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Thinking about Corruption in Europe

Recent scandals in nearly all European states illustrate that corruption still continues.¹ In 2013, Thorbjørn Jagland, Secretary General of the Council of Europe claimed that “corruption is the biggest threat to democracy in Europe today” (Council of Europe 2014). The EU Anti-Corruption report (2014) indicates that corruption costs the European economy about 120 billion Euros a year. Moreover, the report shows that a rising number of EU citizens view corruption as a growing threat and as a result of the deep economic and financial problems in the euro zone brought on by the sovereign debt crisis.

Corruption is detrimental to economic, social and political development. From an economic perspective, corruption disturbs macroeconomic and fiscal stability, stunts economic growth, exacerbates inflation and promotes social inequality and poverty (e.g. Mauro, 1997; Gupta et al., 2002). It violates the fundamental principles of democracy such as equality, fairness, transparency and accountability and further threatens regime stability. Some studies conclude that high degrees of corruption foster low levels of citizen trust in political institutions and even erode general trust in the whole community (e.g. Linde a. Erlingsson, 2012; Seligson, 2002). Given its large negative impact, much stands to be gained from understanding the cause of corruption and the ways in which it can be reduced.

Although political scientists have generally focused on the effects of corruption, there is still little knowledge about the area-specific factors that determine the extent of corruption. On the one hand, the prevailing research focus is dominated by highly aggregated large-n analyses that tend to gloss over significant cross-regional differences and variations within countries (e.g. Goel a. Nelson, 2010). On the other hand, researchers concentrate on case-studies that investigate individual cases of corruption and rarely provide generalizable results (e.g. Pujas a. Rohdes, 2009). I argue in this article that a middle ground has to be found in order to better understand which area-specific factors are responsible for the occurrence of corruption.

For studying the causes of corruption, European countries present special cases. They exhibit an array of corrupt activities and are characterized by large cross-national and over time differences in the extent of corruption. Particularly, in both new and established democracies (Western, Central, and Eastern Europe) one observes varying levels of corrupt behavior. Since the beginning of the economic crises in 2007, country corruption values have

continuously increased in Southern Europe such as in Spain, Greece and Portugal as well (Corruption Perception Index, 2014).

Moreover, there is no other region in the world where young democracies (e.g. Slovenia, Estonia), well-established democracies (e.g. Greece, United Kingdom, France) as well as authoritarian systems (e.g. Belarus, Ukraine) are located so closely to each other. With the ending of the Cold War and the transition of communist countries to nascent democracies, the political, economic and socio-cultural situation in Europe changed considerably, notably in the manifestation of corruption (e.g. Holmes, 2006; Kostadinova, 2012). Countries in Central and Eastern Europe have experienced a long political transition that may have had a strong effect on the extent of corruption in Europe as a whole. Europe is the continent with the longest history of nation-states, and rule of law is one of the oldest traditional European constitutional principles. Finally, the existing research on corruption in European states shows an obvious research gap, especially from a comparative and quantitative point of view. Only a few primarily qualitative studies exist that are strongly case-oriented and less comparative (e.g. Tänzler et al., 2012).

Given the above, I ask: “What causes corruption in European states over time as well as across and within countries?”

I define corruption as “the abuse of entrusted power for private gain” (e.g. Sandholtz a. Koetzle, 2000; Transparency International, 2014). This public- office-centered definition focusses on corruption in the public sector or actions that involve public officials, civil servants or politicians. Yet, in this context, private corruption is not necessarily excluded, because the public sector is often in exchange with the private industry, particularly when government contracts are awarded. In general, corruption occurs where private wealth and public power overlap (e.g. Rose-Ackerman, 1999).

Scholars usually measure corruption using aggregated data at the country level (macro level), and employ certain indices such as the Corruption Perception Index (CPI). However, I consider corruption as a cultural, multilevel phenomenon that takes place between individuals at the micro level. To capture these processes, I have designed a model at both the micro and macro levels, allowing for panel-analyses as well as cross- and within-national comparisons. Geographically, I study - according to data availability - 37 European countries at the macro level and 20 countries at the micro level. The time span for both analyses (panel and cross-section) encompasses the period from 1995-2010.

Theoretical Perspectives and Empirical Analyses on the Causes of Corruption

Considering corruption as a cultural, multilevel phenomenon, I draw on cultural approaches such as sociological and historical institutionalism that are applied to certain levels of analysis. Sociological approaches highlight cultural norms and values and focus on actors’ social behavior as well as their operations in communities, institutions and societies. Corruption is conceived of as a way of life, as a kind of tradition and set of values that belong to a society’s culture and institutions. In contrast to sociological approaches, economists, in particular, neglect informal institutions such as cultural norms in their considerations and rather use the term as a somehow residual explanation (Rose-Ackerman, 1999). Generally, economic approaches consider human beings as self-interested actors who attempt to maximize their benefits and minimize their costs (e.g. Downs, 1957; Klitgaard, 1988). Thus, corruption is regarded as individual misbehavior, motivated by material interests, that arises where and when the costs of behaving corruptly do not exceed the gains that are expected from it. Therefore, corruption is considered as individual misbehavior, motivated by material interests, that arises where and when the costs of engaging in corruption do not exceed the gains expected from it. This implies that people commit or refrain from corrupt acts for purely

material reasons and that they are not culturally predisposed to bribery, favors, or fraud (Kostadinova, 2012).

More broadly, sociological approaches enable researchers to get beyond explanations that posit social processes to be the mere aggregate of individuals' actions and allow them to identify and explain differences in behavior among groups and societies (Keating, 2008). This implies that corruptive behavior is caused not only by interests of rational actors, institutional lacks of competition and transparency in economic and political areas, as often assumed (Rose-Ackerman, 1999; Paldam, 2002), but also by certain contexts such as culture, traditions and informal conventions that, in turn, influence institutions and organizations people operate in (e.g. March and Olsen, 2006). Besides, sociological approaches do not deny that individuals attempt to calculate their interests, but argue that outcomes are the product of the interaction among various groups, interests, ideas, and institutional structures (homo sociologicus) (Dahrendorf a. Abels, 2010; Thelen, 1999).

Only a few papers focus on the impact of cultural transmission of corruption (Hauk a. Saez-Marti, 2002; Rothstein a. Torsello, 2013). In general, it is assumed that culture² interacts with corruption through two channels – both, formal institutions and informal institutions such as values and social norms - and that both can differ across and within countries (Banuri a. Eckel, 2012). Formal institutions are usually observed as formal rules that govern individual behavior and that are also influenced by values and attitudes. Informal institutions are defined as informal rules, driven by values and beliefs that are constitutive elements of personal identities and govern interaction, and are both shared and sustained by group members (Posner, 2002).³ They can include forms of trust such as interpersonal trust, reputation and reciprocity. They are a powerful motivator of action and can be a moral resource from which societies can profit. As a result, people's actions are partly intentional and values constitute a central element in people's intentions (Welzel, 2013). People exhibit and signal their norms and values through communication and other forms of social interaction. In this context, corruption norms are a specific form of social norms and dictate the extent to which individuals engage in, and expect others to engage in corruption (Sandholtz a. Taagepera, 2005; Banuri a. Eckel, 2012).

Moreover, assuming that institutional evolution is path-dependent, I refer to historical institutionalist approaches suggesting that the historical development of institutions can affect the extent of corruption in a society. They particularly emphasize that historical developments of institutions people operate in, and certain cultural values and traditions that have developed over a number of years can affect the level of corruption (North, 1990; Thelen, 1999). Thus, corruption evolves over time and has numerous historical roots (March and Olsen, 2006). One of the proposed links between historical factors and corruption is the role of historical precedents and customs that might shape institutions and cultural norms in a country (Paldam, 2002). This implies that established practises and norms in old countries might be difficult to abandon and it also implies that many of these established practises might be viewed as corrupt over time by outsiders. Consequently, a country's degree of corruption is path-dependent and can be considered as cultural heritage.

A review of the empirical corruption literature indicates that the majority of the empirical studies of corruption have either consisted of qualitative case studies that particularly investigate individual cases of corruption (e.g. Miller et al., 2009), or of quantitative studies that focus on aggregated large-n analyses (e.g. Littvay a. Donica, 2011).

In the European context only a few primarily qualitative studies exist that are strongly case-related and less comparative (e.g. Tänzler et al., 2012). For instance, Della Porta and Vannucci (2009) focus on corruption in the Italian party system and explicitly describe the involvement of certain political parties in the organization of corrupt practices, while Pujas and Rohdes (2009) compare party finance and political scandals in Italy, Spain and France. Additionally, Angermund (2009) undertakes a historical study of corruption under German

National Socialism and depicts corruption as a structural and supportive element of the Nazi-regime and its politics. Although case studies exist and country based evidence is available, these studies are often anecdotal and limited to a specific country's experience.

Most quantitative studies concentrate on the macro level almost exclusively using country level indices of corruption as dependent variables. Only few authors attempt to analyze corruption at the micro (individual) level as they use alternative sources for measuring corruption (Glaeser a. Saks, 2006; Mocan, 2008). Studies that attempt to combine both levels are rare (Atkinson a. Seiferling, 2006; O'Connor a. Fischer, 2012), and limited as they do not measure corruption at both levels simultaneously.

Hypotheses: Macro and Micro Level

Country Level

Economic Factors

As already indicated, I assume that the level of a country's economic development, usually measured by GDP, has a great influence on the extent of corruption in Europe (Treisman, 2000; Paldam, 2002). Basu (2006) asserts that economic benefits are the root of most forms of corruption in modern societies and serves as a strong incentive of controlling economic resources. In European countries, data on corruption development show, that although it is increasing over time, corruption is still lower compared to developing economies. In most cases, the least corrupt countries are also economically well developed. This implies that people in good economic situations are not dependent on bribery payments. For Europe, I hypothesize that the extent of corruption will be higher in countries with lower levels of economic development.⁴

Moreover, I suppose that a country's international involvements affect its extent of corruption. In particular, countries that are more integrated into Western international networks of exchange, communication, and organization, are more exposed to both economic and normative pressures against corruption (Sandholtz a. Gray, 2003; Kostadinova, 2012). On the one hand, international integration can offer economic incentives, altering the costs and benefits of engaging in corrupt acts for various actors. On the other hand, a country's participation in international organizations affects corruption levels in a normative way, by creating channels for the diffusion and absorption of anti-corruption norms to other member countries. For Europe, I posit that the extent of corruption will be higher, the lower the degree of international integration into organizations such as the European Union.

Political Factors

The degree of democracy and the quality of governmental institutions might be one of the most important contributors to corruption. Some researchers conceived corruption as a symptom of poorly functioning systems and as a symbol of the failure of democracy, a lack of ethical leadership and poor governance (Paldam, 2002; Shah, 2007). Therefore, corruption is to be affected by political systems that are deficient in democratic power-sharing formulas, bereft of checks and balances, and lacks accountable and transparent institutions and procedures of the formal and ideal system of democratic governance. I assume that more advanced democratic structures lead to a lower extent of corruption in European countries.

The impact of gender on corruption has long been neglected in corruption research. Swamy et al. (2001) and Dollar et al. (2001) were some of the first scholars who found that women are less involved in corrupt transactions and are less likely to condone bribe-taking than men. Using data on female involvement in government from the inter-parliamentary

union's survey (1945-1995), Dollar et al. (2001) illustrated that greater representation of women in parliament may lead to lower levels of corruption. They argued that women are more trustworthy and public-spirited than men by nature and have stronger norms condemning bribery.⁵ However, there might be other reasons explaining why women seem to be averse towards corruption, such as work seniority and their job positions (Lambsdorff and Hady, 2006). Sung (2003) and Alatas et al. (2009), conducted experiments on corruption that illustrated different gender effects seem to be more culture-specific, implying that the social roles of women across cultures differ and corrupt behaviour is not caused by gender differences. Alatas et al. (2009, p. 17) assume that "In relatively more patriarchal societies where women do not play as active a role in the public domain, women's views on social issues may be influenced to a greater extent by men's views. Hence, in such societies, one would expect to see less of a gender difference in behavior towards corruption in comparison to societies where women feel more comfortable in voicing their own opinions." For the European states, I expect that the extent of corruption will be lower in countries that have higher levels of female participation in parliaments.

Socio-economic and cultural Factors

This group of factors captures the social and cultural characteristics of a country such as the dominant religion. I assume that an individual's religion shapes her social attitudes towards social hierarchies and family values and thus determines the acceptability, or otherwise, of corrupt practices (Paldam, 2001). La Porta et al. (1999) illustrated that countries with a high proportion of Catholics or Muslims reduces a country's quality of government and, by extension, may increase the extent of corruption. The authors consider the Catholic, Eastern Orthodox and Muslim religions as particularly hierarchical and detrimental to civic engagement that, in turn, reduce corruption. In a similar vein, Treisman (2000), and Chang and Golden (2004) demonstrate that countries with larger proportions of Protestants tend to be less corrupt than traditionally Catholic countries. Additionally, in most Protestant countries, the church has traditionally been separated from the state and even played a role of opposition to the abuses of the government (Treisman, 2000). The Puritan aspects related to this religious tradition could also have a corruption-preventing effect on both providers and receivers of bribery (Skaaning, 2009). Moreover, Protestants are less embedded in social networks that seem to be a breeding ground for corruption in other religions. Likewise, "Corruption belongs to a sinister informal network of giving and taking, demanding a basic form of trust. There are no contracts or actionable agreements. Corruption flourishes in well-established networks, whether it is a matter of having long-standing connections to building authorities or long-term supply contracts with large corporations. Since both parties may be guilty of a punishable offense, there is trust on both sides" (Alemann, 2004, p. 33). For Europe, I posit that countries with higher levels of Protestants are likely to be less corrupt.

Historical Factors

Treisman (2000) was one of the first researchers who observed a significant impact of the distant past on the degree of corruption and illustrated that a long duration of democracy seems to be necessary to significantly reduce corruption. Blake and Martin (2006) also show that longitudinal measures of democracy have a strong association with the level of corruption, when examining the CPI data from 1996 to 2000. Similarly, Pellegrini and Gerlach (2008) show a negative relationship between a medium-long exposure to uninterrupted democracy (30 years) and corruption, whereas political turnover leads to an increase of corruption. Based on these findings, I expect that European states with longer democratic histories will have lower levels of corruption.

Furthermore, previous research indicates that a country's communist past has a strong impact on a country's future corruption level (Miller et al., 2001).⁶ Sandholtz and Taagepera

(2005) have empirically shown a positive relationship between high levels of corruption and exposure to communist regimes and the adoption of communist structures and institutions. They suggest that communism created structural incentives that institutionalized corrupt behavior and have become strongly rooted in these societies' culture. These social norms and practices are prevalent in communist countries and the transitions toward democracy and market economies have not yet erased this culture of corruption. In this study, I expect that the extent of corruption in countries will be higher, if the country has a communist past.

Individual Level

Besides a number of country characteristics, personal characteristics of individuals are expected to impact the extent of corruption in Europe. Overall, only a small body of literature exists that has concentrated on the relationship between corruptive behavior and individual characteristics (e.g. Torgler a. Valev, 2006).

Socio-demographic Characteristics

Above (variable "women in parliaments"), I discussed, at the macro level, that the impact of gender on the extent of corruption is still underestimated. Similar to the macro level, I hypothesize that females are likely to be less corrupt than males.⁷

Moreover, I assume that there is a significant relationship between corruption and an individual's age. Torgler and Valev (2006) provide evidence that older people are less likely to view corruption as justifiable and illustrate that the age effect is robust across different social and cultural conditions. They argued that older people tend to be more tax compliant and less likely to be involved in criminal activities. Hunt (2004) achieved similar results by indicating a negative relationship between corruption and age. She claimed that older people have had time to develop networks that, in turn, could lead to honesty. As a result, older people tend to bribe less than younger people.⁸

I expect that unemployed people tend to engage in corrupt activity, compared to the employed, implying that the lack of a stable income creates strong economic incentives to take some extra-money in the form of bribery. Torgler and Valev (2006, p. 16) illustrate that self-employed and unemployed people have a lower tolerance for corrupt activities compared to other citizens. They assumed that such a position or a certain status, in turn, may influence the norms regarding bribery and state: "Being away from a job with its regular hours, restrictions, and compensations may increase the incentive to act illegally." Yet, Mocan (2008) using micro level data shows that enhancing the unemployment rate increases the counts of bribery. Macro level studies also show that that increased joblessness is associated with higher levels of corruption (e.g. Goel a. Rich, 1989). On the basis of these findings, I posit that an individual's employment status influences the extent of perceived corruption.

Similar to the assumption of my "employment status" hypothesis, I expect that people with lower incomes have greater incentives to engage in corrupt activities. A low income creates a degree of financial uncertainty and is likely to create incentives for generating supplementary income. Moreover, Torgler and Valev (2006) indicated that people with a higher income are more likely to be asked for a bribe, as are those with a better education. On the contrary, individuals with a lower income have lower social "stakes" or restrictions but are "[...] less in a position to take risks because of a high marginal utility loss (wealth reduction) if they are caught and penalized" (Torgler a. Valev, 2006, p. 15).

Values and Norms

Several researchers have found high correlations between various societal values and the extent of corruption (e.g. Getz a. Volkema, 2001). Welzel et al. (2003) present a model in

which value changes antecede a decrease in corruption. They indicate that societies with high self-expression values such as freedom of expression and equality of opportunities subsequently have lower corruption levels. Adding to these findings, O'Connor and Fischer (2012) provide evidence that self-expression values are significant predictors of lower corruption, but not within countries, supporting the observation that this value dimension is linked to important differences between societies. Importantly, in their study, self-expression values were predictors of corruption levels even when controlling for country wealth. This suggests that countries that value individual autonomy, social diversity, and more egalitarian social structures are less likely to be corrupt, regardless of economic conditions. However, contrary to what they expected, rational values do not predict corruption, either across or within countries. I hypothesize that the level of emancipative values influences the extent of perceived corruption.

Previous research offers different theoretical considerations and contradicting empirical findings on the relationship between trust and corruption. Uslaner (2006) thoroughly investigates both variables (trust and corruption) and claims that even if they represent opposing moral values, the two are very strongly related. Moreover, trust as a central component of social capital is a value expressing the belief that others are part of your moral community. Yet, some scholars are more hesitant to inject such a strongly moralistic interpretation of trust. From a rational-choice point of view, trust is simply based on the certainty of expectation that others behave predictably. It lays the basis for cooperation with people who are not like yourself (Putnam, 1993; Hardin, 2002). Among other empirical studies, Paldam and Svendsen (2001), Uslaner (2006) and You (2004) conclude that a strong negative relationship between corruption and interpersonal trust exists, implying that trusting societies have less people behaving corruptly.⁹ For the European states, I expect that the level of interpersonal trust influences the extent of perceived corruption.

Attitudes

In the following analysis, I also assume that people's attitudes towards illegal behavior has an influence on the extent of corruption. Similar to the assumed relationship between corruption and the level of income, it relates to an individual's satisfaction with the financial situation. However, this variable relates to the subjective perception of one's own financial situation. Torgler and Valev (2006) demonstrate that people who are dissatisfied with their financial situation tend to be more willing to act illegally. Such discontentment, in turn, can create "a sense of distress, especially when there is a discrepancy between the actual and the desired financial situation. Thus, there may be a higher incentive to act illegally to reduce this gap" (Torgler a. Valev, 2006, p. 7). I assume that people who are unsatisfied with their own financial situation strive for higher income and are also prepared to accept illegal payments.

Furthermore, I expect that people who are more tolerant towards corruption are more likely to behave corruptively as well. Using data from the World Values Survey, Moreno (2002) demonstrated that there are significant cross-national and cross-regional variations in the permissiveness of corruption, suggesting that some societies justify corrupt acts based on cultural values. He demonstrated that these attitudes toward corruption are negatively associated with interpersonal trust and democratic attitudes such as the support for democracy that are important components of democratic political culture. Moreno showed that permissiveness toward the level of corruption was very high in post-communist countries, followed by Latin American countries, and South Asian societies. I posit that the level of the justification of bribery influences the extent of perceived corruption.

The operationalization of the independent variables and data sources are included in the Appendix.

Method: Panel and Multilevel Analysis

Macro Models of Corruption

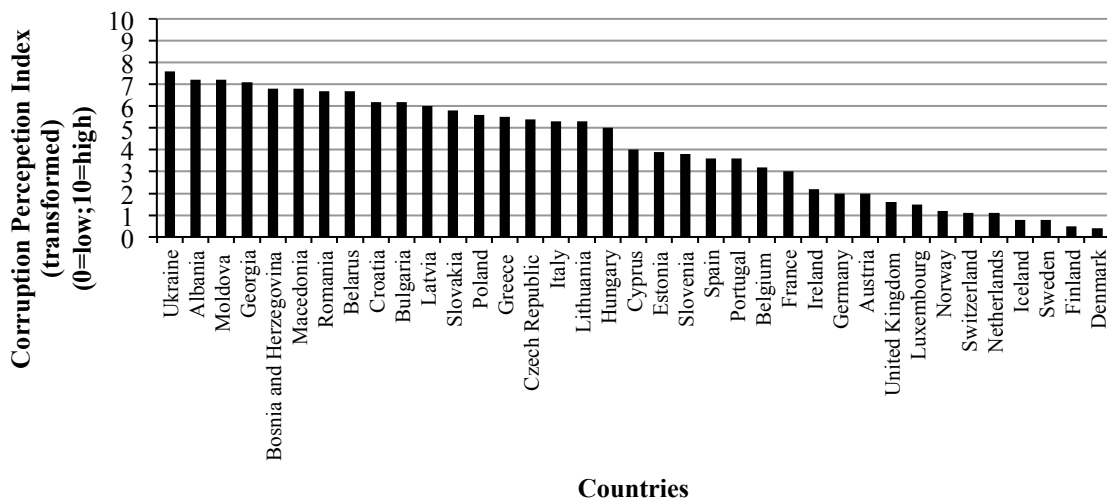
At the country level, the empirical analysis follows a panel-data research design that includes regression analyses that regard both the spatial and temporal dimension of data. Panel data are repeated measures within countries. After checking for multicollinearity, I run several linear regression models including economic, political, socio-cultural and economic, and historical variables with panel-corrected standard errors for estimating variance in these models.

Measuring Corruption at the Country Level

Corruption cannot be measured directly. It is secretive by nature and frequently takes place in hidden and unofficial settings because all participants are highly interested in keeping their corrupt actions secret. Thus, the most common strategy for capturing corruption is in an indirect way by measuring the perception of corrupt actions.

I measure the extent of corruption at the macro level using the Corruption Perception Index¹⁰ and for a period of 16 years (1995-2010). The CPI-scales are rescaled to a range of 0 to 10, where 0 indicates low corruption and 10 the highest level. My investigation includes 37 European countries.¹¹ Figure 1 illustrates that corruption varies widely across different European countries. The average extent of corruption (1995-2010) in 37 European states is 3.92. The highest levels of corruption are found in Ukraine (7.6), Albania (7.2), Moldova (7.2), Georgia (7.1) and Bosnia and Herzegovina (6.8). The countries with the lowest extent of corruption include the Scandinavian countries: Denmark (0.4), Finland (0.5) and Sweden (0.7). On the whole, Europe is characterized by widely diverging corruption values¹² (Corruption Perception Index, 2014).

Figure 1: Corruption across Europe (Average Level: 1995-2010)



Moreover, looking at the patterns of corruption development over time (1995-2010), it is striking that the extent of corruption has continuously risen in European states. While the average score of the degree of corruption was 2.91 in 1995, it has increased to 4.14 in 2010. Taking a closer look at each individual country, the different developments of corruption illustrates various dynamics in certain countries. It is notable, that there are countries that have had rather constant degrees of corruption over time such as Norway, Sweden, Denmark,

and the Netherlands. In general, one sees strong dynamics in the development of corruption for the time period of 1995-2010. This involves for example Belarus, Belgium, Italy or Poland.

Micro Models of Corruption

To explain corrupt behavior at the individual level and provide a more thorough explanation of the extent of corruption, I run several multilevel models. Multilevel models, also known as mixed models, hierarchical linear or nested models, are considered as generalizations of linear models, but can also be extended to non-linear models. As standard regression models, multilevel modeling aims to study the relationship between a dependent variable and a set of independent variables. Overall, the data structure is hierarchical, and the sample data are viewed as a multistage sample from the hierarchical population. By allowing for residual components at each level, multilevel modeling takes the existence of hierarchical data structure into account (e.g. Hox, 2002).¹³ For the European states, I specify certain multilevel models:¹⁴ a random intercept model, including micro level variables such as an individual's socio-demographic characteristics, values, norms, and attitudes (model 1); a random intercept and slope model that integrates the significant micro level variables of model 1 and the macro level model and two random slopes, interpersonal trust and justification of bribery (model 2), and finally I estimate a model that additionally integrates four cross-level variables¹⁵ (model 3).

Measuring Corruption at the Individual Level

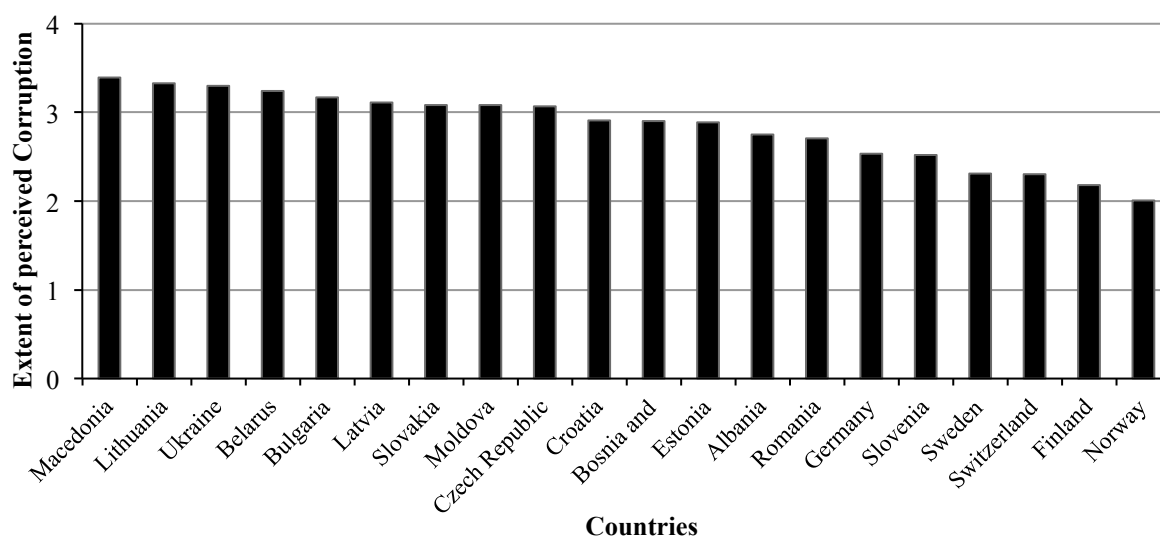
To measure corruption at the individual level I use the item "Extent of political corruption" of the World Values Survey covering more than ninety percent of the world population. The item is generated by asking "How widespread do you think bribe taking and corruption is in this country?" Responses were recorded on a four-point scale where "1" implies "no public officials engaged in it"; 2 = "a few are"; 3 = "most are" and 4 implies "almost all public officials are engaged in it" (World Values Survey, 2014).

It is important to underline that, similar to the Corruption Perception Index, this WVS-item measures the extent of corruption that is perceived by interviewed people and not the actual level of corrupt activities. Therefore, using subjective perceptions while measuring culture dimensions and corruption are prone to bias (Tverdova, 2011). Consequently, I call the dependent variable "extent of perceived corruption" and results have to be interpreted cautiously.

Moreover, of particular importance in comparing the dependent variables of the macro and micro level is their high correlation. The correlation between the CPI (transformed) and the aggregated item "Extent of political corruption" of the WVS is 0.84. In fact, the correlation of both levels, macro and micro, especially indicates the linkage between the country and the individual level. Consequently, I conclude that higher perceptions of corruption can also increase the probability of an individual's corrupt behavior.

For the following analyses, I use three waves from the World Values Survey: 1994-1999; 1999-2004 and 2005-2008. This is nearly equivalent to the time period that is used at the macro level (1995-2010). Between these years, almost 30.000 respondents were surveyed in 20 European societies. Figure 2 below illustrates how European societies differ over the extent of perceived corruption.

Figure 2: Extent of perceived Corruption in Europe



Similar to the extent of corruption at the macro level, figure 2 demonstrates that corruption varies widely across different European countries. The overall mean score on the four point scale in these 20 European countries is 2.89. The highest extent of perceived corruption are found in Macedonia (3.39), Lithuania (3.33), and the Ukraine (3.30), followed by Belarus (3.24), Bulgaria (3.17), Latvia (3.11), Slovakia and Moldova (3.08) and Czech Republic (3.07), whereas the countries with the lowest extent of corruption turn out to be, in particular, the Scandinavian countries Norway (2.01) and Finland (2.18), followed by Switzerland (2.30), and Sweden (2.31). Slovenia (2.52), Germany (2.53), Romania (2.71), Albania (2.75), Estonia (2.89), Bosnia and Herzegovina (2.90), and Croatia (2.91) score between 2.5 and 3.0. It is again striking, that there are significant differences between West and East European states. These findings are very similar to the descriptive results at the macro level.

Similar to the country level, there are also significant differences in the perception of corruption between West and East European states. The average score of the extent of perceived corruption in Western European countries¹⁶ is 2.41. On the contrary, the average corruption level of the Eastern societies¹⁷ is 3.09, and thereby comparatively higher. A comparison of Northern¹⁸ (2.63) and Southern Europe¹⁹ (2.89) show a similar picture. Notably, levels of corruption are not exceptionally lower in Southern Europe than in post-communist societies.

Explaining Corruption in Europe

The Impact of Country Characteristics on Corruption

Table 1 presents the empirical findings of panel analysis at the macro level. It shows that all included independent variables have significant relationships with corruption, measured by the CPI, in Europe.

Table 1: Macro Model of Corruption

Variables	Extent of Corruption in Europe
Economic Development	-0.685*** (0.092)
EU-Membership	-0.015*** (0.005)
Degree of Democracy	-0.094** (0.045)
Women in Parliaments	-0.002*** (0.000)
Percentage of Catholics	0.095*** (0.009)
Percentage of Orthodox	0.174*** (0.012)
Percentage of Protestants	-0.105*** (0.019)
Percentage of Muslims	0.133*** (0.022)
Years of Democracy	-0.221*** (0.011)
Communist Past	0.059*** (0.010)
Constant	0.826*** (0.043)
Observations	426
R-squared	0.89
Number of Countries	37

Note: Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Dependent Variable: "Extent of Corruption" (Corruption Perception Index transformed); 0= low corruption; 10= highest level of corruption.

In this model, a country's economic development is the most important contributor to the reduction of corruption levels in Europe. This result confirms previous research that claimed that the level of economic development even holds most of the explanatory power of the various corruption indicators (e.g. Basu, 2006; Paldam, 2002). Thus, I can conclude that when economic conditions improve, European countries are likely to improve their corruption scores, and experience less corruption.

Furthermore, my findings indicate, that a country's EU-membership tends to hinder an increase in corruption in European states. Especially after becoming a member in the European Union, the corruption scores of several countries such as Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia have significantly improved their corruption scores. This provides initial support that countries that are more integrated into international networks such as the EU are more exposed to economic pressure, maybe normative pressures as well, against corruption. This result confirms research of Sandholtz and Gray (2003) and Kostadinova (2012) who have demonstrated that greater degrees of international integration lead to lower levels of corruption. This also implies that rules such as the Copenhagen Criteria, which define whether a country is eligible to join the European Union, seem to have a significant influence on a country's level of corruption. The establishment of the rule of law in a country is not compatible with widespread levels of corruption, and if countries attempt to join the EU, they have to minimize corrupt activities as far as possible. Therefore, the admission of countries into organizations with high anti-corruption standards such as the European Union seems to be an overall efficient anti-corruption instrument because international pressure tends to produce behavioral changes in

countries regarding their corruption levels. This also confirms Kostadinova's (2012, p. 240) assumption that "the desire to join the European Union was a much more effective driving force for implementation of anticorruption policies. [...] Ironically, many people in the admittedly more corrupt Romania and Bulgaria think that only the Union can save them from corrupt politicians".

Moreover, the degree of democracy and the percentage of women in parliaments are influential in explaining the levels of corruption in Europe. As expected, the model indicates that the extent of corruption is lower in countries that have higher levels of female participation in parliaments. This result is attributed to the fact that democracies are strongly related to greater gender equality (Beer, 2009). Gender equality may be conducive to democracy by promoting a less hierarchical cultural milieu for decision-making (Norris et al., 2002). Moreover, in democratic states, principles such as equality, fairness, transparency, checks and balances, and accountability are more strongly fostered than in authoritarian regimes that are characterized in particular by strong hierarchies. Therefore, specific components of democracies and democratization processes include necessary conditions for honest governments because their institutions tend to include corruption-restraining mechanisms.

Sung (2003) also argues that liberal democracy goes along with the protection of women's political rights. She claims that it is 'fairer systems' that explains why corruption is lower where more women are in government. In other words, more advanced democratic structures and institutions and high percentages of women in parliaments lead to lower levels of corruption. As a result, my findings confirm cultural approaches that claim democratic societies and polities are often committed to norms and values of justice and equal opportunities that are in opposition to corruption norms (e.g. Uslaner, 2006). Additionally, I analyze the interaction between a country's degree of democracy and the percentage of women in parliaments in terms of reducing the extent of perceived corruption by multilevel models (table 2).

Furthermore, the model illustrates that religion is a strong predictor of corruption levels in Europe and confirms my assumption that that countries with higher levels of Protestants are likely to be less corrupt. My findings indicate that societies with a higher percentage of individuals of Catholic, Orthodox, and Muslim faiths show higher levels of corruption, while the relationship in Protestant societies such as Denmark, Sweden or Norway seems to be the opposite. My results lend credence to the argument that "In more hierarchical systems (for example, Catholicism, Orthodoxy and Islam), challenges to the status quo are less frequent than in more egalitarian or individualistic religions" (Dreher et al. 2007, p. 448). Theoretically, this association is often ascribed to egalitarian and individualistic features of Protestantism that facilitate the extent to which office-holders are held accountable for their actions. Thus, compared to other religions such as the Orthodox and Catholic churches as well as Islam, Protestant societies show less hierarchy and are less prone to tolerance towards power abuses and corrupt behavior. As a result, societies that indicate more egalitarian and individualistic features are more likely to show lower levels of corruption. This also suggests for the argument that democratic values such as equality decrease corruption levels.

As assumed, there are significant relationships between historical factors such as the durability of democratic systems and a country's communist past and the extent of corruption. This finding implies that democratic structures not only decrease levels of corruption, but that this effect is also strengthened by the duration of democratic principles. In other words, the longer a democracy lasts, the less corrupt it is. The relationship between the duration of democracy and the extent of corruption is even stronger than the relationship with a country's degree of democracy. I also analyze the interaction between the degree and duration of democracy with regard to the extent of perceived corruption at the individual level (table 2).

To conclude, democracies in Europe are not free of corruption per se and do not necessarily exhibit honest governments and politicians, but they have fewer problems with corruption reflecting the duration of democratic rule. Consequently, reducing levels of corruption would imply a change of specific practices and habits that are deeply embedded in a society's culture and its institutions.

In contrast to this, a country's communist past significantly increases the extent of its level of corruption in Europe. This indicates that a country's communist past fosters the growth of corruption levels and that post-communist countries seem to still be susceptible to corrupt practices. This is in line with Skaaning (2009, p. 226) who assumes that "as culture only changes slowly, the corrupt traditions have arguably survived the end of communist regimes. Communism is thus likely to have established a negative legacy. New bureaucracies were not created from scratch, large extents of the personnel carried over, and enterprises as well as private people in general had 'internalized' certain practices."

The Impact of Individual Characteristics on Corruption

Table 2 presents the empirical findings of the multilevel models. It shows that all included variables have significant relationships with the extent of perceived corruption in Europe, measured by the WVS-item "How widespread do you think bribe taking and corruption is in this country?".

Table 2: Micro Model of Corruption

Variables	Model (1)	Model (2)	Model (3)
Individual Level			
Gender	0.030 (0.020)		
Age	0.001* (0.000)		
Employment Status	0.007 (0.004)		
Level of Income	-1.67 (1.83)		
Emancipative Values	-0.601** (0.270)	0.085 (0.117)	0.102 (0.111)
Level of Interpersonal Trust	-0.214*** (0.052)	-0.161*** (0.024)	-0.136*** (0.019)
Satisfaction with Financial Situation	-0.065*** (0.008)	-0.036*** (0.004)	-0.038*** (0.004)
Justification of Bribery	0.042*** (0.009)	0.020*** (0.006)	0.022*** (0.005)
Country Level			
Extent of Corruption (CPI (transformed))		0.093*** (0.030)	0.086** (0.036)
Economic Development		-0.050 (0.173)	-0.180 (0.130)
EU-Membership		0.083 (0.089)	0.062 (0.099)
Degree of Democracy		0.048*** (0.009)	0.080 (0.133)
Women in Parliaments		0.008	-0.047**

		(0.009)	(0.020)
Orthodox		0.000	-0.003
		(0.003)	(0.002)
Protestant		-0.005	-0.007***
		(0.003)	(0.002)
Years of Democracy		-0.001	0.012
		(0.007)	(0.015)
Communist Past		0.077	0.081
		(0.093)	(0.094)
Cross Level			
Satisfaction with Financial Situation x Degree of Democracy			0.001
			(0.001)
Interpersonal Trust x Degree of Democracy			-0.022***
			(0.007)
Women in Parliaments x Degree of Democracy			0.026***
			(0.008)
Duration x Degree of Democracy			-0.006***
			(0.005)
Constant	-0.012	0.187	0.833
	(0.054)	(1.073)	(0.961)
Observations	17873	22318	22318
Number of Countries	20	23	23
Random Effects Parameters			
Variance		3.69	
(Interpersonal Trust)		(...)	
Variance		4.75	
(Justification of Bribery)		(...)	
Variance	1.19	1.60	6.37
(cons)	(1.02)	(8.24)	(1.89)
Variance	.59	.55	.54
(Residual)	(.08)	(.06)	(.03)
Between Country-Variation of Dependent Variable	33%	26%	8%
Within Country-Variation of Dependent Variable	67%	74%	92%

Note: Robust Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Dependent Variable: "Extent of perceived Corruption" is generated by asking "How widespread do you think bribe taking and corruption is in this country?"; Responses were recorded on a four-point scale: "1" = "no public officials engaged in it"; 2 = "a few are"; 3 = "most are" and 4 = "almost all public officials are engaged in it."

Individual-level variables (except for dummies) are centered on country means; Country-level variables are centered on the global mean; all variables are standardized into the same number format; Sampling weights are assigned at one or both levels in the two-level model.

Models calculated with STATA 12.1. Data cover all societies and respondents from three waves of World Values Survey (1994-2008).

The results of all multilevel models demonstrate that an individual's level of interpersonal trust, satisfaction with the financial situation, and the justification of bribery are significant in the explanation of the extent of perceived corruption. While an individual's justification of bribery shows a positive relationship with the extent of perceived corruption, the variables level of interpersonal trust and satisfaction with the financial situation are negatively associated with perceived corruption. In contrast to this, the relationship between emancipative values and the extent of corruption is only significant in the random intercept model (model 1). Furthermore, in all models, socio-demographic characteristics such as an individual's gender, age, employment status and level of income do not show significant relationships with the perception of corruption. This means, that in terms of the gender

variable, the assumption that an individual's gender influences the probability of corrupt behavior cannot be confirmed and contradicts studies by Swamy et al. (2001) and Dollar et al. (2001). Both of these authors demonstrated that women were less involved in corrupt transactions and were less likely to condone bribe-taking than men. This result rather supports the argument that the perception of corruption is more culture-specific than gender-dependent (e.g. Alatas et al., 2009).

Interpersonal trust is constantly the strongest predictor of the extent of perceived corruption. This implies that people who have high levels of interpersonal trust show lower levels in the perception of corruption. Based on this result, my analysis indicates that trust seems to be a good control mechanism of corruption within a society. Generally, trust is a central component of social capital and a value that expresses the belief that others are part of your moral community (e.g. Uslaner, 2006; Putnam, 1993).

In all models, an individual's satisfaction with their financial situation indicates a negative relationship with the extent of perceived corruption. This implies that people who are unsatisfied with their financial situation perceive a higher extent of corruption of public officials. However, this result does not necessarily confirm the study of Torgler and Valev (2006) who demonstrated that people who are dissatisfied with their financial situation tend to be more willing to act illegally. It merely indicates that these people perceive higher levels of corruption to exist or are more sensitive towards corrupt actions.

Moreover, the results of the European-specific multilevel model that includes the significant variables of the macro level as well demonstrate that the extent of corruption, women in parliaments and Protestantism are explanatory variables in terms of the extent of perceived corruption. While the extent of corruption, measured by the CPI, has a positive association with the perceived extent of corruption, women in parliaments and Protestantism reduces the perception of corrupt actions. In terms of the significant relationship of a country's extent of corruption this implies that people living in countries with high levels of corruption also perceive higher levels of corruption. While in Protestant countries with a high number of women in parliaments that generally show lower levels of corruption, the individual perception of corruption is less likely as well. This again confirms the results of the macro model and demonstrates their robustness.

The findings illustrate that both the extent of corruption and its perception are culturally influenced and determine individuals' behavior. It seems that people have greater expectations and a higher estimated probability that, for instance, a given public official will engage in corrupt acts in societies with high levels of corruption (Fisman a. Miguel, 2007). These results also clearly demonstrate the cultural transmission of corruption, which implies that individuals from societies in which corrupt transactions are quite common are more likely to engage in corruption and expect others to engage in it as well (e.g. Hauk a. Saez-Marti, 2002).

Additionally, there are significant relationships between three cross-level variables and the extent of perceived corruption (an individual's interpersonal trust and a country's degree of democracy; the percentage of women in parliaments and a country's degree of democracy; and a country's duration and degree of democracy). However, there is no significant relationship between the cross-level variable an individual's financial and a country's degree of democracy and corruption. This confirms again the assumption that the extent of perceived corruption is strongly linked with a country's degree and duration of democracy and is associated with a high level of interpersonal trust. These three factors reduces the extent of corruption, while an individual's financial satisfaction plays a minor role in explaining the perception of corrupt actions. As a result, corruption is a cultural, multilevel phenomenon that can be explained very well by sociological approaches that highlight cultural norms and values and focus on actors' social behavior in communities, institutions and societies. Thereby, my analysis also confirms that culture interacts with corruption through two

channels, formal (democratic) institutions, and informal institutions such as interpersonal trust (Banuri a. Eckel, 2012).

Conclusion

My analysis reveals that a country's contextual conditions such as the economic development, international integration (EU-membership), women's percentage in parliaments, Protestantism, the degree and duration of democracy and historical factors such as the post-communist past influence the extent of corruption over time and across European countries. With regard to the micro level, I have identified that corruption is likely experienced differently depending on certain values, norms, and attitudes. However, socio-demographic features such as an individual's gender, age, employment status and level of income do not show any influence. Yet, the multilevel analysis demonstrates that an individual's level of interpersonal trust, satisfaction with the financial situation and justification of bribery affect the individual's perception of corruption. While interpersonal trust and an individual's satisfaction with the financial situation decrease the extent of perceived corruption, the justification of bribery increases its perception.

Moreover, the multilevel analysis has indicated that women's percentage in parliaments, Protestantism, the degree and duration of democracy and interpersonal trust acting as cross-level phenomenon have a significant effect on the perception of corruption as well. These results suggest that corruption exists, persists, and varies significantly across cultures in Europe. The channels through which culture and corruption interact include formal and informal institutions such as democratic institutions and interpersonal trust.

Together, these findings reveal, that people do not act for purely material reasons such as money or for immaterial resources such as power or prestige. Instead, culture and traditions generally influence an individual's decision to commit or refrain from corrupt acts.

Furthermore, my analysis indicates that improving an individual's economic situation is an adequate way of reducing and preventing corruption. Only a society where relatively few people live in poverty offers the requisites for equal economic, political and social participation and therefore equality. But a country's economic development is not a sole criterion for generating an economy devoid of corruption. More precisely, a highly unequal distribution of key resources such as income and wealth that are strongly linked to education and knowledge are equivalent to inequality in the distribution of key political resources and hence unfavorable to competitive politics (e.g. Lipset, 1953; Dahl, 1991). Therefore, in addition to the level of economic development of a country, the distribution of material resources is regarded as important for the prospects and benefits of democracy that in turn hinders corruption development.²⁰

However, my study indicates that democracy does not necessarily guarantee honest governments and corruption-free societies. Although, it is generally believed that corruption is confined to authoritarian countries or developing countries, corruption appears regardless of the regime type. Scandals appear frequently in young as well as well-established liberal democracies. In contrast, the duration of democracy is the decisive element that improves corruption levels in the long-term. In sum, by providing the institutional component of people power, democracy leads to higher levels of transparency and enables the civil society and social engagement of groups including non-governmental organizations, media and the press, to call attention to corruption, sensitize the population and act as watch-dogs. As studies have indicated, in mature democracies these social organizations and movements have become a constant source of influence on government, keeping elected officials under permanent pressure in terms of accountability and responsiveness (e.g. Welzel, 2013). In this context, Collier (2002, p. 27) has also revealed that "an empowered civil society playing a vital role in

elite accountability emerges as the foundation to building commitment rules.” Social empowerment²¹, especially through mass citizen participation, is therefore essential in the fight against corruption. A strong civil society cultivates anti-corruption commitment rules that, in turn, lead to self-enforcing mechanisms where the ruling elites make it their duty not to behave corruptly and civil society takes this promise as their corresponding right. Civil society is therefore the chief manifestation of a vital democracy and a main source of governmental accountability and responsiveness (e.g. Putnam, 1993; Collier, 2002).

However, Johnston (2012, p. 342) points out that “any nation relying on democratic processes to check corruption must face the possibility that the new order will create corruption risks all its own, and that voters will be all too willing to re-elect leaders of dubious integrity who nonetheless ‘deliver the goods’. The key is not the formal hardware of democracy, but rather fairness, loyalty, legitimacy, and credible accountability – the values that make democracy worth pursuing, and corruption worth worrying about, in the first place.” In this context, “values-based corruption control“ is required, which is based on the notion that values, social sanctions, and widely shared conceptions of right and wrong should play an important role, alongside laws and punishments, in guiding the uses of public power and resources. Banuri and Eckel (2012, p. 7) suggest that “For a government that seeks to inhibit corruption, the goal is to devise formal institutions that can reinforce existing social norms.” Consequently, fighting corruption consists of the combination of formal democratic institutions that provide transparency and accountability, but also include mechanisms that allow for the monitoring and sanctioning of corrupt actors. Preventing corruption implies fostering informal institutions such as interpersonal trust.

Consequently, I conclude that a specific “democratic culture” including certain norms and values such as interpersonal trust and social and economic equality is the most important contributor in the fight of corruption. This democratic culture goes along with the degree and especially the duration of democracy, economic development and EU-membership which overall represent a system of democratic values. In other words, a democratic culture as specified above hinders the growth of corruption and acts as remedy by generating strong democratic institutions and norms and values as well.

Turning the tables, governance and government performance can, in turn, help to improve the democratic situation and enhance citizens’ trust in political institutions because citizens who perceive clean and honest governments, higher levels of fairness, satisfaction, and brightening economic prospects develop higher trust in institutions (e.g. Moreno, 2002; Tavits, 2008²²).

With regard to the measurement of corruption, my study also point out that there is a high correlation between the dependent variables of the country level, measured by the CPI, and individual level, measured by WVS survey data. This demonstrates that both levels are strongly linked and suggests that both indices seem to measure the same phenomenon: the extent of perceived corruption. Prospectively, researchers analyzing corruption can additionally rely on the perceptions of citizens as well, however, always be considered in connection with survey data by experts.

Overall, my analysis provides a diagnostic as well as a broad, coherent analytical framework of the factors that influence corruption in Europe. This framework can be used as a template for future analyses such as case studies with stronger focus, for instance, on the underlying mechanisms of corruption.

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Appendix: Independent Variables

ECONOMIC FACTORS	Operationalization	Source
Economic Development	GDP / per capita, PPP (Constant International USD) (logarithmized).	World Bank, OECD
International Integration (EU-Membership)	Dummy-variables (1/0)	European Union; World Trade Organization; OECD
POLITICAL FACTORS	Operationalization	Source
Degree of Democracy	Freedom-House-Index / Imputed Polity IV	Freedom House; Polity IV
Women in Parliaments	Percentage of parliamentary seats in a single or lower chamber held by women.	World Bank; United Nations
SOCIO-CULTURAL FACTORS	Operationalization	Source
Percentage of Catholics	Catholics as percentage of population	Worldmark Encyclopedia of the Nations; Statistical Abstract of the World; United Nations
Percentage of Orthodox	Orthodox as percentage of population	Worldmark Encyclopedia of the Nations; Statistical Abstract of the World; United Nations
Percentage of Protestants	Protestants as percentage of population	Worldmark Encyclopedia of the Nations; Statistical Abstract of the World; United Nations
Percentage of Muslims	Muslims as percentage of population	Worldmark Encyclopedia of the Nations; Statistical Abstract of the World; United Nations
HISTORICAL FACTORS	Operationalization	Source
Years of Democracy	The number of consecutive years since 1930 the system had been democratic as of 2000	Quality of Government Dataset (2011)
Communist Past	Dummy-Variable: 1) If a country has a communist past; 0) if not	Worldmark Encyclopedia of the Nations; Statistical Abstract of the World; United Nations
SOCIO-DEMOGRAPHIC CHARACTERISTICS	Operationalization	Source
Gender	Question text: Categories: -5 Missing; Unknown -4 Not asked in survey -3 Not applicable -2 No answer -1 Don't know 1 Male 2 Female	World Values Survey
Age	Question text: "Year of birth" Categories: -5 Missing; Unknown -4 Not asked in survey -3 Not applicable -2 No answer -1 Dont know	World Values Survey
Employment Status	Question text: "Are you employed now or not? IF	World Values Survey

	<p>YES: About how many hours a week? If more than one job: only for the main job.”</p> <p>Categories: -5 Missing; Unknown -4 Not asked in survey -3 Not applicable -2 No answer -1 Don't know 1 Full time 2 Part time 3 Self employed 4 Retired 5 Housewife 6 Students 7 Unemployed 8 Other</p>	
Level of Income	<p>Question text: “Here is a scale of incomes. We would like to know in what group your household is, counting all wages, salaries, pensions and other incomes that come in. Just give the letter of the group your household falls into, before taxes and other deductions.”</p> <p>Categories: By decides for your society, 1= Lowest decide, 10= Highest decide</p>	World Values Survey
VALUES AND NORMS	Operationalization	Source
Emancipative Values	Combination of (1) a liberating orientation, an emphasis on freedom of choice, (2) an egalitarian qualification of this liberating orientations as equal freedom of choice, or equality of opportunities.	World Values Survey, Welzel (2013)
Level of Interpersonal Trust	<p>Question text: “Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?”</p> <p>Categories: 1) Most people can be trusted 0) Can't be too careful</p>	World Values Survey
ATTITUDES	Operationalization	Source
Satisfaction with Financial Situation	<p>Question text: “How satisfied are you with the financial situation of your household? If '1' means you are completely dissatisfied on this scale, and '10' means you are completely satisfied, where would you put your satisfaction with your household's financial situation?”</p> <p>The item is scaled from 1 (“Dissatisfied”) to 10 (“Satisfied”).</p>	World Values Survey
Justification of Bribery	<p>Question text: “Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between,</p>	World Values Survey

using this card. (Read out statements.
Code one answer for each statement):
Someone accepting a bribe in the
course of their duties.” The item is
scaled from 1 (“Never justifiable”) to
10 (“Always justifiable”).

Endnotes

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2 Culture is often considered as a product of whole societies that consists of attitudes and behaviors. It is essentially observed as a collective concept, applicable to social groups, composed of shared meanings and interpretations (Hofstede, 2001).

3 In a similar vein, Welzel (2013, p. 186) claims that “To assume an impact of values on actions is plausible when one acknowledges that human actions are at least partly intentional and that values shape intentions.”

4 Due to the fact that the relationships between corruption and certain variables are often unclear, related to previous research, I always assume an alternative hypothesis, according to the basis assumption.

5 Gottfredson and Hirschi, (1990, p. 149) claim that women seem to be more honest or more risk-averse than men by nature, which may be because they feel that there is a greater probability of being caught. Second, they are typically more involved in raising children, an activity in which they practice honesty in order to teach their children appropriate values. Third, it is assumed that “women may feel more than men- the physically stronger sex, that laws exist to protect them and therefore be more willing to follow rules.” Fourth, “girls may be brought up to have higher levels of self-control than boys which affects their propensity to indulge in criminal behaviour”.

6 Kostadinova (2012, p. 26) claims that “Because of the multifaceted character of postcommunist transition, numerous opportunities emerged for illicit payments, patronage, allocation of public contracts, black market interactions, and covert networks. These could spread and grow in the Eastern Europe societies, already suffering from endemic bribery and lack of elite integrity” (see also Holmes, 2006).

7 To measure corruption at the individual level I finally use data from the World Values Survey that refer to the perception of corruption by individuals from multiple countries. This is in contrast to the data from the macro level based on survey data by experts. For this reason, I call the dependent variable of the micro level “extent of perceived corruption”. Both variables are highly correlated.

8 Hunt (2004) suggests that “A higher probability of detection and a greater value of reputation within networks could lead to honesty rather than implicit quid pro quos, although there is no clear dividing line between the two. In the context of the links between crime and trust, trust should lead to honesty, rather than a network for mutually beneficial but possibly illegal exchange.”

9 Even though some researchers suggest that societies with high levels of trust also tend to be more tolerant of corrupt practices. Moreno (2002) argues that high levels of interpersonal trust support corruption because trust plays an important role in the relationship between corrupt individuals who usually operate with high levels of interpersonal trust necessary to maintain their relationship and decreases the risk of disclosure.

10 The Corruption Perception Index compiled by Transparency International has become one of the most reliable and widely used indicators of corruption around the world. The meta-index was first launched in 1995 and ranks almost 200 countries based on the degree to which corruption is perceived among public officials and politicians. The CPI is a composite index drawing on 14 different polls and surveys from seven independent institutions and is carried

out among business people and country experts. It also includes surveys of local residents and expatriates who rank countries on a scale from zero (high corruption) to ten (low corruption), according to the level of perceived corruption.

11 Excluded states are either not considered by most other data sources such as Andorra, Liechtenstein and Malta, or are outliers within the dataset, such as Turkey or Russia.

12 More precisely, it is striking, that there are still significant differences between Western and Eastern European states. The average score of the Western countries is 2.06. With this score, Western Europe is found at the bottom of corruption values in Europe. Contrary to this, the average corruption level of Eastern states is 6.37 and thereby considerably higher. A comparison of Northern¹² (2.28) and Southern Europe¹² (5.33) show a similar picture.

Notably, levels of corruption are not exceptionally lower in Southern Europe than in post-communist societies. Countries such as Greece (5.53), Italy (5.36), Portugal (3.64) or Spain (3.65) are similarly rated by the Corruption Perception Index as post-communist countries such as Romania (6.79), Hungary (5.01), Slovenia (3.88) or Estonia (3.91).

13 Hox (2002, p. 1) defines multilevel analysis as “The general concept is that individuals interact with the social contexts to which they belong, meaning that individual persons are influenced by the social groups or contexts to which they belong, and that the properties of those groups are in turn influenced by the individuals who make up that group. Generally, the individuals and the social groups are conceptualized as a hierarchical system of individuals and groups, with individuals and groups defined at separate levels of this hierarchical system.[...] This leads to research into the interaction between variables characterizing individuals and variables characterizing groups, a kind of research that is now often referred to as 'multilevel research'.”

14 Contrary to the panel analyses at the macro level, countries such as Austria, Belgium, Cyprus, Georgia, Greece, Denmark, France, Hungary, Iceland, Italy, Ireland, Luxembourg, Netherlands, Poland, Portugal, Spain and the United Kingdom have to be excluded because of missing data.

15 These cross-level variables encompass an individual’s satisfaction with financial situation and a country’s degree of democracy; an individual’s interpersonal trust and a country’s degree of democracy; the percentage of women in parliaments and a country’s degree of democracy; and a country’s duration and degree of democracy.

16 The sample of Western Europe only includes Germany and Switzerland. As a result of the exclusion of a lot of Western countries such as Belgium, France or Luxembourg this sample is comparatively underrepresented. This only serves as an illustration.

17 Belarus, Bulgaria, Czech Republic, Moldova, Romania, Slovakia, Slovenia and the Ukraine and belong to the sample of Eastern Europe.

18 Northern Europe includes Estonia, Finland, Lithuania, Latvia, Norway and Sweden.

19 Albania, Bosnia and Herzegovina, Croatia and Macedonia and Slovenia belong to the sample of Southern Europe (United Nations Statistics Division, 2014).

20 The link between economic development and democracy is considered “one of the most powerful and robust relationships in the study of comparative national development” (Diamond 1992, p. 110).

21 “Social empowerment means “strengthening civil society in order to enhance its political and economic vitality, providing more orderly paths of access and rules of interaction between state and society, and balancing economic and political opportunities” (Johnston 1998, p. 85).

22 Tavits (2008) finds out that governments can have a significant impact on people’s well-being. Examining the effect of corruption and representation on people’s subjective well-being she demonstrates that people report higher levels of subjective well-being when especially their governments perform well (i.e., are clean rather than corrupt).