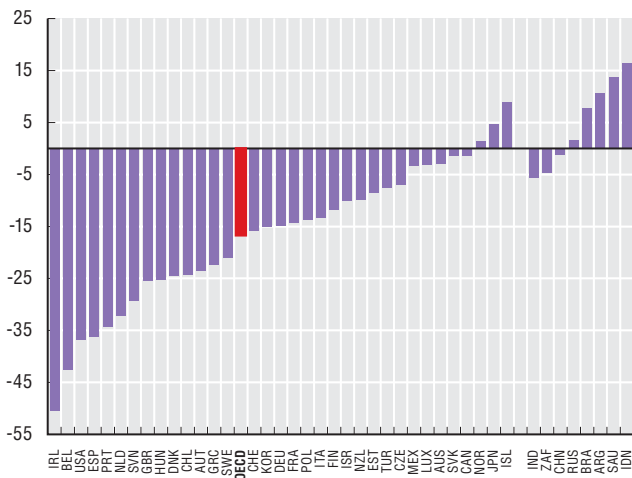


Panel B. Percentage point change between 2007 and 2012



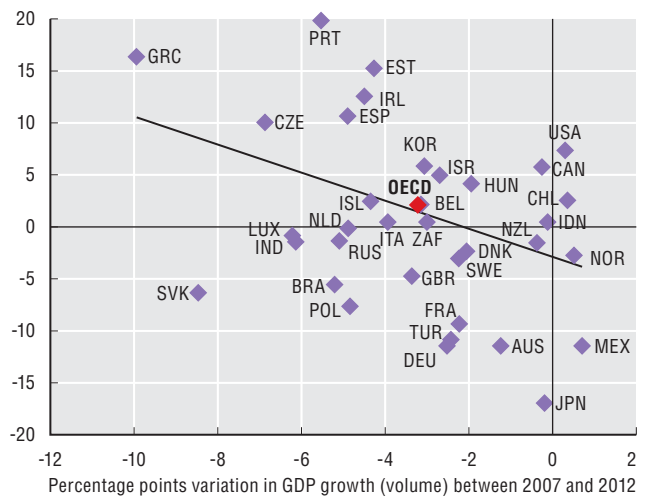
7.8. Confidence in financial institutions declined

Percentage points change between 2007 and 2012



7.9. Countries which suffered the biggest declines in GDP from 2007 to 2012 were also among those where corruption had increased

Percentage points variation in the corruption index between 2007 and 2012



Source: Gallup World Poll ([www.gallup.com](http://www.gallup.com)); OECD Economic Outlook 2013, No. 93 ([www.oecd.org/eco/outlook](http://www.oecd.org/eco/outlook)).

StatLink <http://dx.doi.org/10.1787/888932966694>



**From:**  
**Society at a Glance 2014**  
OECD Social Indicators

**Access the complete publication at:**  
[https://doi.org/10.1787/soc\\_glance-2014-en](https://doi.org/10.1787/soc_glance-2014-en)

**Please cite this chapter as:**

OECD (2014), "Confidence in institutions", in *Society at a Glance 2014: OECD Social Indicators*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/soc\\_glance-2014-29-en](https://doi.org/10.1787/soc_glance-2014-29-en)

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