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The shadow of polarization is long: trust in the government and independent institutions after 142 government changes

Luis Guirola and Gonzalo Rivero

UBIREA | Institut de Recerca en Economia Aplicada Regional i Pública

UBIREA | Institut de Recerca en Economia Aplicada Regional i Pública
UNIVERSITAT DE BARCELONA

WEBSITE: www.ub.edu/irea/ • CONTACT: irea@ub.edu

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Abstract

We study how political polarization impacts trust in the government and independent institutions. We gather microdata from 27 countries over three decades and identify 142 government changes. For each of these events, we run a difference in differences design comparing left and right-wing supporters to identify the effect on trust caused by a particular party controlling the executive. The estimated effect ranges from 0 to 2.1 standard deviations, and is systematically larger when party polarization is stronger– this variable alone explains 72% of the variation. The effect propagates onto trust in the European Central Bank and other institutions outside government control. Examining the mechanism, we find evidence consistent with a) lack of knowledge about independence and b) that elections under high polarization are high-stakes events affecting multiple dimensions, including subjective wellbeing, and trust toward the political system as a whole.

JEL Classification: D72,D14, D02

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Authors:

Luis Guirola (Corresponding author): AQR-IREA, Universitat de Barcelona. John Keynes 1-11, 08034 Barcelona, Spain. E-mail: luism.guirola@gmail.com

Gonzalo Rivero

UBIREA
Institut de Recerca en Economia Aplicada Regional i Pública
Research Institute of Applied Economics
Universitat de Barcelona
Av. Diagonal, 690 • 08034 Barcelona

WEBSITE: www.ub.edu/irea/ • **CONTACT:** irea@ub.edu

1 Introduction

This paper considers how political polarization– the partisan divide between government and opposition– shapes the trust link between citizens and institutions. This link is at the heart of democratic representation, but its deterioration for many groups (Valgarðsson et al., 2025) has resulted in the rise of populist parties (Algan et al., 2017). Polarization is also reshaping democracy. It has intensified in many countries (Boxell et al., 2022), affecting economic (Azzimonti, 2018; Kempf and Tsoutsoura, 2024), social (Iyengar et al., 2019), but especially political outcomes, even posing risks of democratic backsliding (Graham and Svolik, 2020). Polarization and distrust thus appear as two symptoms of a disease whose interplay needs to be understood.

We hypothesize that polarization affects trust in institutions, but this effect depends on their design. When polarization is intense, we expect supporters of the opposition party to distrust institutions controlled by the governing party. But if those institutions are independent from the government –and from parties more generally– they should be insulated from this effect. This hypothesis is, arguably, behind the design of many independent institutions, such as courts or central banks.

The mechanism is intuitive. When parties are polarized, institutions will implement policies that are distant from the preferences of the opposition, which will breed their supporters' distrust. However, if an institution is independent and its policies are governed by (technical) rules rather than (government) discretion, then citizens' trust should not depend on their alignment with the government. This should, at least, be the case under two conditions: if trust in an institution depends on its policies, and if citizens are (perfectly) informed about its independence.

We evaluate these hypotheses considering three empirical questions. First, does trust in institutions depend on citizens' political alignment with the government? Second, is the resulting trust gap between the government's and the opposition's supporters larger when parties are more polarized? Third, are independent institutions, such as central banks, immune to these effects?

Empirically, we address these questions in two steps. The first step identifies the causal effect on trust of being aligned with the government. We proceed by identifying all the government changes taking place over three decades for 27 countries, and we estimate, through a differences-in-differences design, how the left-wing supporters updated their trust compared to those of the right. The estimated effect is the so-called "winner-loser gap" (Anderson et al., 2005), whose variation we examine in the second step.

In particular, we test the predictive power of the polarization of political parties and compare it to that of other variables.

To estimate the winner-loser gap in trust, we assemble survey microdata spanning 27 European countries over three decades for a total of 2,377,025 observations. We identify the date of the government change event from a database on governments and elections, ParlGov (Döring and Manow, 2020). This database also contains the positions of political parties based on expert rankings, from which we derive our measure of polarization: the distance between government and opposition in their left-right positions.

Our estimates reveal that, for trust in the government, the winner-loser gap can be large, but varies widely across the 142 government changes: it goes from 2.1 standard deviations (Slovenia in 2022) to essentially zero. What could account for this large variation? Our measure of polarization alone –the difference in the left-right score between the incumbent and incoming governments– explains 72% of the observed variation. We show that six other variables accounting for the political and economic context do not have much explanatory power, and polarization thus emerges as the single major explanatory variable.

We then evaluate our hypothesis that independence shields institutions from polarization. We consider the case of the European Central Bank (ECB). Against our expectations, we obtain qualitatively similar effects: alignment with the government has an effect on trust in the ECB, which increases with the polarization of parties, although this link is weaker than for trust in the executive. We find qualitatively identical findings for 11 other institutions that vary in their independence from the government –including the United Nations, national and European courts, the army, and the national parliament.

Why are independent institutions exposed to political polarization? Independence should shield institutions from polarization if trust depends on policies only and citizens fully understand independence. However, we find some support against both assumptions. Firstly, against the hypothesis of perfect information, the impact of polarization on trust in the ECB is stronger for more educated individuals, who are more likely to be informed about ECB policies, while the opposite is true for trust in the government.

Secondly, we find that the trust response to government changes is unlikely to be driven only by policy concerns. We first consider the role of policy self-interest: do government (opposition) supporters anticipate policies that will benefit (disadvantage) them? We compare estimates before and after adding controls for individual demographic and employment characteristics and find that the two are almost identical. In line with Mian et al. (2023), we conclude that the estimated effect of political alignment is

unlikely to reflect individual interests, either observable or unobservable.

Given that policy-driven self-interest does not drive trust, we consider a different mechanism: the party in power could affect trust directly– i.e., irrespective of its policies. Elections are high-stakes events under polarization, and their outcome could thus affect citizens' views of the political system and or generate stress or joy, affecting their perceptions and subjective well-being. We find some evidence in favor of this hypothesis. The pattern observed for the ECB is present for trust in the media and political parties, for citizens' satisfaction with the functioning of democracy, and for their perceived influence in political decisions. We also find concurrent effects on subjective well-being and economic perceptions and (in line with Guirola (2025)) expectations.

Our findings thus show that the shadow of polarization is long: it extends to all the institutions and perceptions that we considered. If electoral outcomes shape the social climate and subjective wellbeing, the effect found on independent institutions is less surprising and the explanation based on policy expectations seems at best incomplete.

This paper's contribution is thus to uncover two core novel findings. Firstly, large trust gaps between supporters of the government and the opposition are a systematic correlate of political polarization. Secondly, these gaps also contaminate independent institutions. While winner-loser gaps were already known (Anderson and LoTempio, 2002; Curini et al., 2012), our paper shows that polarization, more than any other variable, is what predicts their emergence, and that they affect independent institutions. Both findings have implications for several literatures.

Firstly, our findings highlight how political polarization can compromise the credibility of independent institutions –e.g., central banks, courts, and regulatory agencies. To fulfill their policy mandate (for example, to influence interest rates), these institutions depend on their perceived competence and neutrality. Our paper shows that their independence can shield them from polarization, but not completely. As a corollary, if citizens' trust in central banks and courts depends on their alignment with the government, it seems that they do not fully believe in their independence (Kuang et al., 2024). This complements other papers emphasizing the determinants of trust in Central Banks (Angino et al., 2022; Bursian and Fürth, 2015; Christelis et al., 2020; Ehrmann et al., 2013; Niizeki, 2023; Brouwer and de Haan, 2022; Wälti, 2012; Niţoi and Pochea, 2024), and how of the impact of their communication with different groups (political groups, in this case) (D'Acunto et al., 2021; Binder et al., 2025; van der Cruijsen and Samarina, 2023; Kuang et al., 2025) .

Secondly, our findings contribute to the research on the effects of political polarization. Using a similar methodology, several country-level studies show that government changes impact the beliefs of consumers, managers, and investors (Cookson et al., 2020; Kempf and Tsoutsoura, 2024; Arikan et al., 2023; Mian et al., 2023) as well as individual choices. [1] However, these findings are concentrated in a few countries, and their external validity is yet to be established. In fact, Boxell et al. (2022) document that trends in polarization differ across countries. While our findings are restricted to trust, economic perceptions, and subjective well-being, they suggest that political polarization is a scope condition for these effects on other outcomes.

Thirdly, we also contribute to the research on the determinants of institutional trust more broadly. The trust link between citizens and the state is central to democracy and to the functioning of the state (Besley and Dray, 2024). The literature has shown that it depends on economic performance (Stevenson and Wolfers, 2011; Wälti, 2012), information (Martinez-Bravo and Sanz, 2025; Binder, 2017), or corruption scandals (Solé-Ollé and Sorribas-Navarro, 2018), and also its importance for the emergence of antiestablishment parties (Guiso et al., 2024; Guriev and Papaioannou, 2022; Algan et al., 2017). Our findings on trust suggest that anti-establishment attitudes could emerge under high political polarization. In such a context, electoral defeats could accentuate the demand for populist alternatives (Guiso et al., 2024; Guirola, 2020) on the losing side, or endanger elections' performance as a conflict processing mechanism by (Przeworski et al., 2015).

The paper is structured in the following way. Sections 2 and 3 describe the empirical design and the data. Section 4 describes its core results – the systematic variance in left–right gaps across contexts as a function of polarization, and that this effect expands onto central banks– and a variety of robustness checks. Section 5 considers the potential mechanisms explaining why independent institutions are affected by polarization.

[1] These include fertility (Dahl et al., 2022; González et al., 2023), innovation (Engelberg et al., 2023) portfolio management (Meeuwis et al., 2022), tax evasion (Cullen et al., 2021), housing location (Bernstein et al., 2022), hiring decisions (Colonnelli et al., 2022), entrepreneurship (Engelberg et al., 2022), loan pricing (Dagostino et al., 2023), international investment (Kempf et al., 2023), risky behavior (Gadarian et al., 2021) or spending (Benhabib and Spiegel, 2019; Gillitzer and Prasad, 2018; Gerber and Huber, 2009; Huberman et al., 2018; McCartney et al., 2024; McConnell et al., 2018).

2 Identification and empirical strategy.

We want to investigate how political polarization relates to trust in institutions. To this end, we (1) compare how the trust of left-leaning citizens responds to government changes compared to those of the right, and (2) consider how the size of this effect is related to the polarization of political parties.

Trust's response to government changes. We evaluate the effect of being aligned with the government on trust through a differences-in-differences (DID) design. We will work with a series of repeated cross-sections (described in detail below) containing data on trust, political identification and a series of sociodemographic controls. Therefore, in window around each government change, we estimate the following equation:

$$y_{it} = \alpha_t + X_{it}^T \gamma_t + Gov_t Ident_{it} \beta^P + Ident_{it} \beta + \epsilon_{it} \tag{1}$$

where y_{it} represents the trust of individual i at the time of survey t. The variable Gov_t is a dummy valued one if the survey measures attitudes after the government change. $Ident_{it}$ measures political identification, that is, whether respondents identify as "left," "right," or "neither."

The DID coefficient, β^P is our main causal object of interest. We expect government changes to asymmetrically affect both groups, and we can, therefore, not capture a conventional average treatment effect on the treated (as no unit is properly untreated). Instead, the β^P quantifies the *relative* causal effect of $Ident_{it}$, that is, the differences between the treatment effect of right-wing and left-wing supporters, which will have opposite signs.

To improve the comparability between both groups, we incorporate time-varying controls in our baseline specification. These are observable characteristics regularly asked in the survey that could impact trust and will include age, education, and employment status. [2] These are noted in the equation as $X_{it}^T \gamma_t$ and period dummies α_t –where t is the date of the survey. Therefore, β^P is an estimate of how a right-wing individual changes her trust after the government change compared to a left-wing one with identical observables.

[2] Controls include six age categories, gender, four education levels, and 18 dummies for occupation and employment. These categories include: fisherman, farmer, service employee, desk employee, unskilled worker, skilled manual worker, general manager, middle manager, supervisor, professional, shopman/craftsman, businessman, traveling employee, retired, homemaker, student, and other.

To interpret β^P as a relative causal effect, we implicitly assume that government changes are exogenous. This is not necessarily the case because changes in trust could trigger government changes. We acknowledge this limitation, but we think it is not a major issue. Decreasing trust could trigger an election, but why should trust change differently between government and opposition supporters? While it would clearly be problematic for levels of trust, it should be second-order for trust differences between political camps. And, in any case, it would manifest itself in the form of pre-trends, which can be tested.

To test for potential pre-trends, we will thus consider a dynamic version of Eq. 1 estimating, for each cross-section and country, the following equation:

$$y_i = \alpha + X_i^T \gamma + Ident_i \beta + \epsilon_i \tag{2}$$

where y_i are is trust in the government, X_i are the controls mentioned above and $Ident_i$ the indicator of "left" (with respect to "right"). From the repeated estimation of this equation we will obtain a time series of coefficients β, whose dynamic change around government changes we can examine.

Our DID design around government changes thus allows us to examine two of our hypotheses. Firstly, we expect right-leaning citizens to increase their trust when conservatives replace socialdemocrats in the government, and mutatis mutandis for left-wing citizens. Secondly, we expect this effect to be systematically large for trust in those institutions directly controlled by the government, but not to hold for independent institutions. In addition, we expect that the size of the change in trust will be amplified when the government and opposition are more polarized, for which we need a second step.

Size of trust' response vs. party polarization. To examine how the size of government changes varies, we will regress in a second step the coefficients estimated in the first stage, against the left-right distance between the incoming and outgoing governments:

$$\beta^P_{ck} = \eta_c + \theta \text{Left-Right}_{ck} + u_{ck} \tag{3}$$

Here, β^P_{ck} captures the change in trust (estimated in the previous Eq. 1) for government shift k in the country c, against party polarization, Left-Right_{ck}. θ thus represents how the government moving further to the right decreases the trust of left-wing citizens (relative to right wing). We will include country fixed-effects, η_c, to control country-invariant features (e.g., institutions) in some specifications.

Polarization vs. other political and economic variables: To put the findings of the above equation in context, we will compare the explanatory power of our main variable –political polarization– to those of other economic and political variables which could be considered to affect either trust or political polarization.

First, we consider two economic variables, namely, whether the country is in a recession and inequality. Both are associated in the literature with low institutional trust and support for populist parties (Margalit, 2019; Algan et al., 2017; Funke et al., 2016), and they are natural candidates to explain our findings.

Second, given our interest in institutional trust, we also consider a set of variables accounting for the characteristics of the institutions and party system: the fragmentation of the parliament, the disproportionality between seats and votes, and its parliamentary, presidential or semipresidential system. These factors can account for the party system (Gidron et al., 2020) and affect governments' autonomy from, and cooperation with the opposition (Martin and Vanberg, 2011, 2020; Lijphart, 1999), and thus polarization.

Finally, we also take into account the presence of populist parties in the legislature, as these parties find their ground in low trust in elites and institutions (Algan et al., 2017; Mudde, 2007).

These variables will allow us to put in perspective the explanatory power of political polarization in Eq. 3. We will contrast the R^2 of polarization with that of these variables and also explore the heterogeneity of the effect considering their interaction of polarization $Left - Right$.

3 Data and measurement.

3.1 Individual data on trust and other perceptions.

To estimate the effect of government change on trust, we assemble a large survey dataset on individual trust from the Eurobarometers. This survey is conducted by the European Commission and is standardized for comparability across time and countries. It includes questions asked with the same wording since the 1990s across European countries.

The Eurobarometers are meant to cover a large set of EU public opinion issues and therefore content of the questionnaire as well as the frequency of individual questions varies over time. For the purposes of

this paper, we selected those survey waves from 1990 to 2023 containing questions on trust in institutions, as well as the key variables of political identification and sociodemographics needed to estimate our DID. Our final sample encompasses 27 countries across 90 waves, amassing a total of 2,377,025 observations.

Our DID design compares individuals with different political allegiances. We measure political identification ($Ident_{it}$) from the question: *"In political matters, people talk of 'the left' and 'the right.' How would you place your views on this scale from 1 to 10?"* We classify respondents as "left" (below 5) and "right" (above 5) orientations, treating answers of 5 or non-responses as a separate category. This choice allows to naturally contrast left and right supporters as comparison groups in the diff-in-diff, but we will check that the findings are robust to employing the original 1-10 scale as continuous variables.

We measure our outcome variable –institutional trust– from the question: *"For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.?"*. In our main analysis, we consider two institutions, the European Central Bank and the [country's] Government, as two extremes of an independent institution and one controlled by the governing party. However, we also collect answers for 16 other national and European institutions which will inform our analysis of the relevant mechanisms: political parties, the national parliament, the European Parliament, the European Commission, the European Court of Justice, local administration, the police, the military, the civil service, the EU, the United Nations, the Justice system, the media as a whole, the press, the radio, and the TV.

To further investigate the mechanism, in section 5 we will compare the impact on trust with that on other perceptions. We will thus consider items measuring satisfaction with democracy in their Country and the EU [3], and perceived political influence at home and in the EU [4]. We also examine perceptions about the economy and subjective wellbeing; [5] we consider evaluation of the current situation and expectations, about their lives, their own economic situation, and that of the country [6].

We scale all the above survey items to ensure their comparability. These items are ordinal qualitative answers measured on different scales, to which we assign a continuous score to these responses. We use

[3] *"On the whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the way democracy works (in your country/ in the EU) ?"*

[4] *"Do you tend to agree or tend to disagree with the following statements? My voice counts in the European Union/[my country]"*

[5] *"On the whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the life you lead ?"*

[6] *What are your expectations for the year to come (the next twelve months): will (...) be better, worse or the same, when it comes to ... ? life in general/economic situation in (our country)/financial situation of your household*

each country's empirical cumulative distribution function and assign as a score the middle of each quantile from a standard normal distribution. The estimated coefficient β^P of a linear model can then approximate the individual's perceptions shifts within the country's distribution –a scale that is comparable across items and within countries. In the appendix, we show that an ordinal logit model yields almost identical results.

By construction, trust scores thus average to 0 within each country, but we provide descriptive gradients across demographic categories in appendix tables A.1.1 and A.1.2. These show that low-educated and unemployed individuals, as well as women, tend to have less trust in the Government and the European Central Bank than their counterparts. The largest variation is, however, observed over time: for the period considered, trust changed for the average person in the average country by 0.89 and 0.73 for the national government and the ECB, respectively.

For each trust item and government change, we estimate our static DID in Eq. 1. We take observations in a seven-quarter window (638 days) before and after the event, conditional on no other government change happening in that period. This allows us to deal with the irregular timing of the Eurobarometer waves and prevents the overlap of government changes. However, it still collects sufficient observations before and after the events to run our DID. We also consider alternative windows as a robustness check. We should note that measurement errors in dating surveys and government changes can occur and may lead to some being incorrectly classified relative to the government change. Delays in government formation after the election and the survey's 2-month fieldwork period can lead to misclassification.

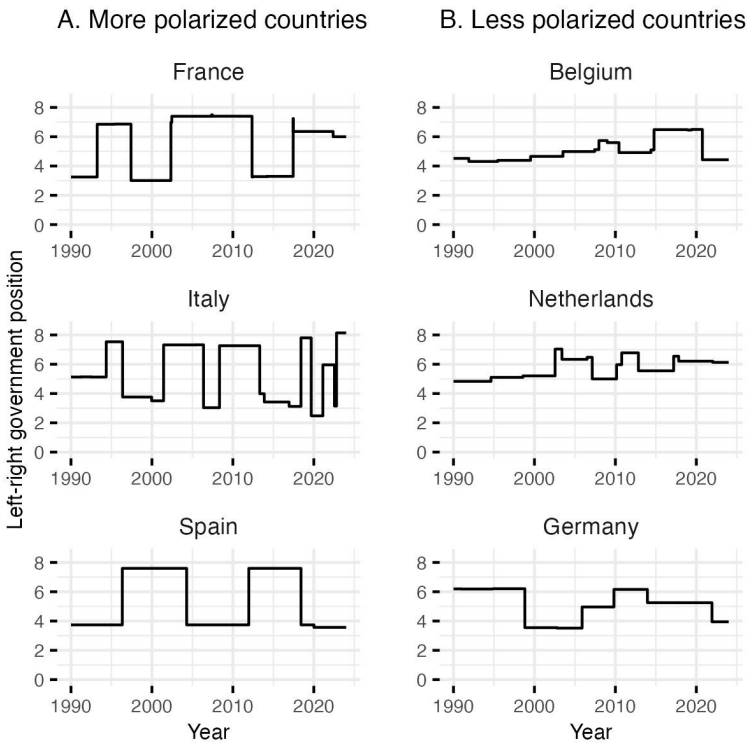
3.2 Data on governments and elections.

There are two pieces of information missing from the description above to complete our analysis: the date of government changes and the measure of party polarization. The ParlGov database (Döring and Manow, 2020) allows to identify both. It contains data on parties, elections, and governments, the number of seats allocated to each party, which party was part of the executive, and the dates of the elections.

ParlGov includes scores of parties' left–right positions. These are collected from expert surveys, and each party has a time-invariant "Left–Right" 0 (far left) to 10 (far right) score. [7] Based on this

[7] ParlGov all the countries present in the expectations' data, except North Macedonia. For this case, we

Figure 1: Governments' left–right position (1990-2023) and government changes – comparison of more and less polarized countries



Note: The vertical axis indicates the left–right position of the government (where higher scores imply further to the right) based on ParlGov, while the horizontal axis indicates time. Vertical segments indicate of government changes. The six countries were selected to illustrate different degrees of polarization. Larger vertical segments imply higher polarization since the distance between the government and the opposition is larger. Countries are classified as more or less polarized based on the size of these shifts (see Table A.1.3 in the appendix for details).

information, we calculate the government's position $Score_{gov}$, averaging across its member parties:

$$Score_{gov} = \sum_{m}^{M} \frac{Score_m Seats_m}{\sum_m^M Seats_m} \tag{4}$$

where $Score_m$ are the left-right orientation of the M member parties, which we weight by their seats $Seats_m$ legislature to account for their influence in the government.

In Figure 1, we illustrate how our variable behaves for a subset of six countries. As part of our robustness tests, we will show that this measure is robust to consider only the prime minister's party

investigated manually the country's recent history and identified only one specific government change for the period covered by the data. In the 2017-04-30 election, the conservative Dimitriev government was succeeded by the social-democrat Zaev government. Based on the scores of similar conservative and social-democratic parties, we assigned them a score of 7 and 3 on the left-right scale. Since this only affects one observation, the results are fully robust to this choice.

(instead of the whole coalition).

Identifying government changes. Estimating DID Eq. 1 requires dating government changes and distinguishing between elections where the incumbent is reelected and those that change the government.

Figure 1 shows visually how we can identify such changes. Recall that this figure shows the orientation of the government on the left-right dimension (vertical axis) over time (horizontal axis). We see that the measure has some flat segments, which indicate government continuity, while it discretely changes at certain points. Given the construction of our score, these discontinuities imply changes in the parties that form the government. We identify the date of government changes as each date where the left–right score varies by 0.1 within one day.

Based on the availability of survey data for trust in institutions, we can estimate the DID for trust in the general government for 142 government changes, and for 138 ones for trust in the European Central Bank. As part of our robustness checks, we will also consider an alternative way to identify government changes, namely, only those that imply a change in the prime minister.

Measuring party polarization. For our second step (in Eq. 3), we need to quantify party polarization ($Left - Right$). A natural measure is the distance between the two contending camps, the government and the opposition. In the context of a government change, we identify as government and opposition as the incumbent and incoming coalitions. Positive (negative) values of $Left - Right$ thus imply shifts to the right (left) in the position of the country's government.

For the 142 government changes related to trust in the national government, this measure (in absolute value) implied an average government change of 1.6 on the left-right scale. The key to our empirical strategy is, however, in the variation of this measure, both within and between countries. In Figure 1, we illustrate this for six major European countries.[8] On the left column, we present three countries –France, Italy, and Spain– exhibiting high party polarization. Their average government change implies shifts of more than 2.5 points on the left-right scale. In contrast, in Belgium, Germany, and the Netherlands (on the right side of the figure), the typical shift is much smaller (0.82). Interestingly, polarization even varies within countries. As we can see in the case of Germany, polarization decreased when the two contending parties (conservatives and socialdemocrats) came to cooperate within the same government

[8] Appendix Figure A.1.1 illustrates the entire sample, and Table A.1.3 country-level summaries of the number of government changes and polarization $Left - Right$ measure.

after 2005.

Our core question is thus whether this variation in polarization between and within countries can predict how trust varies with changes of government estimated in the DID of Eq. 1.

3.3 Data accounting for the political and economic context of the country

Beyond the context of polarization, we stated that we also wanted to relate our estimate from Eq. 1 to other variables from the political and economic context in which the government change takes place. We draw on the cross-country databases of Solt (2019) for inequality and the Comparative Politics Database of Armingeon et al. (2023) for the remaining measures.

We measure political fractionalization using the Rae concentration index (Rae, 1968)[9], and disproportionality from a least-square disproportionality index [10]. We measure the legislative-executive relationship by a dummy variable, valued 1 for a "parliamentary" system, which indicates the legislative's dominance over the executive –alternatively, systems may be presidential or semi-presidential systems[11].

We also consider the presence of populist parties in the parliament because institutional distrust is known to be strongly associated with populist support (Algan et al., 2017). We draw on the PopuList (Rooduijn et al., 2024) database to classify parties as either populist or not, and we compute the share of these parties based on the ParlGov data.

Finally, we include two dimensions of the economic context, namely, the role of inequality and the business cycle (Stevenson and Wolfers, 2011). Economic fluctuations are represented by a "recession" dummy for years of negative GDP growth per country, and inequality is assessed using the GINI index.[12]

[9] Calculated as $1 - \sum(v_i^2)$, where v_i represents the vote share of the i^{th} party, indicating the diversity of party systems from 0 (minimal fractionalization) to 1 (maximal fractionalization).

[10] As proposed by (Gallagher, 1991) computed as $\sqrt{\frac{1}{2}\sum(v_i - s_i)^2}$, where v_i and s_i denote the vote and seat shares of the i^{th} party, respectively. The index is normalized by the standard deviation of the sample to measure the electoral system's proportionality.

[11] Armingeon et al. (2023) classifies regimes into a parliamentary system; semi-presidential dominated by parliament; hybrid system; semi-presidential dominated by the president; presidential system. This variable remains constant for most countries across the study period.

[12] For years where the GINI index was not available, we imputed the closest year available.

4 Results

4.1 Changes in left–right differences in trust over time

We provide a first flavor of our results presenting our (pseudo-)event study for a subset of countries in Figure 2. We plot the regression coefficient β from Eq. 2 for the six countries – appendix Figure A.1.2 includes the full set of countries– for which we previously illustrated polarization in Figure 1. The vertical axis shows the size of the coefficient, where larger values indicate higher left-wing trust in the government (relative to right-wing), and the shadowed area is the 90% confidence interval. For instance, a value of 1 implies that in that survey, left-wing citizens have 1 standard deviation more trust than their right-wing counterparts. The horizontal axis depicts the date of the survey fieldwork, and we draw vertical lines to indicate the date of government changes.

In Figure 2, we can see that left and right-wing citizens react to government changes. Whenever a government is replaced by a more conservative one (blue vertical dotted line), the trust of left-wing respondents –the size of the coefficient– jumps below zero, while the opposite is true for left-wing shifts (red-dashed vertical lines).

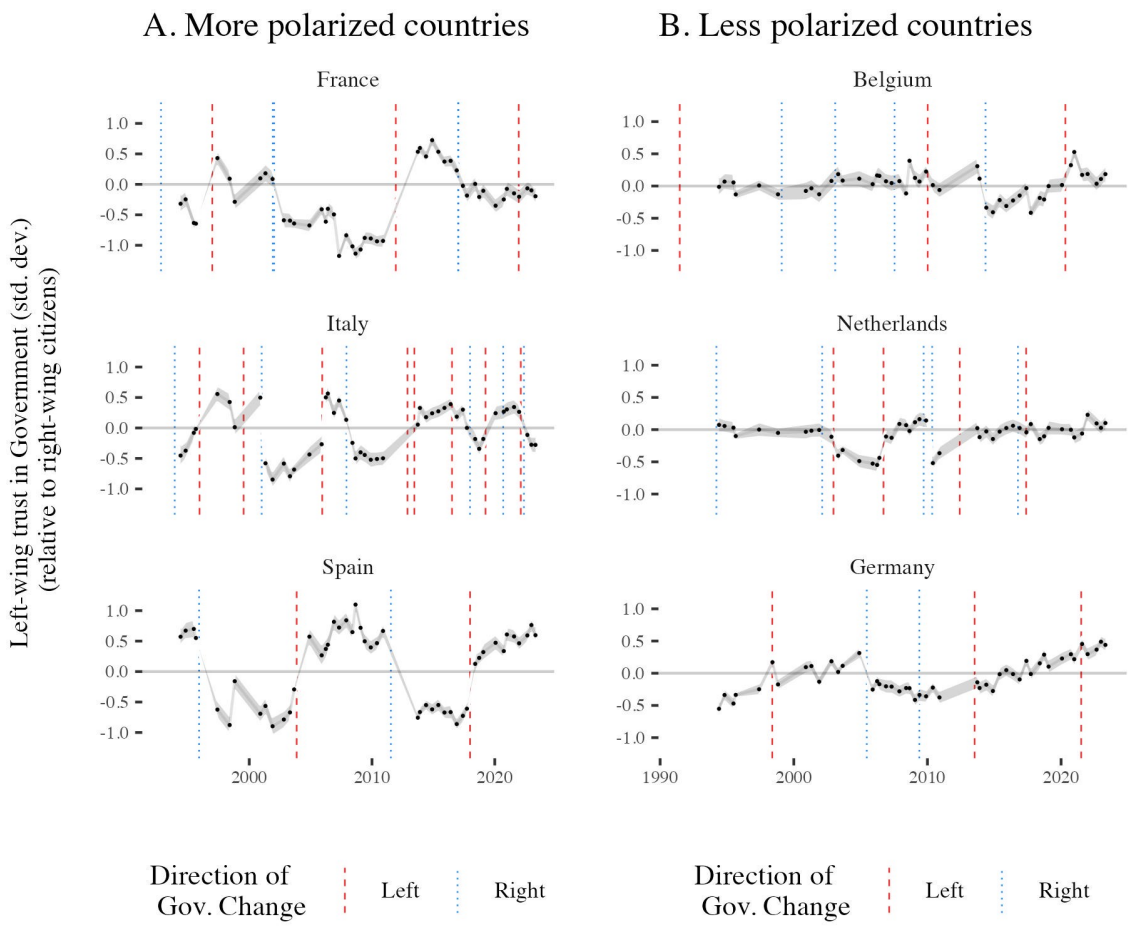
In addition, changes in trust vary between and within countries. Countries with higher political polarization, as shown in Figure 1, exhibit more pronounced changes in trust in Figure 2. These fluctuations are more evident when examining the data across more divided political environments. But, interestingly, these changes are also evident within the same country– for example, as argued above, Germany became a less polarized country after 1998, when socialdemocrats (SPD) and conservatives (CDU/CSU) cooperated within the same government, and this is visible in how trust varies across political camps. [13]

4.2 Correlation between party polarization and left-right changes in expectations

How general is the association between political polarization and shifts in citizens' trust? Figure 3 examines this for both a partisan institution (national government) and an independent one (European Central Bank, ECB). In this figure, the vertical axis depicts the change in trust of left-wing relative to

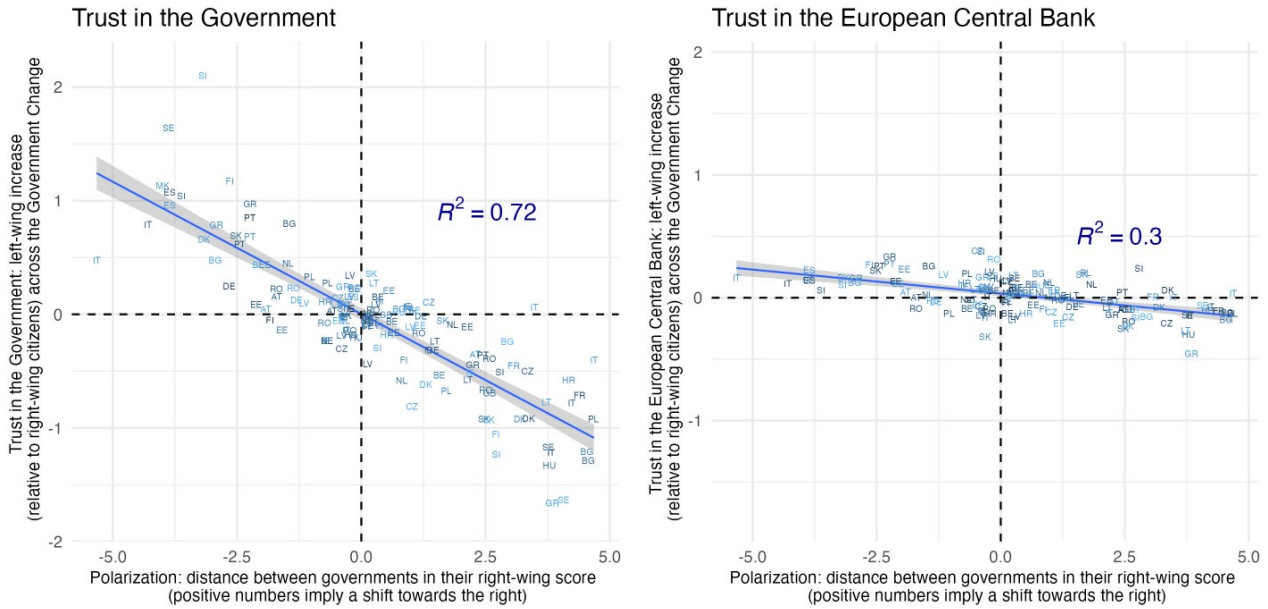
[13] For Germany Boxell et al. (2022) also find a trend of decreasing affective polarization over time, defined as *"the extent to which citizens feel more negatively toward other political parties than toward their own"*.

Figure 2: Government trust: gaps between left and right-wing consumers – comparison of more and less polarized countries



Note: Each dot represents the difference (estimated within a regression, see Eq. 2 in the main text) in trust between left-wing and right-wing supporters, where larger values indicate relative optimism of "left" relative to right-wing consumers. Controls include 6 age intervals, gender, 4 levels of education, and 18 dummies accounting for occupation and employment status. Vertical lines depict government changes (red dashed lines for shifts to the left, and blue dotted ones for shifts to the right). Countries are classified as more or less polarized based on the change in the left-right scores of their governments (see Figure 1 and Table A.1.3 in the appendix). The grey bands denote confidence intervals of 1.68 standard errors width. The full sample of countries is visualized in Figure A.1.2 in the appendix.

Figure 3: Party polarization and changes in trust of left- (vs. right-) wing citizens.



Note: The vertical axis depicts the change in trust of left-wing relative to right-wing supporters, surrounding a government change. The estimation accounts for controls at the time of the survey, employment, age, education, and gender. The horizontal axis represents polarization as the difference in the left–right position (based on the ParlGov scores) between the incumbent and the incoming government. Initials refer to the country where the government change takes place; darker (lighter) points of events take place later (earlier) in time.

right-wing supporters, surrounding a government change. The horizontal axis represents polarization as the difference in the left–right position (based on the ParlGov scores) between the incumbent and the incoming government. Therefore points in the bottom-right quadrant indicate that a relative loss of trust by left-wing citizens takes place when the government became more right-wing, and vice-versa for the top-left quadrant. Countries are marked by initials, with darker points indicating later events. Appendix Table A.1.3 provides country-level summary statistics. We analyze the case of each institution in turn.

Trust in partisan institutions: the Government. In the Left panel of Figure 3, we can see how the response of trust to government changes (vertical axis) varies with the intensity of political polarization (horizontal axis). Two patterns call our attention: the substantial variation of the effects, and the large explanatory power of polarization.

First, notice the substantial variation in the observed effect on trust. One-third (50) of the 142 coefficients are close to zero and non-significant at the 90% level. The remaining ones, however, are

Table 1: Regression results for the effect of Left–Right party polarization on shifts in institutional trust.

	Trust in the European Central Bank				Trust in the National Government			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Constant	0.035***		0.035***		0.003		-0.002	
	(0.011)		(0.011)		(0.026)		(0.027)	
Left–Right	-0.039***	-0.038***	-0.038***	-0.036***	-0.233***	-0.230***	-0.238***	-0.235***
	(0.005)	(0.007)	(0.005)	(0.006)	(0.012)	(0.030)	(0.013)	(0.031)
Country FE	No	Yes	No	Yes	No	Yes	No	Yes
Individual Controls	Yes	Yes	No	No	Yes	Yes	No	No
N. Government changes	136	136	136	136	142	142	142	142
R^2	0.30	0.37	0.30	0.38	0.72	0.74	0.72	0.74
Adjusted R^2	0.30	0.22	0.30	0.23	0.72	0.68	0.72	0.68
Within Adjusted R^2		0.27		0.28		0.69		0.69

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in trust of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), expressed in standard deviations. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing. The coefficient $Left - Right$ thus expresses the effect on the relative trust of the left of the government moving an additional point on the left-right scale. Each panel shows the results for trust in two different institutions (described in the header) and, each contains four different specifications. All specifications include controls for the time of the survey. Individual controls include controls for employment, age, education, and gender. Standard errors are clustered by country. Significance Codes: ***: 99%, **: 95%, *: 90%.

significant, reaching up to 2.1 standard deviations (Slovenia, 2022). This contrast is best exemplified for the six countries that we pictured in Figure 2. In less polarized countries (Belgium, Germany, and the Netherlands), the average government change implies a change in trust of 0.2, but a much larger one for the more polarized countries of France (0.4), Italy (0.5), and Spain (0.7). For context, Table A.1.1 reports coefficients of -0.22 for unemployment and 0.18 for higher education, implying that in our more polarized groups, the effects are larger in magnitude than differences between demographic groups.

Second, however, the most salient finding is that polarization strongly predicts the observed variation. The difference in the left-right score between governments (horizontal axis) explains 72% of the variation in the coefficient (vertical axis). Table 1 shows that each point of left-right shift increases the effect on trust by 0.23 standard deviations. For example, moving from the typical government change in Belgium (0.6) to that of France (3 points) implies a 0.55 standard deviation rise in the predicted effect. This correlation holds with country fixed effects, confirming robustness within and between countries.

Trust in independent institutions: the European Central Bank. We now turn to trust in the European Central Bank (ECB). Because the ECB is an independent institution –i.e., designed to

be isolated from the influence of national governments– a government change will not modify its policy. For this reason, we would expect citizens' trust to remain stable across political shifts.

By examining the distribution along the vertical axis of the right panel of Figure 3, we can see indeed that the estimated left–right trust gaps are quantitatively much smaller for the ECB than for trust in the government: the average effect in absolute value is 0.12 (vs. 0.42 for the government), and its maximum is 0.55 for Greece in 2019 (vs. 2.1 for trust in the government).

Against our expectations, however, the link with political polarization is qualitatively very similar to that observed for the national government. Of the 138 government changes, 86 are located in the upper-left and bottom-right quadrant, implying that left-wing supporters increase trust in the ECB when the government moves to the left. This is particularly remarkable since many countries (for example, Hungary or Poland) in the sample are not part of the Eurozone –and thus their government does not exert any direct or indirect influence on the ECB– and still exhibit significant trust swings when their government changes (see table A.1.3 for a summary.)

More importantly, political polarization (the horizontal axis) is strongly correlated with the change in trust: 30% of the variance can be predicted by political polarization, and each point of the left–right shift in government results in a 0.04 standard deviations change in trust. This association is indeed weaker than for the national government (0.72 R^2 and 0.23 marginal effect), but statistically robust and quantitatively non-neglectable: for the typical government change in a country like Spain or France (2.6 shift), trust in the ECB would shift by 0.1 standard deviations, about half the gradient that we find for education (0.18) and unemployment status (-0.24) in the average country (see table A.1.2. Comparing columns 1 to 2 in table 1 we can see that these effects hold both within and between countries and are thus unlikely to reflect country-specific institutions, as shown in table .

4.3 Robustness of the main results.

The above analysis has showed that when government changes, citizens with different political alignment change their trusts in opposite directions, and the size of this change is larger when polarization is more intense. We now turn to examine the robustness of this finding.

Does the change in trust occur around the date of the government change? We took a window of seven quarters around the government change to run the DID. This large window ensured

that a sufficient number of observations before and after the government change were available. But does the change in trust occur in response to the government change, or does it instead respond to some pre-trend? This is particularly important since it is a proxy for the exogeneity of the event –if government changes were endogenous to changes in trust, would expect to see some pre-trends. We now discuss the robustness of this assumption.

Firstly, in Figure 2 the time series of the regression coefficients clearly has breaks around government changes with no visible pre-trends. When we consider the full sample of countries in Appendix Figure A.1.2, we observe the same pattern. Secondly, in Tables A.3.1 and A.3.2 in the appendix we consider how the estimated correlation varies when we change the number of quarters around the event from 1 to 8 quarters. The main results are robust. When we compare the specification capturing two quarters to the one including 8 quarters, estimates of the relationship between trust in the national government and polarization vary from 0.22 to 0.23 (for the coefficient) and 0.67 to 0.74 for the R^2, in spite of the number of events varying from 61 to 148. Similarly, for trust in the ECB, the coefficient varies from 0.037 to 0.039, the R^2 from 0.21 to 0.32, while the observations also vary widely (48 to 136).

Alternative definition of government change. Similarly, we test how changing the way of identifying government shifts affects the results. In the baseline definition, any change in the composition of the coalition would qualify as a government change, including changes in the junior partners of the government that left the same party as its head. Figure A.3.2 in the appendix contrasts this specification, to a a stricter one that only retains changes of the prime minister's party. This reduces the number of observations but the resulting figures are very similar, both qualitatively and quantitatively.

Additional robustness checks. Finally, we contrast that our main findings are robust to several methodological choices made in our empirical strategy. In Figure A.3.1 in the appendix, we plot the baseline specification for each first-stage estimate of β^P, against an alternative. The top panel compares the baseline linear model using estimated empirical cumulative distribution function scores to ordinal logit estimates; the central panel compares the estimates conditional and unconditional on controls; finally, the right-hand panel considers an alternative where the left–right measure of individual $Ident_{it}$ is continuous (1–10) rather than discrete, as in the baseline (left if below 5, right if above 5). For all three plots, the correlation is almost perfect.

4.4 Heterogeneity analysis and comparison to other variables

Party polarization against other political and economic context variables. Our core finding was that, while the effect of political alignment on trust varies across contexts, our measure of party polarization alone can explain most of this variation. To put this explanatory power into perspective, we consider other variables that account for the political and economic context where the government change takes place. We consider four political variables (disproportionality and fractionalization of the legislature, the legislative-executive relationship, and the share of populist parties in the parliament) and two economic ones (recession and inequality).

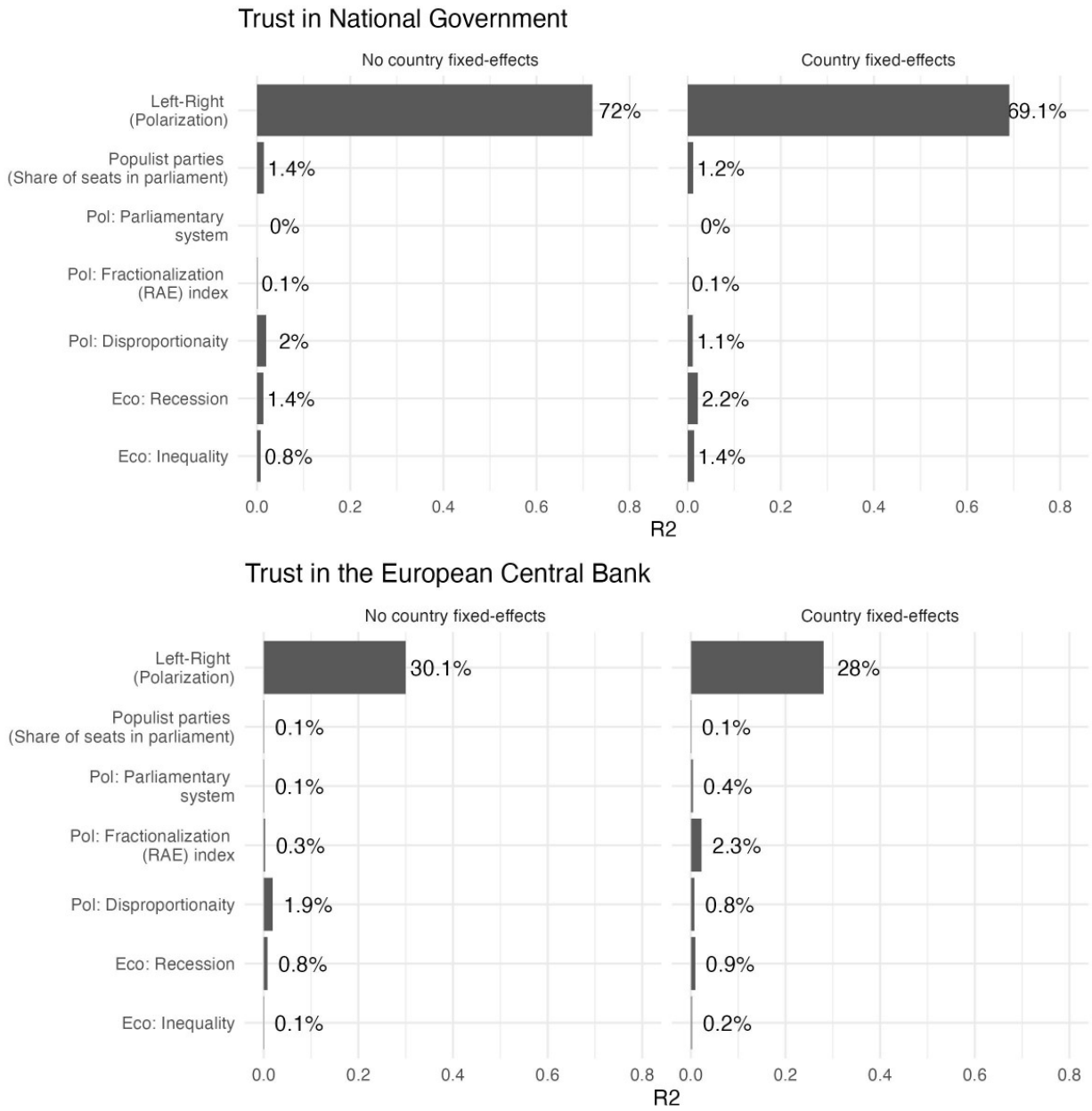
In Figure 4, we compare the predictive power of polarization (Left–Right) to that of the other variables, accounted by the R^2 of a univariate regression. We also include the adjusted R^2 for the specification including country fixed-effects –to account for within-country variation in recession or inequality. In either specification, the explanatory power of polarization is vastly superior: between 72% and 69% for trust in the government, and 30% and 28% for trust in the European Central Bank, while that of the economic and political variables is in the range of 0.0% to 2.5%.

In addition, we also consider the possibility that these economic and political variables could mediate in the effect of party polarization. Tables A.4.1,A.4.2, A.4.3 and A.4.4 compare the baseline model to a specification including each of the economic and political variables along with their interaction with the measure of polarization ($Left - Right$). Where the sign of the interaction aligns with the (negative) baseline effect of $Left - Right$, the variable amplifies the effect of polarization, while it moderates it in the opposite case.

The core insight of these regressions is that none of these variables seem to matter much beyond polarization. Including a rich set of variables accounting for the political and economic context does not seem to improve upon the predictive power of polarization measured by the adjusted R^2– in line with Figure 4. Moreover, these variables do not exert any significant moderating or amplifying effects on how polarization influences gaps in trust within the model. The only exception is inequality, which seems to attenuate the effect of political polarization in the case of trust in the national government.

These results highlight the predictive power of party polarization in explaining trust gaps. For both the national government and the ECB, polarization does not seem to reflect (or be mediated) by hidden traits of the political or economic context.

Figure 4: The explanatory power of Left-Right party polarization compared to that of other variables.



Note: The horizontal axis quantifies variance explained in regressions, showing R^2 (within-country for fixed effects specification) of each variable. "Left–right" is the distance between governments on the left-right dimension (i.e., polarization). "Parliamentary system" contrasts with presidential types. Disproportionality uses the (Gallagher, 1991) index, based on seat-vote discrepancies, and fractionalization uses the (Rae, 1968) index calculated as $1 - \sum v_i^2$ (where v_i is party i's vote share), with both indices standardized in terms of standard deviations. Economic inequality is measured by the GINI index; "Recession" is a dummy variable for negative growth years. The dependent variable is always the change in expectations of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text). All specifications include controls for the time of the survey. Individual controls include controls for employment, age, education, and gender. Standard errors are clustered by country.

Heterogeneity by individual characteristics. Table A.4.5 and A.4.6 test whether the coefficient of Left-Right differs across demographic groups. We proceed in two stages. Firstly, we estimate the effect of the government change separately for a sociodemographic subgroup (unemployed, highly educated, individuals below 45, and women), and for its counterpart (named "Rest" in the table). Secondly, we pool both sets of estimates and regress them against the measure of polarization *Left-Right*. We test whether the correlation with polarization is different for the two estimates interacting it with a dummy valued 0 if the estimate is based on the sociodemographic group considered, and 1 if it is based on its counterpart. Testing whether the interaction is significant allows us to assess the heterogeneity of the effect of polarization between the two groups.

For the variable trust in the national government, we find statistically significant heterogeneous effects for all but for age. Being unemployed, less educated and a woman all seem to attenuate the relationship with political polarization. But, interestingly, for trust in the European Central Bank, the effect of education is reversed: for less educated individuals, the link with polarization is stronger. As we shall discuss in the next section, this is consistent with an explanation based on political knowledge about the independence of institutions.

5 Mechanisms: Why does trust in independent institutions react to changes in government?

We have shown that citizens lose trust in the government when their preferred party gets out of office, and this effect is larger when parties are more polarized. The large explanatory power of the polarization variable (72% of the variance) is surprising but theoretically expected: a change in government will likely result in policies that will favor its supporters, thus increasing their trust, and vice-verse for opponents.

Our surprise came when we also found that trust in an independent institution, the ECB, reacted similarly to government changes. This is a puzzle because the very design of the ECB is meant to make its policies independent (and even to become a counterweight) from political changes. Even more remarkably, we found such effects even for countries that are *not* members of the Euro, and who thus do not influence the ECB's policy even indirectly.

To motivate this puzzle, note that if citizens base their trust in institutions on their policies, and if

they have perfect information about their independence, their trust in the ECB should not depend on which party is in office. But if these assumptions do not hold, then trust in the ECB could depend on which party holds office. We now explore their plausibility.

Why does trust in the ECB depend on which party governs, and why is this link more intense in more polarized settings? We explore different pieces of this puzzle: the hypothesis that changes in trust reflect expectations about policy; the influence of knowledge and interest in politics; the role of control vs. independence in protecting institutions from polarization; and finally the hypothesis that polarization may affect citizens' relationship with the political system.

Trust and self-interest due to policy expectations. But, why should trust depend on the policy implemented by an institutions in the first place? Citizens may trust the government if they expect to benefit from its policies, that is, out of self-interest. We can therefore test whether trust reflects self-interest.

Our empirical design included time-varying controls for a large list of observable characteristics – employment and occupation, gender, and age. Gillitzer and Prasad (2018) point out that most policies are targeted at specific groups based on their observable characteristics, and thus the change, conditional on these characteristics, is likely to reflect the force of partisan preferences.

However, the left–right orientation of citizens could be correlated with unobservable characteristics that are not captured by our controls. To assess the potential influence of these unobservables, we draw on Oster (2019) and compare the estimated coefficients before and after the inclusion of our control variables. This comparison is motivated by the likely correlation between observables and unobservables. If what drives the correlation are unobservable traits accounting for self-interest, then including our set of sociodemographic characteristics which partially account for self-interest, should lead to a significant change in the coefficient. Conversely, if the coefficient remains stable, the influence of unobservable factors is likely of second-order importance.

Figure A.3.1 in the appendix compares the coefficients before and after including controls –for employment, age, education, and gender– and after (as in the baseline specification). For both institutions, we can see that the coefficients are almost identical. This suggests that differences in unobserved individual socioeconomic characteristics are not behind the estimates of left–right differences in trust β^P.

We can not rule out that citizens' trust anticipates changes in domains other than economic policy.

But, to the extent to which self-interest about policies is correlated with observable characteristics, it suggests that what drive trust is not self-interest about expected policies, thus helping to understand why trust in the independent institutions reacts to government changes.

Knowledge and interest about politics and institutions. Citizens' trust in the ECB may react to government changes because voters are not aware that the ECB is independent. This belief could be rooted, for example, in a form of populist view that citizens and the elites –governments and central bankers alike– are two homogeneous groups (Mudde, 2007). It may also result simply from a lack of interest in public affairs (Brouwer and de Haan, 2022) –less interest implying less information– but this link is more ambiguous, as those less engaged in politics may also be less influenced by political developments, like elections.

Our data does not allow us to assess these hypotheses directly. However, a piece of indirect evidence comes from the heterogeneity analysis of section 4.4, where we examined gradients along socioeconomic characteristics (age, education, employment, gender). We propose to consider how these characteristics are related, on average, to different measures of political knowledge and interest.

In table A.4.7 we describe eight different measures of interest and involvement in politics and knowledge about the ECB and the EU in general. These measures show that both knowledge and interest in politics are larger among older and more educated individuals and lower among women (relative to men) and the unemployed (relative to employed or inactive individuals).

Compared to the evidence shown in table A.4.5, the effect of polarization on trust in the government is larger for those groups who are either more informed or interested in politics. Interestingly, the evidence for trust in the European Central Bank pointed in the other direction A.4.6: the reaction of educated individuals is weaker (the opposite of what we found for trust in the government).

Overall, these findings are thus consistent with the change in trust in the ECB being driven, at least partly, by misinformation about its independence. One possible interpretation is that less knowledge about politics leads citizens to see all institutions –whether they are independent or not– as controlled by the state.

Control vs. independence: comparison with other state institutions. To assess whether independence (vs. control) is what (partially) shields the ECB from the effect of polarization, we show in

Table 2: Trust in national institutions and polarization

Trust:	Army	Police	Civil servants	Local authorities	Parliament
Constant	0.004	0.011	-0.001	0.003	0.005
	(0.014)	(0.016)	(0.022)	(0.018)	(0.018)
Left–Right	-0.022***	-0.031***	-0.051***	-0.042***	-0.118***
	(0.007)	(0.008)	(0.010)	(0.008)	(0.008)
N. Government Changes	91	90	53	82	146
R^2	0.10	0.16	0.34	0.24	0.58
Adjusted R^2	0.10	0.15	0.33	0.24	0.58

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in the trust of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), controlling for the time of the survey employment, age, education, and gender. Standard errors are clustered by country. Each column describes the effect on trust in a different institution, described in the header. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing. Significance Codes: ***: 99%, **: 95%, *: 90%.

Tables 2 and 3 the results for 11 other institutions that vary in their degree of control by the executive.

For all institutions, we find a qualitatively similar exposure to polarization: the trust of left-wing supporters (relative to right-wing ones) declines when a more right-wing government is elected and declines more when polarization is stronger. The effect is significant and has the same sign as for the national government and the ECB for all institutions considered. This is the case even for institutions that are clearly outside the national government's control: national courts, the United Nations, and the European Court of Justice. No institution considered seems to be shielded against the effect of polarization.

However, the size of the relationship is consistent with the idea that independence *partially* protects institutions from their exposure to polarization, just as in the case of the ECB. The coefficient and the R^2 are largest for the national parliament (which is likely to be directly controlled by the ruling coalition) and smaller for other institutions whose functioning depends less directly on which party controls the executive.

These patterns are consistent with several mechanisms. Perhaps, as argued above, citizens do not distinguish between different branches of the state due to a lack of knowledge. It is also possible that their overall linkage with the political system is mediated by which party governs, which we turn to examine now.

Table 3: Trust in supranational and independent institutions and polarization.

Trust:	Eu. Parliament	Eu. Commission	Eu. Court of Justice	Nat. Courts	The EU	United Nations
Constant	0.023*	0.024**	0.022	0.011	0.008	0.015
	(0.012)	(0.011)	(0.020)	(0.014)	(0.012)	(0.012)
Left–Right	-0.045***	-0.035***	-0.025***	-0.039***	-0.042***	-0.023***
	(0.006)	(0.005)	(0.009)	(0.006)	(0.006)	(0.005)
N. Government Changes	136	141	41	129	138	139
R^2	0.33	0.24	0.16	0.23	0.28	0.11
Adjusted R^2	0.32	0.24	0.14	0.22	0.28	0.11

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in the trust expressed in standard deviations of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), controlling for the time of the survey employment, age, education, and gender. Standard errors are clustered by country. Each column describes the effect on trust in a different institution, described in the header. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing. The coefficient $Left - Right$ thus expresses the effect of the government moving an additional point on the left-right scale. Significance Codes: ***: 99%, **: 95%, *: 90%.

An overall change in the relationship with the political system? Trust in independent institutions can decline if citizens' relationship with the whole political system deteriorates. Elections are the central mechanism through which citizens participate in the public sphere and, if polarization is high, an electoral defeat could be traumatic. Citizens may blame elites for it and extend it to the political system as a whole –i.e., not only those institutions controlled by the government but also the opposition party for not doing a good job, the electoral system, the media, etc. For instance, this would be the case in the presence of populist attitudes (Mudde, 2007), which push them to see elites as a homogeneous group opposed to the people.

We examine two sets of attitudes that measure citizens' linkage with elites beyond institutions. Table 4 considers four items capturing perceptions of the political system: respondents' satisfaction with the functioning of democracy and whether they feel that their voice counts in politics. Both are considered in the versions referring to their home country and the EU. In table 5, we look at trust in the media and political parties. While the media is not an institution in itself, they are, like political parties, relevant actors that play a role in representation –and, more importantly, are not controlled by the ruling party.

The results for all the items considered in table 5 and 4 are qualitatively identical to those of trust in the ECB and the national government: supporters of the losing side of the election lose their trust in parties and the media, feel less satisfied with democracy and that their voice counts less, both at home and in the EU. These effects also systematically increase with party polarization.

Table 4: Attitudes towards the political system and polarization.

	Satisf. democracy (EU)	Satisf. democracy (home)	Voice (home)	Voice (EU)
Constant	0.020	0.013	0.003	0.007
	(0.012)	(0.019)	(0.015)	(0.010)
Left–Right	-0.044***	-0.096***	-0.057***	-0.028***
	(0.006)	(0.009)	(0.007)	(0.005)
N. Government Changes	129	132	122	148
R^2	0.30	0.48	0.36	0.20
Adjusted R^2	0.30	0.47	0.36	0.20

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in the perception, expressed in standard deviations, of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), controlling for the time of the survey employment, age, education, and gender. Each column describes the effect on trust in a different institution, described in the header. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing. The coefficient $Left - Right$ thus expresses the effect of the government moving an additional point on the left-right scale. Significance Codes: ***: 99%, **: 95%, *: 90%.

Table 5: Trust in non-state institutions and political polarization.

	Media (general)	Political parties	Press	Radio	TV
Constant	-0.005	-0.001	0.006	0.011	0.022
	(0.024)	(0.012)	(0.015)	(0.018)	(0.017)
Left–Right	-0.024**	-0.068***	-0.023***	-0.024***	-0.023***
	(0.010)	(0.006)	(0.008)	(0.009)	(0.008)
N. Government Changes	34	139	75	63	75
R^2	0.15	0.50	0.11	0.11	0.09
Adjusted R^2	0.12	0.50	0.10	0.09	0.08

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in the trust score, expressed in standard deviations, of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), controlling for the time of the survey employment, age, education, and gender. Each column describes the effect on trust in a different entity, described in the header. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing, and the coefficient indicates the marginal effect of moving an additional point on the left-right scale. Significance Codes: ***: 99%, **: 95%, *: 90%.

Table 6: Subjective wellbeing and economic perceptions and political polarization.

	Current country eco.	Expect: country eco.	Expect: indiv. econ.	Expect: Life	Life satisfaction
Constant	0.010	0.027	0.023*	0.017	0.002
	(0.017)	(0.017)	(0.013)	(0.011)	(0.008)
Left–Right	-0.078***	-0.110***	-0.059***	-0.055***	-0.025***
	(0.008)	(0.008)	(0.006)	(0.005)	(0.003)
N. Government Changes	141	180	180	170	177
R^2	0.42	0.55	0.37	0.44	0.23
Adjusted R^2	0.41	0.54	0.37	0.44	0.23

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in the perceptions (expressed in standard deviations) of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text), controlling for the time of the survey employment, age, education, and gender. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government– a negative sign implies that left-wing individuals become relatively more distrustful when the government becomes more right-wing, and the coefficient indicates the marginal effect of the government moving one more point to the right. Each column describes the effect on a different perception, described in the header. Significance Codes: ***: 99%, **: 95%, *: 90%.

Taken together, these findings suggest that after an electoral defeat (victory), citizens' overall relationship with the political system deteriorates (improves), and this effect is magnified by polarization. If polarization affects attitudes towards elites and the overall political system, this could explain why it also affects independent institutions.

Beyond politics: Subjective wellbeing and economic perceptions. If polarization can make elections traumatic events for the losing side (and the opposite for the winning side), its effects may go beyond the political sphere. As signaled in the introduction, there is evidence that government changes can have an across-the-board effect on subjective perceptions and even individual choices, and Guirola (2025) shows that these effects can impact economic expectations and are amplified by political polarization. An electoral outcome may thus not only impact the perception of independent institutions or the political sphere but also expand to other domains.

In table 6, we replicate the analysis for economic expectations, adding other economic perceptions as well as subjective well-being. For economic perceptions, we consider the respondent's assessment of the current country's economic situation, expectations about its future, as well as individual economic expectations [14]. For subjective well-being, we look at the respondent's satisfaction with his or her current life as well as expectations about the future.

The evidence of table 6 shows that the same link with political polarization is present for all the

[14]These findings replicate the evidence from Guirola (2025).

economic and subjective well-being perceptions considered, consistent with the findings of Guirola (2025).

6 Conclusion

Our findings reveal a striking pattern: polarization not only divides trust in the national government along partisan lines but unexpectedly extends to the European Central Bank (ECB). This is particularly puzzling given the ECB's institutional independence and its insulation from national electoral cycles. Indeed, one might anticipate increased trust from opposition supporters post-election due to its countermajoritarian design, where governing council appointments often reflect the preferences of previous administrations. Adding to the puzzle: we observe effects for countries that were not part of the Eurozone, and thus whose government has no direct or indirect relationship with the ECB or its policies.

Our analysis suggests that these shifts in trust are not driven by self-interested anticipation of future policy changes. Furthermore, our findings align with the notion that a significant portion of the public may not fully recognize the ECB's independence.

But the shadow of polarization is long. We document concurring effects indicating that electoral losses generate widespread distrust across institutions, fosters overall disaffection with the political system, fuels economic pessimism, and diminishes subjective well-being. These broad consequences suggest that elections in a polarized society become high-stakes events with ramifications across numerous dimensions of political and social life. From this perspective, it would be surprising if institutions like central banks and courts remained immune to this pervasive pessimistic sentiment.

These findings, we argue, have implications. Firstly, they suggest that the credibility of independent institutions can be compromised by political polarization. Central Banks' ability to influence interest rates rests in the credibility of their diagnoses about the general economy and, in particular, that these are based on technical arguments rather than political motivations. However, our findings reveal that supporters of the national government systematically trust the ECB more than those of the opposition, suggesting that citizens do not fully see the ECB as an independent institution.

Upon reflection, it is perhaps not that surprising that independent institutions are affected by politics since those institutions directly or indirectly interact with politics. Central Banks' are major economic actors, and political parties commonly react to their statements about the economy. Even if critical,

such statements tend to be balanced and avoid being openly confrontational with the government. In a polarized society, however, supporters of the opposition will expect much more critical statements since, as our findings show, they hold very pessimistic views about the economy and everything else. Given their circumspect tone, Central Banks may thus be regarded as government accomplices, especially in light of the likely conjecture that a share of citizens are not aware of central bank independence. This same pattern could affect other institutions. If the opposition believes that the government is corrupt or disrespectful of the rule of law, they will, for example, expect courts, regulators the EU to take action.

Secondly, our findings are symptoms that polarization can endanger institutions by making trust a mere byproduct of partisanship. To preserve their integrity, citizens should agree on some common standards of competence and proper functioning, for example, to sanction corruption or violations of democratic rules. (Svolik, 2019). But our findings show that these standards are fully second order compared to partisanship.

Declaration of generative AI and AI-assisted technologies in the writing process

While preparing this work, the author(s) used Grammarly and Gemini to correct the grammar and writing style. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the publication's content.

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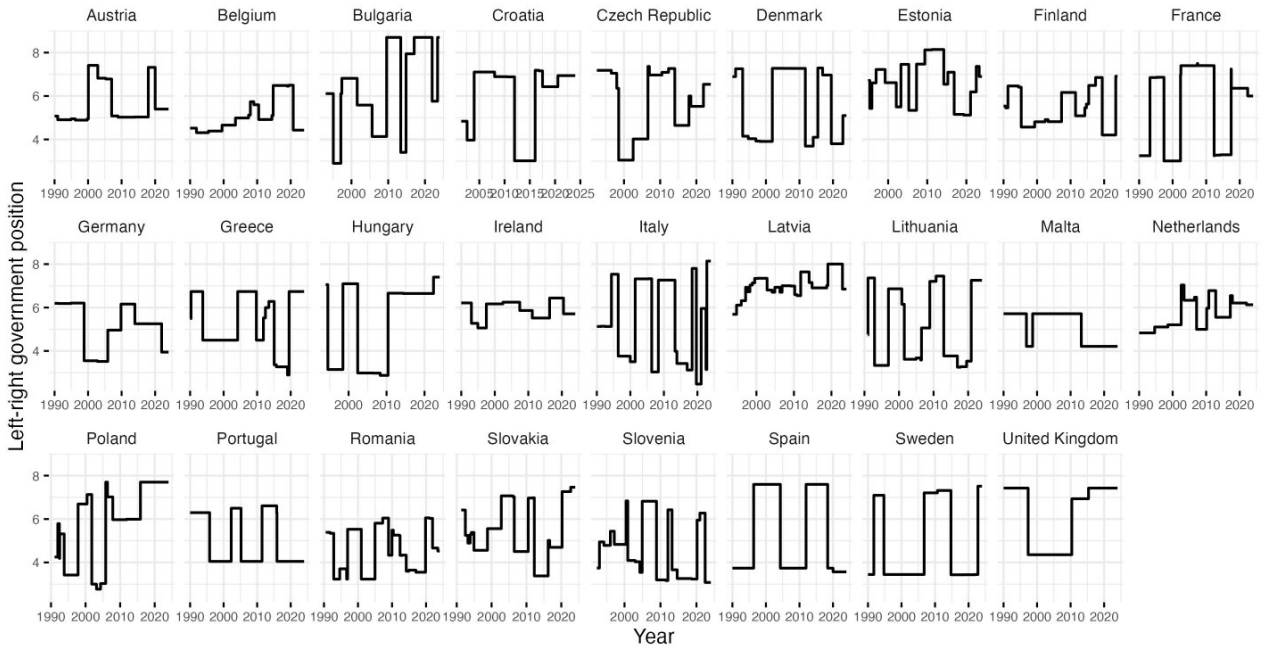
A Appendix

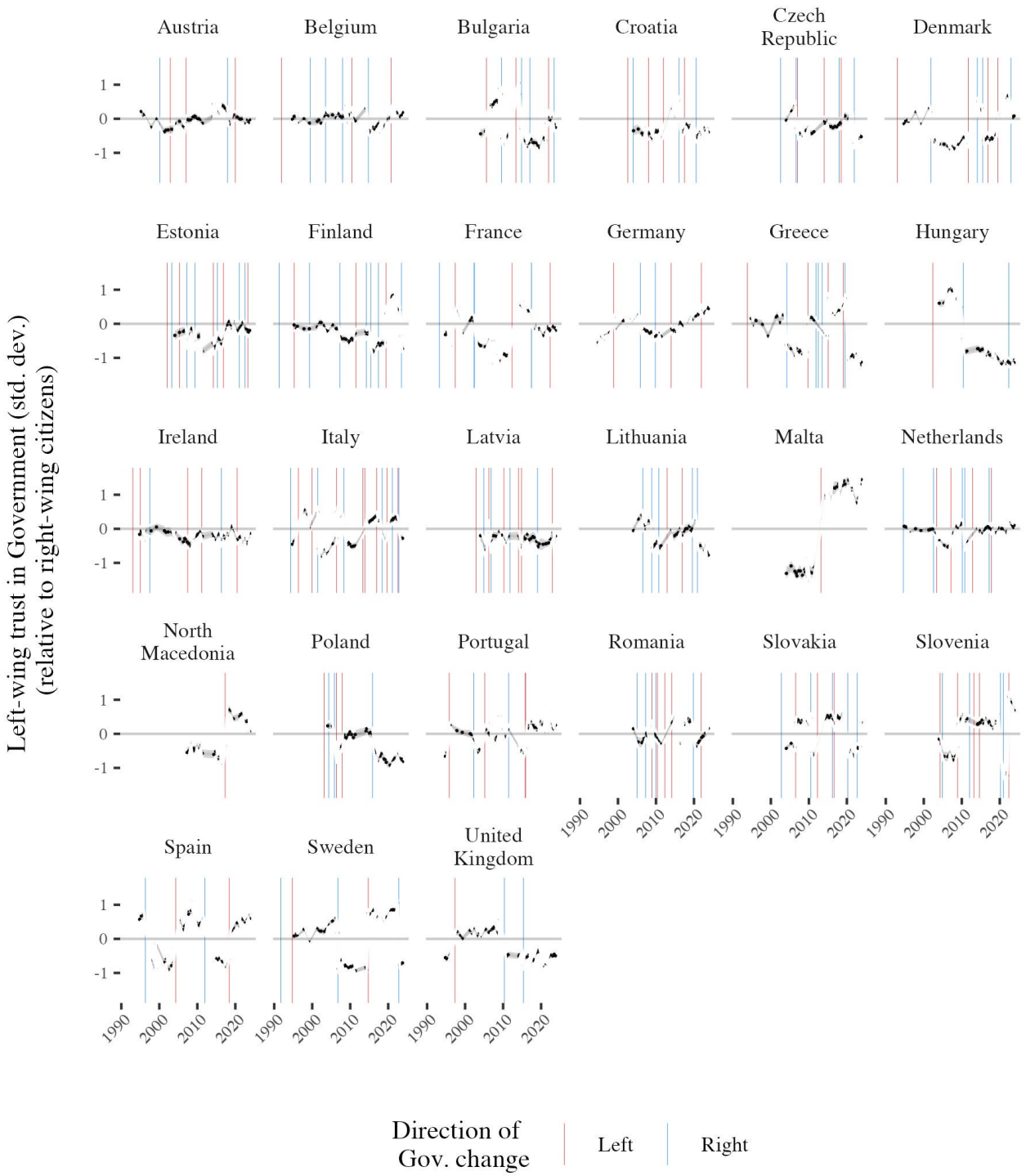
A.1 Summary statistics of the main variables and estimates.

Figure A.1.1: Government left-right orientation (1990-2019) and government changes (all countries)



Note: The vertical axis indicates the left–right position of the government (higher scores = further to the right) based on ParlGov scores of its member parties (see main text), and the horizontal axis time. Vertical segments are indicative of government changes. The six countries were selected to illustrate different degrees of polarization. Larger vertical segments imply higher polarization since the distance between the government and the opposition is larger.

Figure A.1.2: Trust in the National Government: gaps between left and right-wing consumers (all countries)



Note: Each dot represents the difference in expectations between left-wing relative and right-wing supporters, (see Eq. 2 in the main text), where larger values indicate relative optimism of "left" relative to right-wing consumers. Controls include 6 age intervals, gender, 4 levels of education, and 18 dummies accounting for occupation and employment status. Vertical lines depict government changes (red lines for shifts to the left, and blue ones for shifts to the right).

Table A.1.1: Descriptives of trust in the National Government: Country level and cross-country gradients

	Range	**High Educated**	**Unemployed**	**Woman**	**Age<45**
Cross-country av.	0.89	0.07	-0.22	-0.02	-0.04
Austria	0.93	0.03	-0.33	0.03	0.03
Belgium	1.31	0.11	-0.19	-0.03	0.03
Bulgaria	0.68	0.10	-0.18	0.02	0.05
Croatia	0.41	-0.01	-0.07	-0.01	-0.07
Czech Republic	0.66	0.19	-0.18	-0.05	0.01
Denmark	0.93	0.06	-0.25	-0.12	0.01
Estonia	0.69	0.07	-0.39	0.03	-0.08
Finland	0.87	0.15	-0.25	-0.03	0.04
France	0.95	0.06	-0.23	-0.07	-0.06
Germany	0.90	0.16	-0.34	-0.01	-0.05
Greece	1.06	-0.09	-0.25	-0.03	-0.10
Hungary	0.78	0.11	-0.21	0.04	-0.08
Ireland	1.46	0.16	-0.32	-0.05	-0.08
Italy	1.08	0.12	-0.20	-0.04	0.04
Latvia	0.64	0.12	-0.22	0.00	-0.15
Lithuania	0.69	0.16	-0.24	-0.01	-0.08
Malta	0.65	-0.10	-0.24	-0.02	-0.16
Netherlands	1.04	0.20	-0.27	-0.10	0.10
North Macedonia	0.54	0.06	-0.08	-0.01	-0.09
Poland	0.61	-0.01	-0.26	-0.03	-0.19
Portugal	1.41	0.03	-0.25	-0.02	-0.04
Romania	0.71	0.01	-0.09	0.02	-0.02
Slovakia	0.90	-0.03	-0.22	0.04	-0.07
Slovenia	0.82	0.06	-0.20	-0.04	-0.13
Spain	1.17	-0.07	-0.26	0.02	-0.11
Sweden	0.90	0.18	-0.26	-0.05	0.02
United Kingdom	1.11	0.04	-0.11	-0.03	0.03

Note: This table presents summary statistics for the trust score. The value is based on an ordinal score. The trust question is worded as *". For each of the following institutions, please tell me if you tend to trust it or tend not to trust it. [the national government]?"*. The ordinal response is transformed into a continuous score by utilizing each country's empirical cumulative distribution (see main text) to a variable standardized to have mean zero and standard deviation one at the country level. Each column only thus presents gradients for this variable. "Business cycle" describes its variation over the business cycle, measured as the range over the $t = 1, ..., T$ cross-sections included for each country: Range $= \max_t\{\bar{y}_t\} - \min_t\{\bar{y}_t\}$ where $\bar{y}_t$ is the average of score within each cross-section t $\bar{y}_t = \frac{\sum_i^N y_{it}}{N}$. The remaining columns describe this score's average difference between the higher educated, the unemployed, women, and respondents under 45 and the rest.

Table A.1.2: Descriptives of trust in the European Central Bank: Country level and cross-country gradients

	Range	**High Educated**	**Unemployed**	**Woman**	**Age<45**
Cross-country av.	0.73	0.18	-0.24	-0.05	0.09
Austria	0.61	0.17	-0.34	-0.01	0.15
Belgium	0.61	0.23	-0.24	-0.09	0.04
Bulgaria	0.53	0.22	-0.21	0.02	0.24
Croatia	0.38	0.15	-0.14	-0.02	-0.01
Czech Republic	0.67	0.23	-0.27	-0.02	0.18
Denmark	0.53	0.18	-0.18	-0.13	0.03
Estonia	0.64	0.16	-0.28	0.00	0.05
Finland	0.44	0.19	-0.21	-0.03	0.04
France	0.79	0.24	-0.23	-0.09	0.06
Germany	0.92	0.11	-0.20	-0.04	0.08
Greece	1.24	0.08	-0.29	-0.08	0.09
Hungary	0.65	0.17	-0.16	0.03	0.08
Ireland	1.08	0.13	-0.45	-0.02	0.02
Italy	1.08	0.28	-0.41	-0.04	0.15
Latvia	0.54	0.22	-0.28	-0.05	0.08
Lithuania	0.50	0.15	-0.19	-0.02	0.14
Malta	0.31	0.15	-0.43	-0.02	-0.03
Netherlands	0.70	0.16	-0.23	-0.12	0.05
North Macedonia	0.50	0.16	-0.03	-0.10	0.17
Poland	0.63	0.23	-0.18	0.04	0.13
Portugal	1.17	0.18	-0.30	-0.10	0.17
Romania	0.93	0.16	-0.02	-0.04	0.09
Slovakia	0.66	0.20	-0.27	0.03	0.20
Slovenia	0.91	0.15	-0.23	-0.07	0.04
Spain	1.36	0.06	-0.31	-0.05	0.03
Sweden	0.56	0.14	-0.30	-0.13	-0.07
United Kingdom	0.78	0.36	-0.14	-0.12	0.20

Note: This table presents summary statistics for the trust score. The value is based on an ordinal score. The trust question is worded as *". For each of the following institutions, please tell me if you tend to trust it or tend not to trust it. [the national government]?"*. The ordinal response is transformed into a continuous score by utilizing each country's empirical cumulative distribution (see main text) to a variable standardized to have mean zero and standard deviation one at the country level. Each column only thus presents gradients for this variable. "Business cycle" describes its variation over the business cycle, measured as the range over the $t = 1, ..., T$ cross-sections included for each country: Range = $\max_t\{\bar{y}_t\} - \min_t\{\bar{y}_t\}$ where $\bar{y}_t$ is the average of score within each cross-section t $\bar{y}_t = \frac{\sum_i^N y_{it}}{N}$. The remaining columns describe this score's average difference between the higher educated, the unemployed, women, and respondents under 45 and the rest.

Table A.1.3: Government and changes in government trust: Country level descriptives

Country	**Left-Right: Median**	**Left-Right: SD**	β^P **size: Mean**	β^P **size:SD**	**N. events**
Austria	1.62	0.73	0.11	0.15	4
Belgium	0.79	0.75	0.06	0.28	7
Bulgaria	2.87	1.56	0.64	0.54	6
Croatia	1.41	1.86	0.14	0.31	4
Czech Republic	1.12	1.18	0.12	0.41	6
Denmark	2.27	1.38	0.66	0.38	5
Estonia	1.30	0.67	0.09	0.19	9
Finland	1.16	1.03	0.11	0.47	9
France	2.60	2.06	0.45	0.32	3
Germany	1.65	0.68	0.19	0.13	4
Greece	2.32	1.27	0.79	0.55	5
Hungary	1.55	1.97	-0.02	0.84	3
Ireland	0.52	0.30	-0.02	0.11	5
Italy	3.54	1.60	0.50	0.45	8
Latvia	0.44	0.40	0.11	0.20	8
Lithuania	1.40	1.37	0.17	0.38	6
Netherlands	0.82	0.58	-0.01	0.26	9
North Macedonia	4.00	-	1.13	-	1
Poland	1.67	1.76	0.33	0.36	5
Portugal	1.94	0.92	0.62	0.30	5
Romania	1.18	0.94	0.22	0.25	9
Slovakia	1.62	1.11	0.38	0.55	6
Slovenia	2.17	1.44	0.78	0.75	6
Spain	2.63	2.13	0.96	0.51	3
Sweden	2.96	1.90	1.40	0.75	4
United Kingdom	1.54	1.48	0.34	0.49	2

Note: The table shows the summary statistics (mean and standard deviation) at the country level of (a) the measure of polarization: absolute value of (Left–Right) the left-right distance between the incoming and outcoming government –columns 3 and 4– and (b) the size of the change in expectations about the country economy along partisan lines, measured as the improvement in left-wing citizens' trust in the national Government, relative to their right-wing counterparts, β^P resulting from Eq. 1, times the sign of the government shift. The last column shows the number of events-observations for each country

Table A.1.4: Government and changes in ECB trust: Country level descriptives

Country	**Left-Right: Median**	**Left-Right: SD**	β^P **size: Mean**	β^P **size:SD**	**N. events**
Austria	1.79	0.74	0.03	0.05	5
Belgium	0.73	0.72	-0.01	0.11	8
Bulgaria	2.87	1.56	0.14	0.16	6
Croatia	1.41	1.86	0.11	0.12	4
Czech Republic	1.12	1.18	0.14	0.19	6
Denmark	2.27	1.38	0.08	0.08	5
Estonia	1.26	0.71	0.04	0.12	8
Finland	1.05	1.08	0.02	0.11	8
France	2.60	2.06	0.07	0.06	3
Germany	1.31	0.12	-0.02	0.06	3
Greece	2.32	1.27	0.17	0.14	5
Hungary	1.55	1.97	0.16	0.20	3
Ireland	0.60	0.28	-0.11	0.10	4
Italy	3.17	1.85	0.07	0.10	9
Latvia	0.51	0.43	0.09	0.15	7
Lithuania	1.40	1.37	0.08	0.15	6
Netherlands	0.91	0.55	-0.03	0.06	8
Poland	1.67	1.76	-0.05	0.17	5
Portugal	1.87	1.04	0.16	0.16	4
Romania	1.24	0.99	0.00	0.14	8
Slovakia	1.62	1.11	0.10	0.24	6
Slovenia	2.17	1.44	0.08	0.21	6
Spain	2.63	2.13	0.18	0.05	3
Sweden	2.96	1.90	0.10	0.06	4
United Kingdom	1.54	1.48	0.04	0.09	2

Note: The table shows the summary statistics (mean and standard deviation) at the country level of (a) the measure of polarization: absolute value of (Left–Right) the left-right distance between the incoming and outcoming government –columns 3 and 4– and (b) the size of the change in expectations about the country economy along partisan lines, measured as the improvement in left-wing citizens' trust in the ECB, relative to their right-wing counterparts, β^P resulting from Eq. 1, times the sign of the government shift. The last column shows the number of events-observations for each country

A.2 Evolution over time.

Figure A.2.1: Evolution over time of shifts in expectations around government changes

Note: The vertical axis depicts estimates of the change of consumers' expectations, estimated as the improvement in left-wing consumers' economic expectations, relative to their right-wing counterparts, β^P resulting from Eq. 1, times the sign of the government shift. The horizontal axis shows the date when the shift takes place.

Table A.2.1: Change over time in partisan differences in trust

Trust in the National Government

	(1)	(2)
Years since 1990	0.00	0.00
	(0.01)	(0.01)
Country Fixed-effects	No	Yes
N. Gov.Changes	142	142

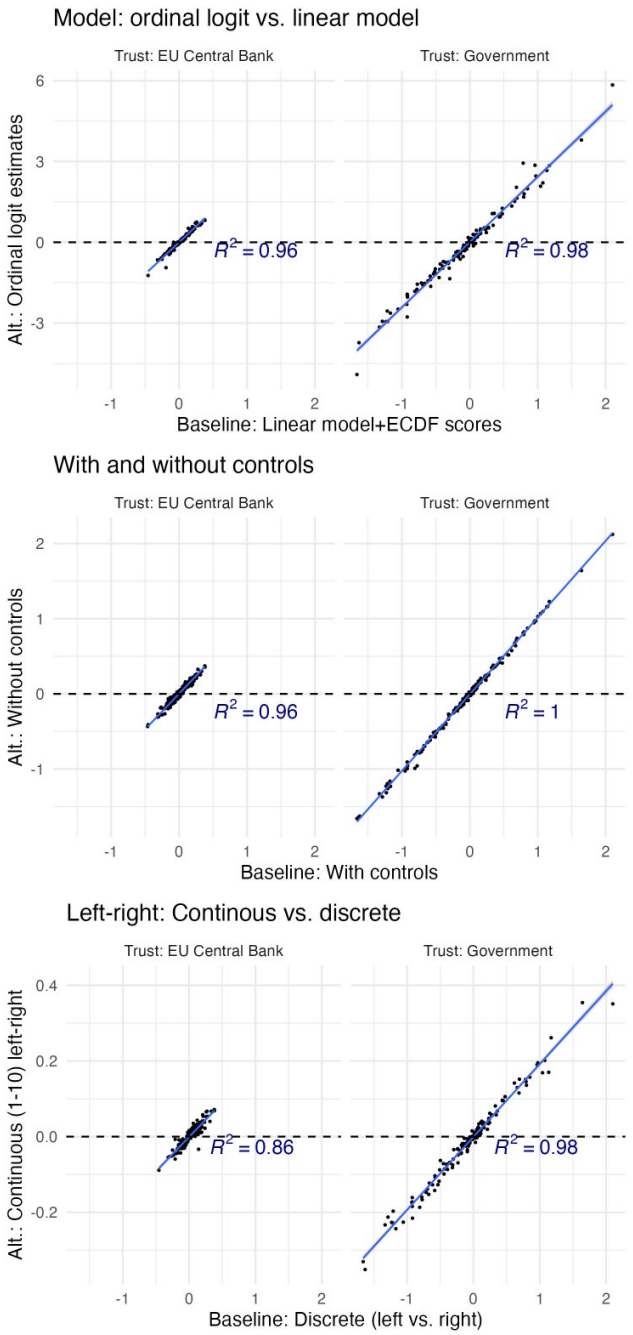
Trust in the European Central Bank

	(1)	(2)
Years since 1990	0.00*	0.00
	(0.00)	(0.00)
Country Fixed-effects	No	Yes
N. Gov.Changes	136	136

Note: The table shows the coefficient of regressing against time (measured by the years since 1990) the dependent variable, measuring the absolute size of the expectation change. This is done by taking the coefficient of left (vs. right) (β^P resulting from Eq. 1 in each cross-section) times the sign of the government. The resulting coefficient of the independent variable thus distinguishes whether the size of the expectation changes grows over time. Significance codes: ***: 99%, **: 95%, *: 90%

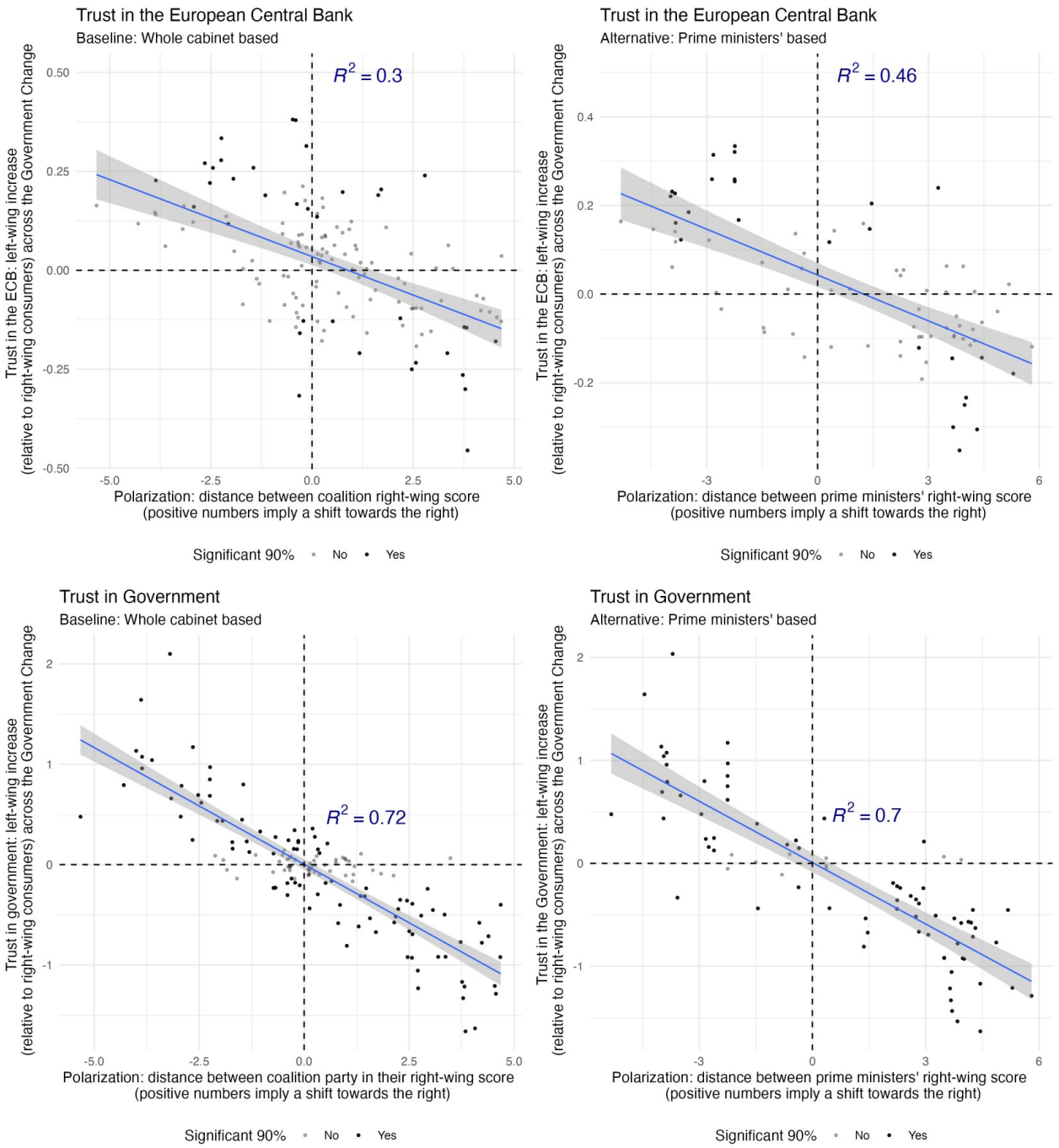
A.3 Sensitivity analysis.

Figure A.3.1: Baseline vs. alternative first-stage specifications



Note: The horizontal axis plots the coefficient estimated from the baseline specification, based on (a) a linear model estimating the ECDF score (b) including controls (six age intervals, gender, four levels of education, and eighteen dummies accounting for occupation and employment status) and (c) discrete measure of left-right. The vertical axis represents the values of three alternative specifications varying in this dimension, respectively, (a) estimating an ordinal logit model (b) not including controls (c) using a continuous measure of left-right orientation.

Figure A.3.2: Government definition: cabinet-based vs. prime-minister based



Note: For each definition of government change (senior party or coalition-based), the vertical axis depicts estimates of β^P (Eq. 1): the improvement in left-wing consumers' economic expectations, relative to their right-wing counterparts. Controls include 6 age intervals, gender, 4 levels of education, and 18 dummies accounting for occupation and employment status. Initials of the country where the government change takes place; darker (lighter) points are indicative of events taking place later (earlier) in time.

Table A.3.1: Regression results for the effect of Left-Right party polarization on shifts in trust in the national government: sensitivity to different windows around the government change in the DID analysis

Window	1 quarters	2 quarters	3 quarters	4 quarters	5 quarters	6 quarters	7 quarters	8 quarters
Left–Right	-0.188*	-0.222***	-0.222***	-0.226***	-0.230***	-0.235***	-0.233***	-0.234***
	(0.061)	(0.020)	(0.014)	(0.014)	(0.012)	(0.012)	(0.012)	(0.011)
R^2	0.83	0.67	0.68	0.70	0.71	0.72	0.72	0.74
Adjusted R^2	0.74	0.66	0.68	0.69	0.71	0.72	0.72	0.74
N. Gov. shifts	4	61	115	119	141	142	142	148
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	No	No	No	No	No	No	No	No

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in expectations of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text). Each specification differs in the time-window (described in the header) around the government chosen to estimate the equation. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government. All specifications include controls for the time of the survey. Individual controls include controls for employment, age, education, and gender. Standard errors are clustered by country. Significance Codes: ***: 99%, **: 95%, *: 90%.

Table A.3.2: Regression results for the effect of Left-Right party polarization on shifts in trust in the European Central Bank: sensitivity to different windows around the government change in the DID analysis

Window	2 quarters	3 quarters	4 quarters	5 quarters	6 quarters	7 quarters	8 quarters
Left–Right	-0.037***	-0.028***	-0.030***	-0.034***	-0.038***	-0.039***	-0.041***
	(0.010)	(0.007)	(0.007)	(0.006)	(0.005)	(0.005)	(0.005)
R^2	0.21	0.13	0.15	0.22	0.28	0.30	0.32
Adjusted R^2	0.20	0.12	0.14	0.22	0.27	0.30	0.32
N. Gov. shifts	48	106	106	129	136	136	136
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes							
Country FE	No	No	No	No	No	No	No
No							

Note: Each coefficient comes from a different regression. Standard errors are shown in parentheses. The dependent variable is always the change in expectations of left-wing relative to right-wing supporters, surrounding a government change (estimated in Eq. 1, see main text). Each specification differs in the time-window (described in the header) around the government chosen to estimate the equation. The independent variable, $Left - Right$, is the difference in the left–right scores (based on the ParlGov scores) between the outgoing and the incoming government. All specifications include controls for the time of the survey. Individual controls include controls for employment, age, education, and gender. Standard errors are clustered by country. Significance Codes: ***: 99%, **: 95%, *: 90%.

A.4 Heterogeneity analysis.

Table A.4.1: Trust in the government: Heterogeneity in the regression results on the effect of party polarization by political conditions

	Trust: National Government									
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Left–Right	-0.235***	-0.231***	-0.235***	-0.246***	-0.258***	-0.232***	-0.231***	-0.232***	-0.253***	-0.257***
	(0.012)	(0.012)	(0.013)	(0.018)	(0.020)	(0.029)	(0.030)	(0.030)	(0.028)	(0.040)
Fragmentation		0.006					0.007			
		(0.027)					(0.038)			
Left–Right × Fragmentation		0.023*					0.014			
		(0.013)					(0.016)			
Disproportionality			0.034					-0.007		
			(0.032)					(0.073)		
Left–Right × Disproportionality			-0.018					-0.022		
			(0.013)					(0.029)		
Parliamentary				-0.056					-0.055	
				(0.053)					(0.049)	
Left–Right × Parliamentary				0.018					0.039	
				(0.025)					(0.053)	
Populist share					0.032					0.015
					(0.120)					(0.162)
Left–Right × Populist share					0.063					0.068
					(0.047)					(0.125)
Country FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N. Gov. shifts	142	142	142	142	142	142	142	142	142	142
R^2	0.73	0.72	0.72	0.73	0.73	0.72	0.74	0.74	0.75	0.72
Adjusted R^2	0.72	0.72	0.72	0.72	0.72	0.69	0.68	0.68	0.69	0.69
Within Adjusted R^2						0.69	0.69	0.69	0.69	0.69

Note: The table shows the estimates of Eq. 3). The dependent variable is the change in perceptions of left relative to right-wing supporters (β^P) estimated in Eq. 1. The main independent variable is $Left - Right$, the distance between the incumbent and outgoing government. This variable is interacted with other economic and institutional variables: 'Parliamentary system' is a dummy contrasting with presidential types. Disproportionality uses the (Gallagher, 1991) index, based on seat-vote discrepancies. Fractionalization is calculated as $1 - \sum v_i^2$ (where v_i is party i's vote share), using (Rae, 1968), with both indices standardized in terms of standard deviations. Columns 4 to 6 include country fixed-effects and indicate the effect within country. Standard errors are clustered at the country level but do not reflect the first-stage estimates uncertainty. Significance codes: ***: 99%, **: 95%, *: 90%.

Table A.4.2: Trust in the European Central Bank: Heterogeneity in the regression results on the effect of party polarization by political conditions

	Trust: European Central Bank									
Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Left–Right	-0.040***	-0.039***	-0.039***	-0.040***	-0.047***	-0.038***	-0.038***	-0.039***	-0.039***	-0.047***
	(0.005)	(0.005)	(0.005)	(0.008)	(0.009)	(0.007)	(0.006)	(0.007)	(0.007)	(0.009)
Fragmentation		0.008					0.035*			
		(0.011)					(0.019)			
Left–Right × Fragmentation		0.007					0.006			
		(0.005)					(0.008)			
		-0.007								
			(0.032)					(0.073)		
Left–Right × Disproportionality			-0.007					-0.011		
			(0.005)					(0.007)		
Parliamentary				-0.002					-0.069***	
				(0.022)					(0.013)	
Left–Right × Parliamentary				0.000					0.001	
				(0.010)					(0.014)	
Populist share					0.007					0.115
					(0.050)					(0.081)
Left–Right × Populist share					0.020					0.021
					(0.020)					(0.019)
Country FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N. Gov. shifts	136	136	136	136	136	136	136	136	136	136
R^2	0.31	0.33	0.33	0.31	0.32	0.39	0.41	0.40	0.39	0.40
Adjusted R^2	0.31	0.31	0.31	0.30	0.31	0.25	0.26	0.26	0.24	0.25
Within Adjusted R^2						0.28	0.29	0.29	0.27	0.28

Note: The table shows the estimates of Eq. 3). The dependent variable is the change in perceptions of left relative to right-wing supporters (β^P) estimated in Eq. 1. The main independent variable is $Left - Right$, the distance between the incumbent and outgoing government. This variable is interacted with other economic and institutional variables: 'Parliamentary system' is a dummy contrasting with presidential types. Disproportionality uses the (Gallagher, 1991) index, based on seat-vote discrepancies. Fractionalization is calculated as $1 - \sum v_i^2$ (where v_i is party i's vote share), using (Rae, 1968), with both indices standardized in terms of standard deviations. Columns 4 to 6 include country fixed-effects and indicate the effect within country. Standard errors are clustered at the country level but do not reflect the first-stage estimates uncertainty. Significance codes: ***: 99%, **: 95%, *: 90%.

Table A.4.3: Heterogeneity in the regression results on the effect of party polarization by economic conditions

	Trust: National Government					
	(1)	(2)	(3)	(4)	(5)	(6)
Left–Right	-0.235***	-0.241***	-0.237***	-0.232***	-0.235***	-0.230***
	(0.012)	(0.012)	(0.014)	(0.029)	(0.022)	(0.030)
Inequality		0.005			0.018	
		(0.006)			(0.017)	
Left–Right × Inequality		0.011***			0.012***	
		(0.003)			(0.004)	
Recession			0.031			0.053
			(0.073)			(0.068)
Left–Right × Recession			0.010			-0.002
			(0.031)			(0.058)
Country FE	No	No	No	Yes	Yes	Yes
Ind. Controls	Yes	Yes	Yes	Yes	Yes	Yes
N. Gov. shifts	142	142	142	142	142	142
R^2	0.72	0.76	0.73	0.75	0.78	0.75
Adjusted R^2	0.72	0.75	0.72	0.69	0.72	0.69
Within Adjusted R^2				0.69	0.72	0.69

Note: The table shows the estimates of Eq. 3. The dependent variable is the change in trust of left relative to right-wing supporters (β^P) estimated in Eq. 1. The independent variable $Left - Right$, is the distance between the incumbent and outgoing government. Economic inequality is measured by GINI; "Recession" is a dummy for negative growth years. Columns 4 to 6 include country-fixed effects and indicate the effect within country. Standard errors are clustered at the country level but do not reflect the first-stage uncertainty. Significance Codes: ***: 99%, **: 95%, *: 90%.

Table A.4.4: Heterogeneity in the regression results on the effect of party polarization by economic conditions

	Trust: European Central Bank					
	(1)	(2)	(3)	(4)	(5)	(6)
Left–Right	-0.040***	-0.040***	-0.039***	-0.038***	-0.038***	-0.037***
	(0.005)	(0.005)	(0.006)	(0.007)	(0.008)	(0.006)
Inequality		0.000			-0.003	
		(0.003)			(0.007)	
Left–Right × Inequality		0.000			0.000	
		(0.001)			(0.002)	
Recession			-0.005			0.005
			(0.029)			(0.031)
Left–Right × Recession			-0.003			-0.003
			(0.012)			(0.017)
Country FE	No	No	No	Yes	Yes	Yes
Ind. Controls	Yes	Yes	Yes	Yes	Yes	Yes
N. Gov. shifts	136	136	136	136	136	136
R^2	0.31	0.31	0.31	0.39	0.39	0.39
Adjusted R^2	0.31	0.30	0.30	0.25	0.24	0.24
Within Adjusted R^2				0.28	0.27	0.27

Note: The table shows the estimates of Eq. 3. The dependent variable is the change in trust of left relative to right-wing supporters (β^P) estimated in Eq. 1. The independent variable $Left - Right$, is the distance between the incumbent and outgoing government. Inequality is measured by GINI; "Recession" is a dummy for negative growth years. Columns 4 to 6 include country-fixed effects and indicate the effect within country. Standard errors are clustered at the country level but do not reflect the first-stage uncertainty. Significance Codes: ***: 99%, **: 95%, *: 90%.

Table A.4.5: Heterogeneity in the regression results on the effect of party polarization on shifts in trust in the national government: subsamples by individual characteristics

	Trust in institutions: National Government				
	Subset				
	All	Unemployed type	High educated type	Age<45 type	Women type
	(1)	(2)	(3)	(4)	(5)
Constant	0.00	0.00	0.01	0.01	0.01
	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)
Left-right	-0.24***	-0.24***	-0.22***	-0.24***	-0.27***
	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Type		0.04	-0.05	-0.01	-0.01
		(0.05)	(0.04)	(0.04)	(0.04)
Left-Right × Type		0.05**	-0.06***	0.01	0.08***
		(0.02)	(0.02)	(0.02)	(0.02)

Note: The table shows the estimates of Eq. 3 compared for different subgroups. The dependent variable is the change in trust in the national government of left relative to right-wing supporters (β^P estimated in Eq. 1). The coefficients were computed separately for different subgroups (unemployed, high-educated, age < 45, and women) types and their counterparts, indicated in each column. The independent variable $Type$ is valued 1 if the observation belongs to the subgroup considered, and 0 otherwise. The independent variable $Left-Right$, shows the baseline effect of distance between the incumbent and outgoing government for the group considered. In turn, the coefficient of the interaction of $Left-Right \times Rest$ tests if the effect is different for the counterpart sample. Significance Codes: ***: 99%, **: 95%, *: 90%,

Table A.4.6: Heterogeneity in the regression results on the effect of party polarization on shifts in trust in the European Central Bank: subsamples by individual characteristics

	Trust in institutions: European Central Bank				
	Subset				
	All	Unemployed type	High educated type	Age<45 type	Women type
	(1)	(2)	(3)	(4)	(5)
Constant	0.04***	0.04	0.04**	0.04**	0.04**
	(0.01)	(0.03)	(0.02)	(0.02)	(0.02)
Left-Right	-0.04***	-0.04**	-0.04***	-0.04***	-0.04***
	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Type		0.02	0.00	-0.01	0.00
		(0.05)	(0.02)	(0.02)	(0.02)
Left-Right × Type		-0.03	0.02*	0.00	0.00
		(0.02)	(0.01)	(0.01)	(0.01)

Note: The table shows the estimates of Eq. 3 compared for different subgroups. The dependent variable is the change in trust in the European Central Bank of left relative to right-wing supporters (β^P estimated in Eq. 1). The coefficients were computed separately for different subgroups (unemployed, highly educated, age < 45, and women) type and their counterparts, indicated in each column. The independent variable $Type$ is valued at 1 if the observation belongs to the subgroup considered, and 0 otherwise. The independent variable $Left-Right$, shows the baseline effect of distance between the incumbent and outgoing government for the group considered. In turn, the coefficient of the interaction of $Left-Right \times Rest$ tests if the effect is different for the counterpart sample. Significance Codes: ***: 99%, **: 95%, *: 90%,

Table A.4.7: Knowledge and interest in politics across demographic groups.

item	Age		Education		Employment		Gender	
	<45	>44	College	Non-college	Employed/Inactive	Unemployed	Man	Woman
Know ECB	78.4%	81.2%	87.9%	75.6%	80.8%	66.6%	82.1%	78.3%
Knowledge EU	31.2%	27.7%	43.8%	24.6%	29.7%	23.6%	37.5%	22.8%
Listen Radio	53.8%	62.2%	67.3%	55.4%	58.7%	51.7%	61.7%	55.6%
Politics: discuss	39.4%	48.1%	60.2%	38.6%	44.6%	33.6%	49.5%	39.7%
Politics: informed	50.6%	63.7%	73.5%	52.2%	58.2%	45.1%	62.3%	53.7%
Politics: interest	50.5%	62.4%	73%	51.4%	57.5%	43.4%	61.4%	53.1%
Read Newspapers	50.4%	57.2%	67%	49.8%	54.7%	43.3%	60.3%	49.1%
Watch TV	82.1%	92.2%	90.5%	86.6%	87.6%	85.8%	88.9%	86.5%

Note: The table shows how different measures of interest in politics vary across demographic groups for the 27 countries included in our sample coming from Eurobarometer surveys. The item "Know ECB" asks "Have you ever heard of (European Institutions)?" and comes from Eurobarometer June 2022). Items about knowledge of the EU and news media use comes from Eurobarometer from May 2006. We show the percentage of respondents who answer to question *"How often do you Watch television news programmes/Read the news in daily newspapers/Listen to radio news programmes"* either everyday or several times a week. Finally, the variables Politics: discuss/informed/interest come from the Eurobarometer December 2005. The items ask how often are you "For each of the following statements, please tell me if it applies to you often, sometimes, rarely or never (a) I am interested in what is going on in politics (b) I keep up to date on what is going on in politics (c) I discuss politics with other people". We quantify the percentage of respondents declaring either often or sometimes.

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UBIREA

Institut de Recerca en Economia Aplicada Regional i Pública
Research Institute of Applied Economics

WEBSITE: www.ub.edu/irea • **CONTACT:** irea@ub.edu

AQR

Grup de Recerca Anàlisi Quantitativa Regional
Regional Quantitative Analysis Research Group

WEBSITE: www.ub.edu/aqr/ • **CONTACT:** aqr@ub.edu

Universitat de Barcelona
Av. Diagonal, 690 • 08034 Barcelona