

THESIS

THE DECLINE OF CIVIC TRUST IN THE UNITED STATES: A CRITICAL ASSESSMENT
OF COMPETING EXPLANATIONS

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ABSTRACT

THE DECLINE OF CIVIC TRUST IN THE UNITED STATES: A CRITICAL ASSESSMENT OF COMPETING EXPLANATIONS

Do you trust your neighbor? What about your congressman? Regardless of your answer, the odds are it's far less likely that you would respond "yes" to both these questions than your parents or grandparents. Evidence suggests that trust in politics in general has been declining in the United States since 1965 (ANES 2008; ANES 2018; Vallier 2020; Jones 2022; Pew 2024). What is the cause of the decline of trust in the United States? The objective of this thesis is to critically review the competing explanations for this question in light of the evidence collected from surveys. These existing theories which attempt to explain decreases in the general levels of trust in politics include social capital theory, an institutional theory, and several versions of political economy. (Putnam 1993; Skocpol 1996; Putnam 2000; Skocpol 2003; Uslaner 2010; Mishel 2015; Kroknes et al 2016; Torrente et al 2019; Mikaelian & Cohen 2021; Wu et al 2024). The thesis argues that none of these currently existing theoretical frameworks can fully explain the empirical evidence present in the form of survey data on civic trusts decline. As a result of this analysis, it is further argued that the Marxist theory of the rate of profit can be utilized to propose a new theory of civic trusts decline. It is theorized that the general tendency for the rate of profit to fall, as well as the counter tendencies of increasing the intensity of exploitation of the working class, the depression of wages, a situation of relative overpopulation, and domestic market expansion, leads to the decline of civic trust both directly and indirectly. In this process

institutional degradation and social capitals decline work as intervening variables in this process, as their degradation is also triggered by the tendencies listed above. Further, it is argued that the counter tendencies of the use of credit, the cheapening of elements of constant capital, and international market expansion can actually help to rebuild some level of trust, as they increase the rate of profit without substantially burdening the domestic working class.

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Chapter 1: Introduction

Do you trust your neighbor? What about your congressman? Regardless of your answer, the odds are it's far less likely that you would respond "yes" to both these questions than your parents or grandparents. By all measures, general trust in politics is declining. Since 1965, the level of trust that people have in their government, institutions, and those around them has fallen by more than 20% in the United States (ANES 2008; ANES 2018; Jones 2022; Pew 2024). This decline is the primary question with which this project attempts to find answers. What is the cause of the decline of civic trust in the United States?

Trust in relation to politics has long been theorized to be key in maintaining the legitimacy and functioning of liberal democracies, and due to the growth of research on both democratic backsliding and outright democratic failure in many long considered "stable democracies", trust's decline has become a primary indicator used to measure democracies failings (Putnam 2000; Tilly 2005; Diamond 2008; Winters 2011; Bermeo 2016; Sotiropoulos 2018; Kwak et al 2020; Haggard & Kaufman 2021). Further, high levels of generalized trust across the population, in the government, and in institutions has consistently been shown to have positive impacts on citizens policy preferences and political behavior more generally, making the re-development of trust a key goal of many politicians and researchers (Devine 2024). In order for us to redevelop trust in politics in general, we must understand why trust is declining in the first place.

Because trust decline is not a new phenomenon, several explanations for drops in surveyed levels of trust have already been developed. In the existing literature there are three major theories that attempt to explain decreases in the general levels of trust in politics. They are

1) social capital theory, 2) an institutional theory, and 3) political economy (Putnam 1993; Skocpol 1996; Putnam 2000; Skocpol 2003; Uslaner 2010; Mishel 2015; Kroknes et al 2016; Torrente et al 2019; Mikaelian & Cohen 2021; Wu et al 2024). This paper will discuss the strengths and weaknesses of each theory in light of evidence and utilize this analysis to develop a new theory of civic trusts decline.

The goal of this project is to discuss the existing three theories with the intention of identifying the best explanations for the decline of trust in politics in the U.S. These theories will be discussed and evaluated analytically as well as empirically by using survey data on the American public's levels of trust in government, institutions, and one another coming from Pew, Gallup, the American National Election Studies Survey, and the World Values Survey (ANES 2008; ANES 2018; Vallier 2020; Jones 2022; Pew 2024). The thesis argues that none of these currently existing theoretical frameworks can fully explain the empirical evidence present in the form of survey data on civic trusts decline. As a result of this analysis, it is further argued that the Marxist theory of the rate of profit can be utilized to propose a new theory of civic trusts decline. It is theorized that the general tendency for the rate of profit to fall, as well as the counter tendencies of increasing the intensity of exploitation of the working class, the depression of wages, a situation of relative overpopulation, and domestic market expansion, leads to the decline of civic trust both directly and indirectly. In this process institutional degradation and social capitals decline work as intervening variables in this process, as their degradation is also triggered by the tendencies listed above. Further, it is argued that the counter tendencies of the use of credit, the cheapening of elements of constant capital, and international market expansion can actually help to rebuild some level of trust, as they increase the rate of profit without substantially burdening the domestic working class.

The thesis consists of Five chapters beyond the introduction. Chapter two develops a definition and method for measuring trust in politics, defining it as “civic trust”. Chapter three provides an overview of the existing theories of civic trusts decline by reviewing social capitalist, institutionalist, and political economy theories. Chapter four explains the theory of civic trusts decline developed in the literature review. Chapter five looks at the case of the United States and reviews the empirical data on the decline of civic trust since 1965. Finally, chapter six goes over the conclusions and limitations of the thesis, as well as identifying further research questions which this project raises.

Chapter 2: Civic Trust

Chapter 2 Section 1: The Importance of Trust in Politics

2.1.A: Origins of the Study of Trust in Politics

To contextualize trust in politics, first it has to be put in the context in which its study emerges, namely within comparative studies on democracy. While not one in the same, the origins of much of the scholarship concerned with the decline of trust in politics originated alongside the development of literature on democratic backsliding. Since the early 2000's with books like Diamond's *The Spirit of Democracy*, "Democratic Backsliding" has become a major concern in both historically stable and wealthy democracies, as well as weakly institutionalized and new democracies which developed during the "third wave of democratization" throughout the 1980's and 90's (Diamond 2008) (Waldner and Lust 2018). Research on democratic backsliding is generally characterized by a concern over the degradation of democratic institutions and practices, however like democracy itself, an exact definition or measurement for analyzing democratic backsliding has not been agreed upon (Bermeo 2016)(Waldner and Lust 2018). Research on democratic backsliding has generally approached the topic from two angles; first, many political scientists have studied how democracies have slid further towards autocracy of some form utilizing traditional indicators of democratic performance exemplified by reports like Freedom House, and second, many have also studied democratic backsliding from a more definitional and structural perspective by problematizing our traditional measures of democracy as being insufficient at identifying problems and unwanted outcomes within states currently considered democracies across the world today (Ansell & Samuels 2010)(Erdmann 2011) (Alemán & Yang 2011) (Freedom House 2016)(Waldner and Lust 2018). The latter of these two

perspectives is exemplified in many studies on inequality and polarizations effects on democracies such as Bartels 2009 chapter “Economic inequality and political representation” and Gilens & Pages 2014 article “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens”. Even through this disagreement however, several indicators for democracy's decline have been popularized in both forms of democratic backsliding analysis which have generated their own respective area of study within political science. Crucially, out of the literature on democratic backsliding, the decline of trust in politics has become increasingly relevant as an indicator of democracies decline.

2.1.B: Why Trust Matters

But how important is trust really? As a theorized indicator of democratic backsliding, the decline of trust has clearly been given at least implied political importance, however the precise role trust plays in politics is often less clear. The importance of trust's role in politics has often been implicit in theories of political culture and cooperation like social contract theory and social capital theory. Yet, trust was not the explicit focus of much theoretical or empirical work up until research conducted over the last twenty years. Books like *Bowling Alone* by Dr. Putnam, which will be reviewed in depth further in later sections, describes how trust “lubricates social life”, yet Putnam does not describe or justify this ascribed role given to trust further (Putnam 2000).

Perhaps the first formal and rigorous investigation into trusts specific relationship politics was in 2005 with Charles Tilly’s work on trust networks in the book *Trust and Rule*. Tilly makes the argument that, across regime types, what allows states to maintain their stability and legitimacy is dependent upon how well their institutions are able to embed themselves into “networks of trust”(Tilly 2005). Here, ensuring that there is trust in government by integrating

government institutions into already established trust networks is just as, if not more, important for the maintenance of a State as possessing highly advanced coercive apparatuses and military capabilities, or highly developed levels of economic capital. For democracies in particular, Tilly notes that the ability for democratic institutions to work properly in the long run is dependent on the degree to which citizens trust networks are able to be integrated into public politics. Without this integration, or if trust networks were to recede from public politics as polling shows they are, Tilly suggests that democracies will face issues of institutional instability and potentially democratic backsliding (Tilly 2005) (Gallup 2023) (Pew 2023). Since *Trust and Rule* others have supported Tilly's theoretical hypothesis on the importance of trust in politics, however it was not until much more recently which Tilly's claims were sufficiently empirically tested outside single case study or small-n analysis.

The previous empirical insufficiency in the study of trust's role in politics thankfully received a much needed partial remedy with Daniel Devine's 2024 meta-analysis on trust. Devine's analysis, titled "Does Political Trust Matter? A Meta-analysis on the Consequences of Trust", reviews 61 previous studies on trust's statistical significance in relation to citizens political behavior and policy preferences. The studies utilized in the meta-analysis are controlled for geography, year of publication, dependent variable measurement, and the measurement and object of trust. Devine finds that, across studies, the level of trust in society has a statistically significant relationship with citizens' policy preferences towards immigration, environmental, and spending policy (Devine 2024). Cases in which there was shown to be higher levels of trust amongst citizens were also shown to have an increased degree of willingness for higher social spending, an increased willingness to take in immigrants, and a willingness to support policies in favor of environmental protection (Devine 2024). High levels of trust were also shown to

increase the level of participation in democratic countries in elections measured by increased voter turnout and decrease support for opposition and fringe parties (Devine 2024). Most interestingly however, high levels of trust were demonstrated to be most significantly related to citizens' preferences related to COVID-19 policies (Devine 2024). Countries with higher levels of trust were far more likely to comply with COVID-19 policies than those with low levels of trust, which suggests trust may take on a role of increased importance in times of crisis. Devine explains that overall, trust is as significant on citizens' policy preferences and political behavior as factors like whether or not there had recently been a terrorist attack (Devine 2024).

Clearly there is both a theoretical and empirical basis which warrants conducting further research into trust in politics, as well as its decline in the United States. While Devine's findings do not go as far as to completely confirm the claims made about trust's importance made by scholars like Putnam and Tilly, it certainly demonstrates that trust is a statistically significant variable which affects citizens' political behavior and attitudes. Additionally, if we accept the theoretical claims of Putnam and Tilly, trust in politics becomes a key in explaining citizens' political organization and level of participation. With this understanding of trust's importance in politics, the next task which is key towards developing an understanding of the decline of trust in the United States is developing a precise definition of trust in politics.

Chapter 2 Section 2: Defining and Measuring Civic Trust

2.2.A: Defining Civic Trust

Developing a precise definition of trust in politics has been one of the major difficulties in studying political trust and its decline. What does it mean to trust in the context of politics? Who is it that we trust? Even studies like Devine's 2024 work ran into this problem, as Devine

notes how many of the studies reviewed in the meta-analysis focused primarily on either measuring public trust in individual government officials or on public trust in the government as a whole (Devine 2024). Because of this Devine notes that “it would be fruitful for studies to more carefully distinguish between different objects of trust,” but that “the lack of difference in effects between different objects of trust (such as Parliament versus politicians) suggests that people do not substantially distinguish between political institutions, at least as far as consequences are concerned,” (Devine 2024, 2258). What this suggests is that when reviewing the decline of trust it would be beneficial to measure trust in the sitting government and trust in institutions separately, while recognizing that there ought to be a high degree of overlap in the movement of public trust levels in both of these objects of trust. However, while utilizing both the measurements of the public's trust in the sitting government and trust in institutions helps to more accurately describe and measure trust's role in politics, this is still an incomplete understanding. To accurately measure and define trust in politics the role of social trust must also be considered.

Social Trust, while not having a widely accepted precise definition itself, is colloquially understood to be the levels of trust in which citizens have between one another (Zmerli & Newton 2008; Verducci and Schröer 2010). Social trust is an often underappreciated aspect of trust when studying its relationship to politics, however it can be just as important as citizens' direct trust levels in government and institutions. Patti Lenards 2015 article titled “The Political Philosophy of Trust and Distrust in Democracies and Beyond” notes how trust works both vertically and horizontally. The trust which citizens place in government and institutions operates vertically, as citizens place their trust in these large institutions without an expectation of a reciprocal level of trust to be afforded to themselves as citizens. Horizontal trust, which social

trust is a form of, on the other hand is precisely the level of reciprocal trust which citizens feel towards one another. While these forms of trust are distinct from one another, they are argued to be highly related to one another according to Lenards and others (Zmerli & Newton 2008; Verducci and Schröer 2010; Lenards 2015). The reasoning behind this is that within a country, particularly in liberal democracies in which there is a perception that politicians are elected by and accountable to the citizens, individuals can seemingly only trust those around them as much as their government and institutions allow them to and vice versa (Zmerli & Newton 2008; Lenards 2015). If for example a governmental or institutional crisis occurs, citizens who were either negatively affected by or already critical of the policy or government at fault for causing the crisis, they are less likely to trust both said policy/government as well as other citizens who either previously or currently support said policy/government. Similarly, if the population of citizens within a given country already holds low levels of trust amongst one another and there perhaps exists a high degree of political polarization, citizens are far less likely to hold high levels of trust government and institutions as they are more likely to view said government/institutions as being either partially or entirely representative of those whom they do not trust. Thus, analyzing social trust is just as crucial to understanding trust in politics generally as the direct levels of trust citizens hold in government and institutions are (Zmerli & Newton 2008; Verducci and Schröer 2010; Lenards 2015).

With this understanding of the interrelation between trust in government, trust in institutions, and social trust a more precise definition of trust in politics generally can be developed. Going forward, trust in relation to politics will be understood and referred to as *Civic Trust*, which is defined as the aggregation of citizens' levels of trust in government, institutions, and social trust amongst citizens. Because of the high level of interrelation between both forms

of vertical trust (trust in government and trust in institutions) and horizontal trust (social trust amongst citizens), all three measures of trust are necessary for analyzing trust in relation to politics. The term “civic” was chosen to represent this aggregation of the multiple measures of trust because of trusts' role in affecting both citizens' civic behavior as well as the expression of their civic attitudes as represented by their policy preferences, as noted by Devine (Devine 2024).

2.2.B: Measuring Civic Trust

The next obstacle to studying trust in politics, now understood and defined as civic trust, is on how to measure it. While it may seem intuitive to simply average the decline in trust across survey results relating to all three aspects of civic trust, as mentioned in the subsection above Devine's Meta-analysis recommends studying survey results which ask questions about different “objects of trust” separately, even if the all three measures of civic trust are expected to show the same trend (Devine 2024, 2258). Essentially, by measuring trust in government, trust in institutions, and social trust separately, there ends up being three separate measures of the dependent variable, defined above as civic trust, which according to the literature should all follow the same general trend. This is beneficial as it allows for the hypothesis to be tested multiple times across different measures. Additionally, if, for example, there are large discrepancies between the general movement of trust in government over time versus the movement of social trust over time according to the data, this is something which any theory of trust in politics will need to contend with. After reviewing each stage of civic trusts decline utilizing all three measures separately and checking for discrepancies between the decline of trust in institutions, government, and one another, then the general trend of civic trusts decline

can be accurately described. In order to measure civic trust several different surveys will be utilized. Firstly, to measure the change in trust in government overtime Pew's ongoing survey on trust in government, with data points between 1958 and 2024, will be utilized (Pew 2024). Secondly, Gallup's survey data on trust in institutions, with data points from 1979 to 2022, will be utilized(Jones 2022). Thirdly, the United State's level of social trust will be represented by a combination of data from the American National Election Studies, General Social Survey, and World Values Survey organized together by Dr. Kevin Vallier from his 2020 work (Vallier 2020). This will be reviewed again in section subsection 2.3.C and 4.1.D for the sake of further clarity. Now, with a more complete understanding of both how to define and how to measure civic trust, a precise case and method for analyzing different explanations of trust's decline can be developed.

Chapter 2 Section 3: Methodology: Case Selection, Method and Data

2.3.A: Case Selection- The United States of America

As implied above, the case with which this project is concerned is the United States of America. The United States was selected for two primary reasons. Firstly, while some of the studies which will be reviewed below do also review the decline of trust in other liberal democracies, most of the already existing research on the decline of trust is centered around the case of the United States. Secondly, the United States has the most data available of any country on both surveys relating to trust and economic data which is crucial for calculating the rate of profit. This data availability is crucial for testing the validity of the competing theories of trusts decline, as in a single case study as many additional observations that can be made should be to increase the validity of the study. Eventually, after determining which theories hold the best

explanatory value in describing the general trend of civic trusts decline, it will then be crucial to analyze the decline of trust in other cases. For now, this study limits itself to the case of the United States.

2.3.B: Method

This is an analytical thesis. In order to review the different theories of civic trusts decline in the United States, each theory will first be analyzed through a literature review. The general theory, the explanation for trusts decline, and the empirical basis of each theory will be analyzed in order to identify potential problems with each individual theory itself, as well as work towards the development of a testable theory of trusts decline out of the existing literature. Following this, utilizing the data discussed below in section 2.3.C, the general theory of trusts decline developed by the literature review will be empirically analyzed. In order to generate enough observations to test the theory developed through the literature review, it is important to look at the development of trusts decline over a long enough time period. For example, looking only at the relationship between the rate of profit and trusts decline immediately following an economic recession or just after a massive infusion of credit would lead to difficulties describing the general pattern of trusts decline and may overemphasize the importance of certain phenomena. Additionally, looking at too short of a period would not allow for all of the tendencies of the rate of profit to be tested, as not all tendencies which either increase or decrease the rate of profit are present at one time. Similarly, looking at too short of a period of time may privilege the importance of one institutional crisis or decline in social capital, when these events may only be a part of the general pattern of trust's decline. Almost more importantly, by looking over a long enough time period, we can also check to see if the development of trusts decline either alters or

outright disproves any of the existing theories. To accomplish these goals, while still maintaining consistency in both economic data and survey data on trust, the period studied below is from between 1964 and 2018. This larger period of study is then broken up into smaller five periods to review specific instances in which the trend of trust's decline changed. These periods are from 1964-1982, 1982-1991, 1991-1995, 1995-2001, and 2001 to 2019. This will allow for "hoop tests" to be conducted in each period as "A hoop test proposes that a given piece of evidence—namely, a specific causal-process observation—must be present for a hypothesis to be valid,"(Mahoney 2012, 571). Each period listed above was selected due to substantial changes in the trend of trust which took place in each period, as these changes in the trend of trust levels should occur just following the presence of one of the tendencies of the rate of profit.

2.3.C: Data

There are three primary measures utilized to triangulate and describe the decline of civic trust. Firstly, Pew's survey data on trust in government is represented by figure one (Pew 2024). Secondly, Gallup's survey data trust in institutions is represented by figure two (Jones 2022). One issue with this data on institutional trust is that Gallup's survey only goes back to 1979 and thus can't be utilized to review the initial period of trust's decline beginning in 1964. Thirdly, social trust is explained by a combination of data from the American National Election Studies, General Social Survey, and World Values Survey organized together by Dr. Kevin Vallier (Vallier 2020). This is represented in figure three. Additionally, in order to measure the rate of profit and test the theory developed, this piece relies on the works of Dr. Michael Roberts, Dr. Andrew Kliman, Dr. Deepanker Basu, and Dr. Evan Wasner. These academics have devoted much of their research to calculating the rate of profit utilizing the most up to date data on the US economy

available. The measure of the rate of profit which this study utilizes is represented by figure four (Roberts 2018). Each of these figures can be located at the end of chapter four in section 4.1.D. Finally, in each of the five periods of civic trusts movement, further data that suggests either the presence or absence of a counter tendency when it is expected will also be reviewed.

Chapter 3: Literature Review: Competing Explanations

Chapter 3 Section 1: The Social Capital Theory of Trust

3.1.A: Social Capital Theory in general

Upon visiting America in 1831, the French aristocrat Alexis Tocqueville proclaimed in his book *Democracy in America* that what had allowed the at the time radically democratic American political system (something many are likely to scoff at today) to form, was its propensity for building civil associations which engaged citizens in collective decision making and advocacy (Tocqueville 1840). This observation has crucially served as the foundation for social capital theory, as well as many American communitarian theories of democracy more broadly. Tocqueville identified how civic associations allowed for people to come into connection with not only those directly in their local community, but also more broadly to those throughout different regions and with people of different identity backgrounds (Tocqueville 1840). The large number of civic associations identified by Tocqueville in the 1830's persisted throughout the 1950's and 60's, and due to this persistence, American social capital theory began to explain this periods relative democratic stability, high levels of trust in government, and high economic and institutional performance as being a result of these socially useful civic association networks (Putnam 1993; Putnam 2000; Keele 2007; Kashefi 2015). Social capital came to be defined as “social networks and the norms of reciprocity and trustworthiness that arise from them,” by Robert Putnam in the book *Bowling Alone*, formalizing Tocqueville's initial discovery and spawning a growing interest in social capital in the American context (Putnam 1993; Putnam 2000). Putnam further identified that social capital itself was not always or necessarily good,

however by having a high enough level of social capital, political and economic systems would receive the benefits listed above.

In order to explain how some social capital organizations themselves can appear negative, yet high levels of social capital are preferable, Putnam identifies two forms of social capital, both equally important, being *bridging* (inclusive) and *bonding* (exclusive) social capital (Putnam 1993; Putnam 2000). Bridging social capital is social capital that brings people of different identity backgrounds together and gives them an opportunity for social contact and interaction with one another. Bonding social capital is social capital that is exclusive to and protective of its internal members and does not necessarily seek to build relationships with other groups. In a situation of generally low social capital, both can become problematic. Bridging social capital may become problematic in situations of low general social capital when it is utilized to prevent certain groups from demanding certain concessions from other oppressive groups, an example being bridging social capital utilized to prevent workers from organizing around their class interests (Putnam 2000). Similarly, in situations of low general levels of social capital, bonding social capital can become problematic when it is utilized to organize nationalistic, supremacist, and chauvinistic groups which threaten the rights and lives of other groups (Putnam 2000). However, in situations with high levels of both bonding and bridging social capital, the utilization of social capital organizations for these nefarious purposes becomes much more difficult because people become both connected with others who are not like them, while also being cognizant and able to advocate for their own particular group needs (Putnam 1993; Putnam 2000). As a result of this interaction between bridging and bonding social capital at high levels of social capital in general, high levels of trust can be built both within and between different groups to the benefit of all, resulting in high levels of generalized trust.

3.1.B: Social Capital Theory and Trust

According to Putnam and others, the reason that high levels of social capital is related to so many social, institutional, and economic benefits is because social capital builds a strong generalized trust in society which “lubricates social life” and gives room for citizens in democratic societies to act (Putnam 1993; Putnam 2000). Without high levels of generalized trust, social capital theorists argue that citizens generally are less willing to contribute to the larger social good or even participate in political institutions at all, as they cannot trust that their self-preservation is also intertwined with the common good. As an example of this, it is argued low levels of social capital, and as a result generalized trust, generally leads to a decline in people’s willingness to do things for those around them without some kind of near immediate return or payment (Putnam 2000). To further this point Putnam notes that “A society characterized by generalized reciprocity is more efficient than a distrustful society, for the same reason that money is more efficient than barter. If we don’t have to balance every exchange instantly, we can get a lot more accomplished,” (Putnam 2000).

For this reason, social capitalists have been sounding alarms about America’s declining trust for decades (Putnam 2000; Keele 2007; Kashefi 2015). While the previously mentioned high period of social capital between the 1950’s-60’s saw high rates of participation in civic associations correlating with high levels of trust, strong economic outcomes, and political performance, the current period of decline in all of these metrics similarly correlates with the American public's exit from civic participation (Putnam 2000). In many ways we have more opportunity for making our own groups and associations than ever before, particularly in the age of the internet, however this does not get at the heart of the problem. The benefit which previous forms of social capital provided was the mass levels of membership within them, not just the

organization's existence (Putnam 2000). In other words, it is not simply enough to have a large number of community organizations to join to gain the political and economic benefits of social capital, but that people must also concentrate themselves to some degree within these organizations in order for people to identify with them and build trust in other participating members (Putnam 2000). For this reason, social capital's primary empirical metric to measure social capital in relation to trust's decline is the mass decline in *membership* in social capital networks, not the number of networks and organizations themselves.

3.1.C: Empirics of Social Capital's Relation to Trusts Decline

Mass membership in civic organizations has been on the decline since the late 1960's, with bowling clubs being the primary example of Putnam's 2000 book. Putnam notes that on top of these leagues, membership in unions, professional associations, PTA's, rotary clubs, homeowners associations, community service groups, local issue organizations, fan clubs, veterans organizations, and, in particular, religious organizations all took heavy hits in membership correlating to the beginning of America's massive decline in civic trust starting in 1965 (Putnam 2000; Pew 2024). According to data collected by Putnam, membership in these types of civic groups in general peaked and subsequently plateaued between 1957 and 1964, and began to decline in 1969, continuously falling except for a brief and short-lived period of civic re-engagement in the 1980's (Putnam 2000). Temporally, this explanation correlates well with the general trend of trusts decline, however leaves questions open as to how trust was built between 1995 and 2001 in the absence of a substantial re-development of social capital (Pew 2024). It is also not entirely clear through the data provided by Putnam as to whether social capital's decline precedes or follows trust's decline in the period between 1965-1980 or

1987-1994. This raises serious questions as to the direction of causality, if one exists, between trusts decline and the disappearance of social capital.

3.1.D: Social Capitalist Solutions to Trusts Decline

For social capital theorists, the solution to civic trusts decline is seemingly simple; join a club! Since social capital organizations are the supposed source of trust in social capital theory, it would seem that the necessary task for trusts re-development in the twenty first century would be to incentivize the development of social capital organizations with an emphasis on mass membership, opposed to simply increasing the raw number of social capital organizations. Putnam notes that “leaders and activists in every sphere of American life must seek innovative ways to respond to the eroding effectiveness of the civic institutions and practices that we inherited. At the same time, we need to fortify our resolve as individuals to reconnect, for we must overcome a familiar paradox of collective action,” (Putnam 2000). Keele similarly echoes this sentiment by noting that “it would appear that without some resurgence in social capital, especially civic engagement, we cannot expect trust in government to return to its previous levels,” (Keele 2007). This process implies both the re-establishment of traditional social capital organizational forms like religious organizations and work-related groups, but also the development of new ways of building social capital networks utilizing advances in technology like the internet and AI to bring people into connection with one another. Again, what's key is membership, so in order to ensure that resources devoted to social capitals development are utilized effectively these organizations have to be attractive to a mass base of people across partisan political lines. But how? In the age of the internet with a nearly unlimited number of ways to avoid creating lasting social connections and what for many feels like increasingly less

time in each day for leisure, how can individual citizens join organizations together collectively to truly rebuild these social capital networks? How can individuals collectively decide on which organizations to join to ensure that the level of membership is substantial enough to truly build social capital without massive economic or institutional help? In this context, the once seemingly easy task of simply joining a club becomes much more complicated when trying to ensure that the benefits of social capital are actually received.

3.1.E Weaknesses of Social Capital as a Complete Indicator of Trusts Decline

Ultimately, the social capital theory of trust's decline suffers from two major problems: 1) the inability to demonstrate causality between social capitals decline and trusts decline, and 2) the insufficiency of social capitalist solutions for rebuilding trust without significant aid from institutional and economic factors. Even when accepting the claim that high levels of social capital is correlated with high levels of trust, it seems that to rebuild social capital, institutions would need to both act as a centralizing force which can develop the necessary mass membership as well as to provide direct funding to develop organizations which genuinely get people to engage with one another. Further, people themselves are statistically speaking much less able to devote time to developing social capital due to their economic situation. In the current period of increased economic inequality throughout the United States, people fundamentally have less time and money to devote to clubs and organizations than their contemporaries in the 1950's and early 60's. This suggests that one key to getting individuals to re-engage in high levels of civic participation, is addressing the problems of inequality that currently exist. The problem that inequality presents to social capital's development and maintenance is even something noted by

Putnam, Keele, and Kashefi as a problem (Putnam 2000; Keele 2007; Kashefi 2015). These issues have resulted in both institutionalists and economic-based critiques of social capital.

Chapter 3 Section 2: The Institutional Theory of Trust

3.2.A: Institutional Theory Versus Social Capital

Based on an overly optimistic reading of the works of Putnam and others, many may conclude that the cure for societies current ill's is simply the re-establishment of strong community networks, culminating in an increase in social capital at a national level. It becomes easy to assume that by developing social capital we will organically solve issues of inequality, democratic backsliding, institutional failure, and even things like mental health issues and personal happiness issues. For Institutional theorists of trust like Theda Skocpol, Andrea Martinangeli, Margaret Levi, and others this assumption is incredibly problematic. In their perspective, while social capital theory certainly has empirical data to support the idea that its development can correlate with the development of trust, the data does not currently support the idea that the development of trust by way of increasing the levels of social capital in society subsequently causes better political and economic outcomes. In fact, from the institution centered perspective, the chain of causality is in actuality reversed, as stronger institutional performance is argued to develop and sustain the social capital organizations which aggregate trust at the level of individuals. This line of argumentation was first developed as a direct response to Putnam's theories, initiated by Theda Skocpol within the Harvard Social Sciences department, however as social capital theory has spread, so has the institutional counter approach.

In general, institutional approaches to understanding trust give three primary arguments as to why institutional performance is causal in either declines or boosts in the level of social

capital and subsequently trust. First, it is argued that institutions, particularly legal institutions, maintain the “rules of the game” and ensure a foundation of norms which social capital networks can utilize to form and defend themselves (Skocpol 1996; Skocpol 2003; Levi 1998; North 2012; Martinangeli 2023). Second, it has been shown that institutional performance can influence the ways in which individuals identify with groups which operate under certain institutions. This is because institutions which perform well and appear to individuals as being fair are more likely to allow individuals to identify with groups governed by said institutions, and to “make social (group) goals one's own,”(Ostrom 2005; Martinangeli 2023). Third and finally, it is argued by institutionalists that beyond social capitals ability to develop trust *horizontally*, institutions also play a role in the development of trust *vertically*, as the trust placed by individuals into elected and appointed officials who are in charge of institutions plays a role in the amount of trust individuals have in those institutions more broadly (Skocpol 2003; Martinangeli 2023). This final point is particularly important as it implies that the development of trust, while tied to social capital, is not wholly dependent on it. Further, from this perspective institutions themselves are not only responsible for the development and maintenance of trust building social capital organizations, but are also directly a part of the process of trust building. Not only does this idea, if true, further support the institutionalist argument, but it also delegitimizes the centrality of social networks in trust development. It suggests that trust is not built and sustained solely based on individuals' relationships with other individuals directly in their social spheres, but also based on individuals' relationships with people and structures that they are not always in constant contact with.

3.2.B Empirics of the Institutional Theory of Trusts Decline

Empirically, the decline of trust generally in politics is closely related to the decline of trust in institutions, both formal and informal. According to Gallup survey data collected between 1979 to 2022, trust in institutions across the board is at an all-time low with the percentage of individuals who trust institutions generally falling from 48% to 27% over the 43 year period of data collection (Jones 2022). In particular, trust in Congress, television news, and the criminal justice system are only trusted by 7%, 11%, and 14% of the population respectively, as of 2022 and have been repeatedly falling year to year since 2001. While clearly indicative of institutional trust's larger relationship to trust in politics, the survey data is not conclusive in establishing causality. In comparison to Pew's data on public trust, institutional trust falls in a similar trend to generalized political trust, however generalized trust is observed to have more severe upswings and downswings than trust in institutions specifically (Jones 2022; Pew 2024). This, however, has not dissuaded proponents of the institutional argument to abandon claims of causality.

In Martinangeli, Povitkina, Jagers, and Rothstein's 2024 work "Institutional Quality Causes Generalized Trust: Experimental Evidence on Trusting under the Shadow of Doubt", the authors designed an experiment which is argued to prove institutions causal relationship with political trust. The experiment entails a "trust game" in which subjects were split into groups of three, given a "personal endowment" to play the game with following a traditional public goods game experiment, and then had to collectively come to a decision about how much of each individual's endowment will be contributed towards the public good and how much will be kept for each individual (Martinangeli 2023). Additionally, the authors introduce an active administrator into the game, which is typically automated in most public good games, who is

responsible for managing the resources that players give to the public good from their personal endowments. This administrator position then can apply three different tests on the group of subjects. First, the administrator can operate flawlessly, distributing public goods precisely as the participants collectively decided. Second, the administrator could function nearly perfectly, yet has a 1% chance of successfully embezzling some of the endowment given by the players for themselves. Third and finally, the administrator could function imperfectly with the administrator having a 50% chance of successfully embezzling the endowments put towards the public by the game players. In this experiment the administrator functions as a stand in for institutions in general, with the game players acting as citizens (Martinangeli 2023). After playing the first round of the game, players were then paired with other players from other rounds of the game that experienced the same level of institutional corruption, and with one player being the “sender” who sends resources to the “receiver” who then gives back a certain portion of the money received. Finally, a third round of the game is played, where players who were senders in round two act as receivers, and vice versa, with new partners. The reason the second and third rounds are utilized is so that when players are asked about their trust levels, the level of trust measured is generalized trust rather than only measuring the trust participants had in only institutions (Martinangeli 2023). Finally, after all three rounds the players were surveyed on their trust levels and demographic data. The authors found that “Our findings document the existence of a causal effect of institutional quality on trust among strangers. We show that knowledge about the occurrence or success of corrupt behaviors does not seem to be necessary for trust to deteriorate. The mere exposure to institutional imperfections, as opportunities for corrupt behaviors to succeed, is enough to cause sharp drops in trust,”(Martinangeli 2023). This conclusion from the experiment gives good reason to accept the argument that institutions do

have a direct relationship with the level of trust in society, and that the degradation of institutions is, at least partially, causally related to the decline of trust.

3.2.C: Solutions to the Decline of Trust Offered by the Institutional Theory

From the institutionalist perspective of political trust, to solve the issue of declining trust within American society, we must think both locally, as social capital theorists do, as well as nationally towards key institutions necessary for the nation's civic health (Skocpol 2003; Martinangeli 2023). In her book *Diminished Democracy*, Skocpol argues that “we need national-level reforms with bite, targeted on powerful institutions and nationally ambitious activists,”(Skocpol 2003). This sentiment mirrors that of Martinangeli, Povitkina, Jagers, and Rothstein’s who state that increasing institutional quality is key to solving America’s trust problem. More specifically however, Skocpol points to the media, political lobbying, and national civic organizations (Churches, environmental organizations, and national unions) as institutions which should be reformed most immediately to bolster more expansive social engagement. Further, Levi’s work on the noted increase in trust in Europe after the establishment of the European Union and several supporting institutions, suggests that institutional reforms of the same scale may be able to increase trust in other countries as well (Levi 1998).

3.2.D: Institutions and Oligarchy

But why would an institution be more corrupt or experience more frequent instances of crisis? Why are our current institutions declining? Key to Martinangeli, Povitkina, Jagers, and Rothstein’s experiment is the varying degrees of corruption that the administrative position, playing the role of institutions more generally, applied to the group of participants. Key to the

institutionalist solution is the ability to fund and staff institutional arrangements which bolster civic engagement. If the solution is that easy, why have we so far failed to do it? In Jeffery Winters's book *Oligarchy* it becomes apparent that institutions are in fact not prone to corruption or brought to crisis randomly. Instead, the book points to the necessary importance of understanding political economies' effects on institutions, and its subsequent role in trust. In *Oligarchy* Winters explores the concept of oligarchical governance, and suggests that, contrary to popular opinion, oligarchies can in fact operate within a democratic context. Winters argues that even within countries that are traditionally conceptualized as democracies within the western tradition, oligarchies can develop and take power without removing any formal democratic institutions (Winters 2011). This occurs in situations with high levels of economic inequality, as high levels of inequality can allow for wealthy elites to gain more resources which they can use to leverage control over institutions, and average citizens have far less money and time to devote to those same institutions which previously built civic trust (Winters 2011). In the American context this should be particularly worrying, as since the 1960's economic inequality has skyrocketed both in terms of income and total wealth (total assets minus total debt), leading many, including Winters, to argue that the US has developed into an Oligarchy (Winters 2011). Once in control, Oligarchs can engage in increasingly corrupt and self-enriching practices as citizens become unable to meaningfully challenge their control. Here we find the first clues as to why institutions and social capital have been on the decline; the current situation of extreme and growing inequality resulting in institutional capture by wealthy elites. This argument seems to suggest that while institutions and social capital can play a role in the development or degradation of civic trust, they are insufficient towards explaining their own decline which results in civic trusts disappearance.

Chapter 3 Section 3: The Political Economy of Trusts Decline

3.3.A: The Political Economy of Social Capital and Institutions

It becomes clear that within both the social capital and institution-based explanations for trusts decline there is an implicit, sometimes even explicit, understanding that the respective decline and failure of social capital and institutions is mediated by economic factors (Putnam 2000; Skocpol 2003; Winters 2011). Additionally, while the social capital and institutional theories of trusts decline are often posed in opposition to one another, it seems both help to explain trusts' initial and general decline from 1965, and that institutional crisis, both real and perceived, can help to explain periods in which trusts decline was accelerated during this general period of decline. Both arguments also similarly have difficulty explaining temporary increases in trust against the general trend of decline that were experienced in the 1980's and the early turn of the century (Jones 2022; Pew 2024). For these reasons it seems worthwhile to investigate the role that different economic processes and trends have also had in the decline of trust directly, as well as indirectly through social capital and institutions. However, while the social capital and institutionalist theories of trusts decline are relatively unified, analyses from the perspective of political economy agree on far less and directly discuss the issue of trusts decline with far less frequency. Despite this, there are two major explanations which can be derived from the existing political economy literature and utilized to construct a further argument; First is the argument that trust has declined due to economic recessions, and second is the argument that trust has declined due to a general pattern of economic decline.

3.3.B Economic Recessions and Trust

Economic recessions have been the primary focus of research on trust in relation to the economy. This is likely for two primary reasons; firstly, traditional economic metrics like GDP have consistently grown outside of relatively brief recession periods creating an at least somewhat overly-positive view of the American economy in the period between 1965 and the present, and secondly because economic recessions are periods in which the economies effects on individuals lives are the most salient, there is reason to suspect they would be periods which levels of trust amongst the population would be most affected (O'Neill 2024). The basic argument is quite simple, and has already been hinted at: Following economic recessions, citizens are far less likely to hold high levels of trust in both economic and political institutions immediately following economic crises and in the period following them (Uslaner 2010; Kroknes et al 2016; Torrente et al 2019).

The existing empirical evidence that supports the economic recession theory of trust's decline has thus far been primarily focused on studying trust levels amongst the population immediately following single cases of recession. Likely due to the prevalence of large amounts of economic data available on the event, the 2008 financial crisis in particular has been the center of the majority of research relating trusts decline to the economy (Uslaner 2010; Kroknes et al 2016; Torrente et al 2019). For example, Uslaner's 2010 article "Trust and the Economic Crisis of 2008" began to explicitly look at trusts' decline in reaction to the recession, after Uslaner noted how survey data released in the US immediately following the financial crash showed major drops in approval of both government officials and economic elites (Uslaner 2010). Uslaner's initial suspicion that this polling data suggested a deeper decline in trust in general was further confirmed through Uslaner's analysis of the negative effects that the resulting increase in

inequality following the 2008 recession had on public trust, as well as people's self-reported willingness to be honest with others (Uslaner 2010). Uslaner's claim that the rapid rise in inequality that resulted from the 2008 financial crisis acted as the primary causal factor in citizens decreasing trust levels in the US has since been further supported by multiple studies focused on the crisis's effects on trust levels conducted in the EU (Kroknes et al 2016; Torrente et al 2019). Both Kroknes et al's 2016 study on 25 European countries and Torrente et al's 2019 case study of Spain found, similarly to Uslaner, that in the European context both real and perceived increases in economic inequality following the 2008 financial crisis proceeded and resulted in accelerated periods of trusts decline amongst citizens, particularly those in low and middle income groups (Kroknes et al 2016; Torrente et al 2019). The findings of these three studies, in combination with Winters's conception of Oligarchy, suggest that economic recessions may function as periods which make the unfair advantage economic and political elites have within political institutions more salient to the public. This also gives evidence to the idea that while Martinangeli, Povitkina, Jagers, and Rothstein's 2024 experiment is correct in claiming that increases in perceived instances of corruption and crisis within institutions decreases general levels of trust amongst citizens, the causes of institutional corruption and crisis as they appear in the real world are deeply intertwined with economic phenomena like recessions and broader economic trends like increasing inequality.

While these studies are illuminating in explaining the role that economic recessions have in accelerating trusts decline, they fail to explain both the initial causes of trusts general trend of decline beginning in 1965, as there was not a recession or economic crisis which took place at this time, and fail to fully explain why periods of economic prosperity using metrics like GDP don't cause trust to increase back to the same level as existed before the crisis over a long

enough time (Jones 2022; Pew 2024). The US economy for example experienced high levels of economic growth throughout the 1980's and 1990's with only a short recession during the early 1990's, and yet throughout the period between 1982 to 1998 trust in government directly fell from 39% to just 28% (Pew 2024). The economic recession theory of trusts decline gives evidence to support the idea that economic processes, like increasing inequality, do have an effect on trust both directly and through their influence on citizens perspectives of institutions, however this does not mean, for the reasons listed above, that recessions themselves are a the causal mechanism behind civic trusts general trend of decline between 1965 and the present.

3.3.C: The Role of Economic Inequality, Privatization, Wage Stagnation, and the Increased Cost of Living in Trust's Decline

Closely related to the economic recession theory, and connected to almost all of the other theories of trusts decline, is the role that economic processes which specifically hurt poor and middle-income groups have on levels of civic trust. As mentioned above, in the existing literature on economic recessions, increases in real or perceived economic inequality is what primarily drives the rapid decline in trust following recessions. This gives reason to suspect that increases in inequality which occur over greater periods of time may also cause decreases in trust. Additionally, other economic processes related to increases in economic inequality which occur over longer periods of time, like wage stagnation in comparison to productivity, increases in the cost of living, and even the privatization of certain social services, may also have negative effects on trust and will also need to be considered. All these processes, similarly to increases in inequality, have the potential to increase public perceptions of institutional unfairness and corruption, and force average people into increasingly dire financial situations allowing for less

time to be spent in leisure and social settings (Mishel 2015; Mikaelian & Cohen 2021; Wu et al 2024). For example, in Mikaelian and Cohen's book *The Privatization of Everything* it's noted how the increase in privatization of public goods in the United States over the last 70 years has resulted in a decrease in transparency between private service providers and the public (Mikaelian & Cohen 2021, 129). This observed decrease in transparency gives ample reason to suspect that this process has a role in increasing public perceptions of the existence of institutional corruption and subsequently decreased levels of trust, working in a similar fashion to the effects of increases in economic inequality. This suggests that to truly explain the cause of trusts decline, a framework is needed that can explain both the cause of long term economic trends which detriment the working class, and the cause of precise economic crises and recessions which exacerbate economic conditions for the working class even further, with institutional breakdown and a withdrawal from social capital networks also coming as a result of these economic processes. For this it is necessary to turn to Marx.

3.3.D: The Rate of profit and the Decline of Trust

While trust's decline in the United States has not been the subject of Marxist analysis to this point, there are two primary reasons as to why a Marxist perspective may be illuminating in understanding trust's seeming disappearance from American politics, specifically the Marxist theories of base and superstructure and of the rate of profit. The Marxist perspective, at a philosophic level, has always viewed social phenomena as deeply intertwined with the economic organization of society (Marx 1859; Engels 1890). Marxism argues that the mode of production, also described as the economic base of society, determines the social, political, and cultural situation of society in the "last instance"(Engels 1890). What is meant by this is that both the

economic base and social superstructure interact and affect one another, however ultimately the economy plays the leading role. In the Marxist conception, the economic base is made up of all of the tools, machinery, systems of production and distribution, and the resulting social relationships utilized in production (Marx 1859). The superstructure is then the resulting legal, political, and cultural structures which develop due to and alongside the relations of production developed in the economic base (Marx 1859). Both the economic base and the superstructure of society are in flux and interact with one another constantly, and when crises or disruptions arise within either of these structures, related issues arise within the other. Through this conception of the base and superstructure, the Marxist perspective provides an explanation as to how economic decline could negatively affect both social phenomena like trust directly and cause the degradation of political institutions. But what causes this economic decline? To answer this question it is necessary to review Marx's theorizations of surplus value generation and the rate of profit.

The capitalist mode of production, according to Marx, fundamentally depends on the continuous generation of surplus value realized by the capitalist class as profit and is extracted through the exploitation of labor (Marx 1867). This process, while necessary for the continuation of the capitalist system, is itself a deeply internally contradictory process. In Marxist analysis, the general formula by which the capitalist system generates surplus value is Money-Capital-Money (M-C-M), meaning that in order to generate surplus value and subsequently profit, money is utilized by the capitalist class to invest in the elements of capital in order to produce commodities that can then be sold for an increased sum of money (Marx 1867; Harvey 2018; Basu 2021). But how does this initial investment of money invested in production actually increase itself through the process of commodity production and profit realization?

When the capitalist class invests in capital there are two forms of capital necessary in order to produce a commodity which can be sold on the market; constant capital and variable capital (Marx 1867; Harvey 2018; Basu 2021). Constant capital is the portion of capital which is invested into the necessary materials, components, and machinery needed to produce finished commodities. Constant capital also accounts for the materials, components, and machinery which are used up or degraded during the process of production. Constant Capital includes both fixed and unit costs. Value comes from constant capital but value is not *added* by constant capital. Constant capital is represented as c in many of Marx's formulas (Harvey 2018). Variable Capital on the other hand is the portion of capital which is spent on wages, meaning the purchasing of labor power. Variable capital is where *surplus* value is derived, as the wages utilized to purchase labor power do not account for the full value that labor provides in the production process of the commodity. Variable capital's role in the production process is arranging the elements of constant capital into a socially useful product, as this act increases the value of those materials compared to before their assemblage. Variable capital is often represented as v in many of Marx's formulas (Harvey 2018). The purchase of variable capital is the initial cause of the class division between the proletariat and the bourgeois, as the proletarian class acts as the laborers who themselves do not have enough money capital to invest and generate surplus value. However, this class contradiction alone is not the sole cause of trust decline. It is how the capitalist system develops over time, primarily through the changes in the rate of profit, which lead to social breakdowns relating to the decline of civic trust.

While the capitalist mode of production is a complex system of interconnected contradictions with different processes in motion, the primary way by which Marx characterizes the movement of the capitalist system is through the description of the rate of profit (Marx 1894;

Marx; 1973; Kliman 2012; Roberts 2016; Basu 2021). In the process of producing commodities, profit is realized, as discussed above, through the production and subsequent distribution of commodities. While profit and surplus value, discussed above, are not one in the same phenomena, they are discussed as developing interdependently to one another (Marx; 1867; Marx 1894; Marx; 1973; Basu 2021). After a commodity is produced by combining the means of production in the form of constant capital with that of socially organizing labor in the form of variable capital, provided the commodity is socially useful, it is put to the market and sold for money. The money received directly after the sale of the commodity is however, not itself profit (Harvey 2018). After the capitalist receives this initial sum of money, they must pay for the costs of labor in the form of wages, pay for any sum of money which is due in the form of rent or interest payments on credit, and pay to replace the cost of any machinery or other elements of constant capital which are not themselves directly a part of the commodity they produce and degrade over the process of production (Harvey 2018). This means that ultimately while profit is realized through the extraction of surplus value, there are several other elements of production which must also themselves be paid through the exploitative process of surplus value generation. This leads Marx to express both value and profit as rates. The rate of surplus value is expressed as (s/v) meaning the amount of surplus money capital generated after the sale of the commodity minus the amount of capital invested in variable capital in the form of wages (Harvey 2018). The rate of profit is then subsequently expressed as $s/(c+v)$, meaning the amount of surplus money capital that is generated by the sale of commodities, subtracted by the costs of both variable and constant capital, as discussed above (Harvey 2018). The rate of profit then can be measured over time by looking at profit returns on cycles of investments, typically over the period of a year, into

both elements of capital. For reasons that will be discussed shortly, Marx theorizes that over time the rate of profit has a general tendency to fall.

The general tendency for the rate of profit to fall is understood by Marx in the *Grundrisse* to be the force which drives continuous cycles of “explosions”, “crises”, and eventually even the “violent overthrow” of the entire capitalist mode of production (Marx 1973). Now in addition to the discussion of commodity production and the rate of profit, which is itself a measure of commodity productions success in the eyes of the capitalist, key to understanding why the rate of profit has a tendency to fall is understanding the system of distribution in which commodities are exchanged. At the cost of stating the obvious, the capitalist mode of production utilizes a market-based system in which private individuals own the means of production and sell commodities in competition with one another (Marx 1885; Harvey 2018; Basu 2021). This situation, while not initially obvious, comes into contradiction with the system of surplus value generation and subsequently profit realization discussed above. Because capitalists are placed in a setting of competition, capitalists must both keep their firms profitable in order to stave off being outcompeted by other producers and are thus subsequently themselves incentivized towards increasing their own productivity. To increase their productivity, the primary method the capitalist class employs is investments into constant capital (Marx 1894; Marx 1973; Roberts 2016). By investing in constant capital in the form of new technologies and systems of production, the capitalist can increase the rate at which commodities are produced and as a result the unit price of the commodity that the capitalist sells can be decreased and sold at a more competitive price than the competing capitalist firms (Marx 1894; Marx 1973). But what does this do to the overall system of value generation and profit realization? When one capitalist makes this investment into new methods and technologies of production, the rest of the

capitalists in that industry also must either make similar investments or be outcompeted and lose their market share. As a result of this process the composition of capital that the capitalists have to purchase in order to produce a commodity changes. Marx calls this a change in the organic composition of capital, meaning the ratio of money capital invested into the elements of constant and variable capital changes (Marx 1894; Marx 1973). Importantly, this means that to stay competitive, capitalists end up investing more and more into elements of constant capital, while their investment into variable capital either remains the same or even decreases. Considering the fact that variable capital is the source of surplus value, which again is key to the process of profit realization, this is incredibly problematic for the capitalist system in the long term. While the initial investment that the capitalist makes into the production process returns a rate of profit of 100%, by the next production cycle the capitalist will need to invest more of that profit into more elements of constant capital, which subsequently means less of the surplus value extracted during the production process will be able to be realized as profit (Marx 1894; Marx 1973; Kliman 2012; Roberts 2016). This is, for Marx, why the rate of profit ultimately has a general tendency to fall.

While the general tendency for the rate of profit to fall is clearly a grave issue within the capitalist mode of production, it is just that, a tendency. There are other, counteracting, tendencies to that of the tendency for the rate of profit to fall. However, these counter tendencies do not fully solve the issue presented by the falling rate of profit and are themselves often counterproductive to the interests of the capitalist system in the long run as well (Marx 1894; Marx 1973; Kliman 2012; Roberts 2016). Further still, the interaction between these counter tendencies and the falling rate of profit ends up producing the cyclical pattern of financial recessions and crises that continue to force the innovations in the capitalist system which causes

the rate of profit to fall further. But what are these counter tendencies? Marx, in *Capital* volume 3, outlines six potential strategies by which the capitalist class can increase the rate of profit, against its general tendency to fall. Marx argues that the rate of profit can be increased by 1) increasing the intensity of exploitation of the working class, 2) the depression of wages, 3) relative overpopulation, 4) cheapening elements of constant capital, 5) expansion of markets, foreign trade, and imperialist policies, and 6) increases in the use of stocks and fictitious capital (Marx 1894, Chapter 14).

Of these counter tendencies, the first three listed above, all have to do with increasing the amount of surplus value generated from labor during the production process against the increases in constant capital investment which drives the rate of profit downward. The first and most obvious way to do this, represented by the first counter tendency, is through increases in the intensity of the exploitation of labor (Marx 1894). This can be done by increasing the amount of hours worked by the proletariat and through increases in the productivity of labor without increases in compensation. This increase in the productivity of labor can come in many forms but is often done through new methods of production which more effectively utilize the investment already made into variable capital in production. Both of these tactics theoretically increase the amount of surplus value by increasing the amount of hours in which labor is productive and making those hours worked more productive themselves. Closely related to this first counter tendency is the depression of wages (Marx 1894). The depression of wages increases the amount of surplus value which is able to be converted into profit by decreasing wages or even keeping wages constant in the face of increases in productivity in the production process. Finally, also related to increasing the amount of surplus value derived from labor is the counter tendency of situations of relative overpopulation (Marx 1894). Relative overpopulation refers to a situation in

which the amount of available laborers in the economy is larger than the number needed for current levels of production, described by Marx as increases in the reserve army of labor. This situation places the working class in a difficult position, as the proletariat is forced to compete for work with those who are currently unemployed and are subsequently less able as a class to resist the implementation of the first two counter-tendencies discussed above. Situations of relative overpopulation are also favorable to the capitalist class because it means there is an already existing population of laborers who can be used in further expansions of investment into new industries and markets. While these counter tendencies which directly worsen the conditions of the working class are commonly employed by the capitalist class to increase the rate of profit, they are themselves imperfect solutions (Marx 1894). The working class can only be exploited to a certain degree before it becomes too difficult to effectively reproduce itself (Marx 1894). These limits to increases in the direct exploitation of labor cause the capitalist class to pursue further tactics which temporarily offset the tendency for the rate of profit to fall.

In addition to the counter tendencies dependent on increasing the rate of exploitation of labor, the capitalist class also pursues the tactics of cheapening the elements of constant capital, the expansion of markets through privatization and imperialist policies, and increases in the use of stocks and fictitious capital to attempt to offset the falling rate of profit (Marx 1894). The cheapening of the elements of constant capital occurs as a side effect of the falling rate of profit as the price of machinery and tools used in the production process are cheapened as a result of technological advancements, similar to the decrease in prices of finished commodities described above. This drop in prices of constant capital is however insufficient towards entirely offsetting the falling rate of profit, because the organic composition does not trend towards an increased reliance on variable capital. In fact, in the long term the cheapening of the elements of constant

capital further incentivizes the capitalist class towards further investment into it as a result of its lower costs, further increasing the level of constant capital present in production to the detriment of the rate of profit. Beyond this counter tendency, Marx also notes the expansion of markets and the use of credit as the two other primary ways with which the capitalist class can offset the general tendency for the rate of profit to fall, however these counter tendencies suffer similar deficiencies to those already discussed (Marx 1894). The expansion of markets can work temporarily to increase the rate of profit, however similar to how the working class has limits to the degree it can be exploited, markets can only expand to a certain degree before it reaches certain geographical and other natural limits. Finally, the use of credit and other forms of fictitious capital can temporarily increase the rate of profit, however this credit is itself dependent on the realization of future profits through production, which is made more difficult with the organic composition of capital being composed of increasing amounts of constant capital (Marx 1894; Kliman 2012; Roberts 2016).

The real-world implications of both the tendency for the rate of profit to fall and its counter tendencies are grave for the working class, and the planet as a whole. As the general rate of profit falls there becomes less and less profitable ways for capital to be invested, with each investment cycle becoming more likely to result in economic recession or even structural crisis (Marx 1894; Marx 1973). These crises, recessions, and depressions represent acute periods of breakdown in the capitalist system, in which the working class suffers greatly. These crises in the economy have historically resulted in wealth transfers away from the working class into the hands of the wealthy, further exacerbating problems of economic inequality. Even worse, these economic recessions which are the direct result of the falling rate of profit are often immediately followed by increases in unemployment, homelessness, and even suicides amongst the working

class. Further, during these recessions which are due to the failure to extract sufficient amounts of surplus value, the anarchical system of distribution inherent to the capitalist system can break down as well, with the working class again suffering the majority of the negative consequences as even basic necessities can become difficult to find and afford.

Even before the point of crisis or recession, the tendency for the rate of profit to fall can be incredibly harmful to the working class in less direct ways (Kliman 2012; Roberts 2016; Harvey 2018). Before the point of economic crisis, as capital struggles to realize enough money through surplus value extraction to create a profit, it reduces what little capital is invested into social programs and benefits for the working class in order to work against the tendency for the rate of profit to fall. Rather than continue expending capital into the state in the form of social programs, the capitalist class moves towards the privatization of these services in order to extract further profit from their provision. This decreases both the availability and general quality of many of these social services, ultimately further hurting the health and wellness of the working class as a whole. Evidence of this process has been seen throughout the United States and Europe, as well as in some countries in the global south as well, where since the 1970's there has been a widespread move towards privatization of social services to generate profit from these services (Harvey 2018).

In addition to these gradual and acute negative effects which result from the falling rate of profit, the employment of counter tendencies to offset the falling rate of profit by the capitalist class also often result in negative consequences for the working class (Marx; 1894; Marx 1973; Kliman 2012; Roberts 2016). Most obviously the tactics of increasing the intensity of exploitation of the working class, the depression of wages, and the creation of situations of relative overpopulation directly harm the working classes wages and job security. This is how

even in situations in which economic indicators like GDP and GNI can be increasing while the working class's financial situation can be getting worse. Additionally, just because the capitalist class can only pursue these practices to a certain limit before the working class has difficulty reproducing itself at a sustainable rate, doesn't mean that the capitalist class does not test these limits. There is no altruistic impulse on the part of the capitalist class in terms of the limits to exploitation which the working class endures, it is simply the best the capitalist class can currently get away with without a long-term determinant to their laboring population. Beyond these first three counter tendencies focused on increasing the exploitation of labor, the tactic of increases in the use of stocks, credit, and fictitious capital also further poses a threat to the working class. Because fictitious capital and credit depend on the realization of profit from future surplus extraction, the temporary positive effect which they can have on the rate of profit can, over enough time, cause economic crises to be more severe and worse in the long term (Kliman 2012; Roberts 2016). When the capitalist class utilizes credit to increase the rate of profit, the working class will either have to pay for it in the future through increases in their exploitation or through the negative effects which economic recessions have for them as reviewed above. A grave example of this was the 2008 financial crisis, which resulted after profit was unable to be realized on a large number of loans tied into the real estate market (Kliman 2012; Roberts 2016). Again, in this situation, the working class faced the brunt of the negative consequences of this event. One potential difference present in the use of credit in comparison to other counter tendencies is that the negative effects on the working class may take longer to be recognized or felt. While for example the effects of the counter tendency of increasing the rate of exploitation may be felt immediately, the negative effects of the use of credit seem to culminate over time. Finally, the tactic of the expansion of markets and imperialist practices directly harms

the working class of regions which are expanded to and brings the capitalist mode of production into contradiction with earth's geographical limitations.

Based on the understanding of Marx's theories developed above, the general tendency for the rate of profit to fall and its interaction with its counter tendencies provides a potential explanation for both general trends of economic decline like increases in wealth inequality and wage stagnation, and for the cyclical pattern of economic recessions which seem to have a direct impact on trust in their own right. Importantly, the ability of the Marxist explanation of the rate of profit to provide a general theory as to why conditions for the working class have worsened, how so many formal and informal forms of social organization were privatized, how inequality rose to levels which allowed for institutional elite capture, and why the American public has retreated from social capital networks, allow for a general explanation as to why trust has declined consistently overtime. On the other hand, the Marxist theory of the rate of profit can also still explain and incorporate the declines in trust that result as a direct reaction to economic crises and can even help explain the causes of those economic crises themselves. The theory also has the potential to explain periods in which trust increased, as there are clear periods between 1965 to 2020 in which the rate of profit increased as a result of the counter tendencies to the tendency for the rate of profit to fall. These periods of increase in the rate of profit could be shown to relate to increased levels of trust among the whole population as economic conditions "improved" during these time periods, even if this improvement was primarily to the benefit of the capitalist class.

Chapter 4: A Proposed Theory of Civic Trusts Decline

Chapter 4 Section 1: A Proposed Theory of Civic Trusts Decline

4.1.A: A Proposed Theory of Civic Trusts Decline

Through an understanding of both the current literature on the decline of civic trust and the description of the Marxist theory of the rate of profit, we can begin to develop a testable theory of trusts decline. It is theorized that the general tendency for the rate of profit to fall, as well as the counter tendencies of increasing the intensity of exploitation of the working class, the depression of wages, a situation of relative overpopulation, and domestic market expansion, leads to the decline of civic trust both directly and indirectly. In this process, institutional degradation and social capitals decline act as intervening variables, as their degradation is also triggered by the tendencies listed above. Further, it is argued that the counter tendencies of the use of credit, the cheapening of elements of constant capital, and international market expansion can actually help to rebuild some level of trust, as they increase the rate of profit without substantially burdening the domestic working class. The exact mechanisms by which this occurs will be explored in the following section.

4.1.B: The Marxist theory of the Rate of Profit's Expected Effects on Civic Trust

Before reviewing the empirical data to test the theory above, it is important to outline the expected effects of the rate of profit on civic trust. First and foremost, the general tendency for the rate of profit to fall's primary and direct effect on trust levels can be seen at points of economic crisis or recession. As described in Uslaners 2010 article, periods of economic recession have been shown to cause declines in trust, and these recession periods arise when the

rate of profit has fallen to the point of crisis (Marx 1894; Uslander 2010). Next, the counter tendencies of increasing the intensity of exploitation of the working class, the depression of wages, and relative overpopulation should subsequently help to explain the general trend of decline in trust levels. Following a decrease in the rate of profit we should see increased exploitation of the working class through metrics like longer hours being worked, a depression of wages measured by decrease or even stagnation of wages in the face of increases in productivity, and overpopulation through an increase in the number of people who are either unemployed or underemployed. As described in the general economic decline theory of trusts decline, these larger economic trends can lead to decreases in trust over time, and with the Marxist theory of the rate of profit, it becomes clear how these trends are interconnected with one another (Marx 1894; Mishel 2015; Mikaelian & Cohen 2021; Wu et al 2024). Finally, closely related to the previous three counter tendencies and again following a decrease in the rate of profit, the domestic expansion of markets is also expected to cause a decline in trust. This is because the domestic expansion of Markets helps to explain the general process of the privatization of social services. This trend of privatization and commodification was also key to the general economic decline theory of trusts decline (Mishel 2015; Mikaelian & Cohen 2021; Wu et al 2024). This should be empirically reflected by increases in privatization following a fall in the rate of profit. What is particularly interesting is that the falling rate of profit's direct effects on trust can only truly be seen at points of economic crisis, however even slight falls in the rate of profit cause the capitalist class to employ the counter tendencies above helping to explain the general trend of trusts decline before the point of economic crisis.

In opposition to these tendencies' negative effects on civic trust, the use of credit, the cheapening of elements of constant capital, and international market expansion are expected to

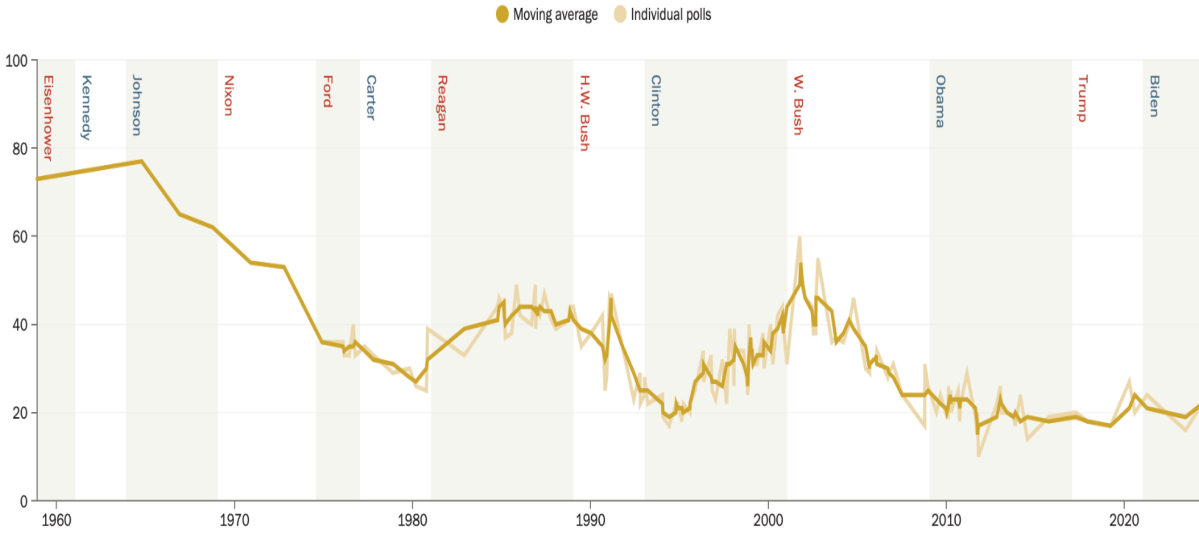
have positive effects on trust. The use of credit specifically should have a positive effect on trust levels because it increases the rate of profit without increasing the exploitation of the working class immediately. Through the use of credit, the capitalists can invest more easily into the high costs of constant capital, and as a result the economy grows without expense to the workers, at least initially (Marx 1894; Kliman 2012; Roberts 2016). Empirically, this should mean that periods which utilize high amounts of credit should relate to periods in which trust levels either stabilize or even increase. One important caveat to this however is that, as stated before, this credit has to be paid off at some point through the extraction of surplus value, and its overuse theoretically can result in worse economic crises in the long term. Similarly, the cheapening of elements of constant capital should relate to either stabilizations in public trust levels or even increases, and to measure this empirically, periods in which raw materials like oil became particularly cheap will need to be reviewed. It should be stated however that it may be the case that the cheapening of elements of constant capital can theoretically counter the falling rate of profit, it may be difficult to empirically measure its effects outside of extreme circumstances. Finally, the expansion of markets globally can also theoretically increase domestic trust levels. This is not meant to imply that all domestic trade increases trust, but that when one country's capitalist class is able to gain favorable trade relations over another, it allows them to both exploit a new population of laborers creating a similar effect to relative overpopulation and are sometimes also able to find cheaper means of acquiring constant capital. To measure this empirically, data should reflect an increase of foreign production by American owned businesses, commonly referred to as offshoring.

4.1.C: The Expected Role of Social Capital and Institutions

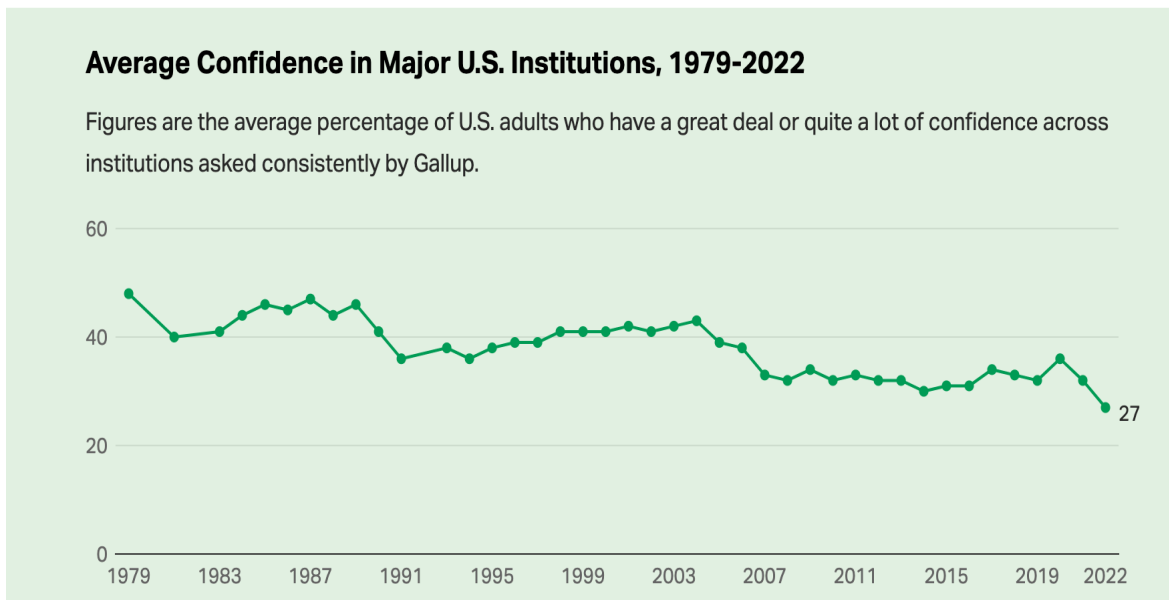
The role of Institutional crises and social capitals decline also must be taken into account. It is clear from the literature review that social capital's decline is at least correlated with trust's initial decline and can be utilized to further test the theory that the Marxist theory of the rate of profit can be explanatory of some social phenomena. Thus, based on the theory above, the decline of civic trust should correlate with a decline in social capital. If social capital's decline precedes the decline of civic trust, there is further reason to suspect that the decline of trust is caused by social capital's disappearance. However, as the literature review suggests, if social capital decline simply correlates or even follows the decline of civic trust there is reason to believe that social capital does not play a causal role in civic trusts decline.

Additionally, when testing the role of economic crises effects on the decline of trusts, institutional crises should also be considered. It is clear from Martinangeli's 2023 study that perceptions of institutional degradation and crises have a role in the decline of trust, however in a real-world application it is also clear that perceptions of institutions decline happen in relation to growing economic inequalities and crises (Uslaner 2010; Kroknes et al 2016; Torrente et al 2019; Martinangeli 2023). Based on the theory above, a decline in civic trust should be expected following instances of institutional or financial crisis.

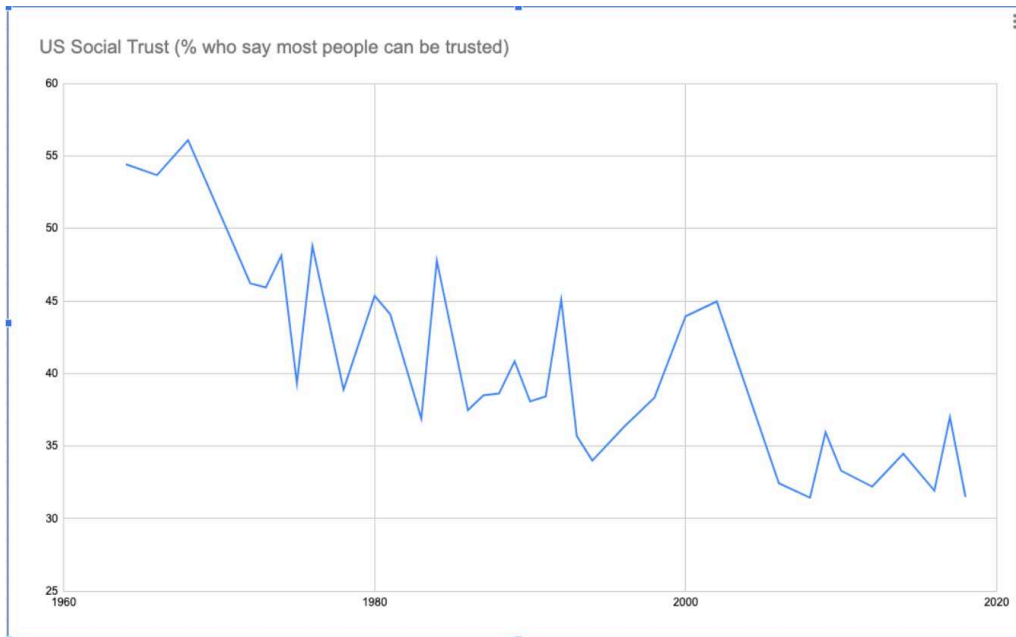
4.1.D: FIGURES I-IV



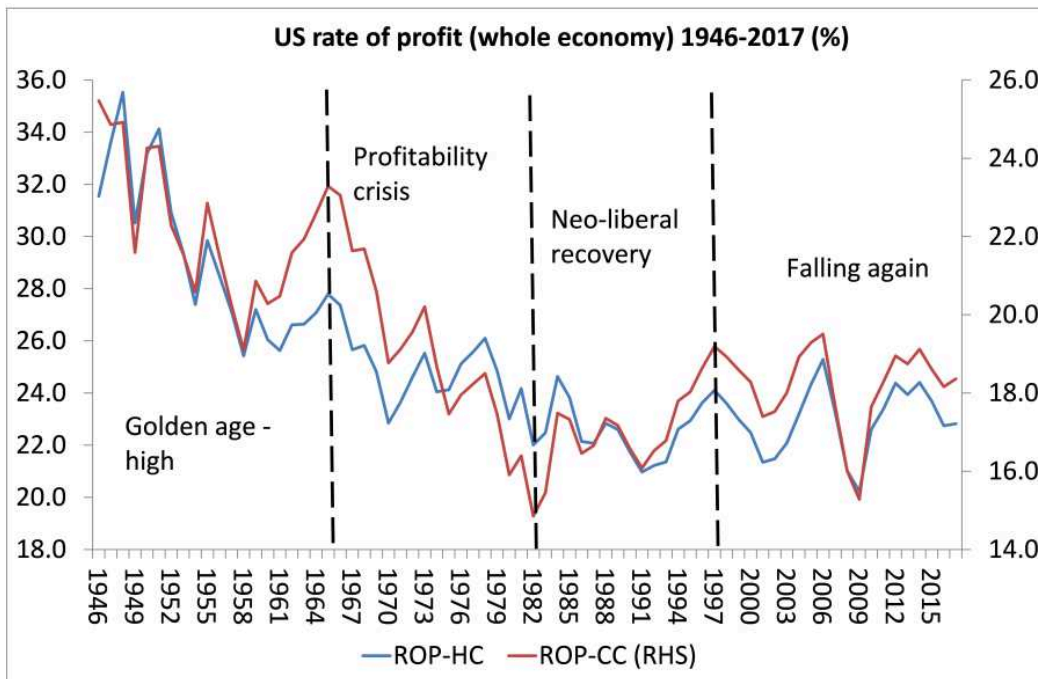
[FIGURE I] Public Trust in Government 1958-2024 (Pew 2024)



[FIGURE II] Average Confidence in Major US Institutions 1979-2022 (Jones 2022)



[FIGURE III] US Social Trust 1964-2018 (Vallier 2020)



[FIGURE IV] The US Rate of Profit (Whole Economy) 1946-2017 (Roberts 2018)

Chapter 5: The Case of the United States

Chapter 5 Section 1: Results

5.1.A: Initial Period of Decline (1964-1982)

During the period between 1964 and 1982 the percentage of the surveyed population who felt they held trust in government fell from 77% to just 39% (Pew 2024). Social trust similarly fell from 55% to 37% (Vallier 2020). Finally, trust levels in institutions, which we unfortunately only have response data as far back as 1979, fell from 49% to 40% between 1979 and 1982 (Jones 2022). The rate of profit in this period fell from 23.2% to 13.4% (Roberts 2018; Wasner & Basu 2024). Looking at the data from figures one and three civic trusts peaked in 1965 and then began to rapidly decline in 1966 until 1982 (Vallier 2020; Pew 2024). Comparing this to the data shown in figure four on the falling rate of profit, it seems that the rate of profit peaked between 1964 and 1965, and then began to decline in late 1965, falling until the first quarter of 1982. This gives at least an initial confirmation that the fall in the rate of profit precedes the decline of trust. However, as was stated before, there was not a major recession which took place in 1965 or 1966, meaning that if trust was declining due to the falling rate of profit, it was doing so through the intermediary of a counter tendency. According to data from the economic policy institute, the counter tendency present which can explain civic trusts' initial decline is the depression of wages, measured by a stagnation in wage growth in comparison to productivity (EPI 2024). While the gap between productivity and wages is most often associated with the 1970's and 80's, the EPI's data suggests that the initial large-scale decoupling of wages from productivity began in 1965, as this was the first year since World War II in which productivity growth increased by more than 10% higher than wages were increased. This trend of a growing gap between

productivity and wages has persisted all the way through the initial period of trusts decline, and even beyond it with the gap still growing to this day (EPI 2024). This suggests that the causal mechanism behind trusts' initial decline in this period was at least in part due to the counter tendency of the depression of wages. The increase in the depression of wages also helps to explain why participation in social capital organizations plateaued in this period and then began to decline in 1969 as the gap between the growth of wages and productivity reached 15% (EPI 2024). With wages beginning to stagnate in this period, workers began to have less time and money to devote to social capital organizations. However, because this was a slow incremental process rather than an immediate crisis, it follows that participation in social capital organizations first stagnated and then began to decline as the working class's economic situation worsened. This widening gap between productivity and wage growth that began in this period has continued even into the present (EPI 2024).

Beyond this initial cause of decline, referring to FIGURES I, II, and IV, it appears that the economic recessions caused directly by the falling rate of profit in 1969, 1973, 1980 and 1981 worked to further accelerate trusts' decline all the way to its lowest point of the period in 1982. Following the arguments of Uslaner, Kroknes, and Torrente's respective studies, these recessions certainly hurt the public's civic trust levels (Uslaner 2010; Kroknes et al 2016; Torrente et al 2019). While these recessions were far less dramatic than the 1929 Great Depression or the 2008 Great Recession, they no doubt damaged public confidence in the economy, particularly the 1980 recession. The 1980 recession immediately following the 1979 gas crisis which represented a massive increase in the price of constant capital in the form of high energy prices. These intermittent economic recessions maintained civic trusts' rapid decline which was initially facilitated by the increasing exploitation of the working class beginning between 1964-66.

Also important to note in this period is the rise of privatization which began to take off in the 1970's, representing the counter tendency of domestic market expansion (Marx 1894; Mikaelian & Cohen 2021). Throughout the 1970's, according to Mikaelian and Cohen's book *The Privatization of Everything*, many American cities struggled financially due to the 1969 and 1973 recessions and due to the changing demographic makeup of many American cities during the decade. As a result, many local and city governments, influenced by right wing economists like Milton Friedman and working under the logic of the profit incentive, slashed social service spending and turned towards privatization in an attempt to reorganize city budgets (Mikaelian & Cohen 2021). This increased the available investments for capital throughout the country, acting as a form of domestic market expansion, which came at a direct cost to the working class who previously benefited from the social services. This rise in privatization, in combination with the increases in exploitation of the working class, again represents not one single catastrophic economic events like that of a recession, but instead would explain an increase in the number of financial "crises" at the level of individuals and families and offer a subsequent explanation for the continuous decline in trust throughout the period.

5.1.B: 80's Recovery (1982-1991)

During the period from 1982 to 1991, counter to the general tendency for both the rate of profit to fall and the general decline in civic trust, the rate of profit in this period went up from 13.4% to 15.2% in 1989 before beginning to fall again (Roberts 2018; Wasner & Basu 2024). The percentage of the surveyed population who felt they held trust in government went from 39% to 46% (Pew 2024). Social trust levels similarly went from 37% to 41% (Vallier 2020). Finally, trust levels in institutions remained stable, going from 40 to 41% (Jones 2022).

Following the initial decline in civic trust during the previous period, this period between 1982-1991 has been one that all previous theories of trusts decline have had difficulty explaining, as this period saw a mild redevelopment and stabilization of trust levels in comparison to the previous period's trend of decline. The data from Pew, Gallup, and Vallier all shows that beginning in 1982 there is a mild re-increase in trust levels in government, institutions, and between citizens (Vallier 2020; Jones 2022; Pew 2024). Further, the data reflects that after this increase, trust levels remain relatively stable across all three indicators of civic trust until 1991. Comparing this to the rate of profit, figure four conveniently shows that in this period the rate of profit experienced a rapid increase in the first quarter of 1982 and remained at this inflated level until it began to decline in 1988 and resulted in a recession in 1991. From the hypothesis, the only way in which both the rate of profit and trust levels should increase is through either the use of credit, the cheapening of elements of constant capital, or international market expansion. In line with the hypothesis, the period of the 1980's saw a high use of both credit/fictitious capital and foreign trade. In particular, as many companies attempted to get out of the recession of the 1980's many companies began to increase their reliance on credit for new investment and began to utilize stocks to generate additional profits (Krippner 2005). Additionally, while this period did not see as much reliance on foreign trade and investment as the late 1990's recovery, it did see an increase of investments in production in Mexico and Asia, which further helped to raise the rate of profit. Also facilitating this growth in trust, was an overall lack of severe economic recessions or institutional crises throughout the period which could have otherwise negated the counter tendencies positive effects on the period.

5.1.C: 90's Crash (1992-1995)

During the period between 1991 and 1995 the percentage of the surveyed population who felt they held trust in government fell from 46% to just 20% (Pew 2024). Social trust levels fell from just above 40% to 34% (Vallier 2020). Finally, trust levels in institutions fell from 41% to 36% (Jones 2022). The rate of profit fell from its 1989 height of 15.2% back down to 14.4% by 1991 and did not begin to trend back upwards until 1994 (Roberts 2018; Wasner & Basu 2024). As made clear by the data, the recovery and stabilization period of the 1980's did not however last forever. Largely due to an over reliance on credit during the recovery period which eventually could not be maintained with a sufficient generation of surplus value, there was a resulting recession beginning in 1990 and 1991 (Roberts 2018). Shortly following this recession, and to the expectations of this hypothesis and the work of Uslaner, trust in institutions, government, and each other all fell below even the lowest levels of trust measured in the late 1970's in 1992. This drastic drop in trust following the economic crisis again gives evidence to suggest that economic crises have a direct role in civic trusts' general decline. It is also clear from the data on the rate of profit in figure four that this recession developed due to the eventual collapse of the 1980's profit stabilization. Trust remained at this depressed level following the crisis until 1995 before it began to trend upwards again. In this period, the recession caused by the tendency for the rate of profit to fall seems to play a direct role in trust's decline in this period in particular, giving more reason to confirm the hypothesis.

5.1.D: Recovery and 9/11 Peak (1996-2002)

During this period between 1995 to 2001, counter to the general tendency for both the rate of profit to fall and the general decline in civic trust, the rate of profit in this period increased

to 17.3% in 1997 before beginning to decline (Roberts 2018; Wasner & Basu 2024). The percentage of the surveyed population who felt they held trust in government went from 20% to 54% (Pew 2024). Social trust levels similarly went from 34% to 45% (Vallier 2020). Finally, trust levels in institutions went from 36% to 42% (Jones 2022). Following the crash of the early 1990's, it's clear from the data above that civic trust began to subsequently rise again in 1996. Previous explanations for trusts decline currently have been unable to explain this re-development of trust, similarly its re-development in the 1980's. However by looking at the rate of profit in figure four, it's clear that the rate of profit began to increase following the recession of 1991 and grew to a level above that of the 1980's recovery in 1995, suggesting that once this re-increase in the rate of profit reached a high enough level, trust began to be re-developed . But what counter tendency was the mechanism behind this re-increase in the rate of profit? Hersh and Gurwitz 2014 article describes how beginning in 1993 the US began to rapidly increase its use of offshoring as a tactic for generating more profit and utilizing credit to do so. This combination of the counter tendencies of the use of credit and the expansion of markets globally allowed for the overall rate of profit to increase without substantial initial negative effects on the working class. One slight outlier in this period, however, which should be noted is that there was an economic recession in early 2001, which is reflected by a dip in the rate of profit immediately preceding and during. Typically, according to the hypothesis, this should cause trust levels to decline, however figures one, two, and three do not reflect an immediate drop. One possible explanation for this is that the 9/11 terrorist attacks had a strong effect of temporarily increasing trust in the government, while another is that the recession in 2001 was extremely mild. More research needs to be done on this topic to further study these possibilities.

5.1.E: Decades of Stagnation and Decline (2002-2019)

During the period between 2001 and 2019, the percentage of the surveyed population who felt they held trust in government fell from 54% to just 17% (Pew 2024). Social trust levels similarly fell from 45% to 31.5% (Vallier 2020). Finally, trust levels in institutions fell from 42% to just 32% (Jones 2022). The rate of profit in this period fell to just 13.8% in 2001, re-stabilized briefly, and then fell again to just 13.3% in 2008 just preceding the great recession (Roberts 2018; Wasner & Basu 2024). The current period of trusts decline, following the recovery period of 1996-2002, has been characterized by continued steady decline and stagnation, with a major drop in civic trust occurring after the 2008 financial crisis (Vallier 2020; Gallup 2022; Pew 2024). After the peak in civic trust occurred during the second half of the 1990's because of the increase in the rate of profit and the high levels of trust in government which immediately followed the 9/11 attacks, civic trust began to decline again. By the 2000's the gap between productivity and wages that had begun to form in the 1960's had widened to such a degree that by 2004 wages had only increased to 210% since 1948, whereas productivity had increased by just over 314% (EPI 2024). This increase in the exploitation of workers through the depression of wages resulted in increasingly difficult economic situations for many individuals and families, and, as theorized, a subsequent decline in civic trust. On top of this, several institutional crises due to the war on terror and a declining public appetite for the war in Iraq combined with the worsening economic situation to further facilitate trust's decline (Martinangeli et al 2024; Pew 2024). The economic situation of many working-class individuals and families at the beginning of the 2000's is additionally what pushed so many to take on subprime-mortgage loans, as it was seen as a safe investment by many in an otherwise difficult time. What this was essentially, was an attempt by financial capital to utilize credit to attempt to offset the falling rate of profit.

However, in combination with the fraught economic situation of the working class at the time, this use of credit to maintain the housing market, as we know now, resulted in the creation of the real estate market bubble and subsequent 2008 financial recession.

The major instance of rapid decline in trust in this period occurred immediately following the 2008 financial crisis, which was caused by the tendency of the falling rate of profit, further providing evidence to confirm the hypothesis (Kliman 2012; Roberts 2016). However, this crisis in many ways simply further exacerbated trusts' decline, much like the recessions throughout the period of 1964-1981. Trust was already declining due to the worsening conditions of the working class domestically and the perceived institutional crises which occurred following the War on Terror. What the 2008 financial recession truly did to civic trust levels was make more salient an already precarious economic situation.

Chapter 5 Section 2: Discussion of Results

5.2.A: Relation to the Marxist theory of the Decline of Civic Trust

Throughout the five periods outlined in section five it becomes clear that the decline of civic trust has not occurred linearly and is not easily explainable by one single indicator or measurement. As expected, there are several instances throughout the last 60 years in which either institutional crises, declining levels of social capital, economic recession, or economic decline has resulted in or been correlated with decreasing levels of trust. However, none of these processes alone are able to account for or explain the decline of civic trust in its entirety. Additionally, and as stated previously, none of these explanations alone are able to explain the periods in the 1980's and late 1990's in which public trust levels rose against the general trend of civic trusts decline. Without the Marxist theory of the rate of profit which can bring together and

explain all of these processes in a unified fashion, it would have to be the case that the decline of trust is simply a sort of freak accident of interacting crises with no explanation for the brief periods of trusts redevelopment listed above. As evidence, the initial decline in civic trust in the United States which occurred following the 1965 peak, and which was a result of an increase in the exploitation of the American working class cannot be explained by a decline in social capital or an institutional crisis. Additionally, without the explanation provided by the Marxist theory of the rate of profit, it would otherwise appear that the reason for the increase in the exploitation of the working class in 1964 statistically represented by the separation between productivity and wages would have to be completely random (EPI 2024; Pew 2024). Beyond civic trust's initial decline, the Marxist theory of the rate of profit and the data on the United States actual rate of profit also explains the repeated cycles of recessions throughout the last 60 years which directly decrease civic trust levels amongst the public, provides explanations for how credit and offshoring were able to temporarily increase the rate of profit and subsequently civic trust levels in the 1980's and late 1990's, and explains how domestic market expansion represented by increases in privatization detriment civic trust levels further throughout the period.

5.2.B: Relation to Social Capital theories of Trusts Decline

The findings of this project both confirm and critique certain aspects of both the Social Capitalist and Institutionalist arguments which have previously attempted to explain the decline of trust in politics. Firstly, Social Capital, being perhaps the longest standing explanation for trusts decline, must necessarily be re-examined. As stated previously, the primary argument behind the social capitalist explanation of trusts decline is centered around the fact that social capital participation plateaued during the mid 1960's and began to decline in 1969 (Putnam

2000). Based on the data in figures one, two, and three however it is clear that this decline of social capital simply correlates with the decline of civic trust, rather than preceding it (Vallier 2020; Jones 2022; Pew 2024). This, in addition to understanding the movement of the rate of profit over time, suggests that rather than being the cause of civic trusts decline, social capitals decline is in fact also a phenomenon which is degraded by the tendency for the rate of profit to fall and those counter tendencies which negatively affect the domestic working class. This conclusion does not mean however that social capitalist theorists are necessarily wrong to point to a relationship between social capital networks and high levels of civic trust, the relationship is simply not causal. In early theoretical scholarship looking at the relationship between trust and politics, such as Charles Tilly's previously discussed *Trust and Rule*, social connection was always theorized as key. Tilly's concept of "trust networks" for example mirrors many descriptions of social capital networks found in the work of Putnam and others (Putnam 2000; Tilly 2005). Evidence of this relationship between social networks and trust in politics can be found in the fact that both periods reviewed above in which civic trust increased, the 1980's and late 1990's, surveyed levels of trust never reached pre-1965 levels, and in both of these periods social capital participation similarly did not recover (Vallier 2020; Jones 2022; Pew 2024). This suggests that it may be the case that high levels of social capital are in fact a phenomenon which develops in a situation of high civic trust, which in a capitalist economy becomes possible in situations of a high rate of profit. Further research is needed however to determine the validity of this claim.

5.2.C: Relation to Institutional Theories of Trusts Decline

Several aspects of the institutionalist theory of trusts decline, similarly to social capitalist theories, were also confirmed by the results of this project. Firstly, the hypothesis that institutional inequalities, crises, and perceived corruption can result in decreases in civic trust coming from Devine's 2024 meta-analysis is supported by the fact that both economic recession and privatization were shown to cause decreases in civic trust. The 2008 financial crisis for example was the culmination of an increasing dependency on credit and financialization in an attempt to offset the falling rate of profit, which became increasingly impossible overtime resulting in a crisis in America's financial institutions and government, as well as the economy as a whole. Immediately following this recession, in which banks were bailed out at the expense of the American working class, civic trust levels plummeted (Roberts 2016; Vallier 2020; Jones 2022; Pew 2024). Additionally, the period of the 1970's in which increases in privatization greatly increased, and as a result many of America's institutions were geared towards generating profit, clearly represented a real world example of institutions being captured by economic elites, and as expected civic trust declined greatly during this period (Mikaelian & Cohen 2021; Vallier 2020; Pew 2024). However, as stated in the literature review and further proven through the results of this project, the major problem with the institutionalist theory of civic trusts decline is that there is no explanation as to why institutions, as well as the economy, are repeatedly thrown into crisis. Through the Marxist perspective however, it becomes clear that these institutional crises and economic recessions are the result of American capitalism's internal contradictions expressed by the movement of the rate of profit.

Chapter 6: Conclusion, Limitations, and Further Research

Chapter 6 Section 1: Conclusion

Stated bluntly, identifying the cause of the decline of civic trust in the United States of America beginning in 1965 is crucial to understanding the change in and current state of the American public's political attitudes and behavior today. In order to make sense of the American public's attitudes towards issues as diverse as climate change, healthcare, and immigration it's key to understand the development of the situation of low civic trust which exists currently and influences people's opinions on these issues at this very moment. Overall, the data presented in this project gives reason to suggest that the general tendency for the rate of profit to fall, as well as the counter tendencies of increasing the intensity of exploitation of the working class, the depression of wages, a situation of relative overpopulation, and domestic market expansion, leads to the decline of civic trust both directly and indirectly. The periods between 1964-1982, 1991-1995, and 2001 to the present demonstrate that economic crises and recessions due to low rates of profit, increases in inequality, increases in working class exploitation in the form of stagnating wages in the face of productivity, and increases in the privatization of state services representing domestic market expansion precede and correlate with the decline of civic trust. Further, as evidenced by the periods between 1982-1991 and 1996-2002 when trust levels increased, there is reason to confirm the secondary hypothesis that the counter tendencies of the use of credit, and international market expansion can actually help to rebuild some level of trust, as they increase the rate of profit without substantially burdening the domestic working class. One caveat to this secondary hypothesis is however, that while these counter tendencies can help to rebuild trust in the short term, they are shown to be insufficient at doing so in the long run. In

addition to these initial conclusions, the findings of this project also imply that the decline of trust can be viewed as an indicator of capitalism's decline expressed socially and gives reason to confirm the larger Marxist theory that there is a high degree of interaction between the economic base and social superstructure of society. Just as Marx theorized that the tendency for the rate of profit to fall would characterize the decline and growing instability of the capitalist economic system, based on the data it appears that the decline of civic trust similarly represents the decline and growing instability of the United States of America's political superstructure, at least empirically.

While initially one of the stated goals of this project was to develop potential ways in which civic trust may be re-developed, at this point it is no longer clear that this is the case. While this study has thus far treated civic trust as politically neutral, or perhaps even implied that high levels of civic trust were beneficial to the whole population, the very method by which this study has utilized to determine the cause of civic trust's decline necessitates that this attitude be called into question. If, as this study demonstrate, it is the case that the decline of civic trust is due to the internal crises of capitalism, which occur due to the interaction between the general tendency for the rate of profit to fall and its counter tendencies, the re-development of civic trust may be neither possible nor desirable for the majority of the population. From a Marxist perspective, the high level of civic trust which existed in the United States of America, perhaps the world's most salient optimization of a society encapsulated by the capitalist mode of production, following World War II and up until the mid 1960's seems to have developed to the benefit of the bourgeois capitalist class in particular. In this period the United States of America served as a home base for capitalism and imperialism against radical working class and socialist movements domestically and throughout the world, often with high initial degrees of public

support and trust including amongst sections of the working class. Essentially, the high level of civic trust felt amongst sections of the American working class seemingly prevented them from embracing an internationalist class consciousness or recognizing the class struggle which had won them the material situation of high wages and a sense of economic security in the first place, all to the great benefit of American capital. Then throughout the following decades, the capitalist class continuously sacrificed the material basis which allowed for civic trust to be developed in the first place in order to protect their profit rates. From this perspective, is it truly in the interests of the American working class to work towards redeveloping civic trust in the American capitalist state as a political goal, only for it to be sacrificed again by the capitalist class at a point of inevitable crisis, and all while allowing for the continued brutal exploitation of imperialized sections of the working class throughout the global south in the meantime? Additionally, based on the findings of this study, attempting to re-develop civic trust as a political goal assumes that the rate of profit would be able to be sufficiently raised, something which both may be materially impossible in the current era and would necessarily detriment the working class either domestically or internationally.

What may in fact be needed, from the perspective of the working class, is the development of an *Un-Civic Trust*. The findings of this study suggest that it is time to give up on attempts to recreate the social conditions of bygone eras. High levels of civic trust developed during a unique historical situation in the United States in which the US population experienced a situation of a high rate of profit, high wages in relation to productivity, large degrees of social organization, and a high degree of institutional legitimacy following World War II. In today's era, the situation is the exact opposite, and under the capitalist system re-establishing some of these conditions would come into direct contradiction with re-establishing other conditions, like for

example recoupling wages with productivity and increasing the rate of profit. As a result, in addition to the understanding that previously high levels of civic trust in the United States primarily served the interests of the capitalist class, rather than advocating for the re-development of civic trust it is far more appropriate at this point to recommend the development of trust between members of the working class. Rather than ignoring the factors of political economy which make civic trusts redevelopment impossible, the current situation instead calls for the development of trust and organization between members of the working class in opposition to the capitalist class which actively works against the working classes interests. In other words, an un-civic trust must be developed which attempts to gain the benefits of high levels of political trust within the workers movement, while remaining critical and in opposition to the bourgeois class and its state apparatus. The precise method or organizational form by which to pursue this goal goes beyond the scope of this project, however further theoretical and empirical research is necessary in relation to this conclusion.

Chapter 6 Section 2: Limitations

There are several limitations which this project faces. First and foremost, because this project deals primarily with the general movements of America's political economy, many specific historical events have been broadly generalized and taken for granted. Future research should look more specifically at individual historical events' role in the decline of trust in order to either further confirm or dispute the theory outlined here. While it is generally the opinion of this argument that many historical events not considered explicitly in this piece would in fact confirm the theory, case studies which would review each of the time periods above individually could investigate the role of certain historical events in far more depth. Additionally, while this

study did look at the development of trust and the rate of profit over a period of 54 years, more observations of these phenomena as time passes can only benefit the study further. More research is needed into the role of COVID-19 in the decline of civic trust in the last five years specifically, as this event contained a combination of economic, institutional, and social capital crises which would be beneficial to study. There is also a high necessity for further congruent studies on the rate of profit in order to further confirm the general theory that the rate of profit does in fact affect other social phenomena than just trust levels. It would follow from this study that the movement of the rate of profit would manifest itself in other social phenomena similar to civic trust.

Chapter 6 Section 3: Further Research

Based on the results of this study it becomes clear that further research is needed which studies the rate of profit's relationship to civic trusts decline in other cases. Now that a general theory which can explain civic trusts' decline has been outlined, it can be applied to other cases which do not have as much economic data available as the United States. Similar studies to this one should first and foremost be done on other wealthy liberal "democracies" such as Canada, Germany, France, the United Kingdom, Japan, and Australia in order to first see if the theory outlined in this piece applies to other cases with comparable histories, economies, and political structures. From there, additional studies which look at the rate of profits relationship to civic trust in dissimilar cases to that of the United States in order to test the universality of the theory this project develops. Applying the theory of this project onto other cases will be slightly more difficult due to the lack of economic data available for many counties, however comparing the case of the United States to other cases is crucial for advancing this project. Another way in

which more cases could be added to further test the theory would be to attempt to break down the US by its States and attempt to test the hypothesis in each state individually. This would obviously require a large amount of data collection but could be highly useful for future studies.

In addition to applying the theory of this project to other cases and as was alluded to previously, it is also important to conduct similar studies to this one which look at the role of the movement of the rate of profit on other social phenomena like the decline of trust. Phenomena identified in survey data like the decline in public approval of government, the rise of mental health issues, increases in reported feelings of loneliness amongst the population, and the rise of political polarization are all often discussed in relation to the decline of civic trust in much of the existing literature on trusts decline. Because of this and to further support the argument laid out above it is necessary to determine whether or not these phenomena may also be able to be explained, either in part or in full, by the movement of the rate of profit. If for example it can be shown that increases in loneliness amongst the population also relate to the rate of profit, there is further reason to suspect that both hypotheses would be correct. Regardless of exactly how further research on this subject is conducted, a goal of this project is to inspire further research which utilizes Marx's economic work to investigate political and social phenomena.

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