

COMMUNISM AND GENERALIZED TRUST

An Empirical Study



MOTIVATION

- Post-Communist countries are also developing and below their potential
- Communism affected not only economies, but also culture
- Inherited trust matters for growth

“Income per capita would have increased by 69% in Russia ... 30% in Yugoslavia, 29% in the Czech Republic, and 9% in Hungary had these countries inherited the same level of trust as Sweden”

- Algan-Cahuc (2010)

Communism



Economy



Ideology



Totalitarianism

LITERATURE

- Trust matters for growth
 - Algan and Cahuc (2010)
 - Inherited trust has a causal impact on economic growth
 - Nunn and Wantchekon (2011)
 - Slave trade in Africa caused mistrust there
- Communism matters for preferences
 - Alesina and Fuchs-Schündeln (2007)
 - East Germans prefer pro-state intervention policies
 - Heineck and Süssmuth (2012)
 - East Germans exhibit higher level of social distrust and scepticism
- Trust in post-Communist countries is considered relatively low
 - Rose et al. (1998), Rose-Ackerman (2001), Kornai et al. (2004), Bjornskov (2004)
 - Pop-Eleches and Tucker (2011)
 - In post-Communist countries, the deficit of trust in democratic political parties exists but decreases over time
 - Mishler and Rose (1997)
 - Although not distrust, there is skepticism about institutions of civil society in post-Communist countries
 - Pehlivanova (2009)
 - Trust in government and formal institutions declined in post-Communist societies, but family ties and micronetworks generate trust

RESEARCH QUESTION:

Does a history of Communist totalitarianism decrease present-day level of generalized trust?

Trust

- Global Preferences Survey 2012
 - 80,000 people in 76 countries, including 21 post-Communist
- World Values Survey 1981-2016
 - 6 waves, 97 countries, including 30 post-Communist
- General Social Survey 1972-2018
 - at least 24 countries of immigration to the USA

Comunism

- Map of Communism (HBS)
 - Quantitative dataset
 - 41 countries were Communist at some point in the period 1918-2013
- Communist Crimes by The Estonian Institute of Historical Memory
 - Qualitative dataset
 - Overviews of key aspects of Communist regimes in 48 countries

DATA

Key Control Variables

Current GDP

Minimize the effect of backwardness of socialist economies

The Gini Index

Minimize the effect of equality in socialist economies

V-Dem Electoral Democracy Index

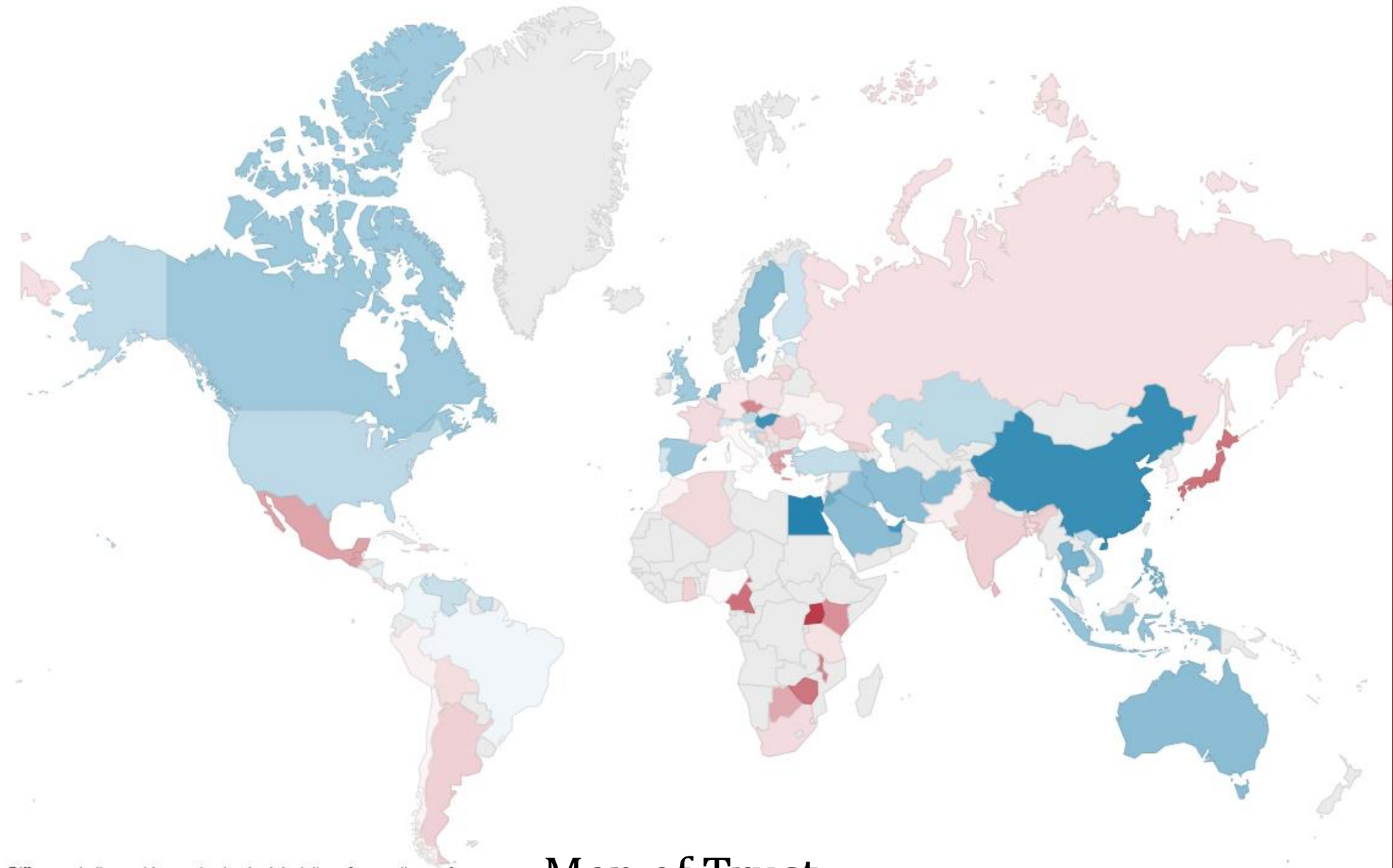
Minimize the impact of post-Communist regime types on trust

UN Trade with Russia

Minimize the effect of the Russian culture



Map of Communist Crimes. Source: <http://communistcrimes.org/en/countries>



Difference to the world mean in standard deviation of respective preference
-0.706 0.609

Map of Trust

Data source: Falk et al. (2018). Global evidence on economic preferences. QJE, 133 (4), 1645–1692. (more info: <https://gps.briq-institute.org>)

EMPIRICAL STRATEGY: OVERVIEW

1. Country-Level Regression Analysis
2. Individual-Level Regression Analysis
3. Additional Analyses
 - Algan-Cahuc (2010) Method of Obtaining Historical Data:
 - For only a few countries: trust before, during, and after Communism
 - Compare trust East Germany and West Germany
 - Develop own Communism Index

FRAMEWORK AND ASSUMPTIONS

1. Effects of Communism *in the past*, not in the present
 - Currently Communist countries (China, Vietnam, etc.) and “partly” post-Communist countries (Germany, Yemen, etc.) excluded
 - Few observations; results would be harder to interpret
2. Focus on Communist totalitarianisms
 - Interested in effects of political systems on interpersonal trust
 - Effects of socialist economies are controlled for
 - Not a study of totalitarianism in general or of Communism in general
3. Focus on *generalized* trust, not on other forms of trust

THE REGRESSION MODELS

Individual-level regression model:

$$\begin{aligned} & \textit{Generalized Trust}_{\textit{individual, country, year}} \\ &= \textit{Constant Term} + \beta \textit{Communism}_{\textit{country, year}} \\ &+ \textit{Fixed Effects}_{\textit{country}} + \textit{Fixed Effects}_{\textit{year}} + \textit{Error Term} \end{aligned}$$

Country-level regression model:

$$\begin{aligned} & \textit{Generalized Trust}_{\textit{country}} \\ &= \textit{Constant Term} + \theta \textit{Communism}_{\textit{country}} + (\textit{Vector of Controls})_{\textit{country}} + \textit{Error Term} \end{aligned}$$

COMMUNISM INDEX

- Based on the Communist Crimes dataset by The Estonian Institute of Historical Memory
- Variables:
 - *Time Passed*, in years
 - *Duration*, in years
 - *Repressions*, a factor variable
 - 0 - few repressions
 - 1 - mild repressions: mostly arrests
 - 2 - medium repressions: mostly imprisonments
 - 3 - severe repressions: mostly executions
- Formula: *Communism Index = duration * repressions - time passed*

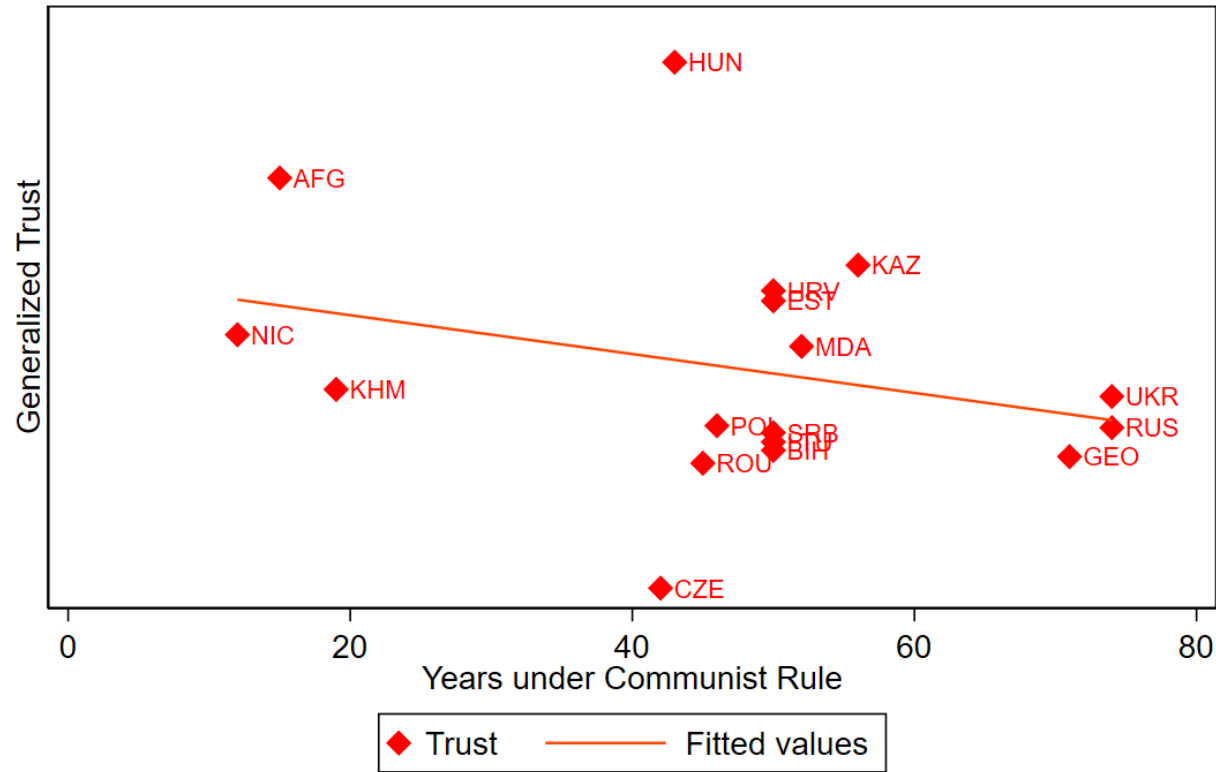
PRELIMINARY RESULTS

CORRELATIONS AND SIMPLE REGRESSIONS

Years of Communism and GPS Trust

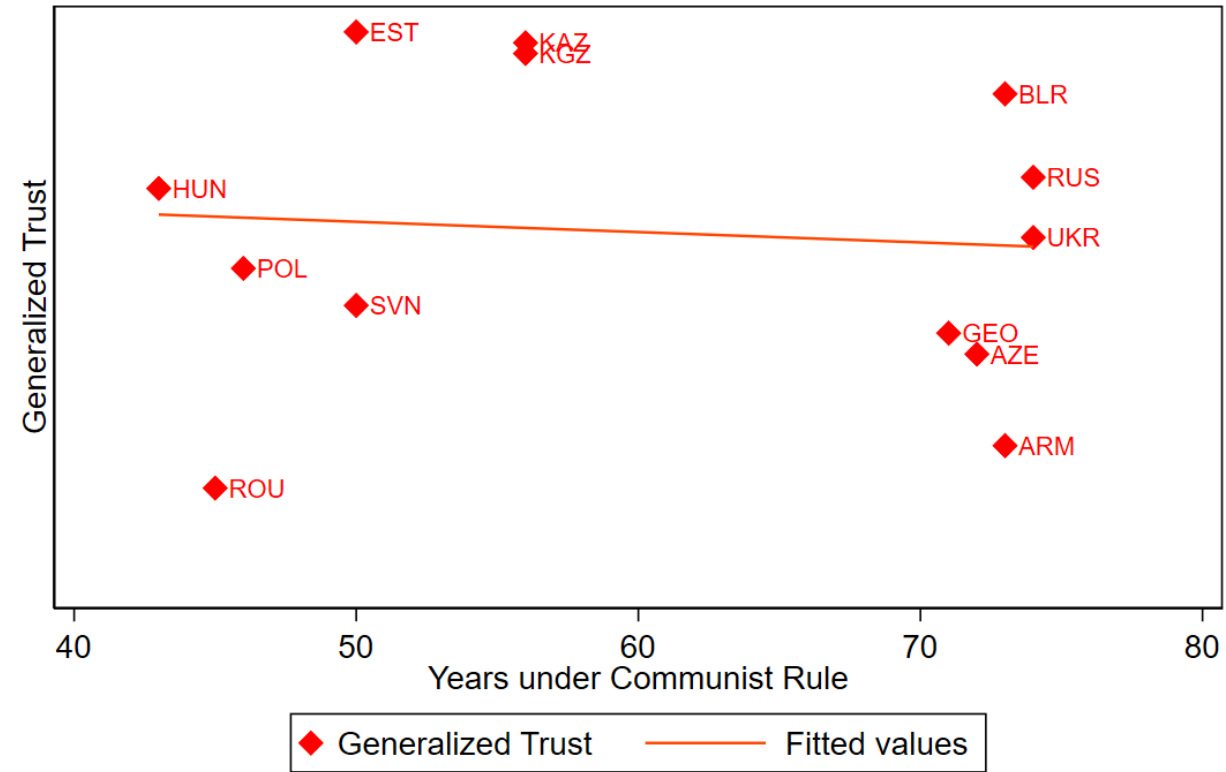
Years of Communism and WVS Trust

Correlation between Generalized Trust and Years under Communist Rule



Only post-Communist countries included. Sources: GPS and Museum of Communism

Correlation between Generalized Trust and Years under Communist Rule



Only post-Communist countries included. Sources: WVS 2009-2012 and Museum of Communism

all countries: $r = -0.0555$

post-Communist countries: $r = -0.2864$

all countries: $r = 0.0863$

post-Communist countries: $r = -0.0866$

Years of Communist Rule and Generalized Trust		
VARIABLES	(1) GPS Generalized Trust	(2) WVS Generalized Trust
<i>Total years under Communist Rule</i>	-0.000 (0.002)	0.000708 (0.00117)
<i>Trade of Printed Goods and TV receivers with Russia</i>	0.000 (0.000)	3.66e-07 (5.87e-07)
<i>World Bank GDP Per Capita, PPP, 2012 current int. dollars</i>	0.000*** (0.000)	7.42e-06** (2.70e-06)
<i>Maximum WB Gini Index within 2007-2017</i>	-0.002 (0.004)	-0.00203 (0.00249)
<i>Fearon 2003 Ethnic Fractionalization Index</i>	-0.079 (0.171)	0.0211 (0.0958)
<i>V-Dem Electoral Democracy Index</i>	-0.293 (0.184)	-0.171* (0.0919)
<i>GPS patience score</i>	-0.087 (0.158)	0.141 (0.0891)
Constant		0.270*** (0.0901)
Observations	65	34
R-squared	0.247	0.728

Full list of control variables included.

NOTE: Table reports regression coefficients with heteroskedasticity-robust standard errors in parentheses. The dependent variable in each regression is the proportion of respondents who agree with the statement 'Most people can be trusted' to respondents who agree with the statement 'You can't be too careful'. The years are 2009-2012 for the WVS and 2012 for the GPS. The control variables are the average volume trade of printed goods and television receivers with Russia from the United Nations Comtrade Database, the Gross Domestic Product Per Capita in 2012 International Dollars adjusted for purchasing power parity from the International Monetary Fund, the World Bank Gini Index, the ethnic fractionalization index from Fearon (2003), and the V-Dem Electoral Democracy Index. The data on Communism come from the Museum of Communism, and the data on trust come from the WVS and the GPS. The sources of control variables are listed in Appendix.

*** p<0.01, ** p<0.05, * p<0.1

**UNDER CONTROLS,
THE EFFECT IS NOT
SIGNIFICANT**

**Neither for all countries nor for
post-Communist ones only.**

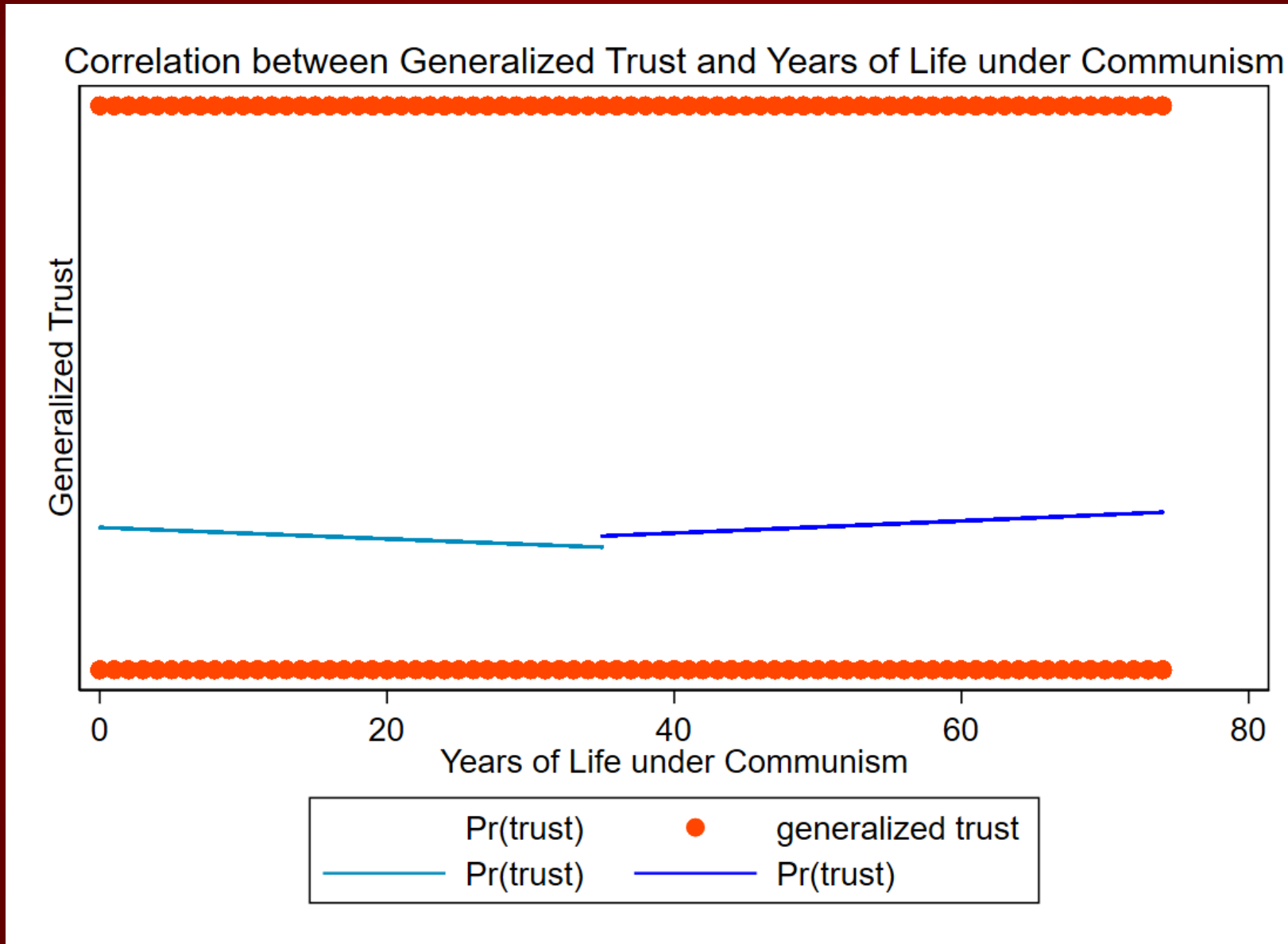
Experience of Communism and Generalized Trust	
VARIABLES	(1) Generalized Trust
<i>years of life under Communism</i>	0.002 (0.002)
<i>sex</i>	-0.011 (0.012)
<i>age</i>	0.003** (0.001)
<i>level of education</i>	0.016* (0.009)
<i>income scale</i>	0.034*** (0.005)
<i>life satisfaction</i>	0.053*** (0.007)
Observations	309,517

country-fixed effects: yes; year-fixed effects: yes

NOTE: Table reports logistic regression coefficients with standard errors clustered by country in parentheses. The dependent variable in each regression is a binary variable indicating 1 if the respondent agrees with the statement 'Most people can be trusted' and 0 if the respondent agrees with the statement 'You can't be too careful'. The years are 1981-2016. The data on Communism come from the Museum of Communism, and the data on trust, sex, age, life satisfaction, education level, and income scale come from the World Values Survey. *** p<0.01, ** p<0.05, * p<0.1

LITTLE EVIDENCE
AT INDIVIDUAL
LEVEL

POTENTIAL HETEROGENEITY



POSSIBLE INTERPRETATION

- **Reject the hypothesis**
 - The effect fades relatively quickly
 - Affected only particularized trust, such as institutional trust
 - Solidarity in hardship (e.g. post-WW2) could increase generalized trust
- **Challenge the validity of the data**
 - Selection bias: lower willingness to share personal information
 - the least trusting individuals prevented from accepting the survey about their personal values
 - different from non-Communist countries, where information was less salient for trust

Questions? Comments?



Thank you!

Image sources:

Slide 2: <https://www.wallpaperflare.com/soldiers-marching-on-field-by-national-geographic-photo-parade-wallpaper-pwwlq/download/3002x2000>

Slide 3, left: <https://pngimg.com/download/26200>

Slide 3, top: <https://weheartit.com/entry/96515395>

Slide 3, middle: <https://en.s4c.news/2020/03/09/communism-reloaded-first-lenin-statue-to-be-erected-in-western-germany/>

Slide 3, bottom: <https://fishki.net/2103641-sssrkak-jeto-bylo.html>

Slide 4: <http://communistcrimes.org/en/countries>

Slide 5: <https://www.briq-institute.org/global-preferences/maps>

Slide 19: Photo by Lianhao Qu on Unsplash:

<https://unsplash.com/photos/LfaN1gswV5c>