17. Democratic input, macroeconomic output and political trust

Tom W.G. van der Meer

INTRODUCTION

The Great Recession that began in the late 2000s spurred a range of scholars to investigate its effects on political trust (e.g., Polavieja, 2013; Armingeon and Guthmann, 2014; Torcal, 2014; Theocharis and Van Deth, 2015; Van Erkel and Van der Meer, 2016). Unsurprisingly, these studies report that political trust did indeed experience a long-lasting decline after 2007 in many countries. Those countries that were hit hardest by the economic downturn, such as Greece and Spain, witnessed the sharpest declines in political trust (Armingeon and Guthmann, 2014; Theocharis and Van Deth, 2015). Van Erkel and Van der Meer (2016) argue that these declines are fully explained by the downturn in macroeconomic performance, suggesting that these declines are best understood as a response to the economic recession itself and not to the deep political divides and indecisive governmental responses. Torcal (2014), however, shows that changes in political trust between early and late 2012 are explained not only by economic evaluations but also by citizens' subjective evaluation of political responsiveness.

This distinction between democratically responsive input institutions and macroeconomic output as rivalling explanations of political trust fits a longer tradition. Fritz Scharpf (1997, 1999, 2003) introduced the distinction between input-oriented legitimacy and output-oriented legitimacy. According to Scharpf (2003), in Western society 'legitimacy has come to rest almost exclusively on trust in institutional arrangements'. Input-oriented legitimacy reflects government *by* the people (Scharpf, 1999, pp. 7–10). A fundamental tension in this approach is that between simple majority rule on the one hand and responsiveness, accountability and deliberation to prevent totalitarian democracy on the other. Output-oriented legitimacy reflects government *for* the people (ibid., pp. 11–21), though institutional arrangements may vary by constraining centralized majority power or – by contrast – by enabling effective and efficient governmental policy outcomes (Scharpf, 2003). The concepts of input- and output-oriented legitimacy both suggest that political trust has a rather evaluative nature, reflecting the state of democratic input (elections, responsiveness, accountability) and of political output (most notably economic outcomes), respectively.

The ongoing scholarly concern with supposedly declining levels of political trust across the Western world (e.g., Crozier et al., 1975; Pharr and Putnam, 2000; Dalton, 2004; Thomassen, 2015) is inherently related to the evaluative nature of trust. Political trust is as much a characteristic of the citizens who do or do not trust (see also Chapter 9 by Mondak, Hayes and Canache and Chapter 11 by Mayne and Hakhverdian), as it is of the political bodies that are being trusted.

This chapter uses the general framework offered by Scharpf (1997, 1999) somewhat liberally[1] to provide a theoretical and empirical overview of the common explanations of political trust that find their roots in characteristics of the political body itself. Specifically, it deals with two aspects of the political body: input institutions (such as elections, representation, accountability) and institutional output (most notably macroeconomic performance). A third institutional feature – throughput – is only discussed as a (crucial) confounding explanation of political trust next to input and output institutions (cf. Dahlberg and Holmberg, 2014 who extensively discuss bureaucratic quality). Quality of government, corruption and procedural fairness are discussed extensively elsewhere in this Handbook (see Chapter 16 by Grimes, and Chapter 19 by Uslaner).

This chapter sets out to discuss the extent to which political trust is a reflection of *objective* input-oriented democratic procedures (representation and accountability through elections) and output-oriented performance, though it will also pay attention to citizens' *perceptions* of these procedures and performances. The chapter surveys the theoretical claims and empirical findings. First, though, it discusses the trust-as-evaluation approach that implicitly or explicitly underlies much of the research in this subfield.

THE EVALUATIVE NATURE OF POLITICAL TRUST

Trust as a Relationship Between Subject and Object

Many theoretical explanations of political trust implicitly consider trust to be – at least to some extent – an evaluation. Conceptually, trust implies the existence of a relationship between subject A (the truster) and object B (the trustee). More precisely, trust is the evaluation of that relationship by subject A. 'A trusts B to do x' (Hardin, 2000). Trust is inherently defined by a degree of uncertainty of the subject over the object: while the object holds power over the subject, the subject is uncertain of the object's future behaviour and cannot enforce it. The larger the power imbalance, the more difficult it will be to trust the object.[2] Yet, the alternative – constant monitoring – is costly itself.

This evaluative approach towards political trust has led scholars not only to focus on the subjects that do or do not trust (their socialization, their genetic dispositions, their social background, their attitudes etc.), but also on the characteristics of the object (good government), as well as the interplay between subject and object characteristics. The very same components that are applied to understand trust relationships between individuals have been applied to understand the trust of citizens in their elected officials and their political institutions (cf. Kasperson et al., 1992; Van der Meer, 2010).

Effects, Explanations and Conditions

The literature has made quite some inroads into understanding the extent to which political trust is affected by the governments' input institutions (democratic processes) and institutional output (performance). Admittedly, perceptions of economic performance, accountability and impartiality are strongly related to political trust (e.g., Citrin and Green, 1986; Ulbig, 2002; Hetherington and Rudolph, 2008; Van der Meer and Dekker, 2011; Elinas and Lambrianou, 2014). However, the extent to which political trust is determined by *actual* political performance and *actual* procedures remains hotly debated. Some conclude that good macroeconomic performance stimulates political trust (e.g., Clarke et al., 1993; Cusack, 1999; Miller and Listhaug, 1999; Taylor, 2000; Anderson, 2009), others that it does not (e.g., McAllister, 1999; Dalton, 2004; Rahn and Rudolph, 2005; Oskarsson, 2010; Van der Meer, 2010; Hakhverdian and Mayne, 2012). Some argue that political trust benefits from a proportional electoral system (e.g., Banducci et al., 1999; Magalhães, 2006), others that it is in fact the inverse (e.g., Norris, 1999).

Since the mid-2000s, scholars have put the evaluative approach under increasingly close scrutiny. The question *how* macro-level characteristics such as democratic input institutions and institutional output drive political trust at the micro level has become more important. To the extent that political trust is evaluative, these macro–micro effects ought to be mediated by citizens' perceptions and evaluations of the macro level. No longer satisfied with direct macro–micro relationships, various studies therefore began to inspect the supposed causal chain itself: the mechanisms (or mediators) that ought to explain the macro–micro relationship such as individual perceptions (e.g., Aarts and Thomassen, 2008; Van der Meer and Dekker, 2011) and the conditions (or moderators) under which the macro–micro relationship ought to hold best such as individual political values (e.g., Anderson and Singer, 2008; Van der Meer and Hakhverdian, 2016).

The Missing Link: Benchmarks

A crucial missing link in most, if not all, macro–micro studies on political trust is the benchmark or standard to which politics is held. Low expectations are likely to boost evaluations. If we assume that citizens base their political trust on an evaluation, we ought to know what their expectations were to begin with. The benchmark may be idiosyncratic (purely subjective) or intersubjective, personal or derived from media and politicians. It may be based on comparisons to other countries, on expectations from past performance, or even both if there is some sort of absolute standard independent from time and place.

Although benchmarks are rarely modelled in the literature on political trust, they are continuously present, albeit implicitly. Scholars who study determinants of political trust in a cross-national design, for instance, fundamentally test whether political trust is higher if one's country performs better than other countries. In other words, the implicit assumption in these designs is that citizens base their political trust directly or indirectly on a comparison to other countries (or at least to a cross-nationally equivalent standard). Similarly, a longitudinal design implicitly assumes that political trust is the result of a historical comparison (or held to a longitudinally equivalent standard). When cross-sectional and longitudinal studies result in different conclusions, this does not have to be a methodological artefact but may instead reflect that one type of comparison prevails over another.

DEMOCRATIC INPUT INSTITUTIONS

Democratic Rule: Elections and Referenda

A lot of political trust research has focused on Western countries with relatively long histories of stable democratic rule. Europe offers an interesting site of comparison between established and more recent democracies, the latter of which can be divided into countries that were formerly authoritarian and experienced a transition in the 1970s (Spain, Portugal, Greece, Cyprus) and the formerly communist countries of Central and Eastern Europe that experienced a transition in the late 1980s and early 1990s. The new democracies in Central and Eastern Europe experienced a so-called 'honeymoon effect' directly after democratization, boosting political trust as a reflection of high expectations that wore off quickly (Catterberg and Moreno, 2006). Familiarity with democratic traditions breeds trust in the political system (McAllister, 1999). Even after a democratic transition, it takes time for political trust to develop (Rose, 1994). Consequently, trust is higher in countries with a longer, uninterrupted history of democratic rule (e.g., Aarts and Thomassen, 2008; Anderson and Singer, 2008; Van der Meer, 2010; Marien, 2011; Hakhverdian and Mayne, 2012), seemingly robust to the concurrent negative impact of corruption. Institutional legacies of the past thus linger on, a generation after democratic transitions. A more detailed analysis of political trust in authoritarian societies and in transition countries is offered in other chapters of this Handbook (see also Chapter 4 by Rivetti and Cavatorta, Chapter 26 by Závecz, Chapter 27 by Hutchison and Johnson, and Chapter 28 by Park).

Elections tend to bolster political trust (Clarke and Kornberg, 1992; Van Erkel and Van der Meer, 2016; see also Chapter 26 by Závecz):

> The high salience of national elections in temporary representative democracies suggests that even if these contests do not adequately perform all of the functions ascribed to them. . .their very occurrence should enhance, if only temporarily, people's feelings of satisfaction with the functioning of democracy in their country. (Clarke et al., 1993, p. 1002)

It is no surprise that elections boost trust and efficacy: they are a celebration of democracy, priming democratic values and illustrating democratic practices such as accountability and peaceful transitions. Intriguingly, the boosting effect of contested elections seems to hold not only in established democracies but also even in rural China. Manion (2006) shows that trust in local leaders is higher in those Chinese villages where elections have a higher ratio of candidates to elected positions.

Elections thus boost political trust. But while new governments may briefly benefit from this boost (Armingeon and Guthmann, 2014), ultimately it is the event of having elections and not the event of governmental change that drives the effect (Van Erkel and Van der Meer, 2016; see also Blais and Gélineau, 2007 on satisfaction with democracy).

Election *outcomes* affect different groups of voters differently. Most notably, trust is boosted amongst those groups of voters that voted for a party that won the elections and/or obtained governmental power, and brought down amongst those voters that did not (Anderson and LoTempio, 2002; Anderson et al., 2005; see also Blais and Gélineau, 2007 on satisfaction with democracy).

For direct democracy and public referenda the story is more complicated. They tend to boost internal and external political efficacy (Bowler and Donovan, 2002; Smith and Tolbert, 2004). However, evidence that direct democracy also pays off by stimulating political trust is mixed at best. Whereas Citrin (1996) and Hug (2005) find no significant effects, Dyck (2009) even finds the opposite effect: the actual use of referenda has a negative effect on political trust in the United States. Dyck explains that 'democratic institutions put citizens in an adversarial relationship with their governments. This leads citizens to alter their view of the political process, namely, to question if public officials are trustworthy' (Dyck, 2009, p. 559). Bauer and Fatke (2014) therefore distinguish between the strength of referenda rights and the actual use of these rights: their analysis of Swiss cantons suggests that the former stimulates political trust (by strengthening the potential of holding officeholders accountable) but that the latter indeed undermines political trust.

The Rules of the Game: Representation vs Accountability

Besides the very principle and occurrence of elections, many scholars have looked at the electoral institutions as explanations of political trust. While one set of electoral institutions emphasizes power convergence and accountability (majoritarianism), another set of electoral institutions emphasizes power sharing and proportional representation of votes into parliamentary seat shares (proportionalism). Following different theoretical sets of reasoning, both majoritarianism and proportionalism have been argued to stimulate political trust.

One side of the debate emphasizes that equal parliamentary representation builds trust because parliament mirrors society and because minority groups remain committed to the democratic regime as they find themselves represented (Karp and Banducci, 2008). Majoritarian and other disproportional systems (such as those with high electoral thresholds) undermine the representative function of parliament (Anderson and Guillory, 1997) as they translate votes into parliamentary seats with a bias towards bigger parties (Aarts and Thomassen, 2008) and a loss of minority votes (Banducci et al., 1999), whereas proportional systems translate votes to parliamentary seats as closely as possible (Norris, 1999; Magalhães, 2006). National political institutions would be trusted more in proportional systems than in disproportional systems, as there is a more direct sense of interest alignment and a feeling of connection to at least part of the political system (Hardin, 2000; Van der Meer, 2010): dissatisfied voters are more likely to keep committed to the system because their concerns may be voiced by small or new parties.

Yet the other side of the debate has made equally convincing claims, arguing that disproportional systems may undermine representation in the favour of accountability (Powell, 2000). This allows citizens to enforce politicians' commitment to citizens' interests, as otherwise the latter will easily 'throw the rascals out' (Norris, 2011): politicians will act on behalf of their constituents if only from a well-understood encapsulated self-interest. The accountability is derived from disproportional electoral systems' bundling of political power to a limited number of political parties that generally do not have to form coalitions to reach majority governments. Consequently, political responsibilities are appointed more clearly than in proportional (multiparty, coalition) systems (Aarts and Thomassen, 2008). Because citizens are better equipped to enforce parliament's commitment to their interests and therefore more likely to experience that their vote matters (Ulbig, 2008), they are more likely to trust their political institutions (cf. Magalhães, 2006).

The debate thus positions representation (interest alignment) against accountability (enforceable commitment). 'The major difference between the majoritarian and proportional vision is their view on the essence of democratic government and consequently the function of elections' (Aarts and Thomassen, 2008, p. 6). Yet, despite decades of research, this debate has remained quite unresolved. Some studies find evidence that political trust is higher in countries with more proportional systems (e.g., Banducci et al., 1999;

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Magalhães, 2006; Van der Meer, 2010; see also Anderson and Guillory, 1997 and Lijphart, 1999 on satisfaction with democracy). Other studies, however, find support for the opposing view that proportionality is in fact detrimental to political trust (e.g., Norris, 1999; see also Aarts and Thomassen, 2008 on satisfaction with democracy). A third group of studies finds no significant relationship on political trust at all (Oskarsson, 2010; Norris, 2011; Van der Meer and Hakhverdian, 2016; see also Wagner et al., 2009 and Listhaug et al., 2009 on satisfaction with democracy). Ultimately, evidence remains rather weak.

Most of these analyses have been cross-national tests, comparing different types of countries (Castles, 1994). Yet, there have been some intriguing designs. Banducci et al. (1999) made use of institutional changes to the electoral system in New Zealand, which moved from majoritarianism to proportionalism between 1993 and 1996. On a range of attitudes, Banducci et al. (ibid., p. 542) find that voters are more trusting and efficacious in 1996 (after the reforms) than in 1993 (before the reforms): less likely to think that government is run by few interests, less negative on government responsiveness and more likely to think that their vote counts. However, such improvements are not found on all indicators, including a more direct question on trust in the government 'to do what is right most of the time'. Moreover, as Marien (2011, p. 714) argues, 'it is possible that these changes are the result of enthusiasm for the reform and not the increased proportionality as such'.

The study by Aarts and Thomassen (2008) is also noteworthy, although it focuses on satisfaction with democracy rather than political trust as defined in this Handbook. The authors distinguish between perceptions of accountability, perceptions of representation and satisfaction with democracy. Their analyses of the second module of the Comparative Study of Electoral Systems (2001–06) cover 36 elections in 35 countries across the globe. Aarts and Thomassen show that perceptions of accountability and representation each contribute to satisfaction with democracy, the more so in combination. They find that satisfaction with democracy is lower in proportional systems than in majoritarian systems. More puzzling are their findings on the perceptions of representation and accountability. Although they expect to find that perceptions of representation are stronger in proportional systems and that perceptions of accountability are stronger in majoritarian systems, they empirically find the inverse. The effect on perceptions of accountability is especially strong. The authors themselves suggest that their measure for accountability[3] may have been interpreted differently by the respondents.

Marien (2011) attempted a particularly intriguing way out of the theoretical and empirical deadlock. She argues that both proportionalism (inclusiveness) and majoritarianism (accountability) foster political trust, expecting trust to be highest in the most proportional and the most disproportional systems compared to those systems with more muddled electoral rules. Marien tests this expectation on 23 countries that participated in the third and fourth waves of the European Social Survey (2006, 2008). She finds supporting evidence for the curvilinear effect that is robust to the inclusion of various other contextual explanations. Yet, the interpretation of the curvilinear effect remains a matter of debate, as the effect is driven by the limitation that only two of the countries in the data set (France and the United Kingdom) have truly disproportional outcomes and are therefore influential cases. More analyses, especially ones that include more countries with disproportional electoral systems, are needed to investigate this promising venue.

The Interaction Effect of Electoral Institutions

Proportionalism and majoritarianism have been argued not only to affect the average levels of trust, but also its association with other factors. One of these interaction effects concerns the interplay between electoral institutions and winning or losing elections. Emphasizing the importance of inclusiveness, Anderson and Guillory (1997) show that winning and losing elections matters more in countries with disproportional systems: the winner takes all, the loser stands at the sidelines for the next governmental period. Consequently, the gap in losers' consent – that is, the gap in political trust between winners (those who voted for subsequently governing parties) and losers (those who voted for subsequently non-governing parties) – is larger in more disproportional systems. However, in subsequent studies evidence has been somewhat weaker. While Anderson et al. (2005) find weak additional support in an analysis of the Eurobarometer data of 1999, Marien (2011) finds no supportive evidence for this particular claim. Instead, she finds that winning or losing matters more in new democracies than in established democracies.

A second interaction effect focuses on the interplay between electoral institutions and subjective performance evaluations. Emphasizing accountability, Anderson (2000) argues that voters' economic evaluations (see below) have a stronger impact on their support for government parties in countries where government responsibility is assigned more clearly. Marien (2011) extends this line of reasoning, and finds that economic evaluations also have a stronger impact on political trust in majoritarian countries than in proportional countries.

MACROECONOMIC PERFORMANCE

Besides the procedural explanations discussed above, performance has long been considered a relevant cause of political trust as well. Easton (1975, p. 449) already argued that 'evaluation of outputs and performance may help to generate, and probably at all times will help to sustain, confidence in the authorities'. Diffuse support, according to Easton, is unlikely to be affected by the evaluation of specific policies, but rather by more general, performance evaluations over a longer time span.

At its core, it makes sense that the performance of institutions affects the trust that people have in them, at least to the extent that trust is a more or less rational evaluation. If political trust is a feeling 'that interests [are] attended to even if the authorities were exposed to little supervision or scrutiny' (ibid., p. 447), one rationale for such feelings of trust lies in the current or recent performance of these very same authorities. Despite some inroads into studying the effects of performance in non-economic areas on political trust (e.g., King, 1997; Ulbig, 2002; see also Chapter 27 by Hutchison and Johnson), and more general measures of political legitimacy (e.g., Gilley, 2006), political trust research has generally stuck to macroeconomic performance as the one that is 'critical to overall public support of government' (Miller and Listhaug, 1999).

Yet, the extensive research on the supposed effect of macroeconomic performance on political trust has led to paradoxical findings. At the individual level, decades of research has shown that citizens who have a positive evaluation of the performance of the national economy, tend to have more trust in politics (e.g., Citrin and Green, 1986; Kornberg and

Clarke, 1992; Lawrence, 1997; Chanley et al., 2000; Van der Meer and Dekker, 2011; Elinas and Lambrianou, 2014; but see Hetherington, 1998 for an exception). Sociotropic evaluations tend to matter more than egotropic evaluations.

A second line of research found similarly strong evidence that economic performance evaluations are related to political trust. Across time, political trust tends to fluctuate with or behind consumer confidence (Chanley et al., 2000; Dalton, 2004; Keele, 2007; Bovens and Wille, 2008; Hetherington and Rudolph, 2008). Luke Keele (2007), for instance, explained quarterly fluctuations in trust in government in the USA between 1970 and 2000, and found significant effects of (changes in) consumer confidence, even when congressional approval, presidential approval, and interpersonal trust are already taken into account. In his analysis, consumer confidence has an immediate (rather than a more lagged) effect on trust in government. One year later, Mark Bovens and Anchrit Wille (2008) considered fluctuations in consumer confidence as one of the more likely from a list of ten explanations of the Dutch dip in political trust after 2002.

All in all, political trust tends to go hand in hand with subjective evaluations of the economy, be it at the micro level (individual judgements) or at the macro level (consumer confidence). That makes it the more puzzling that such a consistent effect is not found at the macro level, when objective macroeconomic performance indicators are modelled as determinants of political trust. For decades, scholars have focused on the effects of such objective performance indicators, including GDP per capita, economic growth, unemployment, and even inflation and budgetary deficits (e.g., Clarke et al., 1993; Miller and Listhaug, 1999; Kotzian, 2011a; Van der Meer and Hakhverdian, 2016). Yet, regardless of the macroeconomic performance indicator, findings have remained mixed at best.

Some studies find significant effects (e.g., Lipset and Schneider, 1983; Clarke et al., 1993; Cusack, 1999; Miller and Listhaug, 1999; Taylor, 2000; Anderson and Singer, 2008; Anderson, 2009; Marien, 2011; Kalbhenn and Stracca, 2015; Van Erkel and Van der Meer, 2016), others find none (e.g., Dalton, 2004; Rahn and Rudolph, 2005; Oskarsson, 2010; Van der Meer, 2010; Kotzian, 2011a, 2011b; Hakhverdian and Mayne, 2012), find mixed effects depending on type of political trust (Weil, 1989), or even see evidence for inverse effects (McAllister, 1999).

The diversity of findings is illustrated by the extensive analyses of Arthur Miller and Ola Listhaug (1999). Their study offers a wide range of cross-national and longitudinal tests, employing a range of data sets and three indicators of economic performance (inflation, unemployment and budgetary surpluses). In cross-national analyses of the World Values Survey 1990 data at both the aggregate and individual level, they find evidence that budgetary surplus stimulates political trust but that inflation and unemployment do not. Next, they find stronger support for the effect of budgetary surpluses in longitudinal analyses of a range of surveys of Sweden, the USA and Norway.

There are various reasons for the disparity of findings, at least among the majority of studies that employ cross-national analyses to explain political trust. Various early studies rely on less strict methodological designs. Some analysed individual-level data without cluster correction, which effectively disaggregates contextual characteristics and makes it more likely to find significant effects because standard errors are vastly underestimated (e.g., Miller and Listhaug, 1999; Taylor, 2000). Other studies were performed at the aggregate level, which conflates individual-level determinants (like unemployment and household income) with its contextual counterpart (like unemployment rate and GDP/ capita), rendering it impossible to pull apart the micro- and the macro-level effects (e.g., Weil, 1989; Clarke et al., 1993; McAllister, 1999; Miller and Listhaug, 1999; Anderson, 2009; Kalbhenn and Stracca, 2015). Finally, other studies may have underestimated the effect of objective macroeconomic performance indicators by controlling for subjective evaluations thereof (e.g., Rahn and Rudolph, 2005; Oskarsson, 2010).

However, even the set of studies that employed cross-national, multilevel analysis did not reach consistent outcomes. Some found significant macroeconomic effects (Taylor, 2000; Kotzian, 2011a, 2011b; Marien, 2011), others did not find any or at best very few effects (Oskarsson, 2010; Van der Meer, 2010; Hakhverdian and Mayne, 2012; Dahlberg and Holmberg, 2014; Van der Meer and Hakhverdian, 2016). The crucial difference seems to be the inclusion of corruption in the analysis as a rivalling explanation of political trust. All macroeconomic effects on political trust turn non-significant once corruption is included in these comparative, multilevel models (Van der Meer and Hakhverdian, 2016). Again, this signals how central the factor of corruption is to explaining political trust.

The Perception–Performance Paradox, and the Relevance of the Longitudinal Design

Perceived performance is a strong explanation of political trust; actual performance is at best found to be an inconsistent explanation. How can that be?

First, we could blame the theoretical approach that argues that performance is likely to affect political trust. Ultimately, it places strong assumptions on citizens' (1) abilities to gather sufficient information and formulate judgements on actual macroeconomic performance (cf. Duch et al., 2000), (2) uniformity regarding what they value as good performance on indicators such as inflation and deficits (cf. Van der Meer and Hakhverdian, 2016), and (3) likelihood to hold national politics accountable for macroeconomic performance in times when nation states have lost power to supranational, international and non-political actors (cf. Peters and Pierre, 1998). Yet, it would be an equally extreme position to argue that citizens have no sensible idea on the state of the economy whatsoever, that there is no agreement whatsoever on the state of the economy, and/or that national politicians are not held accountable.

A second possible explanation for the existing paradox is that the effect of citizens' subjective evaluations of economic performance may not be rooted in objective macroeconomic performance all that well (Palmer and Duch, 2001). Rather, these evaluations may in part be endogenous to political trust, in the sense that trust functions as a heuristic (also see Chapter 12 by Rudolph), or more spuriously reflect general societal optimism. However, although such endogeneity issues may have boosted the estimated effect of subjective evaluations of economic performance on political trust, various studies have countered this problem. Keele (2007), for instance, introduced time lags to his aggregate level study, and controlled for a range of other variables such as congressional approval and presidential approval that would tap into the endogeneity issue, and nevertheless found significant effects of the subjective measures.

The third solution to the paradox seems more likely to offer an explanation. Studies on the effect of actual macroeconomic performance on political trust have nearly all made a cross-sectional/cross-national comparison. Cross-national differences in trust were explained by cross-national differences in performance. This methodological set-up starts from an important, but hidden, assumption on the comparisons that citizens make directly or – derived from media and/or politicians – indirectly. Methodologically, significant macro-level effects would suggest that political trust is higher or lower when countries perform better than others. In other words, it assumes that people base their trust in politics on a direct or indirect comparison to the economic performance of other countries. The lack of significant effects in recent cross-national analyses shows that not to be the case. But that does not mean that economic performance does not matter at all. Instead, the relevant comparison may be primarily longitudinal instead of cross-national (cf. Kayser and Peress, 2012): citizens may evaluate macroeconomic performance primarily to their recent past or to a more structural, country-specific norm.

This idea has been taken up in various recent studies. Armingeon and Guthmann (2014) perform time series analysis on three waves of the Eurobarometer between 2007 and 2011. They do not find significant effects of unemployment rates or austerity on political trust in a model that already takes citizens' perceptions of the state of the economy into account. Van Erkel and Van der Meer (2016) analyse 21 waves of the Eurobarometer between 1999 and 2011 in 15 EU member states. By eliminating cross-national variance on the dependent variables (political trust) and time-lagged independent variables (economic performance), their analysis focuses purely on within-country differences. They find that some macroeconomic performance indicators (most notably unemployment rate and budgetary deficits) affect political trust consistently and as expected, whereas a third (government's budgetary surplus) tends to stimulate political trust once influential cases are excluded. Finally, Bargsted, Somma and Castillo (Chapter 24 in this Handbook) analyse 17 Latin American countries using the Latinobarometer between 2002 and 2011. Their study (one of the few in the field outside Europe and North America) also eliminates cross-national variance, to find that gross national income stimulates within-country growth of political trust whereas economic inequality harms it.

These recent studies suggest that objective, macroeconomic performance may matter after all, not because citizens compare the performance of their country to that of others but because they have historical expectations on the state of performance.

The Missing Link: Expectations

Precisely these expectations seem to be the missing link in research on the performance–trust relationship. This may be called surprising, as the importance of expectations for political trust research had already been recognized in the 1970s (Miller, 1974, p. 952).[4] People not only differ in the importance they attach to various outcomes, they even tend to have different opinions on the direction in which policy should be taken. Such differences exist not only within countries but also between countries and across time. Any evaluation of macroeconomic performance is likely to be moderated by citizens' (changing) expectations. If the relevance of macroeconomic performance indicators really varies with citizens' expectations, these expectations would be the capstone of the trust-as-an-evaluation approach.

To date, there are few studies that attempted to deal with this missing link in political trust research. Anderson and Singer (2008, p. 574) argue that inequality should cause political distrust especially among those who care most about income redistribution:

> [P]eople's ideological predispositions should motivate them to connect inequality with their views of the political system in different ways. . . Those who locate themselves on the right

> are likely to view inequality less negatively than those who do not. As a result, the effects of inequality on attitudes toward government should be muted among those on the right and more substantial among those on the left.

A multilevel analysis of 20 countries in the European Social Survey 2002 supports their hypothesis: inequality has a stronger, negative effect on political trust (parliament, legal system, police, politicians) amongst left-wing citizens than amongst right-wing citizens.

Van der Meer and Hakhverdian (2016) extend that logic to different economic policy domains (unemployment, inflation, deficits, growth), using more concrete policy preferences than the overarching left–right position. Yet, this study of 42 countries in the European Values Study 2008 does not find any evidence that economic inequality and unemployment rates have stronger effects on citizens who prefer income equality and state provision, nor that inflation and budgetary deficits primarily affect those who prefer the inverse.

Other studies focused exclusively on the micro level to assess the role of expectations and preferences on political trust. Seyd (2015) compared British citizens' standards (i.e., the desired behaviour for their national politicians) to evaluations of politicians' behaviour to explain political trust (specifically defined as trust in politicians to tell the truth). He found that the expectations had a rather inconsistent effect and mattered considerably less than the evaluations themselves.

We therefore cannot yet speak of consistent evidence for the importance of expectations and preferences in the trust-as-evaluation approach. It is too early to assess whether this reflects a theoretical or rather a methodological shortcoming. First, scholars have focused on desired rather than expected behaviour, which should not be equated. Second, expectations may be highly idiosyncratic: different citizens' expectations may wildly vary by policy field (e.g., economics, immigration, environment etc.), by benchmark (cross-national, historical, absolute), and by salience, to just name a few. Third, expectations – like performance evaluations – may be partially endogenous to political trust (Van de Walle and Bouckaert, 2003; Seyd, 2015); if so, expectations and behaviour ought to be pulled apart more stringently in a panel design.

Hence, more research into the conditional impact of macroeconomic performance is required, with explicit reference to expectations and preferences. This requires precise measures on preferences, expectations and evaluations that ought to be directly comparable by design.

CONCLUSION

Input institutions and institutional output affect political trust. Cross-national studies illustrate that – above corruption and quality of government (cf. Dahlberg and Holmberg, 2014) – the proportionality of electoral institutions affects political trust in a somewhat curvilinear way (e.g., Marien, 2011). Macroeconomic performance does not have a consistent impact on political trust in cross-national studies, but is shown to be an important determinant in within-country, longitudinal studies (e.g., Van Erkel and Van der Meer, 2016). These patterns suggest that political trust, at least to some extent, can be understood as the result of citizens' evaluation of the political domain.

However, this trust-as-evaluation approach hinges on the macro–micro linkage. To the extent that political trust is an evaluation, macro-level processes and performances ought to be perceived and evaluated by citizens at the micro level. Macro-level effects ought to be mediated by micro-level evaluations, and moderated by micro-level expectations and preferences. Empirically, such linkages are not well established in quantitative survey research. Nevertheless, the study of political trust is moving towards integrating subject- and object-based explanations: increasingly, scholars focus on mechanisms, causal pathways, subjective perceptions, and preferences.

One crucial aspect that is largely missing from the literature, though, is the role of expectations and benchmarks. Although recent studies include subjectively desired outcomes as moderators of the macro–micro relationship (Anderson and Singer, 2008; Van der Meer and Hakhverdian, 2016), subjectively expected outcomes have remained a blind spot. Precisely these expectations might be the missing link in much of the current research: bad governmental performance may not matter so much if citizens did not have high expectations to begin with.

Implicitly, the literature insinuates that different macro effects on political trust are the result of different benchmarks that citizens use. Macro-level effects that are primarily found in cross-national studies suggest that citizens directly or indirectly compare the performance of their country to other countries. By contrast, macro-level effects that are primarily found in longitudinal studies (such as macroeconomic performance) suggest that citizens compare the current state of government to that of their own past. Finally, macro-level effects that are found regardless of the design of the study (such as corruption) suggest that citizens hold performance to an absolute standard. Scholars ought to be aware that their research design thus holds an assumption on the way citizens' evaluate politics.

Much of our understanding of political trust as an evaluation of the political realm has been based on analyses of survey data derived from established Western democracies. The literature would benefit from expanding the geographic focus beyond North America and Europe to analyse macro effects in different settings. Chapter 26 on Latin America (by Bargsted et al.) and Chapter 27 on Africa and the Arab region (by Hutchison and Johnson) show intriguing parallels and differences to existing knowledge on North America and Europe. Also, while scholars have made great inroads via quantitative survey research, the literature on the macro–micro linkage in political trust could definitely benefit from more qualitative approaches as well. In-depth interviews, ethnographies and narratives might help establish the extent to which citizens underpin their trust in politics cognitively via preferences, expectations and evaluations.

NOTES

1. Scharpf explicitly argues that output-oriented legitimacy should not be equated with a positive evaluation of government performance, but rather with 'structures and procedures that will generally ensure that policies are common-interest oriented' (Scharpf, 2003, note 4).
2. Consequently, it makes sense that levels of trust in political institutions are relatively low: the modern state holds historically large power over its subjects that can hardly be avoided or ignored.
3. 'Some people say that no matter who people vote for, it won't make a difference to what happens. Others say that who people vote for can make a difference to what happens. . . Where would you place yourself?'

4. Indeed, various scholars have argued that rising expectations that are not met by government are the root cause of declining political trust (e.g., Miller and Listhaug, 1999; Dalton, 2004; cf. Thomassen, 2015).

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