

Does Health Expenditure Build Trust? Evidence from OECD Countries, 2010–2022

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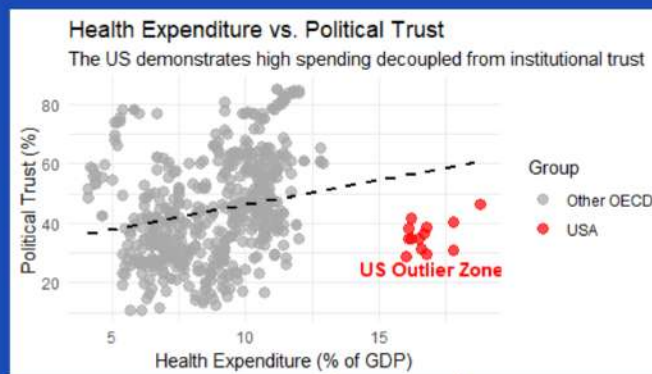
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Abstract

This longitudinal panel study of 36 OECD nations (2010–2022) by using fixed-effects modeling demonstrates that institutional trust is driven by service capacity and administrative efficiency rather than blatant health expenditure. The findings challenge traditional distributive politics theories, revealing that high out-of-pocket costs significantly erode institutional trust, rendering macro-level resource allocation a "hollow signal" when decoupled from tangible performance delivery.

Introduction

- A wide array of literature aligning with theories revolving around welfare/social policy and distributive politics contend that higher spending or credit claiming policies lead to higher public trust in the government (Mayher 1974, Gillisen et al. 2025).
- Mechanisms include perceptions of fairness and institutional effectiveness, as well as the strategic credit-claiming by politicians emphasized by Mayhew (1974).

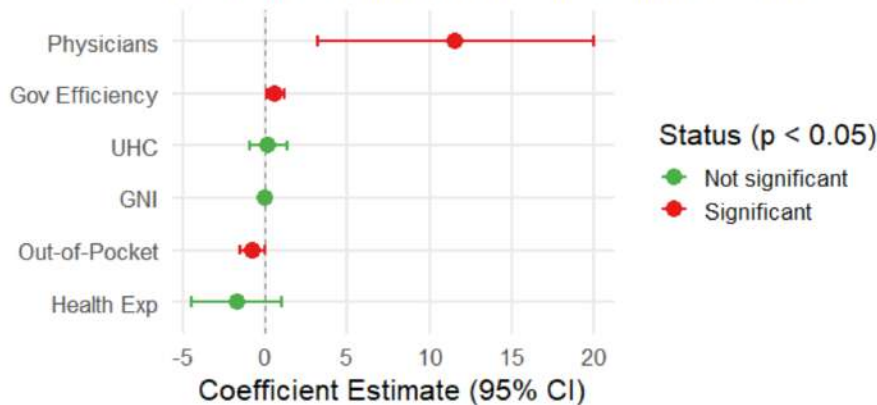


Methods

- This study utilizes a unbalanced longitudinal panel dataset comprising 36 OECD member nations over 13 years (2010–2022)
- To isolate the "within-country" drivers of trust, we employed a Fixed Effects (FE) Regression Model
- To address the Heteroskedasticity seen in outliers (like the US) and the Serial Correlation inherent in longitudinal data, we applied robust standard errors.

Results

Impact of Health Indicators on Political Trust Fixed Effects Model with Robust Standard Errors



Discussions

- The Credit-Claiming Failure: Spending is an input that the public treats as a "hollow signal" until it produces an output.
- Perceived Fairness in Question: When the financial burden shifts from the collective (taxes) to the individual (out-of-pocket), citizens perceive a breach of the state's protective mandate, leading to erosion of trust.

Conclusion

- Policy Implication: To bolster political trust, governments should prioritize increasing frontline healthcare capacity (staffing) and reducing individual financial burdens rather than simply increasing aggregate health budgets.
- Final Word: Trust is earned through tangible service delivery and efficient governance, not just fiscal allocation.

References

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