CHAPTER 25

ECONOMIC PERFORMANCE AND POLITICAL TRUST

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Introduction

Performance has long been considered a central determinant of political trust.[1] Easton (1975, 449) argued that "evaluation of outputs and performance may help to generate, and probably at all times will help to sustain, confidence in the authorities." Short-term evaluations of specific policies may affect this confidence on a more superficial level—defined by Easton as "specific support." The deeper, more fundamental attitude toward the regime—defined by Easton as "diffuse support"—would be "more or less detached from its immediate performance and forms a 'reservoir of goodwill' " (Thomassen et al. 2017, 512). But even this diffuse support would not be isolated from performance evaluations, even though these evaluations should be more general, be more fundamental, and cover a longer time span.

To the extent that political trust is a more or less cognitive evaluation of the relationship between citizens and their institutions of government, it makes sense that the performance of these institutions affects the trust that people have in them, if only because strong performance suggests that "interests [are] attended to even if the authorities were exposed to little supervision or scrutiny" (Easton 1975, 447).

Despite some inroads into studying the effects of performance in noneconomic areas (e.g., De Blok et al, 2016; Hutchison and Johnson 2017; King 1997; Ulbig, 2002), 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, 216). But while the relationship between economic performance and political trust has been vigorously studied since the 1970s, understanding this relationship has never been straightforward, whether theoretically or empirically.

In theory, macroeconomic performance and its subjective evaluation may be the cause of political trust as well as its consequence. Yet, unlike research on social trust—where inequality is generally modeled as a determinant (Björnskov 2007; Uslaner 2002) and economic growth as an outcome of social trust (Björnskov 2012; Serritzlew et al. 2014)—research on political trust has generally considered economics as a cause rather than a consequence.

The theoretical underpinning of the supposedly causal effect of macroeconomic performance (and subjective evaluations thereof) on political trust finds its roots in an approach that understands the nature of political trust as evaluative. In this theoretical scheme, citizens first evaluate political procedures or outcomes (such as economic performance) on criteria that are relevant to them, and subsequently they base their trust in political institutions on these evaluations. Yet, precisely this evaluative nature of political trust has been remarkably understudied. Theoretically, the trust-as-evaluation approach would push scholars to move beyond the study of direct effects, as the evaluative causal scheme is more elaborate. On the one hand, we would expect a stronger focus on mechanisms that mediate the relationship, as according to the trust-as-evaluation approach macroeconomic performance can only affect political trust if it is observed subjectively by citizens. On the other hand, we would expect a stronger focus on conditionalities: macroeconomic performance (and/or subjective evaluations) can only affect political trust vis-à-vis citizens' expectations, values, and attributions of responsibility.

While empirical studies show that subjective evaluations of macroeconomic performance are quite consistently and positively related to political trust at micro- and macro-levels, this cannot be said about the effect of objective macroeconomic performance. This is particularly the case in studies that focus fully or partially on the years before the Great Recession, which show mixed results. Some studies found significant effects of at least some objective macroeconomic performance (e.g., Anderson 2009; Anderson and Singer 2008; Bargsted et al. 2017; Clarke et al. 1993; Kalbhenn and Stracca 2015; Kroknes et al. 2015; Lipset and Schneider 1983; Marien 2011; Miller and Listhaug 1999; Rose and Mishler, 2011; Schäfer 2012; Van Erkel and Van der Meer 2016); others found none (e.g., Dalton 2004; Hakhverdian and Mayne 2012; Kotzian 2011a, 2011b; Oskarsson 2010; Rahn and Rudolph 2005; Van der Meer 2010; Van der Meer and Hakhverdian 2017; Zavecz 2017), found mixed effects depending on type of political trust (Weil 1989), or even see evidence for inverse effects (McAllister 1999).

This chapter aims to provide an overview of the literature. First, it will provide a basic outline of the trust-as-evaluation approach, its implications, and its alternatives. Second, this chapter provides an overview of the literature on macroeconomic performance, subjective evaluations, and political trust, aiming to find an explanation for divergent findings in the literature. Finally, this chapter focuses on three relatively new scholarly lines of research—economic inequality, performance in multilevel governments, and the Great Recession.

Political Trust as an Evaluation

First, let me conceptualize the nature of political trust in the evaluative approach. Most discussions of trust imply the existence of a relationship between subject A (the truster) and object B (the trustee).[2] Trust is implicitly or explicitly conceptualized as an evaluation of this relationship by subject A. Hardin (2000, 26), for instance, famously summed up the relational aspect in trust as "A trusts B to do x." What sets political trust apart is that the object is made up by political institutions rather than fellow citizens; that is, trust is vertical rather than horizontal.

Any trust relationship 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 behavior and cannot enforce it. The larger the power imbalance, the more difficult it will be to trust the object. This might be a reason why trust in political institutions generally ranks lower than trust in other institutions: the modern state holds historically large power over its subjects that can hardly be avoided or ignored.

This trust-as-evaluation approach has led scholars to focus not only 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 (e.g., good government) as well as the interplay between subject and object characteristics. In the last decade scholars have pushed the boundaries of the approach. Increasingly, scholars have focused not only on *whether* economic performance affects political trust but also on the *why* and *when*: macro-level relationships are related to micro-level processes.

A first question is to what extent the performance-trust relationship is mediated by citizens' subjective perceptions and evaluations of macroeconomic performance. Perceptions of macroeconomic performance seem to be "grounded in economic reality" (Duch and Stevenson 2008, 160). On the whole, perceived changes in economic growth and inflation reflect the actual trends on these measures (e.g., Christensen et al. 2006). Ansolabehere et al. (2014) argue that these perceptions about the state of the economy are induced by "the noisy signals about aggregate economic performance they get in their daily life," that is, by the (changes in) economic outcomes in the social groups that people belong to.

Yet, very few studies have tested whether subjective perceptions and evaluations also mediate the macro-micro relationship. Many studies have focused exclusively on the micro- or macro-level relationship; various others modeled both simultaneously, thereby overlooking the possibility of mediation. Van der Meer and Dekker (2011) did study the mediation effect, but they reached inconclusive outcomes as their cross-national analysis found no significant effect of macroeconomic performance to be explained by subjective evaluations.

A second question deals with the prior expectations, values, and assignment of responsibilities by citizens, which have been missing links in most, if not all, macro-micro studies on political trust. "It matters not only how a polity performs in terms of the quality of its political process and the economic outputs it produces, but also *who* evaluates this performance" (Van der Meer and Hakhverdian 2017, 85). Expectations are likely to matter as they set the benchmark for comparisons of actual macroeconomic performance. The theoretical importance of expectations for political trust research had already been recognized in the 1970s (Miller 1974, 952). Since then, various scholars have proposed that rising expectations that are not met by government might be a root cause for declining political trust (e.g., Dalton 2004; Miller and Listhaug 1999;

compare Thomassen 2015). This might hold in particular for countries that experienced a transition toward democracy: Zavecz (2017), for instance, argued in his analysis of political trust in Central and Eastern Europe: "The impact of political and economic performance should not be considered apart from expectations and perceptions . . .. Highly exaggerated expectations may downplay achievements."

These expectations or benchmarks may be anticipatory or normative, that is, based on what citizens think *will* happen or based on what they think *should* happen (Seyd 2015). Anticipatory expectations or benchmarks are more continuously present in the literature, although 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. Similarly, a longitudinal design implicitly assumes that political trust is the result of a historical comparison (or that it is held to a longitudinally equivalent standard).

One recent study to model normative expectations or benchmarks explicitly is the study by Seyd (2015) among British citizens. While he finds evidence that expectations matter to political trust as a benchmark for evaluations, their explanatory relevance is rather secondary to that of evaluations. More generally, though, explicit tests of the role of expectations and benchmarks have been largely absent in political trust research.

Closely related to normative expectations is the role of sociopolitical values as moderators in the trust-as-evaluation approach. Outcomes should matter most to those citizens who care about these outcomes, that is, to those for whom these outcomes are the most salient (Hetherington and Rudolph 2008). Anderson and Singer (2008, 574) argue, "the effects of macro-level performance on attitudes toward government are strengthened or weakened . . . because of differences in people's sensitivity to a particular macro-level outcome (or any outcome for that matter)."

Yet, empirical tests that show that the strength of macroeconomic performance depends on subjective benchmarks or values have been rather scarce. Anderson and Singer (2008) found support for their general argument. Their multilevel analysis of twenty European countries revealed a stronger negative effect of economic inequality on political trust among left-wing citizens than among right-wing citizens. However, Van der Meer and Hakhverdian (2017) did not find support for the general argument when they extended the same logic (by including multiple macroeconomic performance indicators, employing more specific policy preferences, and analyzing a larger and more diverse set of countries). Economic inequality and unemployment rates did not have significantly stronger effects on citizens who prefer income equality and state provision; inflation and budgetary deficits did not primarily affect those who prefer the inverse.

A final step in the causal scheme is the incorporation of citizens' attributions of responsibility. After decades of liberalization, globalization, and supranationalization, it is no longer self-evident that governments are held responsible for macroeconomic outcomes. National political institutions have had fewer means to influence economic policy as economic power moved to supranational and nonpolitical actors (Peters and Pierre 1998). Whether or not perceptions of responsibility are accurate, the effect of macroeconomic performance on trust in national political institutions hinges theoretically on citizens holding their national government and/or parliament responsible.

Generally, citizens hold their governments strongly accountable for the state of the economy (Lewis-Beck and Paldam 2000; Stimson 1991). This might explain why perceptions of accountability are hardly ever modeled as a moderating factor in the political trust literature. A couple of recent studies show that the effect of citizens' subjective performance evaluations indeed depends on the responsibilities they are assigned; yet, both studies do not focus directly on economic performance but on other policy areas instead (De Blok et al. 2016; Hobolt and Tilley 2014).

All in all, direct effects of macroeconomic outcomes on political trust are necessary, but they do not provide sufficient evidence for the trust-as-evaluation approach. Macro-level outcomes need to be perceived by citizens, their subjective salience should depend on expectations and values, and their effect on trust in political institutions hinges on the extent to which citizens hold political institutions responsible for these outcomes. A more stringent test of the trust-as-evaluation approach would incorporate these mediators (perceptions) and moderators (expectations, values, responsibility attribution) in a panel design to prevent potential endogeneity issues.

Subjective Evaluations of Macroeconomic Performance

That political trust tends to go hand in hand with subjective evaluations of the economy is by now almost a truism. Decades of research have shown that citizens who have a positive evaluation of the performance of the national economy tend to have more trust in politics (e.g., Chanley et al. 2000; Citrin and Green 1986; Elinas and Lamprianou, 2014; Kronberg and Clarke 1992; Lawrence 1997; Uslaner 2014). Sociotropic evaluations of the national economy tend to matter more than egotropic evaluations of private or household income.

While political trust research traditionally focused on western democracies, data have increasingly become available to study other regions of the world. Recent studies consistently find evidence for the strong relationship between subjective evaluations of the national economy and political trust across the globe, including Latin America (e.g., Zmerli and Castillo 2015), Eastern Europe (e.g., Rose and Mishler 2011), Southeast Asia (Park 2017), the Arab region, and sub-Saharan Africa (e.g., Hutchison and Johnson 2017). The study by Park (2017) is particularly revealing, showing that subjective evaluation of the national economy is consistently one of the strongest (if not the strongest) determinants of political trust across a wide range of countries, including not only established democracies, such as Japan and South Korea, but also regimes such as the formerly communist Mongolia, one-party-state Cambodia, authoritarian dictatorship Vietnam, and semidemocracy Malaysia.

Yet, it would be unwise to treat these strong correlations between economic evaluations and political trust as compelling evidence for a causal effect. In particular, the cross-sectional design that dominates this line of research allows for interpretation of the correlation as a spurious effect (e.g., if an underlying attitude such as general optimism explains both the evaluation and political trust) or as an example of reverse causality (e.g., if people use their level of trust as a heuristic). Too rarely did the literature focus on moderators (Hobolt and Tilley 2014, who included responsibility perceptions) and causal pathways (Hetherington 1998, who employed a 2SLS design on cross-sectional data from the American National Election Study) to get a better understanding of this relationship.

A second line of research focused on fluctuations in average subjective evaluations of the economy and political trust rates at the aggregate level. Just like the cross-sectional studies at the individual level, these macro-level studies revealed a strong relationship between macroeconomic evaluations and political trust. Fluctuations in political trust coincide with (or even lag behind) changes in consumer confidence in the economy (Bovens and Wille 2008; Chanley et al. 2000; Dalton 2004; Hetherington and Rudolph 2008; Keele 2007). Keele (2007), for instance, found that changes in consumer confidence explain quarterly fluctuations in political trust in the United States. Hetherington and Rudolph (2008) show that this relationship is particularly strong at times when the salience of economic issues is high. Moreover, fluctuations in macroeconomic evaluations do not only have an immediate short-term impact but also have a more lasting long-term effect on political trust.

Objective Macroeconomic Outcomes

Such consistent evidence does not seem to exist when we shift our focus from subjective evaluations to objective outcomes as determinants of political trust. There is serious diversity in the findings. Macroeconomic performance is found to have an effect in some studies (e.g., Anderson 2009; Anderson and Singer 2008; Bargsted et al. 2017; Clarke et al. 1993; Kalbhenn and Stracca 2015; Lipset and Schneider 1983; Marien 2011; Miller and Listhaug 1999; Rose and Mishler 2011; Schäfer 2012; Van Erkel and Van der Meer 2016;), but not in others (e.g., Dalton 2004; Hakhverdian and Mayne 2012; Kotzian 2011a, 2011b; Oskarsson 2010; Rahn and Rudolph 2005; Van der Meer and Hakhverdian 2017; Zavecz 2017).

The crucial question is, of course, what explains these findings. It seems to have little to do with the choice of the dependent variable (e.g., trust in government, institutional trust, satisfaction with democracy) nor with the choice of the independent variable (objective performance indicators such as economic development, economic growth, unemployment rates, inflation, and deficits) (see, e.g., Clarke et al. 1993; Kotzian 2011a; Miller and Listhaug 1999; Van der Meer and Hakhverdian 2017). Even the rigor of the design of the statistical model does not seem to be the crucial explanation for the divergence in findings. Although we deal with macro-micro linkages, a variety of research designs has been employed. Some studies analyzed 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. Other studies were performed at the aggregate level, which conflates individual-level determinants (like unemployment and household income) with their contextual counterparts (like unemployment rate and per-capita gross domestic product), rendering it impossible to pull apart the micro- and macro-level effects. Those studies generally found more evidence for the macro-micro relationship. By contrast, there have also been studies that may have underestimated the effect of objective macroeconomic performance indicators by controlling for subjective evaluations of the economy. Those studies generally found little or no evidence for the macro-micro relationship. Nevertheless, even the bulk of studies that did not employ such a design (either too rigorous or not rigorous enough) showed mixed outcomes.

Upon closer inspection, there are patterns that explain the mixture of findings. First, we need to distinguish primarily cross-national tests from primarily longitudinal tests. Second, we need to distinguish between studies that included corruption as a relevant control variable and studies that did not.

Cross-National Analyses

A large number of cross-national, multilevel analyses did not reach consistent outcomes. Some of these studies found significant macroeconomic effects (Kotzian 2011a, 2011b; Marien 2011; Schäfer 2012); others did not find any or at best very few effects (Hakhverdian and Mayne 2012; Oskarsson 2010; Van der Meer 2010; Van der Meer and Hakhverdian 2017).

The crucial difference that drives this mixture of findings is the inclusion or exclusion of a crucial control variable: corruption. In cross-national studies, the estimated level of corruption in one's country (according to experts) is generally the strongest macro-level determinant of political trust (Della Porta 2000; Hakhverdian and Mayne 2012; You, this volume). Because corruption is characterized by partiality, clientelism, and the abuse of discretionary powers (Rothstein and Teorell 2008), it is corrosive to political trust. In fact, the corruption effect is so strong in cross-national analyses that it tends to crowd out most other explanations. Macroeconomic effects on political trust turn nonsignificant once corruption is included in these comparative, multilevel models (Van der Meer and Hakhverdian 2017).

As I argued above, the choice for a cross-national research design implicitly assumes that citizens directly or indirectly (i.e., derived from media and/or politicians) make a cross-national comparison. The design implies that citizens compare the state of their national economy to that of other countries. More specifically, it implies that they base their trust in politics on a comparison of national economies at one point in time, or even on a comparison to an absolute standard that is cross-nationally equivalent.

The lack of significant effects in more recent cross-national analyses suggest that this assumption may not hold.

Longitudinal Analyses

That does not mean, though, that objective macroeconomic performance has no effect on political trust. Rather, various recent studies have begun to employ longitudinal designs. These models start from a different assumption, namely that the relevant comparison is longitudinal (Kayser and Peress 2012). In that perspective, citizens base their trust in politics on a comparison of macroeconomic performance in their own country through time or even to a country-specific benchmark that is rather constant over time.

This model has been taken up in various recent studies. Van Erkel and Van der Meer (2016) analyze 21 waves of the Eurobarometer between 1999 and 2011 in 15 European Union (EU) member states. By eliminating cross-national variance on the dependent variables and time-lagged independent variables, 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. Kroknes et al. (2015) analyze 25 countries in four waves of the European Social Survey (2004–2010). They found very similar effects. Yet, their models collapse within-country and between-country variance and thus do not eliminate cross-national variance completely. Bargsted et al. (2017) analyze ten waves of the Latinobarometer between 2002 and 2011 in 17 Latin American countries. Their study also eliminates cross-national variance to find that gross national income stimulates within-country growth of political trust, whereas economic inequality harms it. The rise of recent studies that focused specifically on the effects of the Great Recession will be discussed in the following section.[3]

The effect of macroeconomic performance remains significant once the models control for corruption.[4] This sets the conclusions derived from longitudinal analyses apart from those derived from cross-national analyses. The implication is ultimately that macroeconomic performance affects political trust, but mainly when citizens compare the state of their economy longitudinally rather than cross-nationally.

Economic Inequality and Political Trust

Finally, within this general subfield I identify three relatively new lines of research. The first of these is the attention to economic inequality of the context as a determinant of political trust. While economic inequality has long been related to low levels of social trust (Björnskov 2007; Kumlin et al., this volume; Uslaner 2008), the suggestion that economic inequality might harm political trust is not new. Uslaner has long proposed what he called the "inequality trap" (Uslaner 2008; 2011). He lays out a range of reasons why economic inequality could be detrimental to political trust. It would lead to disaffection as "ordinary citizens . . . see the system as stacked against them," ultimately causing them to "feel less constrained about cheating others . . . and about evading taxes." Simultaneously, inequality would "distort the key institutions of fairness in society, the courts" and "create political leaders who make a virtue out of patronage." Ultimately, "these leaders are not as accountable to their constituents as democratic theory would have us believe" (Uslaner 2011, 143).

In recent years the relationship between economic inequality and political trust has come under empirical scrutiny (for a different perspective, see Kumlin et al., this volume). Rahn and Rudolph (2005) found that in the United States inequality harms trust in local government, even when they control for trust in national government. Cross-national studies in (predominantly Western) Europe (Anderson and Singer 2008; Medve-Bálint and Boda 2014; Min Han and Chang 2016; Schäfer 2012; Van der Meer and Hakhverdian 2017) and Latin America (Zmerli and Castillo 2015) have led to mixed findings.

Van der Meer and Hakhverdian (2017) found that inequality does not harm political trust, at least not once their models control for corruption as a control variable. Anderson and Singer (2008), Schäfer (2012), and Zmerli & Castillo (2015) did find significant inequality effects but did not control for corruption. To what extent this control variable is theoretically justified needs further investigation, particularly given the argument raised by Uslaner (2008; 2011) (see also Zmerli and Castillo 2015) that inequality and corruption go hand in hand.

Equally interesting are studies that focus on the role of inequality as a moderator of causal relationships at the individual level. Anderson and Singer (2008) argue that left-wing citizens ought to be more sensitive to inequality than right-wing citizens, and they find that this is the case in their analysis of the European Social Survey. Yet, Van der Meer and Hakhverdian (2017) find a very weak, inverse effect in their analysis of the European Values Studies. Min Han and Chang (2016) relate inequality to the winner-loser effect often found in political trust research, according to which citizens whose preferred party won the elections are consequently more likely to trust politics than citizens whose preferred party lost (Anderson et al. 2005). They argue that economic inequality increases the trust gap between winners and losers: "Rising economic inequality raises the electoral stakes for both the poor and the rich, inducing them to pay attention to the election results. Under these conditions of heightened inequality, if one economic group (i.e., the poor, the rich) loses the election, their dissatisfaction with democratic practices will be even more pronounced. On the other hand, if the group wins the election, their relief and satisfaction with democracy is also amplified because they can either usher in new policies for redistribution or thwart such attempts" (Min Han and Chang 2016, 86). Their analysis of the Comparative Study of Electoral Systems (CSES) data shows strong support for their hypotheses: the winner-loser gap ranges from less than .02 in the most equal societies to .1 in the most unequal societies (Min Han and Chang, 2016, 92).

The Great Recession

A second recent focus has been the impact of the Great Recession since the late 2000s, which has spurred a range of scholars to investigate its effects on political trust (e.g., Kenworthy and Owens 2011; Polavieja 2013). Some focused particularly on countries that were hit hardest by the economic downturn, such as Greece (Elinas and Lamprianou 2014; Theocharis and Van Deth 2015) or Spain and Portugal (Torcal 2014). In the United States, Kenworthy and Owens (2011, 204) found that "economic downturns, including the Great Recession, have had surprisingly little impact on Americans' view of government, even in the short run . . . . The levels move only slightly and in inconsistent directions, if they move at all." By contrast, European studies report that political trust did indeed experience a long-lasting decline after 2007. Here, I can only speculate about the reasons for this difference between the United States and European countries. On the one hand, in Europe the recession was exacerbated by the subsequent crisis of the Eurozone and relatively harsh austerity policies. On the other hand, the United States saw the inauguration of a new president in January 2009 who entered government with a relatively high job-approval rate.

While in Europe the general downward trend in political trust only came about in early 2009, this masks differential patterns in the countries that were hit the hardest: Spain, Ireland, and Greece tended to decline as early as the middle of 2008 (Roth et al. 2011). Those countries also witnessed the sharpest declines in political trust (Kroknes et al. 2015). Surprisingly, though, these declines were a rather proportional response by voters to the economic downturn: the decline in economic performance simply dropped substantially across western countries, even though the effect of macroeconomic performance indicators on political trust itself did not change (Van Erkel and Van der Meer 2016). Citizens in Spain, Ireland, and Greece lost their trust in government because they faced such a sharp economic downturn. This is in line with the findings of Cordero and Simon (2016), who show that—ceteris paribus—satisfaction with democracy was not significantly lower in European countries that had to agree to a bailout program.

There need not be a trade-off, however, between various explanations of the decline in political trust after the start of the Great Recession. Torcal (2014) focuses on subjective evaluations of macroeconomic performance and evaluations of political responsiveness in Spain and Portugal in 2012 and 2013. The analysis shows an interaction effect between the two subjective evaluations: the perception that government is not responsive to its citizens has a negative effect on trust in parliament. Yet, this negative effect is even stronger when citizens' perceptions of the economy have deteriorated.

The reinforcing effect—that citizens are less forgiving about political fallacies under deteriorating economic conditions—mirrors the finding by Zechmeister and Zizumbo-Colunga (2013) that bad economic performance in the region strengthens the negative relationship between perceived corruption and presidential approval in the Americas.

Multilevel Government

Finally, recent scholarship has begun to study the effects of economic performance on political trust in multilevel government. Multilevel governments are characterized by the dispersion of legislative and executive power over multiple levels of government, such as the national level, the local or regional level, and—particularly in the case of the European Union—the supranational level. Because the attribution of responsibility is more complex, new questions come up.

One of these questions is to what extent trust in sub- or supranational levels of government are affected by (changes in) economic performance. Rahn and Rudolph (2005) analyzed trust in local government in 55 cities in the United States. Their analysis shows trust in local government is strongly related to trust in national government, a finding that has been replicated time and again (Harteveld et al. 2013; Muñoz 2017). Interestingly, even when we take into account that local political trust may be largely derived from national political trust, cities matter as well. Among a range of explanatory variables, Rahn and Rudolph find that income inequality in the city negatively affects local political trust, whereas the median income of the city does not have such an effect.

The Great Recession has been related quite consistently to a decline in trust in the European Union (Armingeon and Ceka 2014; Armingeon et al. 2016; Dotti Sani and Magistro 2016). Trust in the EU declined particularly in those member states that were hit hardest by recession (Armingeon and Ceka 2014), particularly among citizens that were most vulnerable to the effects of the recession, such as those with a low level of education and/or a low income (Dotti Sani and Magistro 2016). This effect was mirrored by citizens' perceptions: there was a strong negative effect of having the perception that the worst of the crisis was yet to come (Braun and Tausendpfund 2014). Armingeon et al. (2016) tested to what extent the Great Recession simultaneously affected trust at national and European levels. They find that membership in the Eurozone, the monetary union with the euro as its common currency, exacerbated the harmful effect of the recession. Because nation-states that are faced with recessions and deficits cannot externally devaluate the currency in a monetary union, they need to resort to an internal devaluation (i.e., lowering labor costs).

A different approach in the literature poses the question to what extent economic performance and evaluations at one level of analysis affect trust at another level. Focusing on the dependency between trust in national governments and the EU, Harteveld et al. (2013) find a sizable negative effect of objective performance at the national level (measured as corruption and economic growth) on trust in the EU. This is a direct effect, as their models control for respondents' specific evaluations of the EU itself, their national and European identities, and their trust in national government. Harteveld et al. (2013) theorized that the EU might function as a kind of "lifebuoy" in countries whose national political institutions perform badly. While in the established democracies of Western Europe they find no evidence for a similar negative relationship between citizens' subjective evaluations of their national economies and trust in the EU (where bad evaluations of the national economy relate to relatively high levels of trust in the EU), they do find evidence for the lifebuoy effect in the former communist regimes of Central and Eastern Europe. Yet, it is unclear to what extent these relationships have changed with the Great Recession, as the analysis by Harteveld et al. (2013) was limited to the summer of 2009.

All in all, multilevel government complicates the generally rather straightforward theory that relates macroeconomic performance and subjective evaluations thereof to political trust. To understand the dynamics, we need to take into account the nested nature of trust in different levels of government (Muñoz 2017; Zmerli and Newton 2017), the assignment of political responsibilities (De Blok et al. 2016; Hobolt and Tilley 2014), and the different mechanisms that may explain political trust in a multilevel setting (e.g., Harteveld et al. 2013).

Conclusion

At first sight, the relationship between economic performance and political trust seems rather straightforward. To the extent that citizens evaluate the performance of the economy positively or negatively, they appear likely to reward or punish their government. However, the literature increasingly shows that this relationship is more complex.

The strong relationship between subjective perceptions of macroeconomic performance and political trust is hardly a disputed feature across continents (Chanley et al. 2000; Hutchison and Johnson 2017; Park 2017; Rose and Mishler 2011; Van Erkel and Van der Meer 2016; Zmerli and Castillo 2015). Yet, in closer inspection it is not clear to what extent this strong relationship is indeed causal and signals a true evaluation. Future research ought to focus more on mediation and moderation (by expectations, values, and the attribution of responsibilities).

The macro-micro relationship between macroeconomic performance and political trust has been contested. The relationship tends to be nonsignificant in multilevel, cross-national research at a single point in time, once differences in corruption are taken into account. Yet, various within-country, longitudinal analyses do show consistently strong effects of (changes in) macroeconomic performance on political trust, even when they control for macro-level (changes in) corruption.

This suggests that—ultimately—the economy is an important driver of political trust, because citizens make a longitudinal comparison to their own past rather than a cross-national comparison to other countries. This comparison need not be direct (as it may be due to attention in media or politics) or even conscious, but the pattern is quite consistent.

NOTES

1. Elements of this chapter have appeared previously in Tom W. G. van der Meer, "Democratic input, macro-economic output, and political trust," in Sonja Zmerli and Tom W. G. van der Meer, eds., *Handbook on Political Trust* (London: Edward Elgar, 2017).
2. Yet, generalized social trust functions as an exception, as it is not necessarily relational theoretically or empirically (Uslaner 2002).
3. These empirical patterns are echoed in studies on democratic satisfaction. They are not so easily categorized as either cross-national or longitudinal when their regression models do not isolate between-country (cross-national) from within-country (longitudinal) effects. Min Han and Chang (2016) employ the Comparative Study of Electoral Systems (CSES) dataset, covering 76 election surveys in 43 countries between 2001 and 2010.Their models show that economic growth stimulates satisfaction with democracy. Similarly, Quaranta and Martini (2016) study the Eurobarometer data, covering 572 surveys in 28 countries between 1973 and 2013. They, too, find evidence for macroeconomic effects: Economic growth stimulates satisfaction with democracy, whereas debt, unemployment rates, and inflation tend to undermine it.
4. At least in the papers by Bargsted et al. (2017), Min Han and Chang (2016), Quaranta and Martini (2016), and Van Erkel and Van der Meer (2016). The paper by Kroknes et al. (2015) does not control for level of corruption.

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