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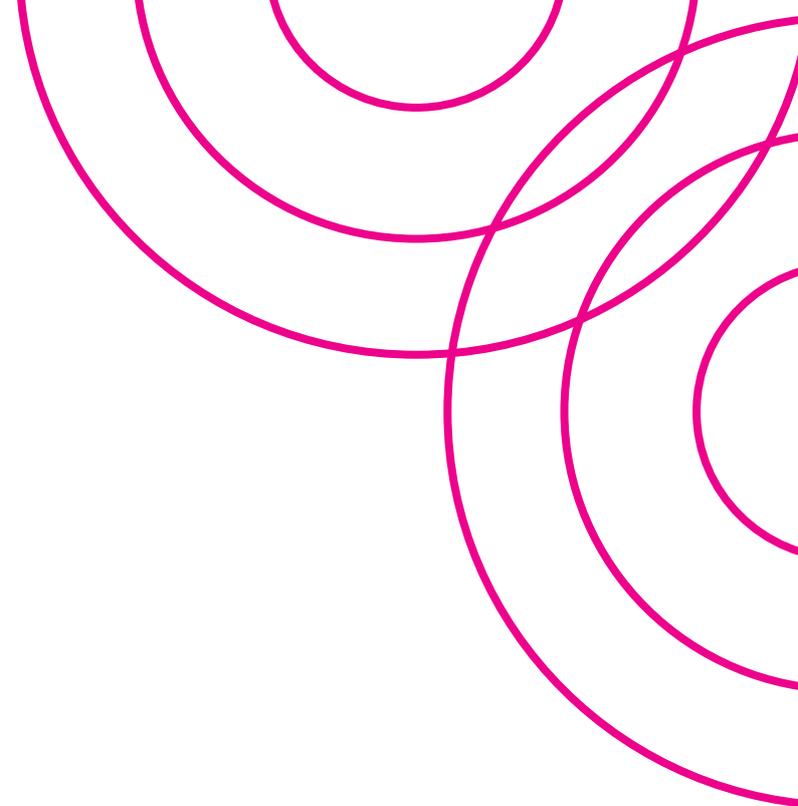
EUROPE IN CRISIS: POLITICAL TRUST, CORRUPTION AND AUSTERITY

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Abstract

Over the past decade European citizens' confidence in different political institutions has declined sharply. This paper explores the different determinants of political trust in EU28 countries and the role perceived corruption and austerity hold in this decline. At first, the paper reviews the literature on what affects trust decisions and the role of institutions in them. Subsequently, using data from the Eurobarometer (2005-2018) the paper identifies different determinants of political trust. Using hierarchical modelling, the paper combines micro and macro characteristics to identify the importance of perceived corruption and austerity measures in this process. Results suggest that corruption is a significant determinant of trust in national governments, particularly in countries where austerity was present.

Keywords: Trust in government, Corruption, Europe, Austerity

1 Introduction

Over the past decade political stability in European democracies appears to be volatile. Cases of snap elections, coalition governments with weak majority, protest votes and the rise of populist parties became more frequent since the Financial Crisis of 2008. At the same time, the levels of trust European citizens report towards their national institutions, politicians and political parties are in decline (Hooghe, 2011; Torcal, 2014; Foster and Frieden,

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2017; Algan et al., 2017). Public opinion trends for European institutions are also similar. It is unclear whether the drivers of this decline are solely socio-economic, political, or both. What seems to be evident though in most western democracies is that the financial crisis uncovered a fomenting democratic deficit. The response to the crisis and its aftermaths, both on national and European level, did not meet citizens expectations. Can that deviation between political actions and citizens' expectations account for the decline of political trust? To answer that one must first discuss the nature of trust and how it is related to political institutions.

What drives people to trust and cooperate with each other, has been for millennia one of the main quests of philosophers and scientists. In the course of this journey, different determinants of trust were identified with some evidence suggesting that it might be partly genetic (Fehr, 2009), that it might be partly encoded in our cultural beliefs and norms (Tabellini, 2008) and transferred to us at an early age (Erikson, 1994) or that it is a continuous process of social learning (Glanville and Paxton, 2007). All of them, however, implicitly suggest that trust is essentially a process of accumulation and evaluation of information. Information that are acquired with different mechanisms (e.g. genetics, norms, education) and are always subjectively assessed from the perspective of the individual attempting to make a trust decision. Recent empirical works confirm the trust as an evaluation process theory (see Van der Meer and Hakhverdian (2017) for a recent review of the relevant literature).

The scope of this paper is to examine empirically the determinants of political trust in Europe based on data from the Eurobarometer public opinion survey. By combining information both on the level of individuals as well as on the country the paper explores how much of the variation in answers on trust questions can be explained by which factors. This paper brings together both analytical and empirical considerations about what determines political trust and how corruption influences this process. In the next section, a review of the relevant literature about political institutions, corruption, and trust is provided; upon which the basis of the empirical analysis will then be formed. In Section 3, the theoretical framework is provided, followed by data and methodology. Section 5 includes the empirical analysis and robustness checks, followed by conclusions in the last section.

2 Trust

Before proceeding with the analysis on why individuals report a particular level of trust, one must first attempt to understand the broader phenomenon of trust. Uslaner (2018) claims that we can observe two broad categories of trust: generalised and particularised. The first is broadly related to the probability that an individual will show general signs of trust to anyone or anything, whilst the latter refers to the probability that an individual will trust something or someone specific. Whilst these concepts appear to be similar and probably interlinked, the fundamental difference between them is that particularised trust requires the acquisition and evaluation of additional information about the subject to be deemed as trustworthy or not. One could claim that particularised trust encompasses generalised in the sense that generalised trust reflects individual's perception about how the world works and particularised trust reflects the additional case specific information required for the trust decision. In other words, we could see the notion of generalised trust as one's "*moral compass*" used as a benchmark upon which people acquire and compare further information to decide whether someone/something is worth trusting.

The nature of trust has been the subject of numerous multidisciplinary enquiries over the years. Philosophers have wondered about the essence of trust for millennia. Aristotle claimed that trust is a virtue, a characteristic attitude that *good citizens* have towards others and towards governance². In his ideal social structure "Polis" each person is assigned the matter he is the best at and therefore each person should trust others on their role as they are the best fit for it³. Modern philosophers, such as Hume, also wondered about the nature of trust as a motive of cooperation and social cohesion. For social psychologists, trust refers to a one's confident belief that another individual's motivation are benevolent towards him/her and that the other person will therefore be responsive to his/her needs (Rousseau et al., 1998).

For economists, the concept of trust is ambiguous and is often associated with the faith or confidence that one has that a favourable outcome will turn out of a process of any kind of human interactions in economic, social, and political domains (Guiso et al., 2006). The role of trust was ne-

²Aristotle's Politics Book III - Bookman (1992)

³Note: In this case he is used instead of he/she as in Aristotle's Polis only men were participating in governance

glected by economists until the seminal work of Arrow (1974) who noted that in the face of transaction costs, trust is ubiquitous to almost every economic transaction, arguing that much of the economic backwardness in the world could be explained by the lack of mutual confidence and our understanding of its mechanisms. Since Arrow's claim, a vast empirical literature now investigates the link between aggregate trust and economic outcomes, revealing a positive, mostly monotonic, relationship (Guiso et al., 2009). Aggregate trust is correlated with GDP per capita, GDP growth and growth of firm sizes (Knack and Keefer, 1995; Zack and Knack, 2001; Guiso et al., 2006). These correlations were enforced by analytical works such as the one of Tabellini (2008) who identified strategies to isolate the causal effect of trust on economic performance. Although the link between aggregate trust and aggregate economic performance seems to be at causally established, there is little known about the micro economic foundations of trust. Questions such as what determines trust in the individual level and why individuals decide to report certain levels of trust in surveys remain broadly unexplored.

One of the main subcategories of particularised trust that is key area of research in the field is that of political trust that was brought in the research agenda of political scientists by the protest movements in 1960s. Analytical and empirical works on the subject attempted to answer explicitly or implicitly whether political trust is another form of trust or if its characteristics are distinctive. In the literature, questions such as the following are explored: Do people trust all institutions the same way? Does the level of governance play a role? Is political trust driven solely by economic outcomes or do institutional and political processes affect it as well? (see Uslaner (2018) for an analytical overview of the literature).

2.1 Political institutions and Trust

The relationship between institutions, trust and cooperation is important for many avenues of inquiry in social and political sciences (Farrell, 2009). In order to understand it though, one must first try to set out important questions about the political economy of institutions as well as that of trust. For example, what implications do informal and formal institutions have for the workings of the economy? How can we best understand the sources and consequences of trust and cooperation? Bringing these questions together, what effects do institutions have on the way that individuals decide to trust and cooperate (or not to) with each other?

The empirical observations with regard to these questions are limited and Uslaner (2018) argues that the main reason for the poor accounts of the relationship between institutions and trust is because of the weakness of our underlying theories of this relationship. Thus, one can argue that a more coherent theoretical account for the institutions-trust relationship is a necessary initial step towards a better understanding of the causal mechanisms between trust and institutions. For now, the most sophisticated accounts of trust have very little room for institutions, stressing instead personal relationships as the key source of information underlying trusting beliefs. However, institutional literature suggests not only that institutions are relevant and can be modelled in this relationship, but also that different kinds of institutions are likely to have quite different consequences for trust and cooperation Uslaner (2018).

In order to develop such theoretical accounts of the institutions-trust relationship, Farrell (2009) claims that one should first understand the role of institutions in providing information about actors (i.e. different institutional actors, politicians) to agents (citizens). An initial step to such account would be the work of Hardin (2002) who with his encapsulated interest approach provided insights on the mechanisms of trust by considering trust as a set of expectations about the trustworthiness of others in imperfectly defined future situations. That might allow us to understand how institutions can provide information about other types of actors, and how they are likely to behave in such situations, contributing in that way to trust/distrust among these actors Farrell (2009). In that sense, Hardin's proposition is that institutions are best conceived as mechanisms of equilibrium selection that make some equilibria more likely, and other less, to be chosen by the relevant actors. By bringing together these theories of institutions and trust, the concept of trust should only be invoked in circumstances where institutional rules do not have fully determinate effects (imperfect institutions). By that, we are allowed to explore phenomena such as how variations in institutional frameworks are associated with different levels of trust.

In addition to that, the literature identifies two alternatives, although probably complementary, explanations for the determinants of institutional trust. Cultural theorists argue that trust in institutions is exogenous and based on the notion of generalised trust transmitted through generations with cultural norms (see Uslaner (2018) for a recent review of the relevant literature). As such, it is frequently viewed as being learned early in life and is partly inherited through inter-generational processes and genes. Institu-

tional theories on the other hand argue that it is endogenous and influenced by institutional performance (Hetherington (1998); Hudson (2006); Uslaner (2018)). These two hypotheses have different implications for the analysis of institutional trust. In that way, it is not obvious why it should vary with personal characteristics such as age or education. However, evidence show that trust is heterogeneous across different groups suggesting that in fact it might not be the case that it is solely learned at an early age and remains stable in the course of an individual's life without any updating (Uslaner, 2018).

Empirical evidence confirms the complementary of these two approaches. Mishler and Rose (2001) analysing determinants of institutional trust in Central and Eastern Europe, found a weak association with socioeconomic variables and a stronger association with country level characteristics such as corruption perceptions. Brewer et al. (2004) concluded that in the USA international trust or trust in other nations is dependent upon social trust, (domestic) political trust and declines with age. More recent analyses with respect to European countries find that socio-economic (Foster and Frieden, 2017), economic freedom (Berggren and Nilsson, 2020), financial (Drakos et al.) and political factors (Algan et al., 2017) such as political efficacy (Geurkink et al., 2020) affect trust in national and European institutions. Camussi and Mancini (2019) take another perspective on this focusing more on the micro level and providing evidence that the quality of local services also affects political trust in Europe.

2.2 Institutional trust and Measurements

Institutional trust is central to how citizens relate to political institutions as it reflects citizens' beliefs regarding decision making processes and actors. There is empirical evidence suggesting that these beliefs are directly correlated with the propensity to pay taxes (Scholz and Lubell 1998) as well as with citizens compliance with collective obligations (Marien 2011). The importance of political trust for democracy or good governance drove a large portion of empirical research on developed democracies and non-democracies (Lipset and Schneider, 1983; Hetherington, 1998; Marien, 2011). Therefore, measuring this sort of particularised trust accurately is key to infer the drivers and determinants of public support.

For more than 5 decades, researchers have tried to develop robust measures of support to a political system and considerable effort was devoted

to measures of trust. Despite these efforts and consensus regarding the importance of political trust, there is little consensus about the accuracy of different measurements (Schneider, 2017). Measurements of trust depend on national or international extensive surveys where individuals are being asked about their trust in different political and social institutions. Political trust was measured in that way for the first time via a battery of survey questions on the US National Election Study (NES) in 1958 (Seyd, 2015).

These indicators, however, have been criticised to suffer from methodological weaknesses, which undermine their ability to serve as robust measurement instruments (Seyd, 2015). Hooghe (2011), for example, criticises researchers' dependence on standard trust in government survey questions without questioning their validity or even wondering what political trust actually refers to, or what place the concept could have in democratic society. In response to that, Schneider (2017) attempted to answer whether standard *trust in government* survey indicators represent a single, comprehensive attitude of political trust and whether different measurement models of political trust are equivalent in all countries. Employing group confirmatory factor analysis, she suggests that while in some indicators respondents with diverse backgrounds do not have equivalent understanding of political trust, accounting for these differences researchers can rely on trust indicators to distinguish trust in different institutions.

Rodet (2015) claims however that one of the critiques which still remains unanswered about survey responses on political trust is that of the system-representative problem. In other words, whether in a survey question about political trust the respondent answers based on his/her beliefs and trust towards the current representative agent of the institution under question, on his/her notion and beliefs about the quality and necessity of the underlying institution over time or a combination of both. If the latter is true what would the appropriate way to decompose this be? In the case of national parliaments, does the individual respond based on beliefs and information about current MPs or based on his/her beliefs on whether the parliament as an institution will perform satisfactorily irrespective of who is currently representing it.

2.3 *Corruption and trust*

Corruption is an old, ambiguous and complex phenomenon, the study of which is central to a large body of multidisciplinary research over the past decades. The complexity of the term and its hidden nature are obstacles

in the attempts to provide a single and inclusive definition. Transparency International defines corruption as the abuse of entrusted power for private gain⁴. Corruption includes a wide range of activities, in both private and public sectors, including but not limited to bribery, extortion, exchange of favours, fraud, embezzlement, nepotism and cronyism (Rose-Ackerman and Palifka, 2016).

Both trust and corruption have long been recognised as important topics by social scientists. Empirical studies on their relationship though were scarce until the mid-1990s mainly due to the lack of available data. Trust is based on an individual's belief or expectations about another party's trustworthiness. There are two distinct, probably complimentary, ways to see trust. Some argue that it is learned early in life (Erikson, 1994) while others believe that it is a process of social learning over the course of an individual's life (Glanville and Paxton, 2007). According to the latter view the decision to trust a stranger will largely depend on one's expected trustworthiness of average people based on one's own experiences. The only way to assess though other people's trustworthiness is through repeated interactions, making accounts every time of whether the other actor reciprocates your expectations or not. In the case of political trust or trust in institutions it is usually implied not only confidence on the integrity and fairness of the political/institutional actor but also in its competence to behave in a particular way under specific circumstances.

Corruption on the other hand can be considered as a form of untrustworthy behaviour. Particularly in the case of public corruption, when a bureaucrat engages in corruption by abusing the power entrusted in him/her, he/she is betraying the trust each individual citizen has on his/her integrity. In that sense, corruption is a form of untrustworthy behaviour that affects individuals with direct experiences or direct interests. Even if individuals of the same society have homogeneous views in regard to corruption, it will be impossible for them to know the exact levels of corruption due to corruption's hidden nature (You, 2018). Therefore, regarding public opinion and subsequently individuals' trust in different political institutions, the level of perceived corruption might be more important than the actual corruption

⁴Transparency international is an international anti-corruption NGO. For a complete list of definitions on the term visit the Transparency International website on what is corruption, <https://www.transparency.org/what-is-corruption> (Last accessed 24/02/2019)

levels that are not observed.

The relationship between different forms trust and corruption has seen unprecedented interest since the seminal work of Putnam et al. (1994) and the development ways to measure corruption in the mid-1990s. There is evidence supporting both a causal effect of trust on corruption similar to the one Putnam et al. (1994) described when correlating lower levels of social trust and higher levels of political corruption in Italy. La Porta et al. (1997) tested Putnam's hypothesis with data from the World Values Survey to find robust evidence of positive effects of trust in corruption control, bureaucratic quality and tax compliance. Subsequent cross-sectional studies also confirm these results (Bjørnskov (2010); Graeff and Svendsen (2013); Uslaner (2004, 2008b)). Uslaner (2004) finds that changes in social trust can explain changes in the perceived levels of corruption whilst the reverse effect is insignificant. Uslaner (2008b) describes a causal chain of vicious circle, the "inequality trap", where high inequality causes low social trust which in turn causes higher levels of corruption that lead to more inequalities. Bjørnskov (2010) connects social trust to good governance through two distinct mechanisms. The bureaucratic mechanism results a moral cost to corrupt bureaucrats which is higher in more trusting societies, whilst the electoral mechanism through which social trust affect corruption results costs due to the demand for punishment of corrupt actors. The argument for both mechanisms is that trusting citizens are more civic minded than non-trusting ones.

These studies support the hypothesis that there is a causal effect running from social trust to corruption. However, this causality direction is hard to establish robustly due to endogeneity and reverse causality. Without micro level evidence suggesting that trusting public officials engage in corruption less frequently than non-trusting ones, the causal chain is subject to spurious circles (Serritzlew et al., 2014). On the other hand, there are studies on the reverse causal effect.

A number of studies have explored the effect of institutional quality and corruption on social and political trust. Rothstein and Stolle (2008) when considering institutional trust, distinguish between partisan institutions (parliament, government, political parties), neutral and order institutions (army, police) and power controlling institutions (press). Uslaner (2008a) using instrumental variables attempts to identify a causal effect of perceived corruption on trust in Estonia. Using data from the National Elections Survey (NES) Richey (2010) also supports the effect of corruption on generalised trust. Herreros and Criado (2008) describe a trust game where state efficacy

fosters social trust, and they support that claim using a multilevel analysis of data from the European Social Survey. Using the same hierarchical structure of analysis Freitag and Bulham (2009) find that corruption among other factors is affecting trust, a result later also supported by You (2012).

You (2018) suggests that through the variety of methods (panel data, experimental studies, multilevel analysis, instrumental variables) as well as the wide coverage of data (Europe, US, country specific), there is very strong and robust empirical evidence of the causal effect of corruption on trust.

3 Theoretical framework

Considering the literature and insights from Mishler and Rose (2001), the i^{th} individual will trust the j^{th} institution, (T_{ij}), provided that the perceived probability from the perspective of individual i that the institution j (p_{ij}) is trustworthy is not less than a critical point (p_{ij}^*), given all available information.

$$T_{ij} = p_{ij} \Leftrightarrow p_{ij} \geq p_{ij}^* \quad (1)$$

Following the literature on the determinants of trust, I hypothesise that this perceived probability ($T_{ij} = p_{ij}$) can be thought of as a function of X_i , Z_i and W , $p_{ij} = f(X_i, Z_i, W)$ where:

- X_i is a vector of personal, social and demographic characteristics that define an individual's personality and therefore his/her preferences towards risk and trust. These characteristics vary across individuals but remain the same irrespective of the institution that is under judgement
- Z_i is a vector with the individuals' set of information about the underlying institution's quality (beliefs and evaluation of past performance)
- W is a vector of country, time and institutions specific characteristics

A potential approximation of this critical point p_{ij}^* could therefore be explored by rational choice theory. Farrell (2009) suggests that rational choice institutionalism might be the more holistic theoretical tool to explore the mechanisms of institutional trust. According to Hudson (2006) we can expect trust decisions to vary depending on individuals' income, education, employment status and family background. One would expect a positive association between income and trust in government as individuals use differences in their income as their primary mean of evaluating the state of

the economy and therefore the performance of the government in the previous period. Foster and Frieden (2017) find that more educated tend to trust more national and European institutions, so a positive relationship can also be hypothesised. Employment status can also impact on an individual's opinion about the performance of the government. Hudson (2006) suggests that people tend to blame others instead of themselves for adverse events in their life and one such case could be the event of sudden unemployment with the government taking the blame.

In terms of institutional and country specific factors, the main hypothesis of the paper is that the level of perceived corruption negatively affects trust in the government. Other political factors might also have a role in this process such as the stability, ideology and tenure of each government. More stable governments are an indication of better performance and more support by the public. Additionally, the state of the economy is hypothesised to be significant in such a process and we expect that weaker economies with high levels of unemployment and under austerity programs to be associated with lower levels of trust in government.

For this chapter the main estimation results are derived using data from the Eurobarometer survey between 2005-2018.⁵ In terms of coverage, the dataset includes the European Union 28 countries. The sample excluding non-responses, missing values and "Don't know" answers is roughly 785.000 individual observations, depending the variables included in each specification.

The main dependent variable of focus here is trust in the national government. The answers in this survey question are binary (0-1) and correspond to whether the respondent trusts the country's government (0=Tend not to trust, 1=Tend to trust). As found in Figure 3 of the Appendix, in only three countries (Finland, Luxembourg and Malta) citizens tend to trust the government on average. In 8 countries the percentage of responses on both categories is close to 50% (Austria, Belgium, Cyprus, Denmark, Estonia, Germany, Netherlands and Sweden), whilst in the remaining 17 countries the citizens clearly tend not to trust their government. In the Appendix a similar graph (4 on the evolution of these responses over time is available. The map in Figure 1 depicts the average levels of trust in national govern-

⁵Eurobarometer is a public opinion survey conducted biannually by the European Commission across Europe in independent samples since 1974

ments over the sample period in every country.

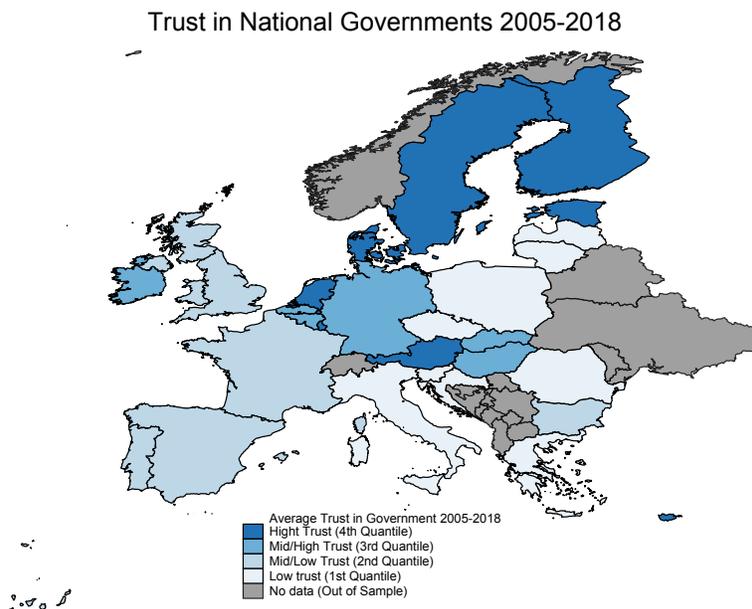


Figure 1: Trust in the European Union 28 countries between 2005-2018. Average Trust in National Governments. Data: Eurobarometer

Control variables are chosen based on factors found to be important determinants of trust according to the literature including different individual level characteristics that are considered important in determining the levels of trust such as education, employment, marriage, political ideology and household composition (*see Appendix for a complete account of variables, summary statistics & sources*).

In order to examine the effects of corruption on political trust, country level data for perceived corruption were also collected. Due to the hidden nature of corruption, accurate data are impossible to collect and therefore there is no unified or general known method used in the literature. In this research the Corruption Perception Index (CPI) is being used as a measure of corruption in the first part of the estimation as provided by Transparency International. The index ranges between 0-100 with higher values associated with better outcomes (less corruption). As a robustness check further on in order to investigate potential effects of measurement error, a different corruption measure is used, the Control of Corruption Index (CCI).

Corruption in the European Union 2005-2018

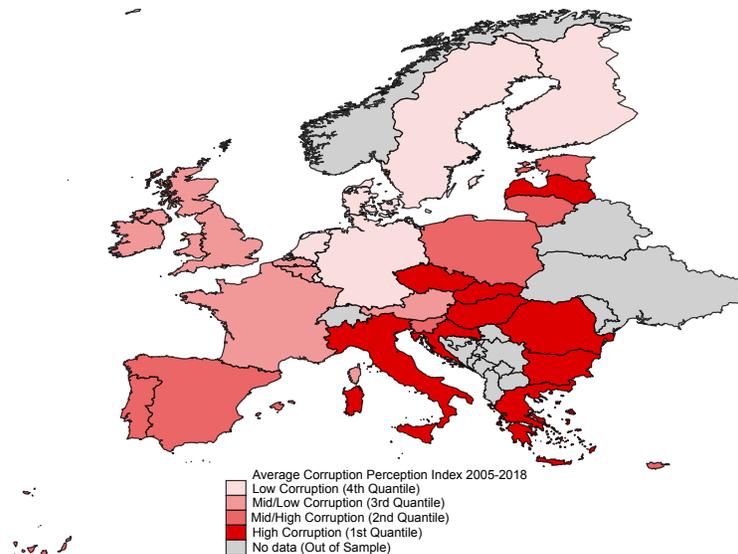


Figure 2: Corruption in the European Union 28 countries between 2005-2018. Average Corruption Perception Index.

Socio-economic factors are also found to be drivers of trust in institutions and therefore aggregate data on country specific economic factors are used such as per capita GDP and the level of unemployment. Lastly using World Bank's "Database in Political Institutions",⁶ which provides data on institutional and electoral results as well as measures of stability, tenure and ideology of government, data on political cycles are collected.

3.1 Methodology

There is a genuine lack of public opinion panel data that track the same individuals across time in the European Union and therefore the analysis is based on a sample of pooled repeated cross sections, taking into account potential nested observations. In such a setting, ordinary regressions become problematic due to shared dependency of individuals belonging to the same group Barrels (1996).

To overcome dependency among them, a multilevel analysis of the data is deployed since they are in a hierarchical form (individuals nested into

⁶<https://datacatalog.worldbank.org/dataset/wps2283-database-political-institutions>

survey waves nested into countries).⁷ Multilevel analysis is considered the compromise between complete and no pooling at all. In that way, both cross sectional and across time effects can be explored in order to account for the variance in a dependent variable measured at the lowest level by analysing information from all levels of the analysis.

3.2 Hypotheses and results

Control variables are chosen based on the assumptions of the model specification presented above, supplemented by additional variables found to be important determinants of trust according to the literature. The main quest of this research is to explore what drives political trust in the European Union and whether perceptions of corruption are an important determinant. In addition to that, this research explores whether the effect of corruption on political trust is homogeneous across countries, time and social subgroups.

Given that the variables of political trust in the Eurobarometer survey are either dichotomous or ordinal, it is appropriate to use logit and ordered logit regressions respectively. Assume that there is a latent variable $Y^* \in (-\infty, \infty)$ that captures the levels of political trust and that it is represented (with incomplete information) through an observed variable Y .

When the latent variable crosses a cut-point, the observed category changes and the following specification is used to estimate empirical results:

$$L = \ln P(Y \leq m) = \tau_m + \beta_n \times X_{ijk} + e_{ijk} + v_{0jk} + v_{00k} \quad (2)$$

Where:

- L is the total logit
- X_{ijk} are the explanatory variables in all 3 levels- (i & j can be 0)
- e_{ijk} is the error term in Level 1 (individuals)

⁷Besides statistical reasoning there are also theoretical reasons behind the justification of using multilevel analysis in hierarchical datasets. The simplest to conceive and most crucial theoretical aspect is that since multilevel analysis' objective is to examine the relationships between individuals and their surroundings, one can assume that individuals that share the same surroundings will most probably be affected by them and therefore partly share the same characteristics. Therefore, observations that are close in space or time are more likely to be similar in some ways than observations apart Mehmetoglu and Jakobsen (2016).

- u_{0jk} is the error term in Level 2 (survey years)
- v_{00k} the error term in Level 3 (countries) ⁸

At first, as shown in Table 1 the above model is estimated using a baseline specification including only socio-economic characteristics without corruption and other political factors. Columns 1-4 refers to different estimation techniques, namely pooled OLS (2), logit (3), mixed effects (4), multilevel logit (5 & 6). Based on the reported variance decomposition, variance at the individual level mainly explains heterogeneity ($\sim 84\%$). Additionally, country characteristics seem to explain a significant proportion of the variance ($\sim 15\%$) whilst time contributes less than 1%.

In Table 2 the main estimation follows including as determinants of trust in the national government indicators of corruption, political characteristics of the country, political cycles and interaction terms. Columns 2 & 3 show estimation results including corruption with a simple logit with clustered errors and a multilevel logit respectively. In the fourth column variables related to political characteristics of each individual are included. These include a variable that captures individuals' interest in politics by measuring the frequency of interactions that include political discussion, a variable on individuals' expectations about the future of the national economy as well as a variable on the self-identification of individuals in the left-right placement of the political spectrum. Column 5 includes similar political characteristics measured in the country level now. A variable that measures the stability of the government is included which captures the % of votes the government had in the last national elections, a measure of polarisation between political parties as well as a dummy variable that captures whether a national election took place in the last between the wave the individual is questioned and the previous one. Lastly column 6 includes a dummy variable that captures whether the country was under a Structural Adjustment Program which is an indication of severe austerity measures being adopted by the national government which could affect people's levels of trust.⁹

In order to interpret the results and compare different specifications of the model, predicted logits need to be changed into probabilities. The reported

⁸Typically, the residuals in hierarchical models are assumed to be normally distributed: $v_{00k} \sim N(0, \sigma_v^2(T))$, $u_{0jk} \sim N(0, \sigma_u^2(T))$ and $e_{ijk} \sim N(0, \sigma_e^2(T))$.

⁹For further information in regards with these variables please refer to the Appendix

Table 1: Baseline model estimation of trust in national governments

	OLS	Logit	Multilevel	ML Logit	ML Logit
Education	0.020*** (5.87)	0.075*** (5.89)	0.015*** (68.04)	0.067*** (65.21)	0.069*** (67.12)
Gender	-0.021** (-3.05)	-0.061* (-2.46)	-0.015*** (-13.66)	-0.058*** (-11.61)	-0.067*** (-13.29)
Age	0.003*** (7.09)	0.010*** (7.62)	0.002*** (41.27)	0.009*** (39.84)	0.009*** (40.35)
Community	-0.012 (-1.71)	-0.027 (-1.05)	-0.001* (-2.13)	-0.004 (-1.31)	-0.006 (-1.78)
Household	0.001 (0.44)	0.036** (2.88)	0.009*** (19.34)	0.045*** (19.99)	0.043*** (18.87)
Employed	0.019 (1.33)	0.092 (1.28)	0.027*** (13.15)	0.146*** (15.14)	0.130*** (13.34)
High skills	0.027 (1.96)	0.064 (1.04)	0.004 (1.60)	0.016 (1.40)	0.016 (1.43)
Mid skills	0.020 (1.56)	-0.020 (-0.49)	-0.011*** (-6.14)	-0.048*** (-5.70)	-0.051*** (-5.98)
Low skills	-0.032** (-3.65)	-0.137*** (-3.62)	-0.035*** (-17.90)	-0.163*** (-17.39)	-0.170*** (-18.09)
GDP (ln)		0.450*** (4.37)	-0.076*** (-9.80)		-0.386*** (-10.06)
Unemployment %		-0.069*** (-6.22)	-0.018*** (-84.17)		-0.091*** (-85.90)
Country FE	Yes	Yes	Yes	Yes	Yes
Politic. Cycles	Yes	Yes	Yes	Yes	Yes
N	785,496	785,496	785,496	785,496	785,496

hline

Notes: 1)* p<0.1, ** p<0.05 and *** p<0.01, 2) All standard errors are clustered by country (28 clusters), 3) ML in columns 5 & 6 stands for multilevel, 4) Parentheses include t and z statistics

Table 2: Trust in Government including corruption and political factors

	Logit	ML Logit	ML Logit	ML Logit	ML Logit
Education	0.068*** (5.48)	0.070*** (67.26)	0.057*** (39.79)	0.060*** (37.84)	0.060*** (37.70)
Gender	-0.060* (-2.48)	-0.068*** (-13.33)	-0.047*** (-6.79)	-0.053*** (-6.85)	-0.054** (-6.93)
Age	0.010*** (6.88)	0.009*** (40.42)	0.010*** (33.96)	0.011*** (32.02)	0.011*** (31.84)
Community	-0.023 (-0.87)	-0.006 (-1.78)	-0.009* (-2.11)	0.003 (0.60)	0.003 (0.68)
Household	0.047*** (5.08)	0.043*** (18.87)	0.039*** (12.94)	0.043*** (12.69)	0.043*** (12.57)
Employed	0.072 (1.00)	0.131*** (13.44)	0.125*** (9.25)	0.111*** (7.4)	0.110*** (7.36)
High Skills	0.061 (1.03)	0.016 (1.37)	-0.012 (-0.79)	-0.010 (-0.57)	-0.010 (-0.60)
Mid Skills	-0.011 (-0.27)	-0.052*** (-6.08)	-0.035** (-3.07)	-0.025* (-1.96)	-0.026* (-2.01)
Low skills	-0.124*** (-3.53)	-0.171*** (-18.18)	-0.134*** (-10.44)	-0.124*** (-8.55)	-0.125*** (-8.63)
GDP (ln)	0.110 (0.59)	-0.491*** (-12.35)	-1.094*** (-21.05)	-1.674*** (-23.09)	-1.521*** (-20.77)
Unemployment %	-0.057*** (-4.60)	-0.090*** (-85.14)	-0.106*** (-69.71)	-0.133*** (-67.70)	-0.120*** (-54.80)
Corruption	0.016* (2.26)	0.007*** (10.13)	0.010*** (10.89)	0.004*** (3.79)	0.005*** (4.32)
Ideology			0.113*** (34.96)	0.113*** (30.68)	0.113*** (30.64)
Expect. Econ.			0.677*** (143.86)	0.663*** (125.42)	0.661*** (125.00)
Polit. Interest			0.032** (2.95)	0.008 (0.62)	0.009 (0.73)
Gov. votes %				-0.001 (-0.85)	-0.000 (-0.41)
Polarization				0.023*** (3.35)	0.021** (3.03)
Elections				0.083*** (4.8)	0.086*** (4.98)
S.A.P					-0.307*** (-13.94)
Country FE	Yes	Yes	Yes	Yes	Yes
Politic. Cycles	Yes	Yes	Yes	Yes	Yes
N	785,496	785,496	434,284	340,399	340,399

Notes: 1)* $p < 0.1$, ** $p < 0.05$ and *** $p < 0.01$, 2) All standard errors are clustered by country (28 clusters), 3) ML in columns 4 & 5 & 6 stands for multilevel, 4) Parentheses include t and z statistics

probabilities for each of the specifications are available at Tables 1 & 2. The reported numbers refer to the change in probability for $Y=1$ instead of $Y=0$ for 1 point change of each variable while keeping all other variables at their mean. When using that method in multilevel modelling, the mean for every variable is taken from the mean value of the group that each individual belongs to and not the overall population mean. To understand the magnitude of each effect, it is important to take into account the measure used for every variable.

For the main variable of interest in this paper, corruption, the coefficient is statistically significant in all specifications of Table 2 and the reported probabilities change reported in column 6 is 0.7%. That means that 1 point increase in the Corruption Perception Index (lower corruption) will increase the probability of trusting a government by 0.7% keeping everything else at the mean. This effect might seem low at first but looking at differences in the Corruption Perception Index (CPI) over the sample the magnitude of the effect becomes clearer. For example, if Greece recovered from its lowest point (36/100 in 2009) to its highest CPI values (48/100 in 2006) the probability of trusting the government would increase by 8,4%. That would be of equal magnitude to the effect of a 0.7% change in the overall unemployment rate on the probability of trusting the national government or a 5.8% in GDP per capita. Immediately it is obvious that according to the results the effects of corruption on the probability to trust a national government are significant both statistically and in nominal terms.

Looking at other control variables, as evidenced by previous literature education, age, family and employment are associated with higher probabilities of trusting the national government. In contrast to Mishler and Rose (2001) findings, in this sample individuals living in large towns appear to be more trusting towards the national government than individuals in smaller towns or rural areas. That could be explained partly because citizens of urban areas are closer to the places of decision-making processes and therefore feel a higher level of involvement. The level of overall unemployment rate of the economy seems to have negative impacts on the probability of trusting the government as it is considered an indication of instability in the economy and insecurity about the future. As seen from the variable on expectations about the future of the economy, feeling more secure about the future increases one's probability to trust the government. The effect of income, approximated by the ln of per capita GDP, paradoxically but in accordance with the existing literature appears to negatively affect trust. Foster and Frieden

(2017) in a similar sample of countries and time frame hold that in countries with higher levels of income per capita individuals tend to view institutions less positively, because of the higher expectations for better governance that come from socio-economic development.

With regard to factors related to political cycles, polarisation and electoral events appear to have significant results in levels of political trust. Less polarised parliaments are correlated with higher probabilities of trusting the government. That could be explained by the fact that in less polarised environments, consensus on legislation can be achieved with more ease and therefore governmental efficacy increases. In addition to that, newly elected governments, less than 12 months of tenure at the time of questionnaire, seem to be associated with higher levels of trust. That can be an indication that individuals mediate their expectations during each government tenure and that expectations in the first period are higher.

4 Robustness Checks

In order to test the validity and robustness of these results, a set of robustness checks are employed. At first, it is necessary to see if any particular subset of the sample is driving the results. As corruption is mostly a phenomenon that varies across countries, the tests begin by removing one country by one from the sample and re-estimate the results. Following that, to take into account whether unobserved macroeconomic fluctuations or other random effects of time are affecting this process, years of the sample are removed one by one. Results following on Tables 3 & 4 suggest that in the full specification of the model, as in Table 2, corruption remains robustly significant in all subsets both in regard to countries and years.

In Table 4, some outlier values on the coefficients of corruption appear in 2005, 2010, 2017 where the effect of corruption appears to be larger. That is that in these three dates major political and economic events took place in the year prior to the survey and therefore trust levels experiences decreases. Immediately before 2005, in 2004, the first signs of a global economic down-fall started to show with an increase of unemployment rates. Additionally, particularly for the European Countries the "Treaty establishing a Constitution for Europe" was signed in 2004 that raised dissatisfaction with national governments in countries where the public was against the treaty. The next outlier, 2010, coincides with the collapse of Lehman Brothers and the outburst of the global financial crisis and the European debt crisis of 2010,

events that lead to a significant decrease in the levels of political trust. Finally, 2017 answers follow the 2016 referendum on Brexit and the subsequent negotiations between European Union and the UK government which were associated with lower levels of trust in political institutions.

Table 3: Effect of Corruption Perception Index excluding country by country

Excluded Country	Logit	Multilevel	ML logit	ML logit	Obs. 2-3	Obs. 4-5	CPI	CCR
Austria	0.019**	0.006***	0.008***	0.008***	772,409	450,981	77.543	92.075
Belgium	0.016*	0.007***	0.009***	0.008***	755,312	439,090	74.117	90.989
Bulgaria	0.016*	0.008***	0.009***	0.009***	758,108	444,163	39.724	52.036
Croatia	0.016*	0.005***	0.008***	0.008***	758,018	441,935	44.171	60.442
Cyprus	0.018*	0.008***	0.009***	0.007***	771,150	451,323	60.743	81.061
Czech Rep.	0.014	0.008***	0.011***	0.010***	754,948	439,491	50.105	67.439
Denmark	0.017*	0.006***	0.008***	0.007***	755,608	438,993	92.193	99.499
Estonia	0.012	0.007***	0.009***	0.009***	757,869	443,872	66.866	83.430
Finland	0.013	0.005***	0.007***	0.006***	755,907	439,766	90.867	98.980
France	0.016*	0.007***	0.008***	0.008***	757,038	441,346	70.613	89.780
Germany	0.017*	0.007***	0.009***	0.008***	740,965	429,982	79.864	93.688
Greece	0.019**	0.006***	0.009***	0.010***	754,745	440,906	41.989	58.138
Hungary	0.017*	0.009***	0.009***	0.009***	756,134	441,282	50.447	66.618
Ireland	0.016*	0.007***	0.009***	0.009***	757,643	442,461	74.890	92.093
Italy	0.014	0.007***	0.009***	0.010***	758,018	444,254	45.395	62.458
Latvia	0.017*	0.007***	0.008***	0.008***	756,667	442,860	49.657	66.551
Lithuania	0.016*	0.004***	0.006***	0.005***	757,164	445,110	52.918	67.245
Luxembourg	0.019**	0.006***	0.008***	0.008***	772,409	450,981	82.792	95.745
Malta	0.017*	0.008***	0.009***	0.008***	772,925	453,094	57.177	77.834
Netherlands	0.016*	0.007***	0.009***	0.008***	755,412	438,398	85.675	96.204
Poland	0.017*	0.007***	0.009***	0.008***	758,486	44,385	52.420	70.847
Portugal	0.016*	0.007***	0.009***	0.008***	756,712	443,329	62.466	81.479
Romania	0.016*	0.007***	0.010***	0.009***	756,711	443,728	42.069	53.102
Slovakia	0.018*	0.008***	0.010***	0.008***	755,729	440,474	47.053	64.471
Slovenia	0.016*	0.004***	0.006***	0.005***	755,438	443,067	61.753	78.633
Spain	0.016*	0.005***	0.006***	0.005***	757,344	442,661	62.037	78.500
Sweden	0.015*	0.008***	0.011***	0.010***	755,423	438,841	90.009	98.405
UK	0.018**	0.007***	0.009***	0.008***	748,869	436,948	79.690	93.222
Personal Charact.	Yes	Yes	Yes	Yes	Yes	Yes	-	-
Country Charact.	Yes	Yes	Yes	Yes	Yes	Yes	-	-
Political Identity	No	No	Yes	Yes	No	Yes	-	-
Political Climate	No	No	Yes	Yes	No	Yes	-	-
SAP	No	No	Yes	Yes	No	Yes	-	-

Notes: 1)* $p < 0.1$, ** $p < 0.05$ and *** $p < 0.01$, 2) All standard errors are clustered by country (28 clusters) and time (14 years), 3) ML in columns 4 & 5 stands for multilevel, 4) Columns 6-7 show the number of observations for columns 2-3 and 4-5 respectively, 5) Columns 8-9 show the average scores of Corruption Perception Index & Control for Corruption Rank per country between 2005-2018 respectively

Following the check of subsets related to aggregate characteristics, the

Table 4: Effect of Corruption Perception Index excluding year by year

Excluded Year	Logit	Multilevel	ML Logit	ML Logit
2005	0.018*	0.014***	0.016***	0.015***
2006	0.017*	0.007***	0.009***	0.008***
2007	0.017*	0.005***	0.006***	0.006***
2008	0.016*	0.005***	0.006***	0.005***
2009	0.017*	0.005***	0.007***	0.007***
2010	0.016*	0.011***	0.011***	0.011***
2011	0.015*	0.005***	0.009***	0.008***
2012	0.016*	0.006***	0.009***	0.008***
2013	0.016*	0.005***	0.009***	0.008***
2014	0.016*	0.006***	0.006***	0.006***
2015	0.016*	0.004***	0.006***	0.005***
2016	0.016*	0.006***	0.007***	0.006***
2017	0.016*	0.009***	0.012***	0.011***
2018	0.016*	0.008***	0.010***	0.009***
Personal Charact.	Yes	Yes	Yes	Yes
Country Charact.	Yes	Yes	Yes	Yes
Political Identity	No	No	Yes	Yes
Political Climate	No	No	Yes	Yes
SAP	No	No	Yes	Yes

Notes: 1)* $p < 0.1$, ** $p < 0.05$ and *** $p < 0.01$, 2) All standard errors are clustered by country (28 clusters) and time (14 years), 3) ML in columns 4 & 5 stands for multilevel,

focus now shifts on individual characteristics. As data of each individual's income are not included in the Eurobarometer questionnaire other subsets of individual characteristics are explored beginning with different educational levels. Following that, the sample is explored by gender, age group and the size of the community in which individuals live in. In terms of individuals' political characteristics, the subsets of political ideology and interest in politics are explored. Results are presented on Table 5.

Table 5: Effect of Corruption Perception Index on subsets of personal characteristics

	Logit	Multilevel	ML Logit	ML Logit	Obs. 2-3	Obs. 4-5
Females	0.015	0.006***	0.008***	0.007***	426,141	242,876
Males	0.018**	0.008***	0.009***	0.009***	359,355	215,800
High Education	0.011	0.006***	0.010***	0.009***	529,637	302,439
Mid Education	0.019**	0.006***	0.007***	0.006***	391,972	231,632
Low Education	0.005	0.0004	0.008**	0.006*	96,450	51,438
Rural	0.018**	0.007***	0.009***	0.008***	513,861	304,006
Small Town	0.015	0.007***	0.008***	0.007***	485,780	280,572
Large Town	0.015*	0.006***	0.009***	0.009***	571,351	332,774
Left	0.005***	0.006***	0.005***	0.005***	620,287	324,541
Centre	0.007***	0.007***	0.008***	0.008***	562,682	278,074
Right	0.015	0.009***	0.011***	0.011***	637,530	339,129
Interested Pol.	0.007***	0.007***	0.008***	0.008***	562,682	278,074
Not Interested Pol.	0.015	0.009***	0.011***	0.011***	637,530	339,129
Personal Charact.	Yes	Yes	Yes	Yes	-	-
Country Charact.	Yes	Yes	Yes	Yes	-	-
Political Identity	No	No	Yes	Yes	-	-
Political Climate	No	No	Yes	Yes	-	-
SAP	No	No	Yes	Yes	-	-

Notes: 1)* $p < 0.1$, ** $p < 0.05$ and *** $p < 0.01$. 2) All standard errors are clustered by country (28 clusters) 3) ML in columns 4 & 4 stands for multilevel

4.1 *Control for Corruption Index*

In this subsection, the specifications of Table 2 are re-estimated using a different index for corruption to test whether results are driven by that choice. To do so, the Control for Corruption Index by Kaufmann et al. (2011) is employed. This index captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the levels of how "*captured the state*" is by elites and private interests. The index is in the form of percentile rank which indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank (Kaufmann et al., 2011). Results shown in Table 6 suggest that the effect of corruption on trust in national government is persistently significant and robust across indices used. To compare the magnitude of the two indices, using the same example of Greece, the change of corruption from the lowest point to the highest one of the samples will result a % increase in the probability of trusting the national government.

4.2 *Reverse causality*

One of the main problems that needs to be addressed in regards with the relationship of political trust and corruption is the possibility of reverse causality. Part of the literature suggests that political trust can affect the formation of institutions and its quality (Uslaner, 2008b). The ideal way to deal with this issue would be to observe a representative sample of the same individuals over time, record their views on trust and corruption, and the frequency of their interactions with the public sector. Then one could investigate whether trusting the government can result more corruption and a form of clientelist relationship between individuals and governments. Since there is a lack of such data, a different methodology is employed.

For political trust to be able to affect corruption levels it has to be transformed to a form of active support to the government, which is mostly demonstrated through elections. In that case, each individual's decision to trust a government is important, but the most crucial role lies with the aggregation of individual decisions that form a government. Therefore, one could claim that the aggregate levels of political trust towards the national government matter rather than individual ones in determining the quality of governance. To explore that, the levels of political trust are aggregated for each year, and their lagged values for 3 years are computed. These lagged variables are then regressed in a panel data setting on the levels of perceived corruption

Table 6: Trust in National Governments using Control of Corruption Percentile Rank

	Logit	Multilevel	Multilevel	ML Logit	ML Logit
Education	0.015*** (69.13)	0.069*** (67.12)	0.070*** (67.59)	0.057*** (40.98)	0.057*** (40.98)
Gender	-0.014*** (-14.04)	-0.067*** (-13.29)	-0.069*** (-13.53)	-0.056*** (-8.34)	-0.057*** (-8.41)
Age	0.002*** (42.64)	0.009*** (40.35)	0.009*** (40.76)	0.010*** (35.00)	0.010*** (34.87)
Community	-0.001 (-1.41)	-0.006 (-1.78)	-0.006 (-1.79)	-0.014*** (-3.30)	-0.014** (-3.19)
Household	0.008*** (17.29)	0.043*** (18.87)	0.042*** (18.60)	0.041*** (13.82)	0.041*** (13.64)
Employed	0.025*** (12.69)	0.130*** (13.34)	0.128*** (13.17)	0.129*** (9.76)	0.129*** (9.76)
High Skills	0.004 (1.73)	0.016 (1.43)	0.018 (1.56)	-0.007 (-0.49)	-0.007 (-0.49)
Mid Skills	-0.011*** (-5.88)	-0.051*** (-5.98)	-0.048*** (-5.67)	-0.041*** (-3.64)	-0.042*** (-3.69)
Low Skills	-0.034*** (-17.44)	-0.170*** (-18.09)	-0.167*** (-17.74)	-0.134*** (-10.74)	-0.136*** (-10.84)
GDP (ln)	0.079** (3.03)	-0.386*** (-10.06)	-0.414*** (-11.04)	-1.133*** (-23.34)	-1.114*** (-22.60)
Unemployment	-0.016*** (-11.33)	-0.091*** (-85.90)	-0.083*** (-75.85)	-0.099*** (-63.11)	-0.091*** (-54.45)
Corruption			0.0280*** (29.63)	0.035*** (28.59)	0.035*** (28.32)
Ideology				-0.001 (-0.34)	-0.002 (-1.00)
Expect. Econ.				0.692*** (149.84)	0.691*** (149.47)
Polit. Interest				0.024*** -4.53	0.025*** (4.73)
Gov. votes %					0.002** (3.05)
S.A.P					-0.250*** (-13.78)
N	785,496	785,496	785,496	458,676	458,676

Notes: 1) All standard errors are clustered by country (28 clusters) and time (14 years)
3) ML in columns 5 and 6 stands for multilevel, 4) Parentheses include t and z statistics

accounting for country fixed effects. The residuals of this regression account for the amount of corruption that exists in each country at each time point, that is not correlated to public support. Three lagged values were chosen as

the Akaike Information Criterion test suggested that corruption is an AR(3) process. Results when regressing the newly created variable for corruption, shown in Table 7, suggest that the effect of corruption on individual decisions remains robustly significant.

Table 7: Effect of corruption accounting for lagged values of aggregate trust

	Logit	Multilevel	ML Logit	ML logit
Education	0.015*** (69.30)	0.064*** (8.63)	0.058*** (41.35)	0.012*** (41.80)
Gender	-0.014*** (-13.48)	-0.066** (-3.07)	-0.052*** (-7.66)	-0.011*** (-8.16)
Age	0.002*** (42.69)	0.009*** (8.69)	0.012*** (35.96)	0.002*** (36.69)
Community	-0.001* (-2.03)	-0.006 (-0.34)	-0.015*** (-3.49)	-0.003*** (-3.64)
Household	0.009*** (19.20)	0.040*** (6.25)	0.0407*** (13.58)	0.00832*** (13.73)
Employed	0.0260*** (12.90)	0.107** (2.68)	0.128*** (9.68)	0.0247*** (9.32)
High skills	0.00449 (1.86)	0.0461 (1.14)	-0.00432 (-0.29)	-0.000769 (-0.25)
Mid skills	-0.0102*** (-5.70)	-0.0308 (-1.06)	-0.0359** (-3.18)	-0.00759*** (-3.30)
Low skills	-0.0337*** (-17.31)	-0.151*** (-4.93)	-0.130*** (-10.38)	-0.0259*** (-10.25)
GDP (ln)	-0.000 (-0.03)	0.063 (1.92)	-0.536*** (-10.26)	-0.103*** (-10.90)
Unemployment	-0.010*** (-40.55)	-0.029*** (-6.08)	-0.048*** (-25.90)	-0.007*** (-20.62)
Corruption	0.007*** (62.01)	0.053*** (20.93)	0.050*** (62.40)	0.010*** (64.03)
Ideology			0.006** (3.18)	0.001** (3.03)
Expect. Econ.			0.711*** (152.68)	0.147*** (159.70)
Polit. Interest			0.019*** (3.47)	0.004*** (4.12)
Gov. Votes %				0.000 (1.04)
SAP				-0.025*** (-7.27)
N	785,496	785,496	458,676	458,676

Notes: 1) All standard errors are clustered by country (28 clusters) and time (14 years)
3) ML in columns 5 and 6 stands for multilevel, 4) Parentheses include t and z statistics

5 Conclusions

This chapter attempts to explore what are the determinants of trust in government in Europe and what is the role of corruption in this process. Motivated by the declining levels of political trust in European countries in the era of austerity, data from the Eurobarometer (2005-2018) were used to see which factors affect the decision to trust a national government. Foster and Frieden (2017) showed in a similar sample that socio-economic factors are the key drivers for these decisions whilst Torcal (2014) holds that the observed decline of political trust in some European Countries (Spain and Portugal) is primarily due to political responsiveness rather than to responses on economic performance.

Taking the analysis a step forward, this work provides empirical evidence suggesting that this response to political outcomes does not stem from a significant institutional change (structural break) but rather is a realisation of citizens of a fomenting problem of institutional quality. Results suggest that under all specifications, the levels of perceived corruption negatively affect the probability of reporting trust in the national government. The impact of corruption is considered significant and remains robust across all specifications as a 10% change in the Corruption Perception Index has the same effect on the probability of trusting the government with a 4,83% change in GDP per capita.

The limitations of this research are centred around the fact that due to the lack of genuine panel data tracking the same individuals over time, it is not possible to address issues of endogeneity and indirect effects of corruption on political trust. However, through the use of multilevel analysis that allows to capture country and time specific effects, potential biases are reduced to a minimum. The paper adds to an increasing body of the literature of comparative political economy on what determines trust in political institutions and whether political factors are as important factors as socio-economic ones.

Appendix

Data Description

Tables 8 & 9 include data description and sources as well as summary statistics for the variables used in this paper.

Table 8: Variables, data description and sources

Variable name	Values	Description	Source
Expectecon	0,1,2	Expectations about the future of economy	Eurobarometer
Politdisc	0,1,2	Frequency of political discussions	Eurobarometer
Trust Government	0,1	0=Tend not to Trust, 1=Tend to Trust	Eurobarometer
Trust Parliament	0,1	0=Tend not to Trust, 1=Tend to Trust	Eurobarometer
Left-Right	1-5	1=Left, 3=Centre, 5=Right	Eurobarometer
Education	0-10	Up to 14 years, 15-21, 22+ years	Eurobarometer
Gender	0,1	0=Female, 1=Male	Eurobarometer
Age	15-99	In years	Eurobarometer
Occupation	Categorical	Different jobs used for Employed and Skills	Eurobarometer
Community	1-3	1= Rural area, 2= Small town, 3=Large town	Eurobarometer
Household	Count	Members in a household	Eurobarometer
Employed	Dummy	0=Unemployed, 1=Employed	Author coded
High Skills	Dummy	Employed in positions that require high skills	Author coded
Medium skills	Dummy	Employed in positions that require mid skills	Author coded
Low skills	Dummy	Employed in positions that require low skills	Author coded
GDP	Continuous	Per capita GDP on constant 2010 \$	World Bank
Unemployment	%	Total % of unemployment	Eurostat
Corruption (CPI)	0-10	Perceived corruption in the country	Transparency Intl.
Corruption (CCI)	0-100 (%)	Control of Corruption index	World Bank
SAP	Dummy	Structural Adjustment Program	Author coded

In the following European countries, loans were provided on the condition that certain policy reforms will be implemented as described in a Memorandum of Understanding. For more information about the terms and lengths of these programs, see European's Commission reports ¹⁰

¹⁰https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/which-eu-countries-have-received-assistance_en.

Table 9: Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Political Interest	673,522	2.04	0.71	1	9
Expect. Economy	729,031	2.22	0.80	1	4
Trust in Gov.	785,496	0.37	0.48	0	1
Left-Right Scale	562,251	3.23	1.65	1	5
Education	785,496	5.61	2.92	0	10
Gender	785,496	1.54	0.50	1	2
Age	785,496	49.09	18.09	15	99
Community	785,496	1.93	0.78	1	3
Household Memb.	785,496	2.58	1.25	1	7
Employed	785,496	0.78	0.41	0	1
Corruption CPI	785,496	64.20	17.10	30	96
Corruption CCR	785,496	79.17	15.31	48	100
GDP per capita	785,496	31,926.95	18,608.07	5,561	111,968

Table 10: Countries with Structural Adjustment Programs

Country	Years
Cyprus	2013-2015
Greece	2010-2017
Hungary	2009-2010
Ireland	2011-2013
Latvia	2009-2011
Portugal	2010-2016
Spain	2012-2014
Romania	2009-2011

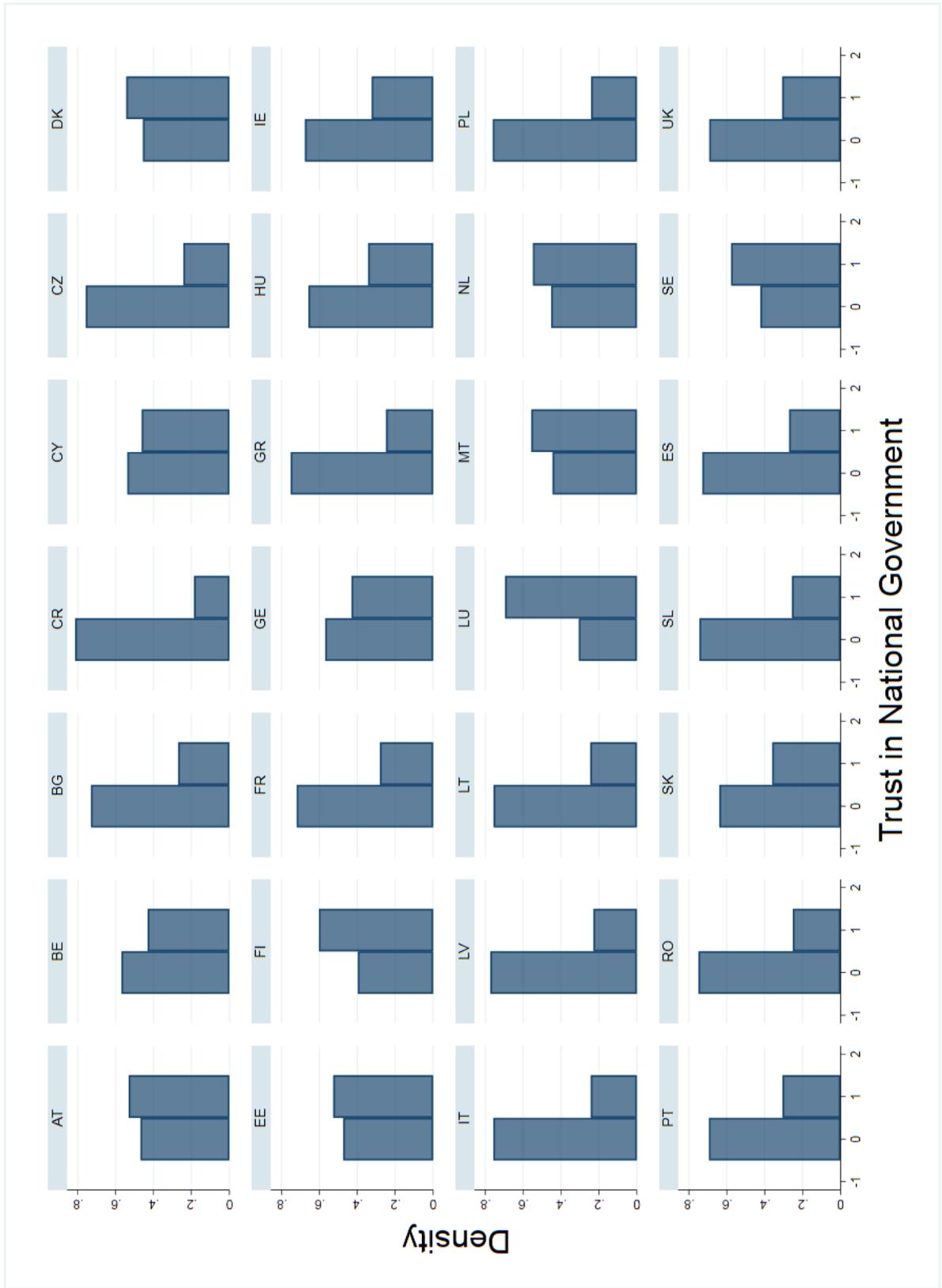


Figure 3: Density of responses on trust in National Government by country

Figure 4: Evolution of trust and normalised index of corruption over the sample period country by country

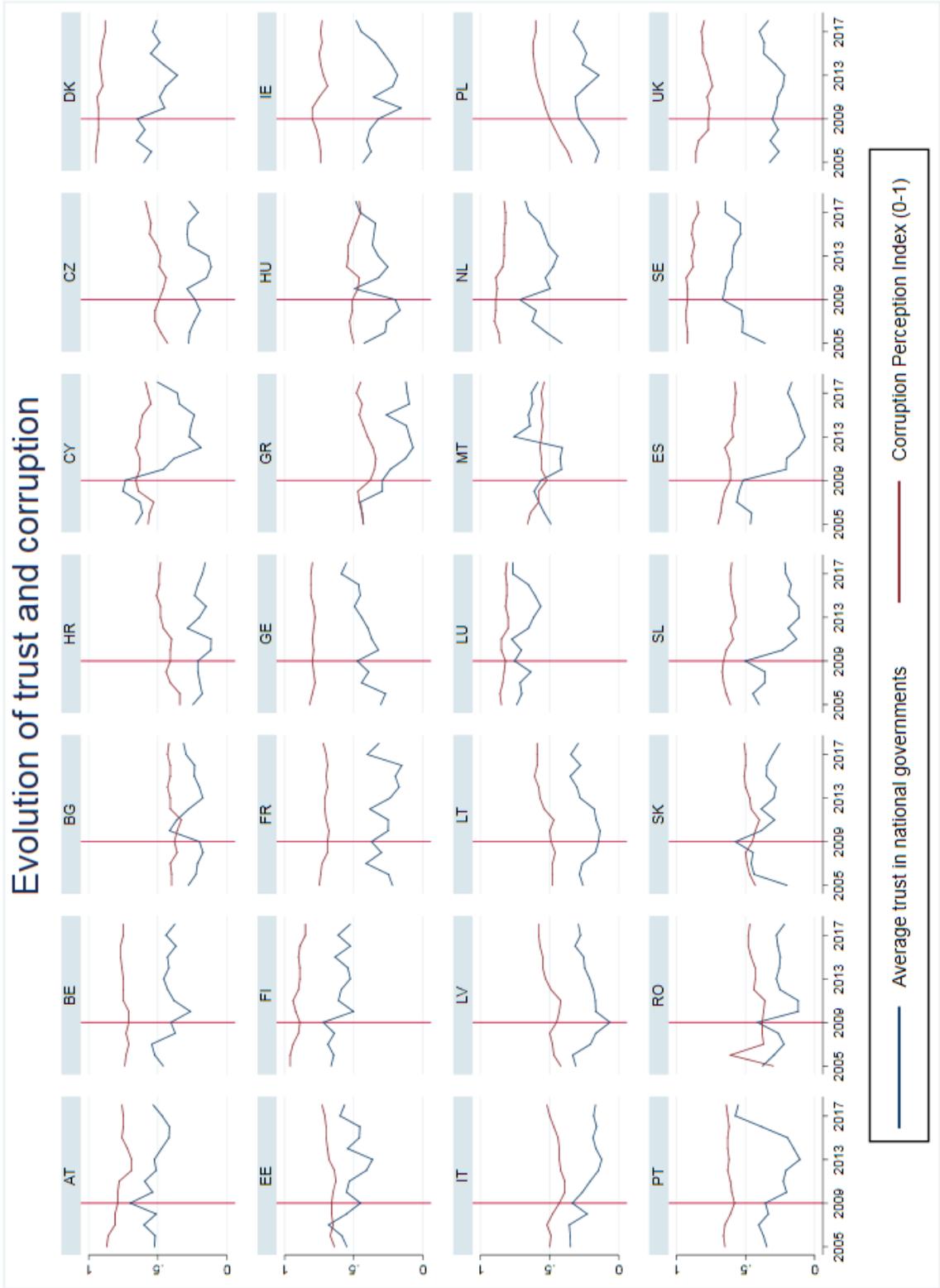


Table 11: Correlation table of the main variables used in the empirical analysis

	Trust	Lag	Educ.	Gender	Age	Comm.	Househ.	Empl.	GDP	Unempl.	Ideol.	Corr.	Votes
Trust	1.000												
Lag Trust	0.986	1.000											
Education	0.088	0.074	1.000										
Gender	-0.025	-0.021	-0.026	1.000									
Age	0.072	0.062	-0.375	0.006	1.000								
Community	0.004	0.009	0.152	0.010	-0.047	1.000							
Household	-0.041	-0.027	0.136	-0.005	-0.436	-0.073	1.000						
Employed	0.058	0.049	-0.116	-0.106	0.370	-0.005	-0.179	1.000					
GDP (ln)	0.168	0.086	0.050	-0.046	0.078	-0.022	-0.101	0.023	1.000				
Unempl.	-0.165	-0.095	-0.064	0.006	-0.054	0.012	0.084	-0.115	-0.221	1.000			
Ideology	-0.023	-0.012	-0.028	0.029	-0.023	-0.018	0.021	-0.022	-0.106	-0.005	1.000		
Corruption	0.220	0.121	0.115	-0.039	0.107	-0.013	-0.149	0.068	0.828	-0.394	-0.099	1.000	
Gov. Votes	-0.09	-0.052	-0.181	-0.000	-0.038	-0.013	0.069	-0.054	-0.240	0.132	0.023	-0.373	1.000

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