# Corruption, State Legitimacy, and Political Stability

Preliminary Version: This paper is under active development. Results and conclusions may change as research progresses.[*]

**Justin Esarey**   *Wake Forest University*
**Cynthia Wang**    *Wake Forest University*

---

Corrupt countries tend to be more politically unstable, holding other influences constant. Why? Prior scholarship offers many possibilities. We attempt to determine the extent to which corruption weakens states by undermining their legitimacy, the degree to which citizens accept the current regime's right to govern. We find that this is indeed a major pathway through which corruption destabilizes a state. We also find that corruption's deleterious effect on state capacity to provide basic government services also provides a potential explanatory mechanism. However, even when blocking the causal pathways between corruption and instability described in extant literature, we still find a substantial negative impact of corruption on political stability. We infer that the reason why corruption is so powerfully destabilizing is because it operates through many pathways simultaneously, and the intrinsic sense of unfairness that a corrupt state creates among its people may in and of itself provoke violent dissent.

*Keywords*: corruption, stability, legitimacy

---

## Introduction

Seven years before the NATO withdrawal from Afghanistan and that government's subsequent collapse, a study was commissioned by the commander of US forces in the country to determine how corruption was impacting their mission (JCOA, 2014). The report concludes that:

> Corruption directly threatens the viability and legitimacy of the Afghan state. Corruption alienates key elements of the population, discredits the government and security forces, undermines international support, subverts state functions and rule of law, robs the state of revenue, and creates barriers to economic growth. (p. 1)

---

[*]**Current version**: April 21, 2023; **Corresponding author**: justin@justinesarey.com.

Chayes (2015) expands on this argument. She claims that the failure of the NATO mission in Afghanistan and that people's re-embrace of the Taliban can be largely attributed to corruption in the Afghan government and the failure of Western powers to eliminate that corruption in their nation-building activities:

> As Afghans, beginning around 2005, found the international presence in their country increasingly offensive, it was not because of their purported age-old hatred of foreigners. Nor did puritanical horror at the presence of unbelievers in their land enter our conversations, or outrage about Afghan sovereignty trod underfoot. My neighbors pointed to the abusive behavior of the Afghan government. Given the U.S. role in ushering its officials to power and financing and protecting them, Afghans held the international community, and the United States in particular, responsible. ... "You brought our donkeys back," one man put it in 2009. "You brought these dogs back here. You should bring them to heel."
> "The government is your face," Nurallah told me a year later. "If it's pretty or ugly, it's your face." (p. 14)

These remarks (and similar findings reported in Chayes, 2014) echo prior scholarship on the topic which emphasizes the many possible mechanisms through which corruption might destabilize a state. These mechanisms include harming economic growth, exacerbating inequalities and grievances among ethnic groups, reducing the capacity of the state to serve its people and/or control civil unrest, eliminating the possibility of resolving conflicts via legal and institutional mechanisms, and creating a prize for state capture. However, these two descriptions of state collapse in Afghanistan most directly implicate the role of corruption in undermining the state's *legitimacy*. When we refer to legitimacy, we mean:

> the belief that a rule, institution, or leader has the right to govern. It is a judg-

ment by an individual about the rightfulness of a hierarchy between rule or ruler and its subject and about the subordinate's obligations toward the rule or ruler. (Hurd, 2023)

Legitimacy is a concept distinct from state performance. A state may be seen as having no right to rule even if the country's economy is prosperous: for example, Saudi Arabia a high per capita GDP but not all its citizens accept the al-Saud family's right to rule (Weston, 1987, Al-Khamri (2020)). Legitimacy is also distinct from state stability; continuing with the example of Saudi Arabia, its legitimacy challenges do not necessarily make institutional change and political violence imminent due to the state's substantial wealth and military capability. A state may be able to repress and/or buy off its challengers as long as it has sufficient capacity to do so.

In this paper, we study the degree to which corruption is politically destabilizing. We are particularly interested in the extent to which legitimacy can explain the connection between corruption and political stability when other pathways of influence are blocked. Our research employs country-level data, including the V-Dem measure of corruption in the year 2015 and measures of state stability from 2019. We find evidence that legitimacy is indeed a major pathway connection corruption to state stability. However, there is a substantial direct relationship between corruption and stability that remains even when legitimacy, economic performance, state capacity, inequality, and ethnic fractionalization are controlled via regression.

We infer that the reason why corruption is so powerfully destabilizing is because it operates through many pathways simultaneously. For some of these pathways, the destabilization could be remediated by treating the symptoms. For example, if corruption reduces economic growth which in turn causes political instability, an intervention to increase growth could be stabilizing even if the underlying corruption remains. However, our findings suggest that the *intrinsic* sense of state illegitimacy and unfairness that corruption provokes can in and of itself create political violence. Thus, a practical impli-

3

cation of our work is that corruption is not just a cause of misfortunes for a country but a misfortune itself that must be tackled to maintain civil governance.

## Theoretical Background

Does corruption politically destabilize a country? Substantial research on this question has not come to unanimous agreement, but the consensus is that corruption does make various forms of political violence more common. These studies are more discordant on the causal mechanisms that connect corruption to instability. There are several possible mechanisms, each of which has some evidence to support its existence. Most of these mechanisms hypothesize that harmful byproducts of corruption, such as reduced economic growth or increased economic and political inequality, are what cause political instability. However, the United States' recent experience in Afghanistan has led Chayes (2015) to argue that corruption is itself directly corrosive to popular acceptance of the state and ultimately provokes violent dissent. The International Monetary Fund (IMF) has echoed this argument in describing how it shapes and evaluates its own development policies, particularly the need to balance political institution-building against direct economic assistance (Pompe and Turkewitz, 2022).

### *Corruption and Legitimacy*

Chayes' (2015) argument is supported by some evidence beyond her own experience working in Afghanistan during the NATO mission there (see also Chayes, 2014). For example, Clausen, Kraay, and Nyiri (2011, p. 240) and find that both individual experience with corruption (such as being asked for a bribe) and individual perception of overall corruption in governance (including grand corruption that generally does not directly involve the average citizen) are strongly and negatively associated with confidence in public institutions among respondents to the Gallup World Poll. They also find that "lack

of confidence in public institutions raises sympathy for violent protest" and other "violent means of political expression" in that sample. A study of Spanish survey data from 2009 by Villoria, Van Ryzin, and Lavena (2013) also finds similar empirical connections between corruption, institutional distrust, and anti-social behavior. First, "those who perceive more overall corruption are also less likely to trust their fellow citizens… and and much less likely to trust government institutions". Second, "corruption is positively related to rule-breaking, meaning that citizens who see more corruption in government are more likely to think it is justifiable for citizens to cheat on taxes, falsely claim benefits, break traffic laws, litter, and break other rules".

Some studies focus more specifically on the first part of the mechanism, from corruption to reduced state legitimacy and institutional trust. For example, Lavallée, Razafindrakoto, and Roubaud (2008) uncovers a negative relationship between corruption and institutional trust among Afrobarometer respondents in sub-saharan Africa. Seligson (2002, p. 424) also finds that "corruption does indeed erode legitimacy" among four countries in Latin America surveyed in 1998-1999, and although "supporters of the incumbent party… are more supportive of the system" it is also true that "once political party preferences are controlled for, corruption still has a significant, negative impact on legitimacy." A qualitative study of states in the Middle East and North Africa finds that rentier regimes in the area can buy short-run compliance with natural resource revenues but "cannot draw the moral line between right and wrong, or establish the moral source of authority" and therefore must either construct such a basis for legitimacy or suffer from long-run instability (Abulof, 2017, p. 65).

*Corruption and Political Instability*

Another line of studies is more focused on the ultimate (and possibly indirect) connection between corruption and various forms of political dissent and instability. Most, although not all, of these studies find a connection. One of the first studies, by Mauro

(1995, p. 691), found a negative bivariate relationship between bureaucratic efficiency (including low corruption) and political stability in cross-national data from the early 1980s. Based on a survey experiment in Nigeria in 2017 as well as observational data relating the location of protest events and regional perceptions of corruption, Lewis (2021) reports that "citizens are more likely to engage in protest when prompted with elite forms of corruption" (p. 235) and that "perceptions of elite corruption have a positive and statistically significant correlation with the number of incidents [of non-violent social contention events]" (p. 237). High corruption is also positively associated with the probability of civil war outbreak of all kinds (Taydas, Peksen, and James, 2010) as well as ethnic civil wars (Neudorfer and Theuerkauf, 2014) in cross-national time-series data of between 87 and 124 countries (depending on annual data availability) measured between 1984 and 1999. Karnane and Quinn (2017, p. 435) finds that "ethnic fractionalization and corruption negatively impact economic growth indirectly by increasing political instability, which has a negative direct effect on economic growth." Beyerle (2011) describes four detailed case studies (from Guatemala, Indonesia, Kenya, and Turkey) where corruption catalyzed various forms of popular protest since the late 1990s. An even more explicit connection has been observed by Human Rights Watch (2007) in Nigeria, where "there is a direct relationship between corruption and political violence—many public officials use stolen public revenues to pay for political violence in support of their ambitions."

But not every study in this area finds that corruption causes political instability. Using a complex structural transition model to analyze data from 133 countries between 1985 and 2002, Fjelde and Hegre (2014, p. 289) finds that "corruption has a limited impact on the sustainability of democracy and autocracy" although it stabilizes hybrid regimes; lower corruption may also reduce the likelihood of a conflict re-occuring after it ends (Hegre and Nygård, 2015). Nurudeen, Abd Karim, and Aziz (2015) do find a relationship between instability and corruption among the ECOWAS[1] countries, but using time se-

---

[1]Economic Community of West African States.

ries data they determine that political instability Granger-causes greater corruption (and poorer economic development) but not the reverse.

## *Mediators other than Legitimacy*

Even if corruption undermines states by eroding their legitimacy, there are other mechanisms by which corruption might *also* have a destabilizing effect. Le Billon (2003, p. 418) lays out these alternative mechanisms, beginning with the possibility that "corruption can increase grievances and conflictual demands for political change." As a prime example, corruption might reduce economic growth and development and thus activate poverty as a driver for violent political action. These problems can be even worse if corruption creates or exacerbates economic and/or political inequality among existing factions in society, such as ethnic groups, that form a basis for lines of conflict to emerge (Neudorfer and Theuerkauf, 2014).

Many empirical studies link corruption to instability through the mediating variable of economic performance. Mauro (1995, p. 705), argues that "corruption and instability may be intrinsically linked, in the sense that they may result from the same coordination problem among members of the ruling elite." Earlier work (Mauro, 1994) indicates that rulers can coordinate on multiple equilibria of low corruption and high economic growth or high corruption and low economic growth, both of which are self-reinforcing. In the high-corruption equilibrium, rulers do not expect to be in office long (because of poor economic performance) and thus have a short time horizon for achieving gains, thereby incentivizing them to grab what they can while they can via corruption. But this behavior also results in much greater political instability because "economic performance will worsen and the whole government will be less likely to be able to stay in power" (Mauro, 1995, p. 706). In this telling, poor economic performance created by corruption (and rent-seeking politicians with a short time horizon) is the ultimate source of political instability.

Farzanegan and Zamani (2022, p. 30) make a related argument supported with data

from Iran; they find that "one effect of corruption is to lower economic growth and reduce the opportunity cost of engaging in protests." In this case, a weaker economy makes protest look attractive to citizens because they have less to lose. Along similar lines, Farzanegan and Witthuhn (2017, p. 48) argue that:

> Mobilization of protests in corrupt countries requires a sizable youth population that is suffering more than others from corruption. Corruption, as a regressive tax, puts more pressures on smaller enterprises and poorer households.

Their analysis of 100 countries between 1984 and 2012 confirms that a larger share of population between ages 15 and 24 is a strong, positive moderator of the relationship between corruption and political stability (as measured by the International Country Risk Guide).

As a second potential mediator of the link from corruption to instability, "political corruption and the concomitant corruption of politics undermine institutionalized public affairs, including processes of political change and conflict resolution mechanisms" (Le Billon, 2003, p. 419) Relatedly, the hollowing out of state institutions by corruption degrades state capacity to satisfy public needs, suppress violent dissent, or fight insurgent groups and thereby directly contributes to instability. This describes what is happening in Nigeria according to Human Rights Watch (2007): corruption has so undermined the institutional mechanisms of decision-making and conflict resolution that privatized violence has taken their place. Afoaku (2017) comes to a similar conclusion about the reasons why Boko Haram and other violent groups became dangerous threats to the Nigerian state: in addition to lacking the resources to address public grievances thanks in part to losses from corruption, the government's military capacity to combat these groups is also undermined by these losses. Atuobi (2007, pp. 14-18), citing Keen (2005) as a source, identifies related explanations for state instability in Sierra Leone. Hope (2018) identifies

the degradation of police services caused by corruption as a major source of insecurity (including terrorism) in Kenya.

A third mediation mechanism described in Le Billon (2003, p. 419) is "the availability of rents for the leadership can constitute the prize for capturing the state… beyond personal greed and the necessities of rewarding a circle of supporters, or co-opting potential opponents, the sustainable pattern of high level corruption is further embedded in and rationalized by the insecurity of power tenure and retirement from the seat of power, as well as personal safety." This is an elaboration of the argument made in Mauro (1994): when corruption has become so firmly embedded in a state that institutionalized mechanisms no longer function, state capture (and quick exploitation of that capture) becomes the prime objective of competing factions who have little incentive to make long-term investments, facilitate economic growth, or do anything else that does not bring an immediate return. This mediation mechanism is similar to the one we just described, the undermining of state institutions and processes, because the fact that the state is incapable of peacefully resolving disputes or facilitating transitions of power creates the conditions under which short-term exploitation becomes the only realistic goal of politics.

## *Lessons and Questions from the Literature*

Based on this theoretical background, we have a strong (although not completely certain) expectation that increased corruption will be associated with reduced political stability. We speculate that much of this relationship will flow through the mediator of state legitimacy, with citizens less willing to support or defend a state whose actions are transparently selfish and harmful to the collective good. However, we also anticipate that some of the corruption-instability connection may be mediated by poor economic performance, economic or political inequality, and the degradation of state capacity that can be created by corruption. We also expect that regime type and ethnic fractionalization may be relevant confounders. We use these insights to inform our research design, including the

9

measures that we collect and the potential mediators and confounders that we include in our statistical models.

## Data and Descriptive Visualization

The data in our study come from multiple time-series cross-national data sets of the international system. The key sources include the the V-Dem data set (Coppedge et al., 2022), the World Inequality Database (World Inequality Lab, 2022), and the Quality of Government omnibus data set (Teorell et al., 2022b); the QOG compiles data from the World Bank Governance Indicators (WBGI), a measurement paper (labeled BMR) by Miller, Boix, and Rosato (2022), a measurement paper by Alesina et al. (2003) (in the Journal of Economic Growth, JEG), the Social Progress Imperative (SPI), and the Bertlesmann Transformation Index (BTI). Independent variables are measured in the year 2015, while the dependent variable is measured in 2019. Summary statistics and source information for our data are in Table 1.

Our dependent variable is Political Stability and the Absence of Violence/Terrorism as measured by the World Bank Governance Indicators. This variable is constructed using an unobserved components measurement model that combines information from multiple sources (Kaufmann, Kraay, and Mastruzzi, 2011). The political stability measure leans heavily on expert assessments from multiple sources and captures "perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism" (p. 223). The measure is specifically constructed to enable "meaningful cross-country and over-time comparisons" using the data (p. 243).

Our independent variable is the Political Corruption Index from the V-Dem project. As described by the codebook (Coppedge et al., 2022, p. 300):

The corruption index includes measures of six distinct types of corruption

10

Table 1: Summary Statistics

|  | N | Mean | Min | Max | SD | Source |
|---|---|---|---|---|---|---|
| Political Stability in 2019 | 193 | −0.07 | −2.77 | 1.64 | 0.99 | WBGI |
| Political Stability in 2015 | 193 | −0.07 | −2.97 | 1.53 | 0.98 | WBGI |
| Global Terrorism Index | 160 | 2.45 | 0.00 | 9.59 | 2.51 | IEP |
| V-Dem Political Corruption Index in 2015 | 172 | 0.51 | 0.00 | 0.97 | 0.30 | V-Dem |
| V-Dem Political Corruption Index in 2005 | 169 | 0.52 | 0.00 | 0.96 | 0.31 | V-Dem |
| State Identity | 135 | 7.79 | 2.00 | 10.00 | 1.78 | BTI |
| pro-Democratic Mobilization | 172 | 0.11 | −3.12 | 3.70 | 1.48 | V-Dem |
| pro-Autocratic Mobilization | 172 | −0.42 | −2.32 | 2.84 | 1.35 | V-Dem |
| % Growth in GDP per capita | 185 | 1.51 | −9.40 | 16.41 | 3.01 | WDI |
| Basic Human Needs | 163 | 75.99 | 21.31 | 98.07 | 18.09 | SPI |
| Power distributed by SES | 172 | 0.44 | −2.48 | 2.38 | 0.99 | V-Dem |
| Top 1% Share of National Income | 171 | 0.16 | 0.07 | 0.31 | 0.05 | WID |
| Democracy | 193 | 0.61 | 0.00 | 1.00 | 0.49 | BMR |
| Ethnic Fractionalization in 2000 | 186 | 0.44 | 0.00 | 0.93 | 0.26 | JEG |
| log GDP per capita | 185 | 8.63 | 5.43 | 12.15 | 1.45 | WDI |

that cover both different areas and levels of the polity realm, distinguishing between executive, legislative and judicial corruption. Within the executive realm, the measures also distinguish between corruption mostly pertaining to bribery and corruption due to embezzlement. Finally, they differentiate between corruption in the highest echelons of the executive at the level of the rulers/cabinet on the one hand, and in the public sector at large on the other. The measures thus tap into several distinguished types of corruption: both 'petty' and 'grand'; both bribery and theft; both corruption aimed and influencing law making and that affecting implementation.

Expert assessments about various aspects of political corruption are coded by country experts (Coppedge et al., 2022). These lower-level assessments are then filtered using a Bayesian item response model to extract a common latent component from multiple expert responses. When there are multiple lower-level assessments that go into a higher level index of institution specific corruption (such as for executive branch corruption),

these are combined via averaging. Finally, the higher level indices are averaged to create the Political Corruption Index.

A glance at this data, as illustrated in Figure 1, reveals a plausible connection between corruption and political stability.[2] Every point in the figure is a country whose corruption and stability levels have been recently observed. At every level of GDP per capita, greater corruption (as measured by the V-Dem political corruption index in 2015) is associated with lesser stability (as measured by the World Bank Governance Indicators in 2019). Indeed, although the richer countries are on average more stable than the poorer, we the corruption-stability link is roughly the same at all three levels of economic development.
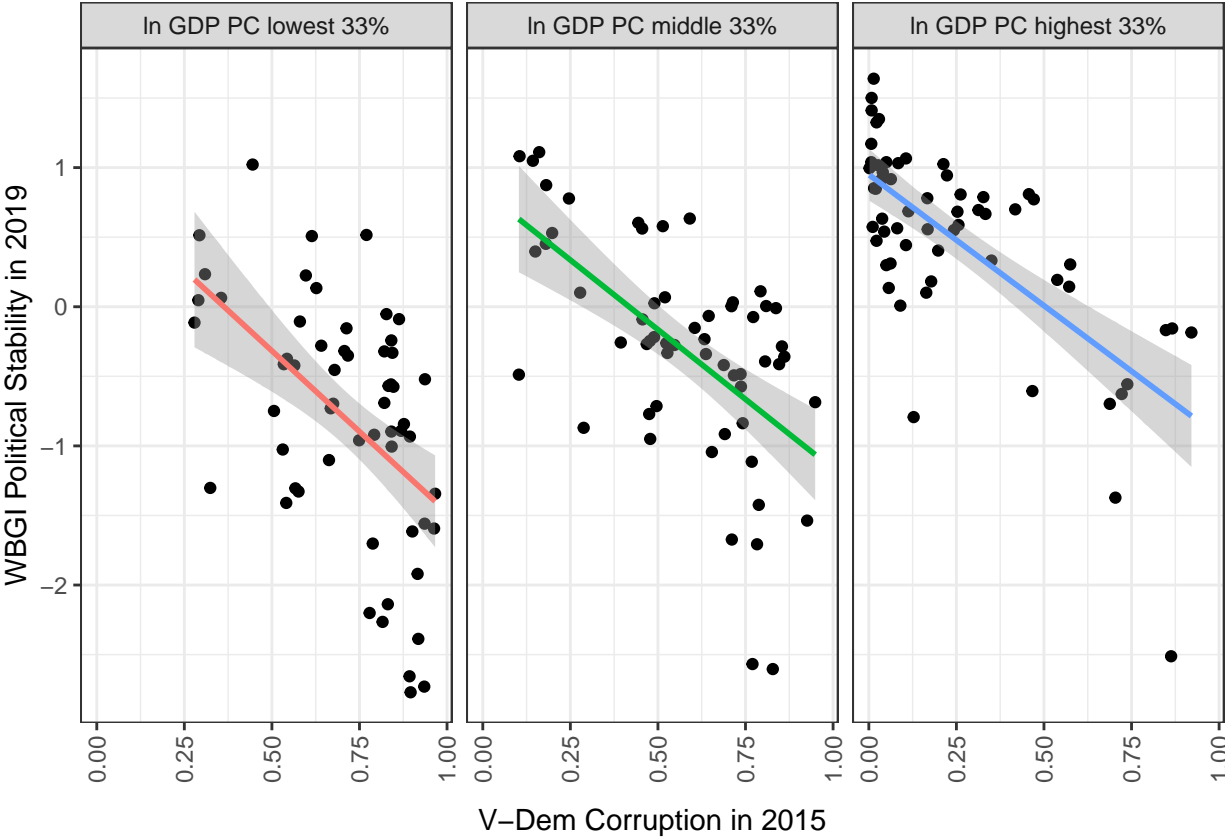


Figure 1: Corruption and Political Stability

Figure 2 shows that it is *also* plausible that corruption decreases state legitimacy. In this illustration, legitimacy is measured by the Bertelsmann Transformation Index State

Identity measure; this variable is based on expert answers to the question "to what extent do all relevant groups in society agree about citizenship and accept the nation-state as legitimate?" A country-year receives a high score (of 10) when "major groups in society accept and support the official / dominant concept of the nation-state" and "access to citizenship and naturalization is [not] denied to particular groups (on the basis of race, ethnicity, national origin, religion, gender or for political reasons)" (Bertelsmann Stiftung, 2022, p. 16). Unfortunately, the BTI is not computed for all countries around the world; we therefore have data on only 135 countries for this measure. Just as with stability, corruption is strongly and negatively associated with state legitimacy at all levels of GDP per capita.
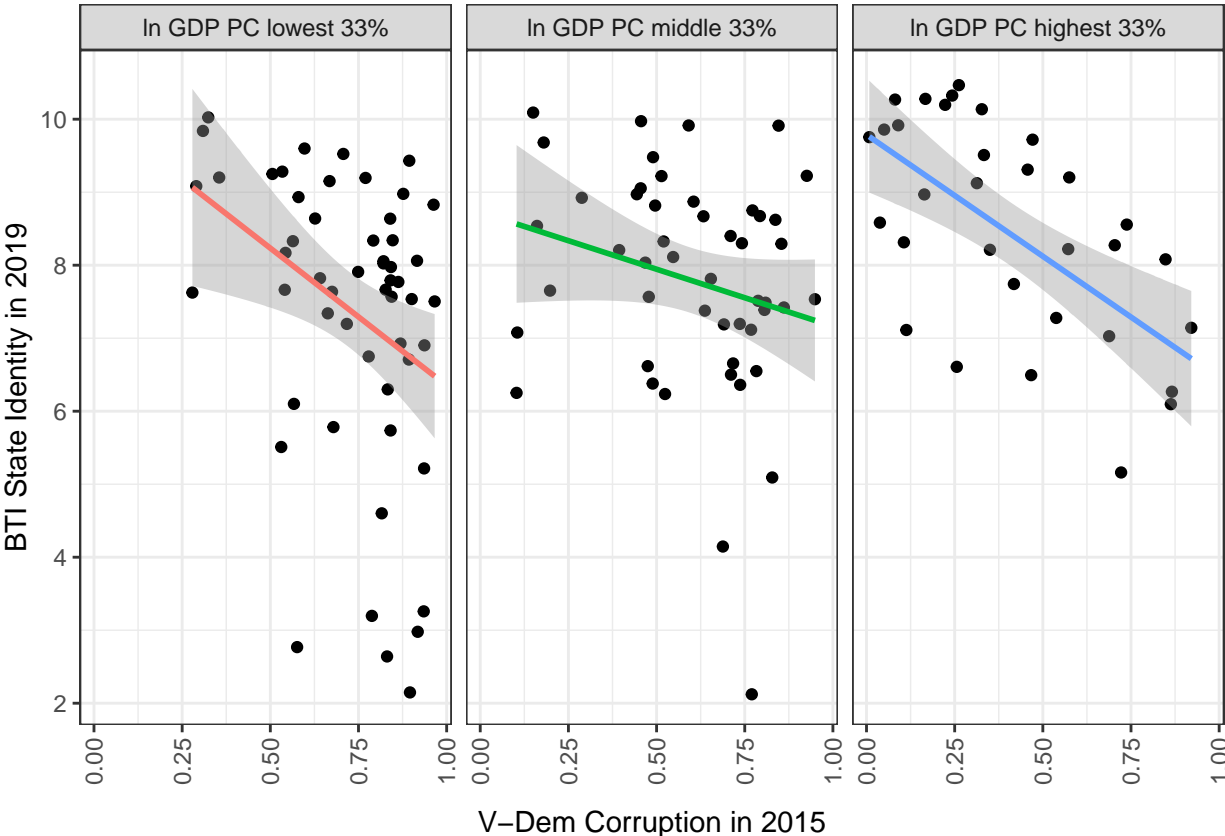


Figure 2: Corruption and State Identity/Legitimacy

Finally, Figure 3 examines the relationship between the BTI State Identity measure in 2019 WBGI political stability in 2019. Here, we can see that the last link in the chain

posited by our theory is plausible: stronger legitimacy is positively associated with state stability. As with the relationship between corruption and stability in Figure 1, the relationship is remarkably similar in poor, middle-income, and rich countries. We are thus able to state that greater corruption is associated with reduced legitimacy, lower legitimacy is associated with reduced political stability, and that greater corruption is associated with reduced stability (as we would expect if corruption causes lower legitimacy which in turn destabilizes a state).
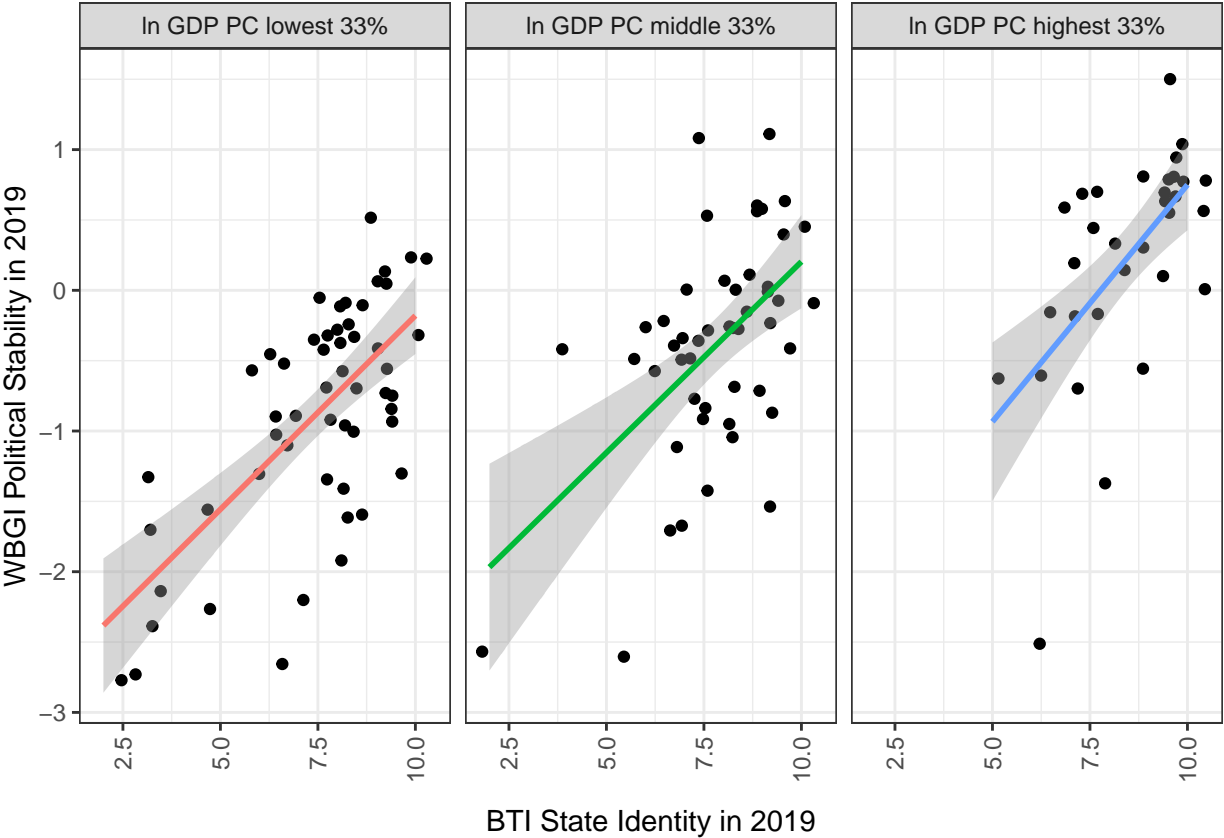


Figure 3: State Identity/Legitimacy and Political Stability

Given these initial descriptive results and prior research in this area, we have strong reason to suspect that corruption reduces political stability and that at least some of this influence flows through its deleterious effect on political legitimacy. We therefore proceed to consider more sophisticated models and alternative variables to more firmly establish the mediating effect of legitimacy, to rule out confounding as possible explanations for

this result, and to address the possibility that some of our measures are noisy or partially invalid.

# Modeling Strategy and Results

For all our models, we present an analysis using ordinary least squares regression using HC3-type heteroskedasticity-robust standard errors. When data are missing for some observations, such as they are for many countries around the world when using the BTI State Identity measure, we use multiple imputation with chained equations using the `mice` library in R (van Buuren and Groothuis-Oudshoorn, 2011) to fill in the missing values and incorporate uncertainty in those predictions into our final results. All variables in Table 1 are employed when imputing missing values.

## *Modeling Strategy*

We employ these regressions to estimate the extent to which the effect of corruption on political stability flows through various intermediate pathways, most importantly through legitimacy. Our identification strategy comes from Pearl (2009, pp. 78-85 and pp. 121-128). We must assume that corruption in the year 2015, political stability in 2019, and all mediators and confounders (also measured in the year 2019) are causally related through a directed acyclic graph. We must also assume that corruption is statistically independent from political stability when (i) needed control variables that are not caused by corruption are held constant and (ii) any direct or indirect (mediated) links between corruption and stability are eliminated.

Under these assumptions, Theorem 3.3.2 in Pearl (2009) shows that we can identify the total effect of corruption on stability via the back-door criterion by computing the change in the predicted probability distribution of stability when corruption changes from one value to another, averaging over the distribution of any potential confounders on which

Table 2: Corruption Destabilization via Legitimacy

|  | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| (Intercept) | 0.949*** | −1.209*** | 1.073*** | −1.426*** |
|  | (0.129) | (0.298) | (0.076) | (0.326) |
| Corruption | −2.329*** | −1.678*** | −2.351*** | −1.599*** |
|  | (0.229) | (0.214) | (0.173) | (0.187) |
| BTI State Identity |  | 0.227*** |  | 0.258*** |
|  |  | (0.029) |  | (0.031) |
| Num.Obs. | 135 | 135 | 194 | 194 |
| Num.Imp. |  |  | 50 | 50 |
| R2 | 0.431 | 0.597 | 0.516 | 0.673 |
| R2 Adj. | 0.427 | 0.591 | 0.514 | 0.670 |
| AIC | 285.0 | 240.5 |  |  |
| BIC | 293.7 | 252.1 |  |  |

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

this is conditioned. In a linear model like the one above, this is estimated by the slope coefficient on corruption in a regression with political stability as the dependent variable and no mediating variables. Furthermore, Theorem 4.5.3 in Pearl (2009) identifies the direct effect of corruption on stability as the change in the predicted probability distribution of stability when corruption changes from one value to another and mediating pathways are held constant. We estimate this change using the slope on corruption from a linear model where both confounders and potential mediating pathways are controlled. If our assumptions are sufficiently accurate, the difference in slopes on corruption between these two regressions indicates the extent to which the effect of corruption on stability is mediated via the pathways that we block in the second regression.

## Empirical Results

Table 2 shows our initial estimates of the bivariate relationship between corruption and state stability including no control variables, with and without multiple imputation for missing values in Models (1) and (3) respectively. We add BTI State Identity to create

Table 3: Corruption Destabilization, Alternative Measures of Legitimacy

|  | (1) | (2) |
|---|---|---|
| (Intercept) | 1.073*** | 0.422* |
|  | (0.076) | (0.163) |
| Corruption | −2.351*** | −1.527*** |
|  | (0.173) | (0.235) |
| BMR Democracy |  | 0.271* |
|  |  | (0.134) |
| pro-Democratic Mobilization |  | −0.218*** |
|  |  | (0.051) |
| pro-Autocratic Mobilization |  | −0.131* |
|  |  | (0.066) |
| Democratic Mob. x Democracy |  | 0.123+ |
|  |  | (0.069) |
| Autocratic Mob. x Democracy |  | −0.022 |
|  |  | (0.091) |
| Num.Obs. | 194 | 194 |
| Num.Imp. | 50 | 50 |
| R2 | 0.516 | 0.624 |
| R2 Adj. | 0.514 | 0.612 |

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

Models (2) and (4) so that we can determine the extent to which legitimacy blocks a potential causal pathway between corruption and political stability. When presenting model (1) without imputation, we exclude those observations for which the BTI State Identity measure is unavailable in order to afford a fair comparison between models (1) and (2).

Table 2 shows that corruption is strongly and negatively related to political stability, with a minimum-to-maximum one point increase in corruption associated with a 2.3 point decline on the roughly four-and-a-half point political stability scale. However, when we block the intermediate pathway from corruption to stability through legitimacy by controlling for state identity, this relationship falls by roughly 30%. The AIC, BIC, and $R^2$ fit assessments all prefer the model that includes a measure of legitimacy. All results in the table are robust to using multiple imputation to fill in missing values (as shown in models 3 and 4).

Because the BTI State Identity measure is not available for the full sample, and because we wish to confirm that our results are not sensitive to using a particular measure of legitimacy, Table 3 presents results from an alternative model where pro-Democratic and pro-Autocratic mobilization from the V-Dem data set are used as proxies for state legitimacy. These variables measure "how frequent and large have events of mass mobilization for pro-democratic [or pro-autocratic] aims been" (Coppedge et al., 2022, p. 230). We interact these variables with the binary classification of democracy from Miller, Boix, and Rosato (2022) because when citizens are mobilizing against the current system their opinion of its illegitimacy is most clearly being expressed.

The results we obtain from Table 3 are substantively very similar to those we saw when using the BTI State Identity measure of legitimacy. As before, when controlling for legitimacy the relationship between corruption and political stability drops substantially, in this case by over 34%. Pro-democratic mobilization is destabilizing, but the effect is statistically significantly weaker ($\alpha = 0.05$, two-tailed) in democracies. Pro-autocratic mobilization is equally destabilizing in both democracies and autocracies.

We also examine the robustness of our results to an alternative measure for the dependent variable, political stability. Specifically, in Table 4 we replace the WBGI Political Stability measure with the Global Terrorism Index (GTI) from the Institute for Economics and Peace (2020). The GTI "accounts for the direct and indirect impact of terrorism in 162 countries in terms of its effect on lives lost, injuries, property damage and the psychological after-effects of terrorism" (Teorell et al., 2022a, p. 625) with higher scores indicating a greater impact of terrorism in the country measured. In these models, a minimum-to-maximum change in corruption is associated with a roughly 2.4 point decline on the ten-point Global Terrorism Index. However, when controlling for either of our measures of legitimacy, this relationship drops by over 68% in our models using multiple imputation. In fact, the relationship between corruption and terrorism becomes statistically insignificant at conventional levels ($\alpha > 0.1$, two-tailed) when legitimacy is controlled

Table 4: Corruption's Relationship with the Global Terrorism Index

|  | (1) | (2) | (3) | (4) | (5) |
|---|---|---|---|---|---|
| (Intercept) | 0.055 | 5.820*** | 1.006*** | 6.817*** | 2.173*** |
|  | (0.408) | (1.112) | (0.289) | (1.107) | (0.561) |
| Corruption | 3.969*** | 2.231** | 2.375*** | 0.627 | 0.764 |
|  | (0.750) | (0.814) | (0.598) | (0.664) | (0.795) |
| BTI State Identity |  | −0.606*** |  | −0.599*** |  |
|  |  | (0.104) |  | (0.108) |  |
| BMR Democracy |  |  |  |  | −0.454 |
|  |  |  |  |  | (0.467) |
| pro-Democratic Mobilization |  |  |  |  | 0.535** |
|  |  |  |  |  | (0.179) |
| pro-Autocratic Mobilization |  |  |  |  | 0.410+ |
|  |  |  |  |  | (0.237) |
| Democratic Mob. x Democracy |  |  |  |  | −0.357 |
|  |  |  |  |  | (0.245) |
| Autocratic Mob. x Democracy |  |  |  |  | −0.183 |
|  |  |  |  |  | (0.321) |
| Num.Obs. | 135 | 135 | 194 | 194 | 194 |
| Num.Imp. |  |  | 50 | 50 | 50 |
| R2 | 0.147 | 0.285 | 0.086 | 0.224 | 0.177 |
| R2 Adj. | 0.140 | 0.274 | 0.081 | 0.216 | 0.151 |
| AIC | 629.3 | 607.4 |  |  |  |
| BIC | 638.0 | 619.0 |  |  |  |

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

for.

Our last analysis, shown in Table 5, includes two control variables that are plausible confounders for the relationship between corruption and political stability. First, we control for the Miller, Boix, and Rosato (2022) binary measure of democracy as democracies may be both more stable and less corrupt. Second, because both corruption and political instability are often characterized as problems of poverty, we include GDP per capita as measured by the World Bank's development indicators. Finally, we control for ethnolinguistic fractionalization or ELF (Alesina et al., 2003), the probability that two randomly selected citizens of a country are from the same racial or language group in the year 2000. ELF can exacerbate corruption by fostering distrust among groups and prompting officials to abuse their office to benefit their co-ethnics at the expense of others; it also serves as a potential fault line along which tensions can break out into political violence and civil conflict.

Table 5 also includes variables that block other mediated pathways by which corruption might cause political instability. First, to acknowledge the possibility that corruption can reduce economic growth and thereby spark discontent, we control for GDP per capita growth (in percentage points) from the World Bank development indicators. As a measure of state capacity (which may be harmed by corruption and therefore make the state more vulnerable to political instability), we control for the Basic Human Needs (BHN) measure from the Social Progress Imperative (2020). The BHN measures "a population's capacity to survive with adequate nourishment and basic medical care, clean water, sanitation, adequate shelter, and personal safety" (Teorell et al., 2022a, p. 578). And as measures of political and economic inequality, which may be exacerbated by corruption and serve as a grievance that motivates political instability, we include the proportion of national income controlled by the top 1% of earners (World Inequality Lab, 2022) and the V-Dem measure of how much power is concentrated among wealthy people with higher values indicating less concentration of power among the wealthy (Coppedge et al., 2022,

Table 5: Corruption Destabilization, Full Model

| | WBGI Stability | | GTI Terrorism | |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| Corruption | −1.556*** | −0.706* | 1.457 | −0.405 |
| | (0.283) | (0.277) | (0.913) | (1.174) |
| BMR Democracy | 0.207+ | −0.020 | −0.265 | 0.193 |
| | (0.119) | (0.120) | (0.426) | (0.499) |
| WDI GDP per capita | 0.141** | 0.023 | −0.094 | 0.234 |
| | (0.054) | (0.068) | (0.173) | (0.275) |
| Ethnic Fractionalization | −0.458* | 0.244 | 1.176 | −0.516 |
| | (0.210) | (0.198) | (0.739) | (0.878) |
| BTI State Identity | | 0.226*** | | −0.536*** |
| | | (0.031) | | (0.136) |
| pro-Democratic Mobilization | | −0.174*** | | 0.454* |
| | | (0.047) | | (0.182) |
| pro-Autocratic Mobilization | | −0.105* | | 0.373+ |
| | | (0.052) | | (0.212) |
| Democratic Mob. x Democracy | | 0.100 | | −0.324 |
| | | (0.067) | | (0.258) |
| Autocratic Mob. x Democracy | | −0.040 | | −0.155 |
| | | (0.079) | | (0.307) |
| WDI GDP PC growth (%) | | 0.010 | | 0.000 |
| | | (0.017) | | (0.061) |
| SPI Basic Human Needs | | 0.014* | | −0.034 |
| | | (0.005) | | (0.022) |
| WID Top 1% Share of National Income | | −0.355 | | 3.824 |
| | | (1.025) | | (4.205) |
| Power distributed by Wealth/Income | | −0.022 | | 0.095 |
| | | (0.061) | | (0.246) |
| Num.Obs. | 194 | 194 | 194 | 194 |
| Num.Imp. | 50 | 50 | 50 | 50 |
| R2 | 0.572 | 0.785 | 0.108 | 0.314 |
| R2 Adj. | 0.563 | 0.769 | 0.089 | 0.265 |

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

p. 207).

As shown in Table 5, our three control variables on their own reduce the relationship between corruption and WBGI political stability (in model 1) relative to our initial estimates from Table 2. Further controlling for the multiple pathways by which corruption might influence stability (in model 2) further reduces the estimated link by about 54%. However, there is still a negative and statistically significant ($\alpha = 0.05$, two-tailed) relationship between corruption and stability even with all these pathways controlled. The upshot of this finding is that the existence of corruption may be directly destabilizing even beyond its effects on state legitimacy as well as the economic and political grievances it creates. There may be other potential pathways connecting corruption indirectly to political stability that we have not blocked in Table 5; alternatively, the fact that widespread corruption is a highly visible source of unfairness might be itself sufficient to provoke violent dissent.

When the Global Terrorism Index is the dependent variable (in models 3 and 4), even simply controlling for democracy, economic development, and ethnic fractionalization is sufficient to render the link between corruption and political stability statistically insignificant at conventional levels ($\alpha > 0.1$, two-tailed). Model 4 shows that legitimacy and basic state capacity are statistically significant contributors to reduced terrorism, with other potential mechanisms having effects that are statistically indistinguishable from zero. Thus, we conclude that insomuch that corruption influences terrorism, much of its effects appear to pass through measures of legitimacy.

## Conclusion

Corruption can destabilize states in part by undermining citizens' acceptance of the government's legitimacy (the degree to which citizens accept the right of the state to govern) and the state's capacity to perform the basic functions of government. It may also ex-

acerbate political and economic inequalities and harm economic development, creating grievances that provoke violent dissent. Our results strongly support legitimacy and state capacity as mediators between increased corruption and the political instability it creates.

But even after blocking potential mediating pathways, we still find a substantial direct effect of corruption on instability. Thus, even if corruption has little effect on state effectiveness or economic outcomes, we would still expect corruption to generate political instability. This finding underscores the importance of arguments made by JCOA (2014) and Chayes (2015) concerning the failure of the NATO-sponsored government of Afghanistan. In both cases, those working on the ground in Afghanistan concluded (based on their interactions with the government, foreign powers, and common Afghanis) that corruption poisoned the legitimacy of the state and opened the door for the Taliban's resurgence as a potentially less-corrupt alternative. Based on their observations and our own findings, we believe that anti-corruption efforts are critical to maintaining political stability where this is threatened by civil unrest.

# References

Abulof, Uriel. 2017, jan. "'can't buy me legitimacy': the elusive stability of mideast rentier regimes". *Journal of International Relations and Development* 20 (1): 55–79.

Afoaku, Osita G. 2017. "Islamist Terrorism and State Failure in Northern Nigeria". *Africa Today* 63 (4): 21–42.

Al-Khamri, Hana. 2020. "MBS and the Saudi Crisis of Legitimacy". Aljazeera (March 20). URL: https://www.aljazeera.com/opinions/2020/3/10/mbs-and-the-saudi-crisis-of-legitimacy accessed 4/9/2023.

Alesina, Alberto, Arnaud Devleeschauwer, William Easterly, Sergio Kurlat, and Romain Wacziarg. 2003. "Fractionalization". *Journal of Economic Growth* 8 (2): 155–194.

Arel-Bundock, Vincent. 2022. "modelsummary: Data and Model Summaries in R". *Journal of Statistical Software* 103 (1): 1–23.

Atuobi, Samual Mondays. 2007. "Corruption and State Instability in West Africa: An Examination of Policy Options".

Bertelsmann Stiftung. 2022. "BTI 2022 Codebook for Country Assessments". Online. URL: https://bti-project.org/fileadmin/api/content/en/downloads/codebooks/BTI2022_Codebook.pdf accessed 4/9/2023.

Beyerle, Shaazka. 2011. "Civil Resistance and the Corruption-Violence Nexus". *Journal of Sociology & Social Welfare* 38 : 53.

Chayes, Sarah. 2014. "Corruption: The Unrecognized Threat to International Security". Carnegie Endowment for International Peace (online). URL: https://carnegieendowment.org/2014/06/06/corruption-unrecognized-threat-to-international-security-pub-55791 accessed 4/11/2023.

Chayes, Sarah. 2015. *Thieves of State: Why Corruption Threatens Global Security*. WW Norton & Company.

Clausen, Bianca, Aart Kraay, and Zsolt Nyiri. 2011. "Corruption and Confidence in Public Institutions: Evidence from a Global Survey". *The World Bank Economic Review* 25 (2): 212–249.

Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, Nazifa Alizada, David Altman, Michael Bernhard, Agnes Cornell, M. Steven Fish, Lisa Gastaldi, Haakon Gjerløw, Adam Glynn, Sandra Grahn, Allen Hicken, Garry Hindle, Nina Ilchenko, Katrin Kinzelbach, Joshua Krusell, Kyle L. Marquardt, Kelly McMann, Valeriya Mechkova, Juraj Medzihorsky, Pamela Paxton, Daniel Pemstein, Josefine Pernes, Oskar Rydeèn, Johannes von Römer, Brigitte Seim, Rachel Sigman, Svend-Erik Skaaning, Jeffrey Staton, Aksel Sundström, Eitan Tzelgov, Yi-ting Wang, Tore Wig, Steven Wilson, and Daniel Ziblatt. 2022. "V-Dem Country-Year Dataset v12". URL: https://doi.org/10.23696/vdemds22.

Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, David Altman, Michael Bernhard, Agnes Cornell, M. Steven Fish, Lisa Gastaldi, Haakon Gjerl/ow, Adam Glynn, Sandra Grahn, Allen Hicken, Katrin Kinzelbach, Kyle L. Marquardt, Kelly McMann, Valeriya Mechkova, Pamela Paxton, Daniel Pemstein, Johannes von Römer, Brigitte Seim, Rachel Sigman, Svend-Erik Skaaning, Jeffrey Staton, Eitan Tzelgov, Luca Uberti, Yi-ting Wang, Tore Wig, and Daniel Ziblatt. 2022. "V-Dem Codebook v12". Varieties of Democracy (V-Dem) Project.

Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, Kyle L. Marquardt, Juraj Medzihorsky, Daniel Pemstein, Nazifa Alizada, Lisa Gastaldi, Garry Hindle, Josefine Pernes, Johannes von Römer, Eitan Tzelgov, Yi-ting Wang, , and Steven Wilson. 2022. "V-Dem Methodology v12". URL: https://doi.org/10.23696/vdemds22.

Farzanegan, Mohammad Reza and Stefan Witthuhn. 2017. "Corruption and Political Stability: Does the Youth Bulge Matter?". *European Journal of Political Economy* 49 : 47–70.

Farzanegan, Mohammad Reza and Reza Zamani. 2022. "The Effect of Corruption on Internal Conflict in Iran Using Newspaper Coverage". *Defence and Peace Economics*: 1–20.

Fjelde, Hanne and Håvard Hegre. 2014. "Political Corruption and Institutional Stability". *Studies in Comparative International Development* 49 : 267–299.

Hegre, Håvard and Håvard Mokleiv Nygård. 2015. "Governance and Conflict Relapse". *Journal of Conflict Resolution* 59 (6): 984–1016.

Hope, Kempe Ronald. 2018. "Police Corruption and the Security Challenge in Kenya". *African Security* 11 (1): 84–108.

Human Rights Watch. 2007. "Corruption, Godfatherism and the Funding of Political Violence". Online. URL: http://hrw.Org/reports/2007/nigerial007/5.htm accessed 4/11/2023).

Hurd, Ian. 2023. "Legitimacy". Princeton Encyclopedia of Self-Determination. URL: https://pesd.princeton.edu/node/516 accessed 4/9/2023.

Institute for Economics and Peace. 2020. "Global Terrorism Index 2020: Measuring the Impact of Terrorism". URL: http://www.visionofhumanity.org/#/page/indexes/terrorism^index Accessed 11/11/2021.

JCOA, the Joint and Coalition Operational Analysis division of the Joint Staff J7. 2014, February. "Operationalizing counter/anti-corruption study". Homeland Security Digital Library. URL: https://www.hsdl.org/?view&did=756004 accessed 8/11/2022.

Karnane, Pooja and Michael A. Quinn. 2017, sep. "Political Instability, Ethnic Fractionalization and Economic Growth". *International Economics and Economic Policy* 16 (2): 435–461.

Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi. 2011. "The worldwide governance indicators: Methodology and analytical issues". *Hague Journal on the Rule of Law* 3 (2): 220–246.

Keen, David. 2005. *Conflict and Collusion in Sierra Leone*. James Currey.

Lavallée, Emmanuelle, Mireille Razafindrakoto, and François Roubaud. 2008. "Corruption and Trust in Political Institutions in sub-Saharan Africa". In *CSAE Conference 2008-Economic Development in Africa*, pp. 21.

Le Billon, Philippe. 2003. "Buying Peace or Fuelling War: The Role of Corruption in Armed Conflicts". *Journal of International Development: The Journal of the Development Studies Association* 15 (4): 413–426.

Lewis, Jacob S. 2021. "Corruption Perceptions and Contentious Politics in Africa: How Different Types of Corruption have Shaped Africa's Third Wave of Protest". *Political Studies Review* 19 (2): 227–244.

Mauro, Paolo. 1994. *Essays on country risk, asset markets and growth*. Harvard University.

Mauro, Paolo. 1995, aug. "Corruption and growth". *The Quarterly Journal of Economics* 110 (3): 681–712.

Miller, Michael, Carles Boix, and Sebastian Rosato. 2022. "Boix-Miller-Rosato Dichotomous Coding of Democracy, 1800-2020". URL: https://doi.org/10.7910/DVN/FENWWR.

Neudorfer, Natascha S and Ulrike G Theuerkauf. 2014. "Buying War not Peace: The Influence of Corruption on the Risk of Ethnic War". *Comparative Political Studies* 47 (13): 1856–1886.

Nurudeen, Abu, Mohd Zaini Abd Karim, and Mukhriz Izraf Aziz. 2015. "Corruption, Political Instability and Economic Development in the Economic Community of West African States (ECOWAS): Is there a Causal Relationship?". *Contemporary economics* 9 (1): 45–60.

Pearl, Judea. 2009. *Causality* (2nd ed.). Cambridge university press.

Pompe, Sebastiaan and Joel Turkewitz. 2022. "Addressing corruption in fragile country settings". In M. Newiak, A. Segura-Ubiergo, and A. Aziz Wane (Eds.), *Good Governance in Sub-Saharan Africa*, Chapter 7, pp. 125–152. International Monetary Fund.

R Core Team. 2023. *R: A Language and Environment for Statistical Computing*. Vienna, Austria: R Foundation for Statistical Computing.

Seligson, Mitchell A. 2002. "The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries". *Journal of Politics* 64 (2): 408–433.

Social Progress Imperative. 2020. "Social Progress Index".

Taydas, Zeynep, Dursun Peksen, and Patrick James. 2010. "Why do civil wars occur? understanding the importance of institutional quality". *Civil Wars* 12 (3): 195–217.

Teorell, Jan, Aksel Sundström, Sören Holmberg, Bo Rothstein, Natalia Alvarado Pachon, and Cem Mert Dalli. 2022a. "The Quality of Government Standard Dataset 2022 Codebook". URL: https://www.gu.se/en/quality-government, DOI: dx.doi.org/10.18157/qogstdjan22.

Teorell, Jan, Aksel Sundström, Sören Holmberg, Bo Rothstein, Natalia Alvarado Pachon, and Cem Mert Dalli. 2022b. "The Quality of Government Standard Dataset, version Jan22". URL: https://www.gu.se/en/quality-government, DOI: dx.doi.org/10.18157/qogstdjan22.

van Buuren, Stef and Karin Groothuis-Oudshoorn. 2011. "mice: Multivariate Imputation by Chained Equations in R". *Journal of Statistical Software* 45 (3): 1–67.

Villoria, Manuel, Gregg G Van Ryzin, and Cecilia F. Lavena. 2013. "Social and Political Consequences of Administrative Corruption: A Study of Public Perceptions in Spain". *Public Administration Review* 73 (1): 85–94.

Weston, Frederick W. 1987. "Political Legitimacy and National Identity in Saudi Arabia: Competing Allegiances". *The Fletcher Forum* 11 (1): 81–104.

Wickham, Hadley. 2016. *ggplot2: Elegant Graphics for Data Analysis*. Springer-Verlag New York.

World Inequality Lab. 2022. "World Inequality Database". URL: https://wid.world.