The Great Recession, Government Performance, and Citizen Trust

by

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ABSTRACT

Performance theory holds that better government performance leads to citizen trust. Nonetheless, the nature of the relationship between performance and trust continues to elude researchers because of the possibility of reverse causality. To strengthen the validity of causal inference, researchers need to look for naturally occurring changes in factors that affect performance and in turn trust in government. The Great Recession that began around 2008 provides an opportunity to better demonstrate a causal relationship between government performance and citizen trust because it represents an exogenous shock to both the macro- and micro- performance of government, particularly in several southern European countries most profoundly affected by the crisis. Therefore, the purpose of this dissertation is to probe the causal relationship between government performance and citizen trust in Europe in the context of the Great Recession.

This dissertation uses a mixed method approach that involves both in-depth case studies and analyses of large survey data. Comparative case studies of eight European countries are based on reviewing literature and conducting semi-structured interviews with 16 public administration experts. In addition to the case studies, this dissertation tests the hypothesis by comparing citizen trust in government in Spain with that of Germany and the Netherlands before and after the Great Recession, using the World Values Survey. Furthermore, it compares before-after trends in citizen trust in government in Greece, Italy, Portugal, and Spain, with that of Belgium, France, Germany, and the Netherlands using the European Social Survey.

The findings of the case studies provide evidence that government performance in the southern European countries was diminished to a large extent as a result of the Great Recession. The difference-in-differences regression results from both data sets show that the Great Recession negatively affected citizen trust in government, corroborating performance theory. The largest decline of trust was observed for central government among various government institutions examined. Furthermore, this dissertation finds that the Great Recession erodes trust of low-income citizens more than high-income citizens. Drawing on these case studies and survey results, implications for performance theory and public management practice are discussed.

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CHAPTER 1. INTRODUCTION

1.1 Background

Although Van de Walle, Van Roosbroek, and Bouckaert (2008) point out that the levels of trust in government have not been diminished monotonically and that the evidence needs to be interpreted in context, many scholars observe that, with a few exceptions, a decline of trust in government appears to be a general trend in public opinion in many nations (e.g., Abramson & Finifter, 1981; Brehm & Rahn, 1997; Kong, 2013; Welch, Hinnant, & Moon, 2005). There are several reasons why both citizens and governments should care about such declining levels of trust. First, trust is important for the legitimacy of governing institutions (Blind, 2010; Lynn, 2013); indeed, a democratic government cannot survive if it does not foster citizen trust (Popovski, 2010). Furthermore, trust facilitates social cohesion by enabling citizens to act without being forced and by improving compliance with rules (Norris, 1999b; Levi, Sacks, & Tyler, 2009; Rowen & Finin, 2010; Tolbert & Mossberger, 2006). Because it is integral to the basic viability of any form of governance, the ability to obtain citizen compliance is of particular importance (Dalton, 2004; Tyler, 2001).

Because of the important consequences that follow from a mistrust of public administration, an abundance of research seeks to understand the causes or at least the predictors of such mistrust. Among many potential explanatory variables, government performance is one key factor that many public administration scholars believe is important for trust in the context of public administration. In this regard, the New Public

Management (NPM) movement maintains that capable government performance reinvigorates citizen trust (Van de Walle, 2010).

For this reason, many governments have attempted to improve their performance in order to enhance citizen trust. Government performance can be defined as “the character and consequences of service provision by public agencies” (Forbes, Hill, & Lynn, 2006, p.255). This broad definition is inevitable because government performance is quite diverse, ranging from collecting trash to defending the nation’s territory. A wide range of government performance can be categorized into macro and micro performances. Macro performance pertains to actions and policies undertaken at the government-level and is reflected in elements such as the unemployment rate, economic growth, and the stability of government (Yang & Holzer, 2006; Van Craen & Skogan, 2015). Micro performance occurs at the level of individual public sector organizations and their interface with citizens (Bouckaert & Halligan, 2008; Porumbescu, Forthcoming). Examples of actors in micro performance would include caseworkers and teachers.

The Great Recession and its aftermath provide fertile grounds for analyzing how both macro and micro performance affect citizen trust in government. With regard to macro-performance, the Great Recession can be interpreted as reflecting poor macro performance insofar as governments bear the blame for failing to detect and cure the crisis. To illustrate, the *Economist* (2013) argued that government was responsible “for mishandling the crisis, for failing to keep economic imbalances in check and for failing to exercise proper oversight of financial institutions.” With respect to micro performance, furthermore, the Great Recession is clearly a significant issue, because it forced a scaling down of government resources fundamental for government to perform many of its functions properly. In particular, governments implemented various austerity measures to buffer the repercussions of the Great Recession (Ladi & Tsarouhas, 2014). Owing to these austerity measures, governments could not deliver the services as well or as fully as before, resulting in a decline of micro performance.

1.2 Problem

Performance theory states that higher levels of government performance nourish citizen trust. Nonetheless, the nature of the relationship between performance and trust in government continues to elude researchers because of the possibility of reverse causality between performance and trust in government. Van de Walle and Bouckaert (2003) raise the problem thus: "It is obvious that performance of the public administration has a certain impact on trust in government, but existing levels of trust in government may also have an impact on perceptions of government performance" (p.891). Porumbescu (forthcoming) supports this point by finding that trust in government positively affects perceptions of public sector performance. To illustrate further, Van Ryzin, Immerwahr, and Altman (2008) find that citizens with higher levels of trust in government are likely to perceive cleaner streets, one of governments' performance indicators.

In addition to the existing perception issue, high levels of trust in government can increase government performance by allowing governments to work more effectively. Government can be involved in greater innovation when people trust in government (Wolak & Kelleher Palus, 2010). When the level of trust is low, in contrast, governments tend to be passive, avoiding innovation and failing to make necessary commitments because citizens are not likely to give the government the benefit of the doubt (Citrin &

Luks, 2001). Achieving successful performance often requires governments to innovate and be proactive (Vigoda-Gadot, Shoham, & Vashdi, 2010). High levels of trust in government allow governments to be active enough to perform better for citizens, which in turn enhances performance. This question of reverse causality has not received much empirical attention, however, in the literature on public administration (Vigoda, 2003, p.887).

1.3 Purpose

To shed some light on the causal direction of the performance-trust link, this dissertation tackles the issue of the influence of performance on trust in government. To begin with, this dissertation employs a set of case studies and in-depth interviews with public administration experts to probe the macro-micro performance link in eight European countries. Next, data from the World Values Survey will be used to compare citizen trust in government in Spain with that of Germany and the Netherlands before and after the Great Recession. In order to generalize the results, this study will also use data from the European Social Survey to compare citizen trust in Greece, Italy, Portugal, and Spain before and after the Great Recession, with that of Belgium, France, Germany, and the Netherlands as controls. As explained more fully later on, this dissertation will use a difference-in-differences methodology to establish a better estimate of the causal effect of performance on trust in government. The purpose of the dissertation is to probe the causal relationship between macro, micro government performance and citizen trust with the overall goal of providing a better understating of trust in government and its implications for public administration.

1.4 Significance

Government performance has been a topic of interest in public administration, specifically in relation to economic outcomes. Macroeconomic performance has been identified as one of the most important features in stimulating trust in government because it has far-reaching effects on all citizens (Newton & Norris, 2000). For this reason, it is important to understand the changes of the public's trust following from governmental responses to the Great Recession.

Government is obviously not the only actor that could impact macroeconomic performance. Private firms also play a significant role. However, the market failure evident in the Great Recession cannot be fixed by the market itself. One important role of government is to protect citizens from an economic crisis. Failure to execute this role means that government is not performing its function well. In this regard, the Financial Crisis Inquiry Commission of the United States (2011) concluded, "the government was ill-prepared for the crisis, and its inconsistent response added to the uncertainty." The Great Recession demonstrated how deep the consequences of bad public management could run. For this reason, citizens perceived that the Great Recession was the result of poor-government performance and this in turn lessened citizens' trust (Polavieja, 2013). This study is expected to provide solid evidence that preventing market failure leads to a marked improvement in citizens' trust.

In addition to the aspect of macro government performance, the Great Recession curtailed the quantity and quality of micro government performance. In response to the Great Recession, many countries like Greece and Spain relied on strong austerity measures (Wanna, 2013). Slashing government expenditures made it harder for the state to provide enough public service. As a result, citizens no longer experienced the quantity and quality of public services that they used to enjoy. Unless citizens understand the situation in detail, they are likely to lose their confidence in government. This is because the level of public services demanded by citizens is not delivered even though they pay taxes.

In addition to the shrunken quantity of public service, the Great Recession also can deteriorate their quality in some countries. The Great Recession forced countries like Portugal and Greece to freeze and even curtail the salary of public servants (Di Mascio & Natalini, 2015). The cutback management and downsizing in the public sector likely depressed the work motivation of public servants (Feldheim, 2007). This suggests that the Great Recession could discourage public servants with a public-minded ethos from working hard. If it is true, then even though the same quantity of public service was provided, the quality could suffer. Because of waning quality, citizens would lose confidence in government. This dissertation sheds some light the effects that the Great Recession may have had on the diminished quantity and quality of government performance during the Great Recession, and, in turn, on weakening citizen trust.

1.5 Outline

This dissertation proceeds in six chapters. The following chapter reviews the theoretical background. The third chapter delivers an account of the European context of the Great Recession and more specifically of its repercussion in terms of shrinking government expenditures and worsening labor markets-by analyzing secondary literature of newspaper and academic articles and conducting semi-structured interviews to document the situation in Europe. The fourth chapter specifies the research designs and presents the empirical results from analyzing the World Values Survey. The fifth chapter provides the methodology and results from assessing the European Social Survey. Informed by these findings, the remainder of the dissertation offers a broad set of theoretical contributions and practical implications for public administration research. Finally, some limitations of these studies and possibilities for future research are discussed.

CHAPTER 2. THEORETICAL FOUNDATIONS

2.1 Trust in Government

What is trust?

Although commonly used, the term “trust” is hard to define, because it is a complex and multifaceted concept (Thomas, 1998). Across and even within disciplines, numerous definitions, concepts, and operationalizations are being used in trust research (Grimmelikhuijsen, Porumbescu, Hong, & Im, 2013). For starters, Zucker (1986) defines three types of trust: characteristic-based, process-based, and institutional-based trust. Characteristic-based trust is produced through personal characteristics, such as race, gender, and family background. This is consistent with the social-psychological explanation that treats trust as a basic aspect of personality types (Newton & Norris, 2000). For this reason, most scholars include demographic features, such as gender, age, and race as control variables when they examine the impact of other variables on trust in government. Process-based trust is produced through repeated exchanges. Tolbert and Mossberger (2006) consider responsiveness and accessibility as keys to process-based trust in terms of governance. Institutional-based trust is based on the judgment that institutions provide what citizens demand. In their interpretation of institutional-based trust, Tolbert and Mossberger (2006) consider transparency and responsibility. This implies that institutional-based trust is closely related to accountability. Koppell (2005) includes transparency and responsibility as accountability. In this sense, government with higher levels of accountability may gain higher levels of institutional-based trust.

Braithwaite (1998) introduces two types of trust in order to understand trust in government. *Exchange-trust* comes from security values whereas *communal-trust* reflects harmony values. First, exchange-trust can be defined as reflecting “shared beliefs that government and its branches are trustworthy if they act in ways that are predictable, consistent, orderly and competent, and if they deliver on promises in a timely fashion” (p.54). This exchange trust is associated with the efficiency and the effectiveness of government. When government efficiently delivers the services they promise in a predictable manner, the level of exchange trust is enhanced. Communal-trust, on the other hand, is defined as emerging from the “shared belief that government and its branches are trustworthy if they act in ways to uncover the needs of citizens, show concern for their well-being, foresee their difficulties, share their aspirations, respect them, and treat them with dignity” (p.54). Communal trust is consistent with perceived benevolence. According to McKnight, Choudhury, & Kacmer (2002, p.337), the perceived trustworthiness consists of the evaluations of a counterpart’ competence, benevolence, and honesty, where “benevolence” captures whether trustee act in the truster’s interest. Also, this communal trust is related to social equity. Frederickson (1991) argues promotion of social equity is the main pillar of government performance. Communal trust is highly related to social equity in a sense that both pursue fair treatments. Thus, this equity aspect of government contributes to enhancing social harmony.

Thomas (1998) conceptualizes two types of trust. *Fiduciary trust* emerges in principal-agent relationships when principals are unable to monitor or control the performance of their agents. In the context of governance, the principal is a citizen whereas the agent is the government. It is impossible for citizens to monitor what government does in details because of information asymmetry. E-government can be the means to enhance levels of fiduciary trust by eliminating information asymmetry. As is widely known, e-government reduces monitoring costs, and in turn citizens are more likely to trust in government. By contrast, *mutual trust* develops between individuals who repeatedly interact with one another. Mutual trust in the context of governance can exist when citizens experience street-level bureaucrats. It can be enhanced when citizens are satisfied with civil service. Mutual trust is consistent with process-based trust because both emphasize repeated interactions.

Tyler (1998) introduces two types of trust. *Instrumental trust* pertains to the judgment of risks, whereas *social trust* is based on social bonds and shared identities. Instrumental trust is consistent with exchange trust. These two types are based on two different motivations: instrumental motivation and social motivation. In his book *Why People Cooperate*, Tyler emphasizes the role of social motivation over instrumental motivation because social trust is the one to elicit the integration and reduce unnecessary conflicting costs. In addition, *social trust* is embedded within institutions in common. Social trust is important because it enhances government performance (Knack, 2002). Boix and Posner (1998) posit that social trust can facilitate governmental accountability. Government needs to be responsive because citizens care about community matters, and this leads to better performance.

What is trust in government?

Admittedly, “trust in government” is a difficult concept to define. As a first step to this, the extension of the meaning of “general trust” to “trust in government” is assessed. Rotter (1980) defines trust as “a generalized expectancy held by an individual that the word, promise, oral or written statement of another individual or group can be relied upon” (p.1). To extend this definition, trust in government can be defined as a generalized expectancy held by citizens that the word, promise, oral or written statement of government can be relied on. In this sense, government has responsibilities, and citizens expect that government will preserve, earn, and build the public trust by fulfilling the public interest (Behn, 2001). Sitkin and Roth (1993) define trust as “a belief in a person’s competence to perform a specific task under specific circumstance” (p.373). Extending this definition of trust to trust in government leads to the latter being it defined as a belief in a government’s competence to perform a specific task under specific circumstances. This extension of meaning is consistent with competence of government trustworthiness (Grimmelikhuijsen et al., 2013).

However, a problem with any definitional extension is that it does not tell the whole story about trust in government. Such an extension explains only certain aspects of trust in government while leaving out others. When it comes to explaining trust in government, Easton (1965)’s work is considered to be seminal. Easton classifies public support toward government into specific and diffuse support. According to his perspective, *specific support* refers to satisfaction with government outputs and the overall outcomes of government institutions. On the contrary, *diffuse support* refers to the public’s attitude toward outcomes at the highest level of a polity.

Easton's distinction was followed by the Miller-Citrin debate. The debate is whether trust in government is a general orientation toward the political regime (Miller, 1974) or support for the particular government of the moment (Citrin 1974). In other words, Citrin conceives that dissatisfaction with incumbent leaders rather than with their policies makes people cynical. By contrast, Miller perceives trust in government as a general orientation toward government, a measure of diffuse support for the political regime. Furthermore, the Miller-Citrin debate focuses on the source of distrust. Miller's perspective is that disapproval stems from the policies of parties, whereas Citrin's claim that disapproval comes from dissatisfaction with the performance of current government. The Miller-Citrin debate is still worthy of discussion because it is still the case that citizens may have positive views on the system while having negative views on the incumbent leaders. Dalton (2004) articulates a view between two perspectives. He states that if the citizens are dissatisfied with the government's performance, they will try to change the incumbent by voting (Citrin's stance). But he also acknowledges that if performance dissatisfaction continues for an extended period of time, however, citizens will cast doubt on the regime (Miller's stance).

To further complicate the meaning of trust, Hardin (2002) differentiates *trust* in government from *confidence* in government. Hardin argues, "A personal relationship involving trust is far richer and more directly reciprocal than a citizen's relationship to government." He goes on to say, "Hence, we should speak not of trust in government, but of confidence in government" (p.31). Ullmann-Margalit (2004) agrees with Hardin's idea, arguing that trust relates only to people. Earle (2009) also differentiates trust from confidence, but on different grounds. According to Earle, trust is social and relational whereas confidence is instrumental and calculative. In this sense, he defines trust as “the willingness, in the expectation of beneficial outcomes, to make oneself vulnerable of beneficial outcomes to make oneself vulnerable to another based on a judgment of similarity of intentions of values.” And he defines confidence as the belief, based on experience (e.g., past performance), that certain future events will occur as expected.

Despite Hardin’s and Earle’s distinctions between trust and confidence, however, many scholars use these terms interchangeably. For example, della Porta (2000) uses “trust in government,” “confidence in government,” and “belief in government” without making a distinction. In this sense, McAllister (1999) posits that “trust” and “confidence” in democratic institutions can and ought to be used interchangeably since both convey broad meanings about the relationships between popular beliefs about government and representative institutions. In addition, the distinguishing of trust from confidence is infeasible because of the characteristics of languages. For instance, *confianza* in Spanish means both confidence and trust (Espinal, Hartlyn, & Kelly, 2006). Likewise, in the Korean language, trust and confidence can be understood as *shinroe*. Because of the language usage, Hardin’s argument is not plausible for some languages. Depending on the nature of the language, varying interpretations that distinguishing trust from confidence may be possible. It can contribute to the literature when scholars examine how language makes a difference in terms of perceiving trust and confidence.

In the field of public administration, different scholars use different terms: “public trust in government” (S. Kim, 2010), “citizen trust in government” (K. Yang & Holzer, 2006), “confidence in government” (Brehm & Rahn, 1997), “political trust” (Abramson & Finifter, 1981), “civic trust” (Alesina & Wacziarg, 2000), “institutional trust” (Clarke, Sanders, Stewart, & Whiteley, 2009), “beliefs in government” (Kaase, Newton, & Scarbrough, 1997), and “trustworthiness” (Riccucci, Van Ryzin, & Lavena, 2014). Also, as the opposite of these terms, Berman (1997) used the term “citizen cynicism.” All of these terms overlap in meaning.

Furthermore, in practice, presidential or congressional approval are more frequently used than trust in government. However, Hetherington and Rudolph (2008) argue that political trust and approval ratings are related but theoretically distinct because they bears the imprint of individuals’ political partisan attachments. Contrary to the theoretical view, it is a challenge to tell political trust from approval because normal citizens perceive those as an identical concept. For example, Chanley, Rudolph, and Rahn (2000) find that presidential approval is closely related to trust in government. This indicates that presidential approval makes up a specific support aspect of trust in government.

In order to understand trust in government, it should be properly measured. Van de Walle and Van Ryzin (2011) show that the priming effect can exist in any survey. The priming effect states that how the respondents are asked affects how they answer. Dalton (2004) argues, “the theoretical significance of public opinion finding is uncertain because the working of the survey questions is ambiguous” (p.5), indicating that the way survey questions are asked is an important factor.

On top of that, many surveys ask about trust in government in different ways. Although there is scant consensus on how to measure trust in government (Bledsoe, Sigelman, Welch, & Combs, 1996), there are two different approaches now in use (Van De Walle & Six, 2014). The American National Election Studies (ANES) surveys the extent to which a constituent views his or her government as wasteful, acting honestly, and working for them. However, Thomas (1998) objects that survey questions such as those used by the ANES reflect a limited conception of trust. A different approach to measuring trust in government comes from the General Social Survey (GSS). It is different from the ANES approach in that it explicitly asks about the levels of confidence toward specific branches of government, such as the executive, legislative, and judicial branches. PytlikZillig, Tomkins, Herian, Hamm, and Abdel-Monem (2012) critique this type of measurement as resulting in an assessment of "unspecified confidence" because it does not tell whether confidence comes from the incumbent leader or from the institutions of the governmental system. Moreover, Barber (1983) argues that the term "confidence" in the survey is ambiguous in that it does not differentiate judgments of competence from those of fiduciary responsibility. Current questionnaires for trust in government or confidence in government are not enough to make clear distinctions between trust in the general governmental system and trust in the incumbent administration.

Why is trust in government important?

In the preceding sections, the characteristics of trust in government were examined. Then why should trust in government matter? It is often assumed that trust in government is important. However, distrust is not necessarily negative in terms of governance. If citizens view government as a Leviathan, distrust would be a positive sign for all citizens wishing to defend themselves against it (Alesina & Wacziarg, 2000). Thus, distrust can play a constructive role for citizens aiming to be treated fairly. Since criticism of government and skepticism about politics is a natural part of democratic politics, too little criticism and skepticism is not necessarily a healthy sign for democracy (Dalton, 2004). In this sense, distrust is essential for democracy. For this reason, branches of government are designed to check and balance one another in order to prevent the emergence of a Leviathan. In this respect, Behn (2001) claims "How can Americans trust a government that is specifically designed to incessantly expose itself as untrustworthy?" However, the problem lies in the fact that the level of distrust is too high.

Easton (1965) sees that political support is important because it assures stability in the rules and maintains cohesion within political communities. Easton also addresses the lack of support for a regime prevents a system from operating. Bouckaert, Van de Walle, and Kampen (2005) point out the likely consequences of this distrust with regard to the functioning of states and administrations: failing public sector recruitment, tax evasion, a decline in law-abiding behavior, increased need for public administration to invest in enforcement, and difficulties in reaching less well-off groups with government programs (p.229).

Dalton (2004) categorizes the potential consequences of public support into five kinds of outcome: evaluative, affective, cognitive, participative, and institutional outcome. Evaluative outcomes are related with compliance. As a result of trust in government, citizens are more likely to voluntarily report taxes and to have a respect for the law. Affective outcomes are associated with allegiance. Citizens with higher levels of trust in government tend to provide information to the government and express national pride. Cognitive outcomes are based on information heuristics. Citizens are likely to vote for the incumbent when they trust the government. Participative outcomes reflecting higher levels of trust in government are associated with activities such as joining campaign activity and political parties. Institutional outcomes have to do with structural changes.

A high level of trust in government might increase the efficiency and effectiveness of government operations (OECD, 2013). Wolak and Kelleher Palus (2010) argue that government can be involved in greater innovation and risk-taking when public trust in government is high. In addition, Citrin and Luks (2001) note that when the level of trust is low, government tend to be timid, being hesitating to innovate and failing to make necessary commitments, because people are not likely to give the leaders the benefit of the doubt. Performance often requires a government's innovation and proactive activities. Low levels of trust in government do not allow a government to be active enough to perform better for citizens.

In line with the aforementioned argument, trust in government may help governments to implement structural reforms with long-term benefits (OECD, 2013). Many reforms involve sacrificing short-term satisfaction for longer-term gains and will require broader social and political consensus to be effective and sustainable (Hetherington, 2005). In a high-trust environment, not only may such reforms be properly enacted and implemented, but they could be sustained long enough to bear their targeted outcome. Few policies can generate desirable effects on every citizen either in the short or long term. Sometimes, short-term sacrifices are needed for long-term benefits. Trust in government enables citizens to bear short-term sacrifices.

Trust is essential for social cohesion as it affects a government's ability to govern and enables them to act without having to resort to coercion. A lack of trust in government undermines the rule of law (Tolbert & Mossberger, 2006). Trust in government could improve compliance with rules and regulations and reduce the cost of enforcement. In this sense, the ability to obtain compliance is integral to political viability (Tyler, 2001).

Hetherington (2005) urges that public trust can affect support for government spending. Moreover, trust in government positively increases tax compliance (Scholz, 1998), and Oh and Hong (2012) theoretically prove that trust in government is positively associated with a willingness to pay taxes. Support for government spending, tax compliance, and willingness to pay taxes are fundamental for resource munificence. Taken together, citizens' support for government spending enables government to perform what citizens want, because slack resources are essential for any successful government operations. This means that trust in government is itself the start of a virtuous cycle because higher levels of trust in government lead to better service, which in turn results in higher levels of trust in government again.

2.2 Government Performance

Many scholars in public administration have argued that differences in government performance explain the variations in trust. What then is government performance? Forbes, Hill, and Lynn (2006) define government performance as "the character and consequences of service provision by public agencies" (p.255), and Manning, Shepherd, and Guerrero (2010) explain it as "change in the overall quality of public services, better meeting specified policy objectives or outcomes through improved service quality standards" (p.203). Jacobsen and Bøgh Andersen (2015) argue, "In public organizations, performance can be defined as the achievement of objectives formulated by elected politicians" (p.831). These diverse and vague definitions of government performance can be explained by two models.

First, fundamental layers of government performance can be explained by the "input-output-outcome (IOO)" model. Hatry (2006) defines input as "the amount of resources actually used" (p.12), output as "the amount of products and services delivered" (p.14), and outcome as "the events, occurrences, or changes in conditions, behavior, or attitudes that indicate progress toward achievement of the mission and objectives of the program" (p.15). Linking input, output, and outcome, Tolbert (2010) consider input as "resources consumed in producing public outputs, which are in turn defined as actual goals or more usually services provided" (p.26). He also views outcomes as "the actual changes to health, wealth, happiness, and other desired social results that are attributed, at least in part, to the delivered output" (p.27). Although output and outcome are closely related, the big difference between the two lies in the fact that outcome should reflect the achievement of the desired goal.

The economy-efficiency-effectiveness (3Es) model explains government performance as well. Frederickson (2010) defines economy as the "management of scarce resources and particularly with expending the fewest resources for an agreed upon level of public services," and he defines efficiency as "achieving the best or the most preferable public services for available resources." Effectiveness can be defined as "being successful in producing a desired result or accomplishing set goals" (Norman-Major, 2011, p.236). In many cases, economy, efficiency, and effectiveness correspond to each other. However, this is not always the case. For instance, the Department of Motor

Vehicle may reduce the waiting time (enhanced efficiency), but this reduction may not decrease the rates of failure to confirming identification (reduced effectiveness). In addition to the 3Es model, Frederickson adds equity as the main pillar of government performance.

Combining two models, Boyne (2002) classifies government performance as follows: outputs (quantity and quality), efficiency (cost per unit of output), service outcomes (formal effectiveness, equity, and cost per unit of service outcome), responsiveness (consumer satisfaction, citizen satisfaction, staff satisfaction, and cost per unit of responsiveness), and democratic outcomes (probity, participation, accountability, and cost per unit of democratic outcome).

In addition, government performance can be understood by the organizational effectiveness of government agencies. Brewer and Selden (2000) formulate the framework for explaining organizational performance. They classify three types of administrative values (efficiency, effectiveness, fairness) as well as two types of organizational focus (internal and external). By combining two dimensions, they generate six aspects of organizational performance: internal efficiency, external efficiency, internal effectiveness, external effectiveness, internal fairness, and external fairness.

Public institutions with higher levels of capacity are likely to yield better performance. Capacity can be defined as the ability of institutions to carry out their missions and achieve their goals (Wang, Hawkins, Lebredo, & Berman, 2012). Having a wide range of capacity contributes to government performance. Financial, technical, political, and managerial capacity enables a government to generate greater outcomes. Among those, public management undergirded by strong managerial capacity is the most important, because it can enhance other types of capacities (Ingraham, Joyce, & Donahue, 2003). In line with this view, Lodge & Wegrich (2014) emphasize administrative capacity because it covers delivery, regulatory, coordination, and analytical capacity.

Furthermore, there are different types of government performance. Bok (1997) discusses the performance of government agencies along the following lines: prosperity (economy, research and technology, education, labor market policy), quality of life (housing, neighborhoods, environment, the arts), opportunity (children's well-being, race, career opportunities), personal security (health care, job security, crime prevention, senior citizen care), and values (individual freedom, personal responsibility, providing for poor and disadvantaged). Mishler and Rose (2001) also dichotomize government performance as political (corruption, freedom, and fairness) and economic performance (macroeconomy, household economy, and unemployment).

Government performance is different from private sector performance. Government performance is unique because it has various constituencies, such as citizens and politicians (Boyne, 2003), whereas private sector performance is determined mainly by customers. Furthermore, different citizens have varying opinions about how they need to be served (DiIulio, Garvey, & Kettl, 1993). In this regard, Andrews, Boyne, and Walker (2006) argue, "Public service beauty is in the eye of the stakeholder" (p.30). In other words, government has a high level of publicness (Bozeman & Bretschneider, 1994). Besides, government performance is often not calculable, whereas the performance of a private company is easily measured and eventually can be summarized into the stock price.

2.3 Performance Theory and its Challenges

What is performance theory?

Performance theory is based on the institutional performance model that holds that the actual performance of government is the key to understanding citizens' confidence in government (Newton & Norris, 2000, p.61). Uslaner (2002) and Keele (2005) provide formulations that succinctly represent what performance theory is. Uslaner writes, "We trust government when it works well and produces results and policies that we like" (p.159), whereas Keele states, "Trust is a reflection of government performance" (p.242). Fukuyama (2014, p.60) argues that the purpose of government is "to provide the population with basic services including education, defense, public safety, and legal access." Therefore, it is not surprising that a citizen trusts the government that accomplishes its purpose. Fundamentally, the logic of performance theory is cogent because performance is a major element of specific support (Easton, 1975).

The persuasive explanations of performance theory rest on the fundamental characteristics of trust. McKnight, Choudhury, and Kacmar (2002) classify trust into competence, benevolence, and honesty. According to them (p.337), competence is the "ability of the trustee to do what the truster needs," benevolence is understandable as "trustee caring and motivation to act in the truster's interests," and integrity amounts to "trustee honesty and promise keeping." Grimmelikhuijsen (2011), while grounded in this conceptualization of trust, provides his own definitions in the context of public administration. He thus defines competence, as "whether people perceive a government organization to be capable, effective, skillful or professional in making decision," benevolence as “whether people think that a government organization genuinely cares about citizens’ interests,” and honesty as whether “the government organization is perceived to keep commitments and tell the truth” (p.54). If citizens put values these competence-derived aspects of trust, then higher levels of government performance leads to higher levels of citizens’ trust.

Performance theory also reflects what is called “depth of performance.” Bouckaert and Halligan (2008) explain “depth of performance” as indicating performance as the macro and micro level. Although macro and micro performances are not mutually exclusive, the key difference between the two lies in whether or not a citizen can directly experience the performance. Macro performance is the government-level performance, and macro-performance theory posits that the result of factors for which responsibility is attributed to the government (e.g., unemployment rate, economic growth, inflation, and the stability of government) leads to variations of trust in government across countries (Yang & Holzer, 2006; Van Craen & Skogan, 2015).

Micro performance occurs at the level of an individual public sector organization and its interface with citizens or other organizations (Bouckaert & Halligan, 2008, p.18). Micro performance can be found in public services conducted by frontline workers responsible for the daily functions of government such as the work done by police officers and teachers (Porumbescu, Forthcoming). Citizens are likely to lose trust when government fails to provide “efficient, responsive, high-quality service” (Dilulio, et al., 1993, p.78). In this sense, micro performance theory maintains that the quality of government service delivery is a major driver of trust in government (K. Yang & Holzer, 2006). It is quite intuitive that a citizen tends to be trustful of a government that provides reliable basic services. However, the relationships between performance and trust in government are far more complex than performance theory suggests.

Challenges of performance theory

According to performance theory, trust in government is a rational calculation of government performance. Although gauging the linkage between government performance and citizens' trust looks obvious, it is far more difficult than it seems to be for several reasons.

First, there is no clear consensus on measuring government performance (Bouckaert & Halligan, 2008). Both scholars and practitioners encounter barriers to full appreciation of measuring government performance. This is because government performance includes facets of functionality as well as legitimacy (Bouckaert, 1993). Bouckaert and Halligan (2008) highlight this difficulty of measuring government performance by labeling "the first Grand Canyon" (in particular, the disconnection between output and outcome) in the public sector. In this sense, Lynn (2013) addresses "performance paradoxes," that is, negative correlations between specific performance measures and actual performance (p.23). This problem is important because the causal relation between performance and trust cannot be analyzed unless the measures of performance are accurately defined. For this reason, Yang and Holzer (2006) argue that the impact of performance on trust in government depends on how performance is measured.

Second, a citizen may have a biased perception on government performance. Van Ryzin (2007) makes a distinction between actual and perceived outcome. He argues that citizens respond to government performance based on their perception of performance, which may or may not be linked to objective outcomes. Baekgaard and Serritzlew (2016) show that prior and ideological belief makes performance information biased. In addition, citizens' perceptions on government performance is shaped by their personal experience and media. With regard to personal experiences, a citizen can have biased opinions because she can experience only part of the service that government provides. With respect to the indirect government experience of activities, media can play a role in informing citizens about macro government performance such as diplomacy and national defense. The problem is that media themselves are also biased. Stroud and Lee (2013) find that watching different news channels, such as CNN and FOX, influence citizens' perception's on what government does in different ways. To complicate this problem further, how citizens consume information (e.g., through TV, radio, newspaper) also affects their perceptions on government (Bennett, Rhine, Flickinger, & Bennett, 1999).

Third, the summation of government performance entails a complex process (Bok, 1997). The level of trust is different among citizens depending on different government institutions. Moreover, citizens can react differently toward a varying and expansive range of governmental policy domains and programs. For instance, Christensen and Lægreid (2005) include health service, employment service, and social service as government services. They find that citizens react to these services differently. It indicates that performing well in one program does not automatically earn trust because government can fail in another program. A summation of diverse government performances relies on citizens' needs, priorities, and preferences that government barely control. How citizens prioritize government performance also changes over time

(Hetherington & Husser, 2012). Moreover, there can be a government institution that has prevailing impacts on trust in government (Van de Walle & Bouckaert, 2003).

Fourth, the performance-trust relationship is asymmetrical (Wroe, 2016). In other words, a magnitude of gained and lost trust is not identical. Kampen, Van de Walle, and Bouckaert (2006) examine how satisfaction with service delivery affects trust in government. They find that the impact of a negative experience with a public agency is much more pronounced than the effect of a positive one. Hetherington and Rudolph (2008) also show that trust falls to a large extent during an economic downturn, whereas trust is not recovered much during prosperous economic times. Therefore, it takes considerable time to build trust, whereas trust can decay fast (Rousseau, Sitkin, Burt, & Camerer, 1998). This is consistent with the idea that it is easier to crumble trust than it is build it up (Behn, 2001).

Fifth, expectations seem to matter. Trust is a subjective attitudinal construct rather than an objective indicator of governmental performance (Welch, Hinnant, & Moon, 2005). The decline in trust of the government stems from the government's failure to live up to its expectations (Banks, 2014; Bryce, 2009; Orren, 1997). Therefore, given a certain level of performance, Orren (1997) notes that trust in government is inversely related to expectation. Miller and Listhaug (1999) raise the point that government may be performing better today than ever before, but that performance may still fall far short of citizen expectations. This view can be explained by the "Expectancy-disconfirmation" model, which states that the perception of government performance, when adjusted by expectations, influences trust in government (Seyd, 2015; Van Ryzin, 2007). The problem is that expectation varies depending on individuals' characteristics, experiences, and preferences. This individual satisfaction complicates the relationship between performance and trust in government.

Most important, citizen trust may be the cause as well as the consequence of government performance. Hetherington (2005) emphasizes that trust starts as a dependent variable explained by past performance; after that trust becomes an explanatory variable, explaining citizen support for new programs (p.67). To illustrate further, trust in government leads to higher levels of tax compliance (Scholz & Lubell, 1998). A deep reservoir of public support makes it easier for governments to implement policies (Cui, Tao, Warner, & Yang, 2015). Heightened supports and abundant resources provide a major impetus for government to provide better service, and this in turn positively affects performance. As a result, government performance is enhanced because of trust, rather than the other way around. Despite some efforts were made, a satisfactory explanation remains elusive. For this reason, it is not easy to establish clearly whether performance is the cause of trust in government.

2.4 Probing the Causal Link between Performance and Trust in Government

Macro performance, micro performance, and trust

Among many types of performance, this dissertation focuses on the relationship between macro performance, micro performance, and trust in government. Macro performance, in particular macroeconomic performance, is highly objective and wields a strong influence on most citizens. It is thought of as an important aspect in the lives of citizens, because the welfare of individual households is deeply ingrained as a reflection of the condition of the national economy.

In addition, macro performance determines the quantity and quality of micro-performance as well. Superb macro performance often leads to a greater level of tax revenues. Tax revenues are essential for considerable government spending. Thus benign macro performance allows governments to spend more money in the delivery of public services. This in turn results in better micro performance. Citizens tend to acknowledge the improvement in micro performance over time when macro performance is good. As performance theory predicts, it subsequently can foster citizens' trust. On the other hand, faltering macro performance diminishes tax revenues, which leads to a reduction in government expenditure. With a shortage of monetary resources, therefore, government cannot deliver public service properly. Eventually, government faces a loss in public confidence.

A vast literature suggests that citizen attitudes toward government depend on basic macro economic factors such as income growth, unemployment, and inflation (Alesina & Wacziarg, 2000). However, a large body of empirical work examines the impact of government performance on trust in government by relying on cross-sectional data (see Table 1).

Table 1 Previous literature on economic performance and trust in government

	Data and methodology	Predictors and results
Lipset & Schneider (1983)	1966-1980 Harris and NORC surveys	Unemployment rates (-) Inflation rate (-)
Citrin & Green	1980, 1982, 1984 National Election	National economic health (+)

(1986)	Studies / A multiple regression	
Mishler & Rose (1997)	1994 New Democracies Barometer / OLS	Economic performance Current macroeconomic evaluations (+) Future macroeconomic evaluations (+) Current family finances (ns) Future family finances (+) Current economic deprivation (-)
Hetherington (1998)	1996 National Election Studies / 2SLS	Overall economic evaluation (+)
McAllister (1999)	1990-1991 World Values Survey/ OLS	GDP (-) Unemployment (ns) Economic satisfaction (+)
Norris (1999)	1990-1993 World Values Survey/ OLS	Economic development (Use Per capita GNP as a proxy) (+)
Chanley, Rudolph, & Rahn (2000)	1980-1997 Multiple sources/ VAR	Economic expectation (+)
Anderson & LoTempio (2002)	1972 and 1996 National Election Studies / Logistic regression analysis	Economic policy satisfaction (ns) Economic perception (+)
Anderson & Tverdova (2003)	1996 International Social Survey Program / Iterative Generalized Least Squares	GNP per capita (+) Economic growth (+)
Cook & Gronke (2005)	2002 Reilly Center Poll / OLS	Personal financial situation (+) National financial situation (ns)
Keele (2005)	1952-2002 National Election Studies / OLS	Economic prosperity (+) (Use the University of Michigan Index of Consumer Sentiment as a proxy)
Espinal, Hartlyn, & Kelly (2006)	1994, 1997, 2001 Demos survey/ OLS	Government performance (+) (Use pocketbook evaluations as a proxy)
Keele (2007)	1972- 2000 Roper Center for Public Opinion/ Standard Granger causality test	Government performance (+) (Use the University of Michigan Index of Consumer Sentiment as a proxy)

Kelleher & Wolak (2007)	National Center for the State Courts/ Multilevel ordinal logit regression	Unemployment (-) State fiscal health (+)
Dyck (2009)	2004 National Annenberg Election Study/ Ordered logit regression	National economy worse (-)
Kim (2010)	2003, 2004 and 2006 Asia Barometer/ OLS	Perceived government performance on economy (+)
Van der Meer (2010)	Round 1, 2, 3 of European Social Survey/ Multilevel Analysis	Economic growth (ns) Economic development (ns)
Aydin & Cenker (2012)	1990-2007 of World Values Survey/ Logistic regression	Subjective government economic performance (+) (Use household income as a proxy)
Hakhverdian & Mayne (2012)	Round 4 (2008) European Social Survey/ Multilevel regression	GDP per capita (ns) Unemployment (ns)
Lyons (2013)	2006 Czech Republic survey/ Probit regression model	Economic performance Egocentric retrospective (m) Egocentric prospective (m) Sociotropic retrospective (m) Sociotropic prospective (+)
Polavieja (2013)	2004 and 2010 European Social Survey/ OLS	Satisfaction with country's economy (+) Unemployment (-)
Wroe (2014)	2004 and 2010 European Social Survey/ OLS and ordinal regression	Sociotropic economic evaluations (+)
Wilkes (2015)	1958- 2012 National Election Studies / Multilevel analysis	National economy (+)

Notes: (+) means positive impacts; (–) means negative impacts; (m) means mixed impacts; (ns) means non significant impacts.

Previous research is an important first step in probing performance theory, but cross-sectional analysis of the performance-trust association does not provide a good test of causality. Disentangling the direction of causation is an almost insurmountable challenge without some exogenous changes of performance. To strengthen the validity of a causal inference, researchers need to look for naturally occurring changes in factors that affect trust in government. Natural and quasi experiments have methodological advantages because they are more generalizable than randomized experiments and can offer causal inferences of better quality than do observations studies when fully randomized research designs are not possible (Remler & Van Ryzin, 2011; Dunning, 2012). These methods overcome the problem that performance is endogenously correlated to trust in government. Thus, using these methods can enable a researcher to examine more valid relationship between performance and trust in government. To date, however, there has been very little work devoted to assessing the impact of performance on trust in government by using natural or quasi experiments. The Great Recession that began around 2008 provides an interesting chance to demonstrate a causal relationship between macro performance, micro performance, and trust in government.

The Great Recession and its effect on performance

The period of world-wide economic decline beginning in 2008 and observed around the world (Hetzel, 2012) had detrimental effects on the economic wealth of many countries and led to its being called the “Great Recession” (Verick & Islam, 2010). It is considered as the worst economic downturn since the Great Depression of 1930 (Atkinson et al., 2013). The Great Recession began when the U.S. economy was hit by the collapse of the sub-prime housing mortgage bubble along with the downward spiral of heightened debt fragility and liquidity risk (Hout, 2016).

The Great Recession had ripple effects on other countries. The first wave, which was caused by the collapse of the American market, was followed by other waves of budget experienced by many governments (Ladi, 2014). Thus, what began as a financial crisis in the United States became an economic crisis for Europe (Landler, 2008).

The Great Recession was portrayed as “tsunami” or “freak of nature” that could not have been predicted (Kahler & Lake, 2013). In this vein, Torcal (2014) held that the change triggered by the Great Recession represented an exogenous factor with potential impacts on trust in government. European economic crisis was largely triggered by the tumbling U.S. economy because European banks that had invested heavily in the American mortgage market were hit hard (European Commision, 2009). As a result, many European countries fell into recession in 2009.

The Great Recession resulted in a general decline of macro performance and was reflected in measures such as the growth of the unemployment rates, a swollen debt, and the sluggish growth of Gross Domestic Product (GDP). Moreover, countries hit hardest by the Great Recession could not but rely on the austerity measures imposed by the EU and the IMF as the condition for a bailout package. As resources are one of the most critical causal factors of performance (Boyne, 2003), micro performance such as social security and education also was declined.

The predominant evidence has shown that the deteriorating performance of national economies resulted in the loss of citizen trust in their respective government (e.g., Mishler & Rose, 1997; Kim, 2010; Wroe, 2014). The Great Recession led many people around the World to suffer from loss of their job and high levels of inflation. Faced with the intense economic distress, citizens experienced a great deal of disappointment as a result of the failure of government to prevent and manage this crisis. Among countries, however, there is a wide variation in the levels of trust in government. According to OECD (2013), the governments of Germany and the United Kingdom gained public trust even after the Great Recession whereas Portugal, Italy, Greece, and Spain (the so-called PIGS countries), countries which struggled with harsh consequences from the economic crisis, suffered the dramatic reductions in citizen confidence in national governments. This implies that how well government performed in the face of the Great Recession could affect citizen trust in government.

Economic performance and trust in government

Is economic performance the same as government performance? Government intervention in the economy is a theme seen throughout the history of the human race. Citizens can assign credit and blame for the state of the economy. Economic performance, experienced in areas such as household economies and experiences of unemployment, is associated with trust in government. This is possible because citizens hold governments to account for ensuring their economic well-being (Dalton, 1988; Bok, 1997; Wroe, 2014).

With regard to the relationship between economic performance and trust in government, performance theory posits that an economic downturn would exacerbate trust in government, whereas an economic boom would enhance it. For instance, Lipset and Schneider (1983) find that unemployment and inflation rates coincided with a decline in trust in the executive branch of government. In this vein, whereas the collapse of the Japanese economy in the 1990s was tied to the public's decreasing faith in government

(Dalton, 2004), and the Clinton administration enjoyed rebounded levels of trust because of the economic boom of the 1990s (Hetherington & Rudolph, 2015). In a nutshell, people who have confidence in the ability of their government to cope with the pressing economic problems tend to exhibit higher levels of trust toward their government.

This is one of the reasons why governments implement economic policies. According to Peters (2004), economic policy has four fundamental goals: economic growth, full employment, stable prices, and a positive balance of payment from international trade. Fulfilling these goals is seen as synonymous with a government's ability to ensure the economic well-being of its citizens. To be sure, the macroeconomic performance of national economies, measured by such things as the unemployment rates and the rate of economic growth, is affected by governmental monetary and fiscal policy outcomes (Pfeffer, 1998).

Did citizens rally around government during the Great Recession?

Although it seems a counter-intuitive claim, the opposite argument exists that the Great Recession boosted trust in government. This boost is plausible because the occurrence of a national crisis can create a rally effect that increases trust in government during a time of emergency (Roth, 2009).

Mueller's (1970) seminal work states that levels of political support surge upward after experiences of national crisis. A rally effect originally points to the sudden and substantial increase in public approval of the president, which occurs in response to certain kinds of dramatic international events involving the United States (Hetherington & Nelson, 2003). For instance, the level of American citizens' trust in government increased after the Persian Gulf War and the terrorist attacks of September 11th (Chanley, 2002; Parker, 1995; The National Commission on the Public Service, 2003).

Roth, Nowak-Lehmann, and Otter (2011) argue that there was a rally-around-the-flag effect right after the Great Recession. By analyzing the Eurobarometer with the dynamic ordinary least square regression, they find interesting evidence that a decline in the growth of the GDP per capita is related to an increase in the trustworthiness of government. In addition, when South Korea suffered their worst economic crisis in the late-1990s, the South Korean citizens supported their government to overcome the crisis. This anecdotal evidence also demonstrates that a rally-around-the flag effect can be generated by an economic crisis.

As Roth (2009) and Roth et al. (2011) show, the rally effect can nullify the predictions made by performance theory in that the Great Recession could plausibly have made citizens trust in their government more if citizens had perceived it as a national crisis. This seemingly contradictory course of responses is worth examining in order to clarify the net impact of the Great Recession. It adds to the literature by examining whether the influence of the rally effect offsets the impact of performance on trust.

Management versus misfortune

In addition to the possibility of a rally effect, the perception of a crisis such as the Great Recession as a misfortune could alleviate the negative effect of such as a crisis on citizen trust. This rationale lies in the assumption that citizens can distinguish mismanagement from misfortune. “Mismanagement” ensues when poor governmental activities lead to poor performance, whereas “misfortune” occurs when the circumstances beyond the control of government results in poor performance (Andrews, Boyne, & Enticott, 2006). When economic downturns such as the Great Recession are perceived as resulting from mismanagement, citizens can blame the downturn on the failure of governmental institutions having regulatory functions over financial institutions and rescind their support. On the contrary, when downturns are regarded as resulting from misfortune, citizens do not blame the government because the global economic crisis is understood as being uncontrolled by a single government entity.

The Great Recession was the biggest economic downturn after the Great Depression of 1929. By and large, most countries around the world suffered from the Great Recession. It follows from this that citizens might not conceive the deleterious effects of the Great Recession as the outcome of poor government performance. If this is the case, performance theory does not work for explaining the impact of the Great Recession on trust in government. It is worth paying attention to analyses of whether citizens perceived the Great Recession as the product of mismanagement or misfortune. It adds to the literature by confirming the role of public sector management in the transnational economic crisis.

Hirschman's Exit-Voice-Loyalty model

Hirschman (1970) Exit-Voice-Loyalty model can explain the mechanism whereby the Great Recession would positively affect trust in government. He suggests three responses to decline in firms, organizations, and states: exit, voice, and loyalty. In the context of public administration, exit, voice, and loyalty are related to leaving a jurisdiction, participating in public affairs, and trusting in government, respectively

(Lyons & Lowery, 1989). Among these three, to be specific, loyalty concerns "passively but optimistically waiting for conditions to improve-giving public and private support to the organization, waiting and hoping for improvement, or practicing good citizenship" (Rusbult et al., 1988, p.601).

Citizens may demonstrate loyalty when they are unable to exit (Dowding, John, Mergoupis, & Vugt, 2000) or have some emotional attachment toward where they belong (Dowding & John, 2008). As a response to the Great Recession, loyalty could be seen where citizens-either because they cannot easily leave their country or feel attached to it-waited and supported the government's efforts to improve the situation. Loyalty as a response is quite likely because it takes a substantial amount of transaction costs to move to other countries. In addition, counter to the assumption of Tiebout (1956) hypothesis, citizens do not usually lightly move to other communities because they have already heavily invested both emotionally and socially in their country. In this sense, the Great Recession could foster loyalty toward government or trust in government.

The impact of the Great Recession on compliance with law

Trust in government has for a long time been of particular interest as a concept that has been at the core of the public administration field, because it entails many important repercussions. One of the key outcomes of public administration is public compliance. Many governments resort to coercion, such as fines and imprisonment, to increase compliance with the law. However, this coercion is not effective and takes a lot of costs (Feld, 2009). On the other hand, trust in government elicits compliance from the citizens. Trust is more effective than coercion and does not incur costs. There is also considerable evidence that trust in government increases public compliance, such as voluntary tax reporting and respect for the law (Dalton, 2004; Scholz & Lubell, 1998; Tyler, 2010).

The main focus of this dissertation is to investigate the impact of the Great Recession on trust in government. In addition to this impact, the Great Recession can have effects that go beyond trust in government. This is possible because trust in government was diminished by the Great Recession, and then lowered levels of trust have a negative impact on compliance with law. As a consequence, the Great Recession may have reduced compliance with law.

Compliance with law plays a pivotal role in easing governmental works. Oftentimes compliance deficits create great resource expenditures owing to enforcement efforts. If people do not comply with government decisions in response to the Great Recession, this issue becomes salient. The Great Recession may have not only eroded citizens' trust but also hampered government from working properly. This means that implementing policies requires more costs, resulting in the government being placed into a deeper quagmire. For this reason, testing the influence of the Great Recession on compliance with law is worthwhile even though this dissertation mainly seeks mainly to answer the questions of whether the Great Recession led to a reduction in trust.

The impact of the Great Recession on citizen participation

In addition to making a difference in compliance with law, the Great Recession may affect citizen participation directly and indirectly. Both ways are controversial in terms of how best to understand the direction of the influence.

There are conflicting views about how the Great Recession may directly influence citizen participation. The grievance theory and the resource based-model offer different means to understand the link between the Great Recession and citizen participation. The gist of grievance theory is that intense deprivation stimulates citizen participation, and in particular protest behaviors (Dalton, Van Sickle, & Weldon, 2009; Gurr, 1968). The political dissatisfaction model bears a resemblance to grievance theory insofar as it proposes that citizens participate or exercise their voices because of dissatisfaction with the government (Dalton, Burklin, & Drummond, 2001). The model holds that citizens' dissatisfaction with an incumbent government spurs voters to seek a change in administration through elections (Pharr, Putnam, & Dalton, 2000). With regard to the economic crisis, advocates of the grievance or dissatisfaction theory argue that threatened economic interests function as a major incentive for political engagement (Gamson, 1968; Wilkes, 2014). According to these theories, the Great Recession increases citizen participation.

The resourced based-model, on the other hand, predicts that the economic crisis will have a negative effect on the availability of resources that are required to participate in the public affairs (Brady, Verba, & Schlozman, 1995). This resource based model is closely associated with the social economic status (SES) model (Barkan, 2004). Like the SES model, the civic voluntarism model states that there will be a positive relationship between having access to material resources and the level of civic engagement (Kern, Marien, & Hooghe, 2015). The Great Recession decreased citizen participation, because it deprived many citizens from having enough resources to take part in public affairs.

In addition to the aforementioned direct channel, there is an indirect link. The Great Recession may decrease trust in government, which in turn affects citizen participation. Deliberative and stealth democracy models predict that the causality runs in the opposite direction. A stealth democracy perspective posits that citizens use participatory mechanisms as the means of fixing unsatisfactory conditions created by untrustworthy delegates (Hibbing & Theiss-Morse, 2002). In this sense, distrust stimulates citizens to participate and to vote in order to oust incumbents (Dyck, 2009). Since citizens are unwilling to spend time and effort to comprehend the intricacies of public issues (Neshkova & Guo, 2012), people who trust in government see no great reason to actively participate. They are willing to delegate to their representatives to the delivery of what is best for them (Goldfinch, Gauld, & Herbison, 2009). According to the assumption of stealth democracy, trust in government is negatively associated with citizen participation. It is reasonable, therefore, to conjecture that the low levels of trust in government spurred by the Great Recession are associated with a higher likelihood of citizen participation.

Deliberative democrats, on the other hand, argue that a trustworthy government makes citizens more likely to participate in public processes. Apathy is a consequence of lack of trust; when government appears responsive, this perception stimulates citizen involvement (Kikuchi, 2008; Neblo et al., 2010; Norris, 1999). Deliberative democrats argue that a reliable government makes citizens more likely to participate in government decision-making processes (Neblo, Esterling, Kennedy, Lazer, & Sokhey, 2010). From this perspective, trust in government grants citizens confidence that their participation will allow them to work through issues with public officials. In the context of the Great

Recession, diminished trust prevented citizens from taking part in public affairs because citizens did not believe that they could work through issues with public officials. However, few clear causal links between the Great Recession and citizen participation were rigorously examined. Responding to this lack of understanding, this dissertation investigates the relationships between the Great Recession and citizen participation.

Considering trust in various government institutions

Government presents itself to citizens as a multifaceted object because it consists of many different institutions (Rothstein & Stolle, 2008). Thus trust has different levels and means different things in different situations- trust in national government is not the same as trust in local government, which in turn differ from trust in individual agencies and agency units (K. Yang & Holzer, 2006). Therefore, Tolbert and Mossberger (2006) and S. Kim (2010) separate government into federal, state, local government and central, local government, respectively. Generally, local government provides more tangible, repeatable, and visible services whereas central government is more diffuse (Bouckaert & Halligan, 2008). In addition, Y. Yang, Tang, Zhou, and Huhe (2014) separate government institutions into high (national government, political party, parliament, military) and low profile institutions (courts, civil service, police, local government). Furthermore, Rothstein and Stolle (2008) differentiate citizens' trust in government on the representational side (e.g., congress and political parties) from trust on the implementation side of government (e.g., police and civil servants).

The Great Recession has been accompanied by public controversy over who was at fault for the crisis. The central government is primarily responsible for formulating the policies regarding national economies. Central governments are held responsible for economic conditions because the public expected governments to manage problems in the financial system (Sinclair, 2012). Citizens can distinguish between different government institutions according to a degree of trust they feel they merit (Newton, 2006). Therefore, one can expect to see in the aftermath of an event like the Great Recession a precipitous decline in trust in central government. On the other hand, public attitudes toward irreverent institutions like the police may not be changed by the Great Recession.

However, a counter position also exists. Kettl (2008) argues that, "Citizens typically pay little attention to what level of government is responsible for which problem" (p.124). It is possible that citizen do not like to figure out the government's process of solving problems. All they want is for the problems to be solved somehow by government. According to this view, there will be no significant difference between trust in central government and other government agencies like the police.

Summated measures of trust in government do not capture the variability in the public assessment of specific parts of government (Robinson, Liu, & Vedlitz, 2011). Therefore, to comprehend trust correctly, trust in sub-governmental institutions should be measured separately. Previous literature has paid relatively little attention to trust in specific government agencies. Examining how the Great Recession affects trust in varying institutions will help acquire of a fuller understanding of its impacts.

Does the Great Recession differently affect high- and low-income citizen trust?

During expansions, the governments should reduce their expenditure in order to minimize inflationary forces. During recessions, as public demands for social protection increase, spending should be increased to stimulate the aggregate demands of vulnerable groups (Pinto, 2013). However, the Great Recession threatened the fiscal stability of states, constrained government spending, and reduced aid to the relatively disadvantaged. As a result, precarious citizens experienced inexorable pressures caused by the Great Recession. The disadvantaged were less well-equipped to defend themselves because employment conditions were exacerbated and the government lacked the capacity to implement policies to help them. If people believe that the government has an obligation to provide its citizens with conditions for a good job and a decent standard of living, they are likely to lose faith in their government during the Great Recession.

To make matters worse, the gulf between haves and have-nots has widened (Edsall, 2012). The affluent have enjoyed greater increases in income and well-being over the crisis period greater than those at median and below-median incomes. At the same time, financial pressures on the working and middle classes have escalated, reducing their well-being (Edsall, 2012). As a result, the gap between the well-being of low-and high- income citizens had widened. Considering the fact that inequality is a strong determinant of trust (Jordahl, 2009), low-income citizens lost their trust in government. In addition, tax cuts heavily tilted in favor of big corporations during the Great Recession. Therefore, citizens were outraged that many financial institutions were rescued while they paid the costs of the recession in the form of losses of their jobs and tax burdens (Hall, 2013). Hence, it is worth examining how low-income citizens lost their trust more than high-income citizens did.

Previous literature on the Great Recession and trust in government

Many scholars have paid attention to the relationship between the Great Recession and trust in government. Roth (2009) examines the trend of trust in government from 1999 to 2009 by using the Eurobarometer and Edelman Trust Barometer data. He finds the plummet of trust in government before and after 2008. However, he fails to explain the variation across countries because he aggregates data by G5, EU 15, and EU 27 countries. In addition, Tonkiss (2009) explores the role of trust in economic life and its relevance to the Great Recession. But he focuses more on social trust rather than on trust in government. Furthermore, Uslaner (2010) conducts the correlations analysis between confidence in the finance industry, business, the federal government, the judicial system, and the legislature. He briefly mentions the relationship between the Great Recession and trust in government, but he simply assumes that the relationship between two is negative without testing his claim empirically. Using the Eurobarometer data, Armingeon and Ceka (2014) examine how the Great Recession affected political institutions. However, they pay attention mainly to trust in the European Union.

Research questions

The previous research calls for more attention to the causal relationship between government performance and trust. The Great Recession posed the major threats to both macro and micro performance. Therefore, the investigation on the impact of the Great Recession on trust may offer possible answer for the causal relations between government performance and citizen trust. If performance theory holds, the Great Recession will reduce citizen trust. Against this backdrop, the first research question is "How does the Great Recession affect trust in government?"

In addition to the impact of the Great Recession on trust in government, the Great Recession may negatively affect compliance with law. This is plausible because trust in government is highly related with compliance with law. If trust is reduced by the Great Recession, the decreased trust can have a negative influence on compliance with law as well. Therefore, the second research question is "How does the Great Recession affect citizens' compliance with law?"

In response to the Great Recession, furthermore, citizens may or may not be willingness to engage with the public affairs. Theories (The direct link between the Great Recession and citizen participation: Resource based-model and grievance theory; The indirect link between the Great Recession, trust in government, and citizen participation: Deliberative and stealth democracy theory) differ on their expectations of how the Great Recession affects citizen participation. Only a few articles utilized the unique situation of the Great Recession for examining citizen participation. The final research question is "How does the Great Recession affect citizen participation?"

In order to answer these research questions, this dissertation carries out a mixed-method research strategy: qualitative cases studies and quantitative analysis of a large sample of survey data. A case study is a good starting point in addressing these questions because it describes what really happened during the Great Recession period. Thus, this dissertation begins by providing illustrations of eight European countries. In addition to cases studies, the World Values Survey and the European Social Survey will be used to analyze the impact of the Great Recession on citizen trust, compliance with law, and citizen participation.

CHAPTER 3. THE EUROPEAN CONTEXT OF THE GREAT RECESSION

3.1. Overview of Case Studies

Chapter 3 examines how the Great Recession affected eight European countries by focusing on its influences on the public sector and society. This is of particular concern to the extent that the Great Recession impacted ordinary citizens. In the response to the Great Recession, national actors had multiple policy response options (Armingeon & Baccaro, 2012). The types of policies vary from one country to another, and this variation contributed to the differences in the pressures felt by authorities for reshaping public services (Lodge & Hood, 2012). Through an analysis of social and policy developments in the eight countries over the course of the Great Recession, this chapter illustrates how the Great Recession possibly increased or decreased trust in government.

In this chapter, case studies for eight European countries are carried out: Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, and Spain. The choice of these 8 countries is driven by several conditions. First, this study focuses on the countries which use Euro so as to make the analysis comparable. Among 28 European countries, 9 countries (Bulgaria, Croatia, Czech, Denmark, Hungary, Poland, Romania, Sweden, and the U.K.) are not included for the analysis because they use different currency. National governments often use monetary policies to keep inflation rates low (Armingeon, 2012). Devaluation would increase domestic inflation, and this in turn would alleviate the debt problem (Armingeon & Baccaro, 2012). After joining the Euro zone, however, national governments could not devalue their currency to balance their economies (Lin, Edvinsson, Chen, & Beding, 2013). For example, Norway and Sweden enjoyed the floating exchange rates but Finland could not use it (Lindvall, 2012). In this sense, the salience of sovereign currency against the Great Recession is pronounced. Second, this analysis is restricted to countries in the Organization for Economic Cooperation and Development (OECD). Members of the OECD countries are considered to have democratic governmental systems as well as affluent developed economies. For this reason, 4 countries (Cyprus, Latvia, Lithuania, Malta) are excluded. Third, the size of Gross Domestic Productivity (GDP) is considered. To make the countries comparable, their economic sizes need to be similar. This analysis is limited to the countries with GDP over € 100,000 billion. Hence, 4 countries (Estonia, Luxemburg, Slovakia, Slovenia) are not included. Finally, the size of each country's population is considered to facilitate the comparison. This study concentrates on the countries with more than 10 million people. As such, 3 countries (Austria, Finland, Ireland) are not included. The remaining countries are: Belgium, Germany, Greece, Italy, Netherlands, Portugal, and Spain. The details of information are presented in Table 2.

Table 2. Characteristics of the 28 European Union Countries

	Currency	OECD	GDP (€ billion)	Population
Austria	Euro	Yes	329.296	8,507,786
Belgium	Euro	Yes	402.027	11,203,992
Bulgaria	Lev	No	42.011	7,245,677
Croatia	Kuna	No	43.085	4,246,700
Cyprus	Euro	No	17.506	858,000
Czech	Koruna	Yes	154.739	10,512,419
Denmark	Krone	Yes	257.444	5,627,235
Estonia	Euro	Yes	19.525	1,315,819
Finland	Euro	Yes	205.178	5,451,270
France	Euro	Yes	2.132 (trillion)	65,856,609
Germany	Euro	Yes	2.904 (trillion)	80,780,000
Greece	Euro	Yes	179.081	10,992,589
Hungary	Forint	Yes	103.217	9,879,000

Ireland	Euro	Yes	185.412	4,604,029
Italy	Euro	Yes	1.616 (trillion)	60,782,668
Latvia	Euro	No	24.060	2,001,468
Lithuania	Euro	No	36.309	2,943,472
Luxembourg	Euro	Yes	49.428	549,680
Malta	Euro	No	7.912	425,384
Netherlands	Euro	Yes	662.770	16,829,289
Poland	Zloty	Yes	413.134	38,495,659
Portugal	Euro	Yes	173.044	10,427,301
Romania	Leu	No	150.019	19,942,642
Slovakia	Euro	Yes	75.215	5,415,949
Slovenia	Euro	Yes	37.246	2,061,085
Spain	Euro	Yes	1.058 (trillion)	46,507,760
Sweden	Krona	Yes	430.258	9,644,864
U.K.	Pound	Yes	2.223 (trillion)	64,308,261

Sources: EU Official Site (http://europa.eu/about-eu/countries/index_en.htm)

The case study method is useful when contextual background is pertinent to the result of the study (Yin, 2009). In order to obtain the information and insights about what really happened during the Great Recession, this comparative qualitative case study relies on two main sources: secondary literature, including academic journal articles, periodicals, newspapers, and official reports of government and international organizations (e.g., the OECD, the World Bank); and a series of semi-structured interviews with public administration experts in key countries about the repercussions of the Great Recession.

Enriching the understanding of a phenomenon within a context, case study collects multiple data by using various strategies and approaches (Baxter & Jack, 2008). A review of the literature is considered most appropriate as tools to suggest contextual mechanisms and construct knowledge for what really occurred in Europe during the Great Recession. There is a substantial literature on the Great Recession. A thorough review of books and publications permits the identifications of the outcome of the Great

Recession. Therefore, this dissertation aims to integrate prior literature and provide some insights for the ramification of the Great Recession on society in general and public administration in particular. Adopting multiple sources enables researchers to gain solid understanding of what happened (Yin, 2003). For this reason, specifically, this dissertation uses four sources to complement one source with another: academic articles, official government reports of eight European countries, the official reports from the international organizations, and news media.

This dissertation draws upon prior academic research to explain the repercussion of the Great Recession. As the influence of the Great Recession had grown, it has received significant scholarly attention across the fields. This dissertation attempts to identify key contextual factors that affected citizen trust in government by synthesizing the implication from academic articles, including the impact that the Great Recession had on public administration. Through the up-to-date discussion and illustrative examples, this dissertation seeks to expand ranges of conceptually integrated explanation as well as develops a broad overview of how the Great Recession panned out. However, a shortcoming of relying on the academic articles is that it does not in part ensure the detailed information about policy measures.

In addition to academic papers, this dissertation refers to the reports written by government institutions of eight European countries (e.g., central bank and the Department of Commerce) because these are well-suited to present detailed information of policy measures. Governments of eight European countries pushed forward the necessary reforms to cushion the impact of the Great Recession. These official reports are expected to offer an in-depth examination of how each government coped with the Great

Recession. However, it is not sufficient to examine the net impact of the Great Recession because of possible biased standpoint. To some extent, each government institutions may evaluate the effectiveness of policy measures undertaken by themselves with subjectivity. Also, the literature of the Great Recession in a single-country context supplies some pertinent insights that appear not to be fully ingested by the international point of view. These suggest that an alternative perspective is needed.

Due to the limitation of reports drawn from each country's government, it is essential to incorporate the perspective of the international organizations. In this vein, this dissertation tries to depend on the official reports of the international organizations such as the IMF, the OECD, the ILO, the World Bank, and the European Commission. The impact of the Great Recession may differ from one country to another. These reports provided evidence-based guidance for comparing the impacts of the Great Recession across European countries. As a result, these encourage the analysis on the Great Recession that transcend any given single country and provide a well-rounded understanding of the complexities and intricacies of how the Great Recession affected eight European countries to a varying degree. Furthermore, this dissertation uses an easy-to-use and excellent statistical resource provided by the OECD and the World Bank. Effectively organizing raw data is a key to obtaining objective stances for evaluating the social phenomenon (Baxter & Jack, 2008). Legitimate comparable data are of great importance to analysis the impact of the Great Recession on citizen trust in government.

Last but not least, this dissertation uses anecdotal evidence reported by media. As the case study pertains the descriptive characteristics, it needs to portray phenomenon and the reality of the world context (Yin, 2003). A detailed text bridges the gap between theories and empirical issues. A set of observations made by media will be translated into descriptive evidence. Lively examples how citizens reacted to the governments can be best captured by media, such as newspapers and magazines. This is expected to provide compelling evidence and lend confidence to the argument that the reduction in trust can be attributed to the Great Recession. In sum, this dissertation seeks elaboration, convergence, and corroboration of the findings from different sources.

The purpose of the interview was to gain new perspectives, earn additional information, and complement literature. By interviewing the public administration expert, this dissertation aims to expand the depth and breadth of a study. Two experts per country (16 in total) were interviewed. These interviewees were recruited by a chain referral strategy and contacting the authors who wrote the relevant articles regarding the Great Recession and its impact on public administration. Semi-structured interviews were arranged and conducted between May 2016 and September 2016. All of 16 interviewees is a faculty at the University as a major of public administration or related studies such as politics and economics. Phone interviews (Skype) were conducted ranging from 30 minutes to 60 minutes in length (two experts' opinions were garnered through a written interview because they strongly prefer a written form of the interview to a face-to-face interview). The interviews were granted anonymity.

Questions in common regardless of countries are: 1) Did an ordinary citizen feel and perceive differences in public service after the Great Recession?; 2) Did public servants notice fewer resources than before the Great Recession hit?; 3) Would you mind explaining how the Great Recession affected the public sector?; 4) Do you think that the Great Recession eroded citizens' trust in their government?

After inquiring about general questions, several specific questions about each country were asked. The detailed questions are presented in Table 3.

Table 3. Interview questions for 8 European countries

Belgium: "Over the year, there was no elected government. How did it affect the ramification of the Great Recession?" "There were several freezes on public employees' recruitment. How did these measures affect the performance of government?"
Greece: "Did an ordinary citizen understand the situation in which public employees faced?" "Can you tell me about the characteristics of *We won't pay' movement*?" "What is the most serious problem in Greece in terms of coping with the crisis?"
France: "Do you think that the leadership of President Sarkozy was successful in terms of coping with the crisis? Also, I am wondering why he failed to be reelected." "Révision générale des politiques publiques was initiated in 2007. Was this reforming effort effective in increasing government performance? Did ordinary French citizens support this reform?"
Germany: "How was possible that Germany coped with the crisis well?" "How do you evaluate the leadership of Chancellor Merkel in terms of coping with the crisis?" "Does the strong job security of public employees (Beamte) help sustain the quality of public services?"
Italy: "How do you think that the Prime Minister Berscruni cope with the crisis?" "Monti cane into the office, replacing Bersuconi. How was his leadership ?" "Which areas of public service were cut most during the Great Recession period?" "There are many effort of the Italian government to overcome the crisis. How successful were those measures?"

The Netherlands: “There were mortgage interest deduction, reduced unemployment benefit, and cut in scholarship. I am wondering how an ordinary Dutch citizen accepted these austerity measures. Did they support or oppose these measures? Were there any protests against this measures?” “Money funneled into labor market, infrastructure and education for enabling working time reduction and retraining. Were these successful in coping with the crisis?”

Spain: “Can you tell me about the privatization process in Spain?” “How did political corruption scandals affect citizen trust in government?” “According to the data, the youth unemployment rates are very high. I am wondering how Spanish young citizens think about it.”

Portugal: “What was the most important reason why Portugal was hit hard by the Great Recession?” “The Portuguese constitutional court rejected four out of nine contested austerity measures as anti-constitutional. Was the constitutional court decision perceived as the conflicts between the executive and judiciary government?” “According to the OECD data, Portugal has one of the most unequal income distributions in Europe. How did Portuguese citizens think about the inequality? Do they think that it is the responsibility of the government?” “When the Portuguese government implemented austerity measures, were there any consensuses among citizens?”

By offering a more detailed background for elaborating on the causal mechanisms in play, this method resulted in a more holistic view (Raudla, 2013). The main purpose of the country-case analyses in this chapter is to shed light on how the Great Recession as a macro-economic event translated into specific cutbacks and other changes to the micro level performance and provision of public service to citizens. In this chapter, case studies for Greece, Italy, Portugal, and Spain, which were hit hard by the Great Recession, will be presented first. After illustrating these four countries, case studies for Belgium, France, Germany, and the Netherlands, which were hit less severely by the Great Recession, will be described. The final section of this chapter summarizes the finding of the case studies.

3.2 Greece

Upon entry to the Eurozone, Greece enjoyed an average of 4% annual economic growth between 2000 and 2008 (Matsaganis, 2011). However, the Great Recession ended that trend. The Greek economic crisis originated in the collapse of many American financial institutions (Ladi, 2012). Large budget deficits and the country's lack of inability to repay them precipitated the nation's economic woes and sent Greece into a full-blown recession (Matsaganis, 2012). Greece has been experiencing a deep and prolonged recession since the emergence of the Great Recession. According to World Bank data, the Greek GDP experienced a 9.1% drop in 2011. Greece attained the highest unemployment rate (24.44% in 2014) of any EU country, and the rates tripled their prerecession rate (7.76% in 2008). In addition, Greece exhibited considerably steep growth rates in its indebtedness, with their debt-to-GDP ratio approaching 250%. Government deficits exacerbated substantially in 2008 and continued to worsen (see Figure 1). Almost every macro-economic indicator of Greece witnessed negative signs and this is symptomatic of the ailing economy. Because of the severity of its economic woes, Greece became a center of the European sovereign debt crisis. Obviously, the

Great Recession was the exogenous shock to which Greece was especially vulnerable because of its fiscal mismanagement (Featherstone, 2011).

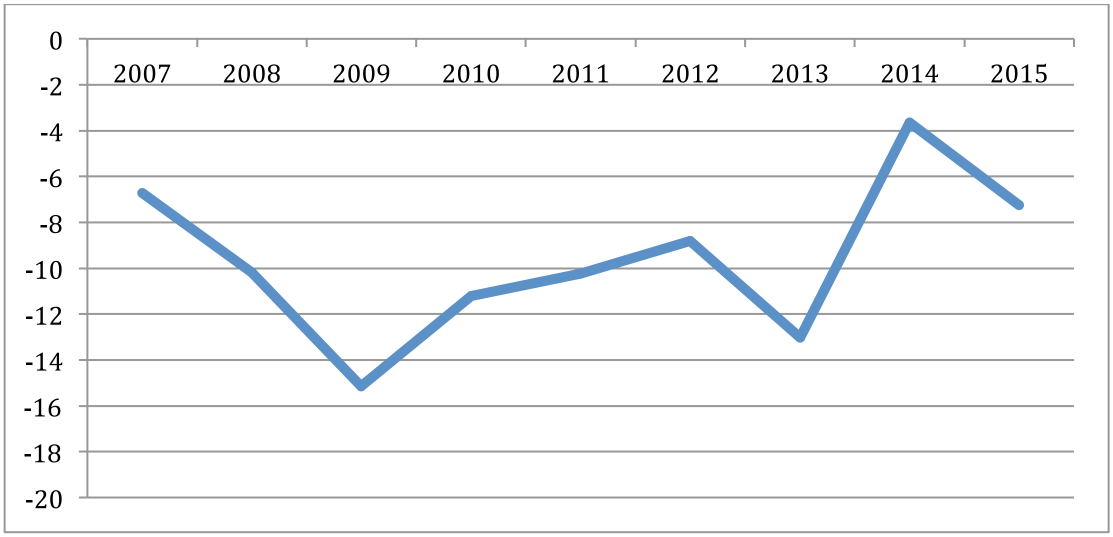

Figure 1. The Greek general government deficit[1] (% of GDP)

Sources: OECD (2016).

The economic catastrophe forced the Greek government to sign the Memorandum of Economic and Financial Policies with the International Monetary Fund (IMF) and the Memorandum of Understanding on Specific Economic Policy Conditionality with the EU in a bid to receive financial assistance (Theodoropoulou, 2015). The Greek government implemented austerity programs for economic adjustment through the obligations of the IMF, the European Central Bank and the European Commission rescue packages

[1] General government deficit is defined as the fiscal position of government after accounting for capital expenditures (OECD, 2016).

(Theodoropoulou, 2015). In the wake of the crisis and the imposition of the "Troika"[2], Greece has undergone many administrative changes.

These retrenchment programs presented a number of challenges to Greece. To make the budget balanced, first of all, the Greek government reformed pension systems (Featherstone, 2011; Theodoropoulou, 2015). The existing pension system, which is among the most generous in the OECD, was not financially viable (OECD, 2010). Thus, the bottom line of the pension reform was to slash pension benefits, drive up required contributions to the fund, and increase the age of retirement (Matsaganis, 2011). To make matters worse, the number of pensioners spiked because of the economic crisis (The Economist, 2016). What happens with pensions is worthy of unique attention because of its important linkage to social unrest. Pensions provide important relief to many households during the economic crisis. Restoring citizens' trust in their governments becomes tethered to the governments' abilities and willingness to maintain their promises (Steuerle, Gramlich, Heclo, & Nightingale, 1998). In this sense, the Greek government's failure to keep its promise during the harsh times frustrated many Greek citizens. This frustration may have contributed to a reduction in Greek citizen confidence in government.

In addition to pension reforms, deep budget cuts to cope with the crisis led to the reduction in public service. Athens attempted to shrink the public sector by slashing its wage bill (Hope & Atkins, 2014). The Papandruous government set a pay freeze for public employees (Di Mascio & Natalini, 2015). In response to these measures, the Greek civil servants went on strike (Tonkin, 2015). Owing to their strikes, the delivery of public

[2] The "troika" refers to the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission (EC) which greatly influenced the Greek economy in the name of normalizing Greece (Armingeon & Baccaro, 2012; Greer, 2014; Hadjimichalis, 2011).

services was paralyzed, resulting in poor micro performance. For instance, public transportation did not operated; garbage was not collected; doctors and nurses at the state-run hospitals faced the shortage of medical supplies; many traffic lights did not work and went unrepaired (Kristof, 2012). Many basic public services were not delivered properly, which may have diminished Greek citizens' trust of their government.

Furthermore, the cutback management and downsizing in the public sector dwindled public servants' working motivation (Feldheim, 2007). It is often argued that public servants are less materialistic than private sector workers (Boyne, 2001). However, a continued climate of austerity in the Greek public sector demotivated civil servants, because they were under severe financial stress. This result indicates that the Great Recession could discourage from hard work those with an ethos of with public service. Even though the same quantity of public service was provided, the quality may well have waned. In sum, Greece became a dysfunctional state. For this reason, the Greek citizens may have lost confidence in their government.

On top of that, a drastic curtailing of government expenditures on education runs the risk of a long-term depression in growth. The Great Recession and resulting fiscal stress certainly underscore the urgency of rescuing financial sectors. Therefore, much of the bailout money was funneled into private companies on the verge of bankruptcy. On the other hand, many efforts were made to save costs in the fields where the urgency was low, like education. Because of the budget shortage, the Greek government stopped subsidizing the public school operating costs. For instance, 2,000 Greek schools closed and merged; schools supplied insufficient textbooks to students; the student-to-teacher ratios soared (Butrymowicz, 2012). In addition, investments for new research and development were cut considerably. It is widely known that education is the key to boosting human capital. In this sense, although human capitals did not change markedly, the Great Recession generated declines in the major sources of potential growth. These public spending cuts on education may jeopardize the future of Greece.

Pension reforms coupled with the tax increases and deteriorated public service not only caused the government to fall in popularity but resulted in daunting social protests. Distrust had made citizens more averse than ever to taxation. Civil disobedience, such as the “We won’t pay” tax revolt movement, gained momentum in expressing citizens’ dissatisfaction with their government (Smith, 2011). The Greek government hiked taxes to garner enough revenues (Martin, 2013), but there was a drastic curtailing of government programs (Kentikelenis et al., 2011). A beleaguered citizen became less tolerant of this situation. In addition to tax revolts, the flawed Greek tax system hindered Athens from having an adequate amount of tax revenue (Kaplanoglou & Rapanos, 2013). This lack of tax revenue provoked a prolonged series of strikes and a period of political unrest, because the Greek government could not deliver adequate enough public services to meet the needs of its citizens.

3.3 Italy

As with other southern European countries, Italy was hit hard by the Great Recession (O’Higgins, 2011). Although Italy’s GDP continued to grow at a sluggish rate, it did not undergo a deep dip. Compared to other countries like Greece, Spain, and Portugal, this decline in GDP was not as severe. However, the most serious problem for Italy was found in its runaway government debt (See Table 4). Its debt ranked third among OECD countries following Japan and Greece. The total debt aggregated to over $2.4 trillion as of 2014. From a Keynesian point of view, government debt is allowed and even welcomed in the times of recession (Gosling, 2008). However, Italy's problem is that the amount of debt has not been diminished at all, making Italy less creditworthy. This implies the gravity of the Italian economic distress.

Table 4. The Italian general government debt (% of GDP) and GDP per capita (Constant 2011 USD)

Year	2007	2008	2009	2010	2011	2012	2013	2014
Debt	110.7	113.0	125.9	124.9	117.9	136.1	143.4	156.4
GDP	38,106	37,456	35,242	35,726	35,871	34,765	33,764	33,341

Sources: OECD (2016) and the World Bank
Notes: GDP per capital is measured in 2011 real dollars.

In response to the mounting debt, Rome was pressured to gain external aid by creditors. However, the Berlusconi government did not commit to stepping up to stabilize the crisis. Rather, it at first refused the Troika recommendation and took a business-as-usual stance, because the crisis had yet to truly affect Italy. Moreover, Italian politicians feared the political fallout from aggressive austerity policies. This uncooperative movement spurred by downplaying the severity made Italy untrustworthy (Kickert & Randma-Liiv, 2015). Verney and Bosco (2013) criticized Berlusconi's denial of aid as the loss of the sense of reality. Under the harsh pressure, the Berlusconi administration eventually accepted the conditions of the troika and initiated an austerity policy (Di Quirico, 2010). The Troika purchased the Italian state bonds to curb the rising government debts and tried to ward off toxic assets (Kickert & Randma-Liiv, 2015).

Unfortunately, the attempts of the Troika, the spending cuts as well as tax increases, were not paid off to a large extent.

Another concern for the Italian public sector was the stagnant amount of tax revenues (see Figure 2). With a drop in GDP, tax revenues also become lethargic. Tax revenues are essential for providing public services. Because the government's ability to conduct its job properly is closely related to public expenditure, diminished tax revenues hampered the functioning of the Italian government. For the most part, public expenditures can be separated into three types (Kickert & Randma-Liiv, 2015): (1) Operational expenditures are the costs of running public administration itself; (2) Program expenditures are the costs of providing public service and enacting policies; (3) Capital expenditures are the costs of investing in monetary markets for a high rate of return. Draconian reductions in these types of public expenditures took place: The Italian government applied stricter regulations on eligibility for pensions; it abolished automatic wage increases for all public servants; it reduced a wage of top magistrates (Schmidt, 2012; p.178-179). Among many cuts in the public sector, the program expenditures of health care were one of the seriously cut areas.

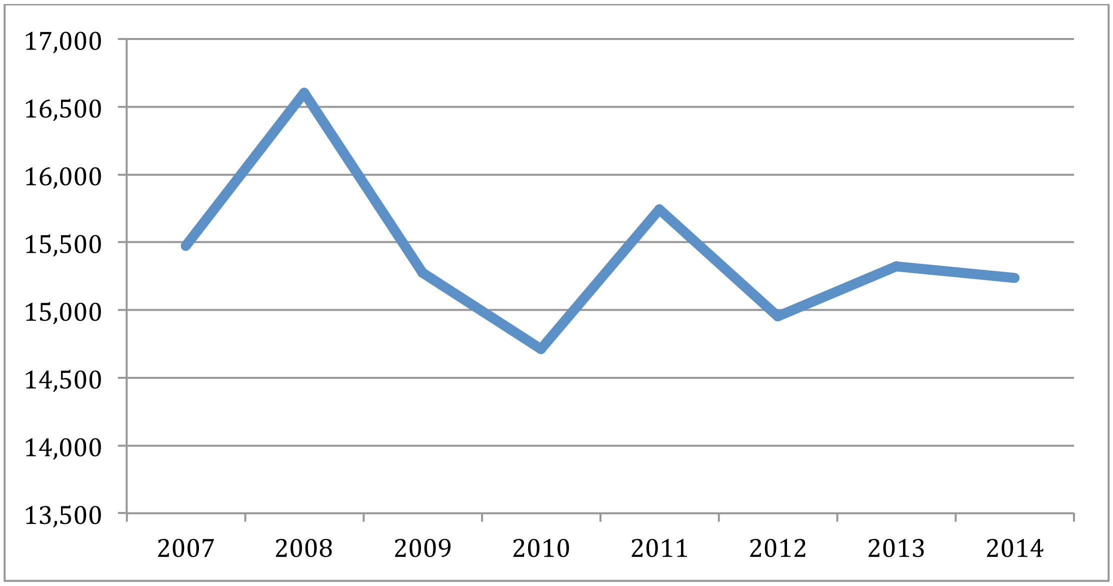

Figure 2. The Italian tax revenue changes (US dollar per capita)

Sources: OECD (2016).

The shrunken expenditures of health care reduced the wellbeing of citizens. After the Great Recession, government health expenditure per capita was reduced (Ongaro, Ferré, & Fattore, 2015). As the Beveridge-type healthcare system, Italy provided a fairly stable and universal national health care plan, *Servizio Sanitario Nazionale*. This plan is one of the most generous systems in Europe. Because of the tightened budget, Italy has become sensitive to health-care costs, seeking to contain and reduce them. To this end, Rome attempted to decrease the number of persons with health insurance coverage by reducing eligibility and increasing co-payments. Italian citizens have long taken for granted health care as basic governmental services. The weakening of the health care plan worsened Italian citizens' welfare.

Heightened levels of job insecurity in Italy may act as a catalyst of distrust in the government. The Italian parliament revised the labor law for easing layoffs (Donadio, 2011). This labor reform made it easier to hire and fire workers. Although the so-called "Job Act"' was intended to create new jobs, a growth in employment was not detected (Fana, Guarascio & Cirillo, 2015). In addition to this failure, this change of the law increased overall levels of job insecurity, and this threatened Italian citizens' well-being. Linking the relationship between job insecurity and trust in government, Wroe (2014) employs the concept "psychological-democratic contract." This concept derives from psychological contract theory in the field of organizational behavior. This maintains that companies and employees have an unwritten psychological contract that workers commit their job in the return of having support from the organizations. This line of reasoning can be extended to the relationships between workers and states, such that citizens trust government and support democratic values and expect job security in return. According to this perspective, job insecurity not only violates the psychological contract within the organization but also the psychological-democratic contract with the state. This violation could reduce citizen trust in their government. Job insecurity is too important and too complex matters to be left solely to individuals or organizations (Hartley et al., 1991). Therefore, government needs to intervene to minimize harmful consequences from job insecurity. The Italian government did not decrease job insecurity but rather increased it, which may have contributed to a reduction in citizens' trust.

It is not always that the public opposes the austerity measures. People may believe the hard times imposed by austerity will be followed by a future prosperity (Moury & Freire, 2003). If this is the case, citizens do not protest against their government. However, in response to the deteriorated macroeconomic indicators, and more importantly substantial reductions in public services, Italian citizens chastised government by raising their voice.

As austerity measures became increasingly visible, popular discontent was expressed in two modes: through conventional and unconventional citizen participation. On the one hand, the general election of 2008 ousted Berlusconi and brought the economist technocrat, Monti, hoping that he could solve the economic predicaments (Bellucci, 2014). However, the change of the prime minister did not improve Italy's situation. On the other hand, therefore, citizens were on the street to express their fury over the incompetent governmental response toward the aftermath of the Great Recession. The Rome demonstration in 2011 was the most famous example (O'Leary, 2013). Protesters complained about government cuts and demanded more public services. The demonstration started peacefully, but turned into aggressive movement such as attacking police officers. Social unrest led to the closures of many shops and subsequent social costs. This social phenomenon fits with the prediction of the political dissatisfaction model. The dissatisfaction thesis proposes that citizens participate or exercise their voices because of dissatisfaction with the government (Dalton et al., 2001). Citizens' dissatisfaction with an incumbent government spurs voters to seek a change in administration through elections (Pharr et al., 2000). People who trust in government see no great reason to actively participate, because they are willing to delegate their representatives to deliver what is best for them (Goldfinch et al., 2009). This suggests that the austerity measures decreased trust in government, which subsequently may have been a factor in protests.

3.4 Portugal

After the Great Recession, the Portuguese economy was considered "a disaster zone" along with Greece (Magalhães, 2014). Although the GDP of Portugal did not decrease drastically and even experienced a small upturn in 2009, the growth rate of investment dropped significantly, even after the Great Recession (See Table 5). There was a dip in 2009, and then temporarily a rise in 2010. However, the figure was exacerbated again in 2011. Furthermore, the Great Recession damaged the fiscal health of Portugal, such that the amount of government debt rose to alarming levels.

Table 5. The Portuguese economic indicators[3]

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP	27,732	27,747	26,895	27,393	26,932	25,952	25,800	26,175	26,690
Capital	3.1	0.4	-7.6	-0.9	-12.5	-16.6	-5.1	2.8	4.1
Debt	78.1	82.8	96.1	104.1	107.8	137.0	141.1	150.6	148.8

Source: OECD (2016) and the World Bank (2016)

Among many indicators, the credit crunch was the most worrisome sign because of its downwardly spiraling forces (Torres, 2009). Standard & Poors downgraded the credit rate of Portugal from triple-B minus to double-B, marking it as a high-risk investment (Moury & Freire, 2013; Wise, 2012). Downgraded credit required Portugal to borrow money at higher interest rates. Lenders saw higher risks since Portugal could declare default on its debts. As such, it dwarfed investments in Portugal. Since Portugal had a hard time borrowing money, its budget deficit deteriorated, and its economy was not stimulated. For this reason, the credit rating agencies have become increasingly

[3] Gross fixed capital formation (GFCF) is defined as the acquisition (including purchases of new or second-hand assets) and creation of assets by producers for their own use, minus disposals of produced fixed assets. Capital means annual growth rate of gross fixed capital formation. GDP means GDP per capita in terms of constant 2011 USD.

skeptical and distrustful of Portuguese government. Subsequently, increasing state debt with faltering fiscal resilience and economic prospects again lowered the country's creditworthiness and drove interest rates even higher (Kickert & Randma-Liiv, 2015). Eventually, Portugal was trapped in a vicious cycle and came close to state bankruptcy.

Soon after the Great Recession hit, Lisbon took a more expansive role of government involvement, such as granting a state guarantee for loans to troubled banks (Torres, 2009). Because of mounting debt, however, it relied on the help from the Troika (IMF-ECU-EC) and then reversed their policy toward austerity (Moury & Freire, 2013). The Troika bailout package came with extensive conditionality attached (Ross, 2014). The Economic Adjustment Programme forced Portugal to cede autonomy over its fiscal policies (Greer, 2014). However, Gorjão (2012) criticized the retrenchment measures because the Portuguese economy had not recovered significantly, even after it fulfilled the terms.

Owing to the Memorandum of Economic and Financial policies, the Portuguese government underwent fiscal retrenchment by cutting public expenditures, decreasing spending on government programs and increasing taxes (Armingeon & Baccaro, 2012). For this reason, first, the Great Recession put strain on the health care budget. The amount of copayment increased, threatening a wide swath of households (Ramos & Almeida, 2015). Second, the cut in the education budget was also large. Reducing expenditures on education could have a longer-lasting effect on economic prosperity because human capital formed by education is a deterministic factor of economic prosperity. Third, the persistence of deficits scaled back on benefits of unemployment policies. For instance, minimum wage remained relatively flat (European Commision, 2014). Fourth, a continuation of a weak economy produced pension revenues below what was estimated. As a result, citizen contributions to the fund were increased.

In public administration, there were several changes after the Great Recession. Foremost, public servants were under greater scrutiny on where they spent money (Greener, 2013). As a consequence, there was far less scope for public managers to innovate. Moreover, it took more time to do the same job because managers were constrained by harsher scrutiny. Faced with such administrative procedural strain, public servants did only what they had to do. Furthermore, República Portuguesa did not hire new workers and eventually reduced the number of civil servants (Armingeon & Baccaro, 2012). To compensate for the staff cuts, the remaining frontline workers experienced a sharp intensification of workload (Tummers & Rocco, 2015). Thus, public managers faced a contradictory situation in which they were asked to perform better with scare resources (Greener, 2013). Due to a worldwide economic meltdown, the overall quality of public administration decreased.

Portuguese citizens felt betrayed by the government, seeing it as inconsistent. When faced with fiscal deficits and potential defaults, the government promised to keep taxes low. However, it could not shoulder the burden of these unrealistic promises, because reining in public debt through austerity measures became unavoidable. The election promise made by Prime Minister António Costa to "reverse austerity" was in tatters. Gloomy economic situations forced Portugal to hike taxes. This made citizens all the more pessimistic about the government's capacity to function. Trust involves a dependency on the actions of another entity (Skinner & Searle, 2011). In this regard, a perception of the trustworthiness of the government can be determined by whether government keeps its promises. As a result of the actions of the Portuguese government, trust seems to have been shaken. Taken together, citizens seemed to no longer defer to what their government said because they had come to doubt on the credibility of its claims.

The conflicts between the central government and the constitutional court fueled the anger of Portuguese citizens. The Portuguese constitutional court rejected four out of nine contested austerity measures as anti-constitutional (Khalip & Goncalves, 2013; The Economist, 2013). This discord came in a series of newspaper stories, and most media depicted this as indicative of government inefficiency. The conflict postponed the timely implementation of the budget and brought much of the government to a standstill. The idea of the checks and balances had less resonance in this period of economic distress. The executive government had been in disarray, apparently unable to find a clear way to convince its citizens that it could overcome the crisis. Taken together, these factors led to the citizens becoming doubtful of their government.

In addition, retrenchment measures were accompanied by social inequity. Wealthy families could maintain their own education, health care, and housing services after the repercussions of the Great Recession. For them, therefore, the Great Recession was not a very salient issue. In contrast, low-income households suffered the most from massive cuts in social security, education, health care, and housing. The less privileged unsurprisingly criticized the low level of social equity, because they felt abandoned by their government. Portugal has one of the most unequal income distributions in Europe (Arnold & Rodrigues, 2015). High levels of unemployment rates contributed to increased income inequality. Furthermore, social assistance spending, which decreased in Portugal during the recession, might have widened income inequality (Schäfer, 2013). Instead, the amount of social assistance was decreased, meaning that the inequality became more pronounced. One of the principle tasks of public administration is to promote social equity (Greener, 2013); as Frederickson (1971) argued, social equity is the third pillar of public administration along with efficiency and economy. In this sense, social equity is an essential ingredient of fostering trust. The growth in inequity caused by the Great Recession could erode the democratic social contract. As a result, it was plausible that the have-nots in particular may have been less supportive of their government.

3.5 Spain

Before the Great Recession, Spain had enjoyed a budget surplus and had a level of public sector debt that was among the lowest in the EU (Kennedy, 2014). However, Spain became one of the hardest-hit countries following the collapse of the banking sector in the United States. The crisis in Spain was accompanied by the bursting of a huge real-estate bubble, which subsequently prompted a stark contraction of the construction sector (Armingeon & Baccaro, 2012). The fact that almost 80,000 firms closed in 2009 demonstrated the magnitude of the economic crisis (Muñoz de Bustillo & Antón, 2011). According to OECD data, the Spanish GDP dropped significantly in 2009 and did not recover until 2015. In addition, another alarming sign is the fact that general government debt has increased since the Great Recession. Public debt reached more than 115% of GDP in 2014. This figure is significantly higher than the 2007 debt rate of 41.7% of GDP.

Among Spain's many problems, the youth unemployment rates were perhaps the most serious one (see Figure 3). The employment for the youth has plunged in response to the Great Recession. The unemployment rates of Spanish youth rose from 18.1% to 55.5% between the onset of the Great Recession and 2013. The severity of joblessness has only minimally abated in 2014. Indeed, in many cases stable job conditions are a prerequisite for fostering trust in government (Wroe, 2014). To be sure, an individual citizen alone cannot handle the labor market with skyrocketing unemployment rates. This is why government should intervene in the market to fix poor economic conditions. Data from Spain indicates that the fear of losing jobs was a decisive factor in negatively shaping attitudes toward government. As a result, intense antagonism was pervasive among young Spanish citizens. Compared to overall unemployment issues, the problem of youth unemployment is pronounced when one considers the fact that Spanish youngsters may have developed a strong impression of their government as incompetent. As a result, many young people were not only disappointed by the incumbent government but also alienated from the entire political system (Kennedy, 2014).

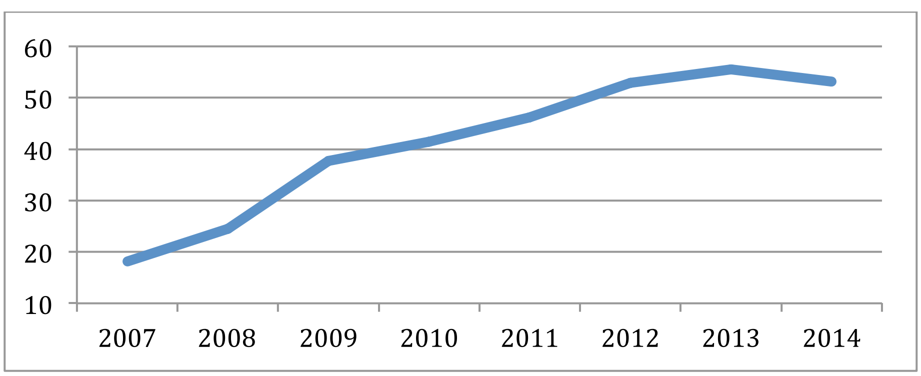

Figure 3. Spanish youth unemployment rate[4] (% of youth labor force)

Sources. OECD (2016).

[4] The youth unemployment rate is the number of unemployed 15-24 year-olds expressed as a percentage of the youth labor force (OECD, 2016).

The Spanish government's initial response to the crisis was to engage in expansionary fiscal policies. Thus it spent $14.3 billion for creating jobs, reducing corporate taxes and allowing unemployed homeowners to defer mortgage payments to counter the adverse effects of the crisis on income and employment (Muñoz de Bustillo & Antón, 2011; Rosenberg, 2012). However, these policies did not work as intended. Madrid was consequently forced to request a special Eurozone bailout (Torcal, 2014). In an attempt to regain the confidence of international financial markets, the government undid many of the countercyclical measures and relied on austerity measures, such as cutting existing programs and postponing new programs (Armingeon & Baccaro, 2012).

The effects of the stringent retrenchment policies were devastating in a number of respects. First, cutback management caused by the austerity measures decreased the job satisfaction of public servants. Drawing on Niskanen's (1971) budget-maximizing model, van der Voet and Van de Walle (2015) conjectured that public employees suffered from the loss of prestige, power, and legitimacy when their organizations were functionally reduced. In the wake of the Great Recession, the downgraded quality of their careers negatively influenced job satisfaction. Subsequently, *ceteris paribus*, it could lead to a reduction in organizational performance because job satisfaction is the acute predictor of performance.

Second, in connection with the deep economic crisis, public servants were more likely to burn out, because they had to carry an increased workload. At the onset of the Great Recession, the Zapatero and the following Rajoy government proceeded with a partial freeze of public sector hiring and took drastic measures, such as an on-average cut of 5% in the public sector (Armingeon & Baccaro, 2012). At the same time, weekly working hours of civil servants were brought up from 35 to 37.5 hours (Clifton & Alonso, 2013). This implies that Spanish public servants should have worked more than before, because fewer workers took on greater amounts of work. Analyzing the 2007 and 2012 Quality of Work Life Survey (QWLS), Muñoz de Bustillo and Antón (2012) found that the level of Spanish civil servants' job stress spiked and work-life balance dropped. To a considerable extent, jobs with overwhelming workloads often threaten the wellbeing of employees. In turn, burned-out public employees are less likely to provide good quality public service. As micro-performance theory suggests, the decreased quality of public service would be expect to lower Spanish citizens' trust in government.

In addition to these detrimental effects, the Great Recession facilitated privatization, which eroded the capability to govern. In Spain, privatization was not new. For instance, Spanish citizens had already witnessed the privatization of telecommunication (Bel & Trillas, 2005). During the crisis, the Troika took advantage of the situation by promoting privatization as a solution to the budget troubles faced by European states (Kishimoto & Petitjean, 2014). In addition, privatization provides the state with greater revenues, not only from the sale of public enterprise, but also from greater future tax revenues (Gonzalez ‐ Gomez, Picazo-Tadeo, & Guardiola, 2011). This rationale catalyzed the process of privatization. One of the controversial areas was the privatization of the water supply. Esperanza Aguirre, head of the regional government of Madrid hoped to make Euros between 1.5 and 1.75 billion Euros from the sale of Canal de Isabel II, the public water authority (Antepara, 2013). The problem with this privatization is that it does not guarantee the maintenance or increased quality of Spain's water. If water conditions were not improved, citizens would blame their governments because they still believe the government to be responsible for public services. Furthermore, the Spanish government attempted to sell public hospitals. This privatization widened the gap between people who can afford good private hospital services and the ones who have limited access to good health service (Muñoz de Bustillo & Antón, 2012). The Spanish government could not handle its people's health because its functions were hollowed out.

Corruption is another factor that leads to the hemorrhaging of citizens' support. Corruption has become a daily reality in Spanish political life (Robles-Egea & Delgado-Fernández, 2014). Spain underwent two high-profile scandals that contributed to rising corruption (Jacobs, 2013). In addition to anecdotal politicians' corruption scandals, *Transparency International's Corruption Perception Index* showed that corruption in Spain worsened after the Great Recession. In general, corruption involves the misuse of a power entrusted to an agent with the aim of obtaining fraudulent personal gains through the abuse of public office (Jiménez, 2009). These corrupt behaviors decrease citizens' trust directly, because corruption makes people believe that government is not for people but for itself. This widespread corruption was a major barrier to government activities because government lost citizens support.

3.6 Belgium

In Belgium, concerns about the banking sector compounded the threats posed by the Great Recession. Since the Belgian banking sector was closely linked to the international market, it faced a difficult situation. A number of key personnel, such as the country's prime minister and the finance minister, managed this banking crisis (Kickert, 2012c). The most influential group during the banking crisis was a steering group (*Comité de pilotage*) established by the five coalition parties (Kickert & Randma-Liiv, 2015). Their swift response played a role in limiting the impacts of the Great Recession.

Despite the banking crisis, the extent to which the overall economy was hit by the Great Recession was not severe as in some other European countries. According to OECD (2016) data, Belgium saw only a 2% decline of GDP in 2009, and its economy rebounded quickly from the Great Recession. Figure 4 plots the yearly trend of GDP in Belgium. The current account balance has also been stable. This was possible because Belgian citizens and firms had high levels of savings. Closely linked to the strong German economy, the Belgians' liquidity allowed them to withstand the financial crisis better than many other European countries (Kickert, 2012c).

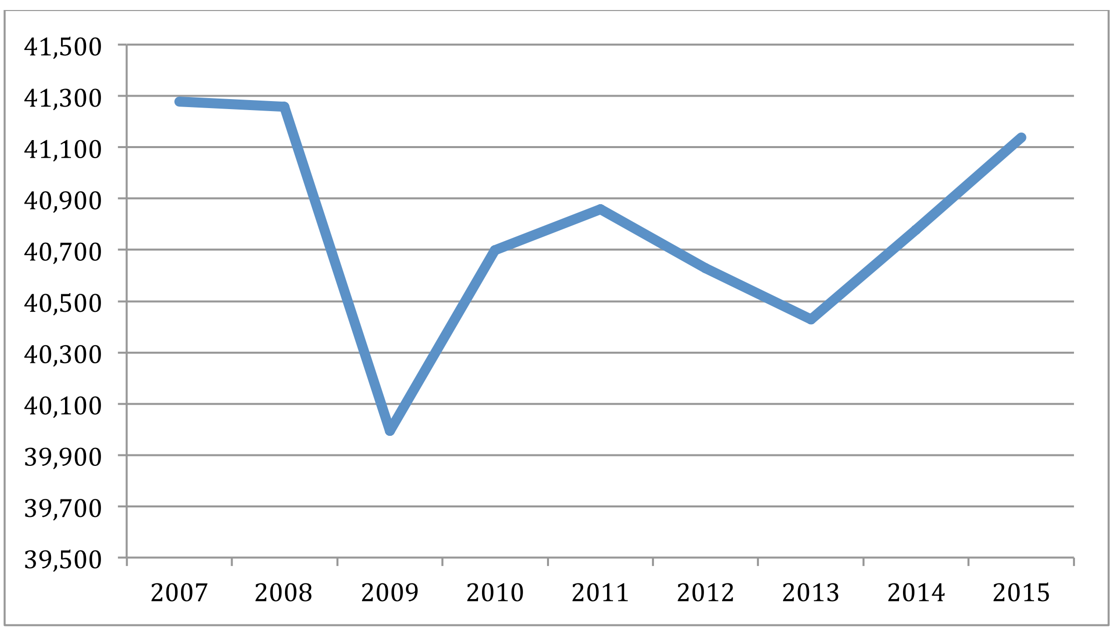

Figure 4. The Belgian GDP per capita (Constant 2011 USD)

Sources: The World Bank (2016)

Belgian partisan gridlock prevented the formation of a government for 589 days (from June 13, 2010 to December 6, 2011). A temporary caretaker government was established during that time (Greene, 2011) and it continued to provide public services. Ironically, this situation mitigated the negative impacts of the recession on public administration. Without an elected government, Belgian political authorities could not make a big decision regarding things such as austerity measures (The interview with a Belgian scholar, 2016). Ironically, this lack helped maintain the quality of public service. In addition, local governments filled by any possible vacuum of public service caused by the absence of the elected government. Belgian local government can exercise their legal and fiscal autonomy because of the decentralization (Hooghe & Marks, 2012). Unlike the caretaking federal government, community and regional governments kept providing their services in the areas of education, health, social assistance, housing, public work, and transportation (Stroobants, Troupin, & Steen, 2013). For this reason, public perceptions regarding the responsiveness of public service were not likely to have changed.

Although there were few big decisions, the Belgian government engaged in several short-term, temporary, and incremental expansionary measures: temporary unemployment benefits were expanded; a one-off crisis bonus for workers was made; tax incentives for both individuals and corporate were initiated (Bisciari et al., 2015; Kickert, 2012c). Starke, Kaasch, and Van Hooren (2013) classified schemes against the economic crisis into four types based on the fundamentality of policy change and retrenchment (incremental expansion, fundamental expansion, incremental retrenchment, fundamental retrenchment). They classified Belgium as falling in the category of incremental expansion.

After Prime Minister Di Rupo came to power, the Belgian federal government became determined to quickly alter the trend of rising public debt and to start lowering debt levels systematically (Stroobants et al., 2013). After the Great Recession, the Belgian budget deficits ballooned to over 8% of GDP. Fiscal consolidation- the measures to reduce the budget deficit (Kickert & Randma-Liiv, 2015)- occurred mainly through government spending cuts and tax increases. For example, the minimal pension age was raised from 60 to 62 years. Budgets for defense and public health were cut. Public sector wages were contained. Taxes on goods, such as cars and tobacco, were increased (Bisciari et al., 2015; Kickert, 2012c), resulting in some public skepticism toward the government.

However, the degree to which these austerity measures affected public administration and society was not harsh. This is because the Belgium government distributed cuts equally and proportionally over the entire society rather than targeting specific or low-priority areas. Also, the relatively favorable conditions of the Belgian economy lessened the severity of these austerity measures.

To limit the harsh impact of the Great Recession, the Active Labor Market Policy (ALMP) was intensified (van Hooren, Kaasch, & Starke, 2014). The ALMP aims to provide adequate income support during jobless spells while facilitating re-entry into the labor market (OECD, 2015). Public expenditure on the ALMP had increased after the Great Recession (OECD, 2013). ALMP generosity limited the damaging effects of the economic crisis on the unemployed (Rueda, 2012).

Furthermore, the Belgian tax revenue maintained a secure bulwark against the Great Recession (See Table 6). There was a sharp drop in tax revenue from 2008 to 2010, but many of the losses were recovered in 2011. In line with tax revenue, general government revenues and expenditure per capita were not reduced substantially during the Great Recession. Without proper amounts of revenue, the government could not provide public service to citizens, and thus maintained levels of revenue helped the Belgian government to mitigate the effects of the crisis.

Table 6. The Belgian government spending, government revenue and tax revenue[5] (US$ per capita)

Year	2007	2008	2009	2010	2011	2012	2013	2014
Government Revenue	6,827	6,306	10,403	10,970	11,927	12,358	12,034	11,732
Government Spending	48.24	50.26	54.14	53.29	54.41	55.78	55.59	55.14
Tax Revenue	18933	20860	18965	18818	20542	19724	20930	21110

Sources: OECD (2016)

The role of government in providing social security was sustained because there were no cuts (Rihoux, Dumont, De Winter, Deruette, & Bol, 2010). Rather, for example, public expenditures on social spending increased even after the Great Recession (see Table 7). Because a robust social safety net existed, Belgians knew their income would not fall dramatically. These spendings were targeted and tailored toward the youth, the low earner, and the unemployed. This safety net would be expected to foster citizen

[5] Tax revenue is defined as the revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes (OECD, 2016).

support because the government essentially guarantees a minimum standard levels of living.

Table 7. The Belgian social spending and social benefits to household

Year	2007	2008	2009	2010	2011	2012	2013	2014
Social spending	25.43	26.67	29.05	28.84	29.42	30.30	30.87	30.68
Social benefits to household	14.73	15.27	16.69	16.36	16.41	16.88	17.38	17.31

Sources: OECD (2016)

3.6 France

France was one of the countries least affected by the Great Recession (Schelkle, 2012). Although the GDP of France dropped only in 2009, there was an upward trend in overall economic growth (see Figure 5). Furthermore, the unemployment rates did not increase as severely in France as in other countries, such as Spain and Italy. The Business and Consumer Confidence Index fluctuated. After 2009, however, the trend of these two indicators was in relatively good standing. Although some temporary workers were laid off because of the Great Recession, many workers benefited from strong employment protection legislation (Gautié, 2011). However, this does not mean that France was not impacted by the Great Recession since the fiscal deficit exceeded the Maastricht debt criteria (IMF, 2009). Nonetheless, the economic status of France was better than that of other southern European countries.

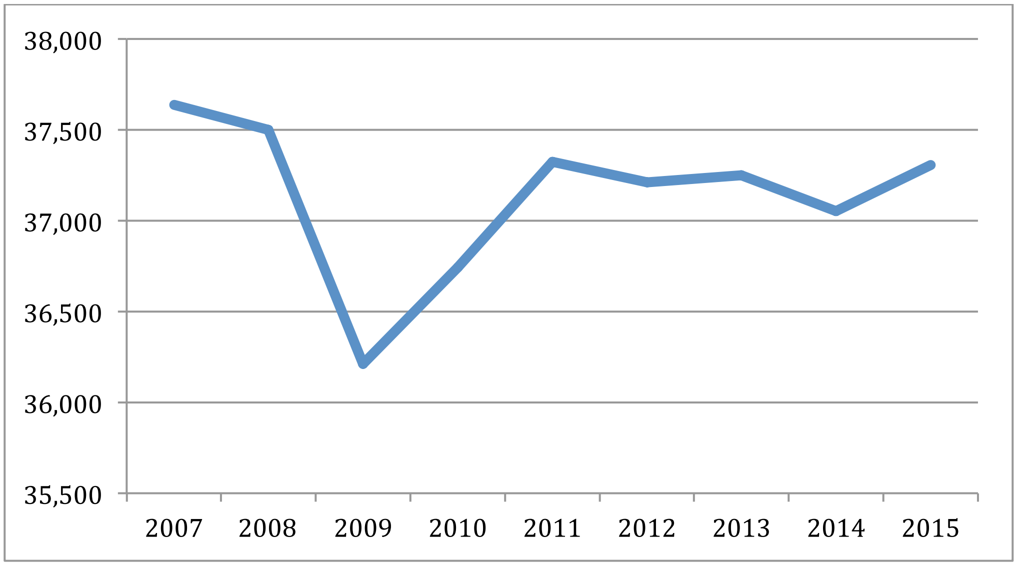

Figure 5. GDP per capita of France (US Dollar: Constant 2011)

Sources: The World Bank (2016)

In general, conservative governments tend to make harder cutback decisions than progressive governments. However, the center-right French government and President Sarkozy refrained from drastic austerity measurements through Keynesian deficit spending (Kickert & Randma-Liiv, 2015). The French government implemented a stimulus package to cope with the Great Recession (Schwartz, 2009). Paris initiated a €26 billion stimulus packages to strengthen the economy (Gautié, 2011; The New York Times, 2008; Vail, 2014). This plan ranged from investing in infrastructures to subsidizing automobile companies, such as Peugeot-Citroen and Renault (Rosenberg, 2013).

The Élysée was confronted by limited financial resources, because the stimulus packages and tax deductions for businesses led to a massive increase in budget deficits (Gautié, 2013). With growing fiscal pressures on government, it subsequently turned to retrenchment measures (Starke et al., 2013). For reducing the government's budget deficit, it pushed through a two-year increase in the retirement age to 62 (Viscusi & Fouquet, 2012). Also, a new recruitment freeze was implemented (Bezes & LeLidec, 2013). Despite these austerity measures, the provision of public service has remained largely stable over the Great Recession, because this was an incremental rather than a fundamental retrenchment.

The role of leader carries significant importance during the times of crisis, and Sarkozy did well in terms of dealing with the Great Recession. When a crisis occurred, he deployed a great energy in order to bring about a resolution (Meunier, 2013). For instance, he created an informal consortium between the management of banks (Jabko & Massoc, 2012). In order to curb the devastating effects of unemployment, Sarkozy pronounced to subsidize work contracts for preventing companies from making unjustified layoffs (Erlanger, 2008). Furthermore, he moved beyond his national platform in framing the crisis and pushed the initiative for a global conference (Windle, 2009). His strategy that implemented stimulus measures first and retrenchment measures later was successful. Due to his quick response to the crisis, France avoided the serious hit (Schmidt, 2012). Popular expectation is that leaders take charge and provide clear direction to crisis-management operations (Boin & 't Hart, 2003). In this sense, his movement seems to have relieved the French citizens' concerns and satisfied their needs.

Compared to aforementioned adjustments, structural reforms were profoundly carried out (Vaughan-Whitehead, 2013). The General Review of Public Policies (La révision générale des politiques publiques: RGPP) represented an example of the structural reform. The RGPP is a process for reforming central government that has been underway since July 2007. Its main purpose is to (1) improve the competitiveness of public services, (2) rationalize public expenditures, and (3) modernize the management of the government's human resources (OECD, 2012a). In a nutshell, France attempted to do more with less (Gautié, 2013). The council for the Modernization of Public Policies led this program under the supervision of the Office of the President of the Republic and the Prime Minister's Office.

The RGPP efforts have enhanced services by more systematically facilitating innovation (OECD, 2012a). Administrative innovation is about "the implementation of a structure, procedure, system, or process in the administration core of an organization that is new to the prevailing organizational practice" (Jaskyte, 2011, p.78). During the economic crisis, the government should come up with the budget deficits. At the same time, citizens demand more public services. In such situations, the administrative innovation opened the opportunity to save money as well as to provide the same or even higher performance. The RGPP expanded standards of service available and speeded up administrative processes by simplifying support functions and pooling them among ministries (OECD, 2012a). In addition, the RGPP adopted new technologies to improve services. Technological innovation, such as advanced ICT, enabled citizens to enjoy public services with low levels of costs. In an era of scarce of public resources and increased source demands, government innovation is important because government could save costs and at the same time could provide public services (Fung, 2008).

There is some dispute whether innovation positively affects organizational performance in the public sector. The conventional wisdom regarding the public sector is that public sector innovation is a virtual oxymoron, because innovation within the public sector could conflict traditional value, such as due process (Borins, 2002). This is because the public sector involves a high degree of accountability for process. However, innovations are adopted by public organizations to improve the services delivered to users and citizens with the broad aim of improving quality of life and building stronger community (Walker, Damanpour, & Devece, 2011). In particular, administrative and technological innovation of the RGPP did not run counter to due process. For this reason, it improved organizational performance.

The French government focused on the fundamental job for constructing sound fiscal health. As total revenue enhancement measures, it attempted to reduce tax loopholes (OECD, 2012b). Fontanella-Khan (2012) of the Financial Times reported that France is a country with high taxes but many loopholes. This is important because fiscal consolidation measures often contain the tax increases. However, the efforts would be void if the tax systems are flawed. The French government acknowledged the problems and tried to fix those. These efforts laid the groundwork for accumulating government resources.

3.8 Germany

After unification, Germany had mediocre economic performance throughout the 1990s and early 2000s (Carlin & Soskice, 2009), and for this reason it was often called as "the sick man of Europe" (Dustmann, Fitzenberger, Schönberg, & Spitz-Oener, 2014). However, its recent highly competitive economy created "the German miracle" (Caliendo & Hogenacker, 2012). As can be seen from Table 8, the amount of GDP kept growing, except in 2009. Likewise, the German trade balance witnessed only a dip in 2009 and had an upward tendency thereafter. In addition, the unemployment rates remained subdued. What is more, government debt is well below 100% of GDP. These indicators showed that the German government responded so effectively that it saw positive economic conditions for most of the crisis period. Now that the influence of the shock has receded, the German economy has become stronger. These figures are quite impressive when taking into account Germany's position as one of the biggest exporters in the world. One of the main reasons for Germany's stunning economic resilience lies in its increased exports to the so-called BRIC countries (Brazil, Russia, India, and China), which were less affected by the Great Recession (Bosch, 2013; Kickert, 2012b).

Table 8. The German gross domestic product per capita and debts

(US dollar per capita-2011 Constant; % of GDP)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP	40,709	41,229	39,011	40,665	42,143	43,035	42,266	43,552	44,053
Debt	64.3	68.1	75.6	84.1	83.5	86.4	81.6	82.2	NA

Sources. OECD (2016).

Because it adopted a number of incremental expansion measures in a timely fashion, the government in Berlin was credited with managing the crisis well (Vail, 2014). The stimulus packages included a total of 15 measures and two additional packages amounting to a total investment of €100 billion (Bosch, 2011; Hudson & Kühner, 2011).

First of all, Germany expanded policies for part-time and flexible workers to decrease unemployment (Cameron, 2012). It also took temporary measures, like short-time working policies, to partly finance private sector wages in the hope that employers would retain workers with skills that would be needed after the crisis (Rinne & Zimmermann, 2012; Rueda, 2012). Second, it invested expenditures on infrastructure, such as transportation and roads (OECD, 2014). This intervention to rebuild infrastructure contributed to an increase in the country's production capacity. Third, it kicked in support to small-and medium-sized enterprises through a sizable subsidy. The examples of this category are central innovation program and replenishment of credit guarantee program (Bosch, 2011; Schelkle, 2012). Fourth, it proposed strategic industry support. For instance, the German government implemented the bailout policy in order to stabilize financial markets and offered consumption incentives for customer to purchase new vehicles in order to reduce the damage on automobile markets (Eubanks, 2010). Fifth, it changed the design of the personal income tax exemptions to increase the incentive to work (IMF, 2009). Sixth, it expanded corporate income tax depreciation (Bosch, 2011). These rapid response policies have served as shock absorbers during the Great Recession.

Even after the Great Recession, the German government could provide the same quantity and quality of public services. This was mainly because the life-long employment of civil servants (*Beamter*) was not deteriorated by the Great Recession. Nominal public sector wages were not cut and employment security, one of the pillars of the German civil servant system, was not shaken (Keller, 2013). Also, the benefits of social insurance for *Beamter* and their families were guaranteed (Bosch, 2013). The German government offered a secure working environment in times of economic stress, making the German servants concentrate on their work. This job security prevented deterioration in work motivation, such as might be reflected in behaviors of organizational commitment and organizational citizenship behavior. This secured working motivation underpinned government performance, and thus likely buttressed German citizen trust in government.

Contrary to the Greek situation, the pensions of Germany were unharmed by the Great Recession. Germany has one of the most generous public pay-as-you-go pension insurance systems in the world, providing pensions to all private- and public-sector dependent employees (Caliendo & Hogenacker, 2012). Germany has made automatic adjustments to pension entitlements to reflect the state of their finances.

In addition to untainted pensions, the relatively generous social security system was a major driver of reducing the risks of the fluctuating world market (Möller, 2015). Social assistance provided basic income protection for all German inhabitants (Caliendo & Hogenacker, 2012). The Great Recession spawned the tendency for the rich to get richer and the poor to be left behind. Berlin offered social assistance so that low income citizens could find a way of coping with the distressing times. Substantial expenditures were tilted toward the needy. Welfare programs targeted at very low-income families made a substantial difference in reducing the frustrations of the disadvantaged. This strengthened safety net would be expected to contribute to the German citizen trust in their government.

On top of that, the German government increased expenditures on education. It allocated its budget not only on tertiary education but also on job skill training (OECD, 2014). The job market for lower-skilled workers deteriorated in the emergence of a knowledge-based society. Sophisticated skill earned though a good education opened the door for the new opportunities for younger German generations and contributed to the prosperity of the German economy. Germany's smooth adjustment to the financial shock may well have fended off any declining trust in the government (Möller, 2010).

3.9 The Netherlands

In the wake of the Great Recession, the banking sector in the Netherlands surged to the forefront of the crisis because of relatively immense its size of the banking sector in the Netherlands (Kickert, 2012a). The Dutch banks were teetered on the edge of bankruptcy, posing challenges to the Dutch government. To stabilize the market, the government took a number of measures: it spent €16.8 billion to take over the stocks of the Fortis Nederland, ABN AMRO, and SNS REAAL; it provided state coverage of U.S. mortgage portfolio of ING bank; it initiated a deposits-guarantee scheme (Government of the Netherlands, 2016; Kickert, 2012a; Salverda, 2011). The prime minister, the minister of finance, and the chair of De Nederlandsche Bank have coordinated their efforts to make swift and a far-reaching decisions without parliamentary interferences (Kickert, 2015).

This rapid response was unusual for the Netherlands, which features characteristics of a consensus government (Andeweg & Irwin, 2014; Edwards, 2007). The advantage of a consensus-corporatist state is that government decisions gain legitimacy because of the deep deliberative process. By contrast, a disadvantage is that decision-making takes a substantial amount of time because it is not designed to get hard things done quickly. Therefore, it may threaten to cripple government ability to adapt the sudden changes.

A crisis situation presses government to make a prompt decisions (Boin & 't Hart, 2003). Veering away from normal governance practices, the Dutch government gave full authority to the prime minister and his fellow ministers to cope with the banking crisis (Kickert, 2012b). Fully empowered leaders could have avoided a procedure to iron out the different political stances and implement the stimulus policies. These drastic measures were successful in putting the Netherlands back in order.

Due to the successful response towards the banking crisis, the fallout of the Great Recession was relatively mild in the Netherlands. According to OECD data, macro-economic indicators, such as GDP and national income, were stable except in 2009 and even exhibited a slight increase (see Table 9). Again, however, 2009 was an exception. Also, enduring low unemployment rates and inflation rates, which were especially pronounced when compared to the European average, provided favorable signs of the Dutch situation. To a large extent, this prosperous economic situation could be attributed to the Dutch economy's strong ties with the Germany economy (Kickert & Randma-Liiv, 2015). As a result, the Netherlands stood out as one of the most successful countries in terms of coping with the crisis.

Table 9. The economic indicators of the Netherlands[6]

	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP	46,852	47,463	45,441	45,843	46,388	45,728	45,367	45,662	46,374
CPI	1.61	2.49	1.19	1.28	2.34	2.46	2.51	0.98	0.60

Sources: OECD (2016) and The World Bank (2016)
Notes: In this table, GDP means real GDP per capita (Constant dollar 2011).

[6] According to OECD (2016), inflation measured by consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.

A noticeable feature of the Dutch government's policies during the Great Recession was its combination of incremental expansionary and retrenchment policies. The Dutch government used different policies, depending on the domain of the crises: Stimulus policy for the financial (banking) and economic domains; Retrenchment policy for more broadly fiscal domains. As has just been shown, the Dutch government implemented the stimulus package for the banking crisis.

The Dutch government initiated the stimulus policies for the economic crisis. The initial social policy consisted of several incremental and temporary expansionary measures: the introduction of a part-time unemployment programs; the establishment of 'mobility centres' to help peripheral workers to find a new job quickly; the temporary reduction of working hours; the building up of the country's knowledge infrastructure; the provision of credits to small and medium enterprises; the lowering of the corporate taxes and temporary extension of corporate loss compensation from one to three years; and the offering of funds for innovations like electric cars and wind-energy (Kickert, 2015; Ministerie van Financiën, 2010; Salverda, 2011; Starke et al., 2013; van Hooren et al., 2014). These measures helped the Netherlands avoid a period of turgid economic growth.

Although the stimulus policies were successful, this strategy created concerns about the increasing amount of government budget deficits (Rosenberg, 2012). Described by Prime Minister Rutte as "a big setback" (Geitner & Castle, 2012), the amount of government's debt-to-GDP ratio had steadily risen to 81% in 2014 (see Table 10). Also, the government deficit was over 3% of the budget deficit from 2009. This figure was worse that the one than the EU Maastricht Treaty recommended. For this reason, the

Dutch government implemented retrenchment measures in order to prevent a potential fiscal crisis.

Table 10. Government debts and deficits of the Netherlands (% of GDP)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt	48.2	61.0	63.7	67.6	71.6	77.4	76.4	81.0	-
Deficit	0.21	0.22	-5.43	-4.99	-4.29	-3.88	-2.38	-2.27	-1.88

Sources: OECD (2016).

The Dutch government committed to the austerity measure of reducing budget deficits under the name of the "sustainability package." This package covered a wide range of social policies: it increased the age requirement for drawing on pensions requirement; raised house mortgage interest; and cut the amount of student bursary (Kickert, 2015; Starke et al., 2013). In addition to these social policies, the Dutch government also initiated a cutback package on public sector employees as well (Kickert, 2015). Although there were no particular lay-offs because of the way cutback was managed, there were pay and recruitment freezes (Kickert, Randma-Liiv, & Savi, 2013).

Despite these measures, austerity affected society and pubic administration to only a minor degree. Although the retrenchment policies existed, a stable tax-to-GDP ratio stimulated a slower but significant incline in consumers' spending (see Table 11). Also, the increase of general government spending cushioned the shock from the Great Recession. Most importantly, the amount of social spending[7] was still higher than the average of the OECD countries. This neutralized the negative effects of the austerity

[7] Social expenditure comprises cash benefits, direct in-kind provision of goods and service, and tax breaks with social purposes. Benefits may be targeted at low-income households, the elderly, disabled, sick, unemployed, or young persons (OECD, 2016).

measures. This is important because the adverse consequences of the Great Recession were harsher on the low-income families than on the high-income ones. Because of social spending, trust in government was less likely to have been diminished, and citizens, especially low-income citizens, may have been more likely to believe that their government worked for them despite the implementation of austerity measures.

Table 11. Tax-to-GDP ratio and social spending of the Netherlands (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tax-to-GDP ratio %	36.3	36.9	35.9	36.7	36.4	36.5	37.2	38.0	37.5
Social Spending	21.27	20.94	23.13	23.67	23.48	24.13	24.55	24.74	21.27

Sources: OECD (2016).

Furthermore, another reason why these austerity measures did not create overly negatively attitudes toward public administration is that it was not the first time that the austerity measures had driven administrative reforms. The public sector in the Netherlands had grown significantly (Salverda, 2013). The Dutch government had already initiated some of the reforms aiming at streamlining the government, such as a civil service reform in 2003, civil service renewal in 2007, and compact government in 2011 (Kickert, 2015). In addition, this issue was not serious, because freeze measures fell mainly on temporary public workers (Personal interview with a scholar in the Netherlands, 2016). Also, this austerity measures were “incremental, across-the-board, cheese-slicing” (Kickert, 2015, p.541). For this reason, the shocks to public employees were not serious and thus less likely to have diminished their work motivation and effort.

3.10 Summary of the Findings

Chapter 3 depicts how the Great Recession affected eight European countries. These in-depth cases studies affords lens in diagnosing how the Great Recession affected macro and micro performance in practice. Unless citizens are staunch reductionists in terms of scope of government, who holds that government should not be involved in the market and maintaining standard of living of their citizens is not governmental responsibility (Borre, 1995), they believe that government holds accountable for managing economies. For these reasons, government strives to carry out the policies in an effective manner by applying their expertise and principle of administration.

When it comes to macro performance, many governments lacked the ability to tackle problems that require delicate solutions. As a result, the Great Recession produced unprecedented declines in output with volatile inflation. Also, unemployment spells have lasted longer than anytime on record except the Great Depression of 1929. Moreover, government's debt-to-GDP ratios have risen sharply. Overall, a dramatic reduction government level performance occurred due to the Great Recession.

With regard to micro performance, universal access to key public goods such as clean water and safe community is considered a major function of government. Due to the economic meltdown, this function was weakened because individual agencies in most states faced increasing budgetary pressure. To a varying degree, eight European countries cut the delivery of public service. By the same token, health and pension service was reduced. Also, many European citizens experienced a diminution of job security and they suffered from weakened employment protections from the state. In addition to the absolute amount of slashed public service delivery, the quality of public service also was deteriorated. Public employees were asked to do more and to meet the increased demands under the budget constraint. More important, there salaries were not increased and new recruitments were temporarily halted, resulting in higher levels of job stress. This led to a reduction in public workers' satisfaction. As such, citizens faced larger unmet needs of micro performance.

The threats and risks caused by the Great Recession vary considerably from county to country. Belgium, France, Germany, and the Netherlands managed to survive more or less unscathed the Great Recession compared to Greece, Italy, Portugal, and Spain. These countries have taken relatively appropriate steps to correct the situation promptly. An improving economy of these countries brought the deficits steadily down and led to solid growth in other economic indicators. Also, these countries pulled together to bring about the positive changes. In particular, Germany stood out as well-functioning government. More important, improvement of macro economic indicator and the following public service felt by public may spark a recovery of citizen trust.

On the contrary, Greece, Italy, Portugal, and Spain were hit by the Great Recession to a greater degree. These countries failed to use the existing counter-cyclinical tools properly. Unemployment and debt-to-GDP ratio in these countries ran higher than Belgium, France, Germany, and the Netherlands. Therefore, citizens came to doubt their government's competence to deal with the crisis. There countries had no choice but to come to terms imposed by the troika. Cost-cutting agenda was designed to revive the economy and boost job markets. However, citizens' lives were still precarious even after the implementation of the austerity measures. Also, it deepened public concern over the crumbling public service. For these reasons, government was viewed as ineffectual.

The observation that macro performance accounts for the good deal of volatility in micro performance can be made from these case studies. A reduction in macro performance such as a slumping economy took a significant bit out of the agencies ability to provide necessary service. This is principally because the debt outstripped tax revenues by a wide margin during the Great Recession period. With constrained government spending on education, health, pension, law enforcement, and aid to the needy, the capacity to provide basic public service was increasingly impaired. As a result, quantity and quality of public service suffered. The macro performance reduction caused by the Great Recession was deleterious to micro performance.

There are good reasons to believe that the deterioration of trust might be attributed to the precipitous decline of performance. However, the effects of the Great Recession on trust in government are not easy to verify with case studies. Quantitative analysis is needed to tease out whether there is a causal relationship between performance and trust in government. In order to reach a deeper understanding of the impact of the Great Recession on trust in government, this dissertation carries out a quantitative analysis. This dissertation will use a difference in differences regression by leveraging exogenous variations among countries. This methodology is expected to establish a better estimate of the causal effect of government performance on citizen trust.

CHAPTER 4. EVIDENCE FROM THE WORLD VALUES SURVEY

As case studies of chapter 3 provide an in-depth illustration, the countries of Europe and their public administrations responded differently to the Great Recession with some countries severely affected and other less so. This variation allows for an analysis of the causal impact of the Great Recession on trust in government. In achieving the purposes, this dissertation uses two data sets (the World Values Survey and the European Social Survey).

In this chapter, data from the World Values Survey will be used to compare Spanish citizen trust in government with that of Germany and the Netherlands. In addition to trust in government as a dependent variable, compliance with law is also the dependent variable in the World Values Survey (WVS). Furthermore, income differences are analyzed as they may characterize public attitudes toward governments, with high-income citizens more likely than low-income to support the government during the period of the Great Recession.

This chapter is organized as follows: Section 2 presents key characteristics and description of WVS. Section 3 offers the measurement of trust in government, compliance with law and other control variables. In sections 4, the analytical strategy is examined. Section 5 provides the estimated results from a difference-in-difference regression. Section 6 summarizes the main findings.

4.1 Data

In this article, the Wave 5 and Wave 6 of World Values Survey (WVS) data are employed to examine the effect of the Great Recession on trust in government in various countries. The WVS is particularly well suited for this study because it is comparable across countries. Using cross-national survey requires comparable measurement (Miller & Listhaug, 1999; Jilke, Meuleman, & Van de Walle, 2015). The WVS permits a researcher to compare countries comprehensively because a single survey questionnaire has been used across a large number of countries (Jen, Jones, & Johnston, 2009). Samples are drawn from the population of 18 years and older and stratified random sampling is used to obtain representative national samples. The survey is carried out by professional organizations using face-to-face interviews or phone interviews for remote areas (World Values Survey, 2016).[8]

Germany, the Netherlands, and Spain are chosen for theoretical reasons and because of data availability. The World Values Survey included 58 countries in Wave 5 (2005-2009) and 60 countries in Wave 6 (2010-2014). Among European countries, Germany, the Netherland, Spain, Sweden, Russia, and Ukraine are common in both waves. Among these six countries, Germany, the Netherlands and Spain are most similar in terms of currency[9], economic sizes and political systems.

The time when surveys were conducted varies across the countries. Regarding Germany, the survey for Wave 5 was conducted from May 2, 2006 to June 21, 2006 and the survey for Wave 6 was conducted from July 22, 2013 to November 13, 2013. Regarding the Netherlands, the survey for Wave 5 was conducted from January 30, 2006

[8] More information is available at www.worldvaluessurvey.org
[9] Currency unit: Sweden = Krona, Russia = Rubble, Ukraine = Hryvnia, Germany= Euro, the Netherlands =Euro, Spain = Euro.

to March 10, 2006 and the survey for Wave 6 was conducted from December 1, 2012 to December 31, 2012. Regarding Spain, the survey for Wave 5 was conducted from July 10, 2007 to July 24, 2007 and the survey for Wave 6 was conducted from February 28, 2011 to March 6, 2011.

The Great Recession began to emerge in the global economy in the summer of 2007 (European Commision, 2009) but it is hard to pinpoint the exact date of the origin for the Great Recession. The collapse of financial companies such as Lehman Brothers and Bear Sterns in the fall of 2008 illustrated the severity of the Great Recession (Di Quirico, 2010). It indicates that citizens did not realize fully before 2008 how detrimental the Great Recession was because the consequence of economic breakdown was not apparent in 2007. German, the Netherlands, and Spanish respondents of the Wave 5 answered the questionnaires of the survey before 2008. Hence, it is fair to say that Wave 5 data are pre-Recession. By 2011, the ramifications of the Great Recession were felt all around the world. Respondents of the Wave 6 from three countries answered the questionnaires of this survey after 2011. Thus, the Wave 6 data are considered as the post-Recession period.

4.2 Measures

Trust in government.

Respondents answered a 4-point scale to rate the following statement: “I am going to name a number of organizations. For each one, could you tell me how much confidence you have in them; is it a great deal of confidence, quite a lot of confidence, not very much confidence or none at all? (The government in your nation’s capital; the civil service).” Items of trust in government are recoded such that higher scores are associated with a more trust. These measures of trust in government are key dependent variables in the analysis.

Compliance with law.

Compliance with law, the other dependent variable, is consisted of three items: “Claiming government benefits to which you are not entitled.” “Avoiding a fare on public transport.” “Someone accepting a bribe in the course of their duties.” In order to measure compliance with law, Norris (1999a) uses “Buying something you knew was stolen” and “Cheating on tax if you have the chance” as well as three aforementioned three items. When it comes to “Buying something you knew was stolen” item, Germen and Spanish samples of Wave 5 are not available. With regard to “Cheating on tax if you have the chance”, German samples of Wave 6 are not available. Due to the lack of data three available questionnaires are used in this article. Respondents answered a 10-point scale to rate each item on compliance with law (1=Never justifiable 10=Always justifiable). For ease of interpretation, variables are reversely recoded so that higher values indicate greater compliance with law. Responses of these times are averaged to an index of compliance with law. The distribution of the dependent variables is strongly skewed. Heavily skewed and non-normal distribution makes the estimates of an ordinary least squares regression biased. Therefore, answer of 9 and 10 is recoded as 1 (Compliance with law) and the rest of answers are recoded as 0 (Not compliance with law) in order to conduct logistic regression.

Control variables.

Gender, age, education, political ideology perceived social class, and income are included as a control variable. The details are followed: *Gender* (In the WVS, this variable was originally coded as 1 for male and 2 for female. This study recorded gender as women=0, men=1); *Age* (in years); *Education* (measured on a none-category scale ranging from 1. No formal education ~ 9. University-level education, with degree); *Political Ideology* (In political matters, people talk of "the left" and "the right" How would you place your view on this scale, generally speaking, 1. Left ~ 9. Right); *Income* (On this card is an income scale on which 1 indicates the lowest income group and 10 the highest income group in your country. We would like to know in what group your household is. Please specify the appropriate number, counting all wages, salaries, pensions, and other incomes that come in. 1. Lowest group ~ 10. Highest group).

4.3 Analytical strategy

In this analysis, it is assumed that Spain was hit harder by the unexpected Great Recession whereas Germany and the Netherlands were less affected. In the article *the Economic Crisis of 2008 and Its Substantive Implications for Public Affairs*, Ventriss (2013) argues unemployment engendered by the Great Recession is at the core of fueling the public frustration and distrust of political institutions (p.628). The stable unemployment rates of Germany and the Netherlands suggest that these two countries absorbed the shocks from the Great Recession well. On the contrary, Spain experienced a large surge in unemployment rates after the Great Recession. This attests to the fact that the Great Recession hit Spain hard. Figure 6 plots the unemployment rates of three countries from 2006 to 2013.

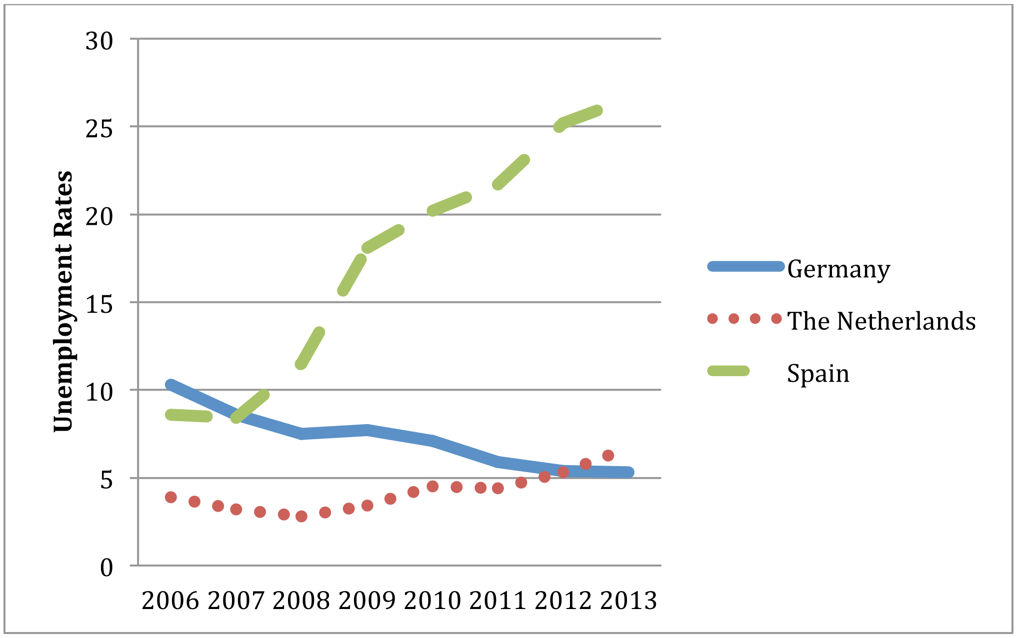

Figure 6. Unemployment Rates Trends of Germany, the Netherlands, and Spain

Sources: The World Bank (2016)

Difference in differences regression analyses look at the before-after change in a treatment group (in this case, Spain) relative to a comparison group (in this case, Germany and the Netherlands) to analyze the net effect of a treatment (in this case, the Great Recession) (Van Ryzin, 2014). Using a difference in differences strategy enables a researcher to answer the question "How different would the Spanish citizens trust in their government be now if the Great Recession had not existed?" This method helps reach a more complete understanding of the causal link between government performance and trust in government by examining the net effect of negative performance (the Great

Recession) on trust in government. The equation is constructed based on Remler and Van Ryzin (2011) and Van Ryzin (2014)'s work. The statistical model used in this study is written as follows.

$$Y=\alpha + b_1 S + b_2 P + b_3 (S*P) + b_4 C + \varepsilon$$

Where Y is the dependent variables (trust in government and compliance with law); S is a country dummy variable which takes 0 when respondents are German or the Dutch, and takes 1 when respondents are Spanish; P is a year dummy variable coded 0 for the pre-Recession period (Wave 5) and 1 for the post-Recession (Wave 6); S* P is an interaction term between year and country dummy variables. To control for the potential confounding effects, C_1 through C_j are included as control variables. The coefficient b_1 captures the difference in dependent variables between the comparison countries and Spain during the pre-Recession period and is assumed to be the same after the Great Recession. The coefficient b_2 explains the difference in dependent variables between the pre- and post-Recession period for Germany and the Netherlands. It is assumed to be the trend that would have occurred in Spain, absent the Great Recession. Most important, the coefficient b_3 is of primary interest, showing the difference in differences or the net difference in dependent variables for Spain caused by the Great Recession.

4.4 Results

During the pretreatment period (Wave 5 of WVS), there was less trust in government reported by citizens in Germany (M=2.10, SD=.62) and the Netherlands

(M=2.11, SD=.61) compared with Spain (M=2.35, SD=.61). During the post-treatment period (Wave 6 of WVS), however, Spanish citizens scored lower trust in government (M=2.10, SD=.62) than German citizens (M=2.47, SD=.61) and Dutch citizens (M=2.24, SD=.59). Among three countries, the contradictory pattern is evident for trust in government because trust in government of German and Dutch citizens increased from Wave 5 to Wave 6 and, at the same time, Spanish citizens trust in government decreased.

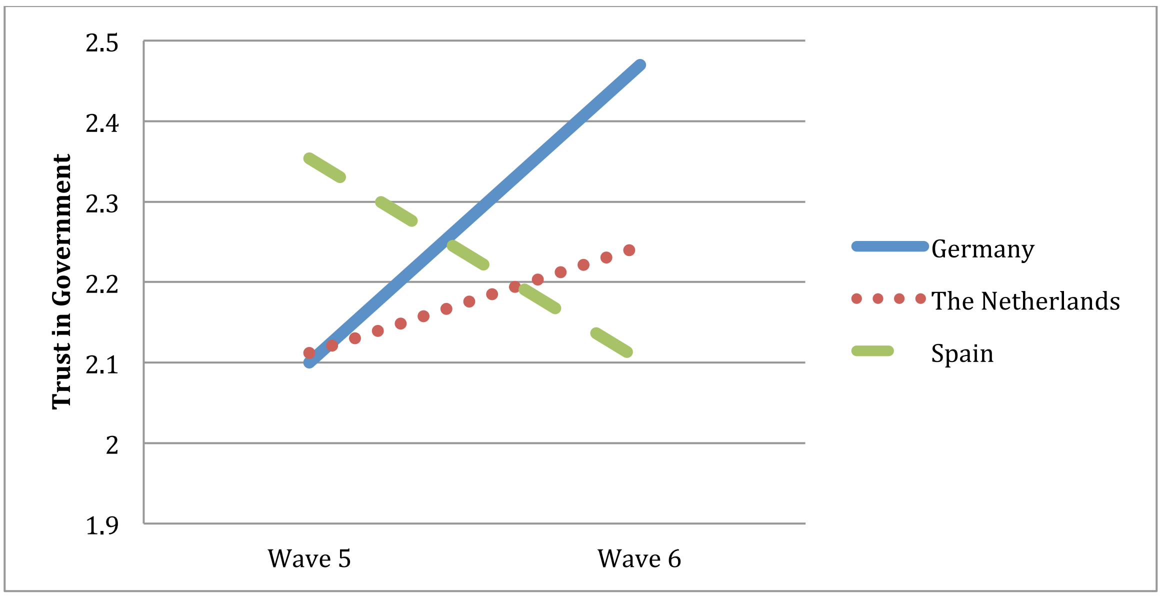

Figure 7. Changes of Trust in Government between Wave 5 and Wave 6

The primary objective of this analysis is to investigate empirically how the Great Recession affects trust in government. In order to facilitate interpretation of the results, ordinary least square regression analyses are examined to explain the antecedents of trust in government. In each analysis, the dependent variable is modeled as a function of sex, age, education, income, political ideology, year dummy, country dummy, and the interaction term of year and country dummy variables.

The positive coefficient on year dummy indicates that the trend in trust in government was positive on average in Germany and the Netherlands and Spain between wave 5 and wave 6. The positive coefficient of the country dummy variables in both models is indicative of the proportion of Spanish citizen who trust in government was higher on average in the pre-economic crisis compared to German and Dutch citizens. Most important, the coefficient of the interaction term between year and country dummy is negative and highly significant statistically (β=-0.277, p<.001). Compared to other variables, the magnitude of standardized coefficient of the interaction term is large. It indicates that the Great Recession played a large role in diminishing citizen trust in government. When it comes to control variables, as respondents grow older, trust in government increases. Male citizens are less likely to trust in government. Income is positively associated with trust in government. Being conservative in terms of political ideology is negatively associated with trust in government.

Table 12. The impacts of the Great Recession on trust in government

	Basic DD		DD model with control	
	Beta	SE	Beta	SE
Year	0.205***	0.015	0.197***	0.017
Country	0.173***	0.021	0.180***	0.023
Year x Country	-0.270***	0.029	-0.277***	0.032
Sex			-0.030**	0.014
Age			0.057***	0.0004
Education			0.017	0.004
Income			0.133***	0.004
Political ideology			-0.020*	0.004
F	134.20***		70.77***	
N	9,302		7,419	
Adjust R^2	0.041		0.070	

Notes. *p<.05, **p<.01, ***p<.001

This dissertation postulates that the Great Recession has stronger negative causal impacts on low-income citizens. Low-income families are at much greater risk of losing the standard of living, because government cut its expenditure and in turn reduce its services. Therefore, it is expected that there is considerable decays of low-income citizens' trust in their government.

In order to understand how differently citizens respond to the Great Recession across the income status, the samples of the survey were dichotomized into two groups: High-income group (1~5 scale) and low-income group (6~10 scale). Two ordinary least squares regression were ran. The magnitude of the interaction term of low-income citizens is -0.291 and the one for high-income citizens is -0.242. The absolute magnitude of low-income citizens is larger than that of high-income citizens. It means that the Great Recession has greater negative effects on low-income citizens trust than high-income citizens.

Table 13. The impacts of the Great Recession on trust based on citizen income status

	Low income		High income	
	Beta	SE	Beta	SE
Year	0.211***	0.020	0.179***	0.032
Country	0.226***	0.027	0.111***	0.049
Year x Country	-0.291***	0.038	-0.242***	0.069
Sex	-0.028*	0.017	-0.019	0.028
Age	0.068***	0.000	0.023	0.001
Education	0.032*	0.004	0.080***	0.006
Political ideology	-0.013	0.004	-0.003	0.007
N	5,212		1,965	
Adjusted R^2	.052		.049	

Notes. *p<.05, **p<.01, ***p<.001

This dissertation also postulates that the impact of the Great Recession varies depending on different government institutions. Each institutions bears varying blame for the Great Recession. Citizens may distinguish which government is responsible for the Great Recession. If so, the magnitude of interaction terms would be different.

In order to examine potential varying impacts, the dependent variables are separated into central government, congress, the court, police, political party, and civil service. The results suggest that the magnitude of the interaction terms is the largest when the dependent variable is central government (β=-0.316, p<.001). This is followed by congress, political party, court, civil service, and police. This means that citizens differentiate trust, depending on government institutions. The Great Recession has lesser impacts on trust in police meaning that citizen trust in police did not decrease to a large extent.

Table 14. The impact of the Great Recession on trust in varying government institutions

	Central Government	Congress	Court	Police	Political Party	Civil Service
Year	0.176***	0.167***	0.148***	0.063***	0.124***	0.153***
Country	0.197***	0.279***	0.034*	-0.061***	0.190***	0.109***
DID	-0.316***	-0.242***	-0.222***	-0.080***	-0.235***	-0.149***
Sex	-0.025*	-0.012	-0.030**	-0.057***	-0.023*	-0.028**
Age	0.037**	0.063***	-0.006	0.068***	0.020	0.064**
Education	0.014	0.056***	0.011	-0.033**	-0.002	0.017
Income	0.120***	0.100***	0.117***	0.111***	0.109***	0.106***
Political Ideology	-0.044***	0.002	0.007	0.016	-0.017	0.011
N	7,371	7,291	7,337	7,400	7,341	7,265
Adj R^2	0.070	0.064	0.060	0.039	0.040	0.040

Notes. *p<.05, **p<.01, ***p<.001

The second interest of this dissertation is compliance with law. In the Wave 5, there was less compliance with law reported by Spanish citizens (M=8.76, SD=1.61) than German (M=8.98, SD=1.42) and Dutch citizens (M=9.31, SD=1.16). In the Wave 6, Spanish citizens also scored lower compliance with law (M=9.10, SD=1.27) than German (M=9.24, SD=1.19) and Dutch (M=9.44, SD=1.01) citizens. Among three countries, the similar pattern is evident for compliance with law because compliance with law of German and Dutch citizens increased from the Wave 5 to the Wave 6 and, at the same time, compliance with law of Spanish citizens also increased.

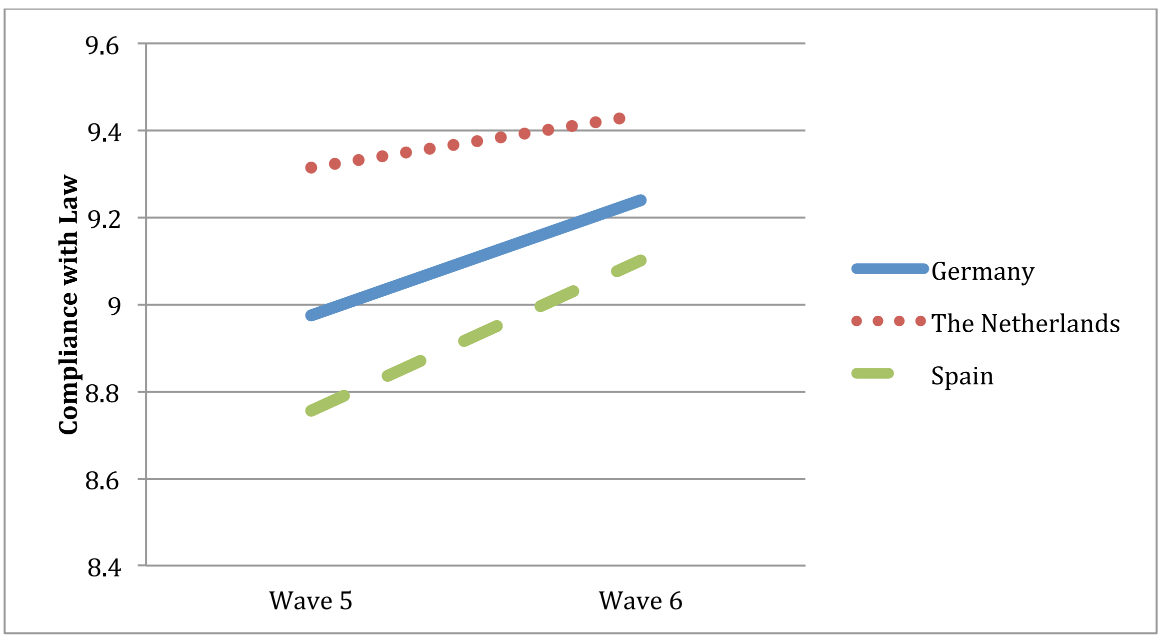

Figure 8. Changes of compliance with law between Wave 5 and Wave 6

The second objective of this dissertation is to assess how the Great Recession affects compliance with law. The dependent variable of compliance with law is modeled as a function of sex, age, education, income, social class, political ideology, year dummy, country dummy, and the interaction term of year and country dummy variables. Table 15 presents the results of logistic regression analysis of compliance with law. The coefficient on year dummy indicates that the trend in compliance with law was positive on average in the combined of Germany and the Netherlands and Spain between the wave 5 and the wave 6. The country dummy is not statistically significant. More important, the interaction term between year and country dummy is not statistically significant. With regard to control variables, sex negatively influences compliance with law. It means that male is less likely to comply with law. As respondents grow older, compliance with law increases. In terms of political ideology, 'being conservative' positively affects compliance with law.

Table 15. The impacts of the Great Recession on compliance with law

	Basic DD model		DD with control variables	
	Coefficient	SE	Coefficient	SE
Year	0.263***	0.050	0.179**	0.059
Country	-0.299***	0.069	-0.286***	0.080
Year x Country	0.063	0.097	0.177	0.113
Sex			-0.186***	0.050
Age			0.027***	0.002
Education			0.018	0.013
Income			-0.021	0.014
Political Ideology			0.036**	0.013
N	9,368		7,447	
Pseudo R^2	0.006		0.046	

Notes. **p*<.05, ***p*<.01, ****p*<.001

4.5 Summary of the Findings

In this chapter, the main objective is to identify the causal impact of the Great Recession on trust in government. To fulfill this objective, the World Values Survey and a difference-in-differences regression is employed. The estimates suggest that the Great Recession negatively affects trust in government. As case studies illustrated, the Great Recession has clearly taken toll on government performance. In this sense, a reduction in government performance caused by the Great Recession contributes to a decline in citizen trust.

The impact of the Great Recession can be contingent upon government institutions. There is considerable variation across government institutions in the extent to which government institutions are responsible for the fallout of the Great Recession. Therefore, the differences between government institutions must be taken into account for a better understanding of the impact of the Great Recession on trust. Irrespective of the types and levels of government, the Great Recession has a negative impact. However, a closer look at the different government institutions reveals that trust in central government was most diminished by the Great Recession among various government institutions. By contrast, the Great Recession shows a relatively weak effect on trust in police. The magnitude of a reduction of trust in Congress is between that of central government and police.

The central government takes a dominant part in shaping and administering policies. Therefore, citizens lose a lot of trust in central government. Congress also vests responsibility for enacting economic policies (Burtless & Gordon, 2011). Thus citizens look less favorably upon Congress than civil service or police. Police is not related to the

Great Recession to a large extent. Hence, a reduction in trust is minimal. What accounts for this substantial cross-institutional variability? Citizens are aware of which government institutions are held responsible for the Great Recession. This refutes Kettl (2008)'s argument that citizens may not want to know which institutions are responsible for specific tasks.

In addition, the effects of the Great Recession on trust are not equal among citizens depending on income status. The magnitude of the Great Recession on high earners' trust in government is milder than that of low earners. This indicates that low-income citizens are particularly susceptible to the negative impacts of the Great Recession than high-income citizens regarding trust. The relative stronger impact of the Great Recession on low-income citizens' trust might be ascribed to the fact that the Great Recession had been especially hard on low-income citizens and they rely on public services. These people leave to states the responsibility for most public functions: maintaining public safety, strengthening the social safety net, educating the children, and building public infrastructure (e.g., transportation, wastewater treatment, public transit system, and drinking water). Moreover, there may be different in what citizens value in their government, depending on income status. Probably, upper-income earners may put high value on efficiency over social equity. In turn, this may make difference in a magnitude of trust in government.

Much of the social equity research has been focused on race, gender and class (Wooldridge & Gooden, 2011). In recent years, rising economic inequalities are accompanied by other forms of democratic privation (Frederickson 2005). In light of the importance of basic public service to make low-income citizens maintain their minimum standard of living, social equity became considered paramount. However, social equity was largely ignored during the Great Recession period. During the Great Recession period, much of the debate over how to cope with the crisis focused primarily on economy or efficiency of government operation. In the meantime, public assistances aimed at society's need were also cut. Financial woes cut fiscal slack for social solidarity. It means that the anti-crisis measures emphasized short-term effects at the expense of equity.

The Great Recession may disproportionately hurt those most dependent on public services. Also, relatively rich citizens recovered faster than those who less well-off (Wolff, Owens, & Burak, 2011). This widened gap between the haves and have-not posed a significant risk to the overall social fabric of countries. For these reasons, the low-income families were disheartened to know that their government did not take care of them. Trust thrives not only on ability and integrity, but also on benevolence. According to McKnight, Choudhury, and Kacmar (2002) benevolence is "trustee caring and motivation to act in the truster's interests" (p.337). During the Great Recession, governments did not care their citizens properly and sometimes act in not citizens' interest' but big corporations' interests. This is one of the reasons why low-income citizens more sour toward their government.

In addition, according to Braithwaite (1998), governments can gain communal trust when they "act in ways to uncover the needs of citizens, show concern for their well-being, foresee their difficulties, share their aspirations, respect them, and treat with dignity" (p.54). Failure to express concern for the vulnerable groups of citizens' well-being in the economic downturn may make citizens be less supportive of government.

The main role of government is to do what the marker cannot do properly. Market failure such as the Great Recession had immediate impacts on poorer, low-and working-class citizens. The problem is pressures on low-income citizens were heightened by cuts in state aid. If government focuses mainly on efficiency, many functions presently performed by government might be better assign to private sector unit or left to the play of the marketplace.

While the impact of the Great Recession on trust in government is the main focus in this chapter, it may be also an important contributor to the decline in compliance with law. This is because the Great Recession may have serious spillover effect on compliance with law. Thus, the second objective of this chapter is to explore whether the Great Recession reduces compliance with law. However, there was no statistically significant impact of the Great Recession on compliance with law. One possible answer for the statistically insignificant link between the Great Recession and compliance with law is that the relation is not direct. Previous literature suggests that trust in government begets compliance with law. Since the Great Recession is not the reduction in trust itself, the influence of the Great Recession may not be strong enough to yield statistically significant outcomes.

CHAPTER 5. EVIDENCE FROM THE EUROPEAN SOCIAL SURVEY

The previous chapter relied on the World Values Survey, but this is only one source of information to examine the question of the relationship between the Great Recession and trust in government. The aim of this chapter is to examine the impact of the Great Recession on trust in government and citizen participation. In pursuance of this purpose, the European Social Survey (ESS) will be used. More specifically, this chapter focuses on trust in government and citizen participation after the Great Recession, that of Greece, Italy, Portugal and Spain increased, when compared with citizen participation of Belgium, France, Germany, and the Netherlands.

Furthermore, as the analysis of chapter 4, the impact of the Great Recession on trust in government depending on income status of respondents will be assessed. In the same way, the influence of the Great Recession on trust in different government institutions will be examined. In addition, in order to enhance the understanding on the mechanism between the Great Recession and citizen participation, the effects of the Great Recession on various forms of citizen participation will be investigated.

This chapter is structured as follows. The following section presents the descriptions of the ESS data. Section 2 turns to measures of trust in government, citizen participation, and control variables. Section 3 reports analytical approach. Section 4 assesses its impact of the Great Recession on trust in government and citizen participation. Section 5 presents some summaries of the findings.

5.1 Data

To understand how citizen trust changed over time in response to the Great Recession, the European Social Survey (ESS) is also used as well as the World Values Survey. The ESS is a biennial survey and has been conducted since 2001. The ESS uses random probability methods to make the sample be representative of the populations such as sex, age, and education. In order to increase better sampling frames, sampling experts as well as national coordinators work together (European Social Survey, 2016). For its high levels of quality, many researchers used this survey (e.g., Hakhverdian & Mayne, 2012; van der Meer, 2010; Wroe, 2014; Zmerli & Newton, 2008). The sample size for each analysis is noted in the tables.

In order to examine the impact of the Great Recession on trust in government, Round 3 (2006) and Round 5 (2010) of the European Social Survey are used. However, the data of Round 3 of Greece is not available. With respect to Greece, therefore, Round 2 (2004) is used instead of Round 3 (2006). In addition, Round 3 and 5 of Italy are not available either. With respect to Italy, therefore, Round 2 is used instead of Round 3 and Round 6 (2012) is used instead of Round 5. Round 3 is considered as pre-Recession because the data of Round 3 were collected in 2006. Round 5 is considered as post-Recession period because it is conducted in 2010.

This dissertation uses the samples of the following countries: Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, and Spain. The choice of these 8 countries is driven by the same conditions used in the case studies of chapter 3.

5.2 Measures

Trust in government.

The main dependent variable is trust in government. Trust in government is measured with four items asking the following questionnaires: "How much you personally trust each of the institutions I read out. 0 means you do not trust an institution at all, and 10 means you have complete trust." Due to the availability of data, this study uses trust in the following institutions: Country's parliament, the legal system, police, the politician, and political parties. Overall trust in government is captured by an index consisting of eight variables that measure trust toward each government institutions. The index of trust in government ranges from 0 to 10, with higher values representing more trust. Trust had acceptance alphas above the conventional cut-off of 0.60.

Citizen participation.

Citizen participation could include many activities, such as making phone calls to public officers, campaigning, attending demonstrations, and voting (Goldfinch, Gauld, & Herbison, 2009; Verba, Schlozman, Brady, & Nie, 1993). This dissertation differentiated between four types of citizen participation: Voting, attending peaceful demonstrations, contacting politicians or public officials, worked in political party or action group, and signing a petition. An investigation of the effects of the Great Recession on different modes of citizen participation is warranted to advance the understanding of the underlying mechanisms.

Respondents were asked to answer whether they participate via the following question: “During the last 12 months, have you done any of the following? Have you contacted a politician, government or local government official / worked in a political party or action group/ worked in another organization or association/ worked in political party or action group/ signed a petition/ taken part in a lawful public demonstration” Citizen participation is a dichotomous variable equals 1 when citizen participate, and otherwise equals 0.

Control variables.

Gender, age, education, political interest, and income are included as a control variable. Gender (In the ESS, this variable was originally coded as 1 for male and 2 for female. In this study, men are recoded as 0 and women as 1); Age (in years); Education is an ordinal scale with 7 values; Political ideology was measured on a 10-point Likert scale (1=left ~ 10= right); Income is measured on a 10-point scale (1=the lowest decile ~10=the highest decile).

5.3 Analytical strategy

This analysis uses the Great Recession and the resulting variations in countries to identify the impact of performance on trust in government. The magnitude of the effect of the Great Recession may vary depending on the national country. Portugal, Italy, Greece, and Spain (the so-called PIGS countries) were hit hard by the Great Recession whereas the rest of four countries were affected less so.

Unemployment rates illustrate the pattern of the seriousness of the Great Recession (Gallie, 2013). Greece was the country which reached the highest unemployment rate in 2012 and the increase of the unemployment rates doubled. Unemployment rates of Spain recorded an immense spike from 8.5 percent to 24.8 percent. Unemployment rates of Portugal soared from 7.7 percent to 15.5 percent. Unemployment rates of Italy ballooned from 6.8 to 10.7 percent.

On the contrary, Germany had lowest on unemployment rates in 2012. Between 2006 and 2010, unemployment rates of Germany declined more than 4 percent. The unemployment rates of Belgium also decreased from 8.3 percent in 2008 to 7.5 percent in 2012. Although there was an increase, France exhibited the smallest increase (0.9%). The Netherlands also showed the slight increase of unemployment rates (1.9%). This indicates that 4 countries were not hit by the Great Recession. Table 16 presents the unemployment rates of 8 countries.

Table 16. Unemployment rates of eight European countries from 2006 to 2012

	2006	2007	2008	2009	2010	2011	2012
Belgium	8.3	7.5	7.0	7.9	8.3	7.1	7.5
France	8.5	7.7	7.1	8.7	8.9	8.8	9.4
Germany	10.3	8.7	7.5	7.7	7.1	5.8	5.4
Greece	9.0	8.4	7.8	9.6	12.7	17.9	24.4
Italy	6.8	6.1	6.7	7.8	8.4	8.4	10.7
Netherlands	3.9	3.2	2.8	3.4	4.5	5.0	5.8
Portugal	7.7	8.0	7.6	9.4	10.8	12.7	15.5
Spain	8.5	8.2	11.2	17.9	19.9	21.4	24.8

Source. OECD (2016)

As the analysis of the World Values Survey, a difference in differences regression is also a statistical strategy. The format of the equation model used in this chapter replicates that in chapter 4. Only difference lies in that the pre-crisis period is round 3 and the post-crisis is round 5 of the European Social Survey. In addition, Belgium, France, Germany and the Netherlands belong to the control group. Greece, Italy, Spain and Portugal belong to the treatment group.

5.4 Results

Table 17 displays the country means of citizens' trust in government on a scale from 0 to 10. The country with the lowest scores on trust is Portugal in the pre-recession period and Greece in the post-recession period. It should be noted that during the pre-recession period Greek citizens have a higher sense of trust than France and Germany. The level of Greek citizen trust dramatically dropped from 4.70 to 2.66. The highest level of trust is found in the Netherlands. It tops the list in both pre and post-recession periods, and the level of Dutch citizens' trust is markedly higher than other seven countries. The Netherlands is the only country which marks over a 5.0 level of trust. Germany and the Netherlands show increases. The change of the increase is higher in the Netherlands than Germany. French citizens' trust decreased but the magnitude is small (-.10). It is evident that citizens' trust of the comparison countries is higher than the treatment countries. In order to see whether the difference is statistically significant, a t-test is run. The *p*-values for the t-test indicate that all difference is statistically significant at the 10% level. Statistically significant differences in trust are recorded for every state.

Table 17. Trust in government: Country means and changes of magnitude

Countries	Pre-Recession	S.D.	Post-Recession	S.D.	Change	P-value
Belgium	4.91	0.04	4.62	0.043	-0.29	0.000
France	4.29	0.04	4.20	0.043	-0.09	0.093
Germany	4.51	0.03	4.62	0.033	0.11	0.020
Greece	4.70	0.04	2.66	0.035	-2.04	0.000
Italy	4.50	0.04	3.55	0.063	-0.95	0.000
The Netherlands	5.46	0.04	5.60	0.036	0.14	0.004
Portugal	3.64	0.04	3.12	0.038	-0.52	0.000
Spain	4.61	0.04	4.07	0.042	-0.54	0.000

To facilitate the interpretation of the outcomes, OLS was used. The negative coefficient of the country dummy variables in both models is indicative of the proportion of citizens of the treatment countries whose trust in government was lower on average in the pre-economic crisis compared to citizens of the comparison countries. Most importantly, the standardized parameter estimates of the interaction term between year and country dummy is negative and highly significant statistically (β=-.240, p<.001). This means a net loss in citizens' trust of treatment countries. This result is consistent with the analysis from the World Values Survey.

Turning to other demographic characteristics, sex and age are not of statistical importance. Education has only a weak positive effect on trust in government. Income is positively associated with trust in government. Being politically conservative is positively related to trust in government.

Table 18. The impacts of the Great Recession on citizen trust in government

	Basic DD		DD model with control	
	Beta	SE	Beta	SE
Year	-0.001	0.029	0.018**	0.032
Country	-0.103***	0.029	-0.023*	0.037
Year x Country	-0.240***	0.041	-0.215***	0.053
Sex			0.005	0.025
Age			0.010	0.000
Education			0.072***	0.003
Income			0.116***	0.006
Political ideology			0.080***	0.006
F	1168.15***		250.36***	
N	32.529		20,468	
Adj R^2	0.097		0.089	

Notes. *p<.05, **p<.01, ***p<.001

The direction of the beta coefficient of the country begs attentions because it is the opposite of that from the analysis from the World Values Survey. In order to strengthen the robustness of the results from the European Social Survey, this dissertation modifies the treatment and comparison countries.

Although Belgium and France are considered as control countries, they showed the reduction in the mean of trust in government after the Great Recession. Based on this evidence, for this time, Belgium and France are coded 1, indicating that these two countries are treatment countries. In this case, therefore, Germany and the Netherlands are control countries. On the contrary, Belgium, France, Greece, Italy, Portugal, and Spain are treatment countries. A difference in difference regressions yields the similar estimates in terms of the direction of coefficient of the country dummy variable. The direction of country dummy coefficient is still negative. The detailed results are shown in Appendix A.

In addition to the above analysis (Control countries: Germany and the Netherlands/ Treatment countries: Belgium, France, Greece, Italy, Portugal, and Spain), this dissertation conducts another regression analysis based on based on the same country composition with the analysis from the World Values Survey. This additional analysis is necessary because the direction of country dummy is different because the composition of the countries in the research model can make a difference. For this reason, in this case, Germany and the Netherlands are considered as control countries, and Spain is considered as a treatment country.

When it comes to year dummy and the interaction term between year and country dummy, the direction of coefficient is the same. However, the regression results showed that the country dummy is statistically significant and negative. Again, this is the opposite of that from the WVS. The detailed results are shown in Appendix B. This is mainly because the level of Dutch, German, and Spanish trust in government varies depending on WVS and ESS. In WVS, the mean of Spanish trust in government is higher than that of Germany and the Netherlands during the pre-recession period. On the contrary, in ESS, the mean of Spanish trust in government is higher than that of Germany but lower than that of the Netherlands during the pre-recession period. This variation made some difference in the direction of country dummy coefficient. More comparable measurement and methods is required for a firm conclusion about the direction of the country dummy coefficient.

The ability of the state to provide public services was fairly limited because of the need to control budget deficits. As a result, the impact of the Great Recession can create differential costs for EU citizens depending on their income. The Great Recession had aggravated the standard of living for low wage citizens. On the contrary, high-income citizens have fared somewhat better. As a result, low-income citizens may lose their trust in their government more than high-income citizens do.

In order to test whether the pattern of relationships differed depending on income, the samples of the ESS were divided into two groups: Low (1~4 scale) and high-income citizens (5~10 scale). The magnitudes of the impacts of the Great Recession are noteworthy: -0.231 for low-income citizens and -0.089 for high-income citizens. This demonstrates that the Great Recession erodes trust of low-income citizens more than high-income citizens. This result is consistent with the outcomes from the World Values Survey.

Table 19. The impacts of the Great Recession on trust based on citizen income

	Low income		High income	
	Beta	SE	Beta	SE
Year	0.003	0.053	0.0003	0.160
Country	0.004	0.059	-0.005	0.158
Year x Country	-0.231***	0.078	-0.089***	0.226
Sex	0.007	0.038	-0.038	0.106
Age	0.017	0.001	0.011	0.001
Education	0.052***	0.005	-0.004	0.005
Political Ideology	0.102***	0.009	0.137***	0.002
N	9,635		18,471	
Adj R^2	.063		.025	

Notes. *p<.05, **p<.01, ***p<.001

A composite trust in government scale by averaging scores across sub-government institutions may not capture the detailed impact of the Great Recession because citizens' trust varies significantly depending on government institutions. Therefore, a composite trust in government is divided into each government institution.

Trust differs markedly across the institutions. The largest magnitude of the interaction terms is central government. This is followed by congress, politician, political party, legal system and police. The beta coefficient of the interaction term on central government is greater than two times the one on police. The likely explanation for this result is citizens believe that central government should shoulder a large share of the blame for its role in managing the repercussions of the crisis. By contrast, citizens became less critical of police, because their responsibility is less related to the Great Recession.

Table 20. The impacts of the Great Recession on trust in different government institutions

	Central government	Congress	Legal system	Police	Political Party	Politician
Year	-0.004	-0.012	0.017*	0.005	-0.006	-0.004
Country	0.046***	0.026**	0.031***	0.024**	-0.014*	-0.017*
DID	-0.127***	-0.085***	-0.074***	-0.060***	-0.078***	-0.079***
Sex	-0.022***	-0.041***	-0.032***	-0.018**	-0.015**	-0.013**
Age	0.007	0.006	0.019**	0.019**	0.005	-0.001
Education	-0.006	0.001	-0.003	0.018**	-0.001	-0.002
Income	0.050***	0.031***	0.027***	0.012**	0.028***	0.024***
Political ideology	0.173***	0.125***	0.085***	0.062***	0.111***	0.109***
N	30,474	30,474	30,474	30,474	30,474	30,474
$Adj\ R^2$	0.048	0.026	0.013	0.007	0.019	0.019

Notes. *p<.05, **p<.01, ***p<.001

The level of citizen participation before and after the Great Recession is examined. Scores on citizen participation scale range from a low of 0 to a high of 1. On average, respondents reported only relatively low levels of citizen participation measurement score below 0.2.

During the pre-recession period, the mean level of citizen participation in Portugal is estimated to be 0.047, a very low level. During the post-recession period, the low score for citizen participation in Portugal stands out again, indicating relatively weak levels of participation. The lowest change on citizen participation before and after the Great Recession is 0.001 in Greece. The Italian citizens participate much more in public affairs than before the Great Recession (Δ=0.048). In contrast, the Belgian citizens participate much less in public affairs than before the Great Recession (Δ=-0.048).

Citizens of Belgium, France, Greece, and Portugal experience less participation after the Great Recession. On the contrary, citizens of Germany, Spain, Italy, and the Netherlands take part more in public affairs after the Great Recession. This indicates that there is no clear tendency that the treatment groups of countries show in the increasing levels of participation.

Table 21. Citizen participation: Country means and changes of magnitude

Countries	Pre-Recession	Post-Recession	Change
Belgium	0.16	0.11	-0.05
Germany	0.13	0.14	0.01
Spain	0.15	0.16	0.01
France	0.17	0.16	-0.01
Greece	0.07	0.07	0.00
Italy	0.11	0.16	0.05
The Netherlands	0.11	0.12	0.01
Portugal	0.05	0.04	-0.01

Logistic regression is employed, because the dependent variable is dichotomized (0=not-participated; 1=participated). The interaction term "Year x Country" represents the predicted difference in citizen participation between groups that were hit hard by the Great Recession and those that were not. The impact of the Great Recession on citizen participation is negative and statistically significant, indicating that it decreases citizen participation. The resource based-model and deliberative democracy model appear to be relatively successful statistical explanations.

With regard to control variables, sex does not seem to be significantly related to citizen participation. Older, highly educated, and richer citizens are more likely to participate. Being conservative in terms of political ideology is negatively related to citizen participation.

Table 22. The impacts of the Great Recession on citizen participation

	Basic DD model		DD with control variables	
	Beta	SE	Beta	SE
Year	-0.044	0.040	0.003	0.052
Country	-0.088*	0.040	0.505***	0.063
Year x Country	-0.191**	0.056	-0.283**	0.086
Sex			-0.011	0.041
Age			0.037***	0.001
Education			0.098***	0.006
Income			0.127***	0.009
Political ideology			-0.023*	0.010
N	32,621		20,466	
Pseudo R^2	.003		.007	

Notes. **p*<.05, ***p*<.01, ****p*<.001

The Great Recession can have a variegated impact on citizen participation, depending on modes, in which case the aggregated measure of participation will not be a valid indicator of prevailing participation. Therefore, the composite measure of participation is separated into voting, contacting officials, signing petitions, attending demonstrations, and working for political parties or action groups as dependent variables.

There are pronounced differences, depending on modes of participation. The Great Recession reduced the likelihood of voting and contacting politicians, government officials. It indicates that citizens tend to use fewer conventional forms of civic involvement during the economic crisis. On the contrary, the Great Recession increases signing petitions and attending demonstrations. Grievance theory and stealth democracy model afford a plausible substantial explanation with regard to variance of unconventional channels of participation. The Great Recession does not account for the variation of working for political parties or action groups.

Table 23. The impacts of the Great Recession on various forms of participation

	Vote	Contact government officials	Signing petitions	Attend demonstration	Work for party or action group
Year	-0.019	0.039	-0.009	0.047	-0.007
Country	0.572***	0.122*	-0.861***	0.419***	0.485***
DID	-0.210*	-0.145*	0.345***	0.365***	0.044
Sex	-0.020	0.393***	-0.136****	0.232***	0.611***
Age	0.029***	0.005***	-0.006***	-0.012***	0.011***
Education	0.059***	0.076***	0.100***	0.086***	0.082***
Income	0.148***	0.053***	0.061***	0.019	0.093***
Political ideology	0.013	-0.016	-0.142***	-0.272***	-0.107***
N	19,132	20,441	20,406	20,445	20,451
Pseudo R^2	0.050	0.030	0.086	0.093	0.051

Notes. *p<.05, **p<.01, ***p<.001

5.5 Summary of Findings

The research model of this chapter is identical with that of the previous chapter except the country composition. In the previous chapter, Spain was considered as treatment whereas Germany and the Netherlands were control countries. In the current chapter, Greece, Italy, Portugal, and Spain are treatment countries whereas Belgium, France, Germany, and the Netherlands are control countries. The results show that the Great Recession negatively affects trust in government.

Similar patterns have appeared in terms of trust in different government institutions. As mentioned earlier, in ESS, trust in central government item is not available. Therefore, satisfaction of central government is used instead of trust in central government. Among many government institutions, with this caveat in mind, satisfaction in central government is most deteriorated by the Great Recession. On the other hand, the Great Recession has less adverse effects on trust in police. This variation of the impact of the Great Recession on trust among various government institutions is also consistent with the outcome of the WVS. Central government is well positioned to set and implement the nation's fiscal policy agenda. Therefore, it is fair to say that government has an obligation to secure the reliable performance of the economy as a whole. For this reason, citizens blame their government in responding the economic crisis. The negative impact of the Great Recession is not confined to central government. The adverse influences of the Great Recession on trust in different government institutions are also witnessed. Austerity measures negatively influence other government institutions other than central government. Thus, citizens are distrustful of central government in response to the Great Recession.

Looking more closely at the picture of differences in trust, the impact of the Great Recession on low earners' trust in government is more severe than that of high earners. With some variations, these findings mirror the findings from the WVS. Irrespective of the income status, the Great Recession had an adverse impact on trust in government. When it comes to the difference among the magnitude of coefficient, however, there is a remarked difference. In the analysis from the WVS, the difference of the impact of the Great Recession on citizen trust between low- (-0.291) and high-income (-0.242) earner is only 0.049, indicating that the variation is not substantial. In the analysis from the ESS, on the contrary, the difference of the impact of the Great Recession on citizen trust between low- (-0.231) and high-income (-0.089) earner is 0.142. The difference of the magnitude is larger between low- and high-income in the ESS than the WVS. This difference, driven by income status, is strengthened, lending credence to the importance of social equity. This difference may stem from the varying composition of countries. In the WVS, only Spain was considered as treatment country while four countries were considered in the ESS. This varying country composition differentiates variation of the magnitudes in terms of the impacts of the Great Recession on trust.

With regard to the country mean of citizen participation, there was no clear distinction between control and treatment countries. Nonetheless, a difference in difference regression analysis showed that the Great Recession decreased citizen participation. However, a focus on the aggregate measures of participation does not fully reveal the impact of the Great Recession because there are different ways of participation and those entails varying characteristics. In an effort to sort out the possible difference, several regressions were ran depending on the different channel of participation.

Depending on the types of participation, the effects of the Great Recession on participation are strongly divergent. Among diverse channels of participation, the Great Recession stimulates signing a petition and attending a demonstration. On the contrary, the Great Recession negatively influences the likelihood of voting and contacting government officers. In addition, the Great Recession fails to reach statistical significance in explaining working the party or action groups. It should be noted that the Great Recession increased the unconventional avenue of participation and decreased the conventional one.

Due to the austerity measure, citizens had the higher tax burden than before the Great Recession. At the same time, governments underfunded several public services. These could draw strong reaction from citizens. The problem is that the conventional channel of participation failed to ensue all interests have the meaningful involvement in decision-making process of government. In this sense, Innes and Booher (2004) highlight that traditional participation does not meet the public needs. Rather, they argue that it is counterproductive, arousing public anger. For this reason, citizens are alienated from the process of public administration and may believe that raising voice their opinion through the ballot box is not enough. Instead, citizens resorted to unconventional participation against the fallout of the Great Recession.

With respect to overall impact of the Great Recession on citizen participation, the resource based and social economic status (SES) model explain the results better. The Great Recession may deprive resources from citizens. With fewer resources, citizens are less likely to participate in the public affairs. In addition to this direct impact of the Great Recession, the Great Recession may have an indirect impact as well. This dissertation showed that the Great Recession negatively affected citizen trust in government. In turn, this reduced trust decreased citizen participation. In this sense, deliberative democracy explains the results. Citizens are not likely to join in the public affairs because they do not trust their public organizations or officers. They do not believe that untrustworthy delegates deliver their opinions.

Although the resource based and SES model explain the impacts of the Great Recession on overall participation, grievance theory explain the influence of the Great Recession on unconventional participation. The Great Recession increased the likelihood of signing petitions and attending demonstration. As a result of the Great Recession, dissatisfaction of citizens hiked and citizens show their dissatisfaction by signing petitions and attending demonstration. Probably, citizens believe that these unconventional channels of participation is more effective than conventional channel such as voting or contacting government officials in terms of expressing how they are dissatisfied with their government.

Furthermore, these findings cast new light on discussion of stealth democracy. Stealth democracy explains the negative impact of the Great Recession on signing petitions and attending demonstrations. Stealth democracy maintains that citizens participate in the public affairs when their government is untrustworthy. This is because citizens are likely to be involved in the public affairs for fixing untrustworthy government. Responding to untrustworthy delegates, citizens do not rely on the expertise and civic responsibility of elected officials and public administers to act on their behalf. The Great Recession reduced trust in government. Subsequently, decreased trust stimulates citizen participation. Among various ways of participation, citizens may think that signing petition and attending demonstration are effective to correct their untrustworthy government. In sum, different theories become persuasive in explaining depending on the types of participation.

CHAPTER 6. DISCUSSION AND IMPLICATIONS

6.1 Summary

The aim of this dissertation is to examine the impact of performance on trust in government in the context of the Great Recession. The Great Recession posed a threat to both macro and micro performance in government. With respect to macro performance, countries like Greece experienced soaring unemployment rates and reduced GDP. The decreased level of macro performance in government indicates that the citizens of Portugal, Italy, Greece, and Spain (the so-called PIGS countries) went through a prolonged period of decline. With regard to micro performance, in addition, many governments suffered because austerity and retrenchment measures were carried out. Many basic public services were no longer provided to citizens at the same levels or with same quality and commitment. Both macro and micro performance diminished by the Great Recession casted a long shadow on citizens, and this led to a decrease in their trust in government.

In this study, eight European countries were examined. Europe is an important region to study the impact of the Great Recession because in terms of the magnitude of the shock produced by the recession, important variations emerge between countries. The so-called treatment countries in this dissertation (Greece, Italy, Portugal, Spain) were hit hard by the Great Recession. By contrast, the comparison countries (Belgium, France, Germany, the Netherlands) were not as severely affected. This distinction provides the conditions for a kind of natural experiment, although of course all countries in Europe and indeed the world were affected by the Great Recession in some ways. This European context created a research opportunity that allowed for the analysis of the net impact of performance on trust in government. A difference-in-difference analysis from the World Values Survey (WVS) and the European Social Survey (ESS) shows that the Great Recession negatively affected trust in government. This means that government performance matters in explaining citizens trust in government. Citizens of countries profoundly affected by the Great Recession experienced a reduction in macro and micro government performance; and as a result, these citizens lost confidence in their government overall and in its various institutions.

6.2 Theoretical Contributions

The results of the analysis lend credence to some of the core assumption of performance theory. Van de Walle and Bouckaert (2003) argued that performance and trust are inextricably linked and thus influence each other such that good performance will be largely influenced by trust in government and vice versa. This potential reverse causality between performance and trust represents a challenge to researchers and raises questions about the core assumptions and implications of performance theory. Does government performance really influence citizen trust, or is it merely that trusting citizens view government performance more favorably?

This dissertation provided support for the trust-enhancing assumption of performance theory, which maintains that macro and micro performance improve trust in government. However, much of the research into trust has relied on cross-sectional data. It is widely known that a cross-sectional design makes it impossible to infer strong causal relationships between variables. This study sheds light on the causal mechanism that performance affects trust in government by using a difference-in-differences methodology. This clarifies to some extent the causal relationships between performance and trust in government. In short, these results suggest that the causal direction goes from government performance to trust, to a significant extent, not just the other way around.

To strengthen the validity of a causal inference, researchers may look for naturally occurring changes in factors that affect trust in government. Natural experiments have methodological advantages because they are more generalizable than randomized experiments and can offer more cogent causal estimates than do observational studies (Remler & Van Ryzin, 2011). To date, however, there has been very little work devoted to assessing the impact of government performance on trust in government by using some features of a natural experiment. The Great Recession that began around 2008 provides an interesting chance to demonstrate a causal relationship between macro-performance, micro-performance and trust in government. Any complete calculus of the effects of the Great Recession must include temporal difference. To shed some light on the causal direction of the performance-trust link, this dissertation tackles the issue of the influence of performance on trust in government. The results reinforce the empirical validity of performance theory.

In addition, this dissertation refutes the argument of Roth, Gros, and Nowak-Lehmann (2012) that there were “rally-around-the-flag” effects during the Great Recession. Indeed, such an effect could relieve the negative impacts of the Great Recession on trust in government. Responding to the national crisis, citizens may not lay blame on the government and can support their government to overcome the crisis. Therefore, it can be counter-argued that the Great Recession increased trust in government, because citizens are willing to empower government to do its job. However, this study shows that there was no rally-around-the-flag effect. Instead, citizens conjectured that government was held to account for mishandling the Great Recession.

This futility of a rally effect lies in the divergent characteristics of political and economic crises. A rally effect originally explains the consequences following the outbreak of wars and military crises (Gartner & Segura, 1998; Lee, 1977). Citizens are motivated to champion their government in the face of clear political counterparts who threaten their well-being. On the contrary, an economic crisis such as the Great Recession often does not have specific objects to combat. In addition, citizens believe that the economic woes could be subdued by normal government management practices. These different views on political and economic crises have shaped varying attitudes toward government. This dissertation contributes to the literature by disproving the argument that a rally effect exists such that the Great Recession bolstered public supports for their government (Roth 2009; Roth et al., 2011). Rather, it clearly shows that a rally effect does not account for the influences of the economic crisis on citizen trust in government.

Furthermore, there are conflicting views on the effects of an economic crisis on trust in government. Contrary to performance theory, citizens may refrain from punishing government if they view the crisis as a misfortune. The findings of this dissertation suggest that citizens perceived that government during the Great Recession was incapable of handling of the economic crisis. For this reason, the view on government was likely to turn out to be negative.

One of the major reasons why citizens perceived the Great Recession as mismanagement is that there was the wide variation among countries in terms of how their governments coped with the crisis. For instance, Greek citizens were frustrated by observing the German government's swift response to the Great Recession while their own government at the same time had proven inept at controlling the crisis. This led citizens of countries that were hit hard to believe that coping with the Great Recession was not a matter of misfortune but mismanagement. Citizens perceived their governments as not having the capacity to solve problems, which meant that ineffective government was not accountable to them. In turn, this perception gave rise to distrust, which then made it unreasonable for governments to expect their citizens to understand the economic crisis as the result of mere misfortune.

The results of this dissertation emphasize the importance of public management. Many governments are ill equipped to respond to the uncertainty created by turbulent economic environments. Citizens of poorly managed countries are left to absorb the consequences for the damage from such crises. Since protecting citizens from harmful influences is a basic responsibility of the state, failing to execute this fundamental principle decreases citizen trust in government.

On top of that, the composite scores of the multiple measures on trust in government may not assess the nuanced differences in trust because citizens have different expectation of trust in government, depending on branches and agencies (Robinson, Liu, Stoutenborough, & Vedlitz, 2013). Therefore, it is necessary to examine trust in particular institutions in order to figure out the exact influence of the Great Recession. Despite this imporance, not much attention has been given to specific government branches or agencies. This dissertation adds to the literature by analyzing the influence of the Great Recession on trust in central governments, congress, courts, police, political parties, and civil services.

The results from the WVS and the ESS are consistent with regard to the largest dip in trust in central governments. Planning and implementing economic policies is primarily the responsibility of the national government (Starke et al., 2013). Therefore, it is no surprise that central governments were accused of mishandling the crisis and causing the derailment of the economy. As a result, citizens lost their trust in central government because it failed to prevent the Great Recession from threatening the quality of their lives.

It should also be noted that trust in police was eroded the least from both data sets. Citizens were less critical of the police perhaps because they did not see them as having a responsibility to prevent the Great Recession. However, the evidence that police have suffered less than central governments with regard to losing trust did not mean that trust in police was immune from the Great Recession. This may be attributed to the reduced quantity and quality of police work because of the austerity measures. Owing to the budget cuts, many governments could not help but decrease their expenditures on police. For instance, French government cut around 12,000 police officers between 2007 and 2012 (Interview with a French scholar, 2016). These decreased expenditures hampered the ability of the police to perform well, which in turn eroded citizen trust in police.

Moreover, low-income citizens in particular suffered disproportionately from the Great Recession. Massive governmental reliance on austerity measures left many low-income people vulnerable. And low-income citizens were on the frontline with regard to job cuts. In contrast, high-income citizens did not bear the brunt of employment adjustment and have private resources to offset decline in public service. To low-income citizens, government failed to mitigate the negative impacts of the Great Recession. Therefore, it is reasonable to expect that low-income citizens lost more trust in their government than high-income citizens.

This dissertation empirically demonstrates that the Great Recession had more detrimental impacts on low-income citizens' trust in government than on the trust of high-income citizens. The problem is that many efforts undertaken by governments occur at the behest of wealthy people. Also, a lot of money was funneled into the field where it could gain high-visibility and high-prominence such as saving bankrupt financial institutions. At the same time, there was a burgeoning number of the poor people who needed their government to provide more help, more care, and more protection. However, those who need the most lacked the influence on government to allocate the resources for them. Thus, low-income citizens, who were less likely to receive support from their government, were much less likely than high-income citizens to offer support for their government. This dissertation calls for the government to fulfill its basic job in response to widespread concern about loss of trust in government. Much of the success of gaining trust will depend on how effectively public expenditure can be allocated to low-income citizens and on how well government can take care of those citizens who most need help.

Furthermore, the analysis of a difference-in-differences methodology showed that the impact of the Great Recession on overall citizen participation is negative. However, the results are mixed when aggregated citizen participation is separated to each mode. The Great Recession had negative impacts on voting and contacting public officials. By contrast, it had positive impacts on signing petitions and participation in demonstrations. When it comes to voting and contacting public officials, the deliberative democracy and civil volunteer model account for the variation of citizen behaviors. With regard to signing petitions and participation in demonstrations, stealth democracy and grievance theory explain the pattern of participation. In such situations, citizens may have believed that traditional channels of expressing their opinions had huge limitations. Instead, they relied on protesting and writing petitions for the redressing of their grievances.

In explaining the influence of the Great Recession on citizen participation, it is useful to compare the work of Kern et al. (2015)'s work. Their study also attempted to reveal how the Great Recession affected citizen participation by using the same data set (European Social Survey). Their findings were that the Great Recession, measured by dummy year 2008 and 2010, had a negative impact on participation. These results are consistent in that the Great Recession negatively affected voting and contacting public officials. However, the results are inconsistent with other modes of participation. These differences stemmed from varying targets and methodologies. This dissertation used 8 countries, whereas these researchers used 26 countries. In addition, this dissertation used a difference-in-differences analysis whereas they used a multilevel analysis. These differences yielded varying outcomes. This dissertation contributed to the literature by adding evidence through using different methodology. A fuller understanding of how the Great Recession affected citizen participation requires additional empirical tests with different methodologies.

6.3 Public Policy and Management Implications

The results of this dissertation provide several useful implications for public policy and management. First of all, a government's ability to manage a crisis is crucially important. Many governments, like that of Greece, failed to deal effectively with the crisis. To prevent the crisis, the importance of having a highly reliable organization that has developed a capacity for effectively processing information under stressful conditions, is salient (Boin et al., 2005, p.35). One of the reasons why Germany recovered more successfully than some other countries was its proper and prompt reactions through rapid information processing (Storm & Naastepad, 2015).

A crisis is inherently unexpected and undesirable (Boin, 't Hart, Stern, & Sundelius, 2005). A crisis creates distinctly non-routine problems that challenge routine procedure of government (Kettl, 2008). It is of course true that an economic crisis was undesirable. However, to a large extent, the occurrence of economic crises can be expected. As a long-standing concern, the world has already experienced a number of economic recessions or depressions with some variations. Boom and bust economic cycles continue to lead to government interventions. In this sense, the effort to strengthen the fundamental governmental capacity to identify and prevent an economic crisis is necessary. In particular, a resilient organization, which always expects crises to happen and prepares accordingly (Boin et al., 2005), is noteworthy. To become more effective at solving the problems that can be expected to occur in the modern world, governments should devote efforts toward becoming more resilient. If a government has not enough capacity and is ill equipped to handle the crisis, it will likely encounter similar problems.

In addition, chapter 3 addresses how eight countries coped with the challenges of the Great Recession. What made government particularly difficult arose from the lack of the resources. Social policy measures cushioned the most harmful effects of the economic crisis, particularly for vulnerable groups of the population (Starke et al., 2013). Furthermore, citizens placed high demands on governments in an environment of economic crisis. Performance is optimized when good management is provided with resources, authority, and discretion necessary to carry out basic administrative functions (Heckman, 2015). But a lack of such resources just as easily prevented governments from providing strong performance in a timely way.

As is well known, austerity measures accompanied this lack of resources, and retrenchment measures were often enforced by the troika. For instance, Greece pushed for a halt to public spending increases, including a deferral of pension and childcare benefits. To receive bailout money from the troika, there actions were mandatory. The problem with this austerity policy is that the recommendation led to more destructive effects on public administration.

Despite the defects in private sector markets and the credit bubbles that created the financial crisis, the government mainly took the brunt of the blame. Politicians and the media charge that the public sector was too large and to had overly generous employment conditions (Wilks, 2010). Attempts to prune expenditures on what was regarded as a perhaps unnecessary is understandable. However, austerity measures enforced by the troika hollowed out the key functions of government. Fiscal stresses caused by the austerity measures strained the ability of public administration to address their countries' policy challenges. There were a lot of demands that flowed from a devastating recession (Greener, 2013). Nevertheless, the onus for the implementation of public services falls on government. Greener (2013, p.14) argued that public services are more needed when market failures exist. This raises questions about whether thes austerity measures are proper. Rather, under these circumstances, a better strategy would be to devote a larger portion of resources to public services.

Furthermore, the Great Recession demonstrates that a more integrated international economy had spillover effects on other countries, which required the coordination of policies (Kahler, 2013). Countries were being asked to shoulder larger amounts of global market risk compared with the closed system of several decades past. The problem is that national governments now have limited maneuvering room for fixing such a crisis because the influence of the internationalized market transcends national jurisdiction (Armingeon, 2012). Therefore, the preparations of a national government alone do not suffice. Countries must be able to muster the political will for concerted action at the European level in order to get of such dire economic situations. Without making a conscious effort, government cannot build trust.

The spreading of the Great Recession's impacts relied on a high degree of national interdependence, and thus understanding the thickening texture of communication among countries becomes essential (Starke et al., 2013). The economic crisis of the Great Recession of 2008 had an uncommon ability to confound the boundaries that any single country draw in an attempt to confine its impacts. In the case of such a transboundary crisis, therefore, emergency management officials across countries should coordinate their communication efforts to prepare for the aftermath of the crisis (Rose & Kustra, 2013). It is becoming increasingly hard for a single country to assign responsibility for controlling the crisis. In this sense, the former British Prime Minister Brown called for financial regulation and stimulus based on the model of supranational cooperation (Bailey, 2014).

6.4 Limitations

Despite the theoretical contributions and practical implications, several limitations of this dissertation should be noted. First, in a difference-in-differences methodology, it is presumed that only the treatment groups receive the treatment whereas the control groups do not receive any treatment at all. Although Germany was less affected by the Great Recession, for instance, it nevertheless experienced various important economic, social and political changes during the period of study. The other comparison countries were also economically troubled during the Great Recession period. This is because all countries were influenced by the Great Recession to varying degrees, and thus there is no clear counterfactual situation in which the Great Recession had no effect. Therefore, the results should be interpreted with caution.

Furthermore, compared to a true experiment, this study has a limitation that inherently pertains to quasi-experimental design. A true experiment would require that treatment and comparison groups are randomly assigned. On the contrary, quasi-experiment design employs nonequivalent groups. Although the eight European countries analyzed in this dissertation share similarities, they also differ along many relevant dimensions, such as the nature of their various cultural values and how their citizens perceive the role of government. Any one of those dimensions could potentially account for the results, although an attempt was made to control statistically for measurable social and demographic factors. Despite some limitations of quasi-experiment design, it could provide some insights into the impacts of performance on citizens' trust.

In addition, the other threat to internal validity is a historic event. It is important to note that impacts other than the Great Recession may influence trust in government. One potential confounding factor can be the occurrence of political scandals during the period of Great Recession, which could explain the steep decline in trust. One country may experience a set of political scandals that the other does not. However, the severity of the Great Recession eclipsed the other impacts on citizen trust. European commissioner Joaquín Almunia noted that Europe was in the "midst of its deepest and most widespread recession in the post-war era." This statement illustrates the profundity of the Great Recession. Therefore, it is reasonable to conjecture that the Great Recession was the deterministic component that mattered most deeply in European citizens' trust. While this research design does not address all possible ways that trust in government can be affected, the findings contribute to the growing body of evidence showing the importance of government performance during the Great Recession.

Furthermore, the generalizability of the results might be somewhat bounded. This boils down to the question, "Can a causal relationship obtained in Europe be extrapolated to other regions?" Cultural characteristics of European countries lead individuals to be more or less trusting toward government, and the impact of the Great Recession might be different in Asia or Latin America. This calls for caution, therefore, when generalizing the results from this study to other countries. Acquiring either internal or external validity is often a tradeoff. Making a causal inference, researchers should choose a specific design that may sacrifice internal or external validity. This dissertation found evidence with relatively high internal validity by using a certain feature of a natural experiment design while giving some levels of external validity.

Moreover, measurement can be a troublesome threat. A thorough understanding of trust in government is needed because trust has a multi-dimensional nature (Thomas, 1998). Both the World Values Survey (WVS) and the European Social Survey (ESS) asked about confidence in each government institution to tap into citizens' trust. On the other hand, the American National Election Studies (ANES) uses questionnaires asking whether government wastes taxes, operates on behalf of big interests, and is crooked. Cook and Gronke (2005) find that GSS and ANES yield different outcomes. Therefore, it is worth noting that employing different measures, such as the questionnaires used in ANES, generates varying results.

In addition, the ESS measurement has limitations. The ESS does not include the items asking about confidence in national government; it mainly has the responsibility to manage economic policies. This dissertation used includes an item to measure satisfaction with central government. However, although satisfaction has to do with trust, it is not identical with it because satisfaction lacks the aspect of expectation that trust includes (Orren, 1997). Therefore, greater care should be exercised before interpreting the results.

Despite these measurement limitations, this study has an advantage over the consistency of the measurement. Some quasi-experiment models suffer from low levels of validity, if a researcher cannot collect pretest measures (T. D. Cook & Campbell, 1979). WVS and ESS have been conducted for over 10 years with operationally identical measurements, strengthening the validity of this study.

6.5 Directions for Future Research

The results do not confirm any significant relationship between the Great Recession and a compliance with laws. However, it would be interesting for future studies to investigate how trust in government plays a mediating or moderating role between an economic crisis and compliance with law. With regard to the mediating role, one might expect that since the Great Recession negatively affected trust in government, and a reduced trust in turn would lead to a decrease in compliance with law. With respect to the moderating role, one might expect that the negative relationship between an economic crisis and compliance with law could be reduced by high levels of trust in government.

This dissertation utilized the unique situation of the Great Recession to seek out the relationship between performance and trust in government. Any empirical estimation of the influence of the Great Recession can be plagued by the aforementioned difficulties. Thus, it will be interesting to perform a field experimental research to find out the relationship between performance and trust. An experimental research design is well suited to shed light on the question of how performance determines trust in government. For example, randomly assigned participants are shown a cover sheet for hypothetical performance scenarios. These scenarios should be constructed to maximize differences across a number of performance parameters. Asking about amounts of trust in different government institutions enables researchers to provide detailed causal evidence of how various government performance causes trust in details.

Furthermore, trust in government is highly context-dependent. To generalize to other contexts the causal links discovered in European nations would require examining the trust-performance relationship in those other contexts. Research into this issue as it presents itself in Asia and Latin America may provide interesting comparisons since the influences of governmental performance may not be similarly effective in those areas. In Asia, and in particular in northeast Asia, there are strong sentiments that citizens need to help government when it is in trouble. In other words, the rally effect may be so strong that the impact of the Great Recession on trust in government can be insubstantial. Replicating this dissertation in a different context would contribute to an increase in the study's external validity.

Also, while the World Values Survey and European Social Survey represent important measures for understanding trust, they are limited because trust is anything but a neat concept. As described in the chapter 2, trust comprises the aspects of competence, integrity, and benevolence. It is worth noting that capturing these dimensions of trust can extend the understanding of the Great Recession's influence. Although the Great Recession decreased the competence aspect of trust in government, it may not have reduced the benevolence aspect of that trust.

6.6 Concluding Remarks

Democracies do not require unquestioning trust. Rather, their viability demands some skepticism toward government (Andrain & Smith, 2006). A distrustful attitude is necessary to make realistic criticisms of democratic government. However, many governments are suffering from very low levels of trust.

Understanding the impact of performance on trust in government requires a more complex account of external and internal forces and the way citizens interact with government. Governments should perform essential public functions regardless of the situations that they face. Although the existing level of citizen trust affects performance, it is naïve to believe that a government relies on that trust in order to carry out its essential its performance. Of course, it is a tall order for a government to achieve good performance during times of austerity. To complicate this matter further, citizen expectations for government action have increased (Tria & Valotti, 2012). However, this burden can be relieved by practices of effective public management.

This dissertation made an important theoretical contribution to trust studies and provided practical implications for public administration. I hope this dissertation will provide new insights about trust in government and will stimulate future theoretical and empirical work in this area.

APPENDIX A. The impacts of the Great Recession on citizen trust in government (Germany and the Netherlands are coded 0; Belgium, France, Greece, Italy, Portugal, and Spain are coded 1)

	Basic DD		DD model with control	
	Beta	SE	Beta	SE
Year	0.028**	0.038	0.041***	0.043
Country	-0.107***	0.032	-0.069***	0.038
Year x Country	***-0.226****	***0.046***	***-0.178****	***0.053***
Sex			0.001	0.025
Age			0.043	0.001
Education			0.079***	0.003
Income			0.122***	0.006
Political ideology			0.078***	0.006
F	905.39***		230.10***	
N	32.529		20,454	
Adj R^2	0.077		0.082	

Notes. *p<.05, **p<.01, ***p<.001

APPENDIX B. The impacts of the Great Recession on citizen trust in government (Germany and the Netherlands are coded 0; Spain is coded 1)

	Basic DD		DD model with control	
	Beta	SE	Beta	SE
Year	0.029**	0.037	0.044***	0.042
Country	-0.068***	0.049	-0.031***	0.063
Year x Country	***-0.122****	***0.069***	***-0.139****	***0.084***
Sex			-0.001	0.036
Age			0.031	0.001
Education			0.066***	0.005
Income			0.134***	0.008
Political ideology			0.084***	0.009
F	130.79***		80.08***	
N	13,401		9,502	
Adj R^2	0.028		0.062	

Notes. *p<.05, **p<.01, ***p<.001

Appendix C. Data Sources

World Values Survey

World Values Survey (2015). World Values Survey (WVS_Longitudinal_1981-2014_rdata_v_2015_04_18.)

Available from http://www.worldvaluessurvey.org/wvs.jsp

European Social Survey

European Social Survey (2004). The European Social Survey Round 2 (ESS2e03_4)
European Social Survey (2006). The European Social Survey Round 3 (ESS3e03_5)
European Social Survey (2010). The European Social Survey Round 5 (ESS5e03_2)
European Social Survey (2012). The European Social Survey Round 6 (ESS6e02_1)

Available from http://www.europeansocialsurvey.org/data/round-index.html

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