**Supplementary material 1 – Literature review**

This appendix provides a total, detailed literature review of the subject matter.

Although researchers have debated whether personal trust has any influence on important life outcomes [1-4], a growing body of evidence supports the notion that *personal trust* in terms of self-esteem does have consequences for people’s lives. One summary shows that there is a close relationship between high self-esteem and happiness [5-9], a relationship that studies, including longitudinal studies, indicate are in the direction of self-esteem to happiness [1, 10-13]. In particular, prospective studies suggest that self-esteem influences people’s success and well-being in the domains of social relationships [14-17], mental health [18-23], school and education [7, 8], work [5-8], and physical health [6, 7, 24]. For other reviews, see [24-27]. Altogether, these studies allow for relatively strong conclusions because many of the studies used large and representative samples, controlled for prior levels of the outcomes, and controlled for confounding factors such as gender, socioeconomic status, intelligence, and life events [28].

*Social trust,* also called interpersonal trust, concerns the expectation that people do not have dishonest intentions. Social trust is strongly associated with well-being in terms of happiness or life satisfaction (LS). When examining national differences in well-being, social trust has been shown to constitute a powerful explanatory factor [29-32]. People simply feel good about living in a society where people trust each other [33]. One aspect of this may be that social trust simplifies collaboration and promotes altruistic preferences in the population [34]. In general, people with high levels of social trust are more inclined to perceive that they have greater control of their lives and have better life chances [35, 36].

Economically, individuals, local communities and countries benefit from social trust in many ways [37]. Social interaction and economic transactions are less characterized by formalities, conflicts, legal processes, needs to verify other people’s actions [38], needs for control in working life [39], and transaction costs connected to ensuring compliance with agreements which ultimately takes time from productive work [40, 41]. Another economic benefit is that high levels of trust seems to help create favorable conditions for investment [38]. This way, social trust serves as a kind of lubricant for the economy [41-43]. One review of empirical studies calculated that an increase of ten percentage points in social trust can be expected to increase economic growth by half a percentage point [44].

Extending measured results of social trust from the individual to the societal level, enables comparisons of the social capital between different societal and geographical areas. Differences in social trust can to a large degree explain national differences in well-being [29-31]. Association between social trust and personal and national income (Gross Domestic Product, GDP) has been observed. This association is probably bidirectional [45]. An association between social trust and social class has also been observed [46]. The effect of social trust on well-being has been shown to exceed that of GDP over the long term. The effect of GDP, which was prominent over the short-term, was considerably reduced in favor of social trust over the long-term [47].

Well-being in terms of both happiness [48] and LS [49] seems to be associated with trust in a country’s institutions, called *political trust* or sometimes national trust [32, 48, 50]. One study found political trust and satisfaction with how the country is run, called *political satisfaction* or sometimes national satisfaction, to be stronger predictors of well-being than were trust in one’s social environment [49]. However, these findings were not confirmed in the USA [51]. The actual performance of the institution seems to influence the evaluation of political trust [31, 48, 52, 53]. Unfortunately, less is known about the role of political trust on political satisfaction.

Another factor that seems to affect well-being is income. *Personal income,* also called absolute income, seems to influence well-being in a positive direction [54, 55]. Much of this discussion concerns the association of income to material consumption. As regards, *community income,* a negative association with well-being has been found. But that is at the largest geographical level, e.g. provinces in Canada [56-60]. At the smallest level, e.g. neighborhood, the majority of studies observed positive associations between community income and well-being. This difference between the two sizes of communities is believed to reflect availability of public goods at the larger level and consumption at the smaller level [56, 58, 60-64].

However, the concept of average community income at the local level, is rather complex. It may reflect the overall wealth of the nation or group consumption as reflected in finer stores, homes, cars etc. in the richer communities, or crime, social and mental health problems etc. in the poorer communities [60]. As the size of the local level becomes smaller, also other factors such as trust and security seem to enter the picture [60]. At the local level, the findings sometimes reflect relative income rather than community income [60].

Well-being also varies between countries. For example, the Nordic countries have consistently been shown to have the highest levels of well-being in the world. Whereas countries in Eastern Europe score low in a European context [65-67]. Differences between countries in *national income*, e.g. Gross Domestic Product (GDP), may explain some of this variation. One study reported a strong, positive relationship between national income and subjective well-being [68]. Another explanatory factor might be differences in income inequality [69].

A central thesis in the discussion about the effect of income on well-being has been the Easterlin paradox [70-72]. Easterlin claimed that: “At a point in time happiness varies directly with income, but over time happiness does not increase when a country’s income increases”. Contesters to the paradox claim that the well-known relationship between well-being and GDP is linear with no upper satiation point [70-74]. Easterlin has rebutted this by claiming that these changes represent short-term changes in GDP, not long-term changes. Additionally, it has been shown that national income explains more of the variation in well-being than does personal income [75].

With few exceptions [68, 76], most of these studies address individual well-being, e.g. in terms of *personal LS,* not how satisfied individuals are with the social environment of their local community, e.g. closeness, respectfulness and helpfulness, called *social satisfaction,* or how satisfied they are with how their country is run. However, one study found that personal income is associated with social satisfaction [76]. Another study found that also community income is associated with social satisfaction [76]. Furthermore, one study found a strong positive association between national income and national satisfaction [53, 68].

However, although discussed extensively [71-74], overall, there is still uncertainty about which, how, and to what extent economic factors influence well-being [55, 71, 77, 78]. In particular, knowledge is lacking about the relative contribution of different types of income, e.g. personal, community or national, to different *facets of well-being*, including personal, social and political satisfaction. Is it personal income, community income or national income that matters the most, and which one of these matters the most to which facet of well-being [54, 55, 71, 77, 78]? Neither do we know much about how personal income and national income relate. Indications in the literature are mixed with both positive interaction [75] and negative [79]. Also, unfortunately, all these studies have been conducted in single countries and therefore do not reflect the association of the country level of income.

Trust is frequently used as an indicator of a society’s social capital [31, 80]. A moderating role of social capital has been suggested in different contexts. Moderation occurs when the direction and/or strength of a relationship between two variables depends on a third variable (interaction). A negative moderation indicates that the relationship between the dependent and independent variable, for example the slope, is weakened or flattened. A positive moderation means that it is strengthened, or the slope becomes steeper. For instance, one study found a moderating role of social capital on the relationship between national income (GDP) and well-being [81]. A moderating role of social capital in terms of resilience when exposed to different forms of adversity, has been reported [31, 82, 83]. Also, of note, one study reported that the relationship between well-being and perceived quality of society was weaker in countries with wealthy economies while the opposite was true in countries with deprivation [65]. However, precise studies on the moderating role of trust are scarce.

Altogether, with more or less certainty, it may seem that well-being, social satisfaction and political satisfaction are associated with trust and income in one way or other. Sometimes the effects of trust even seem to exceed the effects of income. We may therefore assume that in a negative moderation, when the level of trust is high, the association between income and well-being, social and political satisfaction will be weaker. And vice versa, when the level of trust is low, the association between income and well-being, social and political satisfaction will be stronger. Visualize: Following a fall in income, well-being will be less impaired when levels of trust are high than when levels of trust are low. In more technical terms, we hypothesize that trust, either personal, social or political, acts as a moderator of the relationships between income and satisfaction.

Since there are indications of association between well-being and both personal, community and national income, we may also expect that different domains of trust (e.g. personal, social, political), have separate relative associations at different structural levels of a society (e.g. individual, community, country) and to have separate moderating effect on personal, social and political satisfaction, respectively.

Furthermore, we suggest that part of the uncertainty about how income influences well-being [84-87] may be related to lack of accounting for the relative associations of factors at different socio-structural layers of the society (e.g. individual, community, country) [79, 88]. Since both personal, community and national income have been found to be associated with well-being, these economical determinants should be put together in one holistic model to be able to assess their relative contribution to a personal life satisfaction, social and political satisfaction. Although empirical support is currently weak, a corresponding way of reasoning could be applied to the association between trust and well-being.

Finally, since the relationship between well-being and perceived quality of society seems to be weaker in countries with wealthy economies while the opposite seems to be true in countries with deprivation [65], we assume that the relationship between income and well-being will vary between countries according to their levels of trust.

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