

Pocketbook vs. Sociotropic Corruption Voting

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Corruption has become a popular topic of study

- causes of corruption
- economic consequences of corruption

Political consequences of **corruption** have been relatively well documented:

- lowers **trust** in political system and **legitimacy** of institutions (e.g. Anderson and Tverdova 2003, Seligson 2002)
- depresses **turnout** (e.g. Chong et al. 2011, Davis et al. 2004)
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But what are the **individual level channels**?

Findings in the literature driven more by data availability than by theory.

Argument I: Theorizing the Effect of Corruption on Voting

Focus on **corruption** and **vote choice** – understudied in developing countries compared to other consequences of corruption.

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Not first to use data on either channel, but first to posit the two channels **explicitly** and examine them **jointly**.

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Literature on corruption measurement shows the two only weakly related:

- exposure predicts perception of administrative & grand corruption equally badly
- change in experience not related to change in perception
- attitude toward bribing related to exposure, but not to perception

Table: Partial Correlations between Experience and Perception

| | Eurobarometer | Transparency International |
|--------------------------------------|----------------------|----------------------------|
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| National politicians | -0.01 (-0.03, 0.01) | . |
| Regional politicians | 0.02 (-0.00, 0.04) | . |
| Local politicians | 0.04 (0.02) | . |
| Police | 0.08 (0.06, 0.10) | 0.09 (0.07, 0.11) |
| Judiciary | 0.03 (0.01, 0.05) | 0.06 (0.04, 0.08) |
| Health | 0.16 (0.14, 0.18) | 0.18 (0.16, 0.20) |
| Education | 0.10 (0.08, 0.12) | 0.10 (0.08, 0.12) |

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Assumptions:

Individual-level

- 1 certainty about own exposure (or that of immediate surrounding) inherently **high**
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Table: Predicted probability of a “don’t know” response

| | Eurobarometer | Transparency International |
|-----------------------|-------------------------|----------------------------|
| Corruption experience | 0.033 (0.032, 0.034) | 0.033 (0.032, 0.034) |
| Corruption perception | 0.077 (0.076, 0.079) | 0.116 (0.114, 0.118) |

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- 1 certainty about exposure **stable** on average since bribe extortion slow-changing
- 2 certainty about societal corruption **varies** based on **information/signals coming from elites**. May be higher:
 - when there are corruption scandals/resignations/revelations
 - during campaigns, when opposition amps up accusations
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So, **Claim II**: Pocketbook corruption voting stable over time (if exists); sociotropic varies over time.

Data **not** easy to find. Given our theory, we want:

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But, we were able to find decent data from **Slovakia** as a first pass.

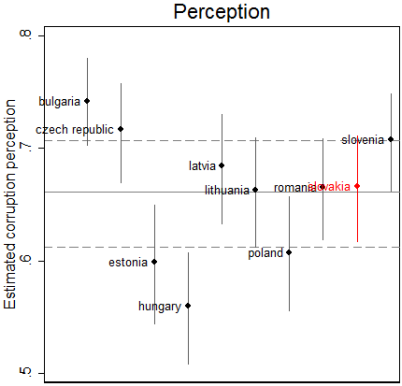
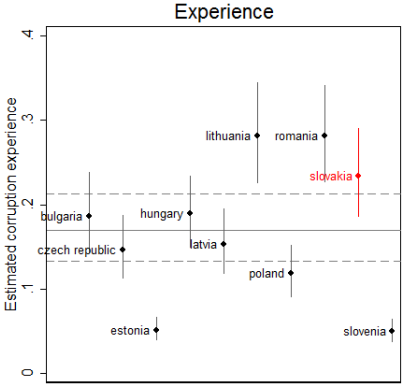
Slovakia a **good test case**. Why? Corruption seems very salient in Central & Eastern Europe:

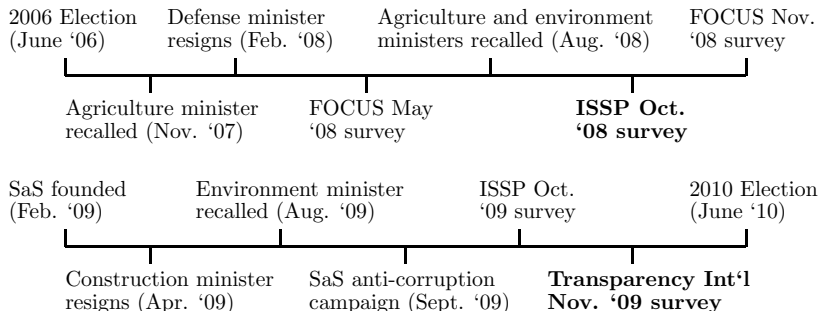
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Table: Corruption experience and perception in post-communist and other EU member-states

| | Post-communist EU members | Other EU members |
|--|------------------------------|----------------------|
| Eurobarometer | | |
| Bribe Experience (in previous year) | .165 (.130, .207) | .045 (.035, .058) |
| Corruption perception (among national politicians) | .658 (.609, .704) | .584 (.537, .630) |
| Transparency International | | |
| Bribe experience (in previous three years) | .244 (.217, .274) | .081 (.071, .092) |
| Corruption perception (among political parties) | .853 (.827, .873) | .744 (.700, .779) |

And Slovakia pretty much the **median** country in the region:





1 **Binary vote choice** using standard logit:

$$Pr(\text{vote}_i = 1) = \frac{1}{1 + e^{-\mathbf{x}_i\beta}},$$

\mathbf{X}_i : corruption exposure; perception; previous vote choice; demographics; geography; policy issues; ideology

2 **Multinomial vote choice** using nested logit:

Probability of choosing a nest and a party,

$$P_{nk} = \frac{e^{\mathbf{x}_i\beta + \lambda_k I_{nk}}}{\sum_{k \in K} e^{\mathbf{x}_i\beta + \lambda_l I_{nl}}} \frac{e^{\frac{z_{ni}\gamma}{\lambda_k}}}{\sum_{m \in N_k} e^{\frac{z_{mi}\gamma}{\lambda_l}}},$$

$\lambda_k I_{nk}$: expected utility to individual i from each party n in a nest k

\mathbf{X}_i : corruption exposure; perception (β_k vary over nests)

\mathbf{Z}_{ni} distance on issues and ideology of each individual to a party; previous vote choice (γ vary over each party)

- Pocketbook effect present and stable across time

Table: Marginal effect of corruption experience

| | Marginal effect | Standard error | One-tailed p -value | Two-tailed p -value |
|-------------------|-----------------|----------------|-----------------------|-----------------------|
| May 2004 TI | -0.078 | 0.053 | 0.072 | 0.143 |
| March 2006 TI | -0.070 | 0.029 | 0.009 | 0.018 |
| October 2008 ISSP | -0.130 | 0.066 | 0.024 | 0.048 |
| November 2009 TI | -0.087 | 0.046 | 0.028 | 0.056 |

- Sociotropic effect varies over time

Table: Marginal effect of corruption perception

| | Marginal effect | Standard error | One-tailed p -value | Two-tailed p -value |
|---------------------|-----------------|----------------|-----------------------|-----------------------|
| May 2008 Focus | -0.089 | 0.101 | 0.189 | 0.378 |
| October 2008 ISSP | 0.000 | 0.133 | 0.500 | 1.000 |
| November 2008 Focus | -0.041 | 0.126 | 0.372 | 0.743 |
| June 2009 Focus | -0.232 | 0.079 | 0.002 | 0.004 |
| October 2009 ISSP | -0.270 | 0.114 | 0.009 | 0.017 |
| November 2009 TI | -0.308 | 0.094 | 0.001 | 0.002 |

- Punishing national incumbent when victimized **and** local incumbent from the same parties

Table: Co-partisanship of local and central government and pocketbook corruption voting

| | Pocketbook Effect | Sociotropic Effect |
|--|---------------------|--------------------|
| Mayor from incumbent party | -0.221* (0.133) | -0.063 (0.252) |
| Mayor from an opposition party | -0.083 (0.077) | -0.087 (0.172) |
| Mayor from senior incumbent party (Smer) | -0.251** (0.126) | -0.011 (0.287) |
| Mayor from any other party | -0.100* (0.054) | 0.087 (0.146) |

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But mechanism **not** through perception: correlation between experience and perception **not higher** in co-partisan towns (.145) than in opposition towns (.163)

- Scandals do not seem to have an independent effect at individual level
- The dependent variable is the vote for incumbent

Table: Effect of corruption perception and scandals, June 2009

| | (1) | (2) |
|-------------------------------|----------------------|-------------------|
| Corruption perception | -0.430*** (0.164) | |
| Environment ministry scandal | | -0.187 (0.173) |
| Construction ministry scandal | | -0.214 (0.152) |

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses.

Scandals vs. new anti-corruption party?

Based on 116 aggregate public opinion polls, we construct monthly data and run an auto-distributed lag model:

$$\text{Vote share}_t = \alpha \text{Vote share}_{t-1} + \sum_k \beta_k \text{Scandal}_k + \gamma_1 \text{SaS entry} + \gamma_2 \text{SaS campaign} + \sum_j \delta_j X_{t,j} + \epsilon_t$$

Table: Short-run and long-run effects of scandals and new party entry

| | Coalition | | Sr. Incumbent | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Short Run | Long-Run | Short Run | Long Run |
| Total effect of scandals | -0.004 (0.009) | -0.008 [0.24] | 0.007 (0.012) | 0.031 [0.28] |
| Total effect of SaS | -0.032*** (0.005) | -0.060*** [37.12] | -0.032*** (0.008) | -0.153*** [14.93] |
| Difference between total effects | -0.028*** (0.013) | -0.052*** [4.06] | -0.039** (0.015) | -0.184** [6.62] |

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses. F-statistic in brackets.

Scandals or new anti-corruption party?

We also coded monthly media coverage of corruption and ran a structural break model:

$$\text{Media coverage}_t = \beta_1 \text{Scandals} + \beta_2 \text{Elections} + \beta_3 \text{SaS entry} + \sum_i^3 t^i + \epsilon_t$$

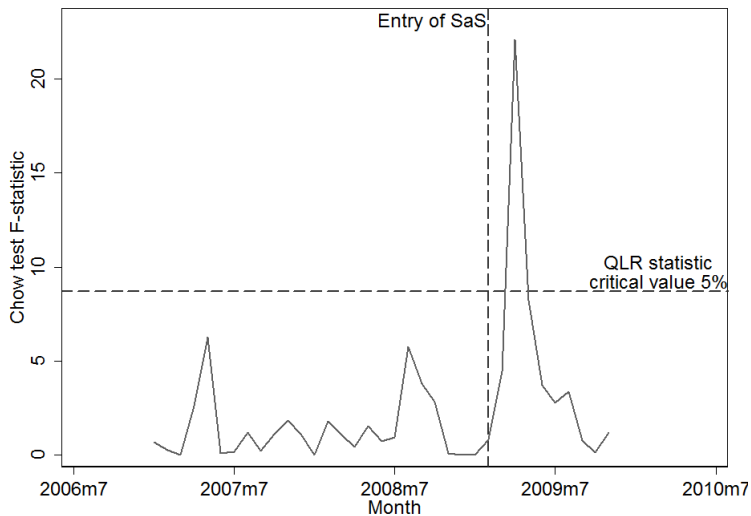
Table: New party entry as a structural break in media coverage of corruption

| | Media coverage |
|---------------------|---------------------|
| Scandals | 0.105** (0.050) |
| Election campaigns | 0.080*** (0.022) |
| SaS entry | 0.248*** (0.053) |
| Scandals*SaS entry | -0.031 (0.081) |
| Campaigns*SaS entry | -0.029 (0.030) |
| N | 48 |

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses.

Sociotropic Corruption Voting: Mechanism?

- No other structural breaks in media coverage of corruption

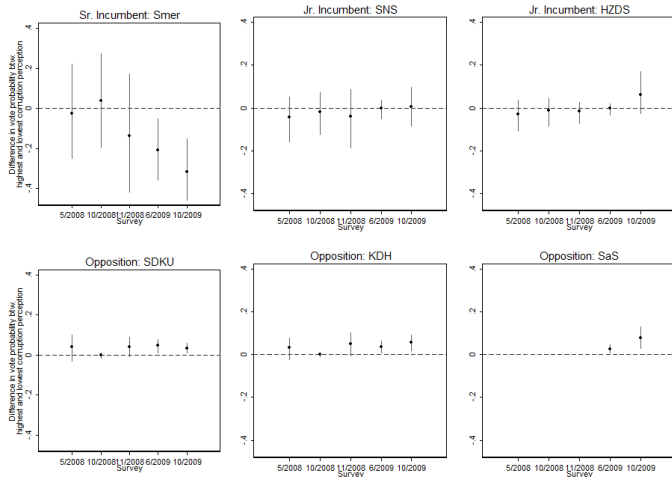


- Some evidence of reduction in voter uncertainty

Table: Proportion of “Can’t Choose” answers about corruption perception in 2006 and 2009

| | Share in 2006 | Share in 2009 | Difference |
|----------------------|---------------|---------------|------------|
| National Politicians | 0.287 | 0.241 | -0.046 |
| Local Politicians | 0.277 | 0.248 | -0.029 |
| Regional Politicians | 0.280 | 0.224 | -0.056 |
| Education | 0.285 | 0.253 | -0.033 |
| Courts | 0.290 | 0.270 | -0.020 |
| Police | 0.293 | 0.262 | -0.031 |

- **Senior incumbent party mainly punished**



Results are also robust to:

- **repeated sampling and different measurement** of exposure and perception
- potential **endogeneity** of perceptions of corruption
- potential **omitted variables** using Altonji et al. ratios
- potential **selection problem** of who turns out to vote
- potential **over-report of incumbent vote**
- potentially problematic **wording of the bribe item**

To further test for robustness, we conducted an **original experiment in Bulgaria** in August 2011

[MALE/FEMALE NAME = MATCHING RESPONDENT GENDER] lives in a medium-sized city in Bulgaria. Last month, [NAME] [INSERT1/INSERT2]. The mayor of that city is running for reelection, and in the time since he was originally elected economic conditions in the city have [CONDITIONS1/CONDITIONS2].

INSERT1 = had to spend half of his monthly salary to speed up the approval of permits for his business

INSERT2 = heard that several city officials have taken bribes in exchange for government contracts

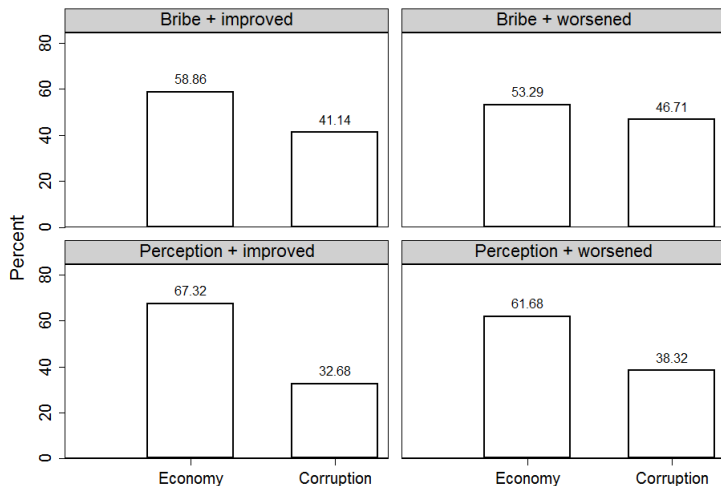
CONDITIONS1 = improved

CONDITIONS2 = worsened

Would [MALE/FEMALE NAME]'s vote be more affected by the changes in the city's economy or concerns related to corruption?

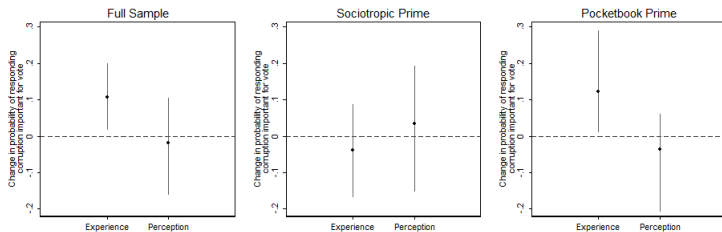
Bulgaria Results I

Corruption perceived more important for vote choice after pocketbook prompt than after sociotropic prompt



Graphs by Treatment

Own corruption exposure activates this “pocketbook voting,” and not perception



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- effects of individual-level heterogeneities?
- effects of other known moderators:
 - clientelism
 - trade-off of corruption with pork/competence

- Explicitly compare a “low corruption” country (Sweden) with a “high corruption” country
- Motivation: Can we find a “no corruption” and “yes corruption” equilibrium?
- Changed experiment so there is a “positive” corruption prompt as well for both pocketbook and sociotropic corruption

- Does corruption voting differ in high and low corruption countries?

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- Does corruption voting differ when economy is good or economy is bad in high and low corruption countries?

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- Does corruption voting differ when economy is good or economy is bad in high and low corruption countries?
- Is sociotropic corruption or pocketbook voting more prevalent in high or low corruption country?

[MALE/FEMALE NAME = MATCHING RESPONDENT GENDER] lives in a medium-sized city in Sweden. Last month, [NAME] [INSERT1a/ INSERT2a/ INSERT1b/ INSERT2b]. The president of the local city governing board now runs for re-election, and since he was first elected, the local economy of the town where Anna lives has [CONDITIONS1/CONDITIONS2].

INSERT1a: a civil servant of the local public administration suggested, much to Anna's surprise, that she pay a bribe to speed up the permit her business needed.

INSERT1b: a friend told her that she might have to pay a bribe to a civil servant of the local public administration to speed up the permit Anna's business needed. She was relieved to learn that this was not the case.

INSERT2a: Anna heard that several civil servants of the local public administration had taken bribes in exchange for public business contracts.

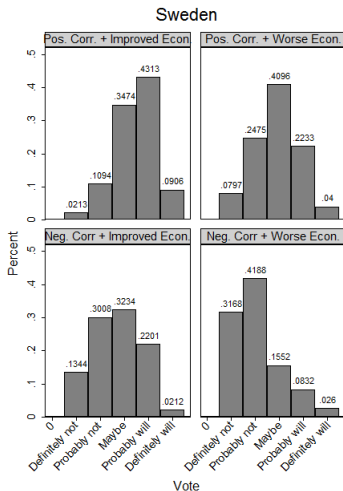
INSERT2b: Anna heard that the president of the local city governing board had made fighting corruption an important issue and that several civil servants had been fired for taking bribes in exchange for public business contracts.

CONDITIONS1 = improved

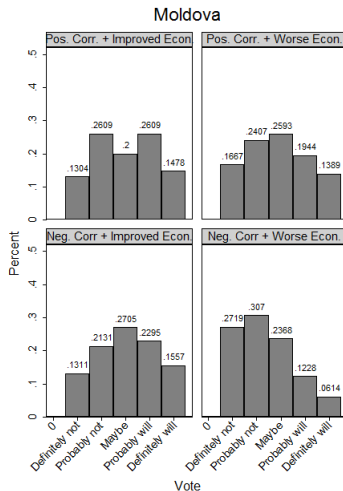
CONDITIONS2 = worsened

Sweden vs. Moldova Results I: Magnitude of Response

- Magnitude of response larger in Sweden than Moldova
- Regardless of whether economy is bad or good



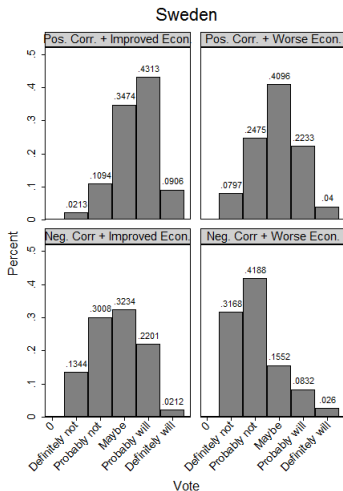
Graphs by Exp. condition



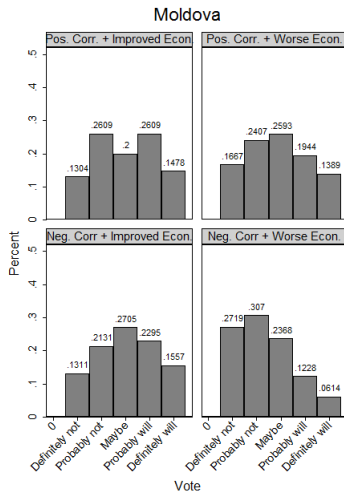
Graphs by Exp. condition

Sweden vs. Moldova Results II: Economic Conditionality

- Corruption always punished in Sweden
- In Moldova, corruption only punished when economy is bad



Graphs by Exp. condition



Graphs by Exp. condition

Sweden vs. Moldova Results III: Sociotropic vs Pocketbook

- In Sweden, sociotropic corruption more important
- In Moldova, pocketbook corruption more important

Table 3: Corruption Voting in Sweden and Moldova

| | Sweden | Moldova | Cross-Country Diff. |
|-----------------------------|-----------------|---------------|---------------------|
| <i>Economy = better</i> | | | |
| Pocketbook effect | -0.561*** | -0.057 | -0.505*** |
| Sociotropic effect | -1.000*** | 0.124 | -1.124*** |
| Within-Country Diff. | 0.438** | -0.180 | 0.619*** |
| <i>Economy = worse</i> | | | |
| Pocketbook effect | -0.520*** | -0.601*** | 0.082 |
| Sociotropic effect | -1.123*** | -0.400*** | -0.723*** |
| Within-Country Diff. | 0.604*** | -0.201 | 0.805*** |
| <i>Interaction effect</i> | | | |
| Pocketbook effect | 0.042 | -0.544*** | 0.586** |
| Sociotropic effect | -0.123 | -0.524*** | 0.400* |
| Within-Country Diff. | 0.165 | -0.021 | 0.186 |

- Yes Corruption Path

- Corrupt politicians normal feature of life
- Corruption not punished if economy is performing
- Corruption only punished when symptomatic of larger “incompetence”
- Sociotropic corruption not “news” - Personal exposure elicits more anger
- Corrupt politicians not deterred from running or behaving in corrupt manner

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- No Corruption Path

- Corrupt not normal feature of life
- Corruption punished harshly in all cases
- Corrupt politicians deterred from running (selection)
- Politicians avoid corrupt behavior/clamp down on corrupt behavior (moral hazard)

Thank you!