Securing the welfare of the people to foster political engagement and democratic legitimacy?

A longitudinal analysis on the impact of economic inequality and social welfare policies on political trust and participation in Europe

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Introduction

Across Europe, there is a growing concern that representative democracies are struggling to maintain citizens' confidence in political institutions and democratic decision-making procedures (Van der Meer, 2017; van Ham, Thomassen, Aarts & Andeweg, 2017). Citizens more often lack confidence in their political institutions and are becoming less willing to engage in elections and other forms of political participation (Blais & Rubenson, 2013; Hooghe & Kern, 2017; Marien, Hooghe & Quintelier, 2010). Moreover, a sizeable number of citizens are indicating that they no longer believe in the reliability and responsiveness of their democracies (Norris, 2022; OECD, 2022; van Ham, Thomassen, Aarts & Andeweg, 2017).

One explanation for this alleged 'crisis of democracy' in Europe is that political participation is not equal: there is an asymmetry in the access to political power by less affluent citizens. Less well-to-do citizens, such as poorer or shorter educated citizens, participate less in politics, more readily believe that politics is not 'for people like them', and express lower trust in political institutions (Goubin & Hooghe, 2020; Solt, 2008). Moreover, governments are more likely to implement policies that are in line with the policy preferences of more 'well-off' citizens (Lesschaeve, 2016; Schakel & Hakhverdian, 2018). There is indeed increasing scientific evidence that democratic-decision making is skewed towards the policy-interests of the rich and longer educated (Elkjær & Klitgaard, 2021; Gilens, 2012; Rosset, Giger & Bernauer, 2013). In short, unequal political participation and representation are currently troubling features of European democracies. This leads to reduced confidence in the democratic actors and processes.

As economic inequalities strengthen political inequalities in Europe, a key proposed remedy for unequal political participation and Europe's 'legitimacy crisis' is to boost equality through social welfare policies that secure basic human needs and social rights for all citizens (Kumlin & Rothstein, 2005; Rosset, Giger & Bernauer, 2013). However, the persistence of economic inequality in Europe, and the erosion of generous European welfare states, are reminders that the ideal of social inclusion of all citizens is far from achieved (Jensen & van Kersbergen, 2017). Since the 1980s, there has been a growing concentration of wealth and incomes in the hands of the top 10% richest Europeans away from the bottom 40%. Currently, about 60% of all net wealth is in the hands of 10% of the total European population (WID, 2023). Further, Europe's welfare states face 'permanent austerity' (Pierson, 2001), and several reform pressures (Hemerijck, & Huguenot-Noël, 2022), which are threatening their resilience. These tendencies have the potential to drive more people into economic insecurity, augment inequality, and are pointed out as being key causes of why European democracies are under pressure today (Eurofound, 2018; Lipps & Schraff, 2021).

Confronted with high and growing inequality, causing increasing dissonance between European citizens and their political institutions, how can democracies ensure that their citizens believe that their political institutions are reliable and responsive? These questions lie at the heart of this report, which is written within the framework of a larger European research consortium, INVOLVE (funded by Horizon Europe, 2023-2026). In the face of growing economic and political inequalities, **INVOLVE argues that more inclusive and qualitative public services can foster the involvement of citizens, and especially vulnerable citizens, in their democracies**. In that light, INVOLVE seeks to understand how the

welfare state, public and social services, and policies aimed at tackling inequalities are associated with trust and participation of individuals in their democracies.[1]

In the current report, the key objective is to examine if economic inequality and social policies are indeed connected to political engagement and democratic legitimacy in Europe. It investigates if changes in inequality and social welfare policy regimes both within and between European countries can be linked to national level political trust and rates of political participation. Further, the report will assess if these changes are associated with two key democratic inputs: citizens' likelihood to participate in politics and their trust in political institutions (Easton, 1975; Norris, 2022). The report will take stock of the long-term trends of trust in public institutions and political participation in Europe at the national level, and their association with economic inequality and the generosity of social policies.

The analyses of the report are in that light guided by the following three research objectives, as described in the INVOLVE project's grant agreement:

1. What are the long-term trends of trust in political institutions and political participation in Europe?
2. Is there an association between economic inequality, on the one hand, and trust in political institutions and participation, on the other hand?
3. Are more generous social policies associated with higher levels of political trust and participation?

The remainder of this report is structured in the following manner. Section 1 - Fostering Democracy through Fostering Equality? - provides a literature review on how trust in public institutions and political participation in Europe are associated with social inclusion. This discussion of the academic literature also provides a brief theoretical conceptualisation of the main concepts of interest: political trust and political participation. Section 2 - Data and Methods - gives information about the research methodology utilised, along with an outline of the various data sources that were analysed to capture how changing levels of inequality and social policies over time and between European countries are associated with variations in political engagement and democratic legitimacy. Section 3 - the Impact of Economic Inequality and Social Welfare policies - discusses descriptive trends and provides a general picture of changes in political trust, political participation, economic inequality and the generosity of social spending in Europe over the last 40 years. After providing the descriptive trends, the underlying association between the concepts is examined to provide an answer to the report's research objectives. Section 4 - Conclusion – synthesises the overall findings to offer insights for policymakers.

This report concludes that there is a **significant decline** in engagement with democratic institutions, notably **in voting behavior**. Contrary to this trend, **non-electoral participation and political trust do not exhibit a comparable downward trajectory**. Furthermore, the results **link lower levels of political trust and participation** to **social policy interventions**, but only to a limited extent. Finally, **increasing disparities in disposable income and wealth undermine political engagement and democratic legitimacy across Europe**.

[1] More information about the project can be found on its website: https://involve-democracy.eu/

1. Fostering Democracy through Fostering Equality?

1.1 Reducing Inequality as a Solution for European Democracies' Perceived Legitimacy Crisis

Democracies flourish by prioritising citizens' welfare and equal opportunities, including access to resources, rights, and economic participation (Eurofound, 2018; Takle et al., 2023). However, widespread economic struggles and opportunity gaps can erode trust in democratic institutions and diminish civic engagement, threatening democracy's stability (Bartels, 2008; Schäfer & Schwander, 2019; Verba et al., 1995). This report explores the links between economic inequality, social policies, and democratic involvement. Economic inequality, defined as the uneven access to financial resources among citizens, exacerbates societal disparities (Atkinson, 2015; Goubin, 2018; Solt, 2008). Conversely, social policies, such as unemployment benefits, pensions, and accessible quality health services, level the playing field and enhance democratic participation by fostering inclusive citizenship (Esping-Andersen, 1990; Takle et al., 2023), providing a potential "mirror" of economic inequality (Shore, 2019: 3). **In the next section, we discuss the dominant theoretical frameworks on the links between inequality, social policies, trust, and participation.**

1.1.1 Economic Inequality, Trust and Participation

It is argued that growing inequalities, and growing economic inequality in particular, damages participation and trust in democratic decision-making procedures. **Economic inequality is the unequal distribution of financial resources, like incomes and assets among individuals, households, or societal groups** (Atkinson, 2015). The extent of this inequality is reflected in the disparities between, for instance, monthly incomes and financial assets, within a country. Recent decades have seen a marked increase in income and wealth disparities (Derviş & Qureshi, 2016; Rakauskienė & Volodzkienė, 2017). While some level of economic inequality may be acceptable, reflecting merit-based rewards, its amplification can disproportionately empower certain citizens, as some citizens will have more resources to use and influence politics when economic inequality is greater (Solt, 2008; Verba, Schlozman & Brady, 1995).

Economic inequality makes it easier for the rich to dominate the political agenda as this group will have, *ceteris paribus*, more resources available to influence politics. In that regard, across all democracies, economically powerful citizens are more active politically while economically vulnerable citizens are more excluded (Meltzer & Richard, 1981; Verba, Schlozman & Brady, 1995). Richer citizens can leverage more resources to finance lobbying campaigns, have more direct access to politicians and civil servants, and have a stronger influence on the national public agenda and media debates (Bartels, 2008; Solt, 2010). This unequal access to power and debates also leads to favourable policymaking. Longitudinal studies, for instance in the US (Bartels, 2008) and the Netherlands (Schakel & Hakhverdian, 2018), show that members of parliament and senators are more likely to pass legislation that align with the policy preferences of richer, as opposed to poorer, citizens, across a range of policy issues (both on socioeconomic and cultural topics). As a result, economically vulnerable citizens become alienated from political decisions across democracies.

In economically more unequal societies, this imbalanced influence is amplified, as the gap between the incomes and assets of richer versus poorer and middle-class citizens widens. Less well-to-do citizens therefore are even more at risk to be pushed out of politics. As they feel that their voices do not count to the same degree as the voices of the rich, they conclude that their participation does not matter, and withdraw

from participating politically altogether (Gallego, 2015; Solt, 2008, 2010). One can conceive of this as 'rational behaviour': political participation is cognitively demanding, it takes time and often lacks 'immediate benefits' for the participant (Verba, Schlozman & Brady, 1995). Hence, the more political decision-making is skewed towards the preferences of the rich, the more it makes sense for less-well-to-do citizens to spend their scarcer resources on other activities (Filetti & Janmaat, 2018). Correspondingly, this political exclusion should also imply that fewer citizens have reasons to trust their political institutions (Goubin, 2018).

There is an associated symbolic dimension regarding this impact of inequality. While resource-based explanations on the political consequences of inequality tend to focus on an 'individual-interest' explanation, emphasising 'rational' considerations, other authors have argued that such a perspective is complemented by fairness and moral considerations (Goubin & Hooghe, 2020; Rothstein, 1998; Trump, 2020). Citizens can care to varying degrees about economic inequality and how fair their society is. For instance, people perceive society to be unfair because of unfair socio-economic conditions and resource allocation procedures i.e., because the rich are too successful in dominating the political agenda (Janmaat, 2013; Trump, 2020).

Both the resource- and fairness explanations would therefore predict that more unequal societies will be characterised by lower levels of participation and political trust. In a series of articles, Solt (2008, 2010, 2015), for example, finds proof that this is the case: higher levels of economic inequality are associated with lower levels of political interest, turnout during elections and participation in protests. Further, one of the most consistent findings in the literature on inequality and participation is that inequality damages turnout in elections (Gallego, 2015; Filetti & Janmaat, 2018; Jensen & Jespersen, 2017; Solt, 2008, 2010). This is an indication that citizens are less likely to believe that electoral democracy works for them in more unequal contexts, leading to larger segments of citizens withholding their vote. Some studies also suggest that incumbent governments are punished when inequality rises during their mandate (Dassonneville & Lewis-Beck, 2020; Jastramskis, Kuokštis & Baltrukevičius, 2019; but see Goubin, Hooghe, Okolikj & Stiers, 2020). With regards to other forms of participation, there is less empirical evidence, though Filetti and Janmaat (2018) find that inequality is connected to reduced levels of non-institutionalised forms of participation (e.g., signing a petition, working in a non-political organisation). Empirical evidence is also suggestive of a negative association between inequality and trust in political institutions (Guinjoan & Rico, 2018; Lipps & Schraff, 2021; Schäfer, 2012; Zmerli & Castillo, 2015), though authors are still debating to what degree this association is empirically consistent (Goubin & Hooghe, 2020; Van der Meer & Hakhverdian, 2017). In conclusion, this brief overview of **the literature is clearly suggestive of a negative link between economic inequality on the one hand, and political engagement and democratic legitimacy on the other hand**.

1.1.2 Social Policies, Trust and Participation

Public worries about the persistence of various forms of social exclusion, including economic inequality, can be alleviated by policies that provide social rights to citizens (Takle et al., 2023). Social welfare policies provide these rights and encompass various public measures designed to protect citizens from economic risks, to meet basic needs, and to ensure equitable resource access and opportunities. Such policies include ensuring replacement incomes in times of unemployment or sickness, pensions in old-age, and promoting childcare to facilitate work (Esping-Andersen, 1990). In that regard, **welfare state policies can be regarded as "the mirror" of economic inequality** (Shore, 2019: 3). When governments develop and implement social policies that effectively address societal needs, they demonstrate their commitment to the welfare of their citizens. This can foster trust in the government's ability to address societal challenges and promote the well-being of the population. In a similar vein, when governments implement inclusive and responsive social policies, they can empower marginalised groups, reduce inequalities, and provide equal opportunities. This can encourage political participation by securing the ability of all citizens to engage with their democracies, fostering inclusion and promoting social cohesion (Kumlin, 2004; Kumlin & Rothstein, 2005; Shore, 2019).

There are several theoretical reasons for expecting a link between social welfare policies, on the one hand, and political engagement and democratic legitimacy on the other hand. What all of them have in common is an expectation that performance of the welfare state informs citizens about how their government and public institutions are functioning and how well they perform more generally (Bussi, Dupuy & Van Ingelgom, 2022; Campbell, 2011; Kumlin & Haugsgjerd, 2017).

Box 1.1 Defining Political Engagement and Democratic Legitimacy

The framework for this report is grounded in the Eastonian approach (1965, 1975) that underscores the importance of two inputs of democracy: political demands and political support. In that regard, activities that signal to political institutions what citizens' policy priorities are, can be considered as quintessential aspects of political demands (see also Schlozman, Verba & Brady, 1995). Meanwhile, political support refers to citizens' perception of incumbent governing institutions as legitimate, which is closely tied to the level of trust they place in those institutions (see also Norris, 1999, 2011, 2022).

Democratic Legitimacy: Political Trust

Political trust, as indicator of democratic legitimacy, reflects citizens' confidence in their governing institutions and processes (Easton, 1975). *Citizens have trust when they have confidence that their political institutions and actors will act according to citizens' expectations of positive behaviour* (OECD, 2017: 42). Hence, trust inherently entails that citizens believe that their political institutions and actors will enact good governance, even when citizens are not actively monitoring or controlling these.

High political trust encourages political participation, and policy support (Hetherington, 2005; van Ham et al., 2017). Conversely, low trust can lead to political disillusionment, disengagement, or even protest and violence (Marien & Hooghe, 2011; Norris, 2011). Political trust varies within and between countries, and is influenced by historical, cultural, economic, and political factors (Newton, 2006; Norris, 2011). It can stem from perceived good governance, or perceptions of political actors' responsiveness and sympathy towards specific groups (Fiske, et al, 2002; Fiske, 2018; OECD, 2017). Factors like political scandals and corruption decrease trust, while responsive governance and economic stability enhance it (de Blok et al., 2019; Goubin & Hooghe, 2020; Van der Meer, 2017; Van der Meer & Hakhverdian, 2017). Within nations, political trust distribution varies, often so that trust is lower among minorities and lower-income groups due to discrimination, exclusion, and economic challenges (Goubin & Hooghe, 2020; OECD, 2022). In sum, political trust is a pivotal aspect of democratic governance, influencing political stability, legitimacy, and citizen participation, and it is vital for both policymakers and the public alike.

Political Engagement: Political Participation

Political participation refers to the ways in which citizens engage with the political system and attempt to influence the decisions and actions of government. More formally, *political participation can be defined as "citizens' activities affecting politics"* (van Deth, 2014: 353). This requires (1) an active "intervention" or "act" by a citizen, (2) that is targeted towards a given political actor/institution at a given level of government, and (3) that the act is voluntary.

When studying political participation, authors make a distinction between two major types of political participation (Marien, Hooghe & Quintelier, 2010; van Deth, 2014):

- Institutionalised forms of political participation: they are forms of participation that are directly connected to the political system. They usually refer to activities that are formally recognised and accepted by the political system, such as running for office, joining political parties, and lobbying. Institutionalised forms of participation are usually more compliant, i.e., supportive of existing political structures and actors. The most prevalent form of institutional participation is electoral participation, referring to voting in democratic elections.
- Non-institutionalised forms of political participation: they refer to activities outside of traditional political institutions, that are often not formally recognised or sanctioned by the political system, such as protests, demonstrations, and other forms of direct action. While these acts are politically motivated and aim to change the way one's society is currently operating, they are not necessarily directly aimed at a specific political actor or institution. These activities are also more often seen as more disruptive and confrontational and may be met with resistance or repression by the authorities.

Political participation is not evenly distributed across democracies and is often stratified. Some groups, such as wealthy and educated individuals, are more likely to participate in politics than others (Dalton, 2017; Schlozman, Verba & Brady, 2012). This creates power imbalances and inequalities in the political process, as some voices are amplified while others are marginalised (Elkjær & Klitgaard, 2021; Gilens, 2012; Rosset, Giger & Bernauer, 2013; Solt, 2008). *Efforts to increase political participation and ensure equal access to political power are thus important for promoting democratic governance and social justice*.

Crucially, we differentiate political participation from civic engagement. This refers to actions taken within the community, such as volunteering for NGOs, as opposed to actions targeted at political institutions (Theocharis & Van Deth, 2018; Van Deth, 2014). Forms of civic engagement *aim to solve* collective or community problems head on, while political participation *aims to bring a problem to the attention of political institutions*. In this report, we focus primarily on the latter.

First, welfare state policies are argued to have interpretative and normative effects (Bussi, Dupuy & Van Ingelgom, 2022; Campbell, 2011). Interpretative effects of welfare state policies refer to the way in which citizens interpret and make sense of these policies. Welfare state policies can shape citizens' perceptions and attitudes towards government, social inequality, and the overall functioning of society. For example, the implementation of austerity measures in social spending may lead citizens to perceive the government as prioritising fiscal responsibility over social welfare, potentially eroding trust in the government's ability to meet citizens' needs. On the other hand, more generous social protection policies may foster a sense of security and trust in government (Giger & Nelson, 2013; Shore, 2019).

Normative effects of welfare state policies pertain to the moral and ethical values associated with these policies. Welfare state policies can function as a symbolic signal that reflects a society's commitment to principles such as social justice, equality, and solidarity**.** These policies can shape and reinforce societal norms and values regarding the provision of social support and the responsibility of the state towards its citizens. For instance, a redistributive welfare state that emphasises equal opportunities and social safety nets may contribute to a normative framework that values social cohesion and collective responsibility. In contrast, policies that prioritise market-driven approaches and limited social support may reinforce individualistic norms and the idea of personal responsibility (Bussi, Dupuy & Van Ingelgom, 2022; Esping-Andersen, 1990; Kumlin & Rothstein, 2005; Rothstein, 1998; Shore, 2019).

In that regard, there are three additional perspectives on how social policies can inform the general public about the trustworthiness of political institutions and the relevance of political participation, namely, the self-interest, distributive justice, and procedural justice perspective (Campbell, 2011; Kumlin, 2004; Shore, 2019; Soss, 1999a, 1999b). First, the self-interest perspective suggests that personal benefits from welfare services, like income replacement during times of income loss or quality healthcare, shape citizens' views on these services and the reliability of public institutions. Positive experiences with such services can enhance trust in political actors and influence voting behaviour towards the incumbent government (Kumlin, 2004). Second, the distributive justice perspective focuses on moral evaluations of fairness in public services, such as equal access to pensions. Citizens may attribute greater perceived inequality to political decisions, potentially diminishing support for political actors or shift support to parties advocating policy reforms (Shore, 2019). This includes welfare deservingness and chauvinism, where support for radical right parties arises from desires to protect welfare benefits from perceived undeserving groups, like immigrants and non-taxpayers (de Koster, Achterberg & van der Waal, 2013; Goubin & Hooghe, 2020). Last, the procedural justice perspective emphasises the importance of fair processes in welfare policy implementation. Perceived fairness, respect in service delivery, and citizen involvement in decision-making, can boost political engagement and democratic legitimacy. On the other hand, perceived biased or disrespectful processes can erode trust in political institutions, impacting political engagement (Campbell, 2011; Kumlin, 2004; Shore, 2019; Soss, 1999a, 1999b).

Empirical research on the relationship between social policies, on the one hand, and political engagement and democratic legitimacy, on the other hand, is relatively sparse. Most existing research focuses on the macrolevel, i.e., on how welfare state regimes structure political trust and participation in a given country. For instance, researchers show that governments that implement austerity measures in social spending usually lose votes in the election following the implementation of these austerity measures (Armingeon, Guthmann & Weisstanner, 2016; Jensen, Knill, Schulze & Tosun, 2014). Such findings are now being mirrored by individual level surveys: citizens that care about social welfare policies punish governments when they implement cutbacks (Giger & Nelson, 2013). More in general, empirical research indicates that citizens are more likely to support incumbent governments when satisfied with the implemented social policies at various levels of government (Giger, 2010), which also positively influences satisfaction with democracy and political trust (Lühiste, 2014). These relationships have been documented both between countries and over time within countries (Haugsgjerd & Kumlin, 2020; Kumlin & Haugsgjerd, 2017). However, the type of social policy is relevant for political trust. For instance, means-tested social assistance programmes have shown to undermine political trust (Kumlin, 2004; Kumlin & Rothstein, 2005), and perceptions of responsiveness of governments (Soss, 1999a, 1999b). Moreover, in countries with less redistributive welfare states, and higher levels of income inequality, research has shown that trust in political institutions and satisfaction with democracy tends to be lower (Goubin & Hooghe, 2020), though evidence remains mixed (Goubin, 2018). It should be highlighted that authors have uncovered such relations for all perspectives, meaning **the self-interest, distributive justice and procedural fairness mechanisms relating social**

policies to political demands and support can function in parallel (e.g., de Blok, Haugsgjerd & Kumlin, 2019; Kumlin, 2004; Schnaudt, Hahn & Heppner, 2021).

Understanding political engagement and democratic legitimacy also requires acknowledging the importance of individual risk perceptions as shaped by the welfare state. For instance, Cammett, Lynch and Bilev (2015) showed that citizens with unmet health needs are more negative about the quality of their welfare services, which reduces their trust in government. Moreover, in countries where healthcare systems are privatised to a larger degree, citizens with unmet needs will become even more critical of their political institutions. Nguyen (2017) finds a similar pattern in the case of social trust among the unemployed: unemployment experiences have a negative impact on citizens' trust. In countries with more generous unemployment benefits, however, this negative effect of experiencing unemployment is to a large degree mitigated. The link between citizens' personal experiences with welfare services and political participation is less clear, as research has been far and few in between. Some studies suggest that negative individual experiences lower the likelihood that these citizens will engage in politics (Soss, 1999a, 1999b). As Shore (2014, 2019) argues, group-specific effects should occur, stating "[w]elfare services provide the greatest boost in participation to citizens with the fewest resources, as government offerings may have a greater impact on their lives and well-being than those from the upper income categories" (Shore, 2014: 45-46).

In summary, **in countries with redistributive, expansive, and generous welfare states, we observe higher levels of political engagement and democratic legitimacy, and among more vulnerable groups in particular**. While there is limited research available, the existing evidence suggests that social policies have a positive impact on political trust and political participation. Satisfaction with social protection, the type of social policy, individual risk perceptions, and the redistributive nature of welfare states all play a role in shaping citizens' attitudes towards, and engagement with, the political system. Thus, through addressing economic inequality and promoting inclusive social policies, it could be ensured that societies are more trustful and participatory. In what follows, this report investigates if this conclusion holds up when investigating trends in economic inequality, social policies, trust, and participation over time.

2. Data and Methods

This report on how economic inequality and social welfare policies relate to political trust and participation in Europe relies on a wide range of macro-level data sources and international public opinion surveys. In particular, data from 31 European countries is analysed from 1980 until 2022.[2] Below, we provide more details on the operationalisation of the key concepts. Appendix B provides an overview of the data sources, variables used, descriptive statistics, data availability of different variables, and variable interpretations.

2.1. Measuring Political Engagement and Democratic Legitimacy

2.1.1. Political Trust

To examine how political trust has fluctuated over the last 4 decades, this report uses a **composite measure**. This summary indicator is based on 29 questions regarding trust in various political institutions across 6 international surveys. For each year, and country, an average score is computed that captures the average level of political trust in that country for a given year. Table 1 provides more details on the included surveys and trust questions. In total, the data used to compute the political trust indicator covers 31 European countries, 42 years, and 765 country-years. The political trust summary indicator is calculated based on a statistical technique called 'Bayesian latent variable modelling' (Claassen, 2019, 2022). This type of modelling allows for a comparison of scores for a given concept across various surveys and questions and creates a single indicator. This method accounts for variations caused by randomness while simultaneously removing time gaps in the data. More information on the modelling strategy is reported in Appendix A.

Concretely, **a score of 0, for a given country-year, indicates that the level of political trust is the average level of trust observed across Europe over the last 4 decades**. Based on the raw responses across the survey questions, a score of 0 means that approximately 37.5% of the population indicated to trust their political institutions. Hence, a score around 0 can be understood as a population being neither trusting nor distrusting, while positive scores indicate high political trust, and negative scores indicate low political trust. For example, and in line with past research (Bruneau et al., 2001; Dogan, 2005; Marien, 2011; Norris, 2011; Torcal, 2017), Scandinavian countries (Denmark, Finland, Norway, and Sweden) that are known for their higher levels of political trust, have an average score of 1.45 between 2018 and 2020. In contrast, Southern European countries (Greece, Italy, Portugal, and Spain), that are known for their lower levels of political trust, have an average score of -1.82 between 2012 and 2014. Crucially, most country-year cases fall somewhere between these two more extreme country-year examples.

[2] The 31 European countries include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom.

Table 1. Survey-Item-Year Overview

Survey	Item (scale)	Years
International Social Survey Project (ISSP)	To what extent do you agree or disagree with the following statements? (scale 1 to 5) Most of the time we can trust people in government to do what is right. Most politicians are in politics only for what they can get out of it personally (reversed)	2004, 2014
	How much do you agree or disagree with each of the following statements? [1996]; Please tick one box on each line to show how much you agree or disagree with each of the following statements [2006 & 2016] (scaled 1 to 5) Most government administrators (civil servants) can be trusted to do what is best for the country.	1996, 2006, 2016
	How much confidence do you have in… (scale 1 to 5) …National Parliament …Civil Services (only 1991)	1991, 1998, 2008, 2018
Life in Transition Study (LiTS)	To what extent do you trust the following institutions? (scaled 1 to 5) The Presidency The National Government The Regional Government (not surveyed in 2006) The Local Government (not surveyed in 2006) The Parliament Political Parties	2006, 2010, 2016
European Social Survey (ESS)	Using this card, please tell me on a score of 0-10 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. (scaled 0 to 10) Politicians [Country]'s Parliament Political Parties (not surveyed in 2002)	2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018
European Quality of Life Survey (EQLS)	Trust in… (scaled 1 to 10) …Parliament …the Government …the Local (Municipal) Authorities (not surveyed in 2007)	2007, 2012, 2016
European Values Study (EVS)	Please look at this card and tell me, for each item listed, how much confidence you have in them, is it a great deal, quite a lot, not very much or none at all? (scaled 1 to 4) National Parliament Civil Services Government (not surveyed before 2001) Political Parties (not surveyed before 2001)	1981-1984, 1990-1993, 1999-2000, 2008-2009, 2017-2022
Euro-Barometer (EB)	How much do you trust the (national government) to do what is right? Do you trust it just about always, most of the time, only some of the time, or almost never? (scaled 1-4)	1985
	Please tell me how much you trust each of the following? (scaled 1-4) Local (City, Town, Village) Government Regional Government National Government	1998
	I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it. (scaled 1-2) Political Parties The Government The National Parliament (use of proper name) Civil Services (only surveyed in 1997, 1999, 2000, 2001) Public Administration in (only surveyed in 2022) Regional and Local Public Authorities (only surveyed in 2022)	1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

2.1.2. Political Participation

To capture how European citizens have participated politically over the last decades, the report studies several types of institutional and non-institutional forms of conventional political participation. To do so, the report uses the **European Social Survey** (ESS) as its main source.[3] The ESS is a high-quality biennial cross-national survey that collected 11 rounds of data on representative samples of European adult populations between 2002 to 2022. This data is ideal for this report, as it contains the most comprehensive list of political participation questions asked over the course of decades across Europe, providing consistency to examine trends in participation. Respondents were asked whether they engaged in any of the following activities in the past 12 months:

Table 2. Forms of Political Participation

Did you, or did you not, do one of the following in the last year:

- worn or displayed a campaign badge or sticker
- boycotted a product
- contacted a politician or government official
- donated money to a political organisation or group
- participated in a demonstration or protest
- signed a petition
- participated in a political or pressure group
- member of a trade union
- member of a political party
- worked for a political group
- shared political content online
- volunteered for an NGO

Source: European Social Survey, wave 1-10 (2002-2022).

All items are aggregated at the country-year level and **reported in percentages, reflecting the proportion of the Europeans who politically participated in that country for a given year**. It should be noted that not all countries participated in each wave, leading the final sample for political participation to cover 272 country-year combinations, though maintaining all countries. In addition to the items of the European Social Survey, **voter turnout statistics are examined too**, as these are a more objective measure of participation than self-reported behaviour questions, using the Comparative Political Data Set (Armingeon, et al., 2020).

Despite the diverse forms of participation captured by the ESS, a limitation of this data is that these forms of participation are more conventional as opposed to more innovative direct and deliberative forms of participation. While there has been a growing proliferation of ways in which citizens can get involved in their democracies, individual level survey data remains sparse, with individual-longitudinal survey data being absent. To somewhat gain insight into country-trends on innovative forms of participation, where governments empower citizens to discuss and develop policy proposals, the report **incorporates data from the Deliberative Democracy Dataset** (OECD, 2023). This dataset documents the rise of deliberative initiatives, when and where they occurred, and the **absolute number of citizens who participated**. Cases included are (1) Deliberative (minimum of one full day of meetings), (2) Representative (randomly selected citizens stratified from represented communities), and (3) Impactful (commissioned by a public authority). This provides an exploratory perspective on the prevalence of more innovative forms of participation. Accordingly, we incorporate a brief discussion on these forms of participation.

[3] Political participation questions are less consistently included in international surveys, which implies that Bayesian latent variable modelling is not a possibility, as items are too far and few in between.

2.2. Explaining Political Engagement and Democratic Legitimacy

2.2.1. Economic Inequality

To examine economic inequality, two related but distinct facets are considered: differences in wealth (value of all assets owned), and disposable income (income after taxation and benefit transfers). Over the last decades, it has been highlighted how inequalities in terms of household income and wealth within countries have grown (Derviş & Qureshi, 2016; Rakauskienė & Volodzkienė, 2017; Roine & Waldenström, 2015). This creates a condition where some citizens will have more resources to use and influence politics with (Verba, Schlozman & Brady, 1995), damaging equal political participation (Bartels, 2008; Schäfer & Schwander, 2019; Solt, 2008, 2010). To capture these two facets of economic inequality, this report relies on Gini coefficients. **Gini coefficients** reflect the income or wealth distribution of a given country between households. In this report, scores range from 0 to 100, where **0 means that all households receive an equal portion, while 100 means that all the resources are concentrated in a single household**. Statistics for economic inequality are obtained from the World Inequality Database (WID, 2023).

2.2.2. Social Welfare Policies

To study how welfare state policies affect trust and participation, we focus on three aspects of social policy: the overall size of social expenditure, spending types, and how generous social welfare entitlements are. By focusing on these three aspects, this report can account for impacts relating to the overall sustainability of social welfare expenditure, the extent to which different welfare domains are prioritised, and how effective policies are in ensuring social rights for its citizens. The specific welfare domains that we focus on in greater detail are: **(1) old age and pension spending, (2) healthcare and sick pay, and (3) unemployment spending**. The benefit of taking these three domains as a central focus, is that they each have rich time series data, are relevant for political agendas across Europe, and constitute the bulk of welfare spending and benefit transfers (for an extensive discussion, see Scruggs & Ramalho Tafoya, 2022).

First, social expenditure statistics are studied. Social expenditure refers to the public and mandatory, as well as voluntary private, social expenditure within government social policies. The domains that will be focused on are old age, health, and unemployment spending, as well as the total amount of government social spending. These expenditure statistics give an insight into how much governments are investing into providing social protection to different vulnerable groups within their respective populations, particularly, the elderly, the sick, and the unemployed. To make comparisons across countries, **expenditure statistics are presented in terms of the percentage of a country's national GDP**. Data for these statistics is obtained via the Comparative Political Data Set (CPDS) (Armingeon, et al., 2020).

This report utilises data from the Comparative Welfare Entitlement Project (CWEP) (Scruggs, 2023) to assess the generosity of welfare entitlements in 16 European countries from 1980 to 2018. The CWEP indices focus on citizens' rights to social insurance, considering aspects beyond expenditure, such as how the money is spent. The **indices account for qualification and waiting periods, expected duration of benefits, standard replacement rates, contribution proportions, and coverage rates**. Welfare generosity is examined for pension, unemployment, and sickness benefits. Scores are determined by summing these characteristics and classifying countries as less generous, averagely generous, or more generous, based on their deviation from the mean score in the CWEP dataset.

2.2.3. Auxiliary Explanations: Political and Economic Determinants

Within Section 3.3, multi-level within-between random effect models are analysed to examine the relationships between economic inequality and social welfare policies, on the one hand, and political trust and participation, on the other hand. In these models, we further **include other country characteristics which have been suggested as drivers of political engagement and democratic legitimacy as control variables**, allowing this report to isolate the influence of the main variables of interest (cfr. economic inequality and social policy) from other dynamics. This helps us to understand how these main variables affect the outcome without interference from the controlled factors. These factors include **the quality of electoral democracy, control of corruption, and economic performance**.

This report assesses the quality of electoral democracy using the Electoral Democracy Index from the Varieties of Democracy Project (V-Dem) (Coppedge, et al., 2022), reflecting the extent to which electoral principles of democracy are upheld in elections free from fraud, corruption, and systematic irregularities. This is captured through evaluating (a) ruler responsiveness, (b) electoral competition, and (c) political and civil freedoms and liberties. Moreover, this report uses the Control of Corruption index from the World Governance Indicators (WGI, 2017), reflecting general public perceptions of the extent to which public power is used for private gains. Finally, this report uses statistics on a country's unemployment rate and real GDP growth using data from the CPDS to account for fluctuations caused by economic performance.

3. Analysing the Impact of Economic Inequality and Social Welfare policies

The results section is organised into two main parts. The first part examines long-term trends in trust towards political institutions and political participation, as well as economic inequality and social welfare policies. It presents the latest available data to compare these key aspects between countries, illuminating the current state of affairs and highlighting the differences across Europe. This section also delves into long-term trends to offer insights into the origins of current differences between countries and how the countries themselves have evolved over time, addressing the first of this report's three research objectives.

In the second part, the relationships between economic inequality and social welfare policies, and trust in political institutions and political participation, are explored and analysed. Initially, the analysis investigates whether the trends discussed in the first segment are interrelated by estimating correlations for political trust and voter turnout with economic inequality and social welfare policies. Subsequently, these interconnected trends are incorporated into a model that estimates the impact of persistent differences between countries and temporary changes within countries over time for political trust and participation. These models also consider concurrent economic and political developments, providing a comprehensive understanding of the factors influencing democratic involvement to address the second and third research objectives of this report.

3.1 Trends in Political Engagement and Democratic Legitimacy

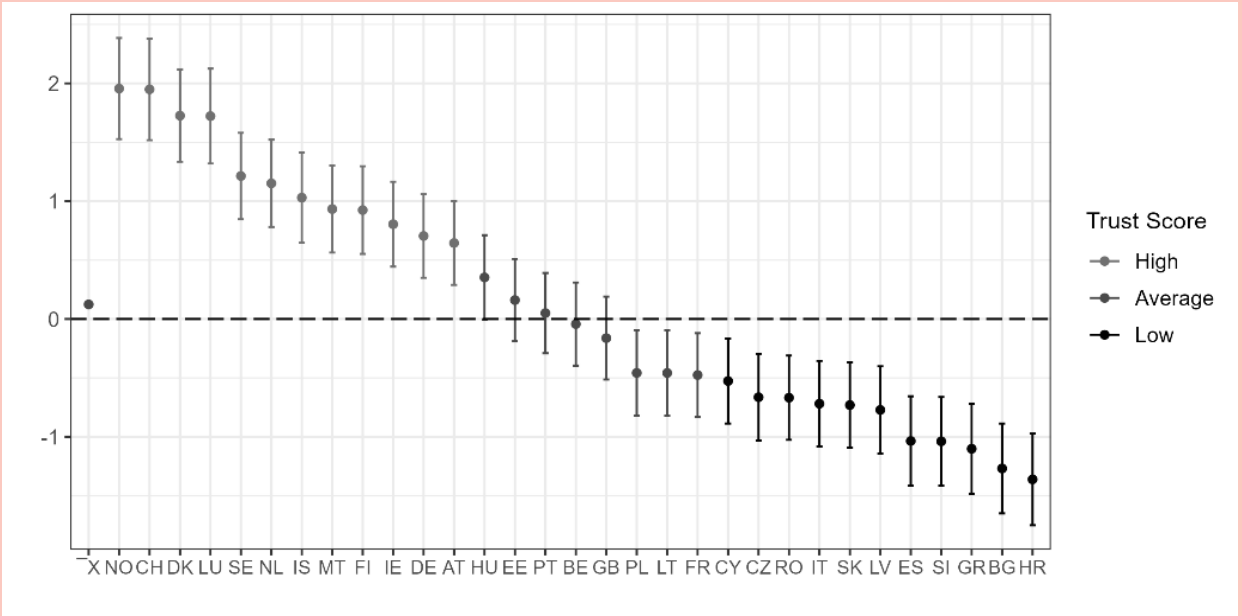
3.1.1. Trends in Political Trust

Trust in political institutions is pivotal for sustaining support in modern democratic systems, acting as both the cohesive force binding the system and the lubricant facilitating its operation (Van der Meer, 2017). Amid increasing worries about the public's backing for current democratic regimes (Norris, 2022; van Ham, Thomassen, Aarts, & Andeweg, 2017), the question arises whether Europe is facing a crisis of political trust. Figure 3.1 shows the levels of political trust in 2020 across Europe. **Compared to the average level of trust in Europe over the last four decades (score x = 0), we see that European countries are, on average, not more nor less trusting in 2020 (average score $\bar{x}$ in 2020 = 0.12)**. Therefore, it can be inferred that Europe, in 2020, did not experience a significant shift in the state of political trust compared to previous years. Yet, Figure 3.1 reveals **profound disparities in the level of political trust displayed between countries**. Based on the political trust summary indicator, multiple clusters of countries emerge. These clusters align with past findings showing higher levels of political trust in Northern European countries, and lower levels of trust observed in Southern and Eastern European countries (Marien, 2011; Norris, 2011; Torcal, 2017).

Figure 3.1 highlights countries at the upper spectrum of political trust. These include countries with the **highest levels of trust (Norway, Switzerland, Denmark, and Luxemburg), those with high trust (Sweden, the Netherlands, and Iceland), and those with average to high trust (Malta, Finland, Ireland, Germany, and Austria)**. Previous research indicates that citizens in these countries are less likely to face material deprivation or struggle to maintain a decent standard of living, thanks largely to comprehensive social welfare policies that ensure social rights (Samuel & Hadjar, 2016; Saltkjel & Malmberg-Heimonen, 2017). Conversely, at the lower end of Figure 3.1, we observe countries with **minimal political trust (Croatia,**

Bulgaria, Greece, Slovenia, and Spain), low trust (Latvia, Slovakia, Italy, Romania, Czech Republic), and average to low trust (Poland, Lithuania, France, and Cyprus). In many of these countries, higher inequality is prevalent, and citizens, especially those from disadvantaged groups, face challenges in maintaining a decent standard of living due to inadequately supported public services (Andersen & Ringdal, 2012; Lupu & Tiganasu, 2022; Saltkjel & Malmberg-Heimonen, 2017; Tambor, Klich & Domagala, 2021).

Figure 3.1 Citizens' Trust in Political Institutions Across Europe in 2020



Note: The scores depicted are derived from the proportion of respondents in six distinct international survey projects who reported trust in their political institutions. These scores are calculated relative to the average trust level observed across 31 European countries over the past four decades, which serves as the baseline zero point. The values can be interpreted similarly to standard deviation scores, providing a measure of how much trust deviates from the European average.
Source: Political trust mood score (1980-2022).

Figure 3.2 adds depth by highlighting the long-term trends in political trust. **The analysis of political trust over the last four decades reveals significant long-term trends, particularly from 2008 to 2020, a period marked by gradual recovery from the low trust scores witnessed in the wake of the economic recession (2008-2013).** This recession, characterised by high unemployment, reduced government expenditures, and austerity policies, significantly undermined public confidence in governmental responsiveness (Gallie, 2013; Haugsgjerd, 2018; Kumlin & Haugsgjerd, 2017; Van Erkel & Van der Meer, 2016). **From 2009 to 2017, the average political trust score across Europe hovered at -0.20, with a noticeable annual decline between 2008 and 2013. This period saw the most significant year-to-year declines in trust, especially in countries severely affected by the recession's fallout** (Ellinas & Lamprianou, 2014; Torcal, 2014). The trend towards recovery post-2013 may correlate with economic improvements (Hooghe & Okolikj, 2020; however, Torcal & Christmann, 2021 offer a different perspective) and the electoral setbacks experienced by various movements in Europe that attempted to mobilise dissatisfaction with democratic processes (for instance, Lega in Italy, the Swedish Democrats, Vlaams Belang in Belgium, and the Party for Freedom in the Netherlands). By 2018, for the first time since the recession, the average trust score across Europe turned positive.

Political trust scores were largely stable and slightly positive across Europe in the decade before the economic recession (1998-2007). Yet, there are two years in Figure 3.2, 2000 and 2003, with average negative trust scores.[4]

[4] In 2000, the growing influence of the European Union on national sovereignty, ongoing conflicts in the Balkans, and concerns over monetary stability within the EU notably affected trust. Alongside high-profile corruption scandals, such

Figure 3.2 Fluctuations in Political Trust Across Europe, 1980-2022



Note: The scores depicted are derived from the proportion of respondents in six distinct international survey projects that reported trust in political institutions. These scores are calculated relative to the average trust level observed across 31 European countries over the past four decades, which serves as the baseline zero point. The values can be interpreted similarly to standard deviation scores, providing a measure of how much trust deviates from the European average.
Source: Political trust mood score (1980-2022).

as the CDU corruption allegations in Germany, social and political unrest, including protests in France and Italy against welfare policies, further underscored the era's challenges. In 2003, opposition to the invasion of Iraq emerged as a source of discontent across Europe, culminating in numerous protests. Domestic issues, such as the Hartz reforms in Germany, Berlusconi's political maneuvers in Italy, and the debate over the EU constitution in France, also played pivotal roles in shaping political trust. Yet, after both years (2001 and 2004), trust rose again, which is likely related to a “rally-around-the-flag” effect following 9/11 (Norris, 2011), as well as increased optimism in the EU with the accession of new member states (Chiru & Gherghina, 2012; Jacobs & Pollack, 2006).

The handling of social and political issues in these years highlight how changes in the extent to which citizens can expect that their social rights are ensured via social welfare policies can influence the extent citizens have trust in their political institutions (Andersen & Ringdal, 2012; Rothstein, 2011; Samuel & Hadjar, 2016; Saltkjel & Malmberg-Heimonen, 2017). In this time frame (1998-2007), most countries experienced a period of stable trust increases (e.g., Denmark and Switzerland) or stable decreases (e.g., Iceland and Poland) in political trust scores, though some did have more fluctuation (e.g., France and Ireland). Nevertheless, political trust fluctuated much less during this period.[5]

Before the century's turn (1981-1997), data on citizens trust in political institutions was scarcer (see Appendix A), with only 14 out of the 31 countries having observations before 1990.[6] Nonetheless, some trends can be denoted in Figure 3.2. Namely, the more stable period between 1998 and 2007 followed a period of greater turbulence and lower trust. **Between 1991 and 1997, there was a consistent decline in political trust**. A potential reason for these declining levels of political trust is the decreasing optimism in Eastern Europe regarding their new democratic order following the fall of the USSR (Catterberg & Moreno, 2006; Marien, 2011; Závecz, 2017), economic transformation emphasising market liberalisation, globalisation, and public service privatisation (Parker, 1999), welfare restructuring given concerns over the sustainability of social welfare policies (Holmberg, 1999), and various governance scandals (e.g., the Tangentopoli scandal in Italy, the Elf Affair and the Méry Affair in France, or the Dioxin crisis and Agusta-Dassault Affair in Belgium). **As a whole, the 1990s were marked by notable economic and political changes, which are reflected by the greater fluctuation in citizens' political trust**.

Next to differences in political trust between countries and developments that occurred over time, notable differences in how much citizens trust their democratic institutions exist within countries. Figure 3.3 illustrates the variance of regional trust levels toward political institutions within countries for three political institutions: political parties, politicians, and the national parliament.[7] We follow the nomenclature of territorial units for statistics (NUTS 2)[8], which is a widely accepted regional indicator and commonly used by Eurostat. First and foremost, the maps largely reiterate the different country clusters above in Figure 3.2, showing countries with the upmost (e.g., Norway), high (e.g., the Netherlands), and average to high trust (e.g., Germany) having green-yellow colours, while countries with minimal (e.g., Croatia), low (e.g., Latvia), and average to low trust (e.g., France) having red-yellow colours. Yet, unlike Figure 3.1, Figure 3.3 highlights how **important regional differences in political trust can be within these countries.** Such regional differences **often coincide with within-country regional inequalities and the extent to which different regions are economically performing, leading to a growing sentiment of being 'left behind'** (Colantone & Stanig, 2018; Lipps & Schraff, 2021; Rodríguez-Pose, 2018).

Figure 3.3 shows how some countries have limited regional differences in how much citizens trust their political institutions (e.g., Switzerland and Sweden), where differences between the most and least trusting regions are approximately 5%. On the other hand, significant regional differences are evident in other

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[5] Between 1998 and 2007, the average trust score was x = 0.04 with an average change of Δ = 0.02. Comparing the year-to-year growth of political trust, there is arguable twice as much fluctuation between 2008-2020 (|Δ(Δ)| = 0.22) as in 1998-2007 (|Δ(Δ)| = 0.11). This observation does not overlook the occurrence of substantial decreases in trust, such as seen in the Netherlands (x = 0.23, Δ = -0.40) and Germany (x = -0.56, Δ = -0.34) in 2003, or notable increases (e.g., 2006 Slovakia, x = 0.34, Δ = 0.51; 2007 France, x = 0.04, Δ = 0.46) in trust scores. Rather, it points to a greater degree of stability in the earlier period, where only four countries between 1990 and 2007 exhibited shifts from negative to positive trust scores, unlike the ten countries experiencing such changes from 2008 to 2020.

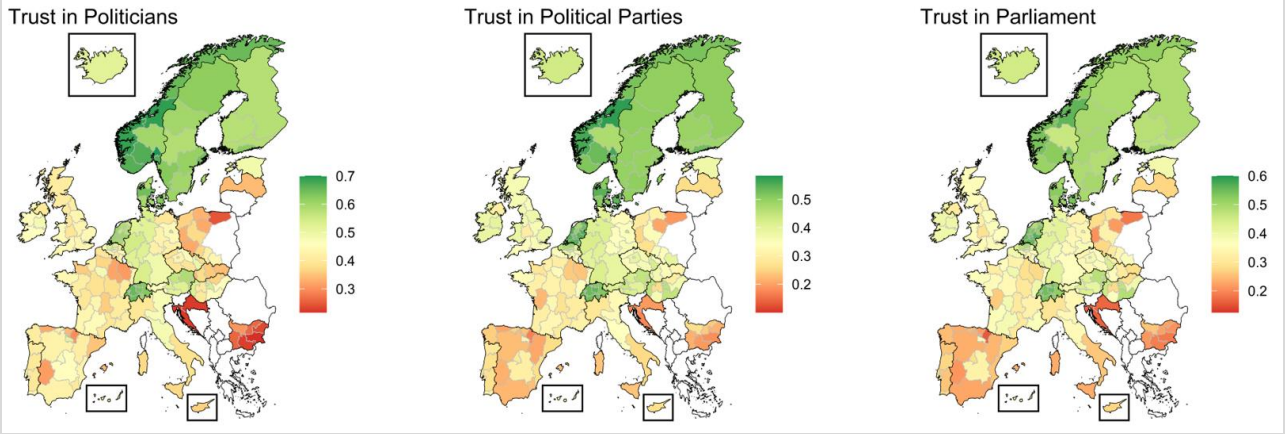
[6] For countries that do have data going into the 1980s, the frequency at which data was collected was much less frequent than after 2000, leading the data quality to be somewhat lower. To illustrate, 79% of the observations before 1990 have a less than 0.02 change in the growth of political trust, which is unrealistically stable. Consequently, results will mainly be interpreted for the period after 1990.

[7] Due to differences in how data was collected - question formulation, answer options provided, survey sampling strategy, and specification of area respondents are from – it is not possible to create a summary score indicator as done at the country level. To overcome this, data from the ESS (2018) was used to investigate trust patterns at the regional level.

[8] Differences at the NUTS 2 level are explored as, across Europe, this is the lowest level that has consistent available data for sample sizes are not comprised of single unit sample sizes as would be the case for NUTS 3 (<10 people) while still giving insight into within country differences for all countries as would not be possible at the NUTS 1 level. The average population size per NUTS 2 region ranges between 800 thousand and 3 million. Accordingly, NUTS 2 largely focuses on provincial regions within countries, though there are notable differences between countries for which regional administrative level best fits the required population range (e.g., Baltic countries remain national at the NUTS 2 level).

countries, where this disparity can reach approximately 20%, irrespective of the overall level of political trust within those countries. For instance, in Germany, citizens in the economically diverse and well performing Hamburg region exhibit a 59% trust level in the national parliament, starkly contrasting with the 39% trust level found in Mecklenburg-Vorpommern, a state with one of the lowest economic outputs (Eurostat, 2020). Such differences also occur in countries with low political trust. In Spain, regional disparities are pronounced: the La Rioja region, benefiting from government investments in agriculture, particularly wine production (Perez-Montiel & Manera, 2022), shows a 52% trust in parliament. In contrast, the neighbouring region of Navarre has only slightly more than 30% trust in politicians, a difference of over 20%. Yet, countries that have more robust welfare systems, such as Norway, Denmark, and the Netherlands, also have smaller differences in the level of political trust between regions at the nuts 2 level. **These examples underscore the profound impact of regional economic conditions and the effectiveness of government interventions in mitigating deprivation of political trust.** Such regional disparities within countries, both more and less politically trusting, point to the significant role that economic circumstances and governmental performance play in shaping public confidence in democratic institutions (Colantone & Stanig, 2018; Lipps & Schraff, 2021; Rodríguez-Pose, 2018).

Figure 3.3 Regional Disparities in Political Trust in 2018



Note: Scores are based on weighted averages per NUTS 2 region, the lowest regional level found in the European Social Survey. Not all countries in our dataset were included in the 9th wave of the European Social Survey, namely, Lithuania, Romania, Greece, and the east of Poland.
Source: European Social Survey (2018).

3.1.2. Trends in Political Participation

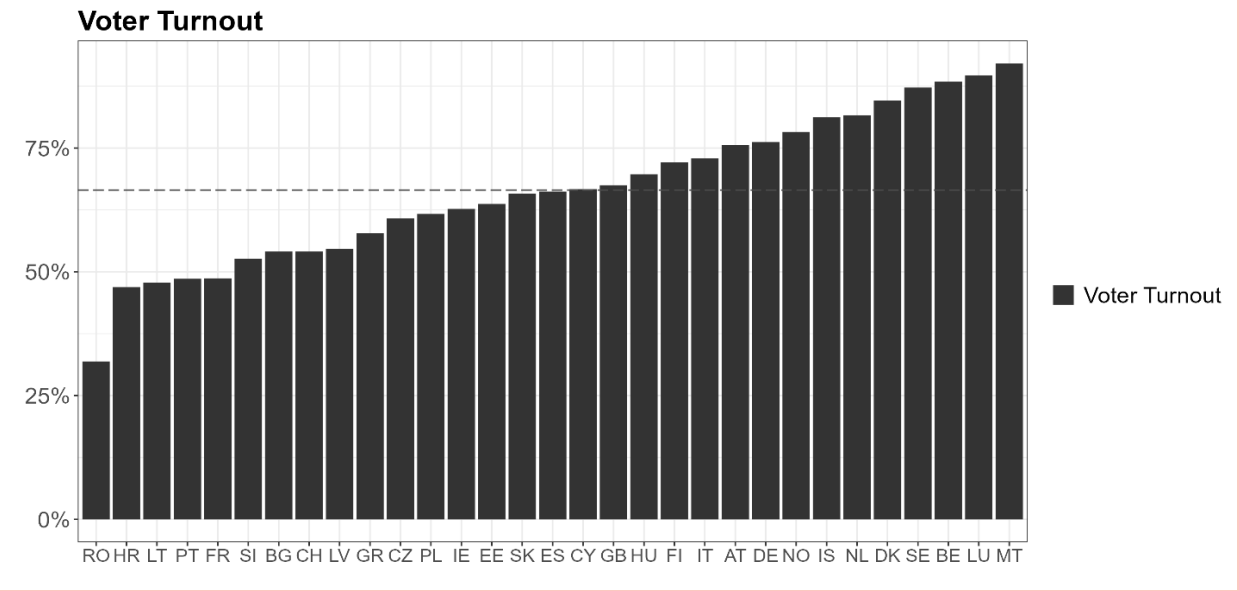
After examining trends in political trust, this chapter shifts its focus to another fundamental aspect of democracy: political participation. Central to the concept of electoral democracy, Figure 3.4 shows recent differences in voter turnout during national parliamentary (lower house) elections as from 2020.[9] **Across Europe, the average level of voter turnout is 66.5%. This European average, though already low, does hide troubling differences between countries**.

As shown in Figure 3.4, **countries that enforce a compulsory voting system (e.g., Belgium or Luxemburg) naturally rank higher,** followed by countries with a **strong democratic voting culture** (e.g., Sweden and the Netherlands). **This stands in contrast to certain countries where less than half of their eligible voters participate** in parliamentary elections (e.g., France, Portugal, and Romania). These

[9] Most recent elections were held in 2017 (Czechia, France, Germany, Iceland, Malta, Netherlands, Norway), 2018 (Hungary, Italy, Latvia, Luxembourg, Slovenia, Sweden), 2019 (Estonia, Belgium, Greece, Poland, Portugal, Denmark, Spain, Austria, Finland, Switzerland, United Kingdom), and 2020 (Lithuania, Romania, Slovakia, Ireland).

instances of low voter turnout are particularly alarming and have been associated with diminished participation among economically disadvantaged citizens amid rising economic inequality (Solt, 2008, 2010). The phenomenon where most potential voters choose to abstain poses a significant challenge. Governments resulting from such elections, often coalitions based on narrow vote margins, depend on increasingly divided support to sustain their democratic legitimacy. This precarious foundation amplifies the vulnerability of their tenure in office (Barber, 1984; Lijphart, 1998; Lutz & Marsh, 2007).

Figure 3.4 Turnout in Europe for the Most Recent National Parliamentary Elections since 2017



Note: Percentages are based on the population of registered eligible voters (administrated citizens who meet their countries' age, citizenship, and legal record requirements) who voted for a party that reached the 2% threshold. The exact proportion of the population that is eligible to vote may vary depending on country contexts.
Source: Comparative Political Data Set (Armingeon, et al., 2020).

Concerns about low voter turnout in elections are not new (Barber, 1984; Lijphart, 1998). Figure 3.5 shows the long-term trends in voter turnout across Europe, demonstrating how this concern about the consequences of low voter turnout is becoming increasingly relevant. **While today's average turnout to national elections stands at 66.5%, this was 83.3% in 1980** (among the non-communist European countries). An examination of changes in voter turnout reveals a concerning trend: there are three times as many instances of a decline of 10% or more in voter turnout (23 elections) compared to instances where there was an increase of 10% or more (7 elections). **The issue of low voter turnout becomes even more pronounced when considering the frequency of elections failing to achieve over 60% turnout. Before the year 2000, only 11 elections did not surpass this threshold**, with half of these instances occurring in newly established democracies in Eastern Europe and the other half in Switzerland. **However, post-2000, the occurrence of such low turnout rates has surged to 49 instances, 14 of which took place in 2016 or later**. This reduction in participation is not merely an observation but a pivotal factor that can influence the formation and stability of government coalitions. The considerable portion of the electorate that remains unengaged has the potential to decisively impact election outcomes. This phenomenon introduces a heightened level of political uncertainty, a point underscored by critical events such as Brexit. The Brexit referendum, which passed with a narrow victory margin of 52% to 48%, exemplifies the impact of mobilizing previously non-participatory segments of the population (Drinkwater & Jennings, 2022).

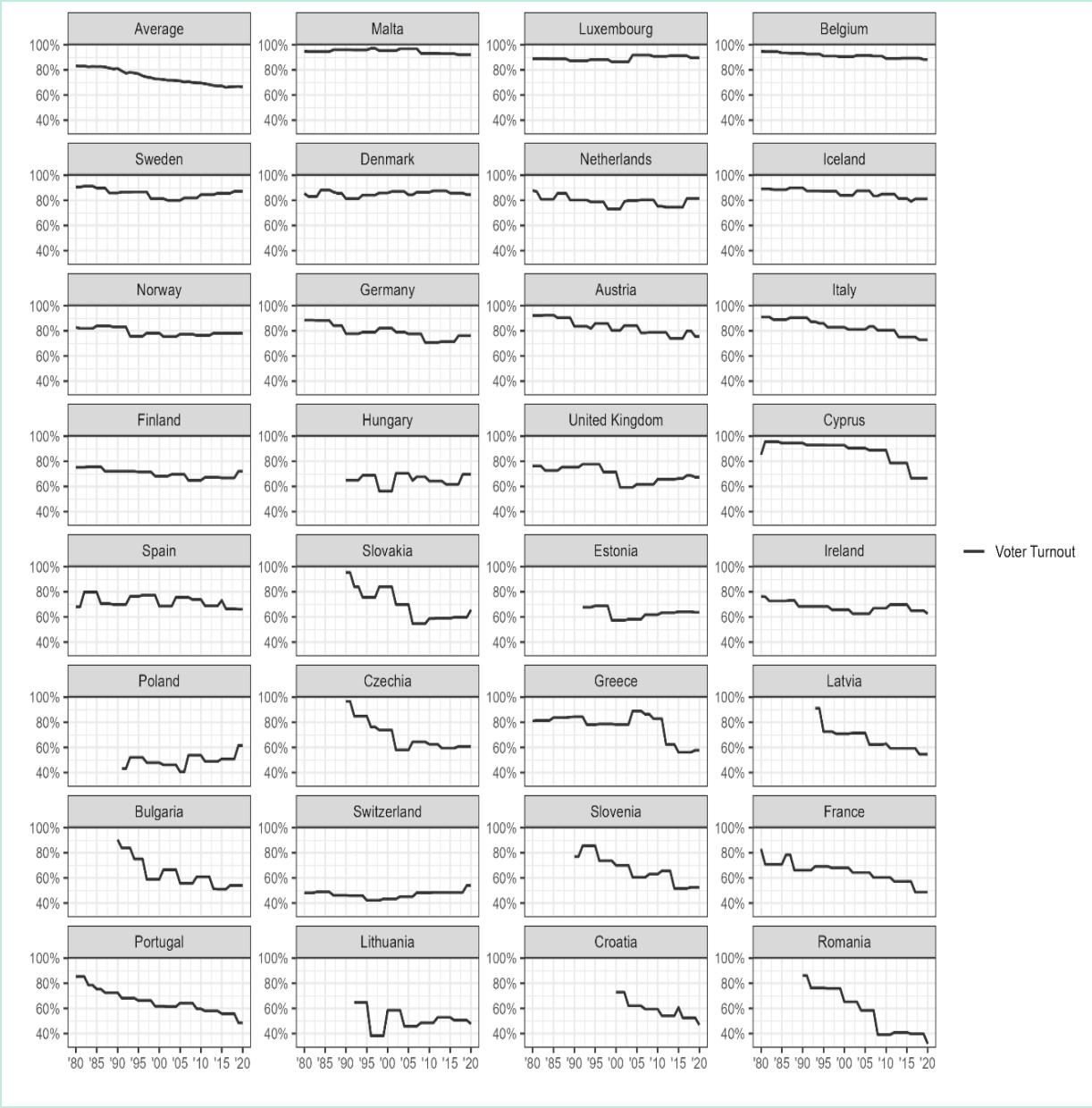
As Figure 3.5 shows, **the decline in voter turnout is more severe in some countries than others.** Between 1980 and 2020, Hungary, Luxemburg, Poland, and Switzerland stand out as the only European countries that did not experience an overall decline in voter turnout. More alarmingly, **countries like Romania, Slovenia, Portugal, Bulgaria, Cyprus, the Czech Republic, Greece, and France observed a drastic drop in turnout exceeding 20% between the first and last shown election.** Such declines in democratic engagement pose a critical threat to the stable legitimacy of their democracies (Barber, 1984;

(

Lijphart, 1998; Lutz & Marsh, 2007). The pronounced decrease in voter turnout across Central and Eastern European countries is largely attributed to diminishing optimism about democracy in the aftermath of the USSR's fall (Marien, 2011; Závecz, 2017). In contrast, the downturn in other countries can be linked to rising economic inequality and reduced participation from economically disadvantaged citizens (Filetti & Janmaat, 2018; Solt, 2008, 2010), as well as to the depillarisation of society, reduced party membership, greater individualism and a reduced take-up of the collective civic duty to vote (Hooghe & Kern, 2017; Mair, 2006).

While voting is a cornerstone of electoral democracies, there are other ways for citizens to participate in politics. Beyond voting, these alternative forms of political engagement can significantly enhance government accountability, responsiveness, and transparency by providing year-round opportunities for citizens to influence the decisions of their political institutions directly or indirectly (Dalton, 2008; Inglehart, 1997; Lamprianou, 2013). However, participation rates in these non-voting activities are lower.

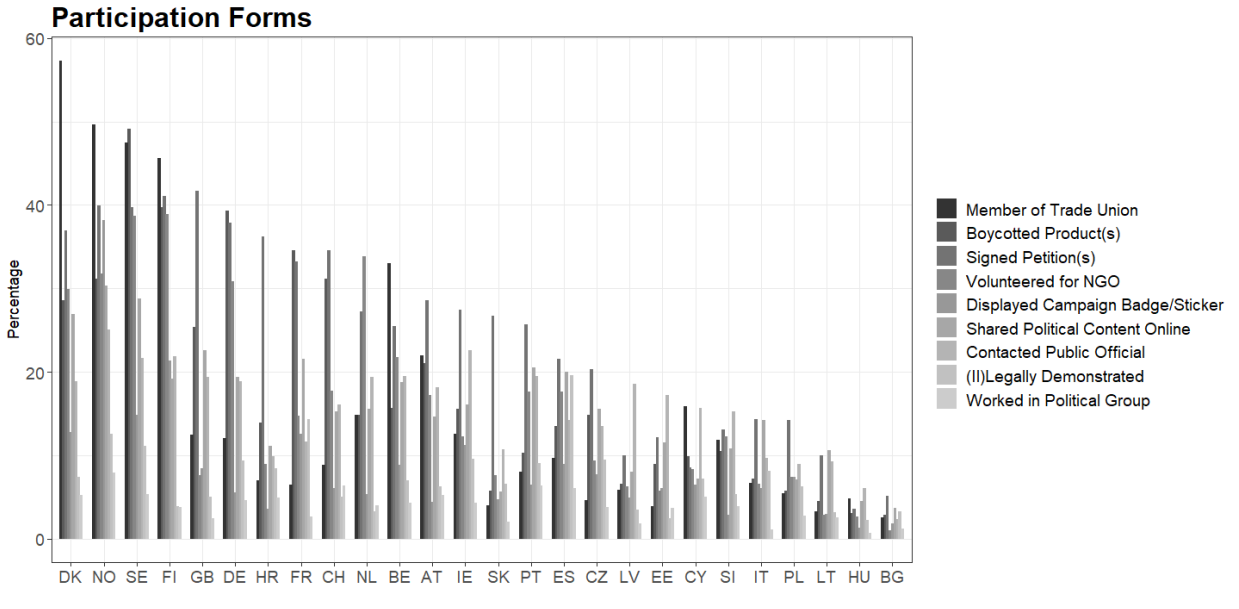
Figure 3.5 Decreasing Voter Turnout in National Parliamentary Elections in Europe since 1980



Note: Percentages are based on the population of registered eligible voters (administrated citizens who meet their countries' age, citizenship, and legal record requirements) who voted for a party that reached the 2% threshold. The exact proportion of the population that voted may vary depending on country-contexts.
Source: Comparative Political Data Set (Armingeon, et al., 2020).

Figure 3.6 presents data on the percentage of European citizens, by country, who have engaged in various forms of political participation beyond voting, as recorded by the European Social Survey.[10] According to Figure 3.6, **the most common forms of non-electoral participation across Europe in recent years, on average, are signing a petition (25.5%) and boycotting a product (18.8%).** In most countries (19), petition signing emerges as the leading mode of political engagement beyond voting. Conversely, boycotting products stands out as the most usual form in only three countries: France, Germany, and Sweden. Notably, rates of union membership remain high in 2018 amongst Northern European countries such as Denmark, Norway, Sweden, Finland, and Belgium. Interestingly, institutional forms of participation, such as contacting public officials or displaying political merchandise, surpass non-institutional methods in only six countries: Cyprus, Estonia, Hungary, Latvia, Norway, and Slovenia. Adding to the difference in prevalence between institutional and non-institutional forms of participation, across countries, self-reported rates of labour union membership (16.6%), the percentage of people who worked for an NGO or other non-party political organisations (16.2%), and the percentage of people who posted or shared political content online (16.1%), are all more common than contacting a public official (15.5%).

Figure 3.6 Differences in Various Forms of Political Participation Across Europe in 2018



Note: Percentages are based on the weighted average of the samples within the European Social Survey (ESS). Dotted lines show the average over the whole sample of countries. Not all countries participated in wave 9 of the ESS, namely, Greece, Luxemburg, Malta, and Romania.
Source: European Social Survey, wave 9 (2018).

The higher percentages of signing petitions and product boycotting can be attributed to the minimal effort required, digital accessibility, and their integration within everyday consumption habits, alongside their non-confrontational approach allowing for a more indirect impact on political discourse (Leston-Bandeira, 2019; Li & Marsh, 2008; Trechsel, 2007; Yasseri, Hale & Margetts, 2017). **While public demonstrations and protests generate significant media attention, they rank as the least common forms of non-electoral participation in Europe, with an average rate of 7.9%**. However, over 10% of citizens in seven countries (Czechia, France, Iceland, Ireland, Norway, Spain, and Sweden) participated in demonstrations or protests.

The overall lesser frequency of demonstrations and protests may reflect the relative perceptions of desirability or effectiveness of other participation forms, or the absence of significant economic and governmental crises (Hooghe & Marien, 2013; Quaranta, 2016; Sotirakopoulos & Sotiropoulos, 2013; van

[10] As different survey projects vary in the forms of participation asked about and overall lower and more variable rates of participation, it is not possible to create summary indicator scores as done for political trust. To overcome this, this report focuses on data collected by the European Social Survey, which has the largest collection of data on political participation across Europe. We use data from 2018 as data on 2020 was available for fewer countries at the time of writing.

(Stekelenburg & Klandermans, 2013). In consequence, mainly citizens who lack a way to influence politics via other channels, such as signing a petition or contacting a public official, would be inclined to use this form of participation. Unsurprisingly, there is an imbalance in who uses this form of participation, with protesting notably being driven by economic grievances (Kurer, et al., 2019). Nonetheless, these findings illustrate a general European preference for accessible and indirect methods of political engagement, underscoring the annual significance of these participation forms among citizens.

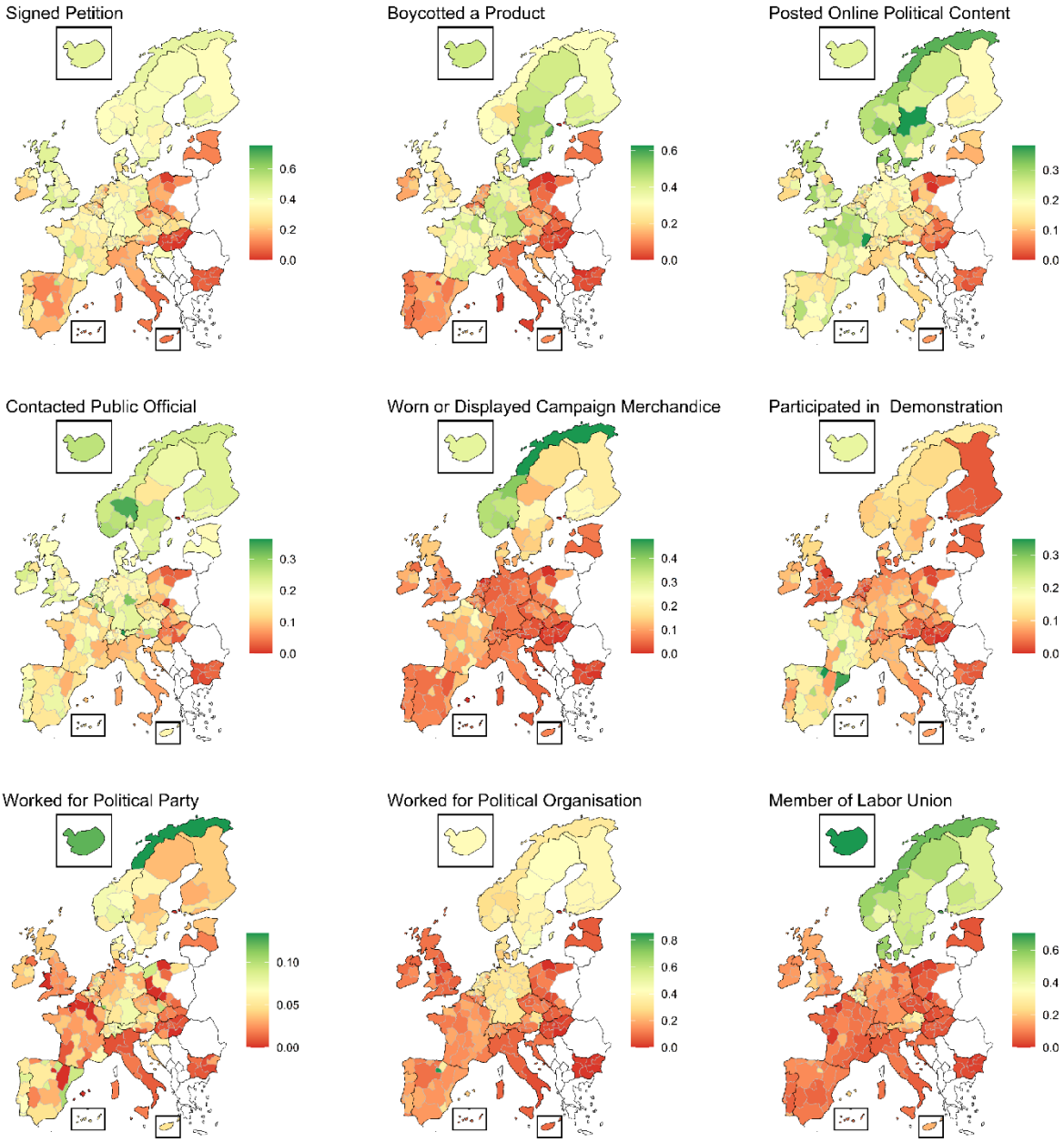
Figure 3.6 does show that institutional forms of participation are not uncommon. **Contacting a public official, with an average of 15% across Europe, is more prevalent than boycotting or signing a petition in multiple countries** (e.g., Belgium, Estonia, Ireland, Portugal, and Slovenia). In contrast to non-institutional participation, contacting public officials provides direct access to decision-makers. The direct accessibility of non-electoral forms of political participation, along with a strong perceived effectiveness, significantly contributes to widespread use across Europe (Hooghe & Marien, 2013). Nonetheless, research indicates that these forms of participation are predominantly utilised by more affluent citizens (Lesschaeve, 2016; Schakel & Hakhverdian, 2018). Apart from contacting public officials, **over 10% of citizens in seven countries** (Norway, Iceland, Finland, Sweden, France, Denmark, and Ireland) **actively display political merchandise**. The relative scarcity of this practice might stem from a diminishing sense of identification with political parties (Dalton, 2014; Spoon & Kluver, 2019) and the shift towards digital election campaigns (Casero-Ripollés, Feenstra, & Tormey, 2016; Chadwick & Stromer-Gallet, 2016). Hence, while non-institutional forms of participation predominate, a considerable number of citizens across various countries engage via institutional means, reflecting the diverse landscape of political participation in Europe.

Figure 3.6 further shows **notable between-country differences in political participation beyond voting. In Bulgaria, Hungary, and Lithuania, the most common form of participation seldom surpasses a 10% engagement rate. Conversely, Norway, Iceland, Finland, and Sweden, boast participation rates exceeding 20% in at least three of the five forms of participation examined**. Additionally, nine countries (Bulgaria, Cyprus, Estonia, Hungary, Italy, Latvia, Lithuania, Poland, and Slovenia) report an average participation rate below 10% across all forms, underscoring a notable gap in civic engagement. These nations with lower participation rates often share characteristics such as relatively recent transitions to democracy, systemic corruption issues, and significant economic disparities (Bernhagen & Marsh, 2007; Hooghe & Quintelier, 2014; Olsson, 2014; Solt, 2008, 2010; Vráblíková, 2014). In stark contrast, seven countries from Northern and Western Europe — Denmark, Finland, France, Germany, Iceland, Norway, and Sweden — exhibit average rates of participation exceeding 20%. Hence, disparities in political participation across European countries are evident, with newer democracies, democracies with systemic corruption and large inequalities experiencing lower rates of non-electoral political participation.

In addition to between-country disparities in rates of political participation, **regional differences** exist within countries too. Regional differences in rates of political participation are a cause for concern as geographic inequalities can lead to whole regions becoming alienated from their political institutions and their citizens feeling left behind and unheard (Colantone & Stanig, 2018; Lipps & Schraff, 2021; Rodríguez-Pose, 2018). Figure 3.7 provides greater depth to Figure 3.6, mapping the percentage of European citizens who engaged with previously shown forms of participation at the NUTS 2 level. In general, the maps reiterate the differences in institutional and non-institutional political participation in Figure 3.6, with Northern and Western European countries having higher rates of participation than Southern and Eastern European countries (Catterberg & Moreno, 2006; Marien, 2011; Janmaat, 2006; Závecz, 2017), particularly for boycotting products and signing petitions (Leston-Bandeira, 2019; Li & Marsh, 2008; Trechsel, 2007; Vráblíková, 2014; Yasseri, Hale & Margetts, 2017). Yet, upon closer inspection of Figure 3.7, differences in the extent to which political participation is geographically unequal within countries can be observed. For example, rates of protesting or demonstrating are notably higher in Catalonia (33.2%) in relation to their demand for greater regional autonomy. As another example, rates of union membership in Lower Austria are quite high (30.5%) because of prolonged left-leaning regional regimes. Though such differences result from local dynamics, other regional differences are due to more structural issues, as shown by the North-South difference in rates of online political participation in France, relating to asymmetries in the efficacy of digitalization, or East-West differences in the rates of boycotting in Germany, potentially relating to asymmetries in economic performance. **Only a few countries have minimal regional differences (e.g., Switzerland, Hungary, and Italy), mainly because of overall lower rates of political participation in those countries. Others, such**

as Germany and Spain, have regions where rates of political participation reach 50% as well as regions with rates below 10%.

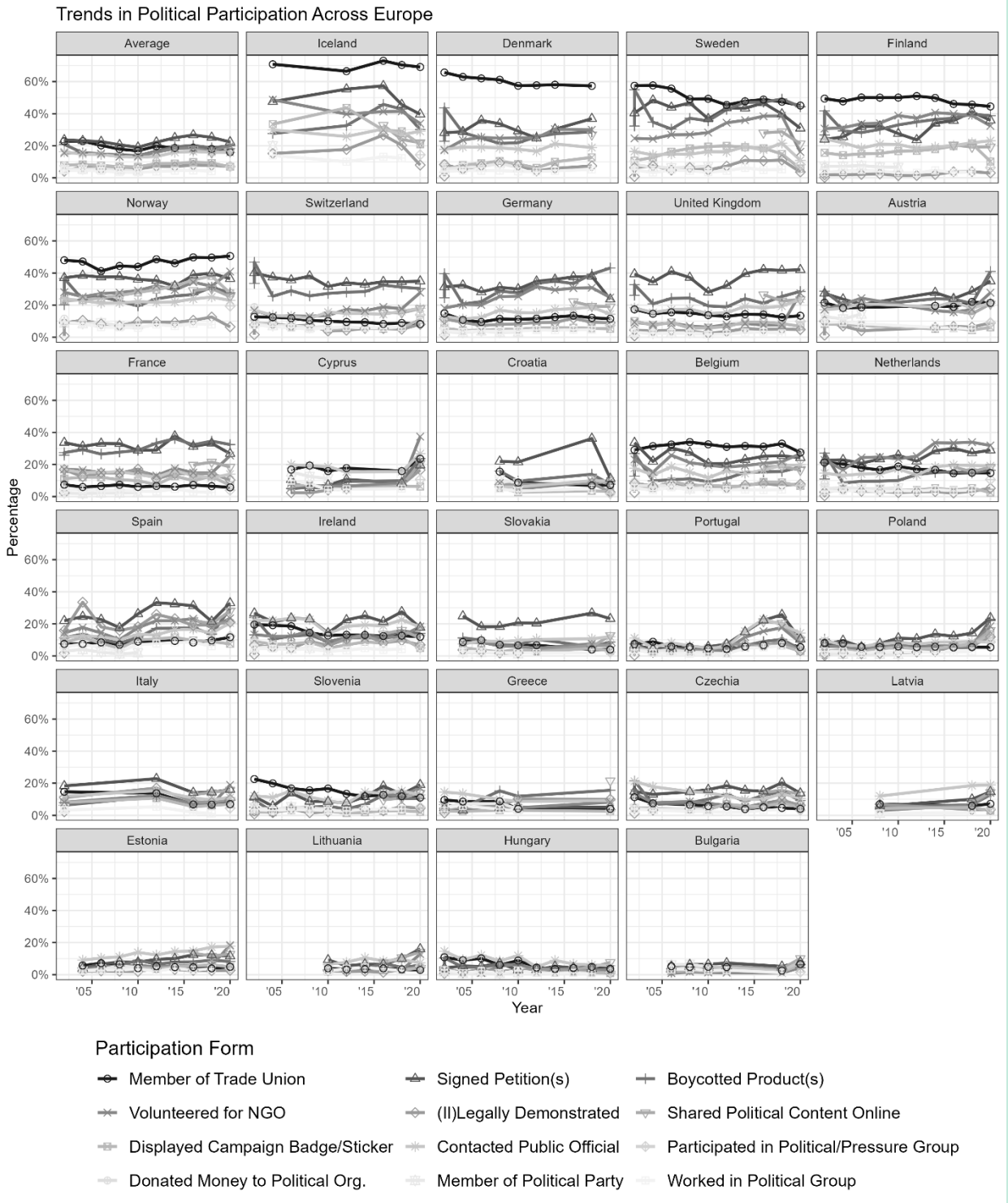
Figure 3.7 Regional Disparities in Political Participation Across Europe in 2018



Note: Percentages are based on the weighted average of the samples within the European Social Survey. Not all countries in this dataset had information in the 9th wave at the regional or national level, namely, Lithuania, Luxemburg, Malta, Romania, and Greece, and the east of Poland.
Source: European Social Survey, wave 9 (2018).

While voter turnout has shown a consistent decline across Europe, non-electoral participation does not seem to mirror this downward trend. According to Figure 3.8, rates of non-electoral participation have remained largely stable over the last two decades, despite minor fluctuations and differences between forms. The average annual change in participation rates is minimal for the more prevalent forms of political participation previously discussed, with only four instances showing a meaningful change of 3% (Contacting officials in 2014, signing a petition in both 2014 and 2020, boycotting in 2012), suggesting a sustained level of political participation in Europe through non-electoral means, though at a fraction of electoral rates. Even though there is no uniform decline in non-electoral participation across Europe, multiple countries have seen markable changes.

Figure 3.8 Trends in Political Participation Across Europe, 2002-2020



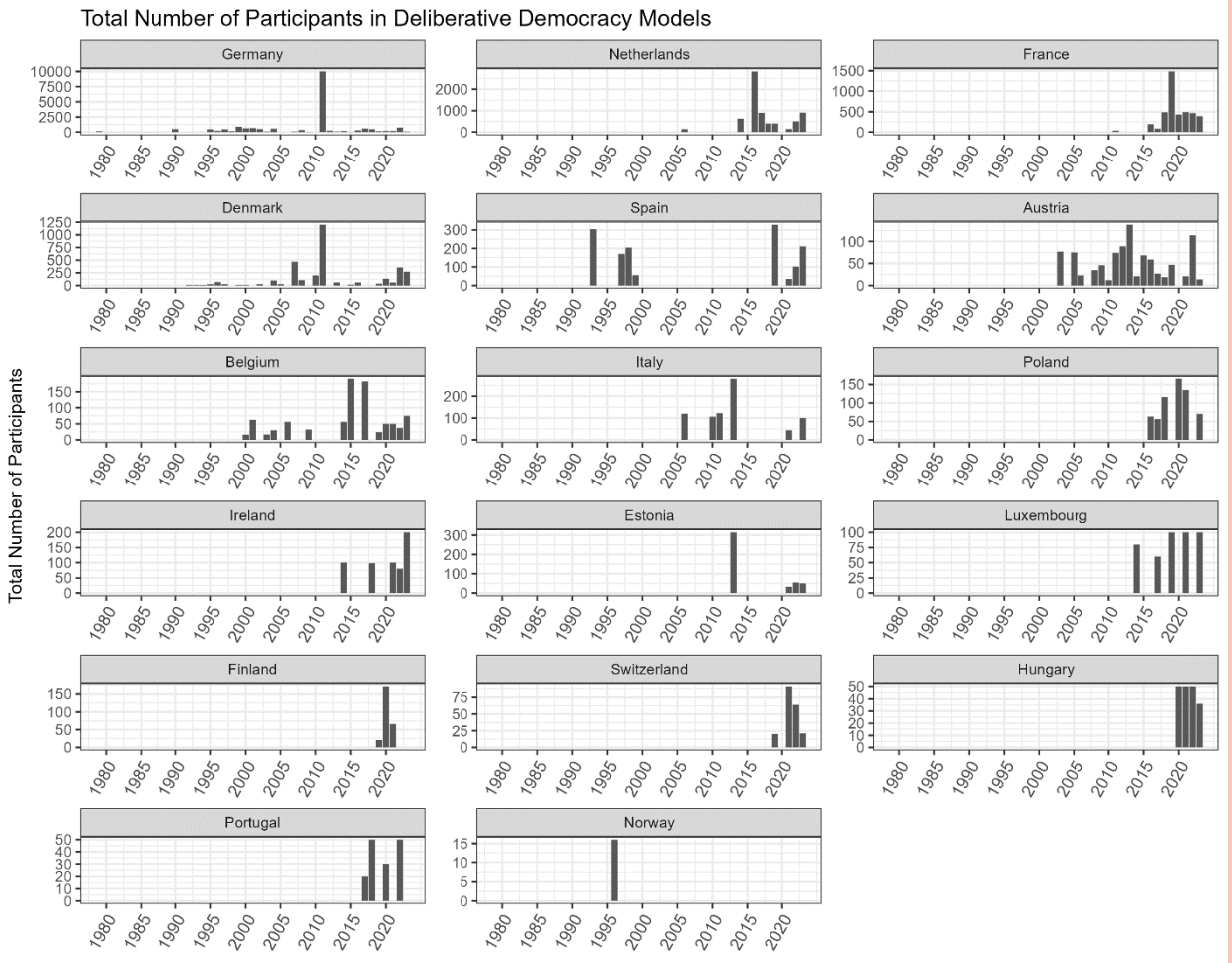
Note: Percentages are based on the weighted mean of country-year sample from the European Social Survey.
Source: European Social Survey, wave 1-9 (2002-2020).

First, a similar group of countries with high (Finland, Germany, Iceland, Norway, and Sweden) and low rates of non-electoral participation (Bulgaria, Greece, Hungary, and Lithuania) can be observed in Figure 3.8. Second, **several countries experienced an average annual increase of 1% in non-institutional forms of political participation** (Denmark, Finland, Germany, Greece, and Sweden), **a trend not mirrored in institutional forms of participation**. These dynamics suggest a broader transition from direct interaction with political institutions through party membership or voting, towards more indirect forms of participation. This change in the political engagement is well-illustrated in the **decline of trade union membership.** While the observed average in the early 2000s for union membership was around 22.5%, with particularly high

levels in Nordic countries (Iceland, Denmark, Norway, Sweden, Finland, and Belgium), this is now around 15%. Though rates of union membership remain relatively high in these cases, other countries experienced more severe drops (Slovenia, the Netherlands, Ireland). In contrast, activities that seek to solve community problems directly without political institutions, such as **volunteering for NGOs**, maintained its level of engagement over the last two decades at around 16%. This shift reflects a growing skepticism on the effectiveness of traditional channels in effecting change, which suggests that alternative and more indirect means of engagement become more preferred (Dalton, 2007; Ejrnæs, 2017; Norris, 2002).

Governments are not unaware of this growing perception regarding declining effectiveness of conventional forms of participation, leading some to experiment with more novel forms of institutional political participation that are more deliberative and innovative, such as citizens' assemblies or participatory budgeting. Figure 3.9 shows the total number of citizens that have participated in deliberative democracy models that occurred across Europe over the last 4 decades. The Figure foremost shows that these forms of participation are used by a small number of citizens and countries. Even the highest peak observed (Germany in the early 2010s with 10,000 participants) barely compares to unpopular forms of conventional participation. Though the absolute number of citizens included in these forms of political engagement leaves much to desire, there has been a clear uptick in their occurences. While most countries did not have any deliberative democratic initiatives before 2010, the amount of countries and forums has since risen many fold. Regardless, there **remains a subtantial gap in the prevelance of direct democratic engagement and conventional forms of (non-)institutional participation**.

Figure 3.9 Trends in Direct Deliberative Participation Across Europe, 1980-2020



Note: The number of participants in based on the number of citizens included in all a priori or post-hoc institutionalised participatory and deliberative processes that occurred per year.
Source: OECD Deliberative Democracy Database (2023).

3.2. Trends in Inequality and Social Welfare Policies

3.2.1. Trends in Economic Inequality

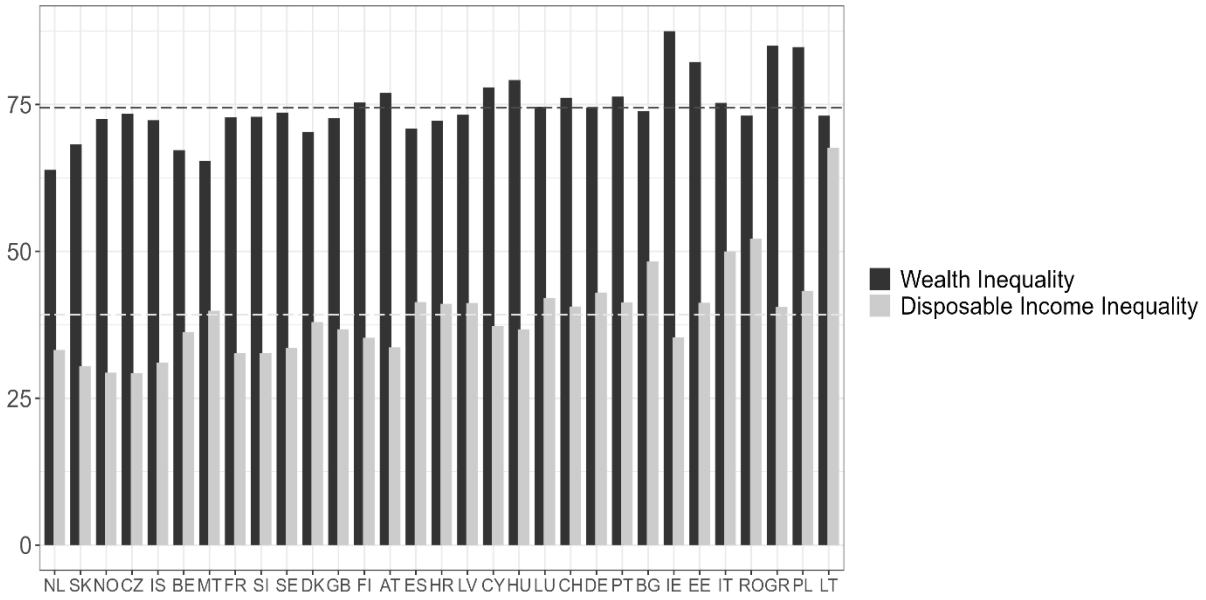
Across Europe, economic inequality has been rising, which has been accompanied by growing concerns about the societal sustainability of this high and growing gap between more and less economically vulnerable citizens (Benczes & Szent-Iványi, 2015; Chancel, Piketty, Saez & Zucman, 2022; Inglehart, 2016; OECD, 2016). Figure 3.10 highlights the recent disparities in economic resources among European countries, specifically focusing on disposable income and wealth inequality through the lens of the Gini coefficient. The Gini coefficient is a measure of income or wealth distribution within a population, where **a score of 100 signifies perfect inequality (one household monopolises all resources, leaving nothing for others) and a score of 0 represents perfect equality (all households have an identical share)**. This metric serves as a crucial indicator for assessing the extent of economic disparities, offering insights into the distributional fairness and social equity within and across nations.

Figure 3.10 illustrates striking disparities in economic inequality. **In 2020, the average Gini coefficient for wealth,** which expresses the total net value of all assets owned by households**, stood at 75. This stands in contrast with disposable income,** household income after taxes and social transfers**, for which the average Gini coefficient is 39.** The significant difference between wealth and income inequality levels can be attributed to varying regulations, tax policies, and the nature of wealth versus income accumulation (Chancel et al., 2022; Piketty, 2015). Hence, while income inequality should not be understated, the magnitude of wealth inequality across Europe far exceeds it.

While the level of economic inequality observed across European countries is concerning, substantial differences between countries do exist. Figure 3.10 shows that, **on the extreme end, five countries have a Gini coefficient for wealth above 80 (Estonia, Greece, Hungary, Ireland, and Poland)**. In these countries, the elevated levels of inequality primarily stem from the challenges faced by less affluent citizens in incurring substantial debt or negative wealth, as observed in Ireland and Poland. In contrast, in Hungary, the situation reflects a significant concentration of wealth among an economic elite (Bohle, 2014; Carlotta, 2022; Johnston, Fuller & Regan, 2021). **On the other end, countries like Belgium, Malta, the Netherlands, and Slovakia, which exhibit a Gini coefficient for wealth below 70, demonstrate a different economic dynamic.** Here, a greater portion of the population has managed to accumulate wealth and prevent debt accumulation, indicating a less inequitable wealth distribution. Nonetheless, even less inequitable countries display concerning elevated levels of wealth inequality.

When turning to inequalities in disposable income, Figure 3.10 shows that **there are nine countries where the Gini coefficient for disposable income inequality is below 35 (Austria, Czech Republic, France, Iceland, Netherlands, Norway, Slovakia, and Slovenia).** A common characteristic of these countries is their more extensive system of taxation and social benefit transfers (e.g., France and the Netherlands). Next, economic challenges inhibiting the development of higher income population segments can also keep income inequality lower (e.g., Czech Republic and Slovakia). **Alongside Lithuania, only Romania, Italy, and Bulgaria exhibit disposable income inequalities exceeding a coefficient of 45**, underscoring the impact of a progressive taxation and transfer system—or lack thereof—on income disparities. These levels of economic inequality do suggest that European countries are currently more effective in limiting disposable income inequality and less so at limiting wealth inequality. Though of a lower magnitude than wealth inequality, these sizes of disposable income disparities should not be understated either: they display strong differences in the impact of progressive tax policies and income support programmes in promoting economic inclusivity (Chancel, et al., 2022; Inglehart, 2016; OECD, 2016).

Figure 3.10 Differences in Disposable Income and Wealth Inequality Across Europe in 2020



Note: The Gini coefficients indicate the extent to which inequality exists within a country, where 100 indicates perfect inequality and 0 perfect equality. The dotted lines show the average over the whole sample of countries.
Source: World Inequality Dataset (2020).

Looking at the long-term trends in economic inequality, Figure 3.11 shows that Europe had an average Gini coefficient for disposable income inequality hovering around 31.5 during the 1980s, with only a few exceptions (e.g., Greece, Italy, and Spain) having scores more akin to present levels. **Since 1980, the Gini index score across Europe has seen a year-on-year average increase of 0.20, with particularly Eastern European countries (e.g., Lithuania, Romania, Poland) having seen substantial increases in income inequality.** There was a particularly strong yearly rise in the average income inequality during the early 1990's, with an average increase around 1.0, which was a period marked by greater political and economic turbulence as previously discussed (Catterberg & Moreno, 2006; Holmberg, 1999; Marien, 2011; Parker, 1999; Závecz, 2017). After 1995, growth in income inequality in Europe has slowed to a year-to-year average increase of 0.05, with most countries having relatively stable levels of income inequality since 2015.

The same magnitude of Gini growth does not occur for wealth inequality, which has an average yearly growth of 0.10. Yet, it should be reiterated that **the coefficient for wealth was much higher at an average of 72 in 1995 when wealth data became available across Europe**. Hence, the small but steady growth of wealth inequality reflects already small populations of wealthy households becoming smaller and wealthier (Chancel, Piketty, Saez & Zucman, 2022; Piketty, 2015). Particularly Southern European (Cyprus, Greece, Italy, and Malta) and Central European countries (Slovakia and Slovenia) had strong increases in wealth inequality, while Continental and Northern European countries (e.g., Austria, Denmark, the Netherlands, and Norway) managed to limit further wealth disparities.

Figure 3.11 Long Term Trends in Economic Inequality across Europe, 1980-2020



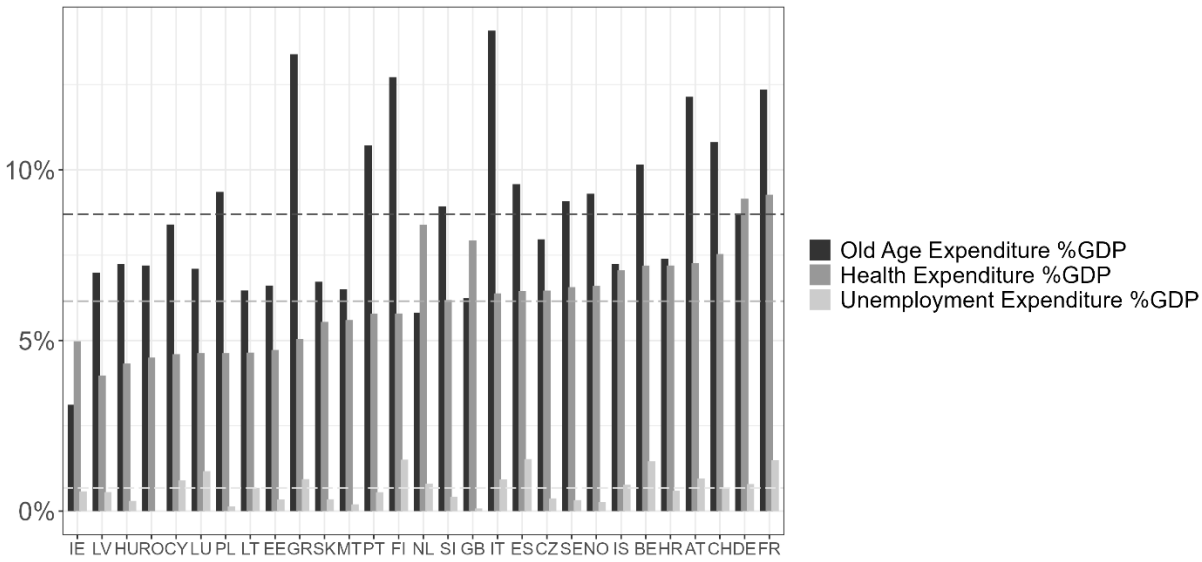
Note: Gini coefficients are converted to percentages to indicate the extent to which inequality is present within a country, where 100% means inequality is fully present (i.e., 1 household holding the total national wealth or income). Data on wealth going further back than the '90 is at present only obtained for a few countries, amongst which France and Switzerland.

Source: World Inequality Dataset (1980-2020).

3.2.2. Trends in Social Welfare Policies

Social welfare policies serve as a critical mechanism for safeguarding citizens against economic uncertainties, ensuring the fulfillment of basic needs, and fostering equitable access to resources and opportunities (Esping-Andersen, 1990; Takle et al., 2023). In this regard, one can differentiate between various welfare regimes in Europe that depend on the magnitude of social expenditure and principles behind spending. In terms of total social expenditure, **most Continental (e.g., Switzerland and Belgium) and Scandinavian welfare states (e.g., Finland and Sweden) allocate between 25% and 32% of their GDP to social policies.** This level of investment reflects a commitment to comprehensive social welfare systems. Conversely, **mainly Eastern European welfare states (e.g., Latvia and Slovakia), as well as a few others (e.g., Ireland and Malta), allocate a lower portion, between 12% and 20% of their GDP, to social policy.** These disparities in social expenditure are consistent with existing welfare state taxonomies, distinguishing between continental and Scandinavian welfare states – known for their higher expenditure levels – and the comparatively lower spending of Eastern European welfare states (Arts & Gelissen, 2002; Esping-Andersen, 1990). Moreover, such differences in government expenditure substantially impact the ability of various public services to function to improve citizens' well-being (Andersen & Ringdal, 2012; Tambor et al., 2014).

Figure 3.12 Social Expenditure across Europe in 2019



Note: Social policy expenditures are expressed as a percentage of the country's total GDP. The year 2019 is shown as this is the most recent year for which the majority of European countries had data at the time of writing. The dotted lines show the European averages.
Source: OECD (2019).

Figure 3.12 offers a second perspective on social spending in Europe, illustrating the expenditure on social policy as a percentage of GDP on three key areas: old age, health, and unemployment. **Most countries with lower social policy expenditure (e.g., Ireland and Hungary) generally allocate less to old age policies, while high-spending nations (e.g., Italy and Belgium) can excess expenditure levels of more than 10% of their GDP**. These overall higher levels of expenditure on old age related policies primarily results from aging populations, leading the target population of these policies to markably increase (Eurostat, 2023).

In terms of health expenditures as a percentage of GDP, Figure 3.11 delineates a distinct division among European countries. **At the high end, a group of continental welfare states (e.g., France and Germany) allocate between 7% and 9% of their GDP to health services**. This substantial investment reflects a strong commitment to maintaining robust healthcare systems. **At the low end, multiple Eastern European welfare states (e.g., Romania and Poland) dedicate a smaller portion between 4% and 5% of their GDP to health policies**. The discrepancy in health spending is significant, as countries with less

expenditure struggle with underfunded and inefficient health institutions (Andersen & Ringdal, 2012; Tambor et al., 2014). This underfunding poses a risk of exacerbating inequality by creating a structural imbalance in access to quality healthcare services (Lupu & Tiganasu, 2022; Tambor, Klich & Domagala, 2021).

Policies specifically designed to reduce the effects of inequality, particularly those aimed at supporting vulnerable groups such as the unemployed, play a critical role in social welfare strategies (Paetzold & Van Vliet, 2014; Van Vliet & Wang, 2015). While receiving less funding than health and old age policies, Figure 3.12 shows that disparities exist in unemployment spending across European countries. **A third of these countries, including Slovenia, the United Kingdom, and Sweden, allocate less than 0.5% of their GDP to unemployment policies. In contrast, few others, including Belgium, Finland and Spain, spend more than 1% of their GDP on this policy domain.** The distribution of spending on unemployment is influenced by various factors, including the unemployment rates within each country as highlighted by contrasting situations such as in Sweden and Spain. Yet, it can also reflect differences in the extent to which governments are seeking to limit labour market risks, such as highlighted by contrasting cases like Belgium and the United Kingdom. This latter trend reflects a shift in the focus of social welfare policies under neo-liberal influences, moving from a commitment to guarantee protection from labour market risks via providing unemployment benefits to ensuring and enhancing access to the labour market (Laenen & Gugushvili, 2021; Hemerijck, & Huguenot-Noël, 2022). This shift highlights the evolving priorities within social welfare systems and the implications for addressing unemployment and inequality.

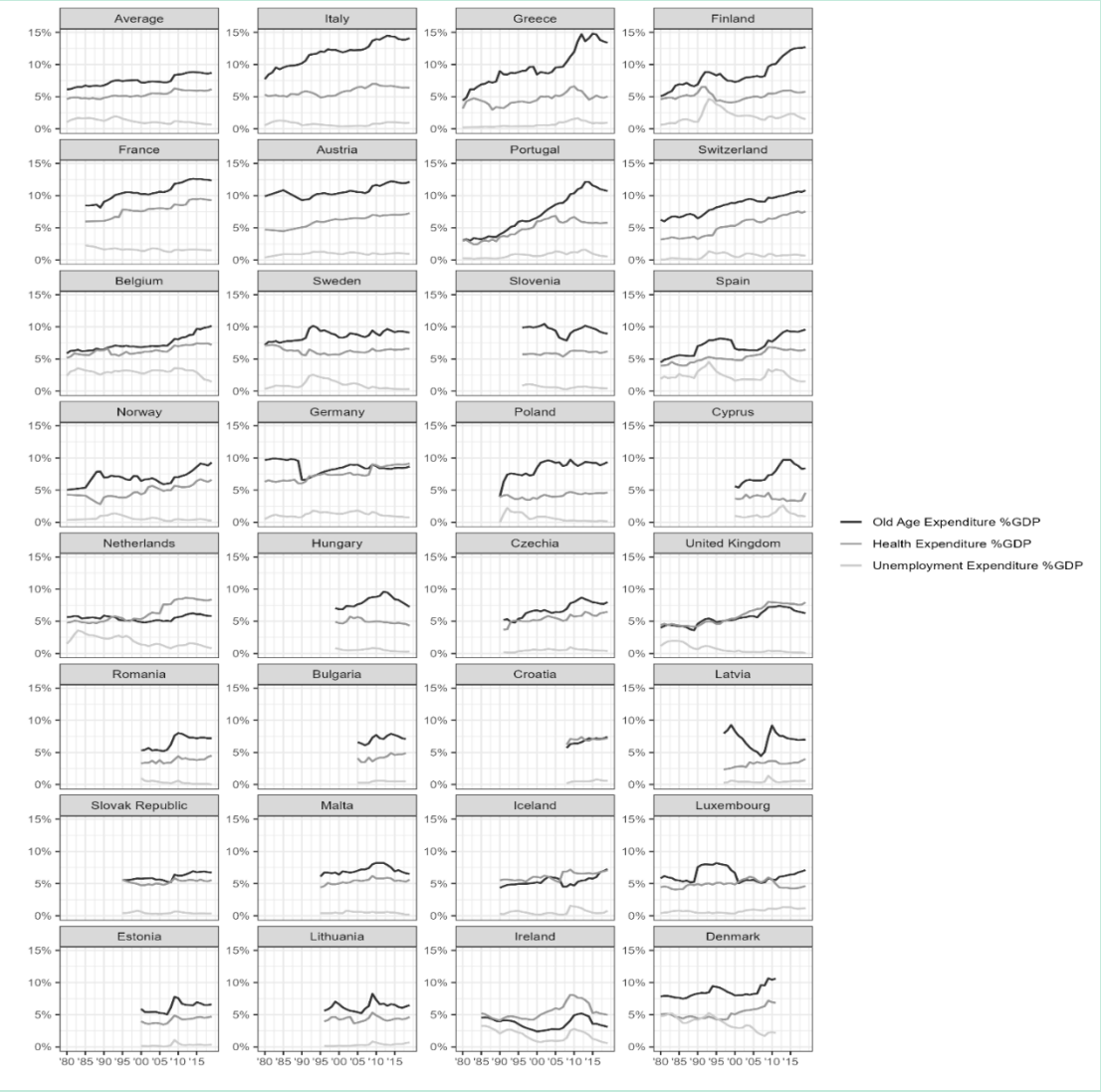
Figure 3.13 on long-term trends in social expenditures, further sheds light on these evolving priorities. Firstly, it shows **a persistent divide between high-spending countries (e.g., Belgium and Germany) and those allocating less to social policies (e.g., Ireland and Poland).** Despite a modest average increase in yearly total social policy expenditure across Europe of 0.1% in terms of the national GDP, there are no uniform spending growth patterns. A subset of countries (e.g., Ireland, Hungary and the Netherlands), recorded a decrease in total spending, while multiple countries (Denmark, Portugal, Switzerland, Iceland, Norway, and Finland) experienced annual growth in total expenditure exceeding 0.3% of the GDP. These varied trajectories in social policy spending across Europe suggest that the continent is **not experiencing a uniform 'race to the bottom'** in terms of welfare spending, as some have posited (Obinger & Starke, 2015; Walter, 2019). Instead, the differing patterns of expenditure growth underscore a complex picture of social policy investment, with some countries expanding their welfare spending while others contract theirs.

Figure 3.13 also demonstrates how **spending on the elderly and health have increased on average across Europe, with the highest spending years being between 2009 and 2015 after the 2008 recession. In contrast, expenditure on unemployment benefits has experienced a slight decline across the continent.** This pattern diverges from previous trends observed after the early 1990s recession, where unemployment spending reached its peak levels, indicating a shift in the allocation of social policy resources post-2008. The differential growth in spending across these policy domains underscores the varying emphasis on universal versus targeted social policies. In that regard, these diverging patterns are as much a reflection of the politicisation of unemployment benefits as a contentious area of public expenditure, as an indication of the growing pressures on the welfare state as caused by the ageing of the European population (Hemerijck, & Huguenot-Noël, 2022; Laenen & Gugushvili, 2021).

Focusing on forms of cash spending across the three domains, **Figure 3.14** shows the recent country differences[11] in the generosity of three key forms of social insurance spending: pensions, sick pay, and unemployment (Scruggs & Ramalho Tafoya, 2022).[12] The reported scores are aggregated scores derived from a global sample, focusing on several key aspects of each programme's generosity and effectiveness in providing social welfare benefits. These aspects include the rate of income replacement provided by benefits, the duration for which benefits are provided, the criteria required to qualify for benefits, and the waiting period before the onset of benefits. By aggregating these scores, we gain valuable insights into the efficacy of social welfare expenditure in supporting vulnerable citizens.

[11] The Comparative Welfare Entitlement Project (1980-2018) does not include Central and Eastern European countries.
[12] The analysis of pensions primarily concentrates on earnings-related, mandatory public programmes. Unemployment insurance is limited to benefits that are earned without income testing. Sick pay insurance encompasses mandatory employer-paid benefits and public insurance regimes. See appendix B for greater detail.

Figure 3.13 Long-Term Trends in Social Expenditure, 1980-2019



Note: Social policy expenditures are expressed as a percentage of the country's total GDP.

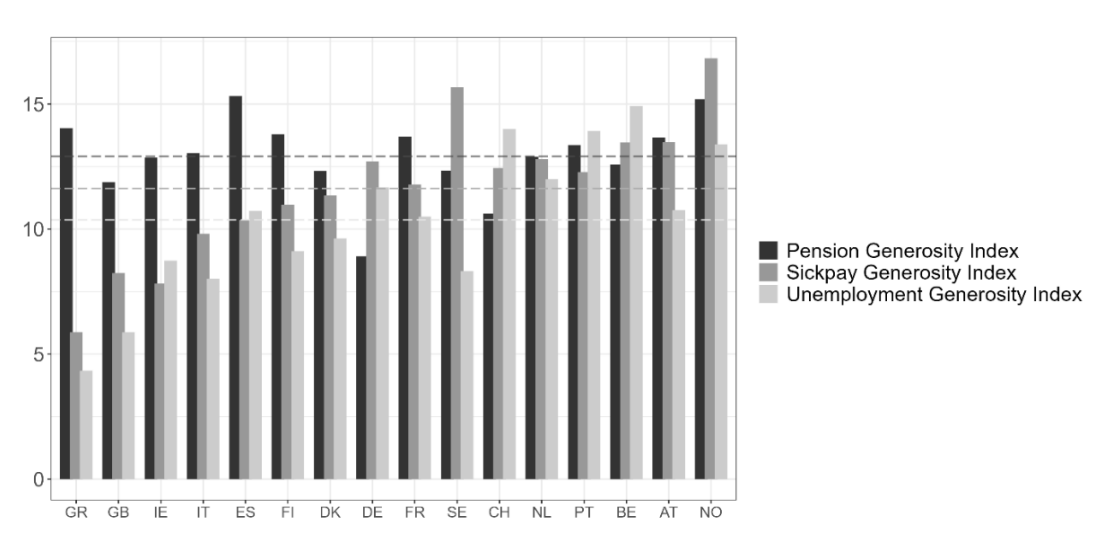
Source: OECD (1980-2019).

The variation in the impact of social welfare expenditure becomes particularly evident when examining the balance between spending levels and the generosity of benefits. For instance, Figure 3.14 offers a revealing comparison between Italy and Greece, both Southern European countries known for their high expenditure on old age pensions in 2018. Despite both countries achieving 100% pension coverage, their pension generosity scores significantly diverge. Greece stands out for having the 2nd highest average standard pension with an 85.8% replacement rate, signalling a robust level of support for retirees. However, this high rate is accompanied by the longest qualification period for pension insurance and the shortest expected pension duration, marked by a retirement age of 67. Italy, on the other hand, sets its retirement age slightly lower at 66 and boasts a high average standard pension replacement rate of 75.5%. Yet, Italy's overall pension generosity score is comparatively lower, attributable to a less pronounced differentiation in the replacement rates across income groups (Scruggs, 2023).

An example highlighting the differences between unemployment benefit generosity and unemployment expenditure are France and Switzerland, both continental European welfare states. While France spends more on unemployment as a percentage of its GDP, Figure 3.14 shows that France ranks lower in terms of the generosity of its unemployment benefits than Switzerland. Despite Switzerland spending half of what France spends on unemployment, Switzerland has a higher coverage rate, a lower qualification period, and higher average replacement rates for singles and couples, albeit with the caveat of shorter benefit duration (Scruggs, 2023). The observed differences between unemployment regimes when using the generosity index are more aligned with previously classifications (Esping-Andersen, 1990; Wilensky, 1975).

This alignment reveals that **countries traditionally expected to offer more generous unemployment benefits (e.g., Belgium, or Switzerland) indeed rank higher in terms of generosity compared to countries with high levels of spending but less generous provisions (e.g., Greece or Italy)**. Such differences in how expenditure is structured probably cause differences in how social welfare policies can foster political engagement and democratic legitimacy.

Figure 3.14 The Generosity of Social Welfare Programmes in 2018

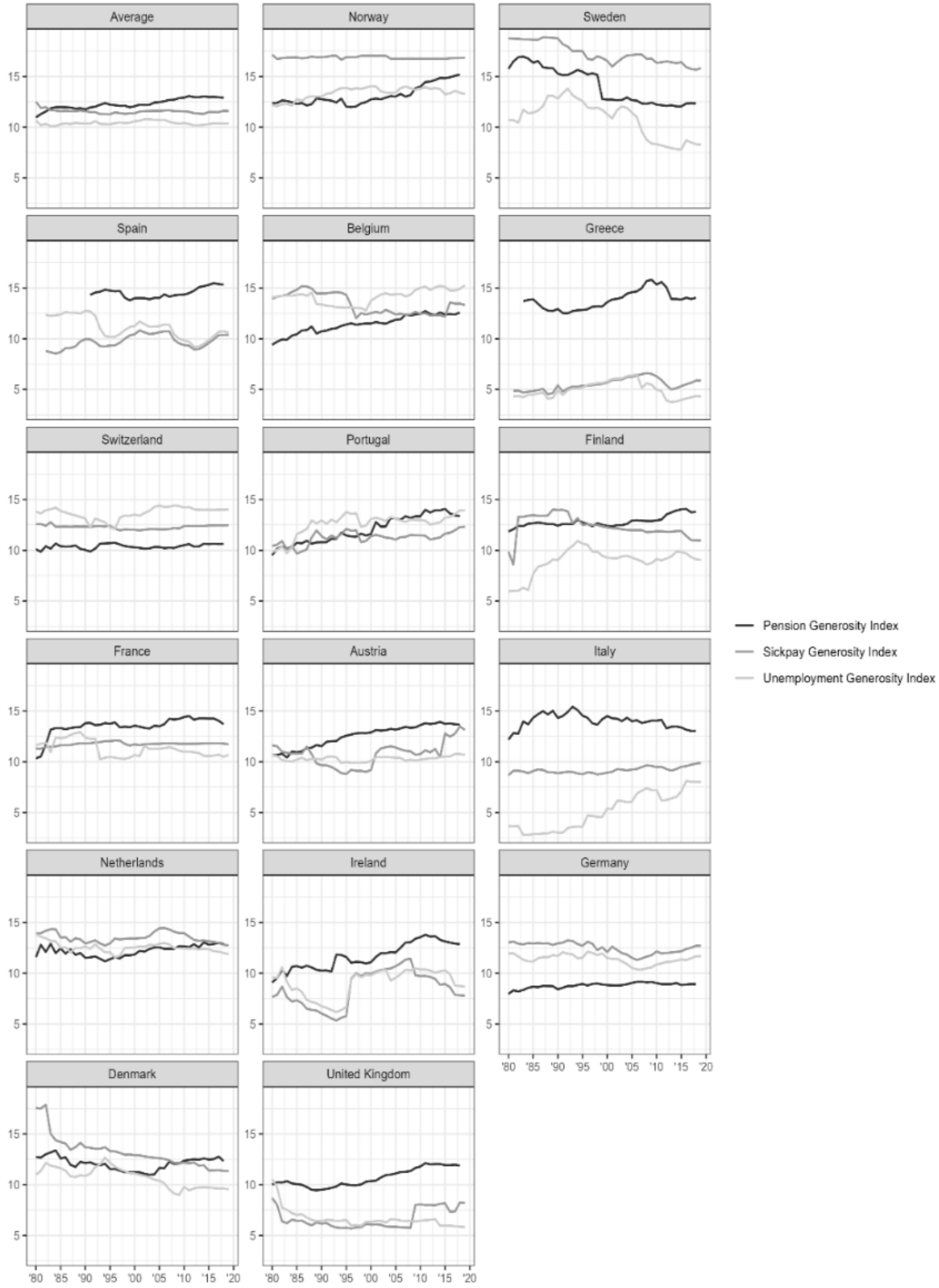


Note: CWEP does not have data for Central and Eastern European countries, meaning this section focuses on Western, Northern, and Southern European countries.
Source: Comparative Welfare Entitlement Project (2018).

Figure 3.15 builds on these observed country differences and shows the time trends of the welfare generosity indicators. It corroborates the earlier findings on the existence of consistent groups of countries with either more generous (e.g., Norway, Sweden, and Belgium) or less generous social welfare policies (e.g., United Kingdom, Greece, and Ireland). **This long-term perspective shows shifts in the priorities of different social welfare policy regimes**, with Sweden, for instance, seeing a reduction in its unemployment generosity, while Belgium recently enhanced its pension generosity. Over the past four decades, some countries, including Denmark, the Netherlands, and Spain, experienced an overall decline in their welfare state generosity. This trend is particularly pronounced among countries known for their fiscal conservatism, which have been actively seeking to balance welfare budgets (Hemerijck, 2013; Morel, Touzet & Zemmour, 2018; Svallfors, 2012). Despite these reductions, the generosity of social welfare policies across Europe, when considering the combined impact of the three examined programmes (old age, health, and unemployment), has marginally increased overall.

As further seen in Figure 3.15, which focuses on the long-term trends in welfare generosity, the timing of peak generosity levels varies by programme: **pension generosity has reached its highest level in the recent decade (2010-2018), contrasting with unemployment benefits, which peaked in the early 2000s (2000-2006), and sick pay, which saw its highest levels in the early 1980s (1980-1983).** These changing peaks highlight the changing nature of social welfare policies (Hemerijck & Huguenot-Noël, 2022; Hemerijck, 2013). While only two countries have decreased their pension generosity (Sweden and Denmark) and only three notably decreased their sick pay generosity (Denmark, Sweden, and the Netherlands), multiple countries decreased their unemployment benefit generosity (e.g., Spain, Ireland, France, and Germany). The reduction in unemployment benefit generosity particularly highlights the increasing politicisation of unemployment spending as a contentious area of public expenditure (Hemerijck, 2013; Laenen & Gugushvili, 2021; Morel, Touzet & Zemmour, 2018; Svallfors, 2012).

Figure 3.15 Long-Term Trends in the Generosity of Welfare Programmes, 1980-2020



Note: Scores reflect the programme coverage, benefit replacement rate, benefit duration, benefit qualification, and waiting days, which is rescaled to ensure that the lowest possible score is 0. The CWEP does not have data for Central and Eastern European countries.
Source: Comparative Welfare Entitlement Project (1980-2018) (Scruggs, 2023).

3.3. The Interplay between Inequality, Social Welfare, Political Engagement and Democratic Legitimacy

In the previous section, this report outlined how **European countries have seen multiple fluctuations in political trust, with a particularly turbulent period during the 2010s, alongside a consistent decline in voter turnout.** Even though there has been a recent increase in non-electoral forms of political participation and political trust, the descriptive trends raise concerns about citizens' engagement with their democracies (Norris, 2022; OECD, 2022; van Ham, Thomassen, Aarts & Andeweg, 2017). This underscores the necessity for a deeper exploration of the factors driving these changes in political trust and participation.

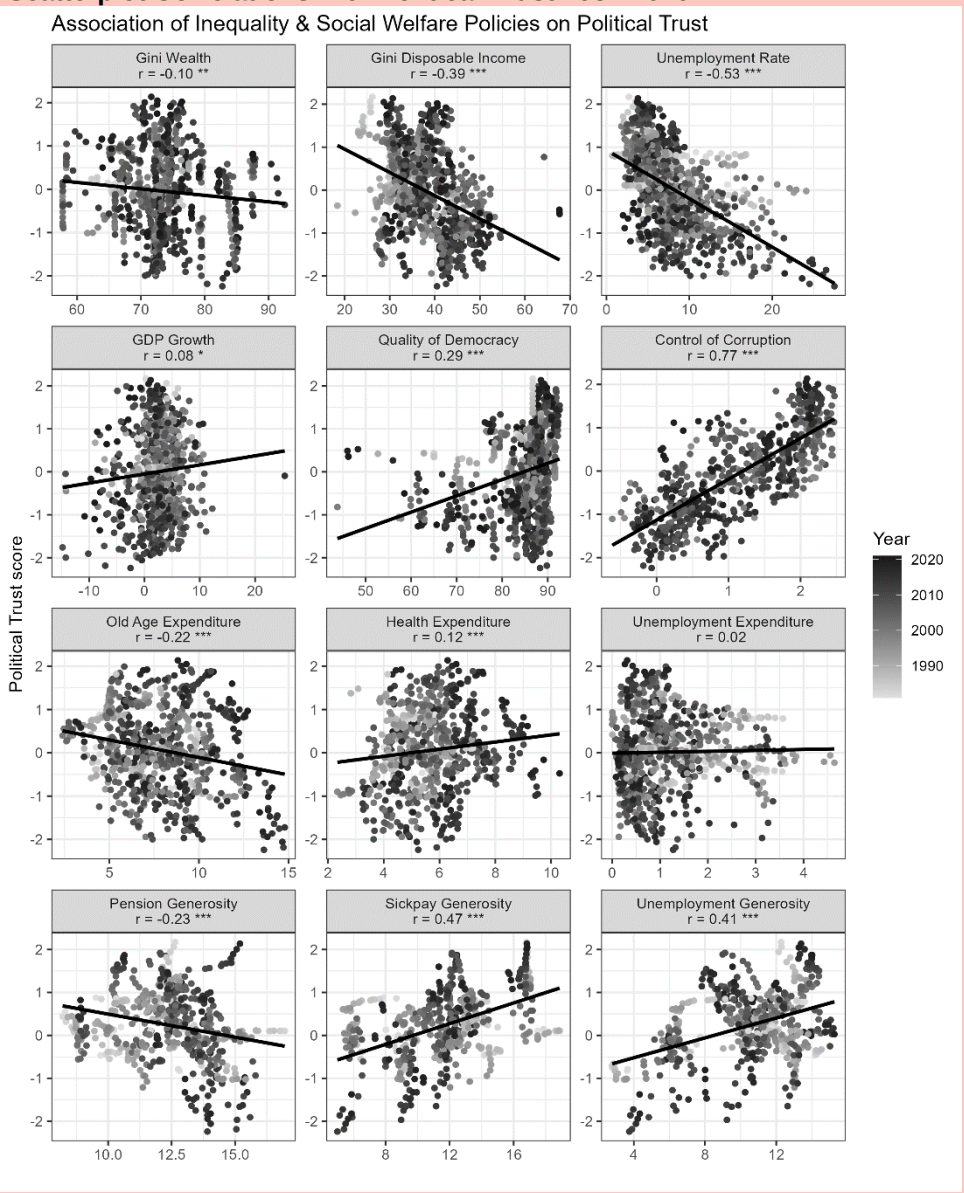
In this context, prior studies have established a connection between waning levels of trust and voter turnout and the rise of economic inequality (Goubin, 2018; Solt, 2008, 2010), as well as the influence of social welfare policies (Kumlin & Haugsgjerd, 2017; Kumlin, Stadelmann-Steffen & Haugsgjerd, 2017). **The previous section indicated an upward trajectory in disposable income and wealth inequality across Europe, alongside mixed approaches to social welfare policies in addressing these economic divides. The concurrent nature of these trends with shifts in political participation suggests a potential linkage, though the specific nature of this relationship remains to be fully investigated.** Particularly, as partly discussed previously, changes in political engagement and democratic legitimacy can be driven by other forces. Corruption (Hooghe & Quintelier, 2014; Olsson, 2014), economic performance (Gallie, 2013; Van Erkel & Van der Meer, 2016), and the overall quality of democracy (Bernhagen & Marsh, 2007; Vráblíková, 2014), also likely impact trust in democratic institutions as well as the ability and willingness of citizens to participate. Moreover, these factors also partially shape economic inequality (Marrero & Rodríguez, 2016; Uslaner, 2007) and the quality of social welfare policies (Lesschaeve, 2016; Schakel & Hakhverdian, 2018).

In the following sections, this report delves deeper into the statistical exploration of the determinants of political trust and voter turnout. Initially, correlational evidence is provided to map out the relationships between political trust and various influencing factors as they stand independently. This approach allows us to discern how each factor correlates without considering the interplay between them. Subsequently, findings from multilevel regression models are discussed, which are employed to quantify the relative impact of these drivers on democratic involvement. These models offer insight into the effect of enduring differences between countries and changing dynamics within countries, enabling a more nuanced understanding of what drives trust in political institutions and political participation. By examining both trust and participation through this dual lens, we can more comprehensively assess the influence of economic inequality and social welfare policies on political engagement and democratic legitimacy across Europe.

3.3.1. Drivers of Political Trust

To understand what is related to the variation in political trust observed across Europe over the last four decades, this section examines the associations between political trust, on the one hand, and economic inequality, social welfare policies, economic performance, and political performance on the other hand. First, Figure 3.16 **plots the bivariate associations to political trust**. These plots display the different country-year observations for political trust on the vertical (Y-) axis and the explanatory variables on the horizontal (X-) axis, with a straight black line of best fit to simplify the relationship. The correlation coefficients for the associations, along with its significance value, are reported in the panel header. These reflect the direction, magnitude, and likelihood of the estimate. Dots in the plot are grey scaled so that more recent years have a darker colour to highlight changes over time.

Figure 3.16 Scatterplot Correlations with Political Trust 1981-2020



Note: The reported values indicate the direction and strength of the relationship, with (greater) negative/positive values indicate lower/higher political trust. The stars reflect the probability of this value occurring incorrectly, that is * <.05, ** <.01, and *** <.001 percentage chance, meaning no stars indicate the absence of a relationship.
Source: Political trust mood score (1980-2022), OECD (1980-2019), CWEP (1980-2018), CPDS (1980-2020), World Bank (1996-2018), WID (1980-2020), and V-Dem (1980-2018).

Figure 3.16 shows that both economic and political performance are associated with political trust. First, economic factors (economic inequality, unemployment, and growth) have clear associations to how much citizens' trust their political institutions and actors. With regards to the association between inequality and trust, it can be observed that **both wealth inequality (r = -0.10**) and disposable income inequality (r = -0.39***) are negatively associated with political trust: the more economically unequal a given country, the less politically trusting citizens indicate to be.** While the gap between citizens across Europe in terms of wealth is larger than disposable income differences, the relationship for disposable income with trust is stronger and of similar strength as other economic indicators such as the unemployment rate (see below). Furthermore, economic performance metrics like the **unemployment rate (r = -0.53***) and GDP growth (r = 0.08*) show an association with political trust. Although the link with GDP growth is weaker, the association with the unemployment rate underscores how economic vulnerability, due to poor economic performance, erodes political trust.** This is particularly evident in countries experiencing high

levels of unemployment, such as Greece and Spain, where worsening economic conditions clearly correspond with reduced political trust (see also Torcal, 2014).

Second, and turning to political factors, **lower levels of corruption (r = 0.77***) and a higher quality of electoral democracy (r = 0.29***) are strongly related to higher levels of political trust**. Countries with a higher control on corruption, like Switzerland, Luxemburg, and Norway, exhibit higher levels of political trust, whereas countries with less corruption control, such as Greece, Italy, and Lithuania, show lower trust (see also Uslaner, 2017). This correlation underscores the significant impact of political integrity on public confidence in political institutions. Additionally, the quality of electoral democracy is pivotal, as shown by countries undergoing democratic backsliding, including Hungary and Poland, where citizens, on average, tend to be less trusting (Castaldo & Memoli, 2023; Waldner & Lust, 2018).

Finally, we turn to welfare state policies as a potential driver of political trust (Kumlin & Haugsgjerd, 2017; Kumlin, Stadelmann-Steffen & Haugsgjerd, 2017). First, the association between trust and old age spending is investigated. Counter-intuitively, the analyses reveal that higher spending on such policies is associated with lower political trust (r = -0.22***), particularly in countries like Greece and Italy, where old age expenditure is significant. Furthermore, not only is overall spending negatively associated with political trust, but the generosity **of pension schemes also correlates with lower trust (r = -0.23***).** This puzzling correlation might be due to a couple of factors. As pensions are oriented towards protecting people of old age specifically, rather than the general population, increases in old age policy expenditure could likely only slightly improve political trust on average. This, in combination with the challenges of an ageing population, and potential exacerbations of intergenerational inequalities, could paradoxically diminish political trust (Chen, et al., 2018; Rahman, 2019; Taylor, et al., 2011). This inverse relationship may also reflect concerns about overall social expenditure and the challenge of balancing welfare budgets (Hemerijck, & Huguenot-Noël, 2022; Morel, Touzet & Zemmour, 2018).

In contrast, investing in health policies is linked to increased political trust by addressing the essential physical well-being of all citizens (Bryngelson, 2009; Lyon, 2021; Mattila, 2020). Indeed, **higher health spending positively correlates with political trust (r = 0.12***)**. **Furthermore, generous sick pay schemes strongly correlate with higher political trust (r = 0.47***) too**, suggesting that safeguarding citizens' economic resources during health recovery fosters trust in democratic institutions.

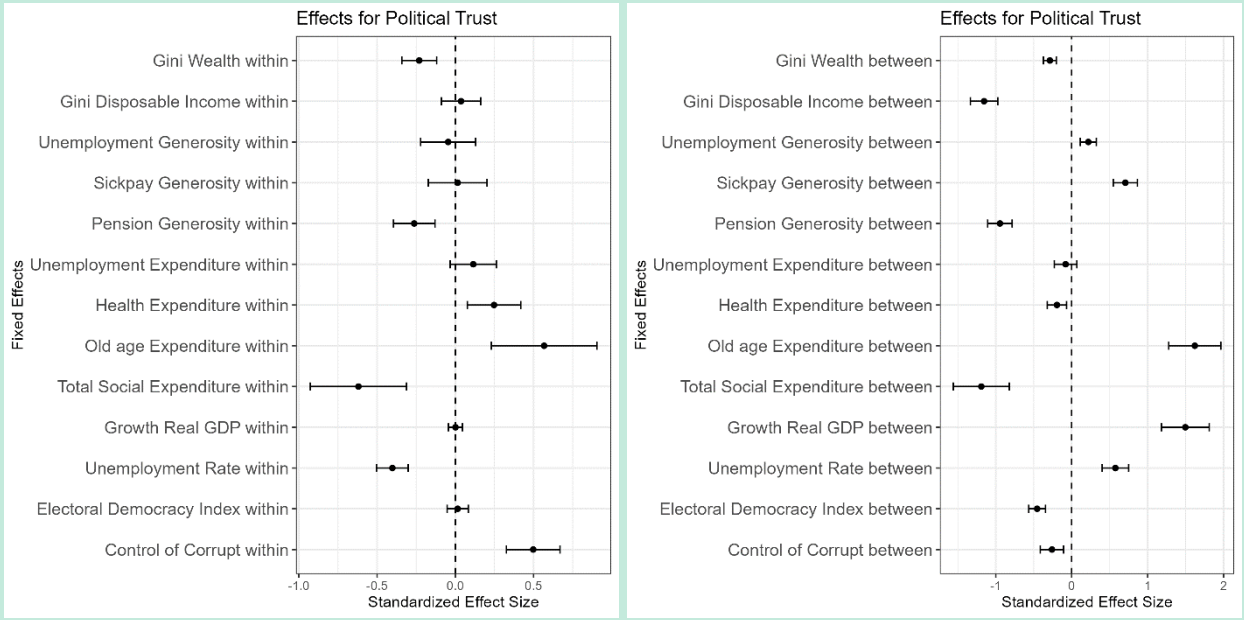
The association between political trust and spending on unemployment policies is less straightforward. **There is no relationship between overall levels of unemployment expenditure and political trust (r = 0.02), though more generous unemployment benefits are positively related to political trust (r = 0.41***).** This distinction underscores the complexity of how social welfare policies influence political trust. More generous unemployment benefits might signal a government's commitment to supporting its citizens during times of need, thereby enhancing political trust. However, the politicisation of unemployment and the shifting focus towards 'workfare' and the necessity of finding a job complicates this relationship. Indeed, the public's perception of the equity of unemployment benefits – whether they are seen as rewarding effort and need or as unearned entitlements – can influence their effect on political trust (Hemerijck, 2013; Laenen & Gugushvili, 2021; Morel, Touzet & Zemmour, 2018; Paetzold & Van Vliet, 2014; Svallfors, 2012; Van Vliet & Wang, 2015).

In summary, these bivariate relationships on the interlinkages between political and economic drivers of trust, highlight the complexity of potential connections. Nonetheless, these factors in all likelihood do not operate in isolation to influence political trust, rather, they are interwoven, potentially affecting each other and exhibiting varying dynamics over time and across different national contexts. **To overcome these limitations, Figure 3.17 shows the results of a multi-level within-between random effect regression model.** In this model, we can include all potential drivers of trust within one analysis, and thereby **account for the interconnectedness of the different trust explanations**. Moreover, this advanced technique allows us to isolate the effect of enduring country characteristics from temporal changes within them, while disentangling the impact of co-occurring events for the different explanations.[13]

[13] As the availability of data varies across the datasets, these models rely on a smaller subset of the total amount of data. While not needed for the bivariate correlations, the results are only based upon 15 countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom) over 20 years (1996, 1998, 2000, 2002-2018). To make it easier to interpret the relationships, all the data is standardised as based on the variation in the data of this subset for each of the explanatory factors.

Specifically, Figure 3.16 contains **'within' effects, which indicate how time dynamics *within* the countries have an influence on trust, and 'between' effects, which indicate how *between* country differences over time influence on trust.** The 'between' effects can be understood as 'stable' indicators that gauge the average value over all years (e.g., Switzerland 1996-2020) while the 'within' effects can be understood as 'change' indicators that gauge how a value of a national level indicator was lower or higher in a given year (e.g., Ireland 2010 compared to Ireland 1996-2020). Hence, the 'within' and 'between' effects help understand how economic inequality and social policy changes within countries, and enduring features between countries, can be associated to political trust at the national level.

Figure 3.17 Drivers of Political Trust: Dynamics over Time (Within Countries) and Average Differences Between Countries



Note: The reported values indicate the direction and strength of the relationship, meaning (greater) negative/positive values indicate lower/higher political trust. The bars around the dots reflect the potential range of the effect strength, meaning effects where the bar crosses the vertical dotted line (at 0) are considered as not having an impact on political trust.
Source: Political Trust mood score (1996-2018), OECD (1996-2018), CWEP (1996-2018), CPDS (1996-2018), World Bank (1996-2018), WID (1996-2018), V-Dem (1996-2018).

Starting with the impact of economic inequality, Figure 3.17 shows that **enduring high levels of wealth and income inequality (i.e., between effects), as well as year-on-year rises in wealth inequality (i.e., within effects), correlate with lower levels of political trust.** In line with the bivariate associations of Figure 3.16, particularly between-country differences in income inequality are negatively associated with average levels of trust between European countries. This implies that structural inequalities in economic resources do undermine political trust. Further, if wealth inequality rises within a given country, citizens react to these changes in the accumulation of wealth, hence being more critical of this wealth accumulation than about changes in income inequality.

To minimise the alienation of vulnerable citizens, governments implement social welfare policies to foster economic and political inclusion (Esping-Andersen, 1990; Shore, 2019; Takle et al., 2023). Figure 3.17, in that regard, shows a peculiar finding. Both the level of social spending, and changes to these spending levels are related to lower levels of political trust. Importantly, these analyses control for several economic and political factors, such as objective economic needs and levels of economic inequality, so these negative associations cannot be explained by a changing demand for social spending. Put differently, when countries, on average, spend more on social policies, or when they increase spending over time, this is seemingly triggering sustainability concerns (Morel, et al., 2018), relating to lower levels of political trust.

The impact of controlling for objective economic conditions is further showcased by the interlinkage between spending on the elderly and political trust. As Figure 3.17 shows, political trust is higher in countries with enduring high levels of old age expenditure and increases in old age expenditure, which is directly in contrast to the simple bivariate relations. However, there is also support for the idea that more generous pension policies, which can amplify economic inequality between age groups (Chen, et al., 2018; Taylor, et al., 2011), are related to less political trust. Hence, the relationship between old age spending policies and political trust is not straightforward.

The examination of health policy spending also reveals a complex association with political trust. While annual increases in health policy spending correlate with higher political trust, structurally higher spending in this domain is linked to lower trust. This dichotomy suggests concerns over both the high cost of social expenditure and the adverse effects of reducing citizens' health spending through liberalisation and privatisation (Bryngelson, 2009; Mattila, 2020; Mattila & Rapeli, 2018; Tambor, et al., 2014). Alternatively, the positive reception of generous sick pay policies underscores the value citizens place on effective social rights protection, enhancing trust in political institutions. A similar story can be told about the impact of unemployment expenditure on political trust. There is no relation between higher levels of spending on unemployment benefits between countries, nor is there a relation between trust and changes over time within countries. Nonetheless, countries with more generous unemployment benefits, the predominant source of unemployment expenditure, also host citizens with higher political trust levels. This shows the potential benefit of implementing social welfare policies that can most directly mitigate the impact of inequality by targeting vulnerable citizens (Paetzold & Van Vliet, 2014; Van Vliet & Wang, 2015).

In general, however, no clearcut trends with regards to the impact of social policies on trust can be discerned: both positive, negative and insignificant interlinkages are found, and results between Figure 3.16 on the bivariate relations, and Figure 3.17 on the multivariate relations, are often contradicting. **Hence, no strong conclusions on the relationship between social spending and political trust can be made based on the analyses of this report**.

Turning to other drivers of trust, namely political and economic performance, within-country decreases in unemployment rates and improvements in corruption control positively affect political trust, aligning with established academic findings (Uslaner, 2017; Van Erkel & Van der Meer, 2016). However, year-to-year enhancements in the quality of democracy or economic growth are not associated with trust when controlling for other factors. This outcome suggests that consistent GDP growth and effective anti-corruption measures are more influential in shaping political trust than immediate changes in democracy quality or economy size. Furthermore, crackdowns on corruption seem to have a more significant effect on trust than the overall quality of electoral democracy.

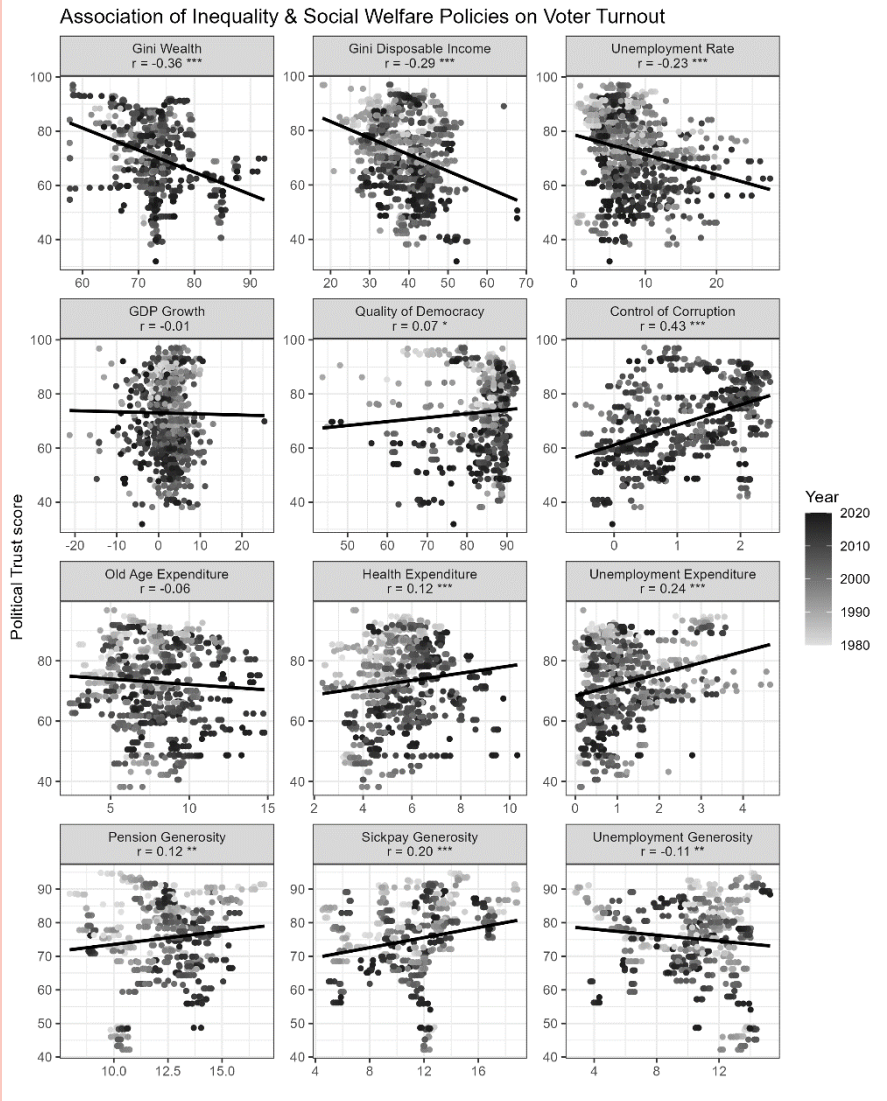
To ensure the robustness of these findings, various model combinations were tested on the dataset. These models systematically tested the impact of the inclusion or exclusion of the different inequality and social policy drivers, and auxiliary explanations on the results. Models with alternative variables were also tested.[14] The overall conclusion from the robustness tests is that citizens' trust tends to be more impacted by year-to-year changes within country social welfare policies than they are by enduring between country differences. **These robustness tests further underpin the main findings**. **In short, there is a clear negative impact of enduring and increasing high economic inequality on political trust, while no overall conclusion can currently be made for the impact of social policies.**

[14] Models with the World Bank's voice and accountability index (political control factor), as obtained from the WGI (2017) data, the consumer price index (economic control factor), and other social policy expenditure domains (labour market and disability policy expenditure) were tested, as obtained from the CPDS data (Armingeon, et al., 2020). An overview of the model results for the robustness analyses can be obtained upon request.

3.3.2. Drivers of Political Participation

In this section of the report, we turn to the drivers of political participation. Here, the focus lies on voter turnout, which serves as the most direct form of political engagement in electoral democracies. Unlike other forms of participation, such as taking part in protests or signing petitions, voting provides a universal avenue for expressing political preferences and influencing governance, and thus remains the most common and accessible form of participation (Blais & Rubenson, 2013; Hooghe & Kern, 2017; Marien, Hooghe & Quintelier, 2010). Our descriptive findings for political participation reiterate the greater prevalence of voting, showcasing how other forms of participation are used by a much smaller portion of citizens. Relatedly, the trends unfolding for non-electoral forms of participation differ from the decline in turnout across Europe. Hence, this section analyses the drivers of voter turnout, as it is the most important political participation act in Europe. In keeping with the analyses on trust, Figure 3.18 first shows the bivariate associations between economic inequality, social policies, and other potential economic and political drivers of voter turnout.

Figure 3.18 Scatterplot Correlations with Voter Turnout, 1980-2020



Note: The reported r values indicate the direction and strength of the relationship, meaning (greater) negative/positive values indicate lower/higher voter turnout. The stars reflect the probability of this value occurring incorrectly, that is * <.05, ** <.01, and *** <.001 percentage chance, meaning no stars indicate the absence of a relationship.
Source: Political Trust mood score (1980-2022), OECD (1980-2019), CWEP (1980-2018), CPDS (1980-2020), World Bank (1996-2018), WID (1980-2020), and V-Dem (1980-2018).

(

As shown in Figure 3.18, **wealth and disposable income inequality negatively correlate with voter turnout levels (r = -0.36*** and r = -0.29***, respectively).** Countries exhibiting lower levels of inequality, such as Denmark, the Netherlands, and Austria, demonstrate higher voter turnout. Conversely, countries with greater economic disparities, such as Poland, Greece, and Lithuania, experience reduced participation rates. This pattern suggests that economic inequality alienates economically vulnerable citizens, deterring them from engaging in democratic processes (Brady et al., 1995; Verba, 1996), and decreasing voter turnout.

Turning to social policies, not all social welfare measures equally affect voter turnout. **While there is no direct association between old age expenditure and turnout (r = -0.06), pension generosity shows a small positive correlation (r = 0.12***).** Specifically, countries offering more generous pensions, such as Sweden and Norway, see a slightly higher voter turnout compared to those with less generous provisions, like the United Kingdom and Switzerland. This can imply an impact of pension generosity facilitating economic resources available to older citizens, enabling greater participation.

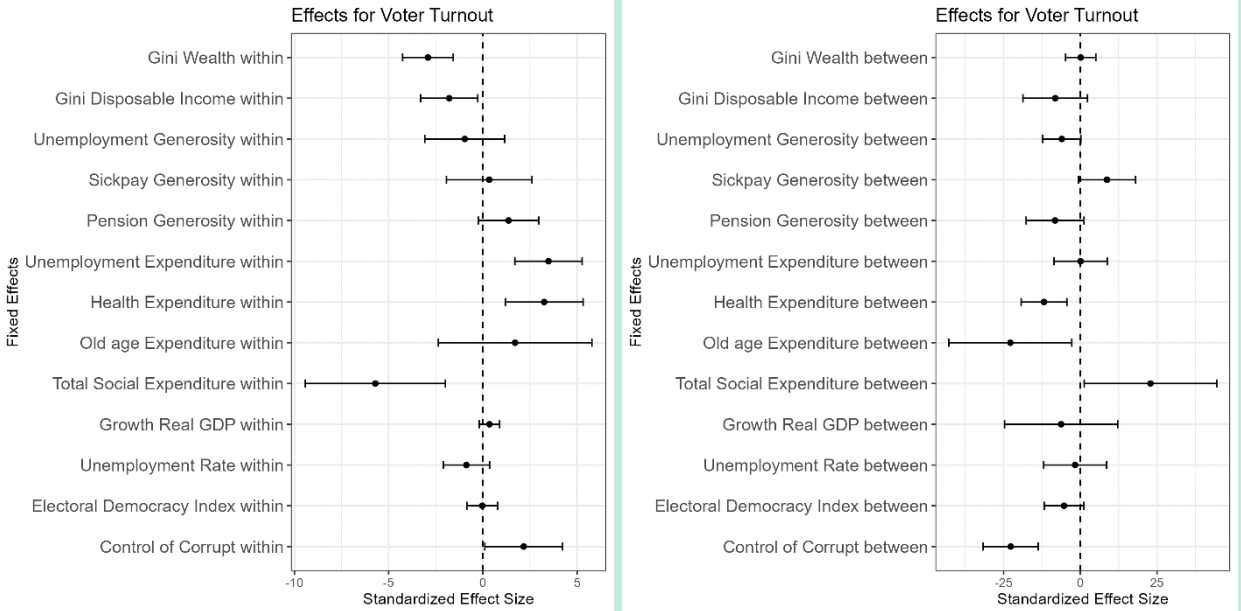
The potential supportive role of welfare services in boosting political participation is reiterated by the association between turnout and health policies (Brady et al., 1995; Bryngelson, 2009; Lyon, 2021; Mattila, 2020; Verba, 1996). Aiming to ensure that all citizens have the physical and mental health needed to participate, we find that **investments in health policies correlate positively with voter turnout (r = 0.12*** for expenditure, r = 0.20*** for sick pay generosity).** This indicates that countries prioritising health funding, such as Sweden and Germany, achieve higher participation rates. In contrast, nations with lower investments in health, like Poland and Ireland, exhibit smaller levels of voter engagement.

Further, **a positive association is observed between voter turnout and unemployment expenditure (r = 0.24***), suggesting that countries investing more in unemployment benefits see higher turnout rates.** However, a negative correlation exists with unemployment generosity (r = -0.11***), indicating that higher generosity in unemployment benefits is linked to lower voter turnout. This counterintuitive finding is partly explained by a subsample of countries like Switzerland and Portugal, where high unemployment generosity coincides with structurally low rates of voter turnout. In Switzerland, this can be attributed to the political system (participation at the federal level is lower) (Blais, 2014), while in Portugal, it relates to growing economic vulnerability of employed citizens (Manoel, Costa & Cabral, 2022). Furthermore, the positive association with unemployment expenditure may be influenced by country-specific factors such as compulsory voting systems, as seen in Belgium, underscoring the importance of considering contextual explanations when evaluating the impact of social welfare policies on voter turnout.

Finally, political and economic performance are also significantly related to turnout (Agerberg, 2017; Bauhr & Charron, 2018). **Control of corruption presents a strong positive relation with voter turnout (r = 0.43***), contrasting with a weaker link between turnout and the quality of democracy (r = 0.07*).** Countries with higher corruption levels, such as Bulgaria, and Romania, exhibit lower turnout, whereas nations effectively managing corruption, like Denmark, and Finland, see higher participation rates. This divergence is partly attributed to the effects of voting laws, leading countries with a lower quality of democracy to not have drastically lower voter turnout rates. Moreover, due to the variation in turnout during periods of low unemployment, **there is somewhat a diminished association between turnout and unemployment (r = -0.23***). Interestingly, no association exists between GDP growth and voter turnout (r = -0.01).** This can suggest that economic conditions' mobilising effects to penalise or support incumbent governments may be offset by the challenges faced by vulnerable citizens in participating during economic downturns (Burden & Wichowsky, 2014; Wilford, 2020).

More in general, it should be noted that **most observed correlations** between turnout on the one hand, and inequality, social spending and the political or economic features, on the other hand**, were relatively small** (i.e., below 0.30). It remains to be seen if these associations hold up in the more advanced statistical models. Bivariate relationships may provide insights into why voter turnout is lower in general, but they cannot account for the impact of co-occurring events, nor for variation caused by other structural differences between countries, or over-time dynamics. Hence, like the analyses in Figure 3.17 on political trust, Figure 3.19 explicitly models this complexity, by presenting the results of a multilevel regression model.

Figure 3.19 Drivers of Voter Turnout: Dynamics over Time (Within Countries) and Average Differences Between Countries



Note: The reported values indicate the direction and strength of the relationship, meaning (greater) negative/positive values indicate lower/higher voter turnout. The bars around the dots reflect the potential range of the effect strength, meaning effects where the bar crosses the vertical dotted line (at 0) are considered as not having an impact on turnout.

Source: OECD (1996-2018), CWEP (1996-2018), CPDS (1996-2018), World Bank (1996-2018), WID (1996-2018), V-Dem (1996-2018).

Altogether, multiple findings in Figure 3.19 are statistically insignificant, suggesting that the analyses do not substantiate the initial expectations of this report. Nonetheless, the findings do provide support for an association between economic inequality and turnout, also when taking other political and economic factors into account. Specifically, within-country increases in both wealth and disposable income inequalities over time are negatively associated with voter turnout, while more stable differences between countries do not seem to have this impact. In short**, if economic inequality increases, regardless of how high levels of inequality are, fewer citizens cast a vote** (Brady et al., 1995; Solt, 2010; Verba, 1996).

The relationship between social welfare spending and voter turnout is more complex. Over half of the different indicators are not significantly related to turnout, and if they do, the effects go both ways. For instance, structurally higher social policy expenditure correlates with increased turnout, whereas incremental increases in total expenditure may lead to decreased turnout. As another example, Figure 3.19 indicates that there is no impact of pension generosity nor yearly increases in old age expenditure on turnout. However, enduring high levels of old age expenditure are related to lower levels of voter turnout, which might be related to a greater alienation of young people from political life, and potential indirect effects of old age expenditure on amplifying age-based inequalities. **Yet, these findings do not support any general conclusion about the relationship between social policies and voter turnout.**

As was also done for the political trust models, various model combinations were tested on the dataset to ensure the robustness of these findings. In general**, the robustness results do suggest that there are only mixed effects of social policies on voter turnout**, necessitating more detailed examinations in future studies. The robustness tests do **uphold the conclusions on the role of economic inequality**.

4. Conclusion

Democracies across Europe are becoming increasingly concerned about democratic support and engagement (Van der Meer, 2017; van Ham, Thomassen, Aarts & Andeweg, 2017). Less affluent citizens, with less access to political power, are in growing numbers participating less within democratic processes and expressing lower trust in their political institutions (Goubin & Hooghe, 2020; Solt, 2008), while simultaneously governments are aligning policies regarding wealth and income regulations to the preferences of more well-off citizens (Lesschaeve, 2016; Schakel & Hakhverdian, 2018). To counteract these trends of inequality, a proposed remedy is to boost social inclusion to ensure that all citizens believe in the reliability and responsiveness of political institutions (Kumlin & Rothstein, 2005; Rosset, Giger & Bernauer, 2013).

Within this context, this report examined whether more inclusive and qualitative public and social policies can boost the involvement of more vulnerable citizens within democratic processes. Specifically, this report set out to (1) highlight the long-term trends of trust in political institutions and political participation in Europe, (2) examine whether these trends relate to economic inequality, as well as (3) the generosity of social policies. To achieve these objectives, this report reviewed the state-of-the-art of the literature, collected data from a variety of data sources on 31 countries over the last 4 decades (1980-2022), and leveraged a novel statistical technique to capture political trust and high quality data on different social policies across Europe.

While previous studies have explored the relationship between economic inequality, political trust and participation (Engler & Weisstanner, 2021; Goubin et al., 2020; Goubin & Hooghe, 2020; Jensen & Jespersen, 2017; Polacko, 2022), this report offers several key contributions. Most notably, it goes beyond focusing solely on economic inequality by including the quality of social services in the analysis. This is especially relevant for the INVOLVE project, as it highlights how efforts to improve access to and the quality of social policies influence citizens' political engagement and democratic legitimacy. By considering economic inequality in broader terms than just income disparities, this report validates earlier research on the impact of income inequality on trust and participation (Solt, 2008; Verba, Schlozman & Brady, 1995) and extends the analysis to wealth inequality. To our knowledge, the focus on wealth inequality represents a novel contribution to the field.

A general conclusion which this report draws is that there have been **important fluctuations in political trust** with a particular low point following the 2008 recession and continued low levels of trust in Southern and Eastern Europe. Further, there is a **steady decline in voter turnout** in national elections across Europe with several countries today having a lower turnout than 50% of eligible voters taking part in elections. In contrast, **rates of non-electoral participation**, though notably lower, **have remained largely stable** over the last two decades. Moreover, while the average level of political trust today is not drastically different from the overall level of trust across Europe over the last decades, many countries are experiencing troublingly low and more volatile levels of political engagement and democratic legitimacy. Hence, while Europe is, *en mass,* not in a crisis of low political trust, multiple countries are struggling with low political support. Accordingly**, there is reason to conclude that contemporary democratic governments are increasingly vulnerable as they navigate a progressively more precarious foundation of political support.**

One explanation for this growing pressure on democratic systems is the growing asymmetry in access to political power, which is amplified by high and growing economic inequality. This report concludes that there has indeed been a simultaneous rise in economic inequality since the 1980s in terms of wealth and disposable income. This report's examination of long-term trends highlights how (1) income inequality has risen strongly, notably during the late 1980s and in Eastern European countries, while (2) wealth inequality was always much greater. Moreover, the analysis gives clear support that particularly (3) growing wealth inequality within countries and structurally higher levels of income inequality between countries are related to lower levels of political trust and participation. Additionally, growing disposable income inequality within countries relates to less citizens turning out to vote while enduringly high levels of wealth inequality relate to lower levels of political trust. In short, **there is an evident link between the growing fragility of democracy and the high and rising levels of economic inequality.**

A potential remedy for this impact of inequality is to boost equality through social welfare policies that secure basic human needs and social rights for all citizens. Reviewing the state-of-the-art, it would seem logical to

expect that more redistributive, expansive, and generous welfare state policies would boost political engagement and democratic legitimacy. Despite its potential impact, this report first observes that there are great disparities between European welfare states regarding the overall size of the welfare state, which policy domains receive the majority of funding, and how generous welfare benefit entitlements are. This is of importance, as it does indicate that European welfare states are not in a uniform race to the bottom due to permanent austerity pressures. Second, the report's analyses do not provide any indication that there is a uniform positive effect of social policies on political trust and voter turnout, though trust does seem to be more connected to within country changes than enduring country differences in social policy regimes. Hence, **the link between changes in social policies and the associated changes in political engagement and democratic legitimacy at the national level is not fully clear, and requires future research.**

By conducting this research, this report provides several contributions to the current understanding of how democracies can ensure that their citizens believe that their political institutions are reliable and responsive during times of high and growing inequality. Yet, there are **limitations** to the insights this report can provide. Most importantly, this report is focused on the national level. This has as a consequence that the direct impact of social policies on political participation, often targeted at specific population groups (in this case, the elderly, sick, and unemployed), becomes more diluted and difficult to estimate depending on the size of this target group in the whole population. As highlighted by the discussion of the state-of-the-art, the manner via which social policies are likely to improve political trust is through mechanisms not readily applicable to entire country populations. Moreover, the analyses of this report examine the associations for economic inequality and social policy in parallel. Though social policies are merely one way to reduce economic inequality and its impact, a potential reason for this report's lack of evidence for an overall impact of social policies is that such an impact is contingent upon certain levels of economic inequality as opposed to independent from it. Consequently, follow-up research should seek to examine the impact of social policies on political trust and participation by accounting for its diverging effect across different (non-) welfare target groups within countries and potential interdependencies with existing levels of economic inequality.

In conclusion, this report underscores the growing concerns surrounding declining democratic engagement across Europe, particularly among less affluent citizens facing barriers to political participation. The analysis reveals a concerning trend of increasing fragility of democratic support, with increasingly changing levels of trust in political institutions and waning voter turnout, which is in turn further exacerbated by widening economic inequalities. Accordingly, governments that seek to foster greater political engagement and democratic legitimacy of citizens should also seek to reduce economic inequality. Moreover, to counteract these challenges of unequal democratic involvement, prioritising more inclusive social policies and welfare states would seem imperative to ensure the reliability and responsiveness of political institutions. Yet, this should be done with caution, as this report finds that there is no uniform impact of social policies on trust nor voter turnout across whole populations of citizens. Governments can foster a more equitable and participatory democracy through strategic policy interventions, steering away from broad reforms. By addressing the root causes of democratic fragility, namely economic inequality, through strategic social policy interventions, governments can still potentially foster equitable and participatory democracies.

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Appendix

Appendix A. Political Trust Mood Score Detailed Methodology

This study builds on an innovative statistical method developed by Claassen (2019, 2022) to construct a dataset with a broader spatial-temporal scope compared to previous studies. This methodology builds upon the tradition of 'mood' measures that address the need for high-quality aggregate public opinion data over large time spans (Jackman, 2005; Stimson, 1991). Specifically, we pooled data on trust and confidence in various political institutions[15] from six different survey projects (the Eurobarometer, European Quality of Life Survey, European Social Survey, European Values Study, International Social Survey Project, and the Life in Transition Survey) spanning from 1980 to 2022 and covering 31 European countries. In total, this resulted into 765 country-years and 3335 aggregated public opinion measures on political trust at the national level. This allows for the most comprehensive analysis of trends in trust in Europe to date (Norris, 2011, 2022; Zmerli & van der Meer, 2017).

To model cross-national time-series variation in political trust, we apply Bayesian Latent Variable Modelling, following the four guiding principles outlined by Claassen (2019). First, political trust is conceptualised as a latent unobserved trait. This implies that the aggregate levels of political trust are a function of both the level of political trust and the error caused by various sources relating to the survey project, item wording, response scale, and randomness. Second, adjustments for the functioning of items across countries were accounted for. We do so by including a factor loading score for the different country-items in the measurement model. Third, in order to standardise differences in respondents across survey projects, a specification of sampling error is added. Consequently, responses were reconfigured to reflect the number of respondents providing an affirmative (or dissenting) opinion[16]. Last, while measurement models would allow for the unobserved trait to be captured by accounting for variance relating to error, data gaps still persist. Therefore, the models smoothed over time gaps as well. To accomplish this, the latent trust level is specified within a local-level dynamic linear models wherein a score at time t is a function of the score at t-1 plus random noise.

To adhere to these guiding principles, in statistical terms, models analyze the number of observed respondents y who give an affirmative (opposed to dissenting) indication of holding political trust for each country i, year t, and survey item k as a binomially distributed count yikt. This specification is a reparameterization as a beta prior, or beta-binomial, probability parameter πikt given a certain sample size sikt. This beta-binomial probability is further specified by a dispersion parameter ϕ in observed survey responses, which captures sources of error over and above sampling error, and an expectation parameter ηikt. This expectation parameter is comprised of an item parameter λk, item-country parameter δik, and latent country-year estimate θit, hence accounting for variation across country-survey-years. Importantly, this is possible as items are asked on multiple occasions for a given country, allowing unit bias caused by country-item effects to be captured. Hence, the item parameter can be seen as an item-level residual, the item-country parameter as a country-item level residual, and the latent country-year estimate as the adjusted estimate of political trust. Moreover, to account for the extent to which different items capture the latent level of political trust, an item slope γk, or 'loading score', is added to the latent country-year estimate. Last, to obtain smooth latent country-year levels of political trust, latent levels of political trust are a function of the previous country-

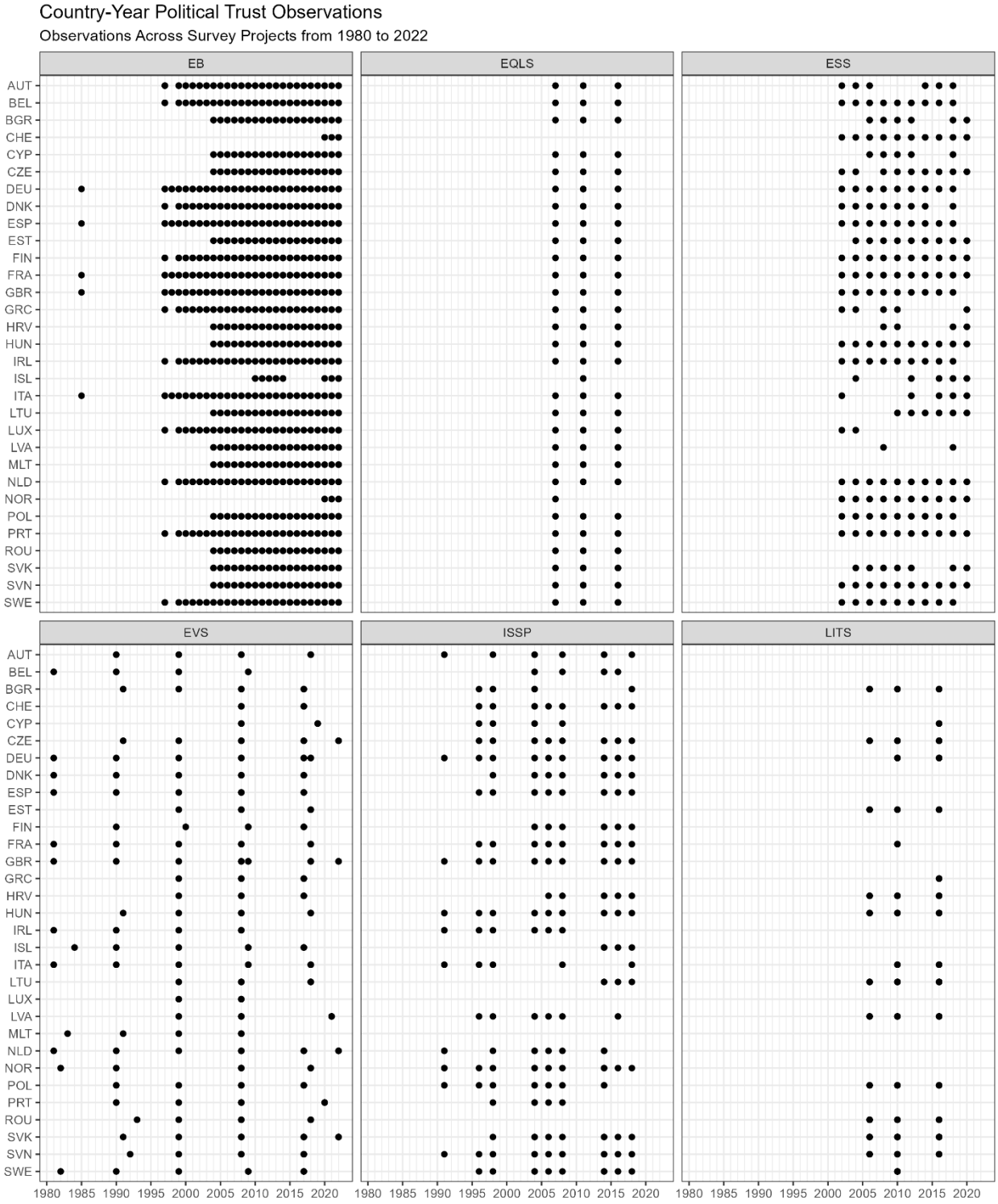
[15] Following common operationalizations of political trust in the literature, items asking about either *trust* or *confidence* in national government, national parliament, regional authorities, local authorities, political parties, presidents/prime ministers, politicians, public administrators, and civil servants were included in the BLVMs.

[16] Three different kinds of item response scales were identified in the surveys: dichotomous, ordinal, and continuous. Dichotomous items were not reconfigured as they were already in the desired format. Ordinal items were dichotomised based on which responses were indicative of affirmative responses. Continuous items were reconfigured into dichotomised items via splitting those who gave a response higher than the median response value from the rest of the respondents.

year level θi,t-1 accounting for random noise held constant across countries as estimated from the data (for an extensive discussion of formulas see Claasen, 2022).

The described model is estimated using Bayesian Markov-Chain Monte Carlo (MCMC) methods via the R package CmdStanModel (Carpenter, et al., 2017; Cesnovar, et al., 2021). Four parallel chains were run with 1,000 samples, where the first 500 in each chain being used as warmup and the remainder of the posterior further analyzed. All models converged with Rˆs between 0.95 and 1.05. The remainder of this paper will focus on the latent country-year estimates θit of political trust, also known as the political trust mood scores. These estimates reflect the extent to which a given country-year is more or less trusting of their political institutions relative to the grand mean of political trust, fixed at 0, across the included 31 European countries over the whole time scope, accounting for the discussed sources of error across country-year-survey-items. Hence, scores can be interpreted as the extent to which countries deviate from the average level of trust.

Figure A.1 Overview of County-Year-Survey Observations for Political Trust Questions



Appendix B. Data Overview

Table B.1 Descriptive Statistics

Dataset	Variable	Type	Sample Size	Min	Max	Mean	SD
Political Trust Mood Score Data	Political Trust Mood Score	Original	1066	-2.24	2.17	0.00	0.91
European Social Survey (ESS)	Signing Petitions	Original	228	0.03	0.57	0.23	0.13
	Boycotting Products	Original	228	0.02	0.49	0.17	0.12
	Contacting Public Officials	Original	228	0.02	0.30	0.15	0.05
	Displaying Political Merch	Original	228	0.01	0.43	0.08	0.07
	Demonstrating or Protesting	Original	228	0.01	0.34	0.07	0.05
World Inequality Dataset (WID)	Gini Disposable Income Inequality	Original	1220	0.10	0.68	0.37	0.07
		Between	299	0.30	0.50	0.38	0.05
		Within	299	-0.05	0.06	0.00	0.02
	Gini Wealth Inequality	Original	883	0.58	0.93	0.73	0.06
		Between	299	0.67	0.88	0.74	0.05
		Within	299	-0.10	0.10	0.00	0.02
Comparative Political Data Set (CPDS) and OECD	Total Social Policy Expenditure as % GDP	Original	985	5.68	34.16	21.24	4.87
		Between	299	17.48	30.08	24.72	3.11
		Within	299	-5.61	6.30	0.00	2.24
	Old Age Policy Expenditure as % GDP	Original	940	2.21	14.62	7.60	2.24
		Between	299	3.37	13.17	8.76	2.40
		Within	299	-3.36	3.20	0.00	1.15
	Health Policy Expenditure as % GDP	Original	968	0.00	9.55	5.36	1.39
		Between	299	5.16	8.40	6.48	0.93
		Within	299	-2.44	1.95	0.00	0.76
	Unemployment Policy Expenditure as % GDP	Original	931	0.00	5.27	1.16	0.98
		Between	299	0.45	3.08	1.37	0.75
		Within	299	-1.25	1.57	0.00	0.40
	Unemployment Rate	Original	1095	0.20	27.50	7.89	4.35
		Between	299	3.65	16.81	8.17	3.55
		Within	299	-8.61	12.09	0.00	2.88
	Growth Real GDP	Original	1108	-21.29	25.36	2.25	3.61
		Between	299	0.17	5.05	1.78	1.03
		Within	299	-10.32	20.31	0.00	2.70
	Voter Turnout	Original	1143	31.90	97.20	73.46	14.19
Comparative Welfare Entitlement Project (CWEP)	Combined Welfare Generosity Index	Original	610	21.37	47.80	34.32	5.84
		Between	299	24.46	44.16	34.69	4.93
		Within	299	-2.97	5.04	0.00	1.25
	Pension Generosity Index	Original	610	7.96	16.95	12.31	1.75
		Between	299	8.95	14.51	12.65	1.46
		Within	299	-1.72	2.50	0.00	0.60
	Sickpay Generosity Index	Original	637	4.52	18.87	11.55	3.22
		Between	299	5.88	16.82	11.53	2.81

		Within	299	-1.99	1.75	0.00	0.54
	Unemployment Generosity Index	Original	637	2.79	15.27	10.41	2.94
		Between	299	5.14	14.47	10.51	2.67
		Within	299	-1.94	2.30	0.00	0.68
Varieties of Democracy (V-Dem)	Electoral Democracy Index	Original	1239	0.13	0.93	0.81	0.15
		Between	299	0.86	0.92	0.89	0.02
		Within	299	-0.04	0.02	0.00	0.01
World Governance Indices (WGI)	Control of Corruption	Original	682	-0.62	2.47	1.13	0.82
		Between	299	0.17	2.38	1.59	0.63
		Within	299	-0.55	0.61	0.00	0.15

Table B.2 Statistics Interpretation Overview

Variable	Number interpretation
Political Trust Mood Score (Own data)	The number reflects how positive or negative a country's national level political trust mood is. Concretely, a score of 0 means that the national population of citizens are not more or less trusting than the European average over the last 4 decades, while negative scores indicate low trust moods and positive scores indicate high trust.
Voter Turnout (CPDS)	The number reflects the precentage of the population of eligible voters, within a given country, that voted in the national election as based on the amount of votes casted in an election. Concretely, a rate of 50% means that half of eligible voters voted in the most recent national parliamentary election.
Signing Petitions (ESS)	The number reflects the precentage of the weighted sample of respondents within the ESS data, within a given country, that self-reported to have signed a petition in the 12 months prior to the survey. Concretely, a rate of 10% means, as based on the weighted average of the ESS samples, that around 1 out of every 10 citizens signed a petition.
Boycotting Products (ESS)	The number reflects the precentage of the weighted sample of respondents within the ESS data, within a given country, that self-reported to have bought or not bought certain products for political reasons in the 12 months prior to the survey. Concretely, a rate of 10% means, as based on the weighted average of the ESS samples, that around 1 out of every 10 citizens boycotted a product.
Contacting Public Officials (ESS)	The number reflects the precentage of the weighted sample of respondents within the ESS data, within a given country, that self-reported to have contacted a public official in the 12 months prior to the survey. Concretely, a rate of 10% means, as based on the weighted average of the ESS samples, that around 1 out of every 10 citizens contacted a public official.
Displaying Political Merch (ESS)	The number reflects the precentage of the weighted sample of respondents within the ESS data, within a given country, that self-reported to have displayed political merchanidice (such as badges or stickers) in the 12 months prior to the survey. Concretely, a rate of 10% means, as based on the weighted average of the ESS samples, that around 1 out of every 10 citizens displayed political merchandice.
Demonstrating or Protesting (ESS)	The number reflects the precentage of the weighted sample of respondents within the ESS data, within a given country, that self-reported to have taken part in a protest or public demonstration during the 12 months prior to the survey. Concretely, a rate of 10% means, as based on the weighted average of the ESS samples, that around 1 out of every 10 citizens demonstrated or protested.
Gini Disposable Income Inequality (WID)	The number reflects the differences in the observed level of disposable income distribution, after taxes and transfers. Concretely, a score of 0 means that all households have the same amount of disposable income, while a score of 100

	means one household is receiving all the country's income and all other households no income.
Gini Wealth Inequality (WID)	The number reflects the differences in the observed level of wealth distribution, that is how evenly financial assets such as stock investments or real estate are spread over the whole country's population of households. Concretely, a score of 0 means that all households have the same amount of wealth, while a score of 100 means one household has all the country's wealth and all other households have no wealth.
Total Social Policy Expenditure as % GDP (OECD)	The number reflects how much governments are spending on social policies, that is public and mandatory and voluntary private social expenditure for policies related to policy for old age, survivors, incapacity-related benefits, health, family, active labour market programmes, unemployment, and housing, reported as a percentage of the size of a country's economic to ensure comparability of expenditure levels of across countries.
Old Age Policy Expenditure as % GDP (OECD)	The number reflects how much governments are spending on old age policies, public and mandatory and voluntary private expenditure for policies related to policy for standard and minimum pension, early-retirement, and job maintance after the retirement age, reported as a percentage of the size of a country's economic to ensure comparability of expenditure levels of across countries.
Health Policy Expenditure as % GDP (OECD)	The number reflects how much governments are spending on health policies, public and mandatory and voluntary private expenditure for policies related to health, policy for financing arrangements on medical services and goods, population health, prevention programmes, and the administration of the health system, reported as a percentage of the size of a country's economic to ensure comparability of expenditure levels of across countries.
Unemployment Policy Expenditure as % GDP (OECD)	The number reflects how much governments are spending on unemployment policies, public expenditure for policies related to cash benefit transfers to compensate for unemployment, redundancy payments from public funds, as well as the payment of pensions to beneficiaries before they reach the standard pensionable age, if the beneficiaries are without employment, reported as a percentage of the size of a country's economic to ensure comparability of expenditure levels of across countries.
Unemployment Rate (CPDS)	The number reflects the percentage of the civilian labour force, the number of people whom are capable and eligible for work, that is without employment. A rate of 10.0 means that 1 in every 10 people in the civilian labour force is without employment.
Growth Real GDP (CPDS)	The number reflects the change of the Gross Domestic Product (GDP), reflective of a country's economy size, adjusted for inflation or deflation. Concretely, a score of 0 means that the economy of a country did not increase or decrease.
Pension Generosity Index (CWEP)	The number reflects the generosity of mandatory public pension programmes and replacement rates of minimum pensions, excluding occupational pensions and mandatory private savings schemes, as determined by summing the relative generosity for legal retirement age, type of insurance, and average replacement rate across various population segments for a given country. A higher score indicates higher generosity.
Sickpay Generosity Index (CWEP)	The number reflects the generosity of sickpay insurance in the event of short-term non-occupational illness or injury, including provisions for mandatory private (employer-paid) benefits in addition to public insurance, as determined by summing the relative generosity for length of benefit duration, illness types included, and type of work required to be entitled to benefits for a given country. A higher score indicates higher generosity.
Unemployment Generosity Index (CWEP)	The number reflects the generosity of national unemployment insurance without income testing, excluding unemployment assistance or income-based jobseeker allowances, as well as the provision for unemployment under collective bargaining agreements, as determined by summing the relative generosity for length of benefit

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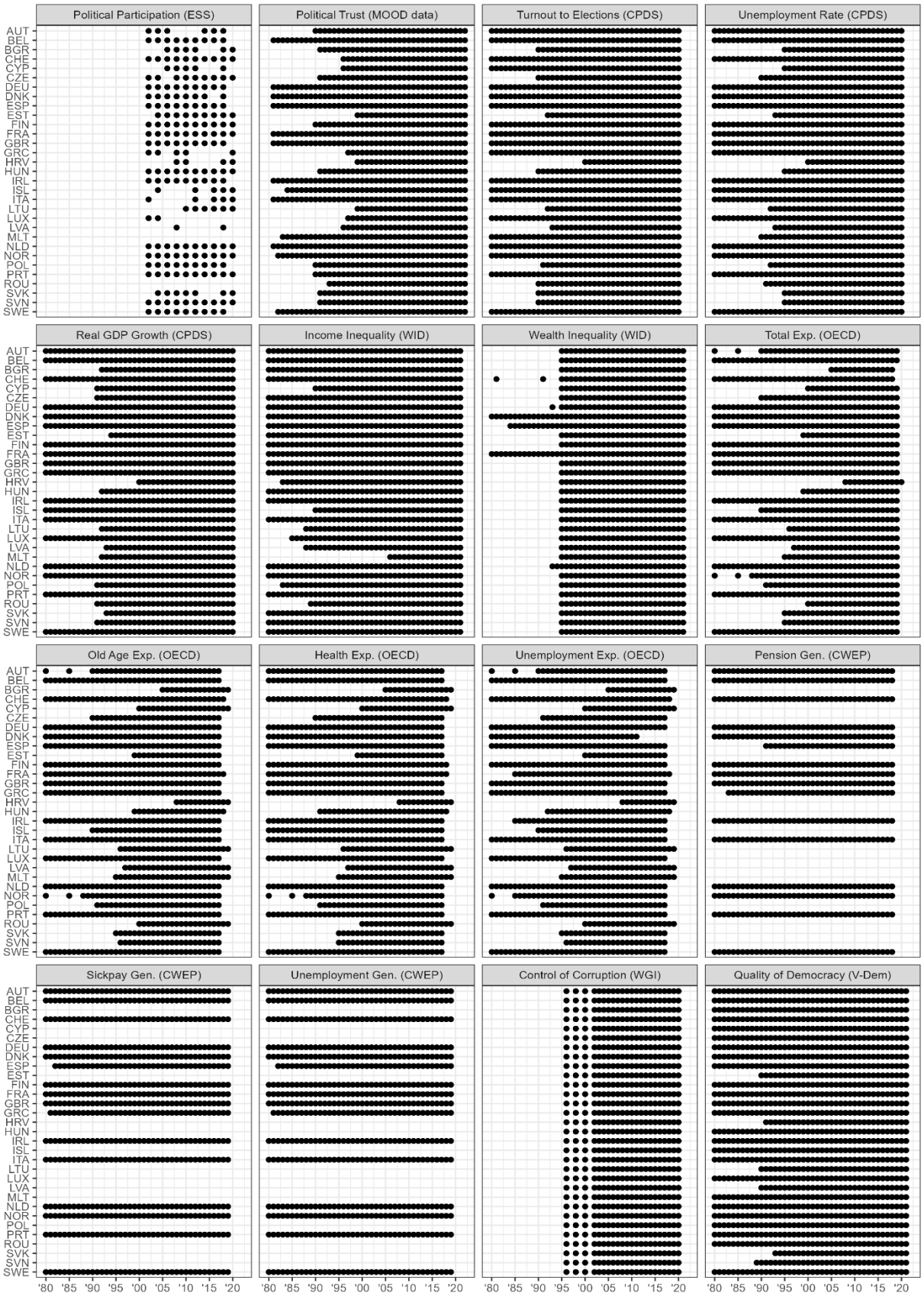
	duration, years of contribution needed for benefit entitlements, and type of insurance of scheme for a given country. A higher score indicates higher generosity.
Electoral Democracy Index (V-Dem)	The number reflects the extent to which a given democracy is able of embodying the core values of representative electoral democracy, accounting for rulers' responsiveness to citizens, electoral competition, the degree to which political and civil society organisations can operate freely, elections are clean and not marred by fraud or systematic irregularities, and if elections affect the composition of the chief executive of the country. Concretely, a score of 100 means that a country's democratic system is able to perfectly embody the principles of electoral democracy.
Control of Corruption (WGI)	The number reflects the extent to which the broader public holds the perception that corruption, defined as the exercise of public power for private gain via small or grand corruption, is under control. Concretely, the number reflects a standard deviation of perceived corruption across all countries globally, ranging from approximately -2.5 to 2.5. Consequently, a score of 0 means that a country's population perceives their political institutions to be no more nor less corruption than the global average.

Figure B.1 Overview of County-Year-Survey Observations for Macro-Level Data

Country-Year Observations of Secondary data

Observations Across Survey Projects from 1980 to 2022



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