

Civic Culture, Institutions and Quality of Governments

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Abstract

Does civic culture have a payoff in terms of quality of government? In addition to institutions, culture is seen as relevant for the political performance of countries. Just as the economy benefits from certain individual-level attitudes for its smooth operating, quality of governance requires certain properties and attitudes of citizens which concern the involvement of the citizen into the political proceedings. Despite strong theoretical arguments, there is little empirical research on the effects of political culture on governmental performance. In particular, there is a lack of studies comparing the effect of genuinely political elements of civic culture with the effect of institutions on governmental quality. This paper undertakes an analysis of the effects of political and social capital on the quality of governments. Using a sample of 48 countries, our finding indicates that there are positive effects of political capital on the level and the development of governmental quality.

Keywords : Civic Culture; Political Institutions; Institutional Performance

1. Introduction: Institutions and Individuals

The relationship between political institutions and individuals has several aspects: First, How do institutions affect individual-level behavior and attitudes? Second, How do properties of individuals affect the choice of institutions by a group? And third, How does a culture shared by individuals affect the functioning of institutions? In this paper, we will focus on the last of these questions, viz. by what mechanisms (civic) culture may affect performance of political institutions, and whether it actually does so. In particular Almond and Verba (1963) argued that a functioning democracy presupposes a certain type of culture, viz. the "civic culture". While most theories in the wake of Almond and Verba see the relationship between individuals and institutions as interactive, cf. Inglehart (1988) and notably Paxton (2002), the focus of empirical research clearly rests on the effects of institutions on individual-level attitudes. Correspondingly empirical studies predominantly investigate effects of institutions on individual-level attitudes, be it diffuse support for the political system, specific attitudes towards politicians, attitudes towards fellow-citizens or an individual's involvement in politics, cf. the contributions in Norris (1999) or Meulemann (2008). This focus may also be due to the fact that statistical methods, such as multilevel modeling, allow to investigate the effect of institutional contexts on the attitudes of individuals living in this context, while there is no method, apart from using aggregated macro-level data, to model the other way around.

The effects of attitudes and behaviors from the social domain (i.e. concerning the relationship to other individuals) have been conceptualized early on, in particular by Putnam (1993) and Fukuyama (1995). Social capital, a conglomerate of attitudes (generalized trust in others, cooperative norms, and non-political engagement in voluntary associations) but also of certain cultural values is seen as relevant for economic performance and, to some degree, also political performance. For the economic domain, these arguments have been empirically analyzed in depth, cf. Granato et al. (1996), Knack/Keefer (1997), Knack (2002), or Beugelsdijk (2006). For the political domain, there is similar empirical evidence of a role for social attitudes; cf. Putnam (1993) for a qualitative approach and Tavits (2006) for a quantitative approach. Similar arguments can be made for political attitudes and political performance, but here empirical evidence is largely lacking.

Almond and Verba (1963) conceptualize political culture rather broadly, as encompassing attitudes and behaviors addressing political objects, but also attitudes and behaviors addressing other individuals. Given the extensive literature on social capital, we will, for the purpose of this paper, differentiate social and political aspects of culture, and investigate the consequences of the latter.

Loosely following Booth/Richard (1998: 782), we define “political capital” as all individual- level attitudes and behaviors specifically relating to political processes, the political system, the role of individuals in politics and the prevalence of these attitudes in a society. To give an illustration: one attitude concerning politics is the interest citizens have in politics, and indicator of political capital is, how many citizens are strongly interested in politics. If many citizens are, the society's level of political capital is - in our conceptualization - higher. Politics and political performance, so our argument, will for instance differ between societies, with low or high political interest. It will do so because the more interested citizens will be better at recognizing and sanctioning good and bad performance of political agents. Other forms of political capital often mentioned are engagement in the political domain and basic political skills. What we label “political capital” is presumed by many researchers to enhance quality of government, see Claibourn/Richard (1997), Booth/Richard (1998), Boix/Posner (1998), Paxton (2002) and Binzer-Hobolt/Klemmensen (2005). But the role of specifically political attitudes and behaviors, of “political capital”, for governmental performance is rarely studied empirically. In the following, we will outline our arguments on mechanisms underlying the relationship between political capital and quality of government. Then political capital and governmental quality will be operationalized and we test for an effect of the former on the latter, controlling for institutional factors and endogeneity.

1.1. Institutions, Political Capital, and their Effects on Quality of Government

Governmental quality is in the following understood as procedural aspects of governance, aspects, which should be accomplished irrespective of the policy content, among them is transparent and rule-guided governance. For instance, Rothstein and Teorell conceptualize “Quality of Governance” as “impartiality in the exercise of public authority”; see Rothstein/Teorell (2008: 166). Are there clear rules, defining what citizens can do (transparency) and is there certainty that the rules will be applied as they are, rather than fudged (abidance to rules)? To give an example, one may take objection to bailouts for banks (the policy aspect of government actions), but those doing it should be accountable for it and the bailout should happen in a legally defined and transparent way according to clear rules, rather than on an arbitrary ad-hoc basis (the procedural aspect of government action). When explaining quality and performance of government, institutions set a strong baseline, cf. Lijphart (1999) and Roller (2006). Notably democracy as a set of institutions is seen as important for assuring governmental performance, see Charron/Lapueute (2009) for a review of findings on this connection and additional theoretical and empirical underpinnings. At its most basic, the institutional argument is that democracies outperform non-democracies because the government is incentivized to high performance by the electoral mechanism.

On the other hand, institutions alone do not explain the whole picture. Studies such as Rothstein/Teorell (2008) found that the institutional aspects of democracy are necessary but not sufficient to achieve quality of governance, and we want to ask, whether the attitudes of citizens have an effect in addition to the institutional setting, comparable for instance to Tavits (2006), who found a role for social attitudes in explaining governmental performance. What we want to investigate in the following is the contribution of the political attitudes of the citizens towards governmental performance.

1.2. Political Capital and its Contribution to Quality of Government

Even with the strong explanatory power of institutions, the argument that individual-level values and attitudes, broadly summarized as “political culture” and encompassing both the “social” and the “political” capital, contribute to governmental performance has nevertheless its merits. The argument is that, in particular in democracies, the level of political capital makes a difference, for two complementary reasons:

First, a citizenry with high political awareness will more validly recognize the quality of governance delivered by the incumbent government and will (at least with a higher likelihood) vote on the basis of this information. Quality aspects of governance will be more important. A politically competent electorate will vote an incompetent government out of office and will vote for political actors with the competence to produce sound policy. Political actors will recognize this and will thus compete by offering good policy and good governance.

Second, to be successful, policy and governance need the support of the citizens. A policy produced by an institutionally efficient government which is however encountering an alienated public will not be as effective as a policy which is accepted by a trusting and thus cooperative public. Thus, one would expect better governance if levels of support and trust are higher. Both aspects are seen as complementing institutional factors in explaining quality of governance.

The basic question to be tested in this paper is, whether political systems where attitudes and behaviors deemed as necessary for the optimal functioning of democratic government are more widespread among citizens also show higher governmental quality: Does the existence of a “civic culture” in the sense of Almond and Verba actually improve governmental performance? Prima facie, there is a conditionality implied in the sense that a sophisticated electorate can only “improve things” in a democracy. On the other hand, one can argue that a sophisticated and critical public matters for governmental quality also in states where the government is not fully dependent on the public, i.e. in states lacking a working democracy. Governments, even non-democratic ones, can acquire and require a certain degree of acceptance and legitimacy to operate, cf. Gilley (2006), and, so our argument, getting this acceptance in a country where the electorate is more political aware and more sophisticated requires the government to show better performance.

1.3. Elements of Political Capital

A first step towards an empirical test of the hypothesis consists of deriving from this theoretical framework, which and why elements of political culture might be relevant for governmental quality. How to measure the level of political capital in a society? Combining the institutional argument that democracies outperform non-democracies, with our argument that, ceteris paribus, countries with higher levels of political capital outperform those with lower, our starting point is the democratic model of government. Democracy as a mode of government depends on certain requirements, in particular institutional ones, cf. Dahl (1972). But based on a simplified template of the democratic process, one can also derive, what behaviors and attitudes at the individual level are necessary or beneficial for achieving a functioning democracy and “governmental performance”; cf. Almond/Verba (1963).

Democracy as a procedure to make and implement collective decisions depends on the input of demands from the governed. This requires that citizens are able to articulate demands, and to keep these both consistent and realistic. Democracy strongly relies on rewarding successful officials by reelection and for this, citizens must be sophisticated enough to distinguish failure from unfavorable circumstances. Explicit enforcement of policy decisions is possible but costly, thus governing is easier where policies, rules and regulations are accepted voluntarily. Acceptance is higher where citizens trust the government and have the feeling that they had a say in how the decision was made; see Tyler (2006). Governments require trust in their moral integrity and confidence in their capabilities; cf. Warren (1999). The former is required, because the government cannot explain everything it does to every citizen every time, in particular if citizens are neither politically sophisticated nor interested. If citizens believe, based on their diffuse trust, that the government means well, they are more likely to accept and to cooperate with policies which are disadvantageous in the short run or disadvantageous for themselves. Confidence in the government’s capabilities is required, because the acceptance of governmental projects is higher, if the citizens believe it to be sound policy, even if they are no expert; cf. Knack/Keefe (1997).

Last but not least, the process of governing, of deciding about what to do, needs a certain degree of consensus. First, it needs agreement on the democratic process itself, what David Easton labeled “diffuse support” – i.e. that decisions are made by the democratic principle which implies that the minority accepts the will of the majority for the time being. But it also needs a consensus in terms of policy, by which we refer to a basic consensus that a certain policy is not made so extreme as to be unacceptable to a significant minority. If the society is politically polarized, whatever policy the government will implement, will meet the opposition of a substantial share of the electorate; cf. Miller (1974). This reasoning leads to the following list of elements of political and social attitudes, but also of societal features which can potentially impact on governmental performance:

Political sophistication – Boix/Posner (1998) argue that interest in politics and political discussions have an improving impact on the policy produced by the political system, because it turns citizens into “sophisticated consumers of politics”. Elections are about assuring that political demands are met and incompetent governments are removed. Thus, citizens must be able to formulate demands, but must keep their demands realistic, demand nothing which is beyond the government’s power to achieve. And citizens must be able to distinguish governmental failure from bad luck and unfavorable circumstances, which is necessary for the re-election constraint to be effective as a mean of assuring governmental quality. In particular, because in a globalized economy, economic and political developments are no longer that easy to attribute to the government’s policy; see Scharpf (2000). Sophistication in this context means that governments and their actions are evaluated correctly. Sophistication shows up in attitudes like political interest and in behaviors like political discussions among citizens.

Institutional trust and confidence – At a very basic level, any political system needs support, Easton (1965), trust in its moral integrity and confidence in its capabilities, all of which has, presumably, positive effects on the political system's performance. Diffuse support stabilizes the political system even in times of crisis, avoiding costly turmoil. Moreover it is able to perform better, *ceteris paribus*, than in a system where the citizens are alienated from the political system and hold a fundamentally opposing attitude towards the system and everything it does. An implicit assumption of the social capitalist and civic culture strain is that the country's institutions and government needs political (or, put more broader: institutional) trust to function, cf. Lipset (1959), Hetherington (1998) and Levi/Stoker (2000). Trust and confidence in the governing institutions allows them to engage in policies where benefits are not obvious and will not immediately become noticeable. High levels of political trust are seen as a good thing, a requirement for stable democracy, enabling the government to perform its tasks by giving it sufficient leeway; cf. Warren (1999).

At times, governing requires that the electorate delegates in a setting, where control is impossible, where the electorate is forced to trust in the government's integrity and good intentions and has to accept short term losses in order to earn promised long term benefits; cf. Putnam (1993), Knack/Keefer (1997) and Easterly et al. (2006). But institutional trust is more ambiguous than that: as Gamson (1968) put it, too much trust is inappropriate and it might be a good thing that the government is aware at all times that the trust it enjoys is conditional and citizens are constantly scrutinizing its working and its output, cf. also Hardin (1999). A different aspect of trust is the trust in the honesty of the government. The government needs the voluntary acceptance of the laws and a large scale rejection of a certain law, e.g. taxation, cannot be enforced by the government. The acceptance of laws and the abidance to them is higher, if citizens believe that the government enacting them is itself honest and law abiding; cf. Scholz/Lubell (1998) and Tyler (2006).

Political activity – the government is elected for its term of office and has substantial leeway during this period. The degree to which citizens can affect the government's policy during the term is limited. At the institutional level, electoral control is higher, where there are "perpetual" elections, such as the US with its 2-year term for Representatives or the many federal states, like Germany, where lower tier governments are elected between national-level elections. In these cases, the government, or rather the governing parties, frequently get signals, by the elections, whether the policy output is accepted or not. Apart from these institutional means of control, a different option is the expression of discontent by means of unconventional political participation, such as signing petitions, participation in demonstrations etc. They too send a signal that a certain policy is not accepted. However, while political activity surely is a signal, the question is, what it is signaling. In many countries, politically motivated demonstrations are the means of a minority to express discontent, and to articulate highly specific demands. It is very much the question, whether these demands, if followed, are good policy.

Social fragmentation – many policies in industrialized countries imply some form of redistribution, either currently between groups or over time. Policy, which is supported widely might be more successful, because it meets less resistance. To achieve this, there must be a certain social cohesion the sense that all citizens accept firstly the short term loss and secondly, that they are perceive themselves as being "all in the same boat", cf. Easterly et al. (2006), Knack/Keefer (1997: 1278) and Knack (2002: 778). In an economically divided society, interests and stakes of each group are likely to differ more substantially. If the society is economically fragmented in a very clear cut way, it is also very clear who will loose. The positions are clear and entrenched, making it difficult to reach a consensus and to implement a policy in a consensual way.

Political fragmentation and polarization – the process of governing, of deciding about what to do, needs a consensus. First, it needs agreement on the democratic process itself, which implies that the minority accepts the will of the majority for the time being. But it also needs a consensus in terms of policy, by which we refer to a consensus that a policy is not made so extreme as to be unacceptable to a significant minority. As Miller (1974) argues, political fragmentation of the electorate makes it more difficult for the political system to satisfy voters. Governing will be easier, if the policies chosen have the consent and support of the large majority of the citizens. Political polarization will lead to lower satisfaction with the political performance, because a compromise will be dissatisfying for many voters. Because oftentimes policy requires broad acceptance and support for its successful implementation, a polarized society will make it harder for the government to formulate such a broadly supported policy. Any policy will meet substantial resistance and this will decrease effectiveness of governance. Supplementary to political capital, the effect of social capital for the performance of government was proven to a degree which warrants that an analysis takes it into account.

We focus on the two main elements of social capital, social trust and social engagement.

Social trust – regarding trust as a core element of social capital, the arguments by authors as diverse as Coleman (1990), Putnam (1993) and Fukuyama (1995) all head in the same direction: social trust enables higher economic performance, by lowering the transaction costs of doing business, in particular the level of precautions and “explicit contracting” required. This transaction cost argument can to some degree be applied to the political domain. However, the argument why social capital should matter for political performance comes in two versions. 1) Putnam (1993: pp63) argues that social capital – generalized trust and membership in associations – increases cooperation and thereby the chances that citizens are able to formulate political demands, which is itself a collective action problem. 2) Boix/Posner (1998) add a very different strain by arguing that the same attitudes which facilitate cooperation and problem solving in the society are also a characteristic of the political elite and the bureaucracy, both of which facilitates cooperation in the political domain and limits the occurrence of non-cooperative behavior within the bureaucracy, such as shirking. Equivalent arguments are given for instance by Inglehart (1999): the government needs acceptance of its policies, this is higher if the people have generally trust in other people (including politicians) because they believe that the latter will not abuse their power.

Social engagement – the relevance of this element of social capital for governmental performance arises indirectly. As Claibourn and Martin put it, citizens in associations are in a better position to process information than citizens who are isolated. Members of associations, even apolitical ones, discuss politics more often, which entails that they make up their mind but also obtain other views and arguments. On the whole this should result in a higher level of political information, which in turn allows the citizens to hold politicians accountable for what is happening in a more valid way. Blame is assigned only, where doing so is appropriate; cf. Claibourn/Martin (2007). Social engagement comes in many versions, and there are two opposing views on its effects. First, the social capital perspective, going back to Putnam (1993), sees social associations (despite some “dark sides”) as predominantly positive. Second, the view by Olson (1982), seeing social groups as problematic, because they pursue their narrow aims at the expense of the society as a whole. The existence of groups may per se induce conflicts among groups, the members of which define themselves primarily as group members, cf. Putzel (1997), Booth/Richard (1998) and Fung (2003). As Knack and Keefer found, there is in some regards a difference between P(utnam) groups, which are unambiguously positive, and O(olson) groups, which aim at advantages for their group only; cf. Knack/Keefer (1997: 1272).

2. Methods and Data

The research design was chosen to test the hypothesis that in addition to the effects already found in the literature for social capital and institutions, the political capital of a society should increase governmental performance. Because the causality is not to be established in the setting of a cross-sectional study, we test whether the level of political and social capital at one point in time affects the future level of governmental quality. Given the strong effects of institutions, we will include control variables for the institutional setting. Authors like Hadenius and Teorell (2005) argue that the main causality in this domain is found at the institutional level, and that attitudes are affected by the level of democracy. To test for this mechanism in regard to governmental quality, we control for the level of democratic control as the main institutional factor. If the level of democracy affects the level of political and social capital on the one hand and the level of governmental quality on the other, we will not find any significant explanatory contribution of political and social capital. If there is such an explanatory contribution it implies that institutions matter but that there also a genuine contribution of political and social capital. This study covers 48 countries from the 1995 wave of the World Value Survey (WVS), for which sufficient data was available both at the macro- and the micro-level. The data, discussed in detail in the following paragraphs, has substantial variation in both dependent and explanatory variables. Notably, in institutional terms, there is substantial variation, ranging from non-democracies, e.g. Belarus, to full fledged democracies, covering more or less the whole range of the countries are democratic, albeit at times with flaws and defects.

2.1. Indicators and Measurement of Governmental Quality

The dependent variable of this study is governmental quality. Operationalizing the procedurally defined concept of governmental quality as outlined above can make use of several empirical measurements made available recently. We chose the measurement compiled in a large scale effort, by Kaufmann et al. who engaged in the conceptualization and measurement of quality of government, cf. Kaufmann et al. (2007). The indicators of government quality were defined by Kaufmann et al. as follows:

1. Voice and Accountability (VA) – measuring the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
2. Political Stability and Absence of Violence (PV) – measuring perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism
3. Government Effectiveness (GE) – measuring the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies
4. Regulatory Quality (RQ) – measuring the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development
5. Rule of Law (RL) – measuring the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.
6. Control of Corruption (CC) – measuring the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests"; Kaufmann et al. (2007: 3-4).

The quality of government scores were generated by Kaufman et al. using data from primary surveys conducted among citizens, firms and NGOs in the country, supplemented by secondary data sources such as expert reports and evaluations by international organizations about the state of affairs in the country. The six scores comprehensively cover various aspects of "politics", concerning the institutional setting on the input side of politics (Voice and Accountability), of the process of governing (Absence of Political Violence) but also the outputs of the political process, such as the control of corruption, regulatory quality and the effectiveness of what the government is trying to achieve.

For our purpose of measuring and explaining quality of governance, the six scores are conceptually distinct. Regarding the question at hand, we see in particular the first score, "Voice", as a potential cause, while the last four scores represent the political performance of the government, i.e. the consequences. The second score, "Political Violence", is by its content no aiming at capturing governmental performance, but may be a result of the level of "Voice" granted. The correlation found among the six scores is an expression of the strong effect that an accountable democracy has on the level of political stability (absence of political violence) and on performance and quality of government, covered by the latter four scores. But it does not imply that they are conceptually identical. As we are interested in how the government does its job, our focus is on the last four scores, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. Indeed, a government may well be accountable but incompetent, and vice versa. But in our view, the electoral control assures that only a competent government will be (re-)elected; cf. Brennan (1998). Subjecting these four scores to a factor analysis yielded a one-dimensional solution. The factor scores obtained are used as dependent variable in the following analyses.

2.2. Explanatory Factors and Control Variables

The argument made above makes use of individual-level properties, the country's political capital. All explanatory variables covering political capital were generated by aggregating individual-level responses in the 1995 World Value Survey to questions concerning the individual's attitude towards politics and her involvement into politics, but also standard indicators of social capital.

The first aspect of political capital is political sophistication: The variable PolIntYes is the percentage of respondents in the country who are "somewhat or very interested" in politics. The variable PolDiscYes is the percentage of citizens who discuss politics "occasionally or frequently" with others. In each case the coding at the micro-level is originally a four-point scale, which was collapsed into a dichotomous variable, to allow a more straightforward interpretation. The argument underlying both variables is that if a person is interested in politics she will be better able to recognize the political problems, evaluate the options offered and will be able to distinguish between the effects of bad policy and the effects of a good policy which was thwarted by bad luck or external factors.

A second aspect of political capital is personal involvement in politics. The indicator variable PartyMember is based on the question whether the respondent is an inactive or active member of a political party, with "1" indicating yes.

As with the other aggregated variables, a country's value is the percentage of people who are party members. The underlying argument is that in many political systems, party membership is the connection between the government (ultimately composed of parties) and the individual citizen. Citizens feed their political demands into the party, and thus into the party's political program, by joining and participating in the party's organization and participating in its internal workings. Joining a party is to influence the party and its program from the inside, and also to reconnect the party with the citizenry, by elaborating, explaining and justifying what the party is doing in government vis-à-vis the citizens who are not members.

A third aspect of political capital is the citizens' readiness to express immediate discontent with politics outside the electoral cycle. This might be relevant for the quality of politics, because the political system is under close control and scrutiny all the time, not just every four or five years. Political activity as such is a double-edged aspect because political activities may also be shown by a radicalized minority demanding a highly skewed or even unproductive policy; cf. Olson (1982) and Knack/Keefer (1997). So, regarding the measures used the problem is one of validity and arises from the fact that there is no information about the content of the political activity, e.g. whether the citizens engaging in this kind of activity protest against a technically inappropriate policy or utter irrational demands. The variable PoliticalActivity is the national average of the individual-level additive index of how many of the following non-conventional political activities the respondent already did: signing petitions, joining demonstrations, joining a boycott (e.g. of a product), participating in an "unofficial" or wild strike, or occupying a building. To avoid multicollinearity, it suggests itself to use either a composite indicator of all five forms of political activity, or only one form of political activity at a time.

A fourth element of political capital is the trust citizens put into the institutions of their country – political ones and others. The input variables of "trust in the institutions" variable are the means of the trust variables, which were asked at the individual-level using a 4-point scale, ranging from 1 "no trust at all" to 4, "a great deal of trust". Trust was surveyed for the Government, political Parties, the Parliament, the Military and the Civil Service, the Church, the Press and the TV, Labor Unions, and the Legal System as well as the Police. The scores were subjected to a factor analysis to compress the information. The result is basically two dimensional, the first dimension was labeled TrustInstitutions, as it captures trust in political/public institutions. The second dimension covers the media, TrustMedia.

A fifth element of a society's political capital is a basic consensus. With "consensus" we denote not only a basic consensus that there is a democracy, but also a basic policy consensus in the sense that there is a strong majority of similar minded citizens which is offsetting the extreme demands and the strong opposition from the extreme ends of the political spectrum. It is also indicating an acceptance of policies, which cannot work if they are fundamentally opposed by a substantial share of citizens. If the society is highly polarized, it will be more difficult to get the support or at least the acquiescence of a majority of people which is necessary for effective governing. Our proxy of this societal consensus is based on the respondents' self-placement on a 1 to 10 scale, where the endpoints stand for politically left respectively right. The more heterogeneous the individual political positions in the country, the higher the polarization, and we have chosen the standard deviation of the Left-Right scale in the country; SD_LRScale.

As other macro-level studies in the domain, e.g. Beugelsdijk (2006), we proxy social capital by the indicators of voluntary engagement in associations and generalized social trust: SocialTrust is the share of people agreeing with the statement "In general people can be trusted", where 0 stands for "no", and 1 for "yes". SocialActivity is, at the micro level, the summary index of the individual's memberships in voluntary social associations, such as the church, professional organizations, sports clubs and the like. It excludes PartyMembership, as an explicit element of political capital. The typical argument – given by Putnam and others – is that social trust and activity constitute a mutually reinforcing relationship: people who trust are more likely to join associations, people who are members of an association are more trusting, because they learn to be so (active and passive). Despite the implicit assumption of being positive for democracy, high levels of membership in voluntary associations may also have adverse effects. In the argument of Adam Smith and more recently, Mancur Olson, the gathering of people may well be motivated by the wish to further the particularistic interests of the group at the expense of the society, which is an example of bad policy and bad government. Thus, following Knack and Keefer, we distinguish also between Putnam-type groups, which public spirited, and Olson-type groups, which are not, because they are, at least potentially, aiming at narrow aims (political and economic) at the expense of the rest of society.

The OGroups encompass Labor Unions and Professional Associations, groups which define themselves as the interest representation of the group in the political and economic realm. PGroups are the church and religious associations, sports clubs, art and educational associations and charitable associations. Groups, which have – in Putnam’s terms – only or predominantly positive effects. Control variables are the Gini Index of economic inequality and the level of democracy, as the main institutional factor explaining governmental performance. In particular the latter control variable shall address the issue of endogeneity: if the level of democracy affects both the level of political/social capital and the level of governmental performance, we will not find any significant contribution of the political and social capital. If there is such an effect, it implies a genuine contribution of political and social capital.

3. Analysis and Results

Following the research design, we test, whether the current level of political and social capital (in 1995) affects the future level of governmental quality (in 2005), after controlling for institutional factors, in particular the level of democracy. Table 1 gives the results. The first model uses undifferentiated composite proxies of social and political capital, and excludes the institutional setting. Then the analysis was supplemented with models using the institutional setting and specific activity indicators.

Table1

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
SocialTrust	0.305 2.27	0.197 1.95	0.235 2.21	0.196 1.87	0.265 2.52	0.276 2.7	0.276 2.69
SocialActivity	0.132 0.63	0.17 1.09					
PoliticalActivity	0.392 2.94	0.226 2.2					
PartyMember	-0.181 -0.94	-0.158 -1.11	-0.165 -1.24	-0.15 -1.17	-0.166 -1.23	-0.154 -1.11	-0.159 -1.13
PoliticalInterest	0.227 1.65	0.187 1.84	0.188 1.81	0.157 1.56	0.233 2.3	0.22 2.19	0.224 2.22
PoliticalDiscussion	-0.342 -2.26	-0.274 -2.45	-0.229 -2.1	-0.248 -2.33	-0.261 -2	-0.226 -2.03	-0.229 -2.05
TrustInstitutions	-0.027 -0.25	-0.014 -0.18	-0.014 -0.17	-0.035 -0.48	-0.053 -0.69	-0.062 -0.8	-0.052 -0.66
TrustMedia	0.089 0.89	-0.04 -0.51	-0.04 -0.49	-0.08 -1.11	-0.067 -0.83	-0.082 -1.09	-0.081 -1.07
SD_LRScale	-0.376 -3.37	-0.205 -2.34	-0.213 -2.43	-0.213 -2.53	-0.216 -2.39	-0.204 -2.3	-0.21 -2.35
gini	0.012 0.1	-0.045 -0.47	-0.101 -1.02	-0.065 -0.67	-0.109 -1.07	-0.086 -0.81	-0.103 -1.01
Democracy1995		0.505 5.65	0.461 4.79	0.485 5.55	0.494 5.32	0.506 5.51	0.505 5.47
OGroups			-0.11 -0.76	-0.12 -0.89	-0.179 -1.3	-0.17 -1.23	-0.159 -1.09
PGroups			0.322 2.05	0.305 2.11	0.402 2.81	0.367 2.3	0.368 2.03
Petition			0.144 1.21				
Boycott				0.213 2.03			
Demonstration					0.052 0.5		
UnoffStrike						0.049 0.58	
OccupyBuilding							0.034 0.37
R ²	0.712	0.848	0.854	0.864	0.849	0.849	0.849
N	48	48	48	48	48	48	48

Remark

Entries are beta coefficients, z-values are given below the coefficient

From the domain of social aspects, the level of social trust is a strong factor, with positive effects on governmental quality. Social activity, when measured as a composite, does not matter, but the effect of the PGroups is substantial and positive. A society where citizens engage in “beneficial” forms of associations will be rewarded with a better government. But societies where social engagement focuses on “egoistic” groups, do not per se suffer in terms of a deterioration of governmental quality. That in turn implies that there is only a positive net effect of social activity in countries, where PGroups dominate.

Politically fragmented countries (with a high standard deviation of the LR-Scale) are significantly less performing than politically more homogeneous countries. Economic fragmentation, measured by the Gini-index, has no comparable effect.

From the domain of political capital the PoliticalActivity index has a strong effect, but individual forms of political activity are negligible, apart from politically motivated boycotts. A finding probably due to the fact that each type per se occurs too rarely. Political capital in the form of “institutional trust” does not relate to governmental quality; nor does party membership, i.e. the personal linkage between the citizen and the parties running the state matter for governmental quality. Of higher magnitude and more stable are the effects of political interest and the frequency of political discussion. A politically interested and aware electorate will demand and, over time, also obtain a better performing government. Competent citizens obtain competent policies. The effect found for political discussion is counter-intuitive: more political discussion now is associated with lower levels of governmental quality tomorrow.

At the institutional level, there is a substantial effect of the democratic control, proxied by the level of democracy in 1995, on the future level of governmental quality. To account for this, we would suggest the following mechanism: the level of democracy in 1995 is strongly associated with the institutional capital, the level of governmental quality in 1995. Which implies simply, that a society presently vested with performing institutions will be also better performing in the future. The effect of the institutional setting has the highest magnitude, but does not diminish the effect of the individual-level attitudes, i.e. culture. We would suggest that the individual-level attitudes bring an additive component into play, which is complementing the effect of the institutions. Active citizens in democratic institutions exert a stronger pressure for “good” government than inactive ones. The overall explanatory power of the model is substantial. The institutional setting, i.e. the level of democratic control, contributes a substantial share of explanatory power but even after controlling for this, there remains a significant role for “political” capital. While not reported explicitly, we also tested two additional arguments: first, regarding Gamson’s argument that there can be such a thing as too much trust, we found no adverse effect of extreme levels of institutional trust. Second, the effect of political capital is not contingent on the level of democracy, there are no interaction effects between political capital and institutional elements of democracy.

4. Conclusion

From Almond and Verba’s Civic Culture study on, the assumption was that culture matters for the functioning of democracy. The central question of this paper was whether there is an effect of political capital, defined as political attitudes and behaviors for which a positive effect on the governmental quality can be assumed, on the actual level of governmental quality. Regarding this question the findings of effects which are both strong and stable against the inclusion of the institutional setting indicates that the effect of political activity is not spurious, is not a consequence of democracy in the sense that democracy leads to both, good performance and political activity. The findings indicate that of two equally democratic countries the one with more politically active citizens enjoys higher governmental quality.

Governmental quality is a path-dependent phenomenon in that current performance is a very strong determinant of future performance. Installing democratic control improves governmental performance in the political domain. Governmental quality is, also according to our findings, primarily a question of getting the institutions right. Nevertheless, individual-level attitudes have an effect and these effects are stable in direction and magnitude. In particular they do not change when the institutional setting is controlled for, which indicates that there is a genuine contribution of social and political capital. Social capital and political capital both matter for governmental quality. Regarding social capital in the form of participation in voluntary associations one needs to distinguish between “public spirited” groups, and interest groups. The former have positive effects in political domain, the latter not. Public-spirited groups in particular improve future governmental quality. Overall, the effects of both groups tend to cancel each other, indicating that research should not use undifferentiated measures of social engagement.

Political activity, measured as a summary index of different types of political engagement ranging from signing petitions to boycotts, matter for governmental quality. Given the effects found, we would suggest that political activity in the short term responds to governmental quality, while it does improve future quality. Concerning the measurement of this form of political capital, the result that the summary measure has an effect while each activity per se has not, suggests that one has to look at the overall tradition of political activity, rather than the occurrence of specific forms. Having a basic political consensus in the sense of an electorate which is homogeneous in its policy demands, has a payoff in terms of political performance, and as such should be counted as political capital. Societal fragmentation in terms of income does have no such consequences. While the political polarization may be affected by social inequalities, the effect observed arises due to the political fragmentation, not the inequality per se. Existing social inequality it seems, may be politically polarized or not. Given the arguments on the importance of trust and confidence in political institutions, the absence of an effect of either the trust in political institutions or the trust in the media as “watchdogs” is striking. There is no indication of adverse effects of too much trust in the sense of Gamson (1968). On the whole, while the relationship between institutions and attitudes is interdependent, the limited effect found seems to indicate that the causality from attitudes to institutions is rather weak, suggesting that the causality working from institutions to attitudes is stronger.

5. References

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