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# DETERMINANTS OF PUBLIC TRUST TOWARDS MAJOR POLITICAL INSTITUTIONS IN COUNTRIES WITH ECONOMIES IN TRANSITION AND IN THE OECD COUNTRIES: THE COMPARATIVE ANALYSIS

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<p><b>Confidence in political Institutions affect economic growth</b></p>	<ul style="list-style-type: none"> <li>• <b>Acemoglu D., Johnson S., Robinson J. (2005). Institutions as a fundamental cause of long-run growth.</b></li> <li>• <b>Asoni A. (2008). Protection of property rights and growth as political equilibria.</b></li> <li>• <b>Glaeser E., La Porta R., Lopez-de-Silanes F., Shleifer A. (2004). Do institutions cause growth?</b></li> <li>• <b>Lee K., Kim B. (2009). Both institutions and policies matter but differently for different income groups of countries: Determinants of long-run economic growth revisited.</b></li> </ul>
<p><b>Confidence in political Institutions affect electorate voting</b></p>	<ul style="list-style-type: none"> <li>• <b>Arendt J., Holm A. (2006). Probit models with dummy endogenous regressors.</b></li> <li>• <b>Scott B. (2008). Public confidence in Australian democracy</b></li> <li>• <b>Tao R., Su F., Sun X., Lu X. (2011) Political trust as rational belief: Evidence from Chinese village elections</b></li> </ul>
<p><b>It is necessary to study the determinants of public trust in the political institutions</b></p>	<ul style="list-style-type: none"> <li>• <b>Bean C. (2003). Citizen confidence in social and political institutions in a changing world.</b></li> <li>• <b>Ivkovic S. A. (2008). Comparative study of public support for the police.</b></li> <li>• <b>Korbiel I., Bremenfeld S., Opitz A. (2009). Perceived efficiency of the legal system and trust in political institutions in Eastern and Middle Europe.</b></li> <li>• <b>Tranter B., Skrbiš Z. (2009). Trust and confidence: A study of young Queenslanders.</b></li> </ul>



## The crucial issue

- The attitudes of citizens of countries with economies in transition toward the main political institutions in those countries has been formed in the last 20-25 years.
- The attitude of residents of more economically developed countries toward the political institutions has been formed over a much longer period of time.
- Scientists, politicians, etc. had more time to determine which measures helped to raise the political institutions' credibility in the eyes of the countries' citizens.
- **The crucial issue:** can we apply recipes that work well in developed countries to transitional countries?
- Are the determinants of residents' trust such as education, age, income, gender, marital status, and social status the same in countries with economies in transition as those in economically developed countries?



D.North, J.Wallis, S.Webb, B.Weingast

**In the Shadow of Violence:  
Lessons for Limited Access Societies**

**Douglass C. North, John Joseph Wallis, Steven B. Webb, and Barry R.  
Weingast**

“Success in economic as well as political development depends primarily on improving institutions”.

“The question now is: “What institutions are right?”

“...some say **developing countries** should emulate the institutions of the most successful, high income economies of the **OECD**”.



**B.Weingast and D.North**

## **In the Shadow of Violence: Lessons for Limited Access Societies**

**“We and some others, however, see evidence that most low and middle income countries are not ready for many of the institutions from Western Europe and North America or that these institutions function very differently if transplanted”.**



# Problems

- How much do people in countries with transitional economies trust basic political institutions such as the government, the parliament, political parties, the justice system, the armed forces, and the police?
- How much is the degree of confidence influenced by individual-level socio-economic characteristics such as education, age, income, gender, marital status, and social status?
- How much is the degree of confidence influenced by the macroeconomic indicators of countries?
- Are there any similarities between the attitudes of inhabitants of countries with transitional economies and those of residents of developed countries?

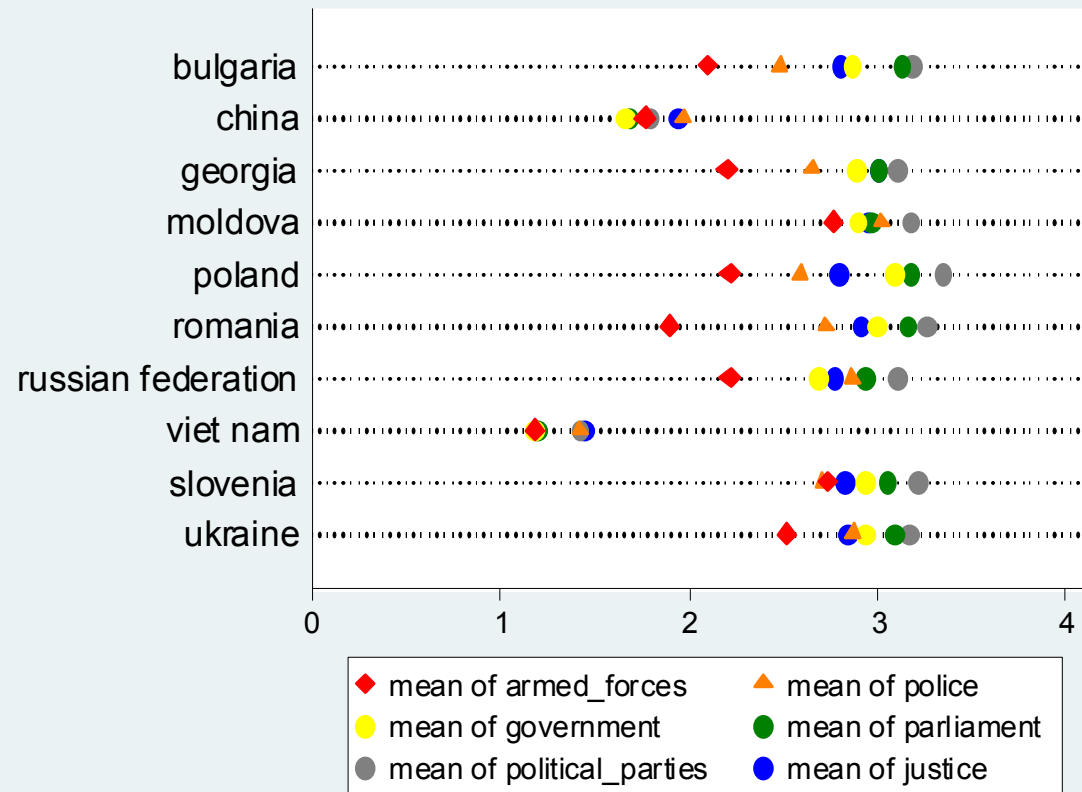
Transition countries		World Value Survey 5 <sup>th</sup> wave 2007-2008	OECD countries			
Country	Number of respondents		Country	Number of respondents	Country	Number of respondents
Bulgaria	 845		Australia	 1,338	Netherlands	 839
China	 993		Canada	 1,812	Poland	 815
Georgia	 1,066		Chile	 919	Slovenia	 909
Moldova	 984		Finland	 975	Spain	 1,068
Poland	 815		France	 937	Sweden	 910
Romania	 1,447		Germany	 1,737	Switzerland	 1,083
Russian Federation	 1,554		Italy	 912	Turkey	 1,212
Viet Nam	 1,309		Japan	 859	Great Britain	 831
Slovenia	 909		South Korea	 1,191	United States	 1,159
Ukraine	 625		Mexico	 1,467		

# Dependent variables

Dependent variables	How much confidence do you have in...	Answers
Armed_forces	The armed forces	<b>1 - A great deal;</b>  <b>2 – Quite a lot;</b>  <b>3 – Not very much;</b>  <b>4 – Not at all</b>
Police	Police	
Government	Government	
Parliament	Parliament	
Political_parties	Political parties	
Justice	The judicial system	



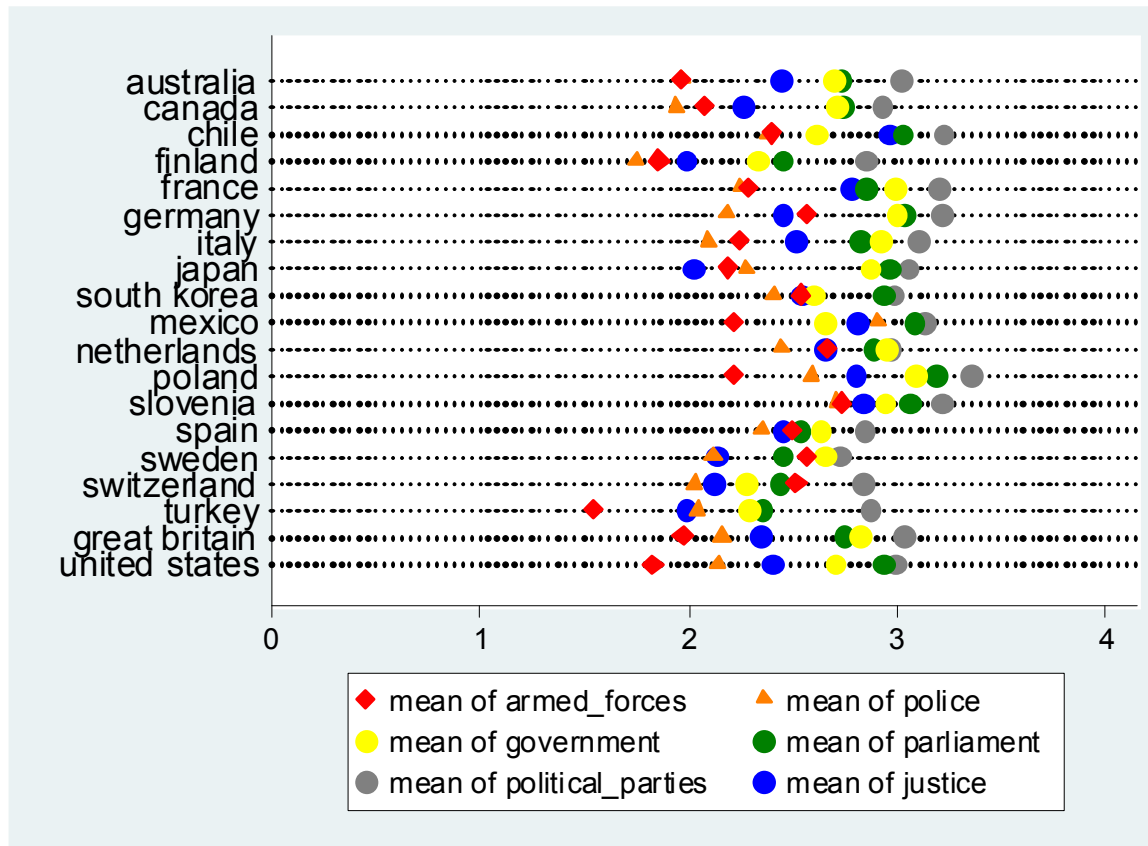
# Average level of confidence in transition countries



System of preference in public trust:  
 Army > Police & Judicial system  
 Government > Parliament > Political Parties

China and Vietnam are slightly different from the other transition countries

# Average level of confidence in OECD countries



Army, Police and Judicial System are the most popular among the residents of OECD countries

Citizens of OECD trust the political parties and parliament least of all

## Ordered logit model

$$c_1 < c_2 < c_3, \quad Y_t^* = X_t' \beta + \varepsilon_t,$$

$$P(Y_t = 1) = P(Y_t^* \leq c_1) = F(c_1 - X_t' \beta)$$

$$P(Y_t = 2) = P(c_1 < Y_t^* \leq c_2) = \\ = F(c_2 - X_t' \beta) - F(c_1 - X_t' \beta)$$

...

$$P(Y_t = 4) = P(Y_t^* > c_3) = 1 - F(c_3 - X_t' \beta)$$

$$F(Z) = \frac{1}{1 + \exp\{-Z\}}$$



# Control Variables

Independent variables	Description	Values
<b>Individual level</b>		
Sex	Sex of respondent	1 – male; 2 - female
Age	Age of respondent	Integer positive number
Agesq	Age*Age	
Educmid	Middle education level	1 for middle education level, 0 for lower and upper level
Eduhigh	Upper education level	1 for upper education level, 0 for lower and middle level
Income	Scale of incomes	1 – lower step,..., 10 – tenth step
Marital	Marital status	1 if married or living together; otherwise - 0
Unemployed	Employment status	1 if unemployed; otherwise - 0
Supervisor	Are you supervising someone?	1 – yes, 0 - no
<b>Country level</b>		
GDP	PPP GDP per capita	US\$
CPI	Corruption Perception Index	1 -10. A higher score means less (perceived) corruption.



# Results of models estimation for transition countries

Independent Variables	Dependent variables					
	Armed Forces	Police	Government	Parliament	Political Parties	Justice
Sex	Female 👤(+)					Female 👤(-)
Age		+	+	+	+	+
Agesq		-	-	-	-	-
Educmid ☹️	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)
Eduhigh ☹️	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)
Income 😊	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)
Marital 😊	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)
Unemployed ☹️	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)
Supervisor	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)
CPI	👤(+)	👤(-)	👤(-)	👤(-)	👤(-)	👤(-)
GDP	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)
Age turning point	65	58	54	57	64	63

# Results of models estimation for OECD countries

Independent Variables	Dependent variables					
	Armed Forces	Police	Government	Parliament	Political Parties	Justice
Sex	Female 👤(+)	Female 👤(-)		Female 👤(+)		
Age	+	+	+	+	+	+
Agesq	-	-	-	-	-	-
Educmid 😊			👍(-)			👍(-)
Educhigh	👤(+)		👍(-)	👍(-)	👍(-)	👍(-)
Income 😊	👍(-)		👍(-)	👍(-)	👍(-)	👍(-)
Marital 😊	👍(-)	👍(-)	👍(-)	👍(-)	👍(-)	👍(-)
Unemployed 😞	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)	👤(+)
Supervisor	👍(-)			👤(+)	👤(+)	👤(+)
CPI	👤(+)	👍(-)	👍(-)	👍(-)		👍(-)
GDP	👤(+)	👍(-)	👤(+)		👍(-)	👍(-)
Age turning point	47	31	44	43	48	59

# Comparison of transition and OECD countries

Similarities	Differences
<p>The influence of age on the confidence levels is quadratic: initially, the trust level decreases, then, upon reaching a particular turning point, it increases.</p>	<p>The turning point is higher for inhabitants of countries with transitional economies than for residents of the OECD countries.</p>
<p>The presence of a higher or secondary education reduces the degree of confidence in the army.</p>	<p>The presence of a higher or secondary education reduces the degree of confidence in major social and political institutions for citizens of transition countries. More educated residents of OECD countries have more confidence in their government, their parliament, their political parties and their judicial system.</p>
<p>Increases in income and having a family increases confidence in all institutions.</p>	<p>Per capita income in transition countries reduces the degree of trust in all the basic institutions. For residents of OECD countries, the same relationship is held only for the government and the army.</p>
<p>Unemployment status creates a lower level of trust in political institutions.</p>	<p>Supervisors in transition countries have more trust in all the institutions (whereas this is not the case for residents of OECD countries).</p>
<p>The less corrupt a country is, the higher its citizens' level of confidence is in all the political institutions except the army. For the armed forces, the opposite relationship emerged.</p>	



## Conclusions and some policy implications

- **In modeling the degree of public confidence in basic social and political institutions, it is necessary to take into account the specificities of countries with economies in transition.**
- **It is important to keep in mind that in countries with economies in transition, more educated citizens are more critical of major political institutions.**
- **Marital status contributes to greater confidence in the basic institutions; therefore, it makes sense to promote family values.**
- **The degree of confidence in major social and political institutions increases with income, thus creating favorable conditions for the growth of welfare (a decrease in the tax burden and help with the development of small and medium enterprises, providing affordable loans), could lead to an increase in public trust.**
- **Reducing corruption in the country would increase the credibility of almost all political institutions.**





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# Thank you for your attention!

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