Corruption Experience, Corruption Tolerance, and Institutional Trust in East Asian Democracies

Eric C. C. Chang and Shih-hao Huang

Abstract

This essay revisits the causal relationship between corruption and institutional trust in East Asian democracies. Utilizing recent data from the Asian Barometer surveys, we find that corruption undermines institutional trust, while tolerance of malfeasance mitigates such a detrimental effect. We further explore the conditions under which Asian citizens are more likely to tolerate corruption. Our findings complement the conventional wisdom on the effects of corruption on institutional trust, and shed light on why some citizens in East Asian democracies are able to retain political trust despite the prevalence of corruption.

Keywords: Corruption experience, corruption tolerance, institutional trust.

Institutional trust, defined as citizens’ trust in political institutions, has been a central concern for many scholars. Despite its paramount importance for democratic practice, people’s trust in institutions has been eroding in many democracies. This decay in political trust is alarming, especially since it can harm the legitimacy of democratic regimes and lead to democratic instability.

Many scholars have attributed the decline in institutional trust to corruption. However, it remains unclear whether graft necessarily undermines institutional trust. Some pundits argue that corruption is the grease that keeps the political and economic wheels moving, while others think malfeasance throws sand in the wheels and ultimately erodes the public’s confidence in institutions. The citizenry of Asia has drawn particular attention among political scientists who focus on institutional trust. Either due to cultural or contextual factors, citizens from Asian countries seem to trust political institutions, even when corruption reigns.

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This essay addresses the relationship between institutional trust and corruption in East Asian democracies. First, we provide an overview of the existing theories and empirical evidence regarding how corruption affects public trust in political institutions. Second, we present an analysis of data from the Asian Barometer surveys examining the link between graft and trust in institutions. In particular, we test our hypothesis that the eroding effect of corruption on trust varies from citizen to citizen, depending upon the citizen’s tolerance for corruption in his or her country. In other words, we expect citizens who tolerate political malfeasance to trust their political institutions in spite of their experience with corrupt practices. Our findings affirm that corruption erodes political trust in East Asia, but we also demonstrate that tolerance for graft can lessen the erosion of trust. We further explore the conditions under which Asian citizens are more likely to tolerate corruption and consider corruption to be “business as usual.”

In the rest of this essay, we review the theoretical mechanisms linking corruption and institutional trust, and next, summarize the arguments regarding Asian corruption exceptionalism. The penultimate section details our empirical analyses. Finally, we conclude this essay with research limitations and suggestions for future studies.

**How Does Corruption Affect Institutional Trust?**

The levels of trust in institutions have been widely found to be low and declining in contemporary democracies.1 For example, the Pew Research Center, which has asked survey respondents from the United States about their trust in the government for decades, reported that respondents’ trust in Washington dropped 36 percent from the 1960s to 2014.2 Other democracies have witnessed similar trends. Mishler and Rose reported in the late 1990s that, in nine post-communist countries, the average trust in government on a seven-point scale was 3.4, while faith in the parliaments was 3.1; in the presidents, 4.0; in the civil servants, 3.5; in the courts, 3.7; and in the political parties, 2.8.3 In Taiwan, surveys conducted in 1992, 2002, and 2003 revealed

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that the percentages of people trusting the president, the Executive Yuan (the executive-administrative branch of government), and the Legislative Yuan (the parliament) declined substantially over those ten years.4

Attempting to explain low levels of and declining trust in institutions of governance, pundits point to corruption as the primary culprit. In the Weberian perspective of modernization theory, corruption is a pathology that should be eliminated by bureaucratization and modernization. This view has been challenged by revisionists who regard corruption as beneficial and functional. From the revisionists’ perspective, corruption is what “greases the wheel,” improving a country’s political and economic performance. Specifically, corruption ensures policy continuity and investment incentive;5 promotes efficiency, since only firms with the lowest cost can pay the largest bribe;6 facilitates the development of political parties; encourages political participation; and maintains a stable environment. In sum, the revisionists maintain that corruption increases the loyalty and political trust of citizens.7

Recent empirical research refutes the revisionist account. Instead, the emerging scholarly consensus finds corruption detrimental to institutional trust for at least five principal reasons. First, corruption corrodes confidence and trust because state assets are “stolen” through unscrupulous transactions.8 The public is less likely to trust institutions when it sees public resources transferred to serve certain interests. Second, corruption is destructive to a fundamental principle of democracy. Dahl stresses that democracy is characterized by the responsiveness of government to the equally weighted preferences of citizens.9 Corruption spawns personal connections and makes institutions personal instruments of politicians. Institutions thus lose their autonomy and credibility. Anderson and Tverdova also find that corruption compromises important democratic principles. Relying on surveys conducted in sixteen democracies, they demonstrate that corruption negatively affects the public’s evaluation

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of governmental performance and lowers the levels of public trust in civil servants.\(^\text{10}\)

Third, malfeasance can impede governmental performance, which in turn further exacerbates the decline of public trust in institutions. The World Bank proclaims that “good governance also means the absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support markets.”\(^\text{11}\) Donatella della Porta argues that corruption diverts administrative resources and activities to areas where marginal gains from graft are maximized, and the public suffers from the increasing cost as well as the poor quality of public works.\(^\text{12}\) Mauro notes corruption leads to governmental overspending on certain sectors at the expense of the public’s welfare.\(^\text{13}\) In a similar vein, corruption lowers the quality of infrastructure and the provision of public health.\(^\text{14}\)

Corruption can further hinder economic development by lowering investment, misallocating human capital, reducing both the levels and effectiveness of foreign aid, and undermining tax revenues.\(^\text{15}\) Moreover, graft may increase the levels of economic inequality. Gupta, Davoodi, and Alonso-Tenne find a strong positive association between corruption and the Gini coefficient, and a negative effect of corruption on the economic growth of the poor.\(^\text{16}\) You and Khagram corroborate this finding and argue that the effect of corruption on inequality can foster, in turn, additional unscrupulous behavior.\(^\text{17}\) Suffering from low-quality governance, citizens may lose their trust and confidence in political institutions. Even worse, such trust-eroding corruption is self-reinforcing because citizens are more motivated to bribe after losing their trust in the regime’s ability to address citizens’ concerns.\(^\text{18}\)

The fourth mechanism linking corruption and institutional trust lies in bureaucratic performance. Corruption reduces the efficiency of the bureaucracy.


\(^{15}\) Mauro, “Corruption and Growth.”


by producing intentional delays.19 Expecting bribes, bureaucrats extort more from those who are in need of their services.20 To substantiate this proposition, Kaufmann and Wei find empirical evidence that corruption increases the time managers must spend with bureaucratic agencies.21

Finally, Theobald argues that corruption hinders the development of political parties and undermines political participation.22 To be clear, corruption induces a high premium for controlling offices, so much so that political parties are likely to become rent-seeking political machines rather than preference-integrating and trust-enhancing organizations.

In sum, corruption fundamentally betrays public trust, erodes democratic principles, and lowers the quality of governmental performance. As della Porta forcefully summarizes, corruption reduces institutional trust as it reduces the efficiency and efficacy of government performances.23 In other words, corruption hinders public administration from serving the interest of the masses. Therefore, corruption undermines citizens’ confidence in political institutions.

Asian Exceptionalism?

Oddly enough, in what Wedeman refers to as the “East Asian Paradox,” pervasive corruption parallels notable economic growth in East Asian countries.24 Given the concurrence of corruption and growth, many scholars wonder whether the trust-eroding effect of corruption fails to materialize in Asian democracies. In other words, while corruption is found to be detrimental to institutional trust elsewhere in the world, some suggest that graft may not be as harmful to institutional trust in Asian democracies.

Purported Asian exceptionalism could be the result of two main factors. First, in East Asia, due to the unique state-business relationship there and the region’s developing economies, corruption may actually produce economic growth. Nonmarket rents associated with corruption do not necessarily lead to inefficient economic outcomes, if these rents are created by well-planned industrial policies and allocated to entrepreneurs on a performance basis.25

22 Theobald, *Corruption, Development, and Underdevelopment*.
Furthermore, ruling elites in East Asia may advance economic interests of selected entrepreneurs in return for resources needed to stay in power.\(^{26}\) Thus, corruption may facilitate economic growth in Asian democracies, reducing the corrosive effect of corruption on political trust.

Second, Asian exceptionalism may also result from political culture. As Bardhan has stated bluntly, “What is regarded in one culture as corrupt may be considered part of routine transactions in another.”\(^{27}\) In some cultures, the use of public resources to cater to particularistic loyalty is commonly expected, even if the same activities would be perceived as corrupt in Western societies. In particular, the norm of reciprocity embedded in Asian cultures socializes people to treat corrupt exchanges as neutral and acceptable.\(^{28}\) Moreover, Asian culture emphasizes hierarchical relationships, order, and harmony, which may consolidate Asians’ trust in political authorities, regardless of the evidence of graft.\(^{29}\) In sum, the distinctive cultural characteristics in Asia democracies may mitigate the trust-eroding effect of corruption.

While the argument of Asian exceptionalism sounds plausible, the empirical evidence is less conclusive. In one study, Chang and Chu find no empirical support for Asian exceptionalism.\(^{30}\) Their analysis shows that the detrimental effect of corruption on institutional trust is universal across all Asian democracies. Yet, in a subsequent study, Chang finds that venality is harmful to trust in government only in Taiwan, Thailand, and South Korea, but not in the Philippines, Mongolia, and Indonesia.\(^{31}\) In trying to identify the source of this cross-country variation, Chang proposes that the trust-eroding effect of corruption is conditional upon the structure of corruption. More specifically, he argues that malfeasance might be less harmful in countries where there is a high predictability of corruption. Specifically, the predictability of profiteering refers to “the degree to which firms are confident that they will, in fact, be able


to obtain the ‘product’ they are seeking.”  

When citizens are confident that, as promised, they will receive the return for the bribe they have paid, they maintain confidence in political institutions.  

Ultimately, the debate about whether corruption undermines citizens’ institutional trust in East Asia remains anything but settled. The mixed evidence suggests more effort should be taken to explore why the trust-eroding effect of corruption varies across different countries and among their individual citizens.

**Corruption, Tolerance, and Institutional Trust**

Yet, there is often one aspect of the corruption-trust linkage left out of arguments and analyses—tolerance for corruption. With that in mind, we examine the effect of graft on institutional trust through the lens of political tolerance. Tolerance is “a willingness to put up with those things that one rejects.”  

By extension, then, tolerance indicates to what extent citizens are willing to live with malfeasance or fraud that exists in their political system. In the studies of corruption, tolerance for graft has been distinguished from perceptions or awareness of corruption. While corruption is generally seen as unfavorable, “people may have different views on how much corruption should be tolerated.”  

In other words, tolerance for corruption may vary among citizens who perceive or experience corruption.  

Such differences in tolerance for corruption can be one of the conditions that attenuate the effect of corruption. In particular, citizens who experience corrupt practices may maintain trust in political institutions if they can put up with unscrupulous acts. Accordingly, since individuals may tolerate corruption differently, the trust-eroding effect of venality may vary within and across countries.  

Moreover, there are good reasons to believe that citizens in Asian countries might exhibit unusually high tolerance for corruption. As previously mentioned, Asian political culture tends to emphasize harmony and hierarchical relationships. Asian citizens are socialized to sacrifice their personal interests and forgo their own opinions in order to serve the interest of the family, group, or society. As a result, it is reasonable to think that people in Asia might be

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willing to live with unfavorable practices, such as corruption. Accordingly, we argue that tolerance may mitigate the trust-eroding effect of corruption.

All in all, people may experience the same corrupt practices and even perceive the same level of corruption, while maintaining different levels of resentment against corruption. In order to better understand the relationship between corruption and institutional trust, it is necessary to investigate how Asian citizens’ tolerance helps them to retain trust in government, even when corruption prevails. Such an investigation will give us a more comprehensive understanding of how East Asian democracies are sustained and consolidated.

**Data and Variables**

Extending the earlier work of Chang and Chu, our goal is to reexamine the empirical relationship between corruption and institutional trust in East Asian democracies. If political graft undermines institutional trust, corruption should be inversely related to institutional trust. However, the negative linkage between corruption and institutional trust may be conditional on citizens’ tolerance for unscrupulous practices.

We rely on data from the third wave of the Asian Barometer Surveys (ABS). We cover seven East Asian democracies: Japan, South Korea, Mongolia, the Philippines, Taiwan, Thailand, and Indonesia. The levels of the aggregated corruption vary across these countries, offering a fertile ground to test the relationship between corruption and institutional trust. On the 2014 Transparency International Corruption Perception Index (CPI), Japan ranks 15th among 175 countries; Taiwan, 35th; South Korea, 43rd; Mongolia, 80th; the Philippines, 85th; Thailand, 85th; and Indonesia, 107th. The substantial variance of aggregated corruption ensures that our results are not driven by the selection of cases at a certain level of corruption.

Our dependent variable is institutional trust ($\text{trust}$). We construct this variable with a set of questions from the ABS, asking respondents if they have “a great deal of trust,” “quite a lot of trust,” “not very much trust,” or “no trust at all” in various institutions. We focus on the nine institutions that are most important to politics: the president/prime minister, the courts, the national government, political parties, parliament, the civil service, the military, the police, and local government. The questions distinguish institutional trust from institutional performance, and, therefore, they measure institutional trust without conflating support for incumbent governments. In calculating trust, we transform the answer to each question into a four-point scale, where 1 represents “no trust” and 4 a “great deal of trust.” For each respondent, we

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37 Chang and Chu, “Corruption and Trust.”
38 Higher ranked countries (i.e., the number is smaller) have lower levels of corruption.
take the average of the resulting scores on these nine items.\textsuperscript{39} Higher values represent higher levels of institutional trust. The average level of trust in government for all respondents is 2.41, meaning that people in East Asia do not have much trust in their political institutions. Examining each country individually, Thailand has the highest average level of trust (2.70), followed by Indonesia (2.66), the Philippines (2.45), Taiwan (2.31), Japan (2.30), Mongolia (2.26), and South Korea (2.15). Figure 1 plots the distribution of trust for these seven East Asian democracies. Clearly, although people from Thailand and Indonesia have relatively higher levels of institutional trust, citizen majorities in these countries still express moderate distrust toward political institutions.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure_1.png}
\caption{Levels of Institutional Trust in East Asia}
\end{figure}

To construct our key independent variable, corruption, we take advantage of the experience-based measure of political corruption provided by the ABS. As Seligson points out, an experience-based measure of corruption, compared to a perception-based one, allows us to better clarify the causal direction.\textsuperscript{40} To be specific, the ABS asks respondents whether they, or persons they know personally, have witnessed acts of governmental malfeasance within the past year. We thereby create a dummy variable which is coded 1 if a given

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{39} We do not exclude cases where there are missing values. For instance, if a respondent gave answers to only seven of the nine questions, we still sum up the seven scores and divide the total by seven to obtain the value of trust.
\item \textsuperscript{40} Simply put, perception-based measurements utilize questions asking to what extent a respondent perceives the government or officials as corrupt. See Mitchell Seligson, “On the Measurement of Corruption,” \textit{APSA-CP} 13, no. 2 (2002): 5-6.
\end{itemize}
\end{footnotesize}
respondent has witnessed corrupt practices, and 0 otherwise. The resulting variable, *corruption*, has a mean value of .22, indicating that about one-fifth of the respondents have experienced corrupt practices. Among the seven Asian democracies, Thailand has the largest percentage of respondents who have experienced unscrupulous behavior (51 percent), while less than 7 percent of Japanese respondents have had the same experience. The other countries have a mean that ranges from .11 (the Philippines) to .26 (Taiwan).

Given our hypothesis that tolerance conditions the relationship between corruption and institutional trust, we include *tolerance* as another key independent variable. The ABS captures our idea of tolerance by asking respondents whether they agree or disagree with the following statement: “A citizen should always remain loyal only to his or her country, no matter how imperfect it is or what wrong it has done” (Q137). A respondent who agrees with this statement is more likely to tolerate the misconduct of political elites and malfeasance of the government, including corrupt practices. We construct a dummy variable, tolerance, which takes on the value of one if a respondent strongly agrees or somewhat agrees with this statement, and zero if a respondent strongly disagrees or somewhat disagrees. Among our seven East Asian democracies, the average percentage of respondents tolerating corruption is .68. In other words, over 60 percent of the people agree that they should remain loyal to their country, regardless of how imperfect their country. In order to test our hypothesis, we include the interaction between corruption and tolerance (*corruption x tolerance*).

We also control for several variables relevant to institutional trust. First, as previously mentioned, economic evaluations also may affect how citizens trust their institutions. When economic performance is desirable, citizens should have greater trust in their government. Therefore, we control for economic evaluations of current, past, and future economic conditions. The ABS asks respondents to rate the economic conditions of their country in the past year, today, and in a few years. Using these questions, we construct variables for *current economic evaluation*, *retrospective economic evaluation*, and *prospective economic evaluation*. Each variable is a five-point scale, where greater values indicate more positive evaluations of economic conditions.

In addition to economic evaluations, citizens’ political attitudes also may affect their trust in political institutions. We thereby control for *satisfaction with democratic practice*, *perceived freedom*, *perceived fairness*, *perceived influence*, and *perceived accountability*. Satisfaction with democratic practices should, at least partly, reflect the degree of respondents’ approval concerning the performance of political institutions in their democratic politics. The values of this variable range from one to four, where four represents highly satisfied respondents and one indicates highly dissatisfied respondents. Perceived

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41 See appendix 1 for the complete set of ABS questions used to construct our variables.
freedom is included to control for the possibility that citizens who perceive greater freedom are likely to sense that political institutions are functioning well, and consequently exhibit greater trust in political institutions. Perceived fairness measures the extent to which a respondent believes that the rich and poor are treated equally. Since the rich and poor have different economic powers to affect politics through corruption, perceived equity between classes may confound corruption’s impact on institutional trust. Finally, institutional trust might also be affected by the extent to which citizens perceive that the government or political elites can be held accountable. The intuition, here, is that citizens’ trust in political institutions may vary with the degree to which political elites are held accountable. We create a composite variable, *perceived accountability*, which combines the answers to four ABS questions regarding accountability.

We also control for respondents’ *education*. We measure education as the respondent’s number of years of schooling. It has been found that people with a high level of education tend to have a low level of political trust. Last, but not least, we control for *general trust* as a baseline level of trust possessed by a given respondent. The ABS asks respondents whether they agree that most people are trustworthy. We create a four-point variable, where a greater value indicates a higher level of general trust.

**Findings**

Table 1 presents the results of our pooled regression analyses. In Model I, without any control variables included, corruption has a negative coefficient, indicating that corruption is detrimental to institutional trust in Asian democracies. Model II includes all the control variables. The coefficient for corruption remains negative and statistically significant. This finding again affirms what has been found in the previous literature: graft erodes trust in government.

However, in Model III, we test our main hypothesis that tolerance for corruption attenuates the corruption-trust link by including the interaction term between corruption and tolerance. The coefficient for the interaction term is positive and statistically significant, indicating that the trust-eroding effect of corruption is offset by tolerance. To be sure, for intolerant persons (tolerance=0), corruption experiences decrease their institutional trust by -.115; for more tolerant respondents (tolerance=1), experience with corruption decreases their institutional trust by only -.055 (i.e., -.115+.060). When experiencing corrupt practices, tolerant citizens retain a higher level of institutional trust than intolerant individuals.

In figure 2, we visualize the interactive effect of experience with corruption and tolerance. As shown in the graph, the predicted trust in institutions among people who experience corruption is always lower than among individuals who are isolated from corruption, regardless of their degree of tolerance. In other
Table 1. Results

<table>
<thead>
<tr>
<th></th>
<th>Model I</th>
<th>Model II</th>
<th>Model III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption</td>
<td>-.037 (.014)*</td>
<td>-.072 (.013)***</td>
<td>-.115 (.023)***</td>
</tr>
<tr>
<td>Tolerance</td>
<td>.041 (.011)***</td>
<td>.031 (.012)*</td>
<td></td>
</tr>
<tr>
<td>Corruption*Tolerance</td>
<td></td>
<td>.060 (.027)*</td>
<td></td>
</tr>
<tr>
<td>Current Economic Evaluation</td>
<td>.076 (.007)***</td>
<td>.077 (.007)***</td>
<td></td>
</tr>
<tr>
<td>Retrospect Economic</td>
<td>.032 (.006)***</td>
<td>.031 (.006)***</td>
<td></td>
</tr>
<tr>
<td>Prospective Economic</td>
<td></td>
<td>.069 (.006)***</td>
<td>.069 (.006)***</td>
</tr>
<tr>
<td>Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.129 (.008)***</td>
<td>.129 (.008)***</td>
<td></td>
</tr>
<tr>
<td>Perceived Freedom</td>
<td>.018 (.007)**</td>
<td>.018 (.007)**</td>
<td></td>
</tr>
<tr>
<td>Perceived Fairness</td>
<td>.064 (.006)***</td>
<td>.063 (.006)***</td>
<td></td>
</tr>
<tr>
<td>Perceived Influence</td>
<td>-.009 (.006)</td>
<td>-.009 (.006)</td>
<td></td>
</tr>
<tr>
<td>Perceived Accountability</td>
<td>.173 (.010)***</td>
<td>.173 (.010)***</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-.019 (.001)***</td>
<td>-.020 (.001)***</td>
<td></td>
</tr>
<tr>
<td>General Trust</td>
<td>.078 (.008)***</td>
<td>.078 (.008)***</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.406 (.006)***</td>
<td>.953 (.043)***</td>
<td>.961 (.043)***</td>
</tr>
</tbody>
</table>

N 9278 7868 7868
R^2 .001 .306 .307

Note: 1. The dependent variable is institutional trust.
2. The numbers in parentheses are robust standard errors.
3. *: p<.05; **: p<.01; ***: p<.001.

words, experience with corruption has a detrimental effect on institutional trust. Moreover, the gap in institutional trust between tolerant individuals who experience and do not experience graft is much smaller than among intolerant individuals. This clearly confirms an interactive effect: the detrimental effect of experience with corruption is substantially mitigated by tolerance. As a consequence, among the people who have experienced corrupt practices, tolerant individuals retain a higher level of institutional trust than people who have no tolerance for corruption. Expressed another way, this graph shows that the corrosive effect of experience with corruption is significantly attenuated by tolerance.

Looking at the control variables, all but perceived influence affect institutional trust in the anticipated manner. Respondents who have positive perceptions of economic conditions; are satisfied with democratic politics; perceive greater fairness, freedom, and accountability; and are tolerant have a higher level of institutional trust than other respondents. On the other hand, as expected, educated respondents tend to have a lower level of institutional trust than less educated survey participants, as they have learned to be reasonably
In sum, our analyses reaffirm that corruption has a pernicious effect on institutional trust in East Asian democracies. We also find that the trust-eroding effect of corruption is conditional upon whether citizens are tolerant of malefianace in their country. More tolerant people retain a higher level of institutional trust than people who lack tolerance for corruption.

Discussion

One of our key findings is that, among East Asian democracies, citizens’ tolerance of corruption attenuates their trust in government, regardless of whether they have experienced corruption first-hand. This finding has several implications concerning existing studies of corruption.

First, the result reassures that the effect of corruption is not universal. As discussed above, Chang finds that corruption’s impact on institutional trust varies with the predictability of corruption. Complementing existing studies, this essay discovers a condition at the level of individual citizens. That is, citizens who are tolerant of their country’s wrongdoings retain higher levels of institutional trust when compared to citizens who lack such tolerance.

One might wonder what leads to the variation in citizens’ degree of tolerance. In a recent study, Chang and Kerr argue that political insiders—who have preferential access to the incumbent and, consequently, to a range

of excludable goods—are more tolerant of corrupt politicians than political outsiders. They define “patronage insiders” as those who belong to a clientelistic network, and “identity insiders” as those who share either partisan or ethnic affiliation with the incumbent. They theorize that patronage insiders are more tolerant of corrupt politicians than the outsiders because they receive material benefits from their patrons’ corrupt practices, and that identity insiders may have high tolerance for graft as they base their support for the incumbents on their partisan or ethnic ties with them rather than on the integrity and legality of the incumbents’ behavior. The insider-outsider status is thus hypothesized to be a crucial factor in determining citizens’ tolerance of corruption.43

Here, we offer a simple test of whether insider-outsider status affects one’s tolerance. We focus on partisan insiders, which is coded one if a respondent is affiliated with the incumbent national party at the time of the investigation, and zero otherwise.44 We then regress tolerance on partisan insiders. Holding other relevant variables constant, the coefficient of partisan insiders is .067 (p<.001), suggesting that partisan insiders are more likely than outsiders to tolerate their country’s imperfections.45

Our findings also show that citizens expressing a high level of perceived fairness, a high level of perceived freedom, and positive economic evaluations are more likely to tolerate malfeasance. By contrast, people who perceive a higher level of accountability, a higher level of influence, and who are more highly educated are less likely to tolerate unscrupulous behavior in their country. Interestingly, we also find a positive association between experience with corruption and tolerance. This result is consistent with Chang and Kerr’s observation that people who experience corruption are more likely than others to tolerate it. To explain this counterintuitive finding, we share their view that individuals may gain accesses to services and benefits through corrupt practices and, hence, tolerate malfeasance in the political system.

It is worth noting that, due to a large number of missing values for insider-outsider status, our hands are tied in terms of providing a more comprehensive analysis. At this stage, these findings are only tentative, and we leave the sources of tolerance open for future research.

Conclusion

This essay sets out to synthesize the existing literature on the relationship between corruption and institutional trust. Employing the Asian Barometer

44 See appendix 1 for further descriptions.
45 The control variables include Corruption; the three variables of Economic Evaluations; Perceived Influence; Perceived Fairness; Perceived Freedom; Perceived Accountability; Satisfaction; and Education. Since the dependent variable is binary, we use Logit to estimate the parameters.
Survey, we are able to present up-to-date empirical evidence for the trust-eroding effect of graft in East Asian democracies. Our findings reaffirm that people’s trust in political institutions in East Asian democracies wanes after witnessing or experiencing corruption. We further find that citizens’ tolerance for corruption conditions the trust-eroding effect of experience with corruption. While venality is unfavorable, citizens who are more tolerant of malfeasance in their country retain a higher level of trust in political institutions after experiencing corrupt practices, compared to people who are intolerant of corruption. Since citizens in East Asian democracies possess high levels of tolerance for graft, our findings help explain why the effect of corruption varies among individuals and across countries in the region.

While we have made a sufficient effort to investigate the relationship between corruption and institutional trust, more research is needed in order to further understand how corruption affects political trust. For example, it would be useful to continue to investigate the factors affecting tolerance for corruption. Moreover, Asian exceptionalism, if it exists, should be most manifest in Asian authoritarian regimes, since authoritarian leaders and governments are likely to educate or socialize their citizens to unconditionally support authority. A study focusing on the corruption-trust linkage in authoritarian countries would serve as a comparison to the democratic cases, and, hence, enrich our knowledge of how graft affects institutional trust in Asia.
## Appendix 1. Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>ABS Questions</th>
<th>Coding</th>
<th>Range</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Q7~Q15. I’m going to name a number of institutions. For each one, please tell me how much trust you have in it. Is it a great deal of trust, quite a lot of trust, not very much trust, or none at all?</td>
<td>4- A great deal of trust 3-Quite a lot of trust 2-Not very much trust 1-None at all Take the average across the nine institutions</td>
<td>1~4</td>
<td>2.41</td>
<td>.54</td>
</tr>
<tr>
<td>Corruption</td>
<td>Q119. Have you, or has anyone you know personally, witnessed an act of corruption or bribe-taking by a politician or government official within the past year?</td>
<td>1-Witnessed 0-Not witnessed</td>
<td>0~1</td>
<td>.22</td>
<td>.41</td>
</tr>
<tr>
<td>Tolerance</td>
<td>Q137. A citizen should always remain loyal to only his or her country, no matter how imperfect it is or what wrong it has done.</td>
<td>1-Strongly agree, somewhat agree 0-Strongly disagree, somewhat disagree</td>
<td>0~1</td>
<td>.68</td>
<td>.47</td>
</tr>
<tr>
<td>Partisan Insider</td>
<td>Q47. Among the political parties listed, to which party, if any, do you feel closest?</td>
<td>1-If the answer is one of the ruling parties 0-Otherwise</td>
<td>0~1</td>
<td>.2</td>
<td>.4</td>
</tr>
<tr>
<td>Variables</td>
<td>ABS Questions</td>
<td>Coding</td>
<td>Range</td>
<td>Mean</td>
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<tr>
<td>Current Economic Evaluation</td>
<td>Q1. How would you rate the overall economic condition of your country today?</td>
<td>5-Very good, 4-Good, 3-So-so, 2-Bad, 1-Very bad</td>
<td>1~5</td>
<td>2.46</td>
<td>.93</td>
</tr>
<tr>
<td>Retrospective Economic Evaluation</td>
<td>Q2. How would you describe the change in the economic condition of your country over the last few years?</td>
<td>5-Much better, 4-A little better, 3-About the same, 2-A little worse, 1-Much worse</td>
<td>1~5</td>
<td>2.69</td>
<td>1.06</td>
</tr>
<tr>
<td>Prospective Economic Evaluation</td>
<td>Q3. What do you think will be the state of your country’s economic condition a few years from now?</td>
<td>5-Much better, 4-A little better, 3-About the same, 2-A little worse, 1-Much worse</td>
<td>1~5</td>
<td>3.22</td>
<td>.99</td>
</tr>
<tr>
<td>Perceived Freedom</td>
<td>Q106. People are free to speak what they think without fear.</td>
<td>4-Strongly agree, 3-Agree, 2-Disagree, 1-Strongly disagree</td>
<td>1~4</td>
<td>2.88</td>
<td>.81</td>
</tr>
<tr>
<td>Perceived Fairness</td>
<td>Q104. Rich and poor people are treated equally by the government.</td>
<td>4-Strongly agree, 3-Agree, 2-Disagree, 1-Strongly disagree</td>
<td>1~4</td>
<td>2.89</td>
<td>.78</td>
</tr>
<tr>
<td>Perceived Influence</td>
<td>Q135. People like me don't have any influence over what the government does.</td>
<td>4-Strongly disagree, 3-Disagree, 2-Agree, 1-Strongly agree</td>
<td>1~4</td>
<td>2.31</td>
<td>.9</td>
</tr>
</tbody>
</table>
## Appendix 1. Variables (con’t.)

<table>
<thead>
<tr>
<th>Variables</th>
<th>ABS Questions</th>
<th>Coding</th>
<th>Range</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Accountability (Take the average across the four questions)</td>
<td>Q100. Between elections, the people have no way of holding the government responsible for its actions.</td>
<td>4-Strongly disagree&lt;br&gt;3-Disagree&lt;br&gt;2-Agree&lt;br&gt;1-Strongly agree</td>
<td>1-4</td>
<td>2.42</td>
<td>.57</td>
</tr>
<tr>
<td></td>
<td>Q101. When government leaders break the laws, there is nothing the court can do.</td>
<td>4-Strongly disagree&lt;br&gt;3-Disagree&lt;br&gt;2-Agree&lt;br&gt;1-Strongly agree</td>
<td></td>
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<td></td>
<td>Q108. Do officials who commit crimes go unpunished?</td>
<td>4-Always&lt;br&gt;3-Most of the time&lt;br&gt;2-Sometimes&lt;br&gt;1-Rarely</td>
<td></td>
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<tr>
<td></td>
<td>Q112. To what extent is the legislature capable of keeping government leaders in check?</td>
<td>4-Very capable&lt;br&gt;3-Capable&lt;br&gt;2-Not so capable&lt;br&gt;1-Not at all</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Trust</td>
<td>Q49. Most people are trustworthy.</td>
<td>4-Strongly agree&lt;br&gt;3-Agree&lt;br&gt;2-Disagree&lt;br&gt;1-Strongly disagree</td>
<td>1-4</td>
<td>2.69</td>
<td>.73</td>
</tr>
<tr>
<td>Education</td>
<td>QSe5a. How many years of formal education have you received?</td>
<td>Reported number of years</td>
<td>0–30</td>
<td>9.35</td>
<td>4.74</td>
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</tbody>
</table>