



# IW-Report 44/18

## Democratic Support and Corruption

Lessons from East Europe  
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## Abstract

It has been recognized that the support for democracy seems to be increasing with the time spent in a democratic system. An individual's life experience living under democratic rule positively affects the support for democracy as a political system. Therefore it seemed inevitable that the newly democratic eastern European member countries of the European Union would reap the benefits of democratization and slowly foster democratic support. However, recent backlashes to democratic rule in those countries seem to be contradictory. Therefore this paper investigates whether people's rising democratic capital in these new democracies also increases the support for democracy in those countries. Furthermore we examine if the quality of other institutions and especially corruption play a role in shaping the support for democracy and whether the positive effect of democratic capital on democratic support might be undermined. We find that the recent repercussions to democratic rule in eastern European countries are no coincidence. The effect of people's rising democratic capital on the support for democracy is negative in those countries. It has therefore been falling. Moreover, we establish that the increased experiences of corruption in these states undermine the support for democracy. Specifically, that democracy and corruption are complementary institutions. Only in the absence of corruption can the experience of democracy have its full effect on prodemocratic attitudes.

### **JEL-Klassifikation:**

D02 - Institutions: Design, Formation, Operations, and Impact

D72 - Political Processes: Rent-Seeking, Lobbying, Elections, Legislatures, and Voting Behavior

P37 - Socialist Institutions and Their Transitions: Legal Institutions; Illegal Behavior

## 1 Introduction: Democracy, Cooperation and Corruption

With the fall of the iron curtain the number of democratic states jumped to an all-time high (Marshall et al., 2017) and the end of history was proclaimed (Fukuyama, 1989). Meanwhile the fact that good institutions matter for economic development has also extensively been recognized in the scientific community (e.g. Acemoglu and Robinson, 2013). Especially the beneficial impact of democracy on growth (e.g. Acemoglu et al., 2016) or health (Besley and Kudamatsu, 2006; Gerring et al., 2012) has been established. Democracy also increases the preference for a market economy (Grosjean and Senik, 2011). Moreover it has been argued that democracy directly affects cooperative behavior. A couple of different settings provide evidence that if projects, rules or leaders can be selected in a participatory fashion subsequent cooperation or contributions are increased (Fearon et al., 2015; Grossman and Baldassarri, 2012; Olken, 2010). The same positive cooperation effects for endogenous choice have also been established in controlled laboratory environments (Dal Bó et al., 2010).

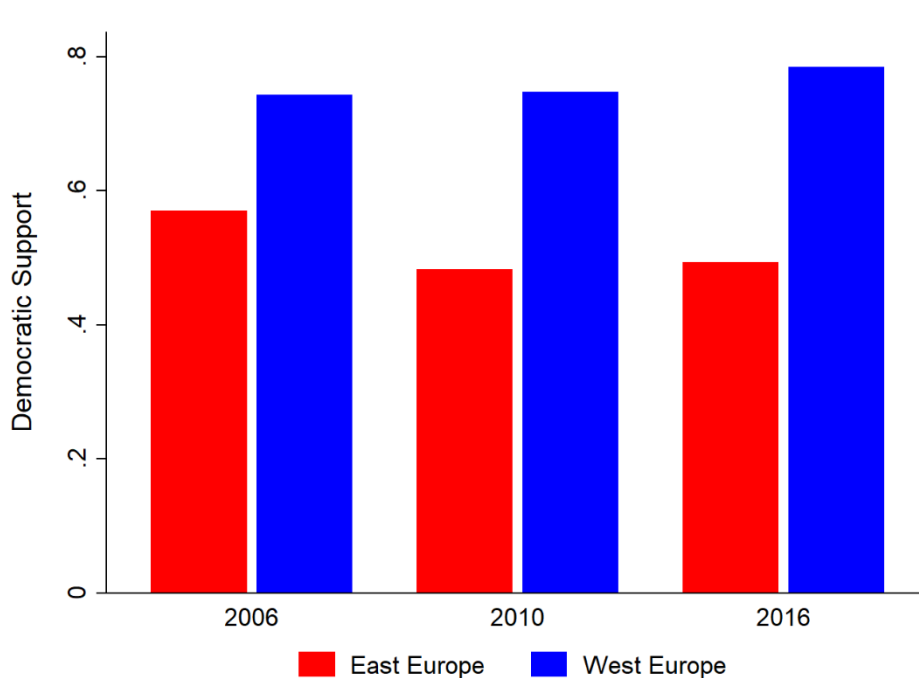
Therefore it does not seem surprising that the support for democracy slowly increases with the time spent under the system (Fuchs-Schündeln and Schündeln, 2015). The authors show that an individual's accumulated democratic capital as a measure of the life experience living under democratic rule positively affects his support for democracy as a political system. Therefore it seemed inevitable that the newly democratic eastern European member countries of the European Union<sup>1</sup> would reap the benefits of democratization and slowly foster democratic support.

However, the recent backlashes to democratic rule in those countries (e.g. Hungary, Poland) seem to be contradictory. And indeed the support for democracy has markedly decreased in these states (Figure 1-1). A number of corruption scandals (e.g. Slovakia, Romania) in the region point to the fact that the quality of democracy and other institutions may play a key role in determining the support for democracy. In fact, the extent of corruption has been, beyond anecdotal evidence, also on the rise (Figure 1-2).

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<sup>1</sup> Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. Henceforth called eastern European countries.

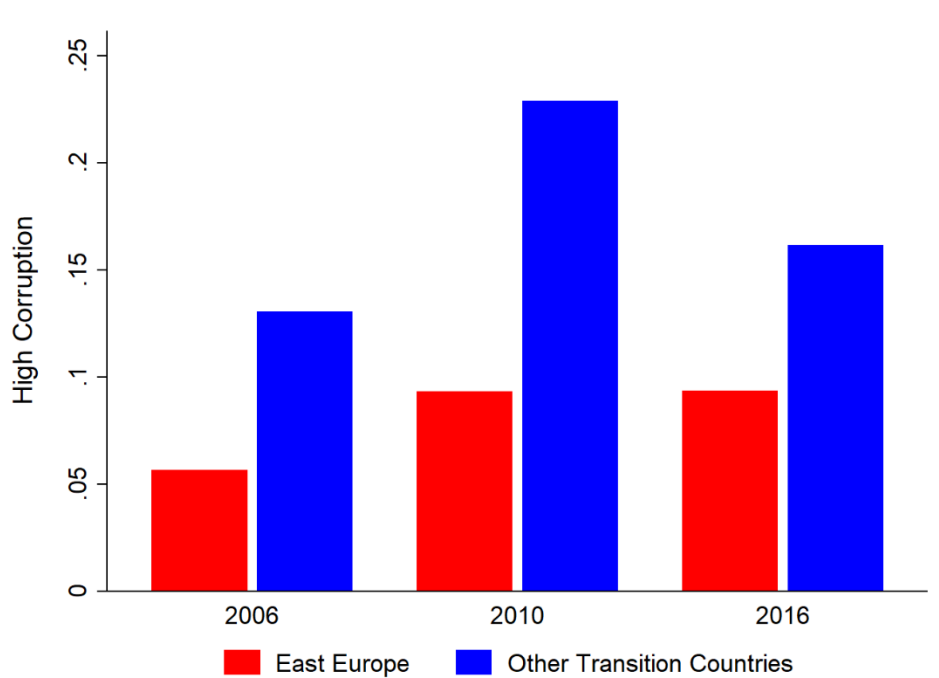
**Figure 1-1: Democratic Support over time in East and West Europe**



Data source: Life in Transition Survey; Democratic Support is measured as described in Section 2 “Data” and Table 2-1. Western European comparator countries include: Cyprus, France, Germany, Great Britain, Greece, Italy, Sweden and Turkey.

The ample negative effects of corruption have been extensively documented (e.g. Enste and Heldman, 2017). As a more informal type of institution it has been found to be an important obstacle to growth (e.g. Mauro, 1995) and to the level of generalized trust that people exhibit in the short (Banerjee, 2016; Beekman et al., 2014) or long run (Becker et al., 2016; Buggle, 2016). The level of trust in turn is a major determinant of economic development (Algan and Cahuc, 2010). Fisman and Miguel (2007) also already presented evidence that corruption norms perpetuate to other settings. A higher level of norm violations in a country is even associated with a higher propensity to cheat in a laboratory experiment measuring honesty (Gächter and Schulz, 2016). As a channel Peysakhovich and Rand (2016) suggest that institutional differences influence the internalization of different cooperation norms which carry over to cooperation outside of the institutional context. Hence, the experience of corruption might very well undermine the support for democracy.

**Figure 1-2: Extend of Corruption over time in East Europe and other transition countries**



Data source: Life in Transition Survey; High Corruption is measured as the share of respondents who report they had to make unofficial payments in interactions with public offices more often than “sometimes” (Section 2 “Data” and Table 2-1 for more details). Other transition countries include: Albania, Armenia, Azerbaijan, Belarus, Bosnia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Moldova, Mongolia, Montenegro, Russia, Serbia, Tajikistan, Ukraine and Uzbekistan.

Therefore this paper in a first step investigates whether people’s rising democratic capital increases the support for democracy also specifically in eastern European countries. Furthermore, we explicitly examine if the quality of other institutions namely corruption also play a role in shaping the support for democracy and the positive effect of democratic capital on democratic support might be undermined. We find that the effect of individual democratic capital on the support for democracy is negative in eastern European countries. Moreover, the results show that dissemination of corruption indeed undermines the support for democracy. Specifically, that those types of institutions are complements to each other. Only in the absence of corruption can the experience of democracy have its full effect on prodemocratic attitudes.

## 2 Data: Individual Data from Household Surveys

To investigate the effects of democratic capital and corruption on democratic support, we use data from two household surveys. Our primary data source is the Life in Transition Survey (LiTS) administered by the European Bank for Reconstruction and Development. It surveys a repeated cross section of individuals in all transition countries (EU members and nonmembers) as well as some western European comparator countries<sup>2</sup> and features three waves administered in recent years<sup>3</sup>. Our main variable of interest is the support for democracy as a political system (democratic support). As a measure of democratic support the LiTS offers a question on preferences for political systems. The share of people who answer that “Democracy is preferable to any other form of political system” is therefore a good measure of popular support for democracy (Table 2-1 for more details).

**Table 2-1: Variable Definitions**

| Variable             | Data Source               | Definition  |
|----------------------|---------------------------|---|
| Democratic Support   | Life in Transition Survey | Q311/Q412: (1 “Democracy is preferable to any other form of political system”; 0 otherwise)   |
|                      | World Value Survey        | Inglehart and Welzel Index (-6 to 6) =<br>E117: Having a democratic political system (0 “very bad” to 3 “very good”)<br>+ E123: Democracy may have problems but is better (0 “strongly disagree” to 3 “agree strongly”)<br>- E114: Having a strong leader (0 “very bad” to 3 “very good”)<br>- E116: Having the army rule (0 “very bad” to 3 “very good”) |
| Extent of Corruption | Life in Transition Survey | Q313/Q601/Q801: In your opinion, how often is it necessary for people like you to have to make unofficial payments/gifts in these situations? (0 “never” to 4 “always”) Mean of subquestions concerning: road police, official documents, courts, medical treatment, public education, public vocation, unemployment benefits, social security benefits   |
|                      | World Value Survey        | E196: Extent of political corruption (0 “almost no public officials are engaged” to 3 “almost all public officials are engaged”)  |

<sup>2</sup> EU member transition countries are: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. Non EU member transition countries are Albania, Armenia, Azerbaijan, Belarus, Bosnia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Moldova, Mongolia, Montenegro, Russia, Serbia, Tajikistan, Ukraine and Uzbekistan. Western European comparator countries include: Cyprus, France, Germany, Great Britain, Greece, Italy, Sweden and Turkey.

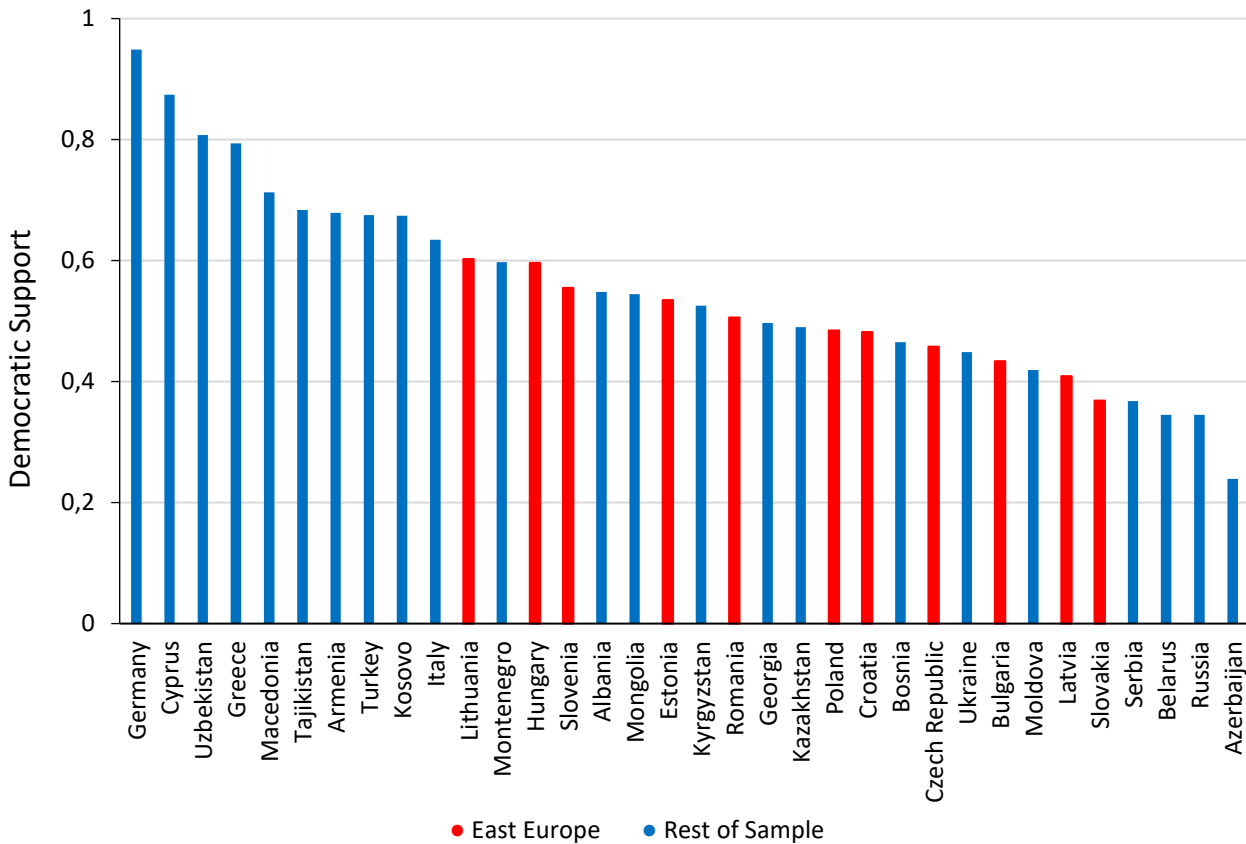
<sup>3</sup> 2006, 2010, 2016

|                         |                           |  |
|-------------------------|---------------------------|--|
| Success with illegality | Life in Transition Survey | Q306/Q308/Q409: In your opinion, which of the factors in this list is the most important to succeed in life in this country now? (1 “political connections”, “criminal/corrupt ties”; 0 otherwise) |
| Political Participation | Life in Transition Survey | Q704/Q715/Q912: How likely are you to ... (1 “would never do” to 3 “have done”) Mean of subquestions: attend demonstrations, participate in strikes, sign petitions                                |
| Working last year       | Life in Transition Survey | Q401/Q501/PRq502: Working for income past 12 months (1 “yes”; 0 otherwise)   |
| Wealth ladder           | Life in Transition Survey | Q211/Q330/PRq315: subjective household income ranking (1 to 10)  |
| Bribes justified        | World Value Survey        | F117: Someone accepting a bribe (1 “never justifiable” to 10 “always justifiable”)   |
| Political Interest      | World Value Survey        | E023: Interest in politics (1 “not at all interested” to 4 “very interested”)  |
| Employed                | World Value Survey        | X028: (1 “full time”, “part time”, “self employed”, “students”, “other”; 0 otherwise)  |
| Social Class            | World Value Survey        | X045: Subjective social class (1 “lower class” to 5 “upper class”)   |

Source: Own Overview

Democratic support varies greatly between the countries in the sample (Figure 2-1). In 2016 it was as high as 95 % in Germany and as low as 24 % in Azerbaijan. Remarkable is that in eastern European countries the share is well below the one in western European countries. This could be explained by the longer time spend under a democratic system by western European citizens as mentioned in the introduction (Fuchs-Schündeln and Schündeln, 2015). But surprisingly, the democratic support in eastern European countries is also below the one in some other transition countries, which to some extent have been even shorter or not at all democratic.



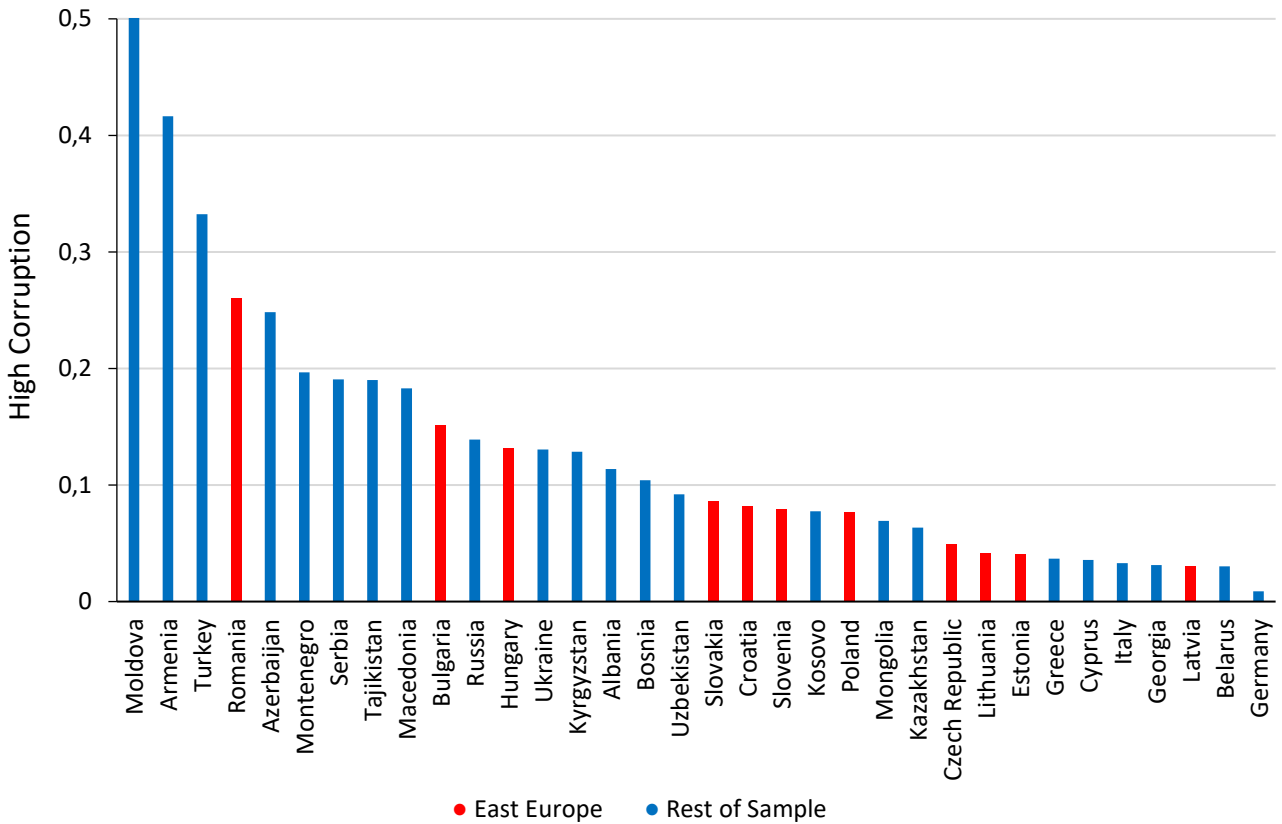
**Figure 2-1: Democratic Support in 2016**


Data source: Life in Transition Survey; Democratic Support is measured as described in section 2 “Data” and Table 2-1.

One of the main explanatory variables for this observation is people’s personal corruption experiences (extent of corruption). The LiTS asks all respondents how often they have to make unofficial payments in interactions with different public offices on a scale from 0 “never” to 4 “always”. We take the mean of all these situations to get a fairly objective measure of personal corruption experiences (Table 2-1 for more details)<sup>4</sup>. To further aggregate the extent of corruption we define high corruption as personal corruption experiences which happen more often than “sometimes” (or a mean higher than 2 on the scale) and low corruption as the opposite.

The extent of corruption differs significantly between countries (Figure 2-2). In 2016 the share of respondents who report they had to make unofficial payments in interactions with public offices more often than sometimes is merely 0.9 % in Germany while it is 50 % in Moldova. Noticeable again is that the extent of corruption in eastern European countries is comparable to the one in other transition countries.

<sup>4</sup> We refrain from discussing whether corruption experiences are reported honestly since it is a highly debated topic on its own without a conclusive answer. In this context it is the best available measure and preferable to a question concerning the perception of the extent of corruption.

**Figure 2-1: Extend of Corruption in 2016**


Source: Life in Transition Survey; High Corruption is measured as the share of respondents who report they had to make unofficial payments in interactions with public offices more often than “sometimes” (see table 2-1 for details).

The other main explanatory variable is a measure of the life experience living under democratic rule, the accumulated individual democratic capital (Democratic Capital). Following Fuchs-Schündeln and Schündeln (2015) this is compiled from the polity 2 index of the Polity IV project (Marshall et al., 2017) and then matched with the individual survey data. Democratic Capital for respondent  $i$  of age  $i$  is defined as

$$DemocraticCapital_{ijt} = \sum_{\tau=\max(t_0, t-age_i)}^t \delta^{t-\tau} democratic_{j\tau} \quad (I)$$

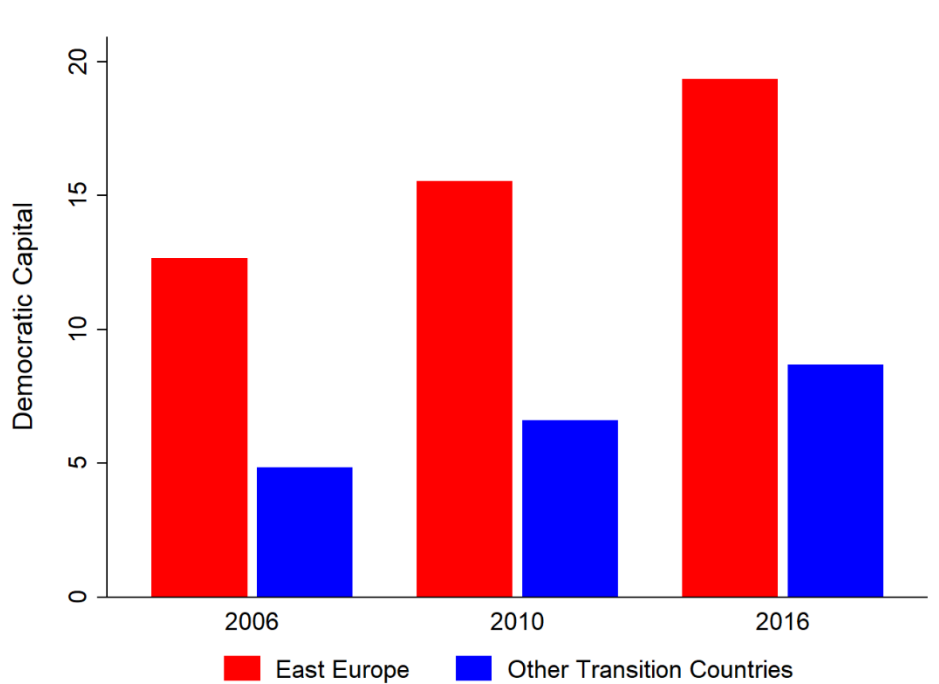
where  $democratic_{jt}$  indicates whether country  $j$  was democratic in year  $t$  according to the Polity 2 index<sup>5</sup> from  $t_0$  onwards<sup>6</sup>. Since democracy or autocracy experiences are of lesser importance if they lie more in the past, democratic capital similar to other capital depreciates. In accordance with Fuchs-Schündeln and Schündeln (2015) we set the depreciation rate at 2 % ( $\delta=0.98$ ).

<sup>5</sup> A value of 6 or greater of the Polity 2 index for country  $j$  year  $t$  defines a country as democratic and  $democratic_{jt}$  as being equal to 1.

<sup>6</sup>  $t_0$  is the earliest available year of Polity 2 data which is for most countries 1946.

The average democratic capital of the eastern European countries has risen over time as they have been almost entirely democratic from 1990 until today (Figure 2-3). The democratic capital of the other transition countries while slowly accumulating as well remains way below as fewer states have become democracies.

**Figure 2-3: Democratic Capital in East Europe and other transition countries**



Data Source: Life in Transition Survey; Democratic Capital (see table 2-1 for details).

To make our analysis comparable to the work of Fuchs-Schündeln and Schündeln (2015) we additionally use as alternative data source the World Value Survey (WVS), a repeated cross section of individuals around the world. Again the individual survey data is matched with the calculated democratic capital. As a measure of democratic support following Fuchs-Schündeln and Schündeln (2015) we construct the Inglehart and Welzel Index (Inglehart and Welzel, 2003). The index aggregates four different questions concerning democracy/autocracy from the WVS (Table 2-1 for a detailed definition). All of the included questions were only asked in wave 3 and 4 of the survey. Therefore the analysis with WVS data is limited to these years. As a measure of the extent of corruption the WVS offers a question on how many public officials are engaged in political corruption. Unfortunately, this question on people’s perception of the extent of political corruption is only featured in wave 3 which further restricts the WVS sample.

### 3 Models for the Analysis of Democratic Support

We build on the analysis of Fuchs-Schündeln and Schündeln (2015) and, since we are mainly interested in the effect of democratic capital on democratic support in eastern European countries, add an indicator variable *EastEurope* and an interaction with the democratic capital variable to the specification. Therefore we estimate

$$\begin{aligned}
 \text{DemocraticSupport}_{ijt} = & \hspace{15em} \text{(II)} \\
 & \alpha + \beta_1 \text{DemocraticCapital} + \beta_2 (\text{EastEurope})(\text{DemocraticCapital}) + \beta_3 (\text{EastEurope}) + \beta_4 X'_{ijt} + \vartheta_{jt} + \varepsilon_{ijt}
 \end{aligned}$$

with *DemocraticSupport*<sub>ijt</sub> being a share (LiTS) or an index (WVS) depending on the data source<sup>7</sup>. We add a vector of individual controls  $X_{ijt}$  and country-year fixed effects  $\vartheta_{jt}$ . The individual controls are age and education categories as well as the gender of the respondent. As Fuchs-Schündeln and Schündeln (2015) have convincingly argued variation in individual democratic capital is exogenous and the addition of country-year fixed effects accounts for all unobservable factors unique to one country in a particular year.

In a second step we investigate whether the quality of other institutions namely corruption also play a role in shaping the support for democracy. Therefore we add the extent of corruption as an explanatory variable and interact it with democratic capital. As the personal experience of corruption beyond country year specific causes (which are captured by the fixed effects) might be influenced by other factors such as behavior or values we add a wealth of additional individual controls to account for possible endogeneity (Table 2-1 for more details). These controls are a subjective measure of income (LiTS) or social class (WVS) and an indicator of employment in the last year (LiTS) or in life (WVS) as those might determine how often respondents encounter corruption, as well as a measure of political participation (LiTS) or interest (WVS) and a measure of justification of illegal behavior (LiTS) or bribes (WVS) since these could potentially shape the respondents' perception of corrupt acts. Hence we estimate

$$\begin{aligned}
 \text{DemocraticSupport}_{ijt} = & \hspace{15em} \text{(III)} \\
 & \alpha + \beta_1 \text{DemocraticCapital} + \beta_2 (\text{Corruption})(\text{DemocraticCapital}) + \beta_3 (\text{Corruption}) + \beta_4 X'_{ijt} + \vartheta_{jt} + \varepsilon_{ijt}
 \end{aligned}$$

<sup>7</sup> We refrain from employing probit or ordered probit estimations and use ordinary least square estimations instead since we only have one estimation without interactions.

As we are especially interested in the specific experience of eastern European countries we combine (II) and (III) and introduce a triple interaction of *EastEurope*, *DemocraticCapital* and *Corruption*

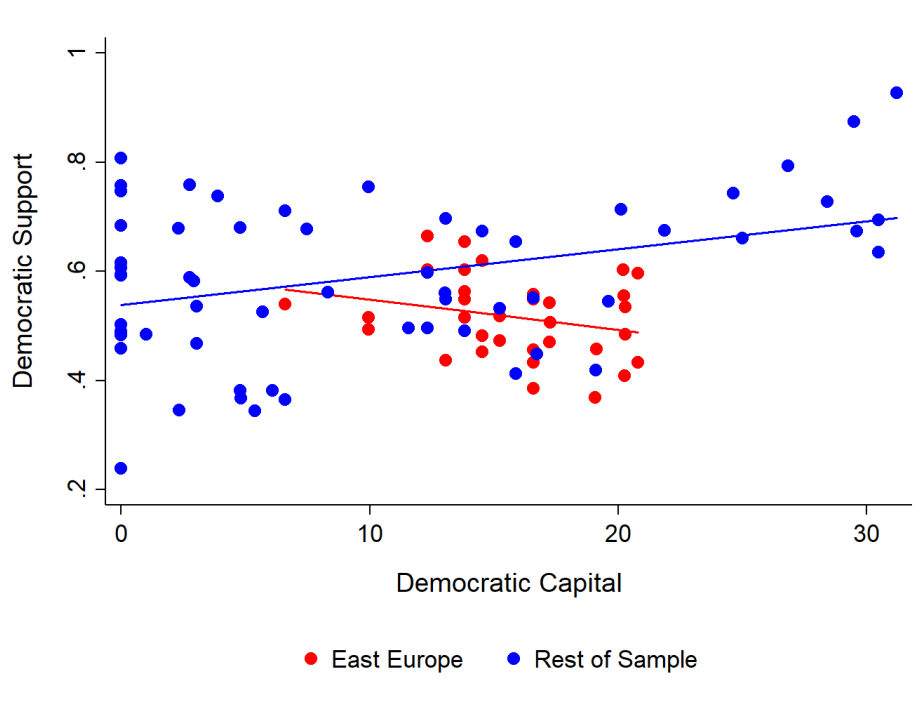
$$\begin{aligned}
 \text{DemocraticSupport}_{ijt} = & \hspace{20em} \text{(IV)} \\
 & \alpha + \beta_1 \text{DemocraticCapital} + \beta_2 (\text{EastEurope})(\text{DemocraticCapital}) + \beta_3 (\text{EastEurope}) + \beta_4 (\text{Corruption}) + \\
 & \beta_5 (\text{Corruption})(\text{DemocraticCapital}) + \beta_6 (\text{EastEurope})(\text{Corruption})(\text{DemocraticCapital}) + \beta_7 X_{ijt} + \vartheta_{jt} + \varepsilon_{ijt}
 \end{aligned}$$

to investigate whether in these states the positive effect of democratic capital on democratic support might be undermined by corruption experiences.

## 4 Empirical Results

We begin by estimating our model (II) without the *EastEurope* dummy to reproduce the finding by Fuchs-Schündeln and Schündeln (2015) that higher democratic capital increases the support for democracy in the broad WVS sample (Table 4-1 column 1). However, as soon as we include the *EastEurope* interaction we see that for eastern European countries this does not hold (Table 4-1 column 2-3). The support for democracy in these states is higher than the average support in all other countries of the world as can be seen by the positive and significant coefficient of the *EastEurope* dummy. But the effect of democratic capital (*DemocraticCapital* and the *EastEurope\*DemocraticCapital* combined) on democratic support is significantly negative. This result also holds once we use our preferred and more extensive LiTS data (Table 4-2 column 1, the combined effect has an  $F = 6.14$  and  $p = 0.015$ ) and the effect is sizable. Every additional year of living in a democracy lowers in eastern European countries the support for democracy as a form of governance by 0.5 percentage points. The result is also depicted in Figure 4-1 which clearly shows the negative relationship of democratic capital and democratic support for the eastern European countries and the positive one for all other countries.

**Figure 4-1: Democratic Support and Democratic Capital**



Data Source: Life in Transition Survey; Democratic Support and Democratic Capital is measured as described in Table 2-1; the dots represent the respective country year averages, the lines a linear fit for these average dots. The rest of the sample comprises the western European comparator countries and the other transition countries.

**Table 4-1: Democratic Support, Democratic Capital and Corruption (WVS)**

|  | Democratic Support (Inglehart Welzel Index) |                          |                          |                         |                          |
|--|---|--------------------------|--------------------------|-------------------------|--------------------------|
|  | (1)   | (2)                      | (3)                      | (4)                     | (5)                      |
| Democratic Capital                               | 0.04017***<br>(0.00979)                     | 0.04017***<br>(0.00979)  | 0.04470***<br>(0.01419)  | 0.05975***<br>(0.01491) | 0.06253***<br>(0.01484)  |
| (East Europe) *<br>(Democratic Capital)          |   | -0.09743***<br>(0.01311) | -0.10994***<br>(0.02078) |                         |                          |
| East Europe                                      |   | 2.48094***<br>(0.06847)  | 2.46097***<br>(0.10445)  |                         |                          |
| (Democratic Capital) *<br>(Extent of Corruption) |   |                          |                          | -0.01070**<br>(0.00428) | -0.01194***<br>(0.00412) |
| Extent of Corruption                             |   |                          |                          | 0.03841<br>(0.07030)    | 0.05577<br>(0.07004)     |
| Age11-20   | -0.06492<br>(0.07048)                       | -0.06492<br>(0.07048)    | 0.04464<br>(0.09417)     | 0.02587<br>(0.09499)    | 0.06099<br>(0.11482)     |
| Age 21-30  | 0.01103<br>(0.06241)                        | 0.01103<br>(0.06241)     | 0.09569<br>(0.08609)     | 0.10278<br>(0.08744)    | 0.09762<br>(0.09827)     |
| Age 31-40  | 0.04701<br>(0.05118)                        | 0.04701<br>(0.05118)     | 0.11198<br>(0.06798)     | 0.12827*<br>(0.07041)   | 0.09562<br>(0.08052)     |
| Age 41-50  | 0.07059<br>(0.04636)                        | 0.07059<br>(0.04636)     | 0.10745<br>(0.06509)     | 0.11531*<br>(0.06791)   | 0.05769<br>(0.07727)     |
| Age 51-60  | 0.08596**<br>(0.03501)                      | 0.08596**<br>(0.03501)   | 0.12898***<br>(0.04056)  | 0.13782***<br>(0.04348) | 0.09167*<br>(0.04874)    |
| Primary Education                                | 0.08240<br>(0.07326)                        | 0.08240<br>(0.07326)     | 0.13269<br>(0.12200)     | 0.12751<br>(0.12807)    | 0.12367<br>(0.13335)     |
| Secondary Education                              | 0.38664***<br>(0.07846)                     | 0.38664***<br>(0.07846)  | 0.45028***<br>(0.14579)  | 0.44035***<br>(0.15132) | 0.39998**<br>(0.15061)   |
| Postsecondary<br>Education                       | 0.91281***<br>(0.09119)                     | 0.91281***<br>(0.09119)  | 1.04667***<br>(0.15661)  | 1.02413***<br>(0.15997) | 0.93756***<br>(0.14849)  |
| Male   | 0.09670***<br>(0.02195)                     | 0.09670***<br>(0.02195)  | 0.08929***<br>(0.02306)  | 0.08743***<br>(0.02317) | 0.03917<br>(0.02927)     |
| Bribes justified                                 |   |                          |                          |                         | -0.09010***<br>(0.01295) |
| Political Interest                               |   |                          |                          |                         | 0.15415***<br>(0.03961)  |
| Employed   |   |                          |                          |                         | 0.13869***<br>(0.03945)  |
| Social Class                                     |   |                          |                          |                         | -0.02555<br>(0.04491)    |

|                |                         |                         |                         |                         |                        |
|----------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Constant       | 1.29805***<br>(0.06183) | 1.29805***<br>(0.06183) | 1.26779***<br>(0.08949) | 1.02223***<br>(0.36207) | 1.00274**<br>(0.39506) |
| N              | 80414                   | 80414                   | 45614                   | 42062                   | 36841                  |
| R <sup>2</sup> | 0.227                   | 0.227                   | 0.207                   | 0.211                   | 0.226                  |
| Survey Waves   | 3-4                     | 3-4                     | 4                       | 4                       | 4                      |

The table reports the results of ordinary least squares estimations. Standard errors clustered at the country year level are in parentheses. Significance is denoted by +  $p < .15$ , \*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$ . The omitted age category is older than 60 years; the omitted education category is no education. Data Source: World Value Survey

This results seems counterintuitive at first, but points to the fact that the quality of democracy and other institutions may play a key role in determining the support for democracy. Hence, we estimate (III) which includes the experience of corruption as an explanatory variable. And the results show that dissemination of corruption indeed undermines the support for democracy (Table 4-1 columns 4-5). The effect of democratic capital on democratic support remains positive for the full WVS sample (see the significantly positive coefficient for *DemocraticCapital*) but is getting smaller the bigger the extent of corruption is (the significantly negative coefficient for *DemocraticCapital\*Extent of Corruption*). This means that Democracy and Corruption are complements to each other. Only in the absence of corruption can the experience of democracy have its full effect on prodemocratic attitudes. The included controls also have significant effects on democratic support. In line with Fuchs-Schündeln and Schündeln (2015) male, older and more educated respondents exhibit a higher support for democracy. And the additional controls yield interesting results, too. People who are interested or participate in politics and condemn bribes or illegal behavior show more prodemocratic attitudes as well as those who have work and are richer<sup>8</sup>.

When we look at our preferred LiTS data we see similar results. Here the complementarity effect between democratic capital and corruption is not significant, but nonetheless we have a significantly negative effect of corruption experiences on democratic support (Table 4-2 columns 2-3).

<sup>8</sup> Not significantly so for the WVS data which could be attributed to the fuzzy measure of social class.



**Table 4-2: Democratic Support, Democratic Capital and Corruption (LiTS)**

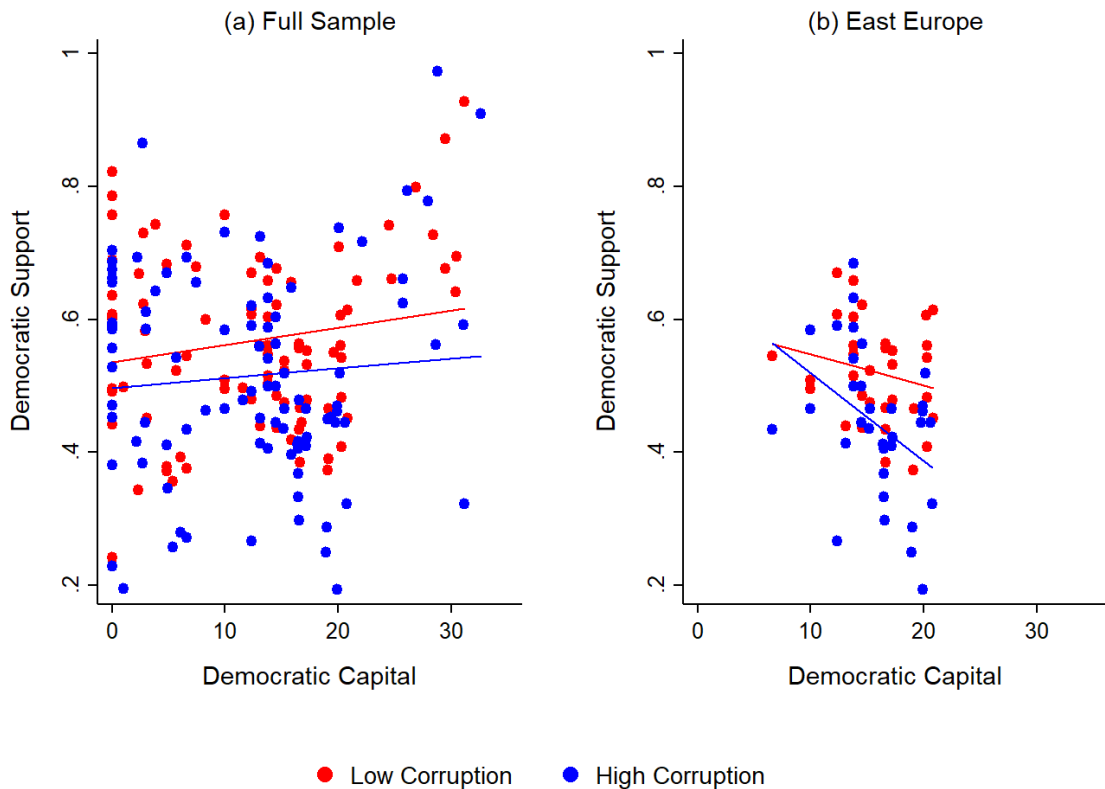
|   | Democratic Support      |                         |                          |                         |                          |
|---|-------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|   | (1)                     | (2)                     | (3)                      | (4)                     | (5)                      |
| Democratic Capital  | 0.00949***<br>(0.00201) | 0.00954***<br>(0.00193) | 0.00912***<br>(0.00192)  | 0.00968***<br>(0.00196) | 0.00912***<br>(0.00197)  |
| (East Europe) *<br>(Democratic Capital)                             | -0.01428+<br>(0.00891)  |                         |                          | -0.01493*<br>(0.00838)  | -0.00527<br>(0.01029)    |
| East Europe   | 0.00997<br>(0.17625)    |                         |                          | 0.01466<br>(0.16404)    | -0.16850<br>(0.20398)    |
| (Democratic Capital) *<br>(Extent of Corruption)                    |                         | -0.00004<br>(0.00059)   | -0.00036<br>(0.00069)    | 0.00032<br>(0.00064)    | 0.00005<br>(0.00080)     |
| Extent of Corruption  |                         | -0.01777**<br>(0.00813) | -0.01564*<br>(0.00901)   | -0.01885**<br>(0.00833) | -0.01767*<br>(0.00932)   |
| (East Europe) *<br>(Extent of Corruption)                           |                         |                         |                          | 0.04074<br>(0.02988)    | 0.04586<br>(0.03336)     |
| (East Europe) *<br>(Democratic Capital) *<br>(Extent of Corruption) |                         |                         |                          | -0.00323*<br>(0.00176)  | -0.00343*<br>(0.00202)   |
| Age11-20  | 0.12127***<br>(0.01420) | 0.12760***<br>(0.01440) | 0.08244***<br>(0.01616)  | 0.12256***<br>(0.01446) | 0.08084***<br>(0.01622)  |
| Age 21-30   | 0.07784***<br>(0.01050) | 0.08176***<br>(0.01059) | 0.04929***<br>(0.01203)  | 0.08080***<br>(0.01054) | 0.04904***<br>(0.01196)  |
| Age 31-40   | 0.05845***<br>(0.00918) | 0.06130***<br>(0.00922) | 0.03530***<br>(0.01058)  | 0.06101***<br>(0.00921) | 0.03525***<br>(0.01057)  |
| Age 41-50   | 0.06260***<br>(0.00830) | 0.06448***<br>(0.00830) | 0.03341***<br>(0.00907)  | 0.06419***<br>(0.00828) | 0.03342***<br>(0.00905)  |
| Age 51-60   | 0.04147***<br>(0.00657) | 0.04232***<br>(0.00660) | 0.02358***<br>(0.00797)  | 0.04217***<br>(0.00657) | 0.02363***<br>(0.00794)  |
| Primary Education   | -0.01591<br>(0.01902)   | -0.01583<br>(0.01903)   | -0.00206<br>(0.01997)    | -0.01546<br>(0.01903)   | -0.00193<br>(0.01995)    |
| Secondary Education   | 0.05867***<br>(0.01605) | 0.05798***<br>(0.01587) | 0.04939***<br>(0.01677)  | 0.05850***<br>(0.01588) | 0.04948***<br>(0.01674)  |
| Postsecondary<br>Education  | 0.14173***<br>(0.01838) | 0.14079***<br>(0.01817) | 0.11298***<br>(0.01801)  | 0.14139***<br>(0.01820) | 0.11311***<br>(0.01797)  |
| Male  | 0.02489***<br>(0.00411) | 0.02526***<br>(0.00424) | 0.01560***<br>(0.00470)  | 0.02526***<br>(0.00424) | 0.01567***<br>(0.00470)  |
| Success with illegality   |                         |                         | -0.06637***<br>(0.00853) |                         | -0.06646***<br>(0.00856) |
| Political Participation   |                         |                         | 0.06222***<br>(0.00780)  |                         | 0.06220***<br>(0.00782)  |

|                   |                         |                         |                         |                         |                         |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Working last year |                         |                         | 0.02758***<br>(0.00623) |                         | 0.02741***<br>(0.00621) |
| Wealth ladder     |                         |                         | 0.01523***<br>(0.00276) |                         | 0.01513***<br>(0.00276) |
| Constant          | 0.53179***<br>(0.02156) | 0.55291***<br>(0.02266) | 0.43437***<br>(0.02843) | 0.55155***<br>(0.02302) | 0.43494***<br>(0.02854) |
| N                 | 103433                  | 101233                  | 67511                   | 101233                  | 67511                   |
| R <sup>2</sup>    | 0.084                   | 0.084                   | 0.087                   | 0.084                   | 0.088                   |

The table reports the results of ordinary least squares estimations. Standard errors clustered at the country year level are in parentheses. Significance is denoted by +  $p < .15$ , \*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$ . The omitted age category is older than 60 years; the omitted education category is no education. Data Source: Life in Transition Survey

This can also be seen in Figure 4-2 (a). For higher corruption the line depicting the relationship between democratic capital and democratic support is getting flatter. It lies below the line for low corruption illustrating the effect of corruption on democratic support.

**Figure 4-2: Democratic Support, Democratic Capital and Corruption**



Data Source: Life in Transition Survey; Democratic Support is measured as described in Table 2-1, Democratic Capital is measured as described in Section 2 “Data and Empirical Strategy”, High/Low Corruption is measured as described in Figure 1-2; the dots represent the respective country year averages, the lines a linear fit for these average dots.

However, as soon as we additionally account for differential effects for eastern European countries and estimate (IV) we see the complementarity between corruption and democratic capital at work again (Table 4-2 columns 4-5). Pervasive corruption does not only have a significantly negative effect on democratic support for all countries, but for eastern European states also undermines the positive effect of democratic capital on democratic support. And this effect is getting significantly more negative the higher corruption is, as can also be seen in Figure 4-2 (b). These effects are of substantial magnitude. An increase of corruption experiences by 1 point on the 5 point scale directly reduces democratic support by around 1.8 percentage points. Additionally in eastern European countries an exemplary increase of corruption experiences from high to very high would at the current level of democratic capital of around 20 reduce support for democracy by 6 percentage points. These numbers give rise to the fact that the quality of democracy namely the absence of corruption plays a key role in determining the support for democracy.

## 5 Conclusion

This paper has shown that the recent backlashes to democratic rule in eastern European countries are no coincidence since the effect of people's rising democratic capital on the support for democracy is negative in those countries which has therefore been falling. Moreover, we have established that the quality of other institutions namely corruption play a key role in shaping the support for democracy and that the rising experiences of corruption in these states undermine the support for democracy. More specifically that those types of institutions are complements to each other. Only in the absence of corruption can the experience of democracy have its full positive effect on prodemocratic attitudes.

These results indicate that democracy does not flourish on its own. And they might also give some advice why efforts to reshape specific institutions have oftentimes failed to bring long run success (e.g. Casey et al., 2012). To establish new democracies and foster prodemocratic support, it is important to improve not only the *de iure* but also the *de facto* institutional quality. The transition of the eastern European states to a democratic system was a massive achievement, but it has to be backed up by improvements in the quality of all other institutions. Otherwise, all the hard fought accomplishments could easily dwindle again. Tackling corruption is one of the major steps in this direction (see Enste/ Heldman, 2017).

## 6 References

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