



# The impact of economic well-being on perceptions of anti-corruption performance: Evidence from China<sup>☆</sup>

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## Abstract

Corruption studies have suggested that corrupt politicians may win public support by providing substantial economic benefits to their citizens and that if a government works effectively to promote economic development, people may forgive its corruption problems. Thus, there is a positive relationship between citizens' tolerance for political corruption and the economic benefits they receive from the government. Does economic well-being shape people's perceptions of corruption and the government's anti-corruption performance? If so, how and to what extent? To address the questions, this study draws on empirical data from a nationwide survey conducted in China in 2011. China makes an ideal case for the study because, although its unprecedented economic growth significantly improved people's living standards, the country has continued to suffer from rampant corruption. China's case illustrates the intricate relationships between the rise of economic status—perceived or actual—and attitudes toward the government's anti-corruption efforts among citizens.

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## 1. Introduction

The relationship between people's economic status and their assessment of governmental policy performance is intricate and controversial. Scholars are puzzled by the fact that, in some countries, politicians win public support despite being corrupt (Rundquist, Strom, & Peters, 1977). For example, Choi and Woo (2010) analyzed data from 115 developing countries and found that political corruption was not an important factor in determining electoral outcomes, and corrupt incumbents could retain political power if the economy progressed under their regime and citizens were greatly satisfied by the considerable improvement in their living standards. In another study, they further confirmed that national economic conditions could dilute the negative effect of political corruption (Choi & Woo, 2012).

Based on a survey in Greece, Konstantinidis and Xezonakis (2013) demonstrate that Greek voters would forgive corrupt politicians if these politicians could provide substantial collective benefits. Similarly, Manzetti and Wilson (2007) report that tangible economic benefits seem more important than having corrupt leaders punished among

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people living in countries with weak governmental institutions and strong patron-client relationships. This is particularly true in authoritarian systems where regimes and rulers are fused, and political legitimacy does not rest upon free elections but on certain unique characteristics and capabilities of political leaders (Chen, 1997). Economic success and subsequent improvement in people's living standards contribute to performance-based legitimacy (Yang & Zhao, 2014).

The studies above emphasize the importance of people's economic status in determining their assessment of and support for the government. They also suggest that as a result of significant improvement in economic well-being, people may be more likely to support their incumbent government even if it is corrupt. However, these studies often rely on aggregated macro variables, such as a country's economic development and corruption at national levels. They leave some questions unaddressed: Does economic well-being shape people's perceptions of corruption and the government's anti-corruption performance at the individual level? If so, how and to what extent?

This study attempts to answer the questions by examining how people's economic status affects their judgment of the government's performance in anti-corruption enforcement. We argue that while the level of corruption is an important indicator of a government's performance, people may see anti-corruption efforts equally, if not more, important in their evaluation of the government. To many, since corruption is unavoidable and threatens all societies, the extent to which a government fights corruption and succeeds in doing so matters more than the actual or perceived level of corruption. Citizens are likely to support a government and even credit its rulership with "legitimacy" if they are satisfied with the government's anti-corruption performance. Furthermore, we assume that when people's living standards improve significantly in a corruption-ridden setting, it is still possible that they will attribute the change to effective corruption control and thereby develop a more favorable attitude toward the government. In this study, we test these assumptions by examining the relationship between people's economic well-being and their perceptions of government performance in the area of corruption control.

We draw on empirical findings from China, which offers a typical case featured by both rapid economic growth and pervasive corruption (Larsson, 2006; Wedeman, 2012). During the past three decades, China made unprecedented economic achievements, with an average annual growth rate of 9.7% from 1978 through 2010.<sup>1</sup> Accelerating economic growth has benefited millions of people, significantly raising their living standards and, at the same time, enhancing the ruling power of the Chinese Communist Party (CCP).

However, corruption has continued to proliferate in the country, threatening future economic development and damaging public confidence in the government's governing capacity (Gong & Zhou, 2014; Li, Gong, & Xiao, 2015). In the annual Corruption Perception Index (CPI) calculated by Transparency International, China often ranks between 70th and 80th, lagging far behind some other East Asian countries and regions.<sup>2</sup> Rampant corruption has led to intense crackdowns on corruption by the Chinese government. According to official statistics, in 2013 alone, anti-corruption agencies in China received 1.95 million corruption reports, a 49.2% increase from last year, and processed more than 172,000 cases. In addition, more than 180,000 government officials received disciplinary penalties.<sup>3</sup> This indicates not only rampant corruption in the government but also the leadership's political will and effort to combat it. China thus offers an interesting case to see how the general public assesses the government's performance when they are caught in between dramatically improved livelihood and rampantly spreading corruption.

Based on a nationwide survey conducted in China in 2011, we carefully examine the role of both objective and subjective economic well-being of citizens in shaping their perceptions of the government's anti-corruption performance. To ensure the robustness of the results, we distinguish objective and subjective economic well-being of the respondents using various indicators. Our findings indicate that objective economic status, measured by individual income, family income, and family finances, has no significant influence on citizens' perceptions of anti-corruption performance. In contrast, people who feel better off based on retrospective and prospective self-assessments and perceived social status in relative terms are more satisfied with the anti-corruption performance of the government.

<sup>1</sup> This figure was calculated by the authors based on the annual GDP growth during this period. The data were collected from the official website of National Statistics Bureau (<http://www.stats.gov.cn/>).

<sup>2</sup> For more details, see <http://www.transparency.org> (accessed 10.12.14). According to the 2013 CPI, Singapore was ranked 5th, Hong Kong 15th, Japan 18th, Taiwan 36th, and Korea 46th.

<sup>3</sup> Source: *Annual Report of Disciplinary Inspection Committees in 2013*. For more information, see: <http://fanfu.people.com.cn/n/2014/0110/c64371-24076711.html> (accessed 27.01.15).

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