Living under the 'right' government: does political ideology matter to trust in political institutions? An analysis for OECD countries

Fischer, Justina

University of Mannheim, University of Rome 'Tor Vergata'

12 September 2011

Living under the 'right' government: does political ideology matter to trust in political institutions?

An analysis for OECD countries.

Justina AV Fischer
University of Mannheim

12 September 2011

Abstract

This paper asks whether trust in political institutions depends on individual's political leaning and the political ideology of the national government. We employ information on 140'000 individuals in 30 democratic OECD countries from the World Values Survey, 1981 – 2007, and estimate so-called micro-based pseudo-panel two-way fixed effects models. Distinguishing between extreme and moderate versions of leftist and rightist political leaning, our estimates reveal that political trust increases non-linearly in the degree of individual's conservatism. We also find that political leaning is not instrumental to improving one's own socio-economic situation, thus rather constituting an expressive behavior. If government ideology matches individual's political preferences, trust in political institutions is increased. In contrast, the 'apolitical' appears to distrust the political system as such. We also find evidence for a symmetric, but incomplete convergence of party ideologies to the median voter position. Implications for vote abstention are discussed.

Keywords: political trust, government ideology, political leaning, World Values Survey
JEL Codes: D72, H11, Z13

Acknowledgement
The author thanks seminar participants of the University of Mannheim and the Lisbon Meeting on Institutions and Political Economy 2011, Luigi Guiso, Jan Klingelhöfer, Franco Peracchi, Martiño Rubal-Maseda, Fabio Sabatini, Jan Schnellenbach, Lars Siemers and Eric Uslaner for helpful comments. She also acknowledges financial support from the TOM Marie Curie Research fellowship and thanks the University of Rome 'Tor Vergata' for her hospitality.

1. Introduction

Trust in political institutions[1] - a specific form of social capital[2] - is the outcome of a good working relationship between the government and its citizens: People's trust in parliament and government is an expression of their expectations on the reciprocal behavior by those in politics who govern the country – with government's reciprocal behavior being a 'good' economic and social performance (Levi and Stoker, 2000; Lipset and Schneider, 1983; Newton and Norris, 2000).[3] Such political trust in the population is of economic importance as it facilitates government activities: it lets people accept government spending more readily, makes financial resources more accessible to governments (e.g., facilitates tax collection), increases government effectiveness, and reduces the societal costs of political reforms (Chanley, 2002; Evans, 1996; Gamson, 1968; Weatherford, 1984). In addition, political scientists and sociologists perceive a declining confidence in political institutions as threat to social and political stability, causing long-run negative consequences for society, politics, and economy – an illustrative example are the present riots on the streets of Athens and London as people's response to government failure (Aizenman and Marion, 1993; Braithwaite and Levi, 1998; Gershtenson et al., 2006; Miller, 1974a; Pharr and Putnam, 2000; Warren, 1999;).[4]

Up to now, little is known whether and how individual's political leaning impacts her confidence in political institutions – most preceding studies on political trust focus on the influence of macro-economic state only (see section 2). More importantly, we do not know yet to what extent differences in the political ideologies of governments may affect this relation. As national government's choice of economic and social policies is determined by the political ideology it follows, policy outcomes may depend on which party rules, *ceteris paribus*. On the other hand, what people define as 'good government performance' may well depend on their personal political leanings. Thus, this study also poses the question

[1] In this article, we use the terms 'trust in political institutions', 'political trust' and 'confidence in political institutions' interchangeably.

[2] See Bourdieu (1980), Coleman (1988), Fukuyama (1995), Putnam (2000), and Stolle (2000) for more general definitions of social capital.

[3] According to Miller (1974a) and Gershtenson et al. (2006), citizens' normative expectations also include politicians' ethical behavior and integrity – from an economic point of view, unethical behavior of bureaucrats may cause waste and inefficiencies in government activities.

[4] Also the managerial literature emphasizes the importance of a trusting relationship between subordinates and managers for within-firm cooperation, for effective exchange relationships across hierarchies, and, finally, for sales and profit (for a literature review, see Davis et al., 2000, and Özyilmaz, 2010).

whether living under a government that is of the same political ideology as the one people adhere to (the 'right' government) is conducive to their political trust, and whether living under the 'wrong' government is detrimental to it.

To our best knowledge, this is the first empirical analysis of confidence in political institutions that sets its specific focus on the influence of individual's political leaning. It is also the first study for the OECD that analyzes whether people living under their 'preferred' government express higher levels of political trust as compared to when being ruled by the 'wrong' government. Trying to find an empirical answer to these questions is almost impossible if not undertaken in an international context, exploiting cross-country differences in national government ideology. The World Values Survey 1981-2007 (WVS) is among the few international surveys which collect regularly information on people's attitudes and values, so that the evolution of political trust is observable around the world over a time span of approximately 25 years. In particular, the WVS includes questions on people's confidence in national parliament and national government. The WVS also contains information on individual's political self-positioning on a traditional left-right-spectrum. We also set focus on those who refuse to answer this question, the 'apolitical(s)', an often neglected political grouping. For our analysis, we construct a micro-based pseudo-panel from 1981 to 2007, which combines repeated waves of cross-sectional WVS data with a panel of country characteristics. This study restricts the analysis to 140'000 respondents from OECD countries which are, by nature of their OECD membership, multi-party democracies with a certain minimum average income in the population. This sampling ensures not only cross-nationally comparable political systems, cross-nationally similar definitions of 'rightist' and 'leftist' ideologies, but also a similar stage of economic development and quality of government institutions.

Our empirical results suggest that individual's political leaning does have an impact on her trust in political institutions: in OECD countries, the conservative-minded appears more trusting in national government compared to a person who follows a centrist ideology, while the leftist-minded is, in general, less trusting. Mistrusting appears also the 'apolitical' who refuses to answer the political self-positioning question. In the second part of the paper we show that the 'match' between the political ideology of the national government and individual's political leaning matters for political trust: The conservative-minded expresses more confidence in political institutions as the degree of conservatism of

the national government rises; such conservative government ideology, however, decreases leftist's trust or increases her distrust, respectively. In contrast, regarding the 'apolitical' we have to conclude that she appears to mistrust the political system as such.

In our analysis, we distinguish between extreme and moderate versions of people's leftism and conservatism, resulting in five distinct groupings of political leaning. Our analysis provides then some indication that there exist possibly three distinct political groups in OECD countries: the conservative-extreme-to-moderate, the leftist-moderate-to-centrist, and the leftist-extreme. Comparing partial effects of political self-positioning with corresponding total effects, we find that political leaning appears to constitute an expressive behavior rather than an instrument for improving one's own socio-economic situation - possibly a consequence of the high average income and well developed welfare states in OECD countries. Our results also suggest that ordinary people confound the responsibilities of a parliament with that of a government (and vice versa), possibly viewing both as one single policy-making institution. Finally, we provide statistical evidence that on the political left-right-spectrum ruling parties in OECD countries must have converged from the left and right side, respectively, to the median voter's ideology - not fully, but partially, with their final *loci* being symmetric to the median voter position.

The reminder of the paper is organized as follows: section 2 explains the concept 'political trust' and describes the empirical literature on the determinants of it; section 2 also briefly verbalizes our testable hypotheses with respect to the role of political ideology. The subsequent section introduces the WVS data for measuring individual's trust in national political institutions and political leaning. It also describes the measure of national government ideology and derives the empirical models to be estimated. Section 4 presents the results for the relation between individual's political leaning and confidence in political institutions, while section 5 extends the analysis to take account of government ideology. Section 6 summarizes the empirical findings and discusses them with respect to the societal importance of declining voter turnout.

2. Previous Literature and Hypotheses

In response to declining voter turnout in the 1960ies, political scientists in the U.S. started research on the determinants of people's trust in political institutions (political trust).[5] The very first determinant of political trust under investigation was government performance - seen as people's benchmark by which they judge the 'reciprocity' of their government. The trust effects of the state of the economy (or people's perception thereof) as measure of national government performance are analyzed by, e.g., Chanley et al. (2000), Hetherington (1998), Keele (2007), and Lipset and Schneider (1983). More recent research analyzes also the influences of the prevalence of political scandals, of the presence of social tensions, of the decline in social capital, of perceived freedom and fairness, and of government responsiveness (e.g., Chanley et al., 2000; Gatterberg and Moreno, 2005; Keele, 2007; Mishler and Rose, 2001; Orren, 1997; Pew Research Center, 1998). Based on these macro-economy findings, possible explanations for declining political trust over time include increased expectations on government performance (i.e. people become more critical), leading to higher demands and more disappointment (Bean, 2003). Overall, the traditional political science literature on political trust appears to have a strong focus on the role of government performance, largely neglecting associations between individual's political leaning and her confidence in national political institutions. [6]

2.1. Hypothesis 1

Up to now scholarly interest in the relation between individual's political leaning and her confidence in (national) government institutions has received little attention.[7] Only in some national micro studies is individual's political ideology or party identification mentioned and included as control variable: using a continuous measure of self-positioning on a left-right spectrum obtained from the pooled Word Values Survey waves of 1980-84 and 1990-93, Newton and Norris (2000) observe for their sample of 17 countries that political trust increases linearly in the degree of people's conservatism. Country-specific cross-sectional studies on Australia and Spain conducted in 2001 and 1996-2005, respectively, are

[5] See Rothstein and Stolle (2002) for a classification of public institutions along the line 'political', 'implementing' or 'controlling'. See also footnote 1.
[6] So far, we are not aware of empirical studies on determinants of trust in sub-federal governments.
[7] See preceding footnote.

confirmatory (Bean, 2003; Rubal et al., 2007).[8] In contrast, Hetherington (1998) finds for the US in cross-sections of 1988 and 1996 that having a traditional world view reduces political trust – the 'traditional world view' variable, however, includes items that go beyond a conservative-moderate view.[9] More recently, Gershtenson et al. (2006) report for the U.S. a confidence-increasing effect of having a more conservative political leaning: we discuss possible explanations for such relationship below. Based on these country-specific findings, we propose for our cross-national analysis of 30 OECD countries the following first hypothesis:

Hypothesis 1:
Individual's trust in political institutions increases in the degree of her political conservatism.

Hypothesis 1 implies that, on average, the leftist-oriented is more likely to distrust political institutions, compared to the conservative-minded. Most of the preceding empirical literature on political trust (discussed above) is seemingly silent on the potential causes for this difference, possibly because political leaning was not in the focus of their analysis.[10] In his seminal work on misanthropy and political ideology, sociologist Rosenberg (1956) contends that political leaning may be determined not only by individual's socio-economic condition but also by her specific attitude towards human nature as such: "political ideologies often contain implicit assumptions about human nature" (p.690), in particular about the people who act as agents within the political system. One example he gives is that those who advocate democracy also most likely upheld the general belief that voters are rational and well-informed while, at the same time, politicians are responsive to the

[8] Using Australian micro survey data on voters who participated in the last national election in 2001, Bean (2003) reports that labor party and minority party (e.g., Democrats, the Greens) followers have less trust in politics compared to those who identify with the (more conservative) national or liberal parties. Using the Latinobarometer waves 1996, 2001, and 2005, Rubal et al. (2007) show for Spain that political trust increases linearly in a categorical measure of self-positioning on a left-right scale, assuming continuity of the scale.
[9] Persons are defined as having a 'traditional' view when they agree to one of the following beliefs: that new life styles lead to the break-down of society, that moral standards are absolute and should never be changed, or that upholding traditional family values would save society.
[10] This discussion of attitudes relating to political leaning is under the assumption of a democratic multi-party system - we suspect that 'political leaning' might have a completely different meaning (or no meaning at all!) in a one-party non-democratic political system. The restriction of the empirical analysis to OECD countries satisfies this assumption.

needs of the people.[11] In the following, we develop arguments about the possible general human nature of the leftist and the rightist, and how such attitudes may affect their trust in political institutions.

Possibly, in general, leftist's human nature is to have a critical-mistrusting stance in a very general sense, as leftism implies the continuing evaluation of the status-quo-biased society, possibly resulting in demands for radical political changes to improve on it. Such critical attitude also includes questioning politicians' motives and goals – the leftist may fear that political power corrupts politicians, making them behave 'unethically' - that is 'non-responsively' to people's needs and economically 'wastefully'. Consequently, the leftist may assume that there is an unbridgeable conflict of interests between the 'common people' and the 'political class'. Such critical view on the human nature of politicians pertains even to their own left-wing party comrades – a view fueled by e.g. the behavior of the communist elite in Eastern Europe until 1990.[12] In consequence, the leftist's critical, pessimistic and distrusting stance is toward government institutions as such, as she fears that political power corrupts all incumbents irrespective of their party ideology. In a sense, it appears as if leftist's attitude is comparable to a classic public choice and political economy view that assumes rational, budget-maximizing bureaucrats and a conflict of interests between politicians and citizens (e.g., Mueller, 2003; Niskanen, 1971). Indeed, Rosenberg (1956) reports for the US a positive correlation between 'distrusting the officials', on the one hand, and 'believing that politicians are non-responsive' and that 'candidates are run by machines', on the other. Such critical-distrusting view on human nature is possibly one reason why leftist-extreme ideologies may reject the representative democracy as political system, favoring governance structures of either non-government (*anarchism*) or grassroots democracy through local assemblies (*communism*).

On the other hand, it is common wisdom that the average conservative adheres to so-called 'traditional' values – in general, the conservative often aims at preserving the societal status quo and objects radical policy changes. Indeed, Rubal et al. (2007) report that conservative-minded voters prefer social stability. One may speculate that the average

[11] His study, which focuses on trust among people, reports that those who distrust people also have less trust in government institutions, believe that politicians are not responsive, are skeptical about the democratic system, and favor oppression of political freedom.

[12] That missing integrity of politicians and dominance of special interests are destructive to political trust has been suggested by various political scientists (e.g., Blendon et al., 1997).

conservative-minded expects people in general - including the 'political class' - to follow a certain code of ‘good conduct’ and adhere to those ‘conservative’ values she believes in herself, e.g., serving the nation, moral integrity, protecting the family as nucleus of society, etc. Indeed, according to Rosenberg (1956) Republicans in the US have more trust in people in general (social trust) than Democrats do.[13] Thus, the conservative-minded may expect politicians in office to voluntarily subject themselves under the same moral restrictions that also apply to their peer-to-peer-relations; doing so may not only prevent corrupt and wasteful governments, but also bridge social gaps between the ‘ruler’ and the ‘ruled’, forming the basis for peaceful co-existence and social stability. In its very extreme version of conservatism, a strictly hierarchical and authoritarian, and thus supposedly stability-preserving, societal structure, accompanied by absolute values favoring group's well-being over individual’s well-being, may be viewed as ideal society (*totalitarism*, *fascism*). For these reasons, we expect the average conservative to have more confidence in political institutions compared to the average leftist.

2.2. Hypothesis 2

Likewise, not only was individual’s political leaning never in the explicit focus of empirical research on political trust, but equally was the influence of government ideology often neglected. How can social capital theory provide a linkage between government ideology and political trust? Political trust and social trust are similar concepts – as form of trust, both are relational and based one expectations on the other party’s behavior (Fischer and Torgler, 2011; Levi and Stoker, 2000): in general, the one party’s trust reflects her belief about the other party’s moral integrity – that is, economically speaking, the other party’s reciprocity. In turn, the other party’s actual reciprocal behavior strengthens the first party’s belief (upward-updating) and, thus, trust. We distinguish the concepts ‘social trust’ and ‘vertical trust’ (of which political trust forms a subgroup). Social trust refers to horizontal face-to-face-relations between two persons, reflecting the belief that most people respond to one’s own generosity through cooperative behavior – often called ‘shared interest’ (Butler et al., 2009; Warren, 1999). Analogously, a vertical trust relation is between the individual and an institution, where individuals expect as cooperative

[13] We do not exclude the possibility that a handful of very critical conservatives, possibly public choice and political economists, distrust politicians as much as leftists do. Based on the findings by Rosenberg (1956) for the US, however, we suspect that most conservatives are politically more trusting than leftists.

behavior of the latter so-called 'good institutional performance'. In case of political trust, performance is the policies that are carried out by the government and the public administration, and people's "sense of how these institutions [actually] work" (Newton, 2007, p.344; see also Newton and Norris, 2000). For example, people may consider government's efforts to reduce unemployment and to sustain economic growth. Such arguments form the theoretical basis for the existing empirical analyses of the policy-outcome-political-trust-relations described above (Lipset and Schneider, 1983; Mishler and Rose, 2001).

Obviously, the political trust-literature assumes that confidence in political institutions is determined by actual government performance. Thus, what appears to matter to political trust is the match between what people expect from the government to do and the policies the government actually delivers.[14] However, what people define as 'good' government performance may well be determined by their differing individual political preferences: for example, leftist-oriented persons may give combating social cleavages a high priority, while conservative-minded persons possibly prefer maintaining flexible labor market institutions. On the other hand, policy outcomes as measure of government performance differ by the political ideology of the party in power, which varies both across nations and time. Consequently, the empirical literature on political trust argues that people have more confidence in political institutions when the government is dominated by the political ideology that is in congruence with their own political preferences (Anderson and LoTempio, 2002; Citrin, 1974).

Empirical studies on political trust and government ideology are scant and limited to the U.S.: the first studies discuss only verbally the possible trust effects of changing presidencies and congressional elections - without empirically testing them (e.g. Citrin, 1974; Lipset and Schneider, 1983; Miller, 1974a, 1974b). Confirming Citrin (1974) and Citrin and Green (1986), Hetherington (1998) provides an empirical analysis of two cross-sectional U.S. micro surveys collected in 1988 and 1986, which shows that agreement with the incumbent president (1988: Reagan; 1996: Clinton) increases individual's confidence in political institutions (see also Gershtenson et al., 2006).[15] More recent empirical

[14] We discuss in the conclusion (section 6) the role of people's perceptions in case they diverge from economic reality.
[15] See Chanley (2002) for a confirmatory time-series analysis.

literature confirms that people's political trust increases if the elected U.S. president or the majority in the congress is of her preferred party (Anderson and LoTempio, 2002; Citrin and Luks, 2001; Schaffner and Clark, 2004). Empirical research that directly gauges how the political trust-influence of individual's political leaning differs by the political ideology of the parties in power is, however, largely missing and for an international context non-existent. Based on this previous empirical literature on political trust, we formulate the following second hypothesis:

Hypothesis 2:
Individual's trust in political institutions is higher if the government is controlled by the party which matches her own political leaning.

3. Data and Methodology

3.1. Individual-level data

Individual-level of measures of political leaning and confidence in political institutions are obtained from the World Values Survey (WVS), 1981 - 2007, a world-wide survey on people's attitudes. The WVS has been repeated at irregular intervals for five times (roughly 1980, 1990, 1997, 2000, and 2005), with each wave including representative samples of the population in the participating countries, about 1000 to 1500 persons each. As the number of countries varies across waves, the WVS data give rise to an unbalanced micro pseudo-panel (a combination of repeated cross-sections of individual-level data with a panel-structure at the country level) of about 340'000 individuals, of which about 140'000 are from OECD countries.[16]

Political self-positioning is measured on a 10-point scale, ranging from 1 ('leftist') to 10 ('conservative') – we divide the 10-point scale into steps of two categories to define five groupings of political leaning: 'leftist-extreme' (1-2), 'leftist-moderate' (3-4), 'centrist' (5-6), 'conservative-moderate' (7-8) and 'conservative-extreme' (9-10). In addition to these

[16] Only for one single cross-section are attitude questions on specific policies such as income redistribution available, preventing an identification of the effects of macro-factors such as government ideology. In contrast, the question on political leaning was posed in all five waves.

rather traditional categories of political ideology, we also include the group of those with no political conviction, the 'apoliticals', – 15% of all interviewees, who have chosen not to answer the question (see the sample means in Table 1). We suspect that political leaning is not reported either because the interviewee is not interested in politics as such or because she does not find her political preferences to be represented by the traditional two-dimensional 'left-right-spectrum'. In the OECD sample, the political self-positioning question was not posed in Great Britain in 1998, a country-year which we omit from the entire analysis. In South Korea in 2001, all respondents have answered the political self-positioning question – there are no 'apoliticals' in the sample. In the years 1990, 1996, and 2005, the share of Korean non-respondents never exceeds 3%, being far below the OECD average of 15.1%. Possibly, it is some trait of the Korean culture that is responsible for this phenomenon – we partial out such cultural time-invariant differences across countries through the use of country-specific fixed effects. In our OECD sample, among all interviewees there are 6% leftist-extremists, while 7% are right-wing extremists, and 40% are centrists. About 17% of the respondents have a moderately conservative or moderately leftist political leaning; overall, the distribution over the political left-right spectrum (6%-17%-40%-17%-7%) has the well-known Gaussian bell-shaped form, with the largest portion of respondents being centered around the median (sample median is at the 5th category of the 10-category political self-positioning scale). For the single countries in the sample, the political ideology distribution in the populations also shows the well-known Gaussian shape, with the largest group equally being the 'centrists'.

For political trust, we employ two indicators: individual's confidence in the national government and individual's confidence in the national parliament. Both are measured on a 4-category-scale (recoded, from -4 to -1), with the lowest category (-4) representing the lowest level of political trust. The measure of confidence in national government is available from the second WVS wave on for a subset of 22 OECD countries only (56'000 observed individuals), while confidence in national parliament was part of the WVS questionnaire since the very beginning of the survey in 1981 (132'000 observations). As Table 1 suggests, in tendency, people are rather distrusting than trusting in either political institution (mean: about -2.7 each). Among the 132'200 persons who reveal their confidence in parliament, about 6.4% (8'400 persons) show a very high level of political trust, 33.5% (44'300 persons) still have a somewhat high level, while 43.2% and 16.8% of the respondents (57'200 and 22'300 persons, respectively) are moderately and strongly

distrusting, respectively. The distribution for the confidence-in-government measure is fairly similar.[17] Later in the empirical part of this paper (section 4), we will show that the man on the street tends to view 'government' and 'parliament' as one single institution.[18]

The OECD sample for confidence in national parliament between 1981 and 2007 includes 99 country-year observations. The ten observations with highest levels of political trust in the population (> 56%) are dominated by Scandinavian countries (Island, Norway) and South Korea[19], while the group of countries with lowest political trust (< 23.1%) is dominated by transition countries (Poland, Czech Republic) and unified Germany, which merged with its post-communist part in 1991[20] - the correlation with the state of the macro-economy is obvious. Despite a potential time-invariant cultural-historical component of political trust in the population (see, e.g., Becker et al., 2011), which we capture in our empirical model by using country-specific fixed effects, changes in population shares occur not only across countries but also across time: For example, France shows the well-discussed continuous and steady decline of political trust, starting at 55% in 1981 and ending up with merely 35.5% in 2006 (1990: 48%, 1999: 40%). In contrast, in Denmark political trust is on a rising trajectory, with 36% in 1981, 42% in 1990 and 48.5% in 1999. Over time, growing confidence in political institutions is also observed in three other OECD countries, but a diminishing one in seven other countries. In Italy and Austria, political trust appears rather unchanged (about 31% and 40%, respectively); for Greece and Luxemburg each there is only one single country-year-observation (either in 1999, with 24% and 62%, respectively). However, for most OECD countries political trust had its times of both upswing and downswing, yielding a non-linear development over time. For example, in Turkey political trust in the population first declined in the 90ies (1990: 58%, 1996: 48.5%, 2001: 41.5%), but increased since then (2007: 60%) - possibly a reflection of the economic boom. Overall, political trust does not only vary across different persons

[17] The corresponding numbers for confidence in government are: 6.5% strongly trusting, 31.5% somewhat trusting, 42.5% somewhat distrusting, and 19.5% strongly distrusting.

[18] In a similar view, Chanley et al. (2000) claim that diminishing trust in government spills (negatively) over to confidence in other decision-making bodies such as the parliament.

[19] Population shares are calculated based on the respondents who report either strong trust or some trust in their national parliament (two highest categories out of four). The corresponding countries are: Norway in 1982 (77%), Island in 1999 (72%), Norway in 1996 (69%), Korea in 1982 (68%), Luxembourg in 1999 (61%), Turkey in 2007 (60%), Norway in 1990 (59%), Turkey in 2007 (60%), Switzerland in 2007 (57%), and Island in 1984 (56%).

[20] Countries with lowest population trust are Korea in 2001 (11%), Poland in 2005 (12.5%), Czech Republic in 1999 (13%), New Zealand in 1998 (15%), USA in 2006 (20%), Czech Republic in 1998 (20%), Japan in 2000 (22%), Germany in 2006 (22%), Mexico in 2000 (23%) and Germany in 1997 (23%).

within the same country, and, at an aggregate level, across countries during the same year, but also for the same country across time, with development-paths of political trust being country-specific.

3.2. Sample

We restrict our analysis to OECD member countries (at the time of observation) for the following reasons: OECD countries share similar political institutions (when compared to the rest of the world): as stipulated in the OECD founding treaties, each OECD member state must be a multi-party democracy that promotes international trade. Indeed, measuring the strength of democracy with the Polity IV index (Gwartney et al., 2009) suggests that from 1981 to 2007 almost all OECD countries provided their citizens with the identical maximum of political rights. Consequently, restricting our empirical analysis to a subsample of OECD countries jointly with the use of country fixed effects ensures that it is not the (unobserved) cross-national differences in the degree of political freedom and the democratic system that will drive our empirical results. Furthermore, OECD countries are comparable in their levels of wealth and income per capita, which often serve as proxy for institutional quality (see also Bjørnskov, Dreher and Fischer, 2010). Thus, at large, OECD countries are likely to be similar in government effectiveness and bureaucratic quality, particularly when compared to the rest of the world. Another reason for focusing on OECD countries is the question of comparability of ideological positions in politics across cultures: we conjecture that national definitions of 'leftist' and 'rightist' are still quite overlapping across OECD countries; however, as the categorization along the left-right-spectrum stands in the tradition of the Western Hemisphere, it may be less applicable to, e.g., Islamic, African and Asian countries. Taken altogether, restricting the empirical analysis to OECD countries is likely to prevent spurious correlations when it comes to interpreting the measures of individual's leaning and of government's political ideology.[21]

All models include as control variables respondent's gender and age. Some models add further individual-level controls that are available for all 5 waves of the WVS: these include indices of education, occupational status, and marital status. The categorical income measure had too many missing values (more than 20'000 observations, partly for entire countries such as Poland and Sweden) to be included. However, based on the

[21] Restriction to OECD countries excludes the new members Chile (2010) and Slovenia (2010), but also the post-communist countries prior to their accession (e.g., Hungary in 1982).

Mincer-wage-equation (viewing earnings as a function of age and skills) the joint inclusion of age and education measures should also sufficiently partial out the unobserved effects of personal income. Measures of religious denominations or religiosity are not added because they are not available for all waves of the WVS. Table 1 provides descriptive statistics of the individual-level variables.

3.3. Country-level data

To gauge whether people's confidence in national parliament and government depends on which party rules the country, we employ also a measure of the political ideology of the national government, obtained annually from the Database of Political Institutions (DPI) 2010 compiled by the World Bank (DPI, Beck et al., 2001, updated in December 2010). [22] This index takes on the value of (-1) if the government is left-wing, (0) when it is centrist (or a left-right coalition), and (+1) in case it is right-wing. Definitions of 'left-wing' or 'right-wing' are based on parties' orientation towards economic policy: 'rightist' usually applies to parties that label themselves as conservative, Christian democratic, or right-wing, while 'leftist' is attributed to parties that are defined as communist, socialist, social democratic, or left-wing. 'Centrist' is used for "parties that are defined as centrist or when party position can best be described as centrist (e.g. party advocates strengthening private enterprise in a social-liberal context)" (p. 7, Codebook 2010).[23] In our sample, about 41.7% of all people live under a left-wing government, another 41.7% are ruled by a conservative government, and about 16.7% of all interviewees are governed by centrist-oriented parties or by a left-right coalition.

In principle, the political ideology of the national government may affect the economic state a country is in - on the reverse, the macro-economic state may possibly also influence people's voting behavior and, through this, government ideology. The time-series analysis by Stevenson and Wolfers (2011) reveals that confidence in the US government develops along the business cycle, with confidence levels being deepest during times of recessions.

[22] Focusing on political institutions at the federal level only, we implicitly assume that government ideology of regional governments plays only a marginal role in determining trust in national governments and parliaments. Unfortunately, the WVS contains no information on political trust in sub-federal governing bodies.

[23] Codebook 2 from 2010 is available from http://siteresources.worldbank.org/INTRES/Resources/469232-1107449512766/DPI2010_Codebook2.pdf (19 April 2011). In case of Turkey, the only OECD country with Islam as majority religion, the moderate-religious party is coded as 'conservative' as it represents traditional values in the Turkish society.

Put simply, not only is individual's political leaning correlated with government ideology and government ideology with economic outcomes, but also do economic outcomes influence people's confidence in political institutions. Furthermore, the state of the national economy constitutes a real-world restriction under which any ruling government has to operate, further restraining the political choice set that is already pre-determined by party ideology: we partial out the effects of state of the national economy by controlling for unemployment rate and national income per capita. As argued above, national income can also be viewed as approximation to the quality of government institutions in society (e.g. Bjørnskov, Dreher, and Fischer, 2010). Unemployment rates (in %) are obtained from the OECD, with data for Belgium, Iceland, Netherlands, and the Slovak Republic taken from the IMF. GDP per capita, measured in constant 2000 US dollars, is obtained from the OECD, and employed in its log-form to take account of the non-linearity of vertical and political trust in income (e.g., Fischer and Torgler, 2011). Finally, more heterogeneous populations are more likely to be ruled by a coalition government; population size approximates such fractionalization, with data obtained from the OECD. These measures of macro-level determinants of people's confidence in institutions vary both across countries and years. Descriptive statistics of these country-level variables are summarized in Table 1.

3.4. Model

In the first part of this study, individual's confidence in political institutions ($govconf_{ist}$) in country s at time t is viewed as a function of individual's contemporary political leaning and additional contemporary individual-specific but also country-specific determinants:

$$govconf_{ist} = \alpha\, ideology_{ist} + \beta' X_{ist} + \gamma' macro_{st} + FE_s + TE_t + \varepsilon_{ist} \qquad (1)$$

where $ideology_{ist}$ represents a measure of self-positioning on the political left-right-spectrum of individual i in country s at time t, X_{ist} a vector of individual-level controls, and $macro_{st}$ a vector of country-level controls (unemployment, national income, population size), which vary across both countries and time. FE_s represents country-specific fixed effects, and TE_t time-specific fixed effects – these account for unobserved country characteristics (e.g., culture, language, institutions) and unobservable time-specific states

of the world (e.g., financial crises, wars), respectively. An individual-specific error term (ε_{ist}) completes the empirical model.

For the second part of our analysis, we add to our model a measure of national government ideology in country *s* at time *t* ($gov\_ideology_{st}$). By splitting the sample across individual's political leaning ($ideology_{ist}$), we are able to test whether changes in government ideology impact political trust across our various political groupings differently.[24] For each subsample, the estimated model becomes then:

$$govconf_{ist} = \delta\, gov\_ideology_{st} + \beta' X_{ist} + \gamma' macro_{st} + FE_s + TE_t + \varepsilon_{ist} \qquad (2)$$

The first part of our analysis puts focus on the estimate of individual's political self-positioning, α, while the second part has as main interest δ, the coefficient on government ideology.

3.5. Empirical strategy

Our methodological approach of constructing a micro-based pseudo-panel with two-way fixed effects follows the empirical strategy chosen by Alesina et al. (2004) and DiTella et al. (2003) to investigate the impact of the macro-economy on individual's happiness, who combine repeated cross-sections of the US General Social Survey and add state-specific and year-specific fixed effects. We also employ the OLS estimator as we are only interested in directions and significance levels of coefficients, and their relative magnitudes (Ferrer-i-Carbonell and Frijters, 2004); their absolute sizes, instead, bear little economic meaning in themselves. As the macro-level variables vary across time and countries only (but not across individuals in the same country-year), we obtain an unbalanced panel of country characteristics. We exploit the panel structure at the country level by including country fixed effects and time fixed effects. This approach ensures rather robust estimates on national government ideology (and the macro-economic measures): it mitigates a potential endogeneity bias so that a causal interpretation is supported. However, with the absence of valid instruments for national government ideology, but also for individual's

[24] An alternative approach would have been to add an interaction term of individual's political leaning with government ideology to model (1). Such approach, however, implicitly imposes the (unrealistic) restriction that the correlation structure between all control variables, particularly the macro-economic condition and the unobserved country characteristics, with government ideology is identical across political groups.

political leaning, a potential reversed causality with respect to political ideology can only be mitigated, but not be fully resolved – an unresolved problem already present in the aforementioned articles on happiness and all empirical analyses of political trust carried out so far.[25] We also correct standard errors for intra-group-correlation and heteroscedasticity through clustering of individuals at the country-year level; this approach also ensures that the calculations of the standard errors for the government ideology measure, for the remaining macro-level determinants, and for the Chi2-tests of government ideology across models and subsamples, are based on the number of country-year observations only - that is the variation of the macro variable across the 30 countries and survey years from 1981 to 2007 - irrespective of how many individuals have been interviewed in that specific country and time. [26]

4. Results: Political Leaning

Table 2a reports our findings for the association between adhering to a certain political ideology on the left-right-spectrum and having confidence in political institutions - the national governments and parliaments. We distinguish between six different types of political leaning: first, a leftist ideology and a conservative ideology - both in its extreme and moderate versions - and a centrist ideology, which constitutes our reference category. Second, we also take account of those who seem to have no political conviction at all (having not reported their political self-positioning). Columns (1) and (2) include only gender and age as individual-specific determinants, while columns (3) and (4) employ the full set of individual-level controls. Comparison of the parsimonious with the full model allows judging to what extent individual's socio-economic situation matters for her political leaning with respect to political trust. While Table 2a reports the estimates for individual's political self-positioning only, Table A1 provides also the results for the full set of individual- and macro-level control variables. Robustness of the results of Table 2a

[25] Section 4 suggests that in OECD countries political leaning is largely not driven by changes in socio-economic status. As individual political leaning appears rather time-invariant, it would be captured by individual-specific fixed effects in a household panel framework. This may explain why the WVS does not contain socio-demographic information that is collected in all five waves and does, at the same time, satisfy the exclusion restrictions of an instrument.

[26] While clustering at the country-level addresses a potential serial correlation of average political trust across waves, it possibly understates the statistical significance of the government ideology variable and yields wrong test statistics for the Chi2-tests. However, using country-specific clustering in place of country-year-specific clustering leaves the significance levels of political leaning and government ideology unchanged.

to the exclusion of post-communist countries or single countries from the sample is shown in Tables 2b and A2 of the Appendix, respectively. Equality of OLS estimates within models is based on F-tests, and across models on Chi2-tests.[27]

4.1. Traditional left-right positions

The conservative-minded appears to have more trust in either political institution - compared to somebody with a centrist ideology (reference group), as columns (1) and (2) of Table 2a indicate. This observation holds true for both types of conservatism – both the conservative-extreme and the conservative-moderate likewise. Compared to the influence of age and gender (see Table A1), the impact of political leaning is eight times larger than the linear effect of age and four times larger than the impact exerted by gender. The size of the positive effect of being extremely or moderately right-wing is roughly comparable to that of when becoming 8 years younger in age. That the conservative-minded has more trust in political institutions than the leftist is consistent with the finding by Newton and Norris (2000) for a smaller sample of 17 countries of the pooled first and second waves of the WVS, 1980-1993. Coefficients on individual's political leaning across models appear quite similar; indeed, F- and Chi2-tests across models and groups suggest that, for either political institution, the effects of being conservative-moderate and conservative-extreme are identical for political trust (see bottom of Table 2a). Thus, in terms of political trust, there is no difference between the moderately and the extremely conservative-minded interviewee, *ceteris paribus*.

The picture looks more heterogeneous for the leftist-minded: while the leftist-extreme distrusts both her government and parliament likewise (compared to the centrist-minded), the leftist-moderate appears to have the same level of trust as somebody with a centrist view, *ceteris paribus* - F-tests are confirmatory. The political ideology effect is of considerable size: the influence of being leftist-extreme on political trust is 4 to 5 times larger than that of gender and more than ten times larger than the linear effect of age (see Table A1); the decrease in political trust by moving from a centrist position to a leftist-extreme position is roughly comparable to that of aging by 20 years. On the other hand, the similarity of the political ideology estimates between the leftist-moderate and the centrist

[27] Tests statistics not explicitly reported in the Tables are available on request.

may suggest that both have overlapping political preferences – at least for this sample and period; however, the robustness test in Table 2b reveals that this equality is somewhat sensitive to the countries included (5 significant differences out of 22), so that the leftist-moderate may well be also distrusting in political institutions, albeit to a smaller degree than her extremist peer. The distrust of the leftist is consistent with our general view that she may be very critical towards hierarchical governance structures and corrupting political power as such (section 2). Overall, we conclude that the leftist, particularly in the ideologically extreme version, appears less politically trusting compared to the centrist-oriented.

Figures 1a and 1b below depict the relation between political self-positioning and its impact on confidence in the parliament and the government, respectively. Each horizontal bar represents the OLS coefficient estimate, while the vertical straight line represents its 95%-confidence interval. Figures 1a and 1b support our *Hypothesis 1*: there is a general upward-sloping relation between political self-positioning on the left-right-spectrum and confidence in political institutions; when moving from a leftist position to a more conservative position, trust in institutions appears to rise, *ceteris paribus*. However, this relation is far from being linear; the zero-effect point (saddle point) includes both centrist and leftist-moderate positions likewise. Thus, in our full sample of 30 OECD countries, for political trust having a centrist view or a leftist-moderate view exerts very similar effects (for robustness, see Table 2b).[28] Both figures also show clearly that the coefficient estimates for the conservative-extreme and conservative-moderate are statistically identical, as the latter lie within the confidence interval of the first. On the other hand, the confidence interval of the leftist-extreme barely touches that of the leftist-moderate (not even speaking of a possible overlap) – suggesting that both ideology effects are distinct. Overall, the graphical representation of the coefficient estimates of columns 1 and 2 of Table 2a suggest that, measured on the traditional left-right-spectrum, there are three political groupings with respect to confidence in parliament or government (supported by corresponding F-tests): the leftist-extreme, the leftist-moderate-to-centrist-oriented, and, finally, the conservative (both moderate and extreme).

[28] Applying the original 10-category political scale suggests that the ideological 'break' is between the 5th and the 6th category; F-tests suggest that centrist-leftists (5th category) are similar to moderately leftists (4th category), while centrist-rightist (6th) form a separate group, distinct from the moderately conservative (7th).

Insert Figures 1a and 1b about here

4.2. The 'apolitical'

For the average person who chose not to answer the political self-positioning question (the 'apolitical'), we observe substantial distrust in both government and parliament, compared to the centrist-oriented. Similarly, Citrin (1974) for the U.S.A., Bean (2003) for Australia, and Rubal et al. (2007) for Spain report political distrust of those who did not vote in the last election or who have no recorded party identification.[29] The reason for such lack of confidence of the 'apolitical' could be that she does not view her political preferences as represented by the major parties in the political system. This interpretation is supported by the seminal work of Miller (1974a) for the US: cross-tabulating individuals' perceived ideological distances of their political preferences from the Democratic or Republican party ideologies, respectively, against their degree of political 'cynicism' (= distrust), Miller shows that those who are most distanced from *both* parties simultaneously are also those who show the least confidence in government.[30] An alternative explanation for the distrust of the 'apolitical' can equally be based on Miller's contribution (1974a), which reports also that the most cynic Americans are also those who are not able to detect ideological differences between Republicans and Democrats - to them, there is "a perceived lack of choice between the parties" (Miller, 1974a, p.963). Our interpretation of his finding is that the perceived 'missing choice' between the two major parties may suggest a general distrust in the multi-party system and the majoritarian democratic rule as such. Similarly, Rosenberg's analysis (1956) for the U.S. suggests that those who distrust government officials also have no confidence in the democratic candidate election process, and are, in principle, even willing to accept suppression of civil liberties (political rights, freedom of speech). Taken altogether, applied to our case of 30 OECD countries, the missing confidence of the 'apolitical' is either because she does not find her political preferences

[29] F-tests suggest that the distrust of the 'apolitical' is roughly as large as the distrust expressed by the leftist-extreme.

[30] Citrin (1974) provides a similar cross-tabulation for the U.S.

represented by any of the existing parties or because she has no trust in the existing democratic multi-party system (as required by the OECD founding charter) as such.[31]

Insert Table 2a about here

4.3. Is political leaning instrumental or expressive?

So far, columns (1) and (2) have only included age and gender as individual-level controls, yielding total effects of political leaning. However, individual's political preferences may be instrumental to her utility-maximization and thus be determined by her personal economic and social situation. For example, an unemployed may develop a leftist political attitude because she expects more social transfers in comparison to when supporting a conservative party. Similar arguments can be constructed for any other socio-economic condition a specific person may be in. Consequently, omitting measures of occupational status, education, income, and marital status, the resulting total effects of political leaning do not allow to distinguish between non-instrumental, expressive political preferences (expressive behavior possibly yielding procedural utility) and instrumental political preferences that aim to improve individual's socio-economic condition and increase her outcome utility (see Hillman, 2010, for a thorough distinction of expressive and instrumental behavior). Thus, the previous estimates of total effects in columns (1) and (2) may be somewhat difficult to be given an economically meaningful interpretation.

The partial effects of political self-positioning that are expressive and not instrumental are presented in columns (3) and (4) of Table 2a, which estimate the full model by adding to the baseline model measures of respondent's socio-economic condition, specifically education, marital status, and occupational status. Again, we observe that, compared to the centrist, the conservative has more political trust and the leftist-extreme less; again, there appear to be three political groupings with respect to confidence in parliament or

[31] Note that the type of electoral system (majoritarian or proportional) is accounted for by the inclusion of country fixed effects. As alternative explanation, the political preferences of the 'apolitical' may be very extreme, probably lying at the very tails of the ideology distribution; consequently, the 'apolitical' may experience psychological costs of revealing her ideology to the interviewer that are prohibitive. The latter interpretation may explain why parties at the tails of the political left-right-spectrum often manage to gain new voters from the group of the 'apolitical'.

government: the leftist-extreme (distrusting), the leftist-moderate and centrist-oriented (reference group), and, finally, the conservative-minded (trusting).

Taken altogether, for the average person in OECD countries political leaning apparently constitutes largely an expressive behavior: The direction of influence, the statistical significance, and, most importantly, the size of the political self-positioning estimates in the full models (3) and (4) are comparable to those in the parsimonious models (1) and (2), which Chi2-tests across models confirm for the conservative and the leftist likewise. It can be concluded that individual's socio-economic situation is quite orthogonal to the relation of her political preferences with her political trust. In other words, our statistical evidence in Table 2a suggests that the individual economic situation does not mediate the effects of individual's political leaning for her assessing the performance of government institutions (where a 'good' performance would appear trust-building). Possibly, this is an effect of living in OECD countries with well-developed welfare states (e.g., health sector, public schooling, public pension system) and the relatively high average income - compared to the rest of the world. Only for the 'apolitical' does the Chi2-test indicate an instrumental function of political preferences – with a quantitatively very small effect (size of about 0.01). Overall, measured on a traditional, two-dimensional left-right-spectrum, we find political leaning in terms of 'left', 'center' and 'right' largely to be an expressive behavior, and not to serve as instrument for improving the socio-economic condition the interviewee lives in.

4.4. Do people equate government with parliament?

In real life, constitutional differences in accountability and responsibility between the legislating parliament and the executing government may not be clearly distinguishable by an ordinary person; such distinction may be hampered by the fact that in most OECD countries the executive makes proposals for legislation to the parliament where its members are de facto forced to vote along party lines. In consequence, in real life the constitutional distinction between parliament and government may be blurred, as the parliament may appear as mere executor of government programs, simply passing government legislation without the power or will to prevent it. The empirical analysis in Table 2a makes it possible to conclude to what extent the man on the street confounds the responsibilities of the government with that of the parliament and vice versa.

That people perceive the institutions 'parliament' and 'government' as alike, if not identical, in their policy-influence can be concluded from the strong similarity of coefficients on political leaning across the two models for trust in the 'parliament' and the 'government' - that is between models (1) and (2), and between models (3) and (4), respectively. Indeed, Chi2-tests across these models suggest that the impact of political leaning on political trust is equal-sized across both institutions, particularly for persons who belong to any of the following four political groupings: the conservative-extreme, the conservative-moderate, the leftist-moderate, and even those with no political conviction. This is also indirect evidence that the trust effects of being a centrist (reference group) are of similar size for either institution. Thus, only for the leftist-extreme, a statistically significant but weak difference between the self-positioning coefficients is found across the two political institutions.[32] Possibly, her trust in government is lower than that in the parliament (-0.224 vs. -0.151) because leftist-extreme parties are rarely found in the national government, letting a leftist-extreme, on average, be in a continuing political opposition to the government.[33] For most remaining socio-demographic control variables in columns (3) and (4) of Table A1 we equally find similar-sized effects for trust in government and parliament (e.g. for the 'divorced', 'widowed', 'married', 'retired', 'unemployed', 'housewife', and education). Taken altogether, most people (except for the leftist-extreme) do not appear to distinguish in political importance between the national parliament and the national government – in their view, the responsibilities and policy influence of government and parliament coincide.

4.5. Control variables

The estimates on the control variables age, gender, marital status, education and occupational status are presented in columns (3) and (4) of Table A1 of the Appendix. We observe that confidence in government and parliament has a hyperbolic functional form in

[32] Given underlying 50'000 and 130'000 individual observations in the regression samples, a 5% level of significance could be regarded as rather weak. Notably, in Table 2a coefficients on political self-positioning variables are significant at the 1 percent level.

[33] One example is the leftist-extreme German party ‚Die Linke' ('The Left') which was, since 1992, never part of any national (coalition) government so far.

age: it first declines in age, increases again and, after a local maximum, decreases again;[34] preceding studies for the US, Australia, Spain, and Eastern Europe that assume a simple linear relationship in age yield, in tendency, insignificant results (Bean, 2003; Mishler and Rose, 2001; Newton, 1999; Hetherington, 1998; Rubal et al., 2007).[35] Furthermore, confidence in government is strongest for the married (reference group) and the widowed, while unemployed and retired persons distrust their government and parliament more than the full-time employed.[36] Housewives and –men appear more trusting. That both gender and education are rather irrelevant for individual's political trust was already observed for Australia, Spain and the post-communist European countries (Bean, 2003; Mishler and Rose, 2001; Rubal et al., 2007).[37] Consistent with many previous studies, we find the macro-economy to matter for confidence in political institutions: in tendency, confidence rises in employment levels and decreases in population size, while the effect of national income is ambiguous.

We have carried out a couple of robustness tests. That the exclusion of post-communist countries does not affect our findings is shown in Table A2 of the Appendix. Table A3 presents the estimation results when no distinction between moderate and extreme forms of political convictions is made: such approach clearly disguises the heterogeneity among the leftists. Single-country regressions suffer from small-sample bias in terms of number of observable years which affects the estimates on political leaning; in such single-country regressions, macro factors such as government ideology may stay constant over the observational period and unobserved country characteristics cannot be controlled for (see also section 5 for the role of government ideology). Instead, in our micro-based pseudo-panel not only country fixed effects and controls for the state of the macroeconomy, but also the symmetric distribution of government ideology across countries and time prevent major estimation biases: between 1981 and 2007, 22'000 people lived under a centrist government, and about 55'000 under a left-wing, or right-wing, government, respectively. Thus, given the symmetric distribution of government ideology in the full sample (41.7% -

[34] This effect either could constitute a true age effect, or, given that no birth cohorts are controlled for, may reflect the changing population composition in terms of year of birth. In that case, more recently born persons would exhibit a lower level of political trust.
[35] The non-linear relation of confidence in age is mirrored by a non-linear effect of self-report life satisfaction in age, e.g. Blanchflower and Oswald (2009), Fischer (2009), and van Landeghem (2009).
[36] That 'experiencing unemployment' is destructive for trust in government institutions was shown for a micro sample of 10 post-communist countries by Mishler and Rose (2001).
[37] In contrast, Hetherington (1998) reports for the US a positive effect of education on political trust.

16.7% - 41.7%), possible estimation biases of living under rightist governments are then cancelled out by opposite biases when leftist governments rule – a neutralization effect that is not present in most single-country regressions.[38] However, we have tested the full sample regression estimates for confidence in government of Table 2a against dropping single OECD countries from our sample. Based on the 22 resulting regressions, Table 2b presents the minimum and the maximum coefficient estimates on political leaning (in absolute terms), and the average effect based on all 22 estimates. Furthermore, it reports the number of significant cases. The robustness test in Table 2b largely supports the results from Table 2a, with weaker results for the leftist-moderate; nevertheless, Table 2b confirms that confidence in political institutions is the higher, the more politically conservative individuals are.

Insert Table 2b about here

4.6. Summary of part I

Taken altogether, the first part of our analysis suggests the following: first, the moderately, but also the extremely conservative-minded trust their government and parliament more compared to someone with a centrist leaning, while the leftist-extreme and the 'apolitical' show a substantial distrust, *ceteris paribus*. These findings are consistent with our *Hypothesis 1* that political trust increases in the degree of individual's political conservatism. Second, trust in political institutions does not appear to develop linearly in individual's position on the political left-right-spectrum. Third, the ordinary man appears to view the national parliament and the national government as one single policy-making institution. Finally, political leaning appears to be an expressive behavior, and not instrumental to improving one's own socio-economic condition.

[38] Consequently, single-country cross-sectional regression results for political leaning change in the party which rules the country currently (see Rubal et al., 2007, for an illustrative example using Spanish data).

5. Results: Living under the 'Right' Government

So far we have investigated a general relationship between respondent's political leaning and her trust in political institutions. In support of *Hypothesis 1*, we found her political trust to increase in the degree of her political conservatism. As discussed in section 2, the political trust-literature suggests that confidence in institutions is determined by the match between people's political preferences and actual government ideology; our *Hypothesis 2* states that trust in government is higher if one's preferred political party is in power. More specifically, from *Hypothesis 2* we derive that political trust of a conservative-minded person increases in the degree by which the government is dominated by a conservative political ideology.

To test *Hypothesis 2*, we extend our previous analysis by adding to our model an annual measure of government ideology obtained from the DPI compiled by the World Bank (Beck et al., 2001). This index measures the degree of conservatism of the national government, with values ranging from (-1) if the government is left-wing, (0) when it is centrist, and (+1) in case it is conservative. We continue to apply from section 4 the grouping of interviewees according to their self-positioning on the political left-right-spectrum, also taking account of the 'apoliticals' who chose not to answer the question about their political preferences. Methodologically, we split the full OECD regression sample of 140'000 observations from 1981 to 2007 into six subsamples by differing political preferences (from extreme-conservative over extreme-leftist up to 'apolitical').

As before in section 4, all regressions employ the full vectors of macro and micro control variables, including population size, national unemployment rate and national income per capita, as well as country fixed effects and time fixed effects. Again, clustering of standard errors at the country-year level ensures that statistical significance of the macro variables (including government ideology) is calculated based on the number of country-year observations rather than the number of observed individuals. Since the total sample is split along the individual-level measure of political leaning, the number of country-years remains identical across subsamples, while the number of included individuals varies. As explained in section 3, clustering corrects the standard errors for heteroskedasticity and within-country-year correlation between individuals; in consequence, clustering on

country-years yields a rather conservative calculation of the statistical significance of national government ideology, producing a lower bound.[39]

Table 3 presents the results for the effect of government ideology on people's confidence in government and parliament, for subsamples based on individual's political self-positioning. Columns (1) through (6) report the group-specific results for confidence in government, while columns (7) through (12) present the ones for confidence in parliament. Our findings are robust to the exclusion of post-communist countries, as Table A4 of the Appendix shows. Table 3 presents Chi2-statistics (based on the variation across country-year observations) for testing the equality of government-ideology coefficients across models.

5.1. Conservative and leftist political leaning

Consistent with *Hypothesis 2*, Table 3 suggests that living under the 'right' government – the government whose political ideology is consistent with one's own political preferences - enhances one's confidence in political institutions. This effect is observable for the conservative-minded and the leftist-oriented, both moderate and extremist likewise: political trust of the rightist increases as the degree of conservatism of the national government rises (as suggested by the positive and significant coefficients in columns 1, 2, 7, and 8), as does the political trust of the leftist the more leftist-oriented the government becomes (as revealed by the negative coefficients on conservative government ideology in columns 4, 5, 10 and 11).[40] Measured in absolute terms, the impact of government ideology-(mis)match is the larger, the greater the distance of individual's political preferences to the median voter position is, as the Chi2-tests indicate.[41] Given the results of Table 2a, which indicate a generally trusting attitude of the conservative-minded and a generally distrusting one of the leftist-oriented (as compared to a centrist), we can interpret

[39] The reason is that for all available country-years all six groupings by political preferences are observable (except for one with 'apoliticals' missing in Korea, see section 3).

[40] For confidence in government, the coefficient on government ideology in the leftist-moderate subsample (column 4) misses significance at the 10 percent level, but a Chi2-test rejects equality with the insignificant coefficient in the centrist subsample (column 3) (see Table 3 for test statistics).

[41] For confidence in government, government ideology effects appear similar between the conservative-extreme and the conservative-moderate, as well as between the leftist-moderate and the leftist-extreme - this is not the case for confidence in parliament (see also Table A4 which excludes the post-communist countries). However, the small number of 42 country-year observations in the confidence-in-government regressions may hamper statistical identification of government ideology effects that differ across political groupings.

our findings of Table 3 in the following way: as the degree of conservative ideology of government rises, the political trust of the rightist individual increases, while the political distrust of the leftist is enlarged.[42] Excluding the post-communist countries, which still may have a political 'culture' distinct from that in Western countries, yields qualitatively even stronger results (see Table A4 of the Appendix).

Insert Table 3 about here

5.2. Centrist leaning and the 'apolitical'

The political groupings of centrists and 'apoliticals' need some further attention: Government ideology does not appear to matter to somebody who has no recorded political leaning at all (columns 6 and 12) or who claims to have a centrist leaning (columns 3 and 9). A Chi2-test on the equality of (insignificant) coefficients between the centrist-subsample and the 'apolitical'-subsample confirms that government ideology effects are not observable in either subsample (despite the weak 10-percent significance level in column 6). Qualitatively identical results are obtained when we exclude the post-communist countries from our analyses (Table A4 of the Appendix): it is not the countries with a communist past that are responsible for this insignificant effect of government ideology. The finding of the irrelevance of government ideology for the political trust of the 'apolitical' and of the centrist call for an explanation.

The irrelevance of government ideology for the political trust of the 'apolitical', a person who has little trust in political institutions anyway (see Table 2a), supports our previous conjecture that somebody with no political leaning may have no confidence in the democratic and multi-party political system as such: obviously, the 'apolitical' does not care which party is in power – possibly because in her view all parties form part of the same political system she rejects as whole. However, evidence by Miller (1974a) for the US suggests that the degree of political cynicism (distrust) is influenced by the party affiliation of the incumbent president – in contrast, in our Table 3a there is clearly no

[42] This interpretation is supported with full models employing interaction terms between government ideology and political leaning (available upon request).

government ideology effect for the distrusting 'apolitical', but, nevertheless, for the distrusting leftist. Consequently, our analysis demonstrates the importance of distinguishing the 'apolitical' from other political groupings who equally distrust political institutions (when compared to centrists) – an implication we discuss in the conclusion with respect to the societal implications of vote abstention. Taken all together, the analysis of government ideology effects for political trust in Table 3 suggests that in OECD countries the previously observed distrust of the 'apolitical' in the political system and all related public institutions is rather of an absolute nature, that is being irrespective of which system-immanent party is in power.

5.3. Interpretation with respect to the median voter model

In the following, we interpret the empirical results of Table 3 in light of the Hotelling-Downs-Model; this allows us to conclude that in OECD countries the two vote-share maximizing parties did converge from the left and right to the median voter position; however, we will also argue that this convergence is not complete, but still symmetric to the median voter point. This is how we arrive at such conclusion:

Column 3 of Table 3 shows that for an individual with a centrist political view government ideology is apparently not relevant for her political trust. Given the unimodal symmetric distribution of political preferences over the left-right-spectrum in our OECD sample (see section 3), we can assume a deterministic two-dimensional, spatial model of electoral competition, such as the 'median voter model' (e.g., Congleton, 2002; Hotelling, 1929; Mueller, 2003), where voter's utility declines in the distance of the party position to her own political position. In column 3 of Table 3, the insignificance of government ideology can then be interpreted as empirical evidence for the theoretical prediction that the two competing leftist and rightist parties converge, from their corresponding endpoints, symmetrically to the median voter position, position 'M' in Figure 2 (for convergence, see Alesina, 1988; Davis, Hinich, and Ordeshook, 1970). [43]

However, do the estimates in Table 3 suggest that party convergence towards 'M' is complete, so that both parties' positions coincide? Many models of electoral competition

[43] If in 'M' the ideological positions finally coincided and completely overlapped, ideological party labels would be reduced to simply serve as politicians' 'lip services'.

predict that full convergence is hampered, by e.g. probabilistic voting, the presence of interest groups or ideological constraints (Mueller, 2003), divergence of announced policies from implemented policies (Alesina, 1988), differences between people's party identity and their political preferences (Lindbeck and Weibull, 1993), missing commitment devices to future policy implementation (Besley and Coate, 1998), or because of the media filtering information for the voter (Duggan and Martinelli, 2011). Indeed, our empirical findings in Table 3 support the interpretation that convergence to the median voter position may not be complete, albeit still symmetric to the median voter point.

Insert Figure 2 about here

If both parties had converged completely to the median voter position 'M' and ideologically overlapped, we should expect government ideology not to matter to political trust to *any* person on the political left-right-spectrum, be she a centrist, leftist or rightist. In contrast, Table 3 shows that government ideology *does* matter to persons who are not in the median voter position, but who are, e.g., at either extreme of the left-right-spectrum. To give an illustrative example, Figure 2 depicts the situation with two squared brackets, equidistant to 'M', that may represent party-specific ideology constraints. In the median voter model, these serve as outer 'borders' for the leftist and rightist party positions, respectively, preventing full convergence to 'M' (see also Müller, 2003).[44] Now, with incomplete convergence, a conservative-extreme voter ('ER') *does* prefer a right-wing party over a left-wing party, as the right-wing bracket point provides her with a higher utility than the left-wing bracket point (in Figure 2 indicated by the shorter and longer arrows between the two party-specific bracket points and the right-wing endpoint 'ER'). The same applies analogously for the leftist-extreme position ('EL'). Taken altogether, incomplete convergence of party ideologies can explain our empirical finding why the political trust of a non-centrist is apparently affected by the political ideology of the national government - and why her political trust appears increased when the party with the 'right' label is in power.

[44] If a two-candidate election is assumed, ideology constraints can be imposed through a first stage in which candidates are selected by party members.

However, given incomplete convergence of the two parties in the model, the median voter appears only indifferent with respect to the ruling party if both parties position themselves rather equidistant, that is symmetric, to her preferred point, 'M'. In that case, the median voter's utility is equally large at either ideology-bracket point (in Figure 2 indicated by the two equally long arrows) – thus, in such party competition game we obtain two possible equilibria in place of the previous single equilibrium, 'M'. Thus, such two-equilibria-situation is consistent with an insignificant government ideology effect for the centrist in columns 3 and 8 of Table 3. Supporting our interpretation, Persson and Tabellini (2000) present citizen-candidate-models which predict two equilibria (party positions) that are symmetric to the median voter position. In addition, the median voter model also suggests that both two-party-equilibria positions should not be too far away from position 'M', as otherwise there would be room for a third, centrist party (Mueller, 2003). Indeed, in our sample of 30 OECD countries from 1981 to 2007 centrist government rules are the least observed (only 17%), while 83% of the national governments are either leftist or conservative, each with equal share (see section 3).[45] Thus, Table 3 suggests the interpretation of two competing parties positioning themselves on the political left-right-spectrum symmetrically and equidistantly to the median voter point.

Overall, we observe for the centrist voter in Table 3 that she is indifferent with respect to the ruling leftist and conservative governments, indicating the ideological convergence of the parties in power to, but also equidistance to, the median voter position. On the other hand, that the political ideology of the ruling government still matters for the political trust of those who have diverging, non-centrist political preferences, such as the conservative- and leftist-minded, implies that party convergence may not be complete. Thus, Table 3 also indicates the presence of mechanisms which prevent full convergence.

5.4. Summary of part II

Overall, the second part of this empirical study supports *Hypothesis 2*: political trust of the conservative-minded appears increased when a conservative government is in power, and so is trust of the leftist-minded when a leftist government rules. Such impact of government ideology is the larger, the more distanced is individual's political preference

[45] Given that left-right-coalition governments are also counted among the 'centrist' governments, the true share of governments run by 'centrist' parties is even less than 17%.

from the median voter position. These findings are also consistent with our view that the definition of a 'good' government performance is shaped by one's own political view. We also find evidence that the distrust of the politically non-interested is rather in the political system as such: her political trust level is not affected by which party is currently in power. Finally, we also find evidence for a symmetric, but incomplete convergence of the ruling parties towards the median voter position, making a centrist voter indifferent whether a leftist, centrist or conservative party rules.

6. Summary and Implication for Vote Abstention

6.1. Summary

This paper investigates to what extent individual's political leaning and its interplay with the political ideology of the national government affect confidence in national political institutions in OECD countries. Using micro-data on 140'000 persons from all five waves of the World Values Survey (1981-2007), our evidence suggests that a conservative-minded person has more political trust compared to somebody who follows a centrist ideology, while the leftist-minded is, in general, less trusting. Politically distrusting appears also the 'apolitical' who refuses to answer the question on political self-positioning. In our analysis, we distinguish between extreme and moderate versions of people's leftism and conservatism, resulting in five different groupings of political leaning; we detect that political trust increases non-linearly in the degree of individual's political conservatism. Individual's political leaning does not appear to be instrumental: the surveyed persons did not prove their specific political preferences to use as means for ameliorating their own socio-economic conditions; rather, their political preferences appear to constitute an expressive behavior.

In the second part of the paper we introduce as additional determinant of political trust the ideology of the party in national government; we argue that so-called government ideology may impact the choice of policies and, thus, policy outcomes. The 'match' between government ideology and one's own political leaning appears to matter to political trust: confidence in political institutions is increased when the preferred party is in power. Such effect is not observable for the 'apolitical' and the centrist, whose political trust levels

remain unaffected. For the 'apolitical', we view this as evidence that she mistrusts the political system as such; instead, for the centrist-minded we conjecture that political ideologies of rightist and leftist parties in government converge and are equidistantly positioned with respect to the median voter.

The interpretation of our results is limited by the fact that any measure of government ideology based on party labels constitutes no indication of what kind of policies are actually carried out. Politicians' promises may simply be lip service: in contrast to what is declared in party programs, actual policy-making always remains subjected to real-world political and financial constraints. Consequently, e.g., by-party-label-leftist governments may decide and implement policies that are not consistent with a traditionally and typically 'leftist party ideology'. However, King (1997) suggests that the connection between lip-service-government ideology and people's political trust holds strong even in case when actual policy outcomes diverge from what people would have preferred – possibly indicating that subjective evaluations of policy outcomes differ from their objective assessments.[46] In contrast, most previous studies on political trust in the US implicitly claim that there is a great overlap between economic reality and people's perception thereof (e.g., Citrin and Green, 1986; Hetherington, 1998) – without providing empirical evidence for such presumption. That a measure of government ideology based on party labels does not necessarily reflect how government's actual policy decision-making and implementing should be ideologically classified calls for a future analysis that takes account of real-world policy outcomes instead. Consequently, there is an obvious need to investigate further into the effects of policy outcomes on political trust. [47]

6.2. Implication for vote abstention

In developed countries, we observe a rising population share of non-voters. What is their motivation for not going to the polls? Or is this a phenomenon we should not be concerned about? Our paper might give some preliminary answers. Possibly, these non-voters may simply be indifferent between the policies offered by the competing parties - a result of parties' ideological symmetric convergence towards the median voter position. In support,

[46] That subjective evaluations are not updated is either the consequence of the psychological mechanism of self-confirmation or of having chosen not to collect costly information about politics – a rational choice given the extremely small probability of being the decisive median voter (Downs, 1957).

[47] We present such empirical analysis in a sequel paper (working title: "Are leftists as leftist as they think they are?")

our empirical results of the effects of political leaning for political trust suggest that a centrist voter is, indeed, indifferent with respect to the party that governs the country. Consequently, as voting is costly, for a centrist-minded abstaining would be a rational choice. Our research also suggests that political trust of centrists is higher than that of leftists, particularly that of leftists at the tail of the political spectrum. Consequently, if most non-voters were trusting centrists, a declining voter turnout should not be interpreted as a diminishing legitimacy of the elected parliament.

However, people might simply abstain from voting because they reject the democratic decision-making process as such. Our empirical analysis reveals that an individual with no recorded political leaning belongs - jointly with the leftist-extremist – to the politically most distrusting group, compared to the centrist. We also show that whatever government is in power, be it a left-wing or be it a right-wing, the distrust of the 'apolitical' remains unaltered; in our analysis, we interpret this finding as evidence for her distrust in the political institutions and their agents as such. Consequently, for the 'apolitical', who does not care about which party is in power, vote abstention is a rational choice; moreover, it may, possibly, be an expression of her rejection of the democratic multi-party system as such. In sum, if most non-voters belonged to the group of 'apoliticals', we would need to worry about declining voter turnout as signal for a decreasing population share who trusts in political institutions.

Possibly, the distrust of the ‘apolitical’ in political institutions, who make up 17% of the OECD population, could be addressed and possibly remedied in several ways: first, by facilitating the founding of new parties that enrich the traditional political left-right spectrum – such as the 'Green Party' in many OECD countries or, possibly, parties promoting religious values (within the boundaries of the democratic constitution), parties representing the preferences of the elder, inactive population, or parties promoting consumer-friendliness and health, as well as parties standing up for free availability of information combined with the protection of privacy, etc. Second, according to Frey (1997), another way to build up political trust may be to complement representative democracies with direct legislation through popular votes, which enables voters to unbundle issues, put new issues on the political agenda and exert direct control over politicians’ legislating activities (see, e.g., Matsusaka, 2005). A similar argument of better citizen control is brought forward by those who argue in favor of strengthening federalist

governance structures (e.g., Dreher and Fischer, 2010). Indeed, direct democracy and decentralized governance structures have been shown to restrain government waste, to strengthen bureaucratic quality, and to increase people's overall well-being (see, e.g., Bjørnskov, Dreher and Fischer, 2008; Feld, Fischer and Kirchgässner, 2010; Fischer, 2010; Keman, 2000). It remains to be seen whether such institutional changes exert the expected trust-building effect or not.

Literature

Aizenman, J. and N. Marion (1993), Policy uncertainty, persistence and growth, *Review of International Economics* 1,145-163.

Alesina, A. (1988), Credibility and Policy Convergence in a Two-Party System with Rational Voters*, American Economic Review* 78, 796-805

Alesina, A., R. Di Tella, and R. MacCulloch (2004), Inequality and happiness: are Europeans and Americans different?, *Journal of Public Economics* 88, 2009-2042.

Anderson, C.J. and A.J. LoTempio (2002), Winning, Losing and Political Trust in America, *British Journal of Political Science* 32, 335-351

Bean, C. (2003), Citizen Confidence in Social and Political Institutions in a Changing World, Paper presented to the Social Change in the 21st Century Conference, Centre for Social Change Research, Queensland University of Technology.
Available through: http://eprints.qut.edu.au/114/ (8 June 2011)

Beck, T., G. Clarke, A. Groff, P. Keefer, and P. Walsh (2001), New tools in comparative political economy: The Database of Political Institutions, *World Bank Economic Review* 15, 165-176. (version: December 2010).

Becker, S.O., K. Boeckh, C. Hainz, L. Woessmann (2011), The Empire is Dead, Long Live the Empire! Long-Run Persistence of Trust and Corruption in the Bureaucracy, CESifo Working Paper Series 3392.

Besley, T. and S. Coate (1998), Sources of Inefficiency in a Representative Democracy: A Dynamic Analysis, *The American Economic Review* 88, 139-156

Bjørnskov, C., A. Dreher, and J.A.V. Fischer (2010), Formal institutions and subjective well-being: Revisiting the cross-country evidence, *European Journal of Political Economy* 26, 419-430.

Bjørnskov, C., A. Dreher, and J.A.V. Fischer (2008), On decentralization and life satisfaction, *Economics Letters* 99, 147-151.

Blanchflower, D.G., and A.J. Oswald (2009), The U-Shape without Controls, The Warwick Economics Research Paper Series (TWERPS) 896, University of Warwick, Department of Economics.

Blendon, R.J., J.M. Benson, R. Morin, D.E. Altman, M. Brodie, M. Brossard, and M. James (1997), 'Changing Attitudes in America.' In: J.S. Nye, Jr., P. D. Zelikow, and D. C. King, (Eds.), *Why People Don't Trust Government*. Cambridge, MA: Harvard University Press.

Bourdieu, P. (1980), Le capital social: notes provisoires, *Actes de la Recherche en Sciences Sociales 31*, 2-3.

Braithwaite, V. and M. Levi, eds. (1998). *Trust and Governance*. New York: Russell Sage Foundation.

Butler, J., P. Giuliano and L. Guiso (2009), The Right Amount of Trust, Economics Working Papers ECO2009/33, European University Institute.

Chanley, V.A. (2002), Trust in Government in the Aftermath of 9/11: Determinants and Consequences, *Political Psychology* 23, 469-483.

Chanley, V.A., T.J. Rudolph, and W.M. Rahn (2000), The Origins and Consequences of Public Trust in Government: A Time Series Analysis, *Public Opinion Quarterly* 64, 229-256

Citrin, J. (1974), Comment: The Political Relevance of Trust in Government, *American Political Science Review* 68, 973-988.

Citrin, J. and D. P. Green (1986), Presidential Leadership and the Resurgence of Trust in Government, *British Journal of Political Science* 16, 431-453.

Citrin, J. and S. Luks (2001), Political Trust Revisited: Déjà vu All Over Again ? In: J. R. Hibbing and E. Theiss-Morse (Eds.), *What is about Government Americans Dislike* ? New York: Cambridge University Press.

Coleman, J. (1988), Social Capital in Creation of Human Capital, *American Journal of Sociology* 94, 95-121.

Congleton, R. (2002), *The Median Voter Model*. In: Rowley, R. K.; Schneider, F. (Eds.): The Encyclopedia of Public Choice. 2002.

Davis, J., F.D. Schoorman, R.C. Mayer, and H. Tan (2000), The Trusted General Manager and Business Unit Performance: Empirical Evidence of a Competitive Advantage, *Strategic Management Journal* 21, 563-576.

Davis, O.A., M.J. Hinich, and P.C. Ordeshook (1970), An Expository Development of a Mathematical Model of the Electoral Process, *The American Political Science Review* 64, 426-448.

DiTella, R., R.J. MacCulloch, and A.J. Oswald (2003), *The Macroeconomics of Happiness, The Review of Economics and Statistics* 85, 809-827.

Dreher, A. and J.A.V. Fischer (2010), Government Decentralization as a Disincentive for Transnational Terror? An Empirical Analysis, *International Economic Review* 51, 981-1002

Duggan, J. and C. Martinelli (2011), A Spatial Theory of Media Slant and Voter Choice, *Review of Economic Studies* 78, 640-666.

Downs, A. (1957). *An Economic Theory of Democracy*, New York: Harper Collins.

Evans, P. (1996), Government Action, Social Capital and Development: Reviewing the Evidence on Synergy, *World Development* 24, 1119-1132.

Feld, L.P., J.A.V. Fischer, and G. Kirchgässner (2010), The Effect of Direct Democracy on Income Redistribution: Evidence for Switzerland, *Economic Inquiry* 48, 817-840.

Ferrer-i-Carbonell, A. and P. Frijters (2004), How Important is Methodology for the estimates of the determinants of Happiness?, *Economic Journal*, 114, 641-659.

Fischer, J.A.V. (2010), Stuttgart 21: mit direkter Demokratie aus der Sackgasse?, DIW Berlin, Wochenbericht 77, 19-25.

Fischer, J.A.V. (2009), Happiness and Age Cycles - Return to Start...?: On the Functional Relationship between Subjective Well-Being and Age, OECD, Social, Employment and Migration Working Papers 99.

Fischer, J.A.V. and B. Torgler (2011), Do Positional Concerns Destroy Social Capital: Evidence from 26 Countries, forthcoming in *Economic Inquiry*

Frey, B.S. (1997), A Constitution for Knaves Crowds Out Civic Virtues, *Economic Journal* 107, 1043-1053.

Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity.* London: Penguin Books.

Gershtenson, J., J. Ladewig, and D.L. Plane (2006), Parties, Institutional Control, and Trust in Government, *Social Science Quarterly* 87, 882-901.

Gwartney, J. and R. Lawson, with H. Grubel, J. de Haan, J.-E. Sturm, and E. Zandberg (2009). *Economic Freedom of the World: 2009 Annual Report*. Vancouver, BC: The Fraser Institute. Data retrieved from www.freetheworld.com

Hetherington, M. J. (1998), The Political Relevance of Trust, *American Political Science Review* 92, 791-808.

Hillman, A.L. (2010), Expressive behavior in economics and politics, *European Journal of Political Economy*, 26, 403 – 418.

Hotelling, H. (1929), Stability in Competition**,** *The Economic Journal* 39, 41-57.

Keele, L. (2007), Social Capital and the Dynamics of Trust in Government, *American Journal of Political Science* 51**,** 241-254.

Keman, H. (2000), Federalism and policy performance. A conceptual and empirical inquiry, in: U. Wachendorfer-Schmidt (Ed.), *Federalism and political performance,* London: Routledge.

King, D.C. (1997), The Polarization of American Parties and Mistrust of Government. In: J. S. Nye, Jr., P.D. Zelikow, and D.C. King (Eds.), *Why People Don't Trust Government*, Cambridge MA: Harvard University Press.

Levi, M. and L. Stoker (2000), Political Trust and Trustworthiness, *Annual Review of Political Science* 3, 475-507.

Lindbeck, A. and J.W. Weibull (1993), A model of political equilibrium in a representative democracy, *Journal of Public Economics* 51, 195-209.

Lipset, S. M. and W. Schneider (1983), The Decline of Confidence in American Institutions, *Political Science Quarterly* 98, 379-402.

Matsusaka, J.G. (2005), Direct Democracy Works, *Journal of Economic Perspectives* 19, 185-206.

Miller, A.H. (1974a), Political Issues and Trust in Government: 1964-1970, *American Political Science Review* 68, 951-972.

Miller, A.H. (1974b), Rejoinder to 'Comment' by Jack Citrin, Political discontent or ritualism? *American Political Science Review* 68, 989-1001.

Mishler, W. and R. Rose (2001), What are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post-Communist Societies, *Comparative Political Studies* 34, 30-62.

Mueller, D.C. (2003). *Public Choice III*. Cambridge: Cambridge University Press.

Newton, K. (2007), Social and Political Trust, In: Dalton, R.J. and H.-D. Klingemann (Eds.), *Oxford Handbook of Political Behavior*, Oxford: Oxford University Press, 342-361.

Newton, K. and P. Norris (2000), Confidence in Public Institutions: Faith, Culture or Performance? In: S. Pharr and R. Putnam (Eds). *DISAFFECTED DEMOCRACIES: What's Troubling the Trilateral Countries?* Princeton, NJ: Princeton, University Press, 2000, Chapter 3, 54-73.

Orren, G. (1997), Fall From Grace: The Public's Loss of Faith in Government. In: P. Zelikow, J. Nye, Jr. and D.C. King (Eds.), *Why People Don't Trust Government*. Cambridge, MA: Harvard University Press.

Özyilmaz, A. (2010), Vertical Trust in Organizations: A Review of Empirical Studies Over The Last Decade, *Mustafa Kemal University Journal of Social Sciences Institute* 7, 1 – 28.

Persson, T., and G. Tabellini (2000), *Political Economics: Explaining Economic Policy*, Massachusetts: MIT Press.

Pew Research Center (1998), *Deconstructing Trust: How Americans View Government*. Washington DC: Pew Research Center for the People and the Press.

Pharr, S.J., and R.D. Putnam, eds., (2000). *Discontented Democrats*, Princeton, N.J.: Princeton University Press.

Putnam, R.D. (2000), *Bowling alone. The collapse and revival of American community.* New York: Simon & Schuster.

Rosenberg, M. (1956), Misanthropy and Political Ideology, *American Sociological Review* 21, 690-695

Rubal, M., C. Voces, M. Ferrín, and M. Caínzos (2007), Confidence in Institutions and Social Trust in Spain (1980-2005), Paper prepared for the ECPR Joint Session, May 2007, Helsinki, Finland. Workshop on "Social Trust, the State and Diversity".

Schaffner B.F., and J.A. Clark (2004), *Macro Trust: Partisanship and the Dynamics of Trust in Government*, paper presented at the Annual Meeting of the Southern Political Science Association, New Orleans, L.A.

Stevenson, B. and J. Wolfers (2011), Trust in public institutions over the business cycle, CESifo Working Paper Series 3389, CESifo Group Munich.

Stolle, D. (2000), Social Capital: A New Research Agenda? Toward an Attitudinal Approach. In: *ECPR Workshop13: Voluntary Associations, Social Captial and Interest Mediation: Forging the Link*. Copenhagen.

Van Landeghem, B.G.M. (2008), Human Well-Being over the Life Cycle: Longitudinal Evidence from a 20-Year Panel, K.U.Leuven LICOS Discussion Papers 21308.

Warren, M.E., ed., (1999). Democracy and Trust. Cambridge: Cambridge University Press.

Appendix

Table A1: Control Variables

Confidence in…	(1) government	(2) parliament	(3) government	(4) parliament
Age	-0.0134**	-0.00878**	-0.0261***	-0.00879*
	[0.00637]	[0.00388]	[0.00878]	[0.00525]
Age2/100	0.0291**	0.0234***	0.0480**	0.0227**
	[0.0142]	[0.00815]	[0.0180]	[0.0104]
Age3/10000	-0.0154	-0.0139**	-0.0238**	-0.0126*
	[0.00959]	[0.00537]	[0.0115]	[0.00657]
Male	-0.0434**	-0.0105	-0.00591	0.00508
	[0.0182]	[0.0102]	[0.0125]	[0.00794]
2 years of education			0.0259	-0.0278
			[0.0301]	[0.0297]
3 years of education			0.0053	-0.00501
			[0.0354]	[0.0300]
4 years of education			0.026	-0.0207
			[0.0445]	[0.0314]
5 years of education			-0.00777	-0.0109
			[0.0524]	[0.0327]
6 years of education			0.0178	0.0171
			[0.0622]	[0.0353]
7 years of education			0.0375	0.0583
			[0.0477]	[0.0352]
8 years of education			0.0621	0.0736*
			[0.0641]	[0.0433]
9 years of education			-0.0193	0.0352
			[0.0657]	[0.0392]
10 years of education			0.074	0.024
			[0.0753]	[0.0358]
11 years of education			0.225*	0.0459
			[0.127]	[0.110]
12 years of education			0.150	0.00303
			[0.123]	[0.0955]
13 years of education			-0.0117	-0.0655
			[0.109]	[0.0929]
14 years of education			0.0128	0.00245
			[0.0990]	[0.0879]
15 years of education			-0.00446	-0.0534
			[0.0992]	[0.0893]
16 years of education			0.0374	0.0165
			[0.0996]	[0.0894]
17 years of education			0.0577	0.0913
			[0.0921]	[0.0808]
18 years of education			0.0675	0.0633
			[0.0958]	[0.0892]
Living together as married			-0.0566**	-0.0638***
			[0.0255]	[0.0141]
Divorced			-0.102***	-0.0924***
			[0.0179]	[0.0139]
Separated			-0.0814***	-0.0951***

			[0.0224]	[0.0199]
Widowed			-0.0249	-0.0126
			[0.0178]	[0.0116]
Single/never married			-0.0703***	-0.0344***
			[0.0155]	[0.0103]
Part-time employee (< 30 hours)			0.0223	0.0159
			[0.0215]	[0.0130]
Self-employed			0.00499	-0.0126
			[0.0205]	[0.0149]
Retired/pensioned			-0.0464**	-0.0307**
			[0.0209]	[0.0131]
Housewife/houseman			0.0962***	0.0536***
			[0.0283]	[0.0158]
Student			0.0236	0.0763***
			[0.0229]	[0.0173]
Unemployed			-0.0517**	-0.0693***
			[0.0214]	[0.0141]
Other employment status			-0.0378	-0.0016
			[0.0259]	[0.0193]
Conservative-extreme	0.0855**	0.0833***	0.0955**	0.0878***
	[0.0412]	[0.0176]	[0.0392]	[0.0174]
Conservative-moderate	0.0890***	0.0883***	0.0931***	0.0831***
	[0.0299]	[0.0134]	[0.0299]	[0.0135]
Leftist-moderate	-0.0555	-0.00817	-0.0537	-0.0111
	[0.0359]	[0.0161]	[0.0341]	[0.0149]
Leftist-extreme	-0.225***	-0.151***	-0.224***	-0.151***
	[0.0522]	[0.0251]	[0.0513]	[0.0246]
No political ideology	-0.107***	-0.137***	-0.117***	-0.130***
	[0.0167]	[0.0110]	[0.0152]	[0.0105]
Unemployment rate	-0.0121	-0.0136**	-0.000348	-0.0123*
	[0.00868]	[0.00665]	[0.00974]	[0.00629]
Log(GDP per capita)	-0.216	-0.410**	0.740**	-0.508**
	[0.292]	[0.194]	[0.293]	[0.207]
Log(population)	0.737	-0.958***	-0.0857	-1.063***
	[0.699]	[0.337]	[0.918]	[0.325]
Constant	-10.98	19.07***	-8.352	15.92***
	[10.20]	[6.540]	[12.84]	[4.568]
Observations	57375	130976	53092	123495
R-squared	0.062	0.069	0.074	0.077
Country-years	44	98	42	95
Countries	22	30	22	30

Notes: see Table 2a

Table A2: Political Trust in Western OECD Countries

Confidence in….	government	parliament	government	parliament
	(1)	(2)	(3)	(4)
Conservative-extreme	0.0983**	0.0869***	0.0910**	0.0844***
	[0.0418]	[0.0179]	[0.0423]	[0.0186]
Conservative-moderate	0.0957***	0.0893***	0.0946***	0.0838***
	[0.0319]	[0.0143]	[0.0319]	[0.0144]
Leftist-moderate	-0.0565	-0.00652	-0.0529	-0.00893
	[0.0385]	[0.0172]	[0.0361]	[0.0158]
Leftist-extreme	-0.231***	-0.150***	-0.223***	-0.148***
	[0.0557]	[0.0271]	[0.0545]	[0.0265]
No political ideology	-0.103***	-0.132***	-0.112***	-0.125***
	[0.0180]	[0.0116]	[0.0158]	[0.0109]
Gender, age	yes	yes	yes	yes
Other micro controls	no	no	yes	yes
Macro controls	yes	yes	yes	yes
F-test (cons. extr = cons. moderate)	0.01	0.03	0.03	0.00
F-test (left. extr = leftist. moderate)	35.91***	70.20***	30.16***	59.85***
F-test (left. extr = no pol. Ideol.)	4.20**	0.31	3.58*	0.57
Chi2-test (column (1/2) = column (3/4))				
Conservative-extreme			0.73	0.37
Conservative-moderate			0.04	3.16*
Leftists-moderate			1.19	0.35
Leftists-extreme			0.22	0.41
No political ideology			2.17	5.09**
Observations	52577	121216	49464	114902
R-squared	0.064	0.065	0.074	0.071
Country-years	39	89	38	87
Countries	18	26	18	26

Notes: Regressions exclude the post-communist countries Czech Republic, Hungary, Poland, and Slovak Republic from the sample.

Table A3: Political Ideology and Political Trust: Traditional Political Grouping

Confidence in…	government	parliament	government	parliament
	(1)	(2)	(3)	(4)
Conservative (all)	0.0949***	0.0848***	0.0946***	0.0843***
	[0.0317]	[0.0135]	[0.0339]	[0.0144]
Leftist (all)	-0.105***	-0.0492***	-0.104**	-0.0460**
	[0.0388]	[0.0168]	[0.0411]	[0.0179]
No political ideology	-0.117***	-0.130***	-0.112***	-0.125***
	[0.0154]	[0.0105]	[0.0160]	[0.0109]
Gender, age	yes	yes	yes	yes
Other micro controls	yes	yes	yes	yes
Macro controls	yes	yes	yes	yes
Observations	53092	123495	49,464	114,902
R-squared	0.072	0.075	0.072	0.070
Country-years	42	95	38	87
Countries	22	30	18	26

Notes: see Table 2a. 'Conservative' and 'leftist' include both moderate and extreme versions of each political ideology. Columns (3) and (4) exclude the post-communist countries Czech Republic, Hungary, Poland, and Slovak Republic.

Table A4: Effect of Government Ideology by Political Leaning, Western OECD countries

	Confidence in government					
	(1) Conservative-extreme	(2) Conservative-moderate	(3) Centrist	(4) Leftist-moderate	(5) Leftist-extreme	(6) No political ideology
Conservative government	0.145**	0.158***	0.0432	-0.0356	-0.0904**	0.0735*
	[0.0600]	[0.0484]	[0.0337]	[0.0315]	[0.0364]	[0.0366]
Age, gender	yes	yes	yes	yes	yes	yes
Other micro controls	yes	yes	yes	yes	yes	yes
Macro controls	yes	yes	yes	yes	yes	yes
Chi2-test (model n = model n-1)	-	0.15	24.89***	19.46***	2.13	11.13***
Chi2-test (n = 3)	4.82**	24.89***	-	19.46***	13.56***	0.62
Observations	3974	8558	18841	8459	3546	6086
R-squared	0.100	0.083	0.066	0.143	0.140	0.097
Country-years	38	38	38	38	38	37
Countries	18	18	18	18	18	18
	Confidence in parliament					
	(7) Conservative-extreme	(8) Conservative-moderate	(9) Centrist	(10) Leftist-moderate	(11) Leftist-extreme	(12) No political ideology
Conservative government	0.0780**	0.0378*	0.000032	-0.0421***	-0.0675***	0.0181
	[0.0320]	[0.0219]	[0.0162]	[0.0151]	[0.0173]	[0.0197]
Age, gender	yes	yes	yes	yes	yes	yes
Other micro controls	yes	yes	yes	yes	yes	yes
Macro controls	yes	yes	yes	yes	yes	yes
Chi2-test (model n = model n-1)	-	4.65**	6.22**	8.53***	4.40**	14.97***
Chi2-test (n = 9)	10.83***	6.22**	-	8.53***	13.64***	2.10
Observations	7783	19839	43288	19935	7250	16807
R-squared	0.091	0.073	0.065	0.084	0.091	0.075
Country-years	87	87	87	87	87	86
Countries	27	27	27	27	27	27

Notes: See Table 3. Excluded are the post-communist countries Czech Republic, Hungary, Poland, and Slovak Republic.

TABLES

Table 1: Descriptive Statistics of Parsimonious Model

Variable	Observations	Mean	Std. dev.	Minimum	Maximum
Confidence in national parliament	132240	-2.705	0.819	-4	-1
Confidence in national government	56344	-2.749	0.841	-4	-1
Age	130980	43.254	17.058	15	101
$Age^2/100$	130980	21.619	16.237	2.25	102.01
$Age^3/10000$	130980	12.073	13.001	0.337	103.030
Male	132218	0.483	0.499	0	1
Leftist-extreme	132240	0.063	0.244	0	1
Leftist-moderate	132240	0.169	0.375	0	1
Center	132240	0.375	0.484	0	1
Conservative-moderate	132240	0.171	0.376	0	1
Conservative-extreme	132240	0.071	0.257	0	1
No political ideology	132240	0.151	0.376	0	1
Unemployment rate	132240	7.605	4.014	1.254	22.9
Log(GDP) per capita	132240	9.587	0.684	8.112	10.711
Log(population)	132240	17.083	1.387	12.384	19.514
Conservative government	132240	-0.007	0.915	-1	1
Year	132240	1994.664	7.683	1981	2007
Wave	132240	3.015	1.328	1	5

Notes: Sample based on all observations with confidence in parliament non-missing.

Table 2a: Political Leaning and Confidence in Government in 30 OECD Countries

Confidence in….	government	parliament	government	parliament
	(1)	(2)	(3)	(4)
Conservative-extreme	0.0855**	0.0833***	0.0955**	0.0878***
	[0.0412]	[0.0176]	[0.0392]	[0.0174]
Conservative-moderate	0.0890***	0.0883***	0.0931***	0.0831***
	[0.0299]	[0.0134]	[0.0299]	[0.0135]
Centrist (reference group)	-	-	-	-
	-	-	-	-
Leftist-moderate	-0.0555	-0.00817	-0.0537	-0.0111
	[0.0359]	[0.0161]	[0.0341]	[0.0149]
Leftist-extreme	-0.225***	-0.151***	-0.224***	-0.151***
	[0.0522]	[0.0251]	[0.0513]	[0.0246]
No political ideology	-0.107***	-0.137***	-0.117***	-0.130***
	[0.0167]	[0.0110]	[0.0152]	[0.0105]
Age, gender	yes	yes	yes	yes
Other micro controls	no	no	yes	yes
Macro controls	yes	yes	yes	yes
F-test (cons. extr = cons. moderate)	0.02	0.12	0.01	0.13
F-test (left. extr = leftist. moderate)	38.45***	80.85***	34.12***	70.22***
F-test (left. extr = no pol. Ideol.)	4.18**	0.22	3.84*	0.55
Chi2-test (column (1/2) = column (3/4))				
Conservative-extreme			0.31	0.41
Conservative-moderate			0.31	2.97*
Leftists-moderate			0.01	0.00
Leftists-extreme			0.06	0.77
No political ideology			3.81*	5.28**
Observations	57375	130976	53092	123495
R-squared	0.062	0.069	0.074	0.077
Country-years	44	98	42	95
Countries	22	30	22	30

Notes: OLS regression with standard errors corrected for within-group correlation and heteroscedasticity through clustering at the country-year level. '***', '**', '*' denote significance at the 1, 5, 10 percent levels, respectively. All models include country fixed effects and time fixed effects (not reported). All models control for respondent's gender and age (non-linear) (not reported). Confidence in political institutions is measured in 4 categories. On a 10-category left-right spectrum of political self-positioning, we group into 'conservative-moderate' (x =7, 8), 'conservative-extreme' (x > 8), 'centrist' (x =5, 6), 'leftist-extreme' (x = 1, 2) and 'leftist-moderate' (x = 3, 4). 'Centrist' serves as reference category. 'No political ideology' defines non-respondents to this question.

Table 2b: Robustness Test

Confidence in government	MIN	MAX	average	No. of sign. estimates
Conservative-extreme	0.069	0.110	0.096	22/22
Conservative-moderate	0.074	0.108	0.092	22/22
Leftist-moderate	-0.021	-0.077	-0.056	5/22
Leftist-extreme	-0.148	-0.254	-0.224	22/22
No political ideology	-0.124	-0.141	-0.129	22/22

Notes: Based on 22 subsamples; out of 22 countries, one country is excluded in each subsample. Minima and Maxima are measured in absolute terms. In all subsamples, no change in sign was observable.

Table 3: Effect of Government Ideology by Political Leaning in 30 OECD Countries

	Confidence in government					
	(1) Conservative-extreme	(2) Conservative-moderate	(3) Centrist	(4) Leftist-moderate	(5) Leftist-extreme	(6) No political ideology
Conservative government	0.145**	0.156***	0.0429	-0.0365	-0.0905**	0.0685*
	[0.0593]	[0.0486]	[0.0338]	[0.0320]	[0.0362]	[0.0368]
Age, gender	yes	yes	yes	yes	yes	yes
Other micro controls	yes	yes	yes	yes	yes	yes
Macro controls	yes	yes	yes	yes	yes	yes
Chi2-test (model n = n-1)	-	0.11	23.59***	19.78***	2.08	10.17***
Chi2-test (n = 3)	4.99**	23.59***	-	19.78***	13.75***	0.44
Observations	4334	9127	20255	8957	3794	6625
R-squared	0.100	0.083	0.066	0.136	0.134	0.099
Country-years	42	42	42	42	42	41
Countries	22	22	22	22	22	22
	Confidence in parliament					
	(7) Conservative-extreme	(8) Conservative-moderate	(9) Centrist	(10) Leftist-moderate	(11) Leftist-extreme	(12) No political ideology
Conservative government	0.0680**	0.0460**	0.00738	-0.0329**	-0.0596***	0.0270
	[0.0290]	[0.0204]	[0.0153]	[0.0149]	[0.0159]	[0.0181]
Age, gender	yes	yes	yes	yes	yes	yes
Other micro controls	yes	yes	yes	yes	yes	yes
Macro controls	yes	yes	yes	yes	yes	yes
Chi2-test (model n = n-1)	-	1.32	7.61***	8.62***	5.46**	19.07***
Chi2-test (n = 9)	7.02***	7.61***	-	8.62***	15.78***	2.79*
Observations	8570	21188	46668	21189	7887	17993
R-squared	0.095	0.082	0.071	0.086	0.092	0.082
Country-years	95	95	95	95	95	94
Countries	30	30	30	30	30	30

Notes: OLS regression with standard errors corrected for within-group correlation and heteroscedasticity through clustering at the country-year level. '***', '**', '*' denote significance at the 1, 5, 10 percent levels, respectively. All models include country fixed effects and time fixed effects (not reported). All models control for respondent's gender and age (non-linear) (not reported). Confidence in political institutions is measured in 4 categories. On a 3-category left-right spectrum of political ideology of government from the DPI, 'conservative government' (-1) denotes leftist, (0) centrist , and (1) conservative.

Figures

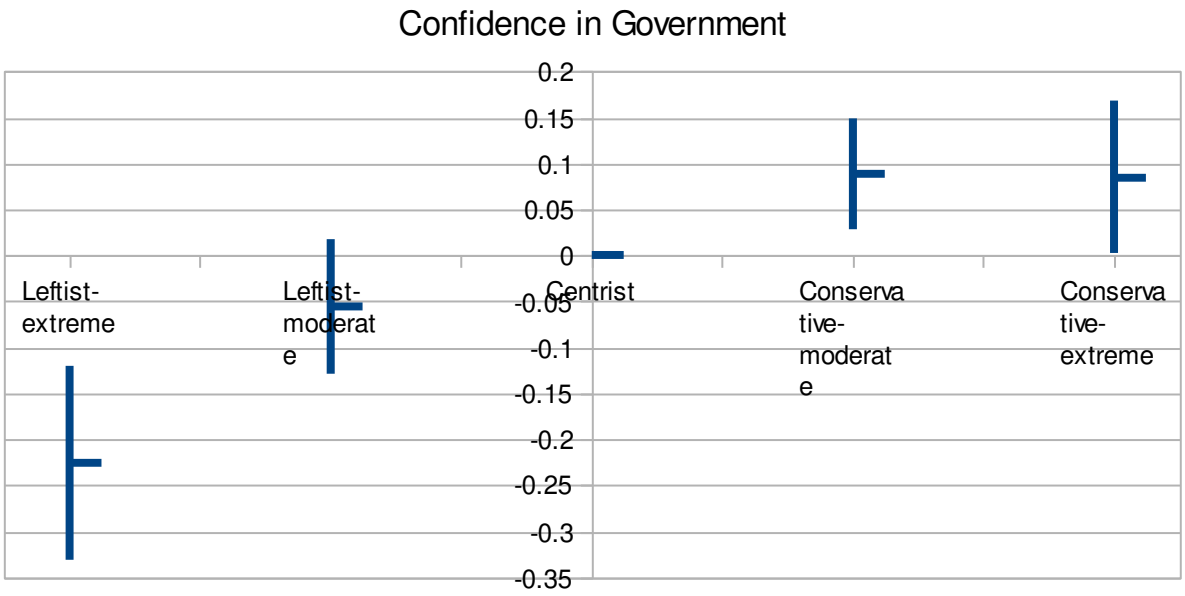

Figure 1b: Confidence in Government

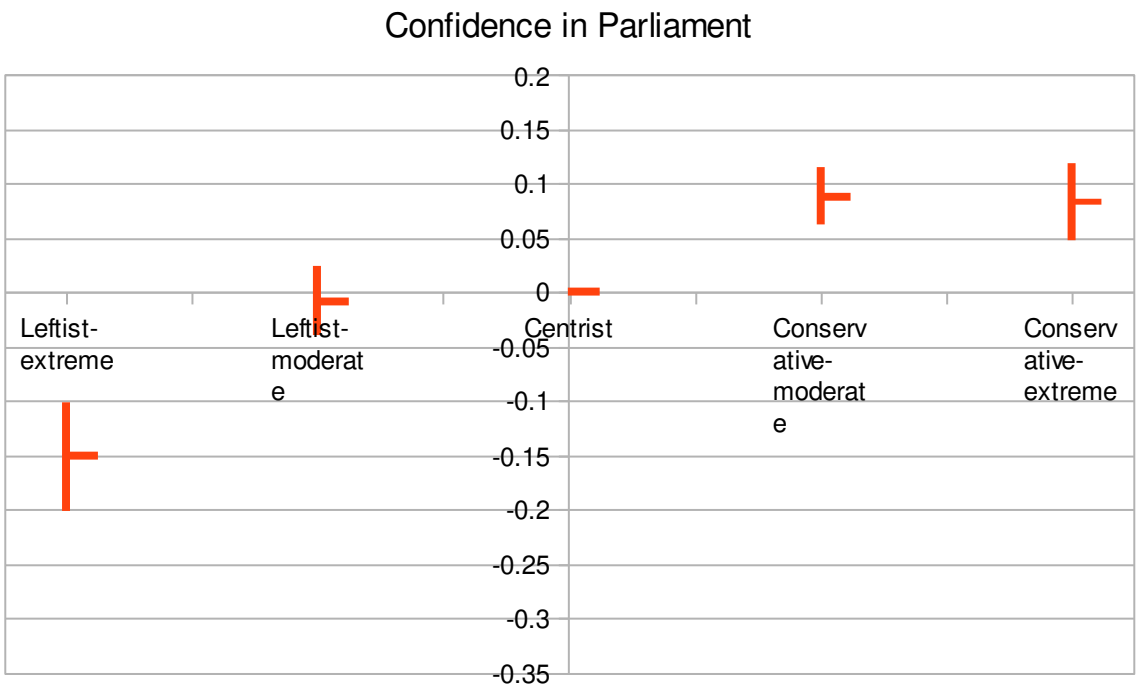

Figure 1b: Confidence in Parliament

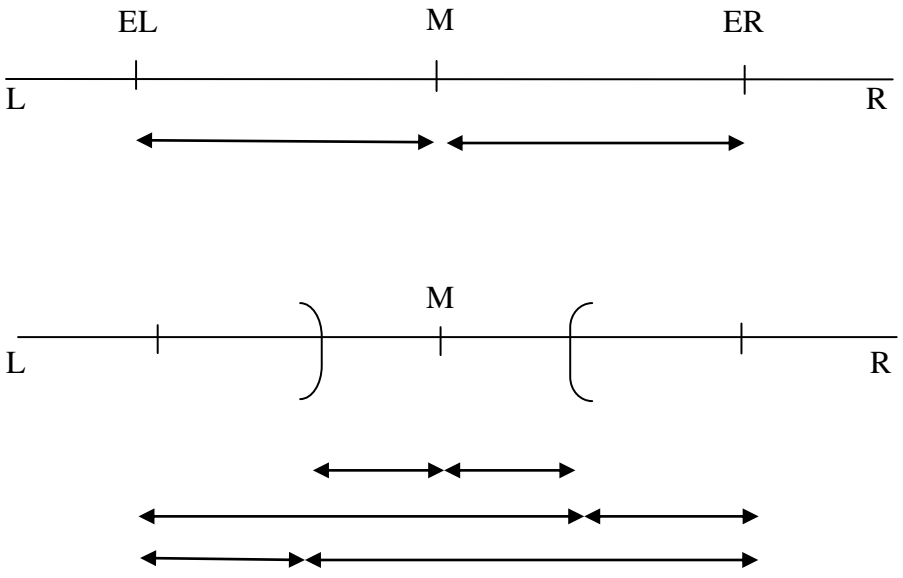

Figure 2: Median Voter Models