

# Trust, TPP and the future of work

Presentation to The Hugo Group

Feb 3, 2016

# Edelman 2016 Trust Barometer

## Trust in Retrospect



# Trust is valuable/distrust is toxic

## Trust Matters

Percent who engage in each behavior based on trust

▲ General Population



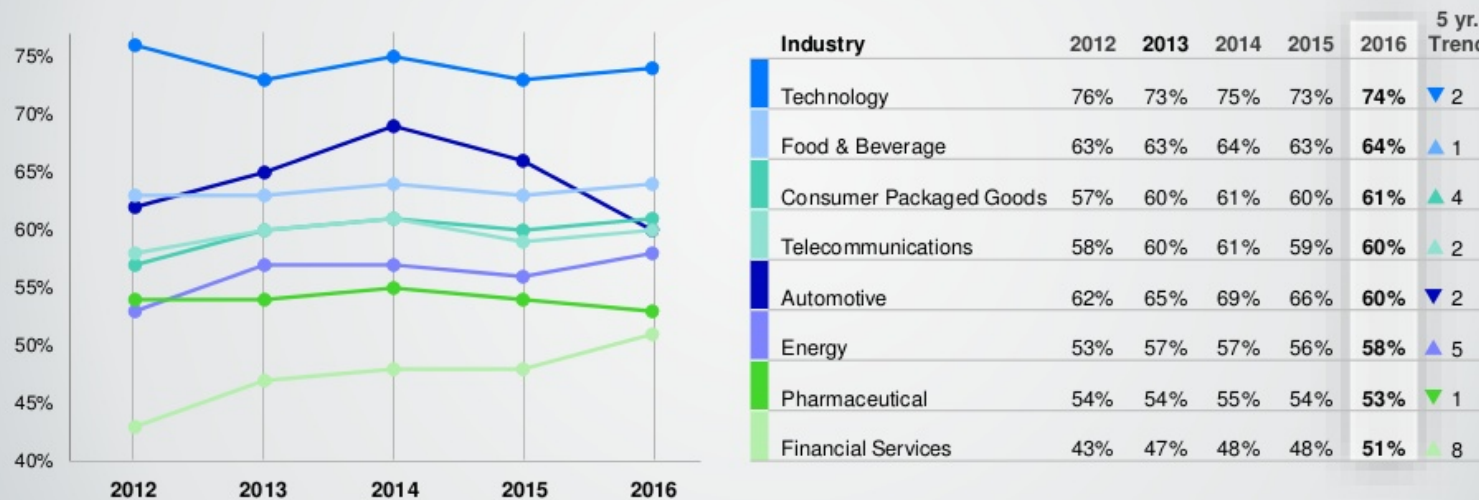
Source: 2016 Edelman Trust Barometer Q371-589. Thinking back over the past 12 months, have you taken any of the following actions in relation to companies that you trust? Please answer yes or no to each action. General Population, 28-country global total, questions asked of half the sample. Q377-380. Still thinking about the past 12 months, have you taken any of the following actions in relation to companies that you do not trust? Please answer yes or no to each action. General Population, 28-country global total, question asked of half the sample.

# The VW effect

## Sector Trends: Financial Services Rebounds

Trust in each industry sector, 2012-2016

▲ General Population

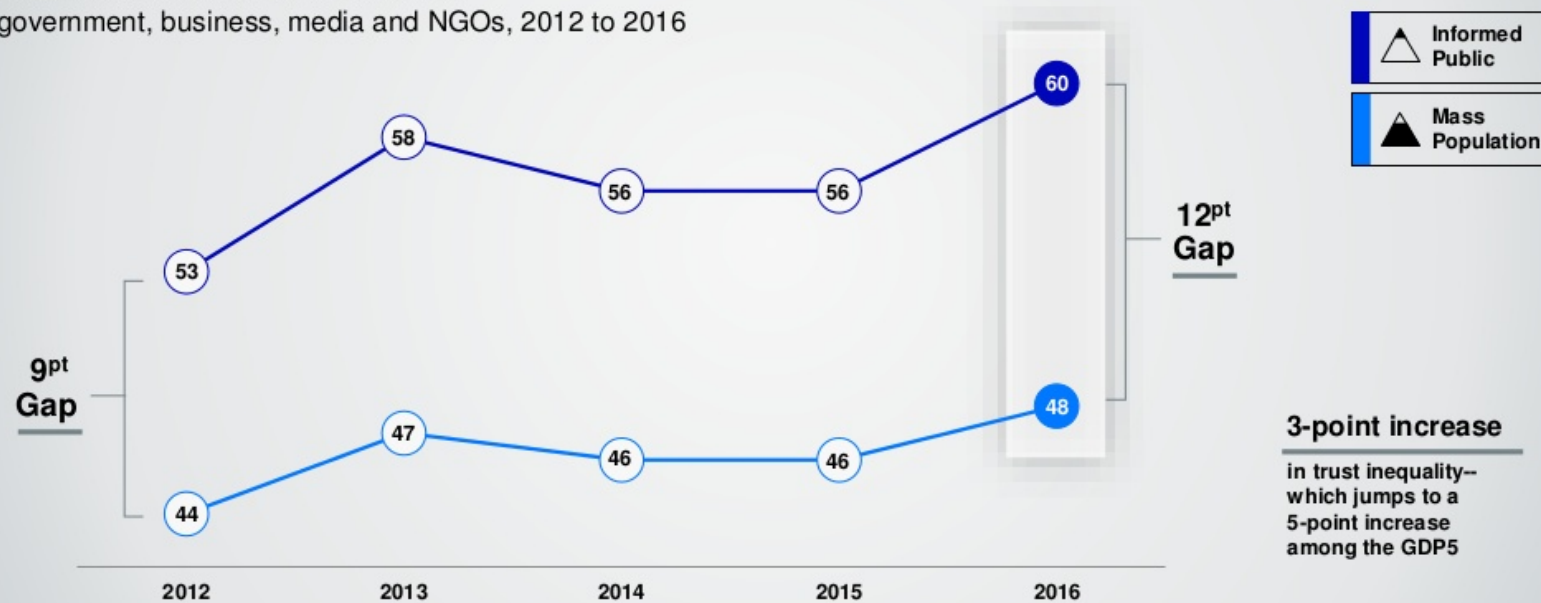


Source: 2016 Edelman Trust Barometer Q45-429. Please indicate how much you trust businesses in each of the following industries to do what is right. Again, please use the same nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust) General Population, 25-country global total. \*From 2012-2014, Pharma included as subsector (Q). \*\*From 2012-2015, Pharma included as an industry sector (Q43-60). 2012-2014 data recalibrated as a sector.

# The trust gap

## A Significant Divide

Percent trust in the four institutions of government, business, media and NGOs, 2012 to 2016





Source: 2016 Edelman Trust Barometer Q1 1-14. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and Mass Population, 25-country global total.

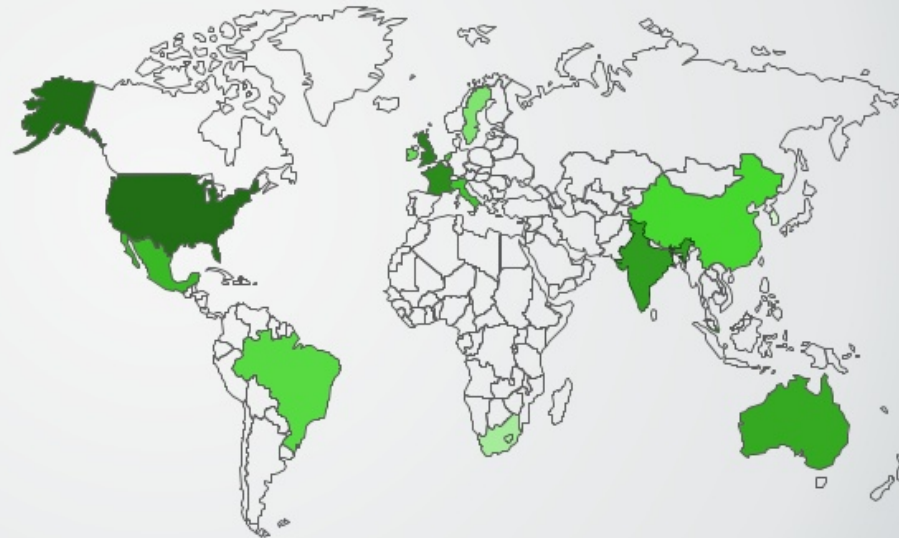
GDP 5 = U.S., China, Japan, Germany, U.K.

# Linked to income inequality

## A Global Phenomenon

Trust Index, Informed Public vs. Mass Population,  
15 countries with double-digit trust gaps in 2016

Country	 Informed Public	 Mass Population	Gap
U.S.	64	45	19
U.K.	57	40	17
France	55	39	16
India	78	62	16
Australia	63	47	16
Mexico	72	57	15
Italy	58	47	11
China	82	71	11
Brazil	58	48	10
Ireland	49	39	10
Netherlands	62	52	10
Sweden	46	36	10
S. Africa	54	44	10
S. Korea	50	40	10
Singapore	72	62	10

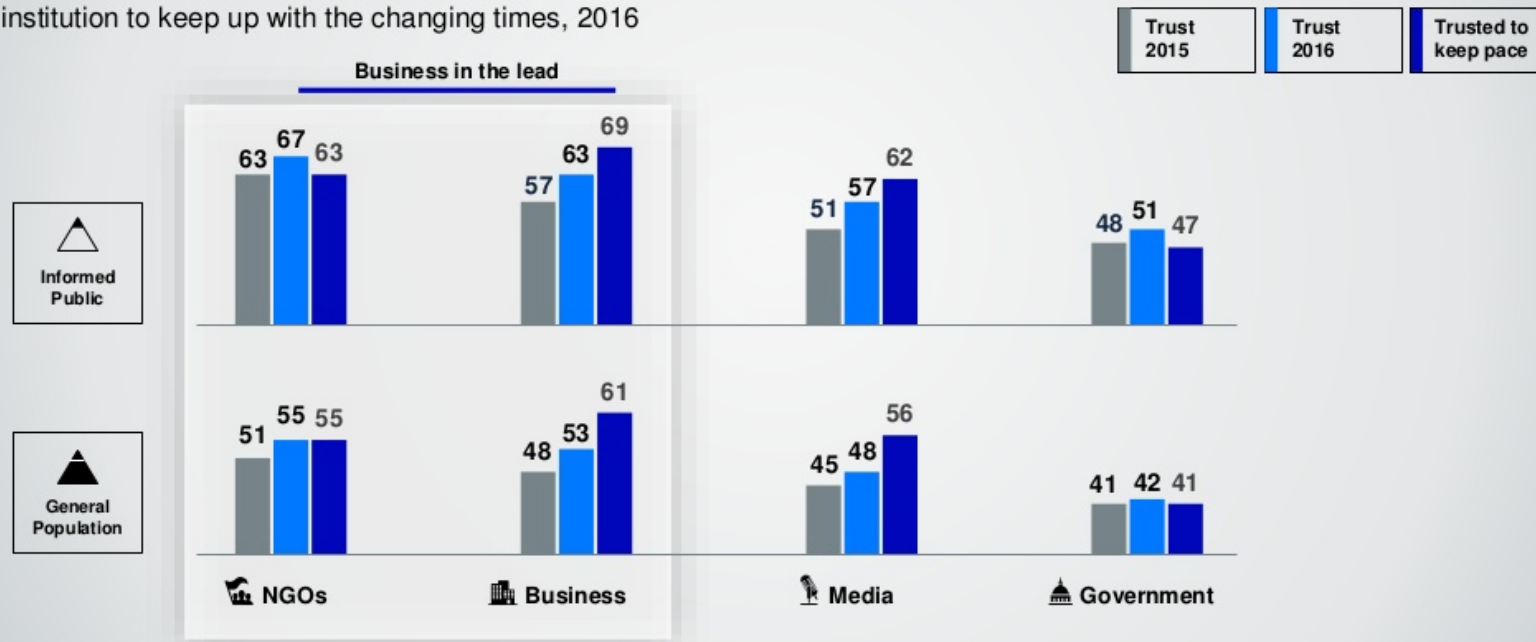


Source: 2016 Edelman Trust Barometer. The Trust Index is an average of a country's trust in the institutions of government, business, media and NGOs, 28-country global total.

# It's not all bad news for business

## Business Most Trusted to Keep Pace

Percent trust, 2015 and 2016, and percent who trust each institution to keep up with the changing times, 2016



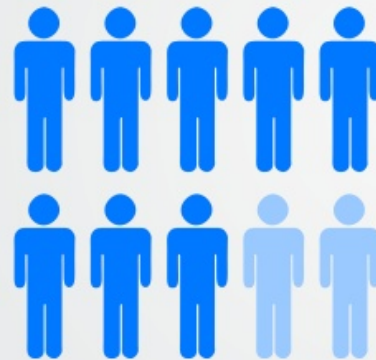
Source: 2016 Edelman Trust Barometer Q11-14. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust), Informed Public and General Population, 27-country global total. Q441-444 Below is a list of institutions. For each one, please indicate how much you trust that institution to keep up with the changing times using a 9-point scale where one means that you "do not trust them at all to keep up with change" and nine means that you "trust them a great deal to keep up with change". (Top 4 Box, Trust) Informed Public and General Population, 28-country global total.



# Non-commercial expectations of business growing

## Business Must Lead to Solve Problems

▲ General Population



**80% agree**

▲ up from 74% in 2015

"A company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates."

Source: 2016 Edelman Trust Barometer Q249. Please indicate how much you agree or disagree with the following statement? (Top 4 Box, Agree). General Population, 27-country global total, question asked of half the sample.



# Issues vs money

## Purpose and Profits Matter

Percent who agree that CEOs should be personally visible in discussing...

▲ General Population



- Income inequality
- Public policy discussions
- Personal views on societal issues

Source: 2016 Edelman Trust Barometer Q496-506. How visible do you think a CEO should personally be in these different types of business situations? Please use a 9-point scale where one means that it is "not visible at all" and nine means that it is "extremely visible". (Top 4 Box, Visible) General Population, 28-country global total, question asked of half the sample.

# The Inversion of Influence

## Old Model

- Elites have access to more/better information
- Elites' interests interconnected with those of mass
- Becoming an "elite" open to all

**Influence  
& Authority**

## New Reality

- Peer-to-peer influence more powerful than top-down
- Increasing distrust among mass population
- Mass movements based on dissatisfaction and urgency

## The Divide

- Democratization of information and more information
- High-profile revelations of greed and misbehavior
- Income inequality

**Influence**

**Authority**

# Sources of influence

## Transformed Media Landscape

Percent trust in each source for general news and information

▲ General Population



Industry	2012	2013	2014	2015	2016	Millennials	Gap
Search engines*	61	58	61	62	63	66	▲ 3
Traditional media	62	59	61	57	58	58	0
Online-only media**	46	44	47	45	53	58	▲ 5
Owned media	41	40	43	43	46	51	▲ 5
Social media	44	41	44	45	44	51	▲ 7

**Millennials**  
even more trusting  
of digital media than  
general population

Source: 2016 Edelman Trust Barometer Q178-182. When looking for general news and information, how much would you trust each type of source for general news and information? Please use a nine-point scale where one means that you "do not trust it at all" and nine means that you "trust it a great deal." (Top 4 Box, Trust) General Population and Millennials, 25-country global total.

\*From 2012-2015, "Online Search Engines" were included as a media type. In 2016, this was changed to "Search Engines."

\*\*From 2012-2015, "Hybrid Media" was included as a media type. In 2016, this was changed to "Online-Only media."

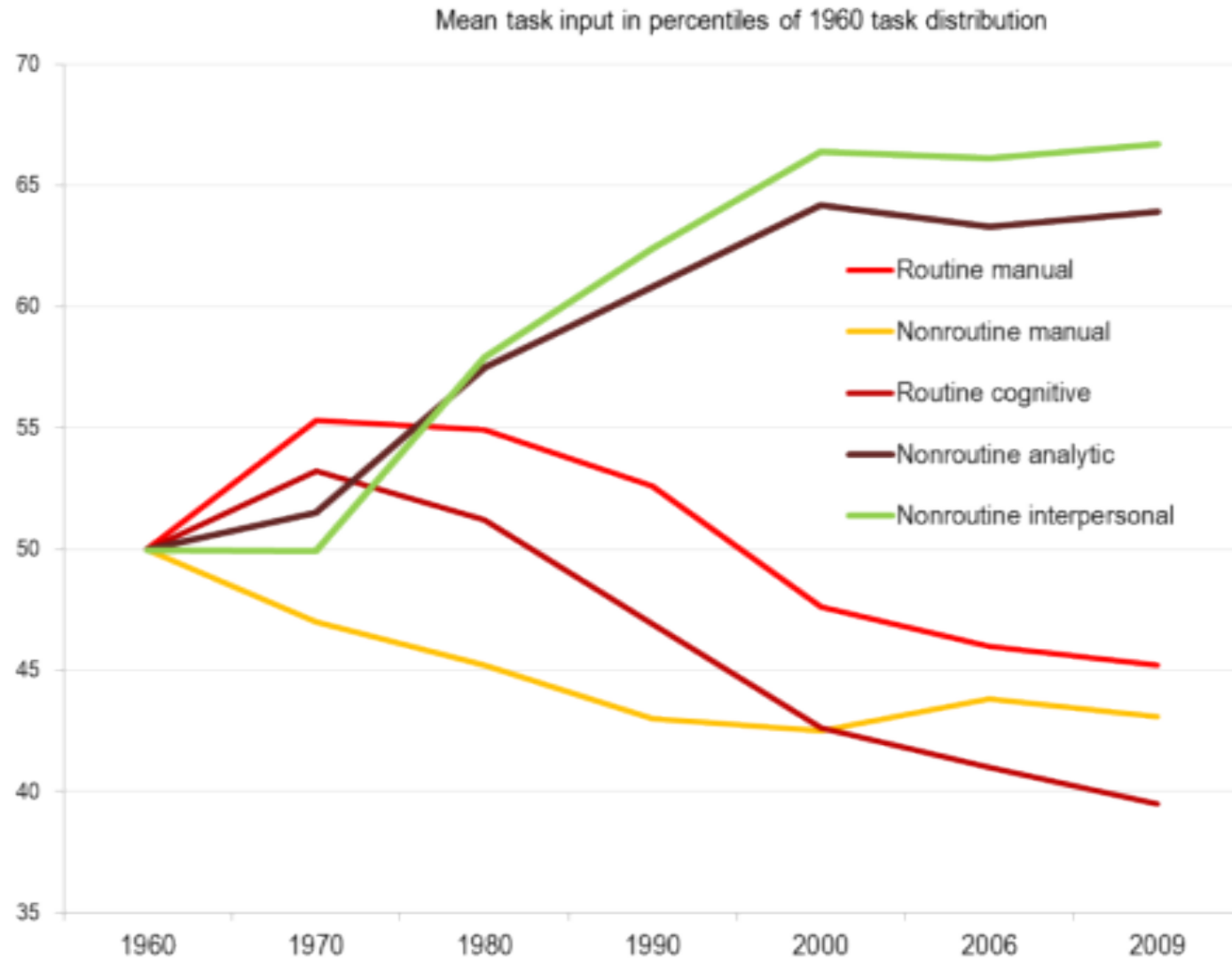
# Trust and TPP debate

- Increasing distrust of elites/traditional sources of authority
  - the distrusting find extreme anti-TPP messages easy to believe
- It is forcing Labour to harden its position
  - “cannot support it in its current form” – A Little
- Similar dynamic in the US
  - Across the spectrum opposition
  - Only Hillary Clinton a willing supporter
  - Passage through Congress very problematic
- Govt relies on an ‘unconcerned middle’ for support
  - And for Labour’s flip-flops to snooker them
- Short term – the govt/elites win
- Longer term – stores up deep discontent in small but potentially volatile parts of the population

# Trust and the future of work

- Threats to the previously unthreatened middle class/white collar/skilled worker
- A new constituency for distrust
- A major challenge for political and business leadership
- Ignoring automation/robotisation not an option
- But it provokes profound social and political questions
  - E.g., What are we here for?

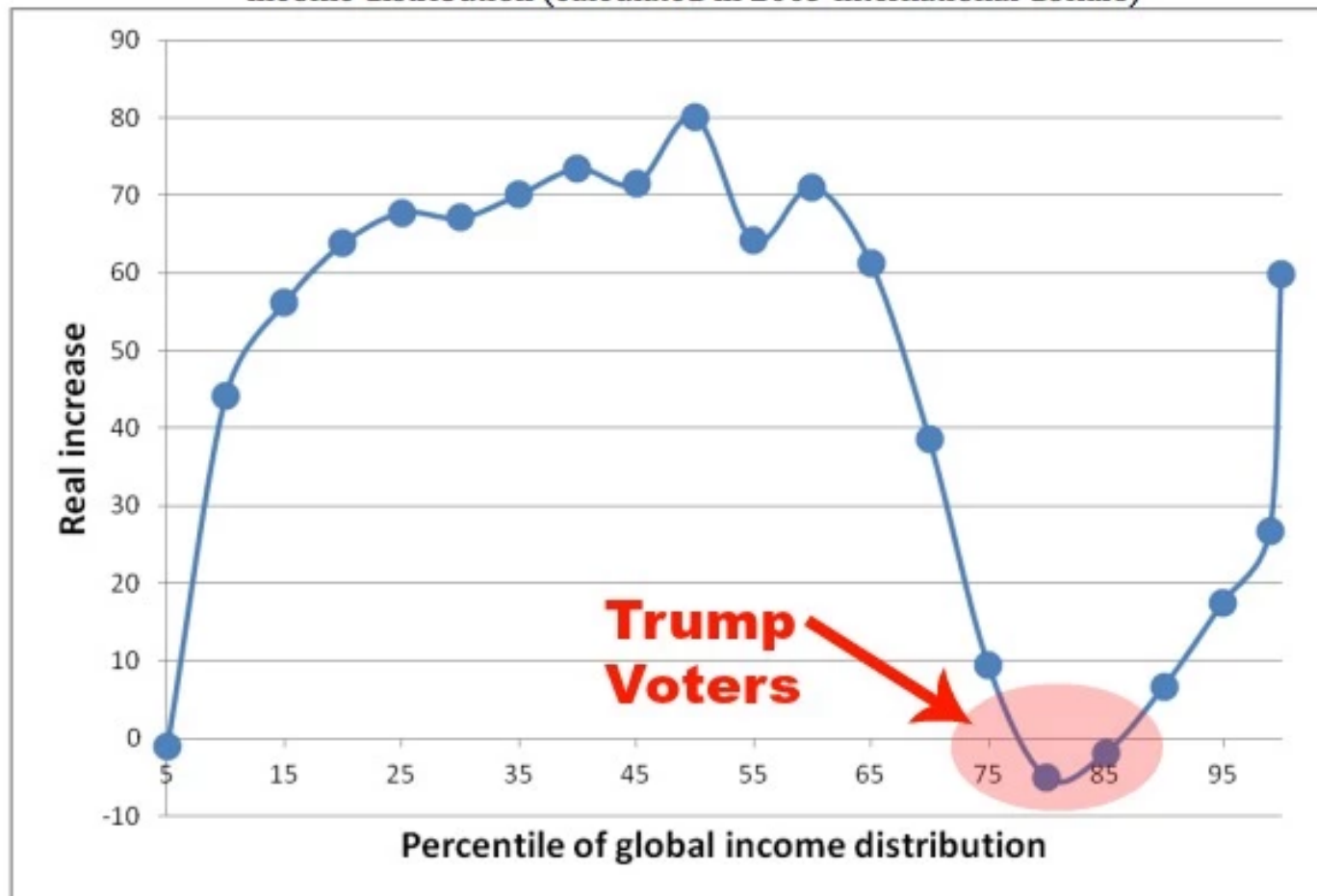
# How work has changed in the US



Source, OECD

# The Trump effect

Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)



Source: Branko Milanovic, CUNY economist



# Is it happening here?

“Trump...has become the unlikely tribune of the white-working class.

“What do they want? Well, they're mad as hell, and they're not going to take globalization anymore.”

- Washington Post, Feb 1 2016

# Labour and the future of work

- Grant Robertson seeking to make this agenda-setting for 2016
  - Labour must have new, compelling policies by late 2016
  - ‘work’ as Labour’s differentiator
  - Will it be bold and coherent enough?
    - Tertiary education policy – surprise/bold/worked in 2005
    - Universal basic income – too difficult?
    - Flexi-security – Danish system attractive?
    - Uncertainty of the ‘sharing economy’
    - Income insurance vs unemployment benefit?
- March 23/24 conference – Auckland
- Addressed by Robert Reich
  - “Saving Capitalism” – for the many, not the few