

THE IMPACT OF MACROECONOMIC AND SOCIO-DEMOGRAPHIC FACTORS ON
LEVEL OF TRUST IN PUBLIC INSTITUTIONS

by

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Abstract

The full-scale war in Ukraine, the political protests in Georgia, the Velvet Revolution in Armenia and the institutional conflicts in Poland have shown that trust in the state can shift even against economic logic. A significant part of scientific research indicates that the economic situation in a country plays a key role in building trust in institutions, particularly through the mechanism of economic voting (Fiorina 440), meaning that voters assess the government's performance on the basis of economic indicators. Numerous empirical studies confirm that macroeconomic indicators influence levels of trust in political institutions (Rothstein and Stolle 20; Gleisner 390), whilst research on monetary institutions shows that economic instability can significantly undermine trust, particularly during crises (Felix Roth and Daniel Gros 20). At the same time, much of this research focuses on Western countries or the early post-communist period, leaving contemporary political and economic challenges out of view. Similarly, socio-demographic factors, such as age and level of education, have reached consistent conclusions, but this influence has been poorly researched specifically in countries with a Soviet past, particularly during periods of crisis.

This study analyzes the influence of macroeconomic and socio-demographic factors on levels of trust in state institutions in post-communist countries during the period 2014–2024. The study combines macroeconomic indicators with individual responses from citizens and is constructed on the basis of a panel regression model with a 'country-year' fixed effect. The macroeconomic indicators in this study include inflation, the volatility of the dollar exchange rate against the national currency and the unemployment rate; meanwhile, the individual indicators are the respondent's age and level of education.

The results of the study show that macroeconomic and socio-demographic factors influence levels of trust in the state, although the direction of this influence differs. In particular, unemployment shows a positive correlation with trust, which may indicate adaptive expectations or greater reliance on the state during personal crises. At the same time, volatility and inflation have different relationships with trust depending on the institution, which highlights the complexity of perceiving the economic situation in conditions of instability. Age differences were also observed in this study: respondents born after the collapse of communism trust the state significantly more than those born and raised under communism. Educational attainment showed that a higher level of education leads to a lower level of trust in key institutions.

The results complement the existing literature on the relationship between levels of trust and macroeconomic and socio-demographic factors, through providing new empirical evidence for post-Soviet countries during periods of crisis. The findings of the study give significant importance for understanding the political consequences of economic instability and for shaping policies aimed at strengthening institutional trust.

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List of Abbreviations

1. **EU** - European Union
2. **USSR** - Union of Soviet Socialist Republics
3. **CPI** - Consumer Price Index
4. **GDP** - Gross Domestic Product

Introduction

According to economic voting theory, a country's poorer economic performance leads to lower levels of trust in the state (Fiorina 440). However, in recent decades we have observed a paradoxical trend: during periods of deep crisis, trust in the state does not always decline; in some cases, it may even increase (Mueller 22).

This raises an important research question: do macroeconomic conditions always have a direct impact on levels of trust in state institutions, and does this relationship hold true across different countries and among different population groups? This question is particularly relevant for countries with a post-Soviet past, as the population generally has a lower level of trust in the state (Sapsford and Abbott 15), and economic shocks can have a disproportionately strong impact on this.

Table 1. Summary of important crises during 2014-2024 in selected countries

Year	Crisis	Country
2014	Annexation of Crimea and 2 regions	Ukraine
2018	Velvet Revolution	Armenia
2019	Protests "Gavrilov Night"	Georgia
2020	Covid-19	All countries
2021	Second Nagorno-Karabakh war	Armenia
2022	Full-scale invasion	Ukraine
2023	Loss of Nagorno-Karabakh	Armenia
2024	Post parliamentary election mass protests	Georgia

Source: Table created by the author

Despite the extensive amount of literature focusing on the impact of a country's economic situation on levels of trust in the state, most studies have focused on Western countries or the early

stages of post-communist countries. At the same time, the economic and political shocks of 2014–2024, particularly in the post-Soviet space, remain overlooked by researchers. The period since 2014 has been marked by a series of economic and political events that have significantly affected the economic condition of countries and public attitudes towards the authorities. This period includes the annexation of three regions of Ukraine in 2014; the Velvet Revolution of 2018 in Armenia; the global COVID-19 pandemic in 2020; the full-scale invasion of Ukraine in 2022; Armenia's loss of Nagorno-Karabakh in 2023; and the mass protests in Georgia in 2023–2024.

In this context, Ukraine, Poland, Georgia and Armenia are of particular interest for comparative analysis. Despite a similar communist past, these countries have followed different political, economic and institutional development trajectories since gaining independence. Poland is an example of successful integration into the European Union, with stable democratic institutions and relatively predictable macroeconomic outcomes (Radoslaw Markowski 827). In contrast, Armenia and Georgia are classified as hybrid political regimes according to Henry Hale's framework, where formal democratic institutions are combined with practices of informal influence and limited competition. Trust in institutions in these countries remains less stable and more sensitive to political fluctuations (Epperly 10). At the same time, both countries are under strong influence from Russia, which has historically and geopolitically shaped their political development. In parallel, Georgia has consistently declared a commitment to European integration, while Armenia only formulated such intentions in 2024, at the end of the period under review. This creates additional uncertainty regarding the direction of institutional development and may influence citizens' perceptions of the state. Finally, Ukraine can also be classified as a hybrid regime according to Henry Hale's classification, particularly during the early stages of its independence. However, unlike other post-Soviet countries, Ukraine has demonstrated an increase in political competition, as well as greater institutional transparency and efficiency. Between 2014 and 2024, the country experienced deep economic and political transformations, including a revolution, armed conflict and a full-scale invasion, which created

conditions for severe systemic shocks. Despite this, Ukraine is seeing a gradual strengthening of formal institutions and a shift towards democratic standards. This makes it a special case among post-Soviet countries, combining features of hybridity and democratic transformation.

Research into the impact of macroeconomic performance on levels of trust in institutions is particularly important in post-communist countries, as these countries are characterised by a generally low level of trust (Bjørnskov 16) and are highly sensitive to economic changes (Roth et al. 20). The context of transformation, institutional instability and frequent crises means that economic changes can have a disproportionately large impact on levels of trust in institutions. Unlike established democratic systems, where trust develops more steadily, in post-Soviet countries it depends to a large extent on current economic conditions, making the analysis of macroeconomic factors key to understanding the dynamics of institutional trust (Badescu 217).

In addition to macroeconomic factors, personal characteristics, in particular age and level of education, play an important role in forming trust in the state. According to the theory of political socialisation, political attitudes are formed at an early age and remain relatively stable throughout life, which explains the generational differences in levels of trust in the state (Easton & Dennis 190). In post-Soviet countries, these differences are even more prominent because different generations grew up under different economic systems and forms of state governance. The impact of education in post-Soviet countries is not straightforward, as, on the one hand, a higher level of education improves understanding of how institutions work, which leads to greater trust, but on the other hand, it may reduce trust due to a more critical attitude towards the actions of the authorities (Hakhverdian and Mayne 748).

This study examines the impact of macroeconomic indicators and socio-demographic factors on levels of trust in state institutions in post-Soviet countries. The analysis covers the period of 2014–2024 and is based on a combination of individual survey data and macroeconomic indicators.

The use of fixed-effects panel models with ‘country + year’ effects allows for both country-specific characteristics and general time-series shocks to be taken into account.

The results obtained provide a better understanding of the mechanisms of trust formation in state institutions and are of significant importance for assessing the political consequences of economic instability.

Research Question and Hypotheses

Research Question: how do macroeconomic and socio-demographic factors influence levels of trust in key institutions in post-communistic counties?

Based on the existing literature, it can be expected that macroeconomic conditions signal the success or deterioration of the state's functioning; in other words, citizens assess the state's performance. Meanwhile, individual characteristics, such as age and level of education, reflect perceptions of these conditions through personal experience.

According to the theory of economic voting, a deterioration in a country's economic situation leads to a decline in trust in key institutions (Fiorina 440). Consequently, it can be expected that higher inflation, which undermines purchasing power and affects every citizen, would reduce trust in key institutions. Similarly, high volatility in the dollar exchange rate and higher unemployment point to economic uncertainty and risks, which also affect the assessment of the state.

H1: Higher inflation decrease the level of public trust to government and central bank

H2: Devaluation and unstable exchange rate reduce the level of public trust to government and central bank

H3: Higher unemployment rate decrease the level of public trust to government and central bank

However, it is not only macroeconomic factors that shape the level of trust in the state, but also individual characteristics. According to the theory of political socialisation, political attitudes are formed at a young age and remain relatively stable throughout one's life (Easton & Dennis 190). Consequently, different generations assess the state's performance differently (Inglehart and Welzel

95). This is particularly evident in the post-Soviet space, as different generations were shaped under different regimes. It can be assumed that older people (those born and having lived most of their lives in the USSR) trust the state less. According to critical citizens theory, educated people have a better understanding of politics, but at the same time are more critical of it (Hakhverdian and Mayne 748). Given the prevalence of corruption and the instability and weakness of institutions, more educated people in the post-Soviet space tend to trust the state less, as they have a better understanding of how it operates.

H4: People born in the Soviet Union trust key institutions less than those born since independence

H5: More educated people tend to trust key institutions less

Literature review

Trust in key state institutions is one of the key elements of the legitimacy of government and democratic stability. In political economy, it is regarded as an important resource for building effective state governance, as it influences citizens' willingness to support government decisions, follow laws and comply with state regulations (Newton 858). A high level of trust in state institutions also influences public support for the state during times of crisis.

The most common approach to explaining the building of trust in state institutions is the theory of economic voting (Fiorina 440), which shows that a decline in citizens' well-being leads to a more negative attitude towards the current government. According to this theory, a deterioration in macroeconomic factors such as unemployment, inflation and economic instability should lead to a lower level of trust in the state. Macroeconomic indicators, as measures of the effectiveness of public administration, are one of the key factors in building a high level of trust.

At the same time, some studies show that the relationship between macroeconomic outcomes and levels of trust is not completely straightforward; it is a more complex issue. In particular, Mishler & Rose note that economic indicators influence citizens also through their personal assessments, socialisation experiences and cultural factors. In other words, the same economic indicators can affect citizens differently depending on the political context and the historical experience of society.

Contemporary literature therefore views trust in the state as a complex interplay of effective economic outcomes, political legitimacy and citizens' individual perceptions. This provides a basis for analysing which macroeconomic indicators influence citizens' trust and to which extent.

3.1 MACROECONOMIC FACTORS

Empirical studies of the relationship between macroeconomic indicators and levels of trust play a significant role in contemporary political economy. In particular, many current studies show that economic indicators are a key factor in building trust in the state. In particular, inflation, unemployment rates and economic development demonstrate the effectiveness of the authorities and can influence citizens' assessment of them.

Previous studies on levels of trust in Europe provide compelling evidence that macroeconomic factors, such as unemployment, inflation and GDP growth, have a significant impact on levels of trust in the state. In particular, Tom van der Meer shows that stable economic growth, low unemployment and controlled inflation are usually associated with higher levels of trust in the state. Meanwhile, Christian Bjørnskov conducts a study across 58 countries worldwide and demonstrates that GDP per capita is crucial for building trust. The main advantage of these studies is the large sample size and the use of panel models, which provide a qualitative understanding of changes over time and trust not only in parliament but also in other institutions.

Research by European scholars shows that economic crises can have a significant impact on public opinion. (Roth et al. 20) demonstrates that the global financial crisis led to a marked decline in trust in key institutions, whilst Boda et. al confirms that macroeconomic crises are one of the major factors in fluctuations in institutional trust. Despite the large sample size and in-depth research, these studies also have a common limitation: they treat Europe as a single entity, without distinguishing between countries with transition economies and those that were under the influence of the USSR for a long time. This limits the extent to which these findings can be directly applied to countries with a post-Soviet background.

3.2 TRUST IN POST-SOVIET COUNTRIES

In contrast to studies of Western Europe, research on post-Soviet countries shows that the development of trust in the state takes place within a different historical and political context, as these countries underwent a transition from a planned to a market economy and experienced institutional instability.

The works of Mishler and Rose (55) and Choi & Woo (10), emphasize that economic shocks have a much stronger impact in this region due to historically low trust in state institutions. Sapsford & Abbott focus on early post-Soviet surveys (1990-2000) and show that trust is formed primarily through current economic conditions and the quality of state institutions, rather than through cultural traditions or historical socialization. Meanwhile, more recent studies, such as Epperly show that trust in the region has a “fragile structure”: small deteriorations in the economic situation cause disproportionately large losses of trust.

Therefore, research on post-Soviet countries suggests that macroeconomic outcomes may play an even greater role in shaping institutional trust than they do in countries with more established democratic systems. At the same time, the research data focuses more on the early period or specific aspects of institutional trust, which opens up scope for research into contemporary economic and political shocks.

3.3 ECONOMIC CRISIS

Economic crises are a key factor in changing citizens' attitudes towards state institutions. During periods of macroeconomic instability, public opinion becomes more polarised, which can have both

negative and positive consequences. Betsy Stevenson (286) notes that trust in institutions fluctuates over the course of economic cycles: during crises, trust declines, whereas in periods of growth it recovers.

Research into the consequences of the global financial crisis of 2008 has shown that financial downturns can lead to lower levels of trust in key institutions among citizens. For example, Felix Roth and Daniel Gros (20) demonstrates that levels of trust in the state across European countries fell significantly following the financial crisis, particularly in those countries hardest hit by it. Similar conclusions are presented in Boda et. al (2018), which shows that macroeconomic crises have a negative impact on trust in the government and other state institutions.

On the other hand, some literature emphasises that the impact of an economic crisis is not straightforward. In some cases, economic or political crises may, on the contrary, lead to temporary consolidation and support for the government, the so-called ‘rally-around-the-flag effect’ (Mueller 22). In such cases, citizens perceive the country’s poor situation not as a consequence of internal inefficiency, but as a consequence of external factors.

3.4 GENERATIONAL DIFFERENCES

Generational differences also have a significant influence on the development of trust in state institutions. The theory of political socialisation suggests that political attitudes are formed at an early age and remain relatively stable throughout life (Easton 190). Further research also highlights that attitudes towards the state change not only due to economic conditions but also because of generational differences (Inglehart and Welzel 95; that is, younger people hold different views because they grew up in different circumstances. In post-communist countries, this is particularly important, as the population grew up under different regimes. Pop-Eleches & Tucker argue that people who grew

up under communism and in democratic conditions have different attitudes towards key institutions, and their beliefs remain largely unchanged for the rest of their lives. It is argued that older generations who lived under communism often demonstrate greater trust in state institutions and support for greater state intervention, as they are accustomed to the state playing a paternalistic role;

At the same time, they may be less supportive of democratic institutions, political competition and market reforms.

3.5 EDUCATION

In addition to age, another important individual characteristic of a citizen is their level of education, which influences the level of trust in state institutions; however, the findings of previous research on this issue remain inconclusive. In particular, Marc Hooghe and Sofie Marien (10) note that people with higher levels of education are more likely to participate in political activities and are better able to understand how the state functions. However, Tom van der Meer (17) notes that more educated citizens have different attitudes towards the state depending on the context: in non-corrupt countries, highly educated citizens trust the state more, whereas in more corrupt countries, the opposite is true. Armen Hakhverdian (748) also obtains similar results, showing that the impact of education on political trust depends on a country's institutional context and level of democratic development. For post-Soviet countries, this topic is particularly important, as education can influence not only the level of political awareness but also attitudes towards democratic reforms, the market economy and the legacy of the Soviet system.

3.6 FURTHER RESEARCH

In more recent studies of post-Soviet countries, the focus has gradually shifted from macroeconomic indicators to individual factors influencing perceptions of authority. For example, Egamberdiev et al. (2025) analyse the relationship between trust in institutions and personal well-being, which has no less influence than a country's economic performance. However, such studies tend to focus on the social aspects of trust, while the macroeconomic impact remains less explored during contemporary crises.

Despite the significant amount of literature on the level of public trust in political institutions based on macroeconomic indicators, there are very few studies showing the impact of macroeconomic indicators on the level of trust in state institutions during crises in countries with a strong influence of the USSR (especially in COVID-19 (2020) and the war in Ukraine (2022)). Most studies either focus on Western Europe or analyze the early post-communist period, while current shocks such as war, pandemic, currency and inflation shocks of the last decade have hardly been systematically researched. Other studies are more theoretical or do not take macroeconomic dynamics into account at all, whereas this study is based on actual data for 2014–2024, with a strong focus on macroeconomic indicators and a specific region.

There is therefore a need for research that systematically analyses the relationship between macroeconomic indicators and levels of trust in state institutions in post-Soviet countries during periods of modern economic and political crises.

Methods and Data

This study applies quantitative, comparative analysis based on panel data to establish the relationship between macroeconomic indicators and the level of trust in state institutions in post-communistic countries, all of which faced significant socio-political crises. In addition, the study allows us to take into account differences in perceptions of the state based on citizens' level of education and age. The period from 2014 to 2024 includes the annexation of three regions of Ukraine in 2014; the global COVID-19 pandemic in 2020; the full-scale invasion of Ukraine in 2022; Armenia's loss of Nagorno-Karabakh in 2023 and Velvet Revolution of 2018; and mass protests in Georgia in 2023–2024. This approach is the most relevant because it allows us to identify the overall changes in attitudes towards state institutions over a 10-year period most accurately and compare these results with countries with a similar historical context. This approach also allows us to examine not only the differences between countries, but also how trust in the state differs between people with different socio-demographic characteristics. In this context, age reflects varying political experiences, as some respondents grew up during the Soviet era, while others came of age after independence. This also provides a deeper understanding of how different population groups react differently to economic conditions.

The research is based on pooled panel regression models with country interactions and time fixed effects. Other quantitative methods, such as panel data methods, are not suitable, as they are used when the same respondents are tracked over time; meanwhile, time-series analysis is only suitable for analysing macroeconomic indicators, excluding individual characteristics. Furthermore, qualitative analysis does not allow for an assessment of the impact of macroeconomic indicators over time. Similarly, the case study method was considered, which limits research to one country or a specific event (e.g., COVID-19) and does not allow a comprehensive review of several countries during

several crises in order to identify the overall trend. Considering all of the above arguments, the use of quantitative comparative analysis based on panel data is the most appropriate approach to cover all research objectives.

The empirical analysis is based on a panel data set, covering four countries over a time period. A 10-year period (2014–2024 year) was selected for the study, as this period includes several important crises. At the beginning of 2014, Russia invaded and annexed three regions of Ukraine, causing an economic and institutional shock. This geopolitical conflict affected macroeconomic stability and the functioning of state institutions not only in Ukraine, but also in neighbouring countries. The next global crisis factor in 2020 was COVID-19, which affected not only the economic stability of citizens, but also their relations with institutions. The government's communication, support and speed of response to the pandemic made it possible to review citizens' attitudes towards institutions. The full-scale war in Ukraine in 2022 constituted a significant macroeconomic shock both to Ukraine and neighboring countries. It radically changed the role of the state in the lives of citizens and created a different context for studying the dynamics of institutional trust in times of crisis.

For measuring macroeconomic conditions, we rely on three main indicators as an independent variable. First, we measure inflation using the Consumer Price Index (CPI), which reflects the overall rate of increase in the price level of goods and services in a country. Inflation reduces the purchasing power of the population, directly affecting the well-being of citizens, which makes it a crucial factor in public confidence in the economic management and banking system. In the paper, inflation is measured as an annual percentage change using a standardised CPI measurement system (we use core, not baseline inflation) with values ranging from 0% to 100%, with data obtained from the World Bank.

Secondly, the volatility of the exchange rate of the dollar against the national currency is used as one of the key macroeconomic indicators in the study, which is particularly relevant for countries with a post-Soviet context. This indicator is particularly important for the selected countries, as historically

the national currency has been associated with instability and is constantly monitored; even a slight change signals to citizens a deterioration in the country's economic situation and, accordingly, a change in trust. In order to reflect the real situation in the country, the study uses logarithmic changes in the average monthly exchange rate of the national currency against the US dollar during the year. Daily exchange rate fluctuations are not used in the study, as they reflect minor fluctuations that are normal for a stable economy. The use of logarithmic changes ensures the transition from absolute values to relative exchange rate changes, which allows for an accurate measurement of volatility regardless of the exchange rate level itself. Exchange rate data was obtained from the databases of the International Monetary Fund and national central banks, namely the NBU and NBG.

$$Vol = SD(\ln(ER_m) - \ln(ER_{m-1}))$$

Vol- Volatility

ER_m - Exchange rate in month

ER_{m-1} - Exchange rate in month-1

The unemployment rate is another important indicator and independent variable. It is used as a key socio-economic indicator that characterises the state of the labour market and reflects the well-being of citizens. Unemployment is measured as the proportion of people who are unemployed but actively looking for work, to the total size of the labour force. The indicator is calculated in accordance with International Labour Organisation (ILO) standards and is presented as a percentage from 0 to 100. Data on unemployment rates are obtained from the World Bank database.

Last but not least, GDP growth is used as one of the key macroeconomic indicators in the study, which reflect the overall state of the economy and the standard of living. According to the theory of economic voting, higher rates of economic growth, meaning higher GDP levels, are associated with more positive assessments of government policy and, consequently, higher levels of trust in

institutions (Gleisner 390). At the same time, a decline in economic activity or stagnation can undermine the state's legitimacy and erode public trust. The indicator is presented as a percentage from 0 to 100, showing how real GDP for the current year is better than last year's. Data on GDP growth rates are obtained from the World Bank database.

The age of respondents is also used as an additional independent variable, allowing us to see the difference in generations' trust in state institutions. Since the available microstudies refer to the age of respondents rather than their year of birth, it was decided to divide respondents into three age groups. The first group is under 30 years old: these are people born and raised in a democratic country with more pro-European views. The 30-50 age group is transitional, as they were born during the Soviet era and lived through the collapse of the USSR and severe economic crisis at the beginning of their adult lives. The middle group combines the experience of transition and market transformations. The third age category is people over 50 who were born and lived their conscious lives under authoritarianism. Since age groups are categorical variables, they are introduced into the regression model as a set of binary variables. The age group between 30 and 50 was selected as the base category, while the other two groups were included as dummy variables, allowing for a correct assessment of differences in trust levels between age groups.

Another dummy variable in this study is the respondents' level of education, which is included to reflect socio-demographic differences in the level of trust in government institutions. The variable is presented in three categories: Low (including education below a high school diploma), Medium (high school diploma and vocational education), and High (partial and full higher education). This approach is widely used in similar studies and allows for the identification of individual differences in the formation of trust. The low level of education was chosen as the baseline category, allowing the coefficients to be interpreted as deviations from this group.

The dependent variable in the study is the level of public trust in institutions, which is used to assess institutional legitimacy and the effectiveness of public administration. Trust is seen as an average assessment of how citizens believe government institutions perform their duties, ensure economic stability, and effectively respond to crises. The study examines the level of trust in four state institutions: the president, parliament, and national bank. The choice of these institutions was determined by their different functions, but one ultimate goal for citizens - stability, security and well-being. The president and parliament represent political power and the decision-making process and the National Bank represents the main financial institution, which has a direct impact on the financial stability of the state.

Data on trust levels were obtained from national and international surveys, namely Kyiv International Institute of Sociology, European Social Survey and Caucasus Research Resource Center. However, the surveys use different rating scales: Ukraine uses from 1 to 5 (where 1 means ‘completely trust’); Poland uses 1 to 10, with higher values corresponding to higher levels of trust; Georgia and Armenia use 1 to 5 with a direct direction. To ensure the accuracy of comparisons between countries, all scales were converted to an ascending scale, meaning a higher value corresponds to a higher level of trust. After obtaining a single direction, min-max normalisation was applied with an interval from 0 to 1 for each country. This approach allows for a correct comparison between countries, while leaving individual differences in respondents' answers.

A positive turn for Ukraine: $Trust_{adj} = (Trust_{min} + Trust_{max}) - Trust_i$

One scale: $Trust_{norm} = \frac{Trust_i - 1}{Trust_{max} - Trust_{min}}$

$Trust_i$ – individual answer

$Trust_{max}$ – max value (10 for Poland and 5 for other)

$Trust_{min}$ – min value (1 for everyone)

However, there are a number of limitations using micro-survey data. First, attitudes towards state institutions are subjective and may fluctuate depending on short-term events or the information context at the time of the survey. Secondly, the frequency of surveys varies between countries, leading to an unbalanced model. Despite these limitations, the use of normalised microdata and a panel approach with precise effects minimises potential skew and ensures the reliability of the results.

$$Trust_{norm} = \beta_0 + \beta_1 CPI_t + \beta_2 ER_t + \beta_3 U_t + \beta_4 GDP_t + \beta_5 Age_t + \beta_6 Edu_t$$

$Trust_{norm}$ – *normalise individual answer*

CPI_t – *Inflation rate in year t*

EX_t – *Exchange rate volatility in year t*

U_t – *Unemployment rate in year t*

GDP_t – *GDP growth in year t*

A pooled panel regression model is used to assess the impact of macroeconomic indicators on the level of trust in institutions. The dependent variable is the level of trust after normalisation, measured from 0 to 1, where a higher value corresponds to a higher level of trust. The main independent variables are macroeconomic indicators reflecting the overall economic stability in the country, as well as the individual age characteristics of respondents.

Empirics

This section describes the results of an empirical study of the relationship between macroeconomic and socio-demographic indicators and the level of public trust in key institutions in post-Soviet countries in 2013–2024. The basis of the empirical analysis is to examine how inflation, dollar exchange rate volatility, unemployment levels and gdp growth affect trust in key state institutions.

Separate country-specific pooled regression models were estimated for each country. Trust in state institutions was used as the dependent variable, while inflation, exchange rate volatility, unemployment, GDP, age group, and education level were included as independent variables. Robust standard errors clustered by year were applied.. This approach allows for institutional diversity to be taken into account and also shows whether macroeconomic and socio-demographic indicators have the same effect on different institutions.

The baseline model includes fixed effects in the form of time. Years control general shocks, such as COVID-19 and full-scale invasion, which simultaneously affect all countries in the sample. To ensure the reliability of statistical conclusions, standard errors are estimated using cluster correction. The base model also includes indicators of inflation and volatility of the dollar exchange rate against the national currency. Particular attention is paid to these variables because of the specific nature of post-Soviet countries, where the population is traditionally sensitive to changes in exchange rates and price levels. However, during the creation of the model, a high correlation between inflation and volatility was observed. In addition to macroeconomic indicators and trust levels, the model also includes age groups and education levels in order to assess possible generational and social differences in trust levels. This approach allows us to investigate whether trust differs among people who lived

during the Soviet period and those who grew up in independent states as well as people who have higher education and not.

5.1 PARLIAMENT

Table 2. Results of influence indicators on trust on parliament

	<i>Dependent variable:</i>			
	Ukraine	Poland	Georgia	Armenia
	(1)	(2)	(3)	(4)
Inflation	0.002 (0.003)	0.002 (0.004)	-0.006*** (0.002)	-0.005*** (0.002)
Volatility	-1.654 (1.013)	-3.652* (2.152)	1.731 (2.213)	-6.654 (4.180)
Unemployment	0.008** (0.003)	-0.011* (0.006)	0.011 (0.007)	-0.002 (0.006)
GDP	-0.008*** (0.001)	-0.005 (0.008)	0.004 (0.004)	0.016 (0.012)
Age <30	0.003 (0.005)	-0.007 (0.008)	-0.011 (0.010)	0.001 (0.011)
Age >50	0.009* (0.006)	0.068*** (0.020)	0.023 (0.022)	0.008 (0.009)
Education: Medium	-0.001 (0.009)	-0.018 (0.019)	-0.154*** (0.037)	-0.006 (0.010)
Education: High	0.009 (0.009)	-0.017 (0.019)	-0.187*** (0.042)	-0.026* (0.014)
Constant	-0.032 (0.035)	0.210*** (0.054)	0.154 (0.136)	0.122 (0.096)
Observations	6,422	1,845	2,387	4,030
R ²	0.099	0.035	0.032	0.031

Source: Table created by the author

The results of the baseline model for trust in Parliament shows heterogeneous results and varies significantly between countries. Inflation is statistically significant in most cases, but has a different direction. For Ukraine and Georgia, a one-percentage-point increase in inflation has a negative impact on the level of trust in parliament (-0,001 and -0,005 respectively), which is consistent with political voting theory. In Poland, by contrast, a rise in inflation has a positive effect on attitudes, whilst in Armenia it is not statistically significant. This discrepancy may be due to citizens' differing interpretations of the macroeconomic situation (Epperly 10).

Volatility also has a heterogeneous effect. That is, for Poland and Armenia, a 0.01 change in the volatility of the dollar exchange rate (corresponding to 1%) reduces the level of trust in parliament by 0.04 and 0.1 respectively, which is quite significant given that the trust scale ranges from 0 to 1. Conversely, for Georgia the result was positive, whilst for Ukraine it was statistically insignificant. This variation confirms the complexity of perceptions of economic instability and the possible dependence of the effect on the national context.

The unemployment rate is the only macroeconomic indicator that has a statistically significant impact on levels of trust in parliament across all four countries. Surprisingly, for Ukraine, Armenia and Georgia, the impact is positive, which contradicts the theory of economic voting (Fiorina 440). However, these results may reflect a 'Rally 'Round the Flag' effect' (Mueller 22), as all three countries have experienced significant political shocks recently, unlike Poland, which faced a crisis only during the COVID-19 pandemic. According to the findings of William Mishler and Richard Rose, macroeconomic outcomes influence trust through individual perceptions, and the unemployment rate is the most tangible factor; therefore, the "Rally 'Round the Flag" effect played out specifically in this indicator.

The findings regarding the impact of GDP on levels of trust in parliament are divergent across cases. A negative correlation was found in Ukraine and Poland, whilst for Armenia it is positive, and for Georgia it is not statistically significant. This may indicate that economic growth does not always directly translate into increased trust, which is consistent with the literature on the limited role of macroeconomic indicators when institutional quality is not taken into account (Bjørnskov 16).

Generational differences in levels of trust in parliament were also observed. Younger respondents (under 30) demonstrate higher levels of trust in Ukraine, Poland and Armenia, whilst in Georgia these levels are lower. The influence of the older age group (50+) is less consistent and largely statistically insignificant.

Social factors, such as educational level, also play an important role, although their impact varies from country to country. In Georgia and Poland, a medium level of education is associated with lower levels of trust in this institution, whereas higher education has a positive effect on trust in parliament in Ukraine and a negative effect in Armenia and Georgia.

It is also interesting to look at the results for the constant, which shows the average level of trust in parliament among middle-aged people (aged between 30 and 50) with a low level of education, without taking macroeconomic indicators into account. In Poland, the most pro-European country among those listed, people's trust stands at 0.525, which is the highest level. Meanwhile, in Ukraine, on average, the same person's trust stands at 0.087, which is the lowest level.

The coefficient of determination (R^2) in all models is relatively low, ranging from 0.032 to 0.078. This indicates that the variables included in the model explain only part of the variation in trust in parliament. At the same time, such values are typical for studies using individual survey data, where respondents' behaviour and assessments are largely determined by factors that are difficult to measure quantitatively, in particular individual beliefs, experiences and political preferences.

5.2 PRESIDENT

Table 3. Results of influence indicators on trust on president

	Ukraine	Poland	Georgia	Armenia
	(1)	(2)	(3)	(4)
Inflation	-0.014*** (0.001)	0.001 (0.001)	-0.017*** (0.001)	0.006 (0.010)
Volatility	3.881*** (0.560)	-0.313 (0.542)	19.731*** (1.901)	-24.998* (14.820)
Unemployment	0.086*** (0.003)	-0.001 (0.001)	0.034*** (0.006)	0.008 (0.021)
GDP	-0.003*** (0.001)	-0.001 (0.002)	0.017*** (0.003)	0.068 (0.042)
Age: under 30	0.054* (0.029)	-0.005** (0.002)	-0.0002 (0.026)	-0.036* (0.019)
Age: 50+	0.006 (0.016)	0.015** (0.007)	0.026 (0.025)	0.011 (0.018)
Education: Medium	0.009 (0.009)	-0.009 (0.006)	-0.130*** (0.025)	-0.065** (0.026)
Education: High	-0.016 (0.020)	-0.012* (0.007)	-0.191*** (0.041)	-0.088*** (0.034)
Constant	-0.613*** (0.030)	0.033*** (0.008)	-0.480*** (0.117)	-0.021 (0.372)
Observations	6,428	2,566	2,780	4,288
R ²	0.421	0.008	0.121	0.153
Adjusted R ²	0.421	0.005	0.119	0.151
F Statistic	584.258*** (df = 8; 6419)	2.480** (df = 8; 2557)	47.819*** (df = 8; 2771)	96.432*** (df = 8; 4279)

Source: Table created by the author

The results of the baseline model for measuring trust in the president showed clearer and more economically significant results compared with those for parliament, although they are not endogenous either.

The results regarding the impact of increasing inflation on levels of trust to the president showed a negative effect in Ukraine and Georgia, which is in line with theoretical expectations. In particular, higher inflation is associated with a significant impact on citizens' levels of living and therefore has a negative effect on levels of trust in the president. At the same time, for Poland and Armenia, this indicator is not statistically significant, suggesting that inflation plays a lower role in forming trust in the president.

The impact of dollar volatility against the national currency yielded statistically significant results for all countries, but with different signs. In Ukraine and Georgia, it was associated with an increase in confidence in the president, whereas in Poland and Armenia, conversely, it had a negative impact, and a 0.01 change in the volatility of the dollar exchange rate (corresponding to 1%) reduces the level of trust in parliament by 0.05 and 0.18 respectively, which is quite significant given that the trust scale ranges from 0 to 1. The unemployment rate had a similar impact on trust in Parliament: in Poland, it had a negative effect, whereas in Ukraine and Georgia it had a positive one.

The impact of GDP also varies from country to country. In Georgia and Armenia, GDP growth is associated with an increase in trust in the president, which is consistent with the theory of economic voting (Rothstein and Stolle 20). In Ukraine, however, a negative correlation is observed; while in Poland the effect is statistically insignificant, which may indicate a limited or indirect impact of economic growth on trust specifically in the president, as Poland actually saw a negative effect on trust in Parliament.

A demographic indicator such as age group showed a low correlation: the younger age group is statistically significant only for Ukraine and has a positive impact. At the same time, the older age group (50+) is statistically significant only for Poland and has a positive impact.

Educational level shows a more consistent result compared to age differences. Secondary and higher education levels are statistically significant for all countries except Ukraine. Moreover, the relationship is negative: the higher the level of education, the less trust a person has. This is in line with the theoretical framework suggesting that, in countries with higher levels of corruption, people with higher levels of education trust the president less.

The coefficient of determination (R^2) in all models is relatively low, ranging from 0.043 to 0.224. This indicates that the variables included in the model explain only part of the variation in trust in parliament. At the same time, such values are typical for studies using individual survey data, where respondents' behaviour and assessments are largely determined by factors that are difficult to measure quantitatively, in particular individual beliefs, experiences and political preferences (Mishler and Rose 55).

5.3 CENTRAL BANK

Table 4. Results of influence indicators on trust on Central Bank

	Ukraine	Poland	Georgia	Armenia
	(1)	(2)	(3)	(4)
Inflation	0.006 (0.005)	0.004*** (0.0003)	0.004** (0.002)	0.023*** (0.001)
Volatility	-3.631** (1.796)	-4.846*** (0.200)	-4.964*** (1.686)	-19.255*** (0.162)
Unemployment	0.017*** (0.006)	-0.0002 (0.0004)	0.014*** (0.006)	-0.044*** (0.0002)
GDP	-0.016*** (0.002)	0.006*** (0.001)	0.0005 (0.003)	-0.001** (0.0003)
Age: under 30	0.019** (0.008)	0.009 (0.023)	0.042* (0.023)	0.074*** (0.014)
Age: 50+	0.021*** (0.007)	0.029** (0.015)	-0.035** (0.017)	-0.089*** (0.021)
Education: Medium	-0.001 (0.011)	-0.083*** (0.013)	-0.133*** (0.027)	-0.012 (0.016)
Education: High	-0.009 (0.012)	-0.056** (0.022)	-0.181*** (0.028)	-0.015 (0.029)
Constant	-0.081 (0.064)	0.212*** (0.013)	0.215* (0.111)	1.146*** (0.028)
Observations	5,679	1,277	2,273	2,512
R ²	0.237	0.024	0.049	0.053
Adjusted R ²	0.235	0.017	0.045	0.050

Source: Table created by the author

The results regarding trust in the central bank show more consistent patterns compared to previous models. The impact of inflation on trust in the central bank is statistically insignificant for most countries, with the exception of Armenia, where the impact is positive. This may indicate that, in most cases, citizens do not directly link the level of inflation to the central bank's activities, which is surprising given that the central bank has a direct influence on inflation.

The impact of dollar exchange rate volatility has a significant negative effect on trust in Ukraine, Poland and Armenia, whilst in Georgia it is not statistically significant. Given the scale of the variable, these effects are economically significant and indicate that currency instability substantially undermines trust in monetary institutions. In Georgia, this effect is statistically insignificant, which may indicate other factors influencing trust.

The impact of unemployment varies across countries, although it is statistically significant for all of them. For Poland and Armenia, the effect is negative, which is in line with Felix Roth and Daniel Gros's results. However, for Ukraine and Georgia, the impact is, conversely, positive, which once again confirms that the relationship between economic conditions and trust is not straightforward and depends on the context.

Surprisingly, GDP growth is statistically significant only for Ukraine; moreover, it has a negative impact on confidence in the central bank. This may suggest that overall economic growth plays a limited role in shaping trust to the central bank compared to more visible macroeconomic indicators, such as inflation or exchange rate stability.

Socio-demographic factors show a more stable pattern, which is very similar across all countries in the sample. Younger respondents, aged under 30, have a positive and statistically significant impact on trust to the central bank in all countries, indicating a higher level of trust among younger respondents. In contrast, the older age group, those over 50, shows a negative effect in Poland, Georgia and Armenia, whilst in Ukraine this relationship is insignificant.

At the same time, the results regarding educational attainment show some variation. In Poland and Georgia, a medium level of education has a statistically weaker effect than a low level of education, and in Georgia this is also true for higher education. Meanwhile, in Poland, higher education has a slight positive effect. In Ukraine and Armenia, the impact of education is statistically insignificant. This suggests that the influence of education on trust in the central bank is less stable compared to other institutions.

5.4 COMPARISON TO UKRAINE

Table 5. Interaction model, taking Ukraine the reference category

	Parliament	President	Central Bank
	(1)	(2)	(3)
inflation:countryPoland	-0.012 (0.015)	0.027 (0.027)	-0.010* (0.005)
inflation:countryGeorgia	-0.009*** (0.002)	0.006*** (0.002)	-0.009*** (0.002)
inflation:countryArmenia	0.054 (0.040)	0.304*** (0.070)	0.002 (0.015)
volatility:countryPoland	-2.257 (5.758)	-2.543 (9.935)	-17.161*** (2.634)
volatility:countryGeorgia	0.900 (3.991)	8.375 (7.573)	-2.960 (1.902)
volatility:countryArmenia	-25.939* (14.183)	-105.663*** (25.738)	-32.647*** (6.206)
unemployment:countryPoland	0.077** (0.035)	0.293*** (0.060)	-0.028*** (0.011)
unemployment:countryGeorgia	0.100*** (0.022)	0.288*** (0.035)	0.002 (0.006)

unemployment:countryArmenia	0.044 (0.034)	0.014 (0.055)	-0.043*** (0.015)
Constant	-0.006 (0.301)	-0.913* (0.532)	0.284* (0.148)
Observations	14,684	16,062	11,741
R ²	0.077	0.376	0.143

Source: Table created by the author

To determine whether the impact of macroeconomic factors differs across countries, cross-sectional models were estimated, with Ukraine serving as the reference category. Accordingly, the coefficients in the cross-sectional analysis reflect the extent to which the effect of the relevant variable in other countries differs from that in Ukraine.

The model's findings indicate that the impact of inflation varies across countries. The impact of inflation on the central bank in Poland and Armenia is more negative, although in Georgia it is, conversely, higher than in Ukraine, suggesting a fundamentally different mechanism for perceiving inflation. In terms of trust in the president, the effect of inflation in Armenia is significantly more positive than in Ukraine. Meanwhile, the impact on Parliament is statistically significant only for Poland and is more negative compared to Ukraine.

The most significant differences are observed in the impact of the volatility of the dollar exchange rate against the national currency. Interestingly, in Georgia, higher volatility is associated with greater trust in all three state institutions compared to Ukraine, indicating a fundamentally different national context. In turn, trust in the president in Armenia has a much more marked negative and statistically significant effect. In Poland, the impact of volatility on trust in the central bank is lower, whereas in Armenia, conversely, it is higher than in Ukraine. These heterogeneous results confirm that the impact of currency instability depends on the national context.

Regarding unemployment, the results show that its impact on confidence in the president is more positive in Poland and Georgia than in Ukraine, whereas for the central bank in these countries the

effect is more negative. This underlines that the same macroeconomic variable can affect confidence in different institutions in different ways.

Overall, the results of the interaction model confirm that the impact of macroeconomic factors is not universal, but varies significantly between countries. This suggests that the same economic changes can be interpreted differently by citizens depending on the political, institutional and historical context. Thus, the use of interaction terms allows us to identify heterogeneity in effects that is not observed in the baseline models.

Overall, the results of the study indicate that macroeconomic indicators have a statistically significant impact on the level of trust in key institutions. It is noteworthy that inflation and volatility have different effects on trust, depending on the institution, which indicates that citizens' reactions to different aspects of macroeconomic instability are not uniform. At the same time, higher unemployment has a positive effect on the level of trust in all key institutions.

5.5 IMPACT OF GENERATION AND EDUCATION

An analysis of the influence of age groups showed that there are statistically significant generational differences in the level of trust in state institutions, which is in line with theoretical expectations (Epperly 10). In the baseline model, the 30-50 age group is used as a reference, allowing for comparison of the younger group (under 30) and the older group (50+) with this middle age group.

The results show that younger respondents (aged under 30) statistically trust key institutions significantly more than older generations. The most pronounced effect is observed in the case of the central bank, where the difference between the younger group and the 30–50 age group is the largest in magnitude and highly statistically significant. This may indicate differences in the perception of economic institutions between generations. At the same time, the results for the 50+ group are the

most heterogeneous, so this group trusts the parliament and the president much more than the 30-50 age group. However, there is a negative and statistically significant coefficient for the central bank, indicating a lower level of trust among older respondents. Overall, the study confirms the hypothesis that there are generational differences in the formation of institutional trust.

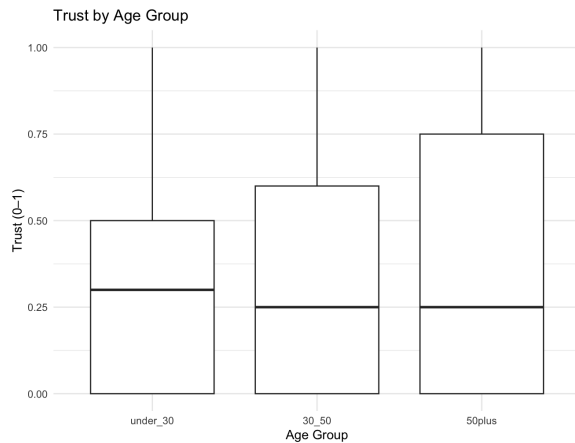


Fig. 1. Box and Whisker plot of level of trust by age group

Source: Graph created by the author

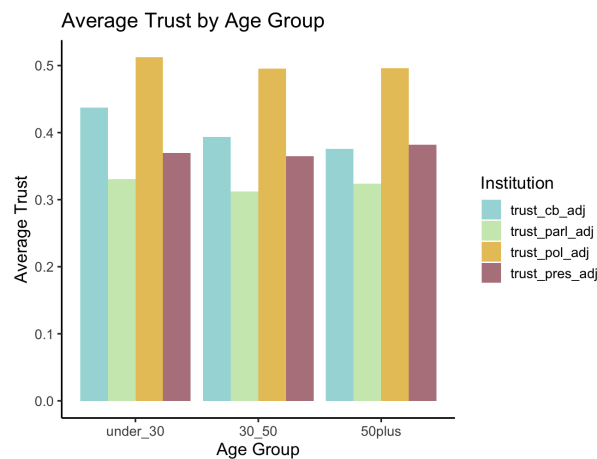


Fig. 2. Bar chart of average trust level of age group

Source: Graph created by the author

The findings of a study into the impact of educational level on state institutions show mixed results. In Ukraine, there is a positive correlation between the level of trust in the president and the level of

education: more educated citizens trust the president more than those with a lower level of education. This may be explained by greater support for democratic reforms and a pro-European course among more educated citizens, particularly since 2014.

At the same time, Georgia and Armenia show contrasting results, particularly in the case of the president: as educational levels rise, trust in key institutions gradually declines. These results may indicate that better-educated citizens take a more critical view of the quality of public administration, corruption and the effectiveness of reforms. Poland also shows relatively lower levels of trust among more educated groups, which is consistent with critical citizen theory, according to which education increases political awareness and a critical view of institutions. Overall, the results confirm that education does not have a universal impact on political trust, and its effect depends to a large extent on a country's political context, level of democratic development and public perception of reforms.

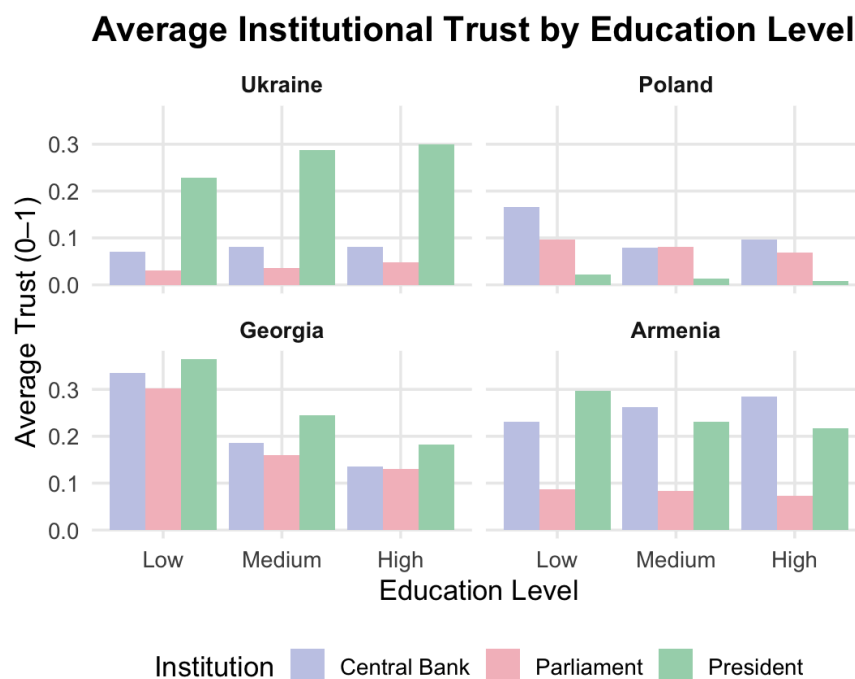


Fig. 3. Bar charts of average trust of education level

Source: Graphs created by the author

During the establishment of the baseline model, a high correlation between inflation and dollar exchange rate volatility was identified, specifically 0.86. Since this correlation may indicate multicollinearity, additional models were constructed: first including the unemployment rate and inflation, and then unemployment and volatility, although age groups and fixed effects were left unchanged. This made it possible to verify whether the main results remain valid in the absence of one of the highly correlated macroeconomic indicators.

The results of additional models with separate inclusion of highly correlated variables showed that the key conclusions remain unchanged. In particular, the positive relationship between the unemployment rate and trust in institutions remains in all models. Age groups have the same effect, leaving a similar trend in trust in institutions and the level of statistical significance. At the same time, inflation and volatility coefficients partially change the value or level of significance depending on the specification, which is expected given their high correlation.

Discussion

The results of the research indicate the existence of a statistically significant relationship between macroeconomic indicators and the level of trust in key institutions, but this relationship is not straightforward and linear. In contrast to many existing analyses in the literature which predict that deteriorating macroeconomic conditions lead to lower levels of trust (Fiorina 440; Gleisner 390), the empirical results of this study provide a more complex picture.

The most stable predictor was the unemployment rate, which in all models proved to be statistically significant and mostly positively correlated with all key institutions. This means that rising unemployment is associated with higher trust in the state, which contradicts previous theories. At the same time, inflation and volatility have different effects on trust depending on the institution. This indicates that countries with post-Soviet influence have different attitudes towards individual institutions and associate them with different effects.

These results indicate that trust in key institutions in post-Soviet countries is determined not only by the macroeconomic situation, but also by wider political and crisis-related factors, which is in line with literature (Choi and Woo 10). In times of higher instability, economic difficulties can be seen as part of systemic shocks, which changes the way people trust the state.

One of the most unexpected findings of the study is the stable positive correlation between unemployment and trust in all four state institutions. According to the theory of economic voting: ‘Citizen dissatisfaction with economic performance substantially increases the probability of a vote against the incumbent.’ (Lewis-Beck and Stegmaier 211). Within this logic, high unemployment should reduce trust in state institutions.

However, the literature also describes alternative mechanisms under which crises can lead to a temporary increase in support for the government (Mueller 22). This effect explains that in times of systemic shocks, citizens tend to rally around state institutions. In the context of 2014–2024, which includes annexation, COVID-19, and full-scale invasion, rising unemployment could be interpreted as a consequence of the global crisis rather than the result of the inefficiency of specific institutions. Moreover, the situation in Ukraine can be explained by ‘Zelenskyy effect’, which reflects a combination of trust in the leader and the dynamics of ‘rallying around the flag’ in times of crisis (Henry E. Hale and Olga Onuch, 2022). Under such conditions, trust in institutions is closely linked to perceptions of political leadership, which can lead to increased support for the state even during an economic downturn.

In addition, research on trust in post-Soviet countries shows that institutional trust in these countries is formed not only under the influence of macro-indicators, but also under the influence of historical socialization: “The effects of macro-political and economic performance on trust are indirect and mediated at the micro level by an individual's value-laden perceptions” (Mishler and Rose 55). In such systems, economic difficulties may even reinforce expectations of state support, which partly explains the positive association between unemployment and trust.

The positive result obtained for unemployment should be interpreted as evidence of a complex interaction between economic shocks and political mobilization, rather than a direct causal effect of unemployment on trust.

The results of the study demonstrate the ambivalent impact of inflation and volatility on the level of trust in institutions. While macroeconomic instability is sometimes associated with increased trust in political institutions such as the president and parliament, volatility has a clearly negative correlation with trust in the central bank. This indicates institutional heterogeneity in the perception of economic processes.

The negative effect of volatility on central banks falls under existing theories: "Respondents think central banks get their credibility the old-fashioned way: They earn it by building a track record for honesty and inflation-aversion" (Blinder 1413). If the exchange rate is unstable, citizens may perceive this as a weakness of monetary policy, which directly reduces confidence in the central bank. At the same time, the positive impact of inflation and unemployment on trust can be interpreted as a rally-around-the-flag effect (Mueller 22) so, rallying together in times of crisis.

The results of the study in terms of generations show generational differences in the formation of trust in state institutions. Respondents under the age of 30 show a higher median level of trust in institutions than older generations, with trust in the central bank being particularly striking. These findings are consistent with the view that trust in post-Soviet countries is shaped by experience and is not universal; it depends on the context and experiences following the transition (Epperly 10). People who grew up during the Soviet period may have developed different expectations regarding the role of the state, while the younger generation was socialized in the context of more independent political systems, which may have contributed to a different perception of the legitimacy of modern institutions, in particular the central bank.

An important aspect of the analysis is the role of educational level, which proves to depend on the country and type of institution. The findings show that, in most cases, higher education is associated with a decline in trust in political institutions, particularly in Georgia, Armenia and, some cases, Poland. This is in line with studies emphasising that education can increase political awareness and critical thinking, which in turn reduces uncritical support for state institutions (Hooghe and Marien 10). On the other hand, in some cases the effect of education is statistically insignificant or even positive, confirming the existence of two opposing mechanisms. As Armen Hakhverdian (748) notes, the effect of education on trust is not universal and depends to a large extent on the institutional context. In post-Soviet countries, this effect may be even more marked, as educated segments of the population are often more integrated into the global information space and have higher expectations

regarding the transparency and effectiveness of the state. This partly explains why higher education in certain countries is associated with a decline in trust in institutions, particularly political ones.

The findings regarding GDP also highlight the complexity of the impact of economic growth on trust in state institutions. Although economic voting theory suggests that GDP growth should increase trust in the government, the results do not confirm the universality of this relationship. In some countries (Armenia and Georgia), a positive effect is observed, whilst in others (notably Ukraine) it is negative or statistically insignificant. This is consistent with the literature, which emphasises that aggregate macroeconomic indicators, such as GDP, do not always reflect individual well-being and may be perceived differently by citizens (Easterlin 44; Deaton 69). In other words, economic growth does not necessarily lead to an increase in subjective well-being, which means that its impact on trust may also be limited.

Consequently, the basic models can be considered stable, although certain macroeconomic factors have different effects, taking into account the possible impact of multicollinearity.

The results obtained from the interaction models further confirm that the impact of macroeconomic factors varies between countries and cannot be generalised within a single theoretical model, even when taking into account the common political historical experience for all countries in the sample.

According to William Mishler and Richard Rose, trust in post-Soviet countries is not stable and is particularly sensitive during times of crisis. Differences in results are largely explained by the political context of each country during the period 2014–2024. During this time, Ukraine experienced the annexation of Crimea, the war in the east, and from 2022 a full-scale invasion. In such conditions, the state is often perceived as a key instrument of survival, which may explain the positive or less negative effects of economic difficulties on trust. This is consistent with the ‘rally around the flag’ effect, which is especially strong in countries at war. This phenomenon of unity in Ukraine is also examined in greater detail by Henry E. Hale and Olga Onuch, who describe the ‘Zelenskyy effect’.

That is, the trust in the leader and the solidarity among Ukrainians at the beginning of the war. The ‘Zelensky effect’ shows how, despite the difficult political and economic circumstances, people trust the state even more than they did before the war. This partly explains the positive correlation between unemployment and levels of trust, as well as some of the statistically insignificant results.

In Poland, the political context was different: although the country demonstrated relative macroeconomic stability with only one crisis of Covid -19 in 2020, the period was characterised by growing political polarisation and disputes over the rule of law and the independence of institutions (Solska). This may explain the more “classic” results, where economic difficulties are more often associated with a decline in trust, particularly in the central bank and the government.

For Georgia, a key factor remained the dual political orientation between Russia and the European Union, namely the population’s desire to be part of the EU, while the government remained under strong Russian influence. In particular, the mass protests of 2019, triggered by the presence of a Russian MP in the Georgian parliament, demonstrated a high level of public tension over the issue of Russian influence and the country’s foreign policy direction (*Georgia Protests*). Similarly, the 2024 protests against the ‘foreign agents’ law reflected fears of a potential democratic reversal and a shift towards the Russian model of governance. These events may have simultaneously reduced trust in certain state institutions, whilst also strengthening support for the country’s pro-European development path (“The Geopolitical Causes of Georgia’s Political Crisis”). This explains some of the statistically insignificant results, as the population assessed their level of trust based on political events rather than macroeconomic performances. Moreover, in such circumstances, citizens may have assessed economic difficulties not only through their current standard of living but also through broader expectations regarding the country’s future political development, which explains the positive correlations.

Between 2014 and 2024, Armenia also experienced several significant political crises that may have affected public trust in the state in unexpected ways. Unlike Poland, where the institutional

system remained relatively stable, or Ukraine, where consolidation around the state during the war became a key factor, in Armenia trust in institutions depended to a large extent on the perceived effectiveness of the authorities in matters of security and foreign policy. As Newton notes, in countries with high levels of security vulnerability, state institutions are often assessed primarily on the basis of their ability to guarantee stability and protect the population. In Armenia, the 2018 Velvet Revolution marked an important turning point, temporarily boosting confidence in the authorities and raising expectations of democratic reforms. However, according to Paturyan and Melkonyan, the war in Nagorno-Karabakh in 2020 and the resulting political instability significantly undermined the legitimacy of state institutions. In this context, economic instability and dollar exchange rate volatility may have been perceived by citizens as a sign of state weakness, which explains the stronger negative correlation between volatility and trust in the president than in Georgia and Ukraine.

Conclusion

This research raised the question of the impact of macroeconomic and socio-demographic factors on levels of trust in key state institutions in four post-communist countries during the period 2014–2024: Ukraine, Poland, Armenia and Georgia. These countries have a common historical experience of Soviet influence, but different trajectories of political and economic development since 1991. The relevance of the topic stems from the fact that trust in the state is a key condition for political stability and the legitimacy of government (Levi and Stoker 475); this question is especially relevant during periods of economic and political shocks and can have a heterogeneous impact on levels of trust. The period from 2014 to 2024 is characterised by a large amount of political and economic upheaval: wars and military conflicts in Ukraine and Armenia, mass protests in Georgia and the COVID-19 pandemic worldwide. This period has been insufficiently explored in the literature on post-communist countries, yet it is crucial for understanding the contemporary development of trust.

The empirical part of the study is based on pooled panel regression models with country interactions and time fixed effects. The study examines the relationship between macroeconomic indicators (inflation, unemployment, dollar exchange rate volatility and GDP growth) and individual responses regarding trust in the president, parliament and the central bank. The study also included individual characteristics of respondents, such as age and level of education, to provide a better understanding of how trust is formed.

The impact of macroeconomic factors on levels of trust in the state has shown heterogeneous results, which depend to a large extent on the specific political context of a given country and the choice of institution. Exchange rate volatility had a negative impact in most cases; this was particularly evident in its effect on trust in the central bank, as it is perceived as indicative of weak monetary policy. The most unexpected result is the positive impact of unemployment on trust in the state, which contradicts the initial hypothesis. This result may have been due to a ‘rally around the

flag' effect, or the 'Zelensky effect' in the case of Ukraine. In addition, Poland showed the most predictable results regarding the impact of economic indicators on trust, which can be explained by the fact that it has experienced the fewest crises and has the most stable economy and institutions among the countries surveyed.

The study also confirmed the importance of taking socio-demographic factors into account when assessing levels of trust. The results show that the younger generation (who grew up after the collapse of the USSR) has a higher level of trust in the state. In turn, the education factor showed that a higher level of education is associated with a lower level of trust, which may be explained by the more critical attitude of educated citizens towards the state's activities and the quality of institutions.

This study covers only a part of the factors that may influence trust, so further research is essential for a deeper understanding of how trust is formed. It would also be interesting and important to examine the impact of the factors studied over the years and to establish a link with the political events that took place during those years. Such research would better illustrate the actual impact of economic factors on levels of trust.

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Appendix A

Dataset/ variable	Source
Level of Trust in Ukraine	Kyiv International Institute of Sociology
Level of Trust in Poland	European Social Survive
Level of Trust in Armenia and Georgia	Caucasus Barometer
Inflation, GDP, Unemployment	World Bank
Volatility of exchange rate in Ukraine	National Bank of Ukraine
Volatility of exchange rate in Poland	National Bank of Poland
Volatility of exchange rate in Georgia	National Bank of Georgia
Volatility of exchange rate in Armenia	Central Bank of Armenia