

[IZA News](#)[About IZA](#)[Organization Chart](#)[People](#)[Research](#)[Labor Policy](#)[Publications](#)[Discussion Papers](#)[Policy Papers](#)[Standpunkte](#)[Books](#)[Research Reports](#)[IZA Compact](#)[IZA in the Press](#)[Publication Record](#)[Journals](#)[Events](#)[IZA Prize / YLE Award](#)[Teaching](#)[Links / Resources](#)[Press](#)

IZA



Trust in Public Institutions over the Business Cycle

by Betsey Stevenson, Justin Wolfers
(March 2011)

published in: American Economic Review, 2011, 101 (3), 281-287

Abstract:

We document that trust in public institutions – and particularly trust in banks, business and government – has declined over recent years. U.S. time series evidence suggests that this partly reflects the pro-cyclical nature of trust in institutions. Cross-country comparisons reveal a clear legacy of the Great Recession, and those countries whose unemployment grew the most suffered the biggest loss in confidence in institutions, particularly in trust in government and the financial sector. Finally, analysis of several repeated cross-sections of confidence within U.S. states yields similar qualitative patterns, but much smaller magnitudes in response to state-specific shocks.

Text: See [Discussion Paper No. 5570](#)



[Back](#)