Corruption and Trust:
Theoretical Considerations and Evidence from Mexico

[formerly titled "Corruption and Trust in Mexico"]

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Abstract
The growing empirical literature on political corruption shows trust (interpersonal and political) to be both cause and consequence of corruption. This conclusion, however, largely builds on studies using cross-national measures of corruption based on perceptions of corruption rather than actual experience, itself raising questions of endogeneity. We consider the trust-corruption linkage central. The lack of trust fed by corruption undermines government efforts to mobilize society to help fight corruption, leads the public to routinely dismiss government promises to fight corruption, and, when asked by pollsters, to see more of the same rather than a decline in corruption. After disaggregating both concepts (trust and corruption), we empirically explore perceptions of corruption and trust in political institutions in Mexico based on data from the 2004 Americas Barometer (AB) survey. We discover a powerful mutual causality between perceptions of corruption and trust in political institutions that suggests that rooting out perceptions of corruption or shoring up trust in public institutions will be an extremely difficult project for anyone who takes on the task.

Revised version of a paper presented at the Meeting of the Midwestern Political Science Association, Chicago, Illinois, April 3-6, 2008.

Forthcoming *Comparative Political Studies.*

Scholars have devoted substantial attention in recent years to the concept of trust (e.g., Boeckmann and Tyler 2002; Brehm and Rahn 1997; Chanley et al. 2000; Critin 1974; Earle and Cvetkovich 1995; Fukuyama 1995; Hagan, Merkens and Boehnke 1995; Hetherington 1998; Inglehart and Welzel 2005; Kaase and Newton 1995; Miller 1974; Miller 1980; Muller, Jukam and Seligson 1982; Putnam 1993, 2000). Many studies cast trust as an independent variable and find that it influences political behavior and institutional practice. Recent writings on social capital, for example, identify interpersonal trust along with civic involvement as a determinant of economic development, political participation, and effective democratic institutions (see Fukuyama 1995; Hagan, Merkens and Boehnke 1995; Klesner 2007; Putnam 2000). Other studies, by contrast, cast trust as the product rather than the cause of institutional performance. These studies suggest that poor, mismanaged government breeds distrust, not the other way around. As Rothstein and Stolle (2002, 7) succinctly put it, "government policies and political institutions create, channel and influence the amount and type of social capital." Taken together, these findings suggest that trust influences institutional performance just as institutional performance shapes the public's trust in their institutions and in one another.

In a similarly perplexing manner, the growing political corruption literature portrays trust as both cause and effect of corruption. Some point to the lack of trust in others and in political institutions as a major causal component underlying corruption, often creating a degree of tolerance toward official wrongdoing and feeding expectations of such conduct, while others find clear evidence that corruption fosters low levels of political trust and erodes regime legitimacy. Such findings not only raise questions about the role of trust, but also point to potential mutual causality wherein low levels of trust nurture the corruption that in turn undermines trust in government and society. This suggests a vicious circle in countries suffering systemic

corruption: a situation with significant implications for the prospects of fighting corruption and even for gauging the effectiveness of anti-corruption measures (Manion 2004; Wesberry 2004).

Mexico offers an excellent case to study these individual-level reactions to corruption. Under the rule of the Institutional Revolutionary Party (PRI) the pervasiveness of corruption came to be widely known through spectacular scandals that implicated persons close to Presidents José López Portillo and Carlos Salinas de Gortari. Few Mexicans have escaped the famous *mordida*, or bribe, that has lined the pockets of many law enforcement officers and public officials. Indeed, corruption clearly played a functional role in greasing the wheels of Mexican government under the PRI, especially when a large state role in the economy made the resources available for corruption great and the weakness of civil society organizations made it difficult to attack corruption (Morris 1991). In Mexico's post-PRI democracy, we might expect citizens to give the former oppositionists now governing the benefit of the doubt by not simply assuming that public officials are corrupt. Yet despite the PRI's fall, Mexico remains mired at 72nd place in Transparency International's Perception of Corruption Index (CPI) in 2007 (Transparency International 2007) and democracy has seemingly done little to alter the levels of corruption (Morris, forthcoming). As we will see, perceptions of corruption continue to have a profoundly negative impact on trust in political institutions while the experience of corruption and its perception still lowers the public's trust in its national institutions.

Following a discussion of the various nuances of the trust/corruption equation, in which we explore their mutual causality, this paper examines perceptions of corruption and trust in political institutions in Mexico based on data from the 2004 AmericasBarometer (AB) survey of that nation. The empirical section explores popular opinion regarding corruption and trust, and sets out and tests a range of factors influencing popular perceptions of corruption in Mexico and

institutional and interpersonal trust. To prefigure our findings, we discover a powerful mutual causality between perceptions of corruption and trust in political institutions that suggests that rooting out perceptions of corruption or shoring up trust in public institutions will be an extremely difficult project for anyone who takes on the task. At minimum, this helps explain the slow progress on both fronts in many developing democracies and points to the challenges of building trust and creating effective democratic institutions.

Trust and Corruption

Like the broader political culture literature, much of the recent research on corruption identifies trust as both cause and consequence of corruption. One perspective posits that low levels of trust nurture corruption. According to this view, a lack of trust in others within society and/or in the government prevents the adoption of a universalistic ethos and cooperative behavior and favors instead instrumental and individualistic approaches to problems. As one of Mexico's most trenchant political commentators wrote, "A society that holds little trust in others tends to extreme care and caution, diminishing social and economic transactions and impeding social cooperation" (Rubio 2007). Distrust thus fosters a tolerant or acquiescent attitude toward corruption, and by creating the expectation of corrupt behavior among others, feeds individual participation in corruption. Some studies stress the lack of generalized trust within society or lack of interpersonal trust. Heidenheimer (1996, 339), for instance, attributes widespread corruption in Italy during the post World War II period to the lack of trust among its citizens. Bardhan (1997), in turn, refers to a "frequency-dependent equilibrium" wherein participation in corruption is a function of one's expectation of corrupt behavior by others. [1] Xin and Rudel (2004, 298) similarly contend that a culture of mistrust elevates the amount of perceived corruption in society which thereby provides a justification for such behavior. Cross-national

studies using aggregate data by La Porta *et al.* (1997) and Moreno (2002) and individual-level analyses by Seligson (1999) and Davis *et al.* (2004) also lend empirical support to this view. La Porta *et al.* (1997) find lower levels of interpersonal trust in societies with higher levels of corruption, while Moreno (2002) shows that such societies also tend to be more tolerant or permissive of corruption. Seligson's (1999) study on Nicaragua and that by Davis *et al.* (2004) on Chile, Costa Rica, and Mexico also identify interpersonal trust as a significant predictor of individual-level perceptions of corruption in government.

While such studies emphasize societal or interpersonal trust as a key determinant of corruption, other scholars attribute corruption to the more refined notion of political trust as opposed to interpersonal trust. Defined as a "basic evaluative orientation toward the government founded on how well the government is operating according to people's normative expectations," political trust, like interpersonal trust, is also thought to mold the public's predisposition to engage in certain activities like corruption (Hetherington 1998, 791). According to Della Porta (2000, 205), the "lack of confidence in government actually favors corruption insofar as it transforms citizens into clients and bribers who look for private protection to gain access to decision-makers." Cleary and Stokes (2006) similarly find that the lack of trust in institutions fosters clientelism. Research by Guerrero and del Castillo using focus groups in Mexico City offers qualitative support for this view. They find that the lack of legitimacy of the law coupled with perceptions of corruption within certain institutions, particularly the notion that "everyone is doing it," greatly reduces the risk of detection and punishment and thus creates a disincentive to follow the written rules. "If a particular institution projects a corrupt image, the individuals that interact with that institution will tend to perceive low risks in offering a bribe" (Guerrero and del Castillo 2003, 2).

Other corruption-related research, however, reverses the causal arrow connecting trust and corruption. Rather than seeing low levels of trust –whether interpersonal or political – as causing corruption, this approach envisions corruption as eroding the level of trust (Anderson and Tverdova 2003; Chang and Chu 2006; della Porta 2000; Doig and Theobald 2000, 6). Anderson and Tverdova (2003), for example, using a dual empirical approach, find that the higher the perception of corruption among individuals, the lower their support for democratic political institutions, while at the macro-level, societies with higher levels of corruption tend to exhibit more negative attitudes toward civil servants. Using a different measure of corruption based on participation in corrupt exchanges in a small set of Latin American countries, Seligson (2002) also confirms corruption's corrosive impact on political trust and regime legitimacy. According to Miller and Listhaug (1999), this relationship occurs because corruption undermines trust in institutional effectiveness and institutional fairness, which serve as key indicators of support for the overall political system. Looking more specifically at the impact of political scandals on trust, Bowler and Karp (2004), Pharr (2000), Chang and Chu (2006), and Peters and Welsch (1980) all show how corruption helps shape the public's attitudes about government, political institutions, and incumbent politicians. Pharr (2000), for instance, finds misconduct in office to be a better predictor than policy performance to explain the low levels of political confidence found in Japan. Chang and Chu (2006) demonstrate that political corruption has strong trust-eroding effects regardless of contextual factors in Japan, the Philippines, Thailand, and Taiwan. Peters and Welsch (1980) show that a voter's knowledge of corruption impacts negatively on voting behavior in U.S. congressional elections. McCann and Dominguez (1998), by contrast, show how such perceptions of corruption in Mexico translate into voter apathy rather than support for the opposition.

Though most studies examining the impact of corruption on trust tend to focus more on political trust and regime legitimacy, there is reason to treat the two forms of trust – interpersonal and political – in tandem (Inglehart 1990; Inglehart and Welzel 2005; Putnam 1993). Lane (1959, 164; cited in Brehm and Rahn 1997, 1003), for instance, contends that there is a mutual relationship between the two since "trust in government officials may be a 'specific instance of trust in mankind." Levi (1996) identifies a similar linkage, noting how building confidence in governmental institutions has the potential to restore levels of interpersonal trust. Empirical studies tend to confirm this linkage. Brehm and Rahn (1997), for example, statistically demonstrate the mutual influence between the two, though they find that confidence in public institutions has a stronger impact on interpersonal trust than vice versa. And though Newton and Norris (2000) find social trust to be only weakly associated with institutional confidence at the individual level, they do find the relationship to be much more robust at the national level (see also Kaase 1999). Looking more precisely at distinct institutions within government, Rothstein and Stolle (2002, 21) uncover a rather strong relationship between confidence in what they refer to as "order" institutions (police, judiciary) and interpersonal trust. They conclude that "societies in which the impartiality of the order institutions cannot be guaranteed, which is expressed by lower citizens' confidence in these types of institutions, also produce lower generalized trust (and vice versa)." In summarizing this relationship, Rothstein and Stolle (2002, 16) contend that "[g]overnment institutions generate social trust only if citizens consider the political institutions to be trustworthy."

To be sure, some posit mutual causality linking trust – both interpersonal and political trust – to corruption and hence the vicious circle that it produces (Della Porta and Vannucci 1999; Hetherington 1998; Rothstein and Stolle 2002). Della Porta and Vannucci (1999, 261), for

example, plot the circularity in the following terms: misadministration → mistrust in the implementation of citizens' rights → search for individual solutions to problems → propensity for paying bribes → demand for corruption → individualized responses to problems through bribery → increased perception of maladministration. Seligson (2002, 414) also alludes to the methodological problem of mutual causality when he notes that since the perception that bribes are needed may be a function of a low evaluation of government, we cannot be sure if corruption is responsible for the decline in trust in government or the result.

Slippery Concepts

As with any analysis, exploring the trust/corruption equation demands conceptual clarity. One clear distinction in the literature already noted separates interpersonal trust and political trust. Though both refer to feelings of trust, the objects of those feelings clearly differ. So while survey questions may fail to define precisely what constitutes "trust," they are abundantly clear in distinguishing between trust in other members of society (interpersonal trust) versus trust in the government or particular aspects of the political system (the politicians, the civil servants, rule of law, and so forth, which some authors label political trust and others institutional trust). Because of this distinction the relationship between the two dimensions of trust remains theoretically open, though as mentioned, research shows a correlation linking the two types of trust and shows both forms of trust to be a cause and an effect of corruption. This leads us to formulate our first hypotheses:

H_{1a}: *Corruption will strongly determine levels of interpersonal trust.*

H_{1b}: *Corruption will strongly determine levels of confidence in public institutions (political trust).*

Inversely,

H_{2a}: *Levels of interpersonal trust will influence corruption.*

H_{2b}: *Levels of confidence in public institutions (political trust) will influence corruption.*

A second conceptual distinction teases out corruption and perceptions of corruption. For better or worse – and the debate rages – public perceptions of corruption have routinely been used in cross-national research as a proxy measure of political corruption. The two concepts, however, are not identical (see del Castillo 2003; Johnston 2000; Morris 2008) and few studies have explored the relationship. Clearly, as Seligson (2002) notes, popular perceptions of corruption are far more pronounced and widespread than the reality of corruption or what he denotes as victimization. In short, perception of corruption "reflects more than actual conditions" (Davis, et al. 2004). Looking more systematically at the relationship between the two, Morris (2008) finds them to be only mildly related, and to carry different determinants and consequences. This basic distinction means that since most cross-national studies have actually used "perceived corruption" to measure corruption, any relationship they find between "corruption" and trust (interpersonal or political trust) actually refers to the perception of corruption. Moreover, since perception is "more than" corruption and since it too impacts on trust and thus on corruption, it becomes important to analyze the determinants and the effects of perception and its link to trust separate from those tied to corruption itself. This raises the following questions: Are some individuals more likely than others to distrust politicians, envision widespread corruption, expect such behavior, and oblige? What determines how an individual will react to corruption and the perception of corruption? Has corruption, for instance, created such an environment of distrust that it prevents some from even believing that it is possible to tackle corruption? Is it difficult under such conditions to mobilize citizens to participate in anti-corruption programs, leading to the further entrenchment of corruption itself?

This allows for the refinement of our earlier hypotheses and the specification of two additional hypotheses:

> ***H_{1a}* (Revised):** *Personal experience with corruption will strongly determine levels of interpersonal trust.*
>
> ***H_{1b}* (Revised):** *Personal experience with corruption will strongly determine levels of confidence in public institutions (political trust).*
>
> ***H_{3a}:** Perceived corruption will strongly determine levels of interpersonal trust.*
>
> ***H_{3b}:** Perceived corruption will strongly determine levels of confidence in public institutions (political trust).*

Inversely,

> ***H_{2a}* (Revised):** *Levels of interpersonal trust will influence personal experience with corruption.*
>
> ***H_{2b}* (Revised)** *Levels of confidence in public institutions (political trust) will influence personal experience with corruption.*
>
> ***H_{34a}:** Interpersonal trust will strongly determine perceived corruption.*
>
> ***H_{34b}:** Confidence in public institutions (political trust) will strongly determine perceived corruption.*

A third and related conceptual problem centers on drawing a distinction between "perceptions" of corruption, on the one hand, and political trust, on the other. Beyond the possible endogeneity of the relationship, arguably these two concepts have at times been operationalized in ways bordering on tautology. Two questions often used to measure trust in government, for example, are: "How often can you trust the government to do what is *right*?" and "Is Government run by a few people looking out for their *own interests* or run for the benefit

of all?" (emphasis added) (Michelson 2003). Both questions, however, seem to be rather general phrasings of the type of question often used to gauge the level of [perceived] corruption – "are politicians corrupt?" – since most respondents would tend to define corruption as a situation wherein those in the government do something that is inherently not *right* and as a type of behavior that puts the public official's *own interest* above those of the people. Is it even possible, in other words, to believe that those in government are acting in accordance to what they should be doing (what is right and for the benefit of all) and yet simultaneously hold the view that they engage in a type of behavior that by definition deviates from that norm (corruption)? This raises the question, then, of whether the query, "How frequently do politicians engage in corruption?," which measures the perception of corruption, does not also gauge at least in part the lack of trust in politicians to "do the right thing" or both? Though trust in the government or trust in politicians or even regime legitimacy certainly encompasses far more than simply perceptions of corruption, perceptions of corruption must nonetheless be considered a fundamental component of political trust. Accepting this view, it seems then that the "corruption-perception of corruption" linkage noted earlier and found within the literature may be just one variant of the broader "corruption-trust" linkage. Viciously rounded this means that the lack of trust in politicians or institutions combines with the perception of corruption to create the expectation of corruption and inductively feed corrupt behavior, while corruption itself deductively confirms and reinforces people's expectations of others. People then view and interpret politics itself through these lenses of limited trust in the law, in the institutions, and in the expectation of corruption as an informal institution (Lauth 2000). This discussion leads us to our final hypotheses:

H_5: A strongly endogenous relationship links perceived corruption and confidence in public institutions (political trust).

H_6: A strongly endogenous relationship links confidence in public institutions (political trust) and experience with corruption.

Few studies have looked explicitly into the determinants or the impact of individual perceptions of corruption since most empirical research on corruption examines societal-level variables. As noted earlier, Seligson (1999) shows individual level participation in corruption influences perceptions of corruption, while Davis et al. (2004) link perceptions of corruption to interpersonal trust. Interpersonal trust, in turn, has been shown to be inversely related to permissive attitudes toward corruption (Moreno 2002), age, city size, and female gender and positively related with income and years of education (Power and Clark 2001) and political participation (Klesner 2007). Even fewer studies have looked into the consequences of perceptions of corruption. McCann and Dominguez (1998), as noted, explore the electoral consequences of the perception of corruption in Mexico finding that rather than a vote for the opposition (voice), individuals who perceive high levels of corruption in the government were more likely to abstain (exit). In a related study, Brinegar (2003) found that opposition party members tend to hold stronger anti-corruption views.

Case Selection and Data

While our literature review suggests that the interrelationship of trust and corruption operates at both the individual and the societal levels, as well as across those levels, in this study we are striving to focus at the individual level of analysis to sort out how perceptions and experiences of corruption shape individuals' trust in each other and in political institutions and vice versa. This focus leads us to eschew a multi-country analysis because substantial

institutional and other contextual variability across countries would force us to work those differences into our models and would needlessly complicate our effort to draw conclusions about the individual-level variables in which we are interested. Hence for this article we focus on the case of Mexico using the Latin American Public Opinion Project's AmericasBarometer (AB) data. [2] LAPOP's surveys have repeated questions that have proven especially effective in exploring corruption in other national contexts, including questionnaire items that ask both about the perception of corruption and the experience of or participation in corrupt acts. It also poses a full array of questions on interpersonal trust and trust in public institutions, including questions on trust in institutions that allow us to avoid the problems of a tautological relationship with perceptions of corruption mentioned above. Using a multistage probability sample, LAPOP interviewed 1,556 Mexicans 18 years and older in their homes in March 2004.[3]

As noted at the outset, Mexico has a long history of entrenched corruption. In terms of perception, one survey found 79% of respondents agreeing with the statement "politicians are corruption" (ENCBG 2001). In the AB survey, when given the opportunity to rate a series of types of public figures on a 10-point scale where 1 was "very corrupt" and 10 "very honest," 38% gave congressional deputies the very worst rating (a "1"). Deputies received scores of 1, 2, or 3 from 62% of respondents. Respondents rated the police as even more corrupt, with 63% of respondents giving one of the three worst scores, while the ratings of other categories of public figures were not as low, but hardly encouraging. In terms of actual participation in corruption, half of respondents admitted to having paid a bribe or to having been asked to pay a bribe within the previous twelve months in the AB poll. Similarly, Mexicans are skeptical about the trustworthiness of their neighbors and political institutions. Almost two thirds of Mexicans, for

instance, expect their fellows to take advantage of them given the chance, while trust in such institutions as the police and political parties, as shown in Table 1, is exceedingly low.

[Table 1 here]

One key to assessing trust, according to Hetherington's (1998, 791) definition of political trust, involves "people's normative expectations." Data from the 2001 ENCBG survey suggest that such normative expectations are indeed high in Mexico despite the high levels of corruption. Eighty-seven percent of respondents, for instance, felt that politicians should be held accountable, 74% rejected the idea that "it is better to have money than to be right," and 84% rejected the Mexican saying that "*el que no tranza, no avanza*" [he who does not cheat, does not get ahead]. Moreover, 80% believed that citizens should obey the law without exception. Respondents similarly overwhelmingly disapproved of a series of corrupt, unethical and illegal acts. Though when asked whether "public officials can take advantage of his/her position as long as they do good things in office," perhaps a more appropriate measure of tolerance, 55% of respondents agreedwhile 39% did not. Indeed in the AB survey, in contrast to the numbers admitting to have paid low level bribes, only 12% of respondents answered yes to the question of whether it was acceptable to pay bribes because of the poor quality of public service provision in Mexico.

For our multivariate analysis, *perception of corruption* is measured based on an index that sums the respondent's answers to questions in which she is asked how corrupt she perceives members of congress, government ministers, city officials, the police, judges, military officers, leaders of political parties, leaders of non-governmental organizations, and the president to be. It ranges from 0 to 100. Following Seligson (2002), we create an index for *participation in corruption*, or the experience of corruption, normalized to a 1-100 scale, based on the sum of all

responses to a battery of questions about whether a bribe had been paid or solicited or even observed being paid to the police, judges, public employees, municipal authorities, or in the workplace. Again following Seligson (2002), we use an index of *interpersonal trust,* normalized to a 0-100 scale, based on three questions (see the on-line appendix [provided here as a "for-reviewers" appendix] for question wording and index construction details). Our definition of *institutional trust* follows that of Chang and Chu (2006) and is an index normalized to a 0-100 scale summing the respondent's responses about the degree of confidence in the public institutions shown in Table 1

Modeling the Relationship of Trust and Corruption

The hypotheses about the endogenous relationship between corruption and trust that we outlined above require that we explicitly allow for endogenity in estimating the models we develop below. In terms of statistical modeling, the presence of an endogenous independent variable in an ordinary least-squares (OLS) regression will produce residuals correlated with that endogenous variable, thereby violating the assumptions of OLS. Following Chang and Chu (2006), we address this issue by creating simultaneous equations models (SEM) in which we treat corruption and trust as endogenous variables in the equations that predict the other. To fully test the relationships hypothesized above, we created four simultaneous equations models, each a two equation multiple-equations model, to explore the interrelationship of (1) interpersonal trust and the experience with corruption, (2) interpersonal trust and perceived corruption, (3) institutional trust and the experience of corruption, and (4) institutional trust and perceived corruption. The fourth model is the most obviously endogenous relationship. The SEM models are estimated via three-stage least-squares (3SLS) regression, in which in the first stage instrumented values for all endogenous variables are estimated. The final equations of the

multiple equations models are then estimated with the instrumented variables replacing the endogenous ones.

Independent variables used to predict the perception of corruption and participation in corruption include institutional trust and interpersonal trust, tolerance toward corruption, whether the PRI is the ruling party within the state, the respondent's retrospective sociotropic evaluation of the economy, an index of community involvement meant to measure social social capital, and education. In the equations predicting perception of corruption we include participation in corruption as an explanatory variable. Independent variables used to predict interpersonal and institutional trust include participation in corruption, the perception of corruption, tolerance toward corruption, whether the PRI is the ruling party within the state, the respondent's retrospective sociotropic evaluation of the economy, an index of community involvement meant to measure social social capital, and education. The equations predicting institutional trust also include interpersonal trust as an explanatory variable. The measure of tolerance toward corruption is based on responses to a question that asks, "In our society, do you think paying bribes is justified based on the poor public services that are provided?" We expect those more tolerant of corruption to be less likely to perceive corruption but more likely to participate in it. As the long-term ruling party, the PRI has been most clearly associated with public corruption, and we expect that residents of PRI-governed states will be more likely to perceive and to experience corruption. Sociotropic evaluations of the economy are employed as a control in the models since overall positive feelings about the state of the economy may color respondents' perspectives on the regime, its policies, and respondents' evaluations of interactions with public officials. To capture social capital, we create an additive index from three measures of social and political involvement: whether the respondent has attended a public meeting in the previous year,

has solicited a public official for help with a problem, and has been involved in community efforts to solve problems. Studies of social capital and political participation have linked organizational involvement to the development of interpersonal trust. We expect that those forms of participation should promote higher levels of trust and diminish the sense that corruption is widespread. Finally, as additional exogenous variables in the first stage of the 3SLS estimations we employ age and sex.[4]

Results

Our tests of the interrelationship of interpersonal trust and both the perception of corruption and the experience of it suggested no such interrelationship. A simple ordinary least-squares regression to predict interpersonal trust incorporating the explanatory variables listed above did show that actual participation in corruption was the only significant predictor of lower levels of interpersonal trust. However, when we estimated the SEM models in which interpersonal trust appeared as a dependent variable (those listed as models 1 and 2 above), none of the independent variables of interest, including both the perception and the experience of corruption, predicted interpersonal trust. (For brevity we omit reporting the results of these models.) We conclude, therefore, that in the Mexican context interpersonal trust is not predicted by corruption in a significant way and we reject hypotheses H_{1a} and H_{3a}.

Trust in institutions is another matter. Table 2 reports the results of 3SLS estimation of an SEM model in which perception of corruption and institutional trust are the dependent variables, while Table 3 provides the results of a model with participation in corruption and institutional trust as the dependent variables.[5]

[Table 2 here]

Institutional Trust and Perceptions of Corruption. Table 2 suggests a strong interrelationship between institutional trust and perceptions of corruption, supporting our hypothesis (H_5) of an endogenous relationship between these two critical evaluations of contemporary Mexican politics. As we hypothesized (H_{3b}), respondents with stronger perceptions of corruption exhibit a lower level of political trust, and conversely (H_{4b}), those who express greater trust in national political institutions are less likely to perceive corruption. Even after creating instrumented values for these two endogenous variables in the first stage of the 3SLS regression procedure, each remains the most powerful predictor of the other in the second-stage equations. Indeed, a 10% decline in the index of institutional trust would be matched by a 6% increase in the perception of corruption index, while a 10% increase in the perception of corruption index leads to more than a 16% decline in the institutional trust index. Tolerance of corruption is inversely related to both variables, too: those more tolerant of corruption are less likely to perceive it, which is intuitively understandable, while those more tolerant of corruption also have lower levels of trust in political institutions, which is not an immediately obvious relationship. Education is similarly inversely related to both trust in political institutions and the perception of corruption. The less educated are more likely to perceive corruption, which may reflect a greater experience with it. The less educated are similarly more likely to be distrusting of political institutions, perhaps a result of a less salutary experience with political institutions. Those with greater involvement in organizations have lesser perceptions of corruption—those who do not engage themselves in community affairs are more likely to think that public officials are corrupt than those who actually interact with them, suggesting that direct involvement with local officials tends to reduce one's propensity to perceive them as corrupt.

Interpersonal trust is related to institutional trust in a direct way, suggesting that trust is a broader value with two different dimensions, although the relationship is weak in the second-stage equation. However, interpersonal trust is not strongly related to perceptions of corruption – in the second-stage equation the coefficient is just barely significant at the .10 level with a very low value that in terms of our hypothesis (H_{4a}) has the wrong sign, while it is insignificant (but with the hypothesized sign) in the first-stage regression. Consistent with the findings of Seligson (2002), and as we would expect, the experience of corruption is positively related to the perception of corruption – those who have been solicited, paid, or witnessed the paying of a bribe have a stronger perception that politicians, public officials, and those associated with law enforcement and sentencing are corrupt, but the relationship is weak in the second-stage equation once institutional trust is added into the model (where institutional trust is absent, as in the first-stage equation, the experience of corruption is a stronger predictor of the perception of corruption). Living in a state governed by the PRI has no significant relationship to either dependent variable in this SEM model.

[Table 3 here]

Participation in Corruption and Institutional Trust. In the SEM model we report in Table 3, we have excluded the perception of corruption as a predictor of the experience of it because of our sense that there is also an endogenous relationship between those two variables (those who have high perceptions of corruption are more likely to find it). Here we see that more trusting respondents (whether of other persons or of political institutions) are less likely to experience corruption, supporting Hypotheses H_{2a} and H_{2b}. Here a 10% decline in the institutional trust index leads to greater than a 3% increase in the index of participation in corruption. In contrast, those more tolerant of corruption participate more in it. Those involved in organizational life

experience corruption more, as do the more educated and those living in PRI-governed states. The experience of corruption is about 4% greater in PRI-governed states according to Table 3. Lastly, those who have positive evaluations of the national economy have also participated more in corruption.

While institutional trust is a strong predictor of participation in corruption, with the expected relationship, actual participation in corruption is not a significant predictor of institutional trust, leading us to reject Hypothesis H_{1b}. The variables we found to be statistically significant predictors of institutional trust in Table 2 remain significant and of roughly the same magnitude in Table 3, joined by the respondent's sociotropic retrospective evaluation of the economy (those with a more positive view of the economy's performance have higher institutional trust). The results in Table 3 provide at best limited support to our hypothesis (H_6) of endogeneity between participation in corruption and trust in institutions.

Implications for Regime Legitimacy

What these models demonstrate is that the perception of corruption and trust in political institutions are highly interrelated. Mexicans who distrust public institutions are likely to believe that politicians, public figures, and those involved in law enforcement and the judicial system are corrupt. Mexicans who see corruption among politicians, public figures, judges and the police are likely to distrust all political institutions.

[Table 4 here]

In a related way, they tend to see the political regime as illegitimate. If we seek to explain diffuse support for the regime (following Seligson 2002) with the a simple OLS model incorporating many of the explanatory and control variables we used in the SEM models, we find that the perception of corruption has highly corrosive effects for the Mexican public's confidence

in the major political institutions and for regime legitimacy itself (see Table 4). Actual participation in corruption (likely as a victim of it) also erodes diffuse support (regime legitimacy), but not as strongly as does the simple perception of it: a 10% increase in perception of corruption index leads to a 4% decline in the diffuse support index, but a 10% increase in the index of participation in corruption only leads to about a 1% decline in diffuse support.

The Uniqueness of the Trust/Corruption Linkage

This mutual causality wherein corruption erodes trust in public institutions which in turn creates the conditions favorable to corrupt behavior – compounded by the fact that the perceptions of corruption are far more generalized than actual levels of corruption – creates a vicious circle that perpetuates corruption, the perception of corruption, and low levels of trust. This trust/corruption connection is unique for three reasons. First, unlike other problems that governments seek to address, corruption is predominately an endogenous matter. This means that corruption not only undermines faith in the institutions to do what they are supposed to do – like administer a government service – but by undermining faith in government in general and politicians and civil servants in particular, corruption undermines the people's confidence in the ability of the government itself to fight corruption. An ineffective anti-poverty program, for instance, may not necessarily undermine the people's faith in the government's ability to design and implement a more effective policy since they may attribute the failure to the lack of resources, to the sheer magnitude of the problem, or to the difficulties of reaching beneficiaries. Such assessments, however, do not necessarily undermine the people's faith in the institution itself or the individuals running it or even delegitimize the task. But if widespread corruption undermines the people's trust in politicians or government, it is difficult for anyone to believe that the political system or the politicians can or will effectively address the problem. In short, if

politicians are considered corrupt, then their rhetorical promises to crack down on corruption will tend to fall on deaf ears. Even sincere efforts to prosecute corrupt officials may be interpreted as a political tactic by corrupt politicians to go after their political enemies rather than a genuine effort to fight corruption (Wesberry 2004). Coupled with impunity, corruption thus fosters a skeptical public: "Official versions are dismissed beforehand and the promises to follow an investigation to its ultimate consequences are received with general skepticism" (Aguilar 2000).

Second, the lack of trust bred by corruption can potentially undermine citizens' willingness to actively work with others or the government to seek solutions to the problem of corruption. This tendency severely undermines societal and governmental efforts to fight corruption and may even weaken democracy in the process. As Johnston (2002, 174) contends, perceptions of corruption "affect one's own choices as to participation or nonparticipation in politics." This problem becomes even more relevant given the current consensus among activists and analysts that citizen involvement, social empowerment and even co-governance are critical to designing an effective anti-corruption program (see Ackerman 2004; Johnston 1998; Wesberry 2004). Indeed, many of the current anti-corruption programs weigh heavily on public involvement, stressing what Smulovitz and Peruzzotti (2000) refer to as the "new politics of societal accountability" (see also Peruzzotti and Smulovitz 2006). Initiatives include informing citizens about the toxic consequences of corruption, promoting honesty and integrity through public education programs, and organizing and empowering NGOs to become involved in the decision making process and to collect and disseminate information on the activities of public officials (see Transparency International 2003). This problem may be even more relevant in Latin America where state institutions have evolved "to serve narrow political and economic interests" (Pearce 2004, 496). Of course, citizen involvement in fighting corruption is already

hampered at the outset by the "public good" nature of the results and the tendency to free ride (Banfield 1975, 598; Olson 1965). But on top of that, getting citizens involved arguably requires a minimal degree of trust and efficacy. As such, anti-corruption campaigns face a difficult audience in terms of trying to mobilize and incorporate an already distrusting population.

A third problem relates to assessments of anti-corruption programs. If corruption undermines the people's faith in the government and politicians, leading citizens to expect corruption and perceive it to be widespread, then it may be difficult to use opinion polls to gauge the results of anti-corruption initiatives. This may be merely a methodological dilemma, but it nonetheless has important policy implications in that perceptions of corruption and public opinion often are used to help orient, target, and assess anti-corruption measures. Since perceptions of corruption, like Transparency International's Corruption Perceptions Index (CPI), are the most widely used measure of corruption, then looking at the public's perceptions of corruption is relied upon to test whether corruption has increased or decreased, though longitudinal studies of corruption are grossly lacking. But rather than detecting changes in the level of corruption, such public opinion measures may indicate merely the depths to which the public has come to distrust their politicians and institutions and to expect corrupt behavior. This is particularly relevant since participation in corruption, as shown here, is much lower than actual perceptions of corruption. In sum, and combined with the earlier points, if the public is convinced that all politicians engage in rent-seeking behavior and that all institutions are riddled with corruption not only will such a predisposition contribute to corruption itself, but it is also unlikely that the people will believe the politicians when they say they want to fight corruption, unlikely that they will join them or others in that effort when they seek their support, and

unlikely that they will register real changes in the level of corruption when asked by pollsters regardless of the reality.

In some respects, such a low-level equilibrium seems to leave no way out; but even Mexico has been in this type of institutional dilemma before when it faced an electoral system that most felt was corrupt and fraudulent. In that case, a series of protracted and conflict-ridden reforms in 1994 and 1996 created an electoral institution, the *Instituto Federal Electoral* (IFE), that was able to garner significant legitimacy among the public and politicians to mount credible and fair elections. It would seem that IFE's strict autonomy from the government and the incorporation of citizen counselors in a co-governance arrangement were both critical in making this turnaround possible.[6] And yet, despite the legitimacy enjoyed by IFE leading up to the historic 2000 election and afterwards when it issued major fines against both the PRI and the victorious Fox campaign for major campaign finance violations, subsequent developments before and after the 2006 election led to a notable withering of that support and a fall in public trust (Córdova and Murayama 2006). Confidence in IFE fell from 74% before the 2006 eleciton to 56% afterwards (Fox 2007, 4). Though still relatively high compared to other political institutions in the country, the decline is notable. Indeed, according to Crespo (2008), 37% believed that fraud had occurred during the 2006 election, including many who actually voted for the victor. At minimum, the experience of IFE shows that progress in overcoming the lack of trust in institutions is posible, but not linear, and that previously depoliticized accountability institutions that struggle to gain trust can just as easily be re-politicized and captured by political interests, providing further confirmation to the widely held view regarding the corrupting tendencies of the political world (Eisenstadt and Poire 2005; Rosas, Estévez and Magar 2005).

Conclusions

Analysis of political corruption, particularly in countries where corruption is endemic, suggests a vicious circle wherein corruption breeds a climate of distrust that in turn feeds corruption. Besides perhaps magnifying the perceived level and extent of corruption, this equilibrium potentially undermines efforts to fight corruption based on citizen involvement and demands for social accountability. Indeed in looking at the case of Mexico, data from a 2004 national survey show widespread perceptions of corruption, low levels of interpersonal and political trust, and some pessimism regarding the efforts of the government to address the problem. Regression analysis, in turn, shows that trust in political institutions influences perceptions of corruption, but that while participation in corruption influences perceptions of corruption, it does not necessarily have strong impact on feelings of trust in public institutions. Interpersonal trust, on the other hand, plays little or no role in the trust-corruption nexus, which parallels the conclusions of studies by Klesner (2007, 2009) that interpersonal trust is not a strong predictor of political participation in Latin America.

If distrust in political institutions nurtures corruption and yet perceptions of corruption somewhat independently of the actual levels of corruption feed distrust, then fighting corruption and gauging the effectiveness of that fight becomes an even more formidable task. If few trust the politicians to do the right thing and expect corruption, then effective anti-corruption efforts must be designed to disrupt that equilibrium. In Mexico as shown, most tend to blame the politicians for widespread corruption and many see no way out. This view helps justify their own participation in corruption and spawns apathy toward doing anything about it.

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Table 1: Trust in Public Institutions

Institution	*Low (1-2)*	*Medium (3-5)*	*High (6-7)*	*Total*
Armed Forces	9	45	46	100
National Commission on Human Rights	11	44	45	100
National Government	17	57	26	100
Supreme Court	18	60	22	100
Attorney General	19	57	24	100
Congress	19	59	22	100
Local Government	19	56	25	100
Electoral Tribunal	21	48	30	100
Political Parties	33	53	15	100
Police	33	50	17	100

Source: Latin American Public Opinion Project, AmericasBarometer, Mexico module, 2004.

Table 2: Simultaneous Equations Model of Perception of Corruption and Institutional Trust

	B	s.e.	z	P>z
Predicting Perception of Corruption				
Institutional Trust	**-0.61**	**0.16**	-3.74	0.00
Interpersonal Trust	0.04	0.02	1.65	0.10
Experience with Corruption	0.05	0.03	1.83	0.07
Tolerance of Corruption	**-3.29**	**1.63**	-2.02	0.04
Organizational Involvement	**-1.08**	**0.56**	-1.92	0.05
Sociotropic Economic Evaluation	0.65	0.95	0.69	0.49
PRI Governor	-1.73	1.09	-1.59	0.11
Education	**-0.95**	**0.49**	-1.95	0.05
Intercept	**99.62**	**6.71**	14.86	0.00
		$\chi^2 = 83.23$	P < 0.00	
Predicting Institutional Trust				
Perception of Corruption	**-1.65**	**0.46**	-3.57	0.00
Interpersonal Trust	**0.06**	**0.03**	2.15	0.03
Experience with Corruption	0.08	0.06	1.30	0.20
Tolerance of Corruption	**-5.43**	**2.51**	-2.17	0.03
Organizational Involvement	-1.79	1.24	-1.44	0.15
Sociotropic Economic Evaluation	1.08	1.39	0.78	0.44
PRI Governor	-2.86	2.29	-1.25	0.21
Education	**-1.57**	**0.79**	-2.00	0.05
Intercept	**164.58**	**35.19**	4.68	0.00
N=1,262		$\chi^2 = 77.51$	P < 0.00	

Endogenous variables: Perception of Corruption, Institutional Trust
Exogenous variables: Interpersonal Trust, Experience with Corruption, Tolerance of Corruption, Community Involvement, PRI Governor, Sociotropic Economic Evaluation, Education, Sex, and Age
Figures in bold are statistically significant at the .05 level. 3SLS estimation.

Table 3: Simultaneous Equations Model of Experience with Corruption and Institutional Trust

	B	s.e.	z	P>z
Predicting Experience of Corruption				
Institutional Trust	**-0.34**	**0.07**	-4.66	0.00
Interpersonal Trust	**-0.05**	**0.02**	-2.03	0.04
Tolerance of Corruption	**8.09**	**2.03**	3.98	0.00
Organizational Involvement	**4.60**	**0.68**	6.77	0.00
Sociotropic Economic Evaluation	**2.15**	**0.87**	2.48	0.01
PRI Governor	**4.28**	**1.33**	3.23	0.00
Education	**3.99**	**0.62**	6.40	0.00
Intercept	**16.54**	**3.97**	4.16	0.00
		$\chi^2 = 173.12$	P < 0.00	
Predicting Institutional Trust				
Interpersonal Trust	**0.10**	**0.02**	4.57	0.00
Perception of Corruption	**-0.48**	**0.04**	-12.63	0.00
Experience of Corruption	0.09	0.16	0.53	0.60
Tolerance of Corruption	**-5.75**	**2.23**	-2.57	0.01
Organizational Involvement	-0.06	0.91	-0.07	0.94
Sociotropic Economic Evaluation	**3.50**	**0.65**	5.40	0.00
PRI Governor	0.79	1.21	0.66	0.51
Education	**-1.74**	**0.87**	-2.00	0.05
Intercept	**75.27**	**3.32**	22.69	0.00
N=1,262		$\chi^2 = 442.80$	P < 0.00	

Endogenous variables: Experience of Corruption, Institutional Trust
Exogenous variables: Interpersonal Trust, Perception of Corruption, Tolerance of Corruption, Community Involvement, PRI Governor, Sociotropic Economic Evaluation, Education, Sex, and Age
Figures in bold are statistically significant at the .05 level. 3SLS estimation.

Table 4: Determinants of Diffuse Support (or Regime Legitimacy)

	B	s.e.	P>t	Beta
Intercept	**73.00**	**3.41**	0.00	
Perception of Corruption	**-0.40**	**0.03**	0.00	**-0.37**
Experience with Corruption	**-0.08**	**0.02**	0.00	**-0.10**
Interpersonal Trust	**0.06**	**0.02**	0.00	**0.10**
Organizational Involvement	0.55	0.53	0.30	0.03
Sociotropic Economic Evaluation	**2.98**	**0.61**	0.00	**0.12**
PRI Governor	0.48	1.00	0.63	0.01
Male	-0.02	1.00	0.98	0.00
Education	-0.36	0.51	0.48	-0.02
Age	0.28	0.73	0.70	0.01
R^2	0.20		.	
N	1,348			

Figures in bold are significant at the .001 level. OLS estimation.

Endnotes

[1] Mishra (2006) presents a game theoretic model showing how the pervasiveness of corruption contributes to its persistence owing to people's notions of the expected behavior of others. This contributes to the stability of corruption over other forms of behavior.

[2] There is no *a priori* reason to expect Mexico to exhibit patterns different from other Latin American countries or developing countries struggling to establish rule of law and fight political corruption. Despite a long history of civilian authoritarian rule under the hegemony of the Institutional Revolutionary Party (PRI), Mexico's ranking both in terms of corruption and measures of trust are not particularly unique. In TI's 2007 annual Corruption Perception Index, based on the views of experts and country analysts, Mexico ranked 72nd among 179 countries with a score of 3.5 on the zero (corrupt) to ten (no corrupt) (counter-intuitive) scale. This score positioned Mexico near average for the 18 Latin American countries in the study with higher levels of corruption than such regional leaders as Chile and Uruguay, but less corruption that Ecuador or Argentina. In terms of participation, by contrast, 28% of Mexicans admitted to having paid a bribe within the last 12 months in the 2006 Global Corruption Barometer compared to an average of just 17% among other Latin American countries and 9% worldwide. The AmericasBarometer 2006 similarly shows the level of social trust and trust in political institutions in Mexico to be similar to those of other Latin American countries. In recent studies using AmericasBarometer data for the region, Boidi (2008, 61) finds an inverse relationship linking involvement in corruption to trust in political parties, while Donoso (2008) shows a similarly negative relationship between corruption victimization and perception of corruption and support for institutions of the rule of law. We occasionally refer to descriptive data from the 2001 Encuesta Nacional de Corrupción y Buen Gobierno (National Survey of Corruption and

Good Government) by Transparencia Mexicana. The ENCBG includes 13,790 interviews of heads of households based on a national, probabilistic sample. The surveys were conducted by Grupo de Asesors Unidos, Pearson and Pulso Mercadologico under the supervision of Estadistica Aplicada during the months of June and July 2001.

[3] Jorge Buendía and Alejandro Moreno conducted the survey for LAPOP. The sample design included 130 randomly selected sampling sites. Individual respondents were chosen by quota based on age and gender to create a representative sample of the adult population. The survey has a margin of error is +/-2.5% with a confidence interval of 95%. See Buendía and Moreno (2004, 13-18 and 75-77) for technical details of the survey design. They also provide a copy of the questionnaire (79ff). Technical information can also be acquired at http://sitemason.vanderbilt.edu/files/i6Byz6/Technical Information of The Political Culture of Democracy in Mexico 2004.pdf and the questionnaire can be found at http://sitemason.vanderbilt.edu/files/k63iiQ/Mexico CAMS questionnaire 2004.pdf.

[4] In order to estimate a 3SLS system of equations, there must be at least as many additional exogenous variables used as instrumental variables as there are endogenous variables in the model – in our case, two. Because we do not have *a priori* theoretical explanations for why sex and age would explain the dependent variables, we employ them as instrumental variables.

[5] Here we only present the final estimates of the SEM models. In an on-line appendix [provided as a "for-reviewers" appendix here] we provide both the first-stage and the final estimates.

[6] While assessments of the process as fair went along way in determining overall legitimacy and trust of the IFE, consistent with Tyler (2000), the outcome arguably also played a role. The victory of Fox and the defeat of the PRI in 2000 surely helped legitimize the IFE.