Reassessing the Impact of Civil Society: Nonprofit Sector, Press Freedom, and Corruption

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The notion that a strong civil society helps to fight corruption has become a cornerstone of governance policy. Yet, a continuing dearth of empirical research, which tests this general proposition and probes the relevant causal mechanisms, feeds rising skepticism of current policy initiatives. This study theorizes the relationship between civil society and corruption, arguing that civil society's impact depends to a large extent on its ability to generate sufficient public pressure which, in turn, depends on the press being free. Analysis of cross-national and longitudinal data shows that civil society strength is indeed inversely linked to the level of corruption, but the impact is highly dependent on press freedom. This conditioning effect affirms the importance of the public pressure mechanism. These results explain the need for policy to target both civil society and press freedom in promoting accountable governance and sustainable development.

Introduction

How does civil society impact corruption? This question has become an important research topic with significant policy implications. According to the World Bank, corruption is "the single greatest obstacle to economic and social development."[1] Corruption undermines public trust in government and other institutions, wastes public resources, and obstructs the responsive management of vital public goals, such as poverty alleviation, health care, and public safety. Moreover, by undermining the achievement of program goals and taxpayers' willingness to support development cooperation, corruption "constitutes a challenge to the very foundations of development cooperation" (Swedish International Development Agency 2004, 6). Consequently, a large body of research has examined differences in the level of corruption across countries, revealing corruption's complex relationship with the state (e.g., Elliott 1997; Hopkin and Rodríguez-Pose 2007; Rose-Ackerman 1999) and the market (e.g., Vogl 1998; Wu 2005).

This article focuses instead on the relatively less explored relationship between corruption and civil society—defined here as the organizations and informal networks "located between the family, the state and the market in which people associate voluntarily to advance common interests" (Anheier 2004, 20). A growing body of qualitative research has found

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that civil society organizations can contribute to reductions in corruption (e.g., Choi 2007; Elliott 1997; Florini and Simmons 2000; Glynn, Kobrin, and Naím 1997; Goetz and Jenkins 2005; Johnston 2005; Lambsdorff 2005; McCoy and Heckel 2001; Natal 2006; Organisation for Economic Co-operation and Development [OECD] 2003; Ralchev 2004; Robinson 1998; World Bank 1997). In just the first six months of 2011, civil society organizations were involved in coordinating major anticorruption protests in India, Spain, Russia, China, Taiwan, Algeria, Azerbaijan, Jordan, Oman, Syria, Egypt, Iraq, Kenya, and Indonesia. They also organized protests in the United States and the United Kingdom against logging corruption in Borneo.

It is not surprising, therefore, that civil society strengthening is one of the hallmarks of current anticorruption policy. This can be seen in the United States Agency for International Development's (USAID 2005, 32) Anti-Corruption Strategy Plan: "USAID has long recognized the key role of civil society in creating pressure for [anti-corruption] reform and ensuring that the resulting changes are sustainable." As a result, civil society programs are USAID's second largest type of anticorruption programs.[2] The OECD (2003, 7) puts it even more bluntly: "Civil society plays a key role in fighting corruption . . . it has become a leitmotif of anticorruption discourses."

Yet critics contend that civil society's anticorruption impact has been overstated, pointing out that civil society can also create an environment that is propitious for corruption. Civil society organizations typically share several characteristics that hinder detection of corrupt behavior: Their governance is based on self-selected, volunteer-based boards that often do not have the capacity or willingness to oversee the executive; their culture of trust discourages monitoring; the extent of their accountability to the public is unclear; their work in environments characterized by high power asymmetries invites beneficiary silence; and their financial management capacity is often limited (see Gibelman and Gelman 2004; Greenlee et al. 2007; World Bank 1997). Moreover, civil society organizations can be valuable partners in corruption schemes: They are typically trusted by donors and local communities, enjoy tax benefits, and convene powerful individuals in their boards (see Cooksey 2007; Hancock 1989). In many parts of the world, civil society organizations are commonly created to take advantage of pouring foreign aid and to meet donor demands that "civil society" be involved in the management of aid (Cooksey 2007; Holloway 2001). Civil society organizations can also work as institutionalized mechanisms of socialization into corruption, lowering the moral costs of corrupt behavior and helping to create supporting networks among corrupt actors (Della Porta and Vannucci 1999). Thus, civil society often contributes to higher levels of corruption. Some empirical studies are consistent with this claim, finding that civil society organizations are often either corrupt or serve as conduits for corruption (e.g., Gibelman and Gelman 2004; Greenlee et al. 2007; Hancock 1989; Holloway 2001; Maxwell et al. 2008; Sandor 2003; Townsend and Townsend 2004).

On the other hand, skepticism about civil society's anticorruption impact is also fueled by the fact that the relationship between civil society and corruption has been examined almost exclusively through qualitative research (e.g., Florini and Simmons 2000; McCoy and Heckel 2001; Ralchev 2004). While such research has been invaluable in revealing some of the processes through which civil society may contribute to lower corruption, its empirical generalizability remains untested (Brooks 2002; Natal 2006). As evidence of corruption among nonprofits and nongovernmental organizations (NGOs) mounts, the international community's policy initiatives come under threat. Should we be skeptical of civil society's purported link to lower corruption? And if civil society is indeed key in the fight against corruption, what are the general mechanisms through which it impacts corruption?

This article seeks to answer these questions by examining the relationship between civil society and corruption based on cross-national and longitudinal data. It shows that countries with a stronger civil society tend to have less corruption than those where civil society is weaker and that, over time, civil society strengthening is linked to a decline in corruption. By corroborating the widely held view that civil society helps to fight corruption, this finding is assuring, but it is also at odds with critics' numerous observations of widespread civil society corruption in developing countries and former Soviet republics (Cooksey 2007; Holloway 2001; Sandor 2003). This apparent contradiction suggests that civil society's link to corruption may be partly dependent on, or conditioned by, a third variable. Yet, while some theories explain why civil society helps to reduce corruption and other theories explain why civil society contributes to more corruption, the conditions under which either of these effects is likely to prevail have not been appropriately theorized. Based on a principal–agent model, this article argues that press freedom is critical in civil society efforts to generate public pressure against corrupt officials. It hypothesizes, therefore, that civil society's impact on corruption should be partly conditioned by the level of press freedom. This hypothesis finds robust empirical support. Civil society's anticorruption effect is strong in countries with more press freedom and practically disappears in countries with less press freedom. This result is robust to various changes in the operationalization of the variables and method of analysis. The fact that civil society's relationship with corruption is conditioned by the extent of press freedom helps to reconcile conflicting views on the relationship between civil society and corruption, provides a new explanation for the persistence of corruption, and brings key policy implications.

The following section reviews relevant theoretical and empirical debates on the relationship between civil society, press and corruption, and identifies the hypotheses to be tested. Then the methods and findings of the cross-national and longitudinal analyses are presented. The last section concludes and discusses theoretical and policy implications.

Theory and Hypotheses

Corruption is defined here as "the abuse of entrusted power for private gain" (Transparency International 2008, 2). This definition is consistent with most cross-national research and the main measure of corruption used in this study: Transparency International's Corruption Perceptions Index (CPI). The CPI is based on perceptions of public sector corruption in different countries from several surveys of experts and business leaders. Numerous cross-national studies have identified causes and correlates of perceived corruption, including the cultural legacy of former Communist countries (Hopkin and Rodríguez-Pose 2007), an Anglo-Saxon common law system (La Porta et al. 1999), Protestantism (La Porta et al. 1999), ethnic diversity (Treisman 2000), economic development (e.g., Treisman 2000), trade openness (Gerring and Thacker 2005), economic freedom (Goldsmith 1999), size of government (e.g., Elliott 1997; Hopkin and Rodríguez-Pose 2007), corporate governance (Wu 2005), an independent judiciary (Sung 2002), political decentralization (Treisman 2000), and press freedom (Brunetti and Weder 2002; Sung 2002).

None of these studies, however, has theorized or systematically examined the impact of civil society on corruption. And while local and national-level research has identified some of the mechanisms through which civil society can fight corruption (e.g., by generating pressure against corrupt officials) or promote it (e.g., by participating in corrupt schemes), it has not theorized how broader conditions (e.g., ethnic diversity, type of legal framework, level of economic development) help determine whether civil society generally fights or promotes corruption.

This study focuses on the potential conditioning influence of one macrolevel variable, press freedom, on the relationship between civil society and corruption. Examining the impacts of both civil society and press freedom on corruption is important because there are fundamental complementarities between them. Moreover, analysts frequently claim that both sets of actors are critical to the fight against corruption. For example, according to the World Bank (1997, 44),

> Civil society and the media are crucial to creating and maintaining an atmosphere in public life that discourages fraud and corruption. Indeed, they are arguably the two most important factors in eliminating systemic corruption in public institutions.

However, while some studies have examined the impact of civil society and other studies the impact of the media, this bold statement has never been empirically tested in its entirety, and the potential interaction between civil society and the media remains untheorized and untested. To address this important gap, the analysis presented here tests the independent impacts of civil society and press freedom as well as of their interaction. By examining how civil society and press freedom interact, this study also contributes to a better understanding of a critical mechanism through which civil society impacts corruption.

One important challenge this study must address is the potential overlap between the concepts of "civil society" and "press freedom."[3] To an extent, both concepts refer to independence from the state and to the ability of citizens, nonprofit members or journalists, to express their opinions freely, without state control. Freedom of expression, in particular, is critical to the ability of civil society groups to promote their interests publically and of the press to report on public affairs. At the same time, however, the two concepts generally refer to different types of social actors and emphasize different dimensions of independence from the state. Civil society refers to the ability of individuals to, for example, associate, participate in protests, practice their faith, and express their views publically. Civil society is populated by not-for-profit, nongovernmental groups such as churches, sports, philanthropic, and advocacy organizations. Press freedom, on the other hand, refers to the ability of primarily journalists and media organizations, which can be for-profit and governmental, to express their views freely, without censorship or fear of harassment. For our purposes, therefore, they may have different effects on corruption, though we would expect a significant interaction between the two. As discussed in the next section, this study employed several methodological strategies to minimize the potential empirical overlap and, in doing so, produce unbiased estimates of the independent impact on corruption of both civil society and press freedom as well as of their interaction. Indeed, the correlation between the main indicators of civil society strength—nonprofit sector employment—and press freedom is low (Pearson r = 0.2657).

To theorize the impact of civil society and press freedom on corruption, this study builds on the micro-level foundations of the principal–agent model, which is one of the main theoretical approaches to the study of corruption. According to the model, public officials are self-interested agents entrusted with power to pursue citizens' interests. Citizens, however, cannot fully monitor agents' behavior. This situation of asymmetrical information about agents' behavior is at the root of abuses of entrusted power: public officials are corrupt because citizens are unable to fully observe public officials' behavior (Rose-Ackerman 1999). By monitoring public officials, civil society reduces asymmetrical information and, in turn, limits officials' discretion and increases the likelihood of sanctions against corrupt behavior. This independent watchdog function contributes to a system of "checks and balances," which increases public sector transparency and holds government and donor officials accountable for the proper use of public office (Alfredson 2009; Brinkerhoff 2000; Elliott 1997; Lambsdorff 2005; Nelson and Dorsey 2008; World Bank 1997). As Hung-En Sung (2002, 146) explains, "Open political debates and civic participation in community affairs identify problem areas and make corrupt practices difficult to hide. When popular discontent is allowed to be expressed and organized in an open civil society, grass-root organizations become instrumental in pressuring for public sector reforms,

demanding better performance from their elected representatives." One example of this monitoring mechanism is the movement for budgetary transparency in India. In this movement, NGOs and other civic groups examine public sector budgets and identify missing resources, uncovering corrupt transactions and sending a signal to public officials that they are being monitored (Goetz and Jenkins 2005). Other examples include the Anti-Corruption Internet Database in Nigeria and civil society monitoring of elections in many countries.

Identifying incidents of corruption and corrupt officials, however, is often insufficient to deter corruption. The impact of civil society monitoring may be partly undermined when senior politicians and officials are corrupt and are unwilling to sanction corruption (see Rothstein 2005) as well as when the judiciary and watchdog bodies, such as anticorruption commissions, do not have internal incentive structures that are aligned with anticorruption policy goals (see Brunetti and Weder 2002, 1805). To overcome such institutional resistance, civil society organizations must publicize corrupt behavior and its consequences, thus generating sufficient public pressure against corruption and political will for institutional change (Johnston 2005; OECD 2003; Ralchev 2004; World Bank 1997). It is important to note that citizen monitoring of public officials and the effort to put pressure on corrupt officials is a public good, which is accompanied by significant collective action problems. A strong civil society, characterized by thick networks of NGOs operating in an environment with guaranteed civil liberties, helps to minimize collective action costs and, consequently, is more likely than a weak civil society to generate sufficient efforts to fight corruption (Themudo 2009). There is considerable evidence that civil society is partly responsible for rising anticorruption sentiment. Transparency International's Global Corruption Report provides one of the most prominent examples of the effort to create public pressure against corruption by publicizing corruption and educating citizens about its harmful effects (Young et al. 1999). More generally, the rise of a transnational civil society is clearly associated with rising global awareness about corruption and public pressure against it (Florini and Simmons 2000; Glynn, Kobrin, and Naím 1997; McCoy and Heckel 2001).

Because corruption largely depends on information about corrupt deals remaining private between corrupt parties, civil society's impact should partly depend on its ability to make public information about corrupt acts and parties. Making information about corruption public is a necessary condition for any significant public pressure against corruption and is largely dependent on the extent to which civil society actors elicit cooperation from the press. Without such cooperation, civil society actors are unlikely to reach an audience that goes beyond their immediate supporters and, consequently, to generate enough public pressure and political will to change the (corrupt) status quo. The press is essential in helping to "convict corrupt officials in the eyes of the public" (Tian and Lo 2009, 158). The press is also important in reaching public officials indirectly. By

publicizing successful civil society campaigns against corruption and the prosecution of corrupt agents, the press is key to sending signals that offending parties do not go unpunished.

Press cooperation with civil society, on the other hand, depends on the extent to which the press is free and willing to disseminate accusations against corrupt actors. While independent journalists have a strong incentive to publicize stories on corruption (Brunetti and Weder 2002), a regime can effectively curb the anticorruption impact of the press "either by repressing dissident journalists or by developing unhealthy personal friendships and ideological affinities with the press. [Moreover, the] concentration of ownership of the media and cross-ownership among media can also hamper pluralistic public debate needed to [help fight corruption]" (Sung 2002, 147). Press freedom, therefore, should be an important condition for the ability of civil society to impact corruption though a public pressure mechanism. By helping to provide a wide-reaching platform for civil society groups' anticorruption message, press freedom plays a key part in the creation of the political will needed to change the institutional arrangements and the deep-seated culture of impunity that commonly accompanies widespread corruption.

Aside from amplifying civil society's anticorruption "voice," free press should discourage corruption within civil society itself. By shedding light on corruption within civil society organizations and on collusive agreements between corrupt civil society members and public officials—which a corrupt governmental oversight agency may choose to ignore—free press limits the opportunities for corruption within civil society and elsewhere. Press freedom, therefore, should be an important influence on the relationship between civil society and corruption because it affects civil society's ability to monitor and mobilize public support against corruption and reduces the opportunities for civil society corruption. As press freedom declines, civil society is more likely to contribute to corruption, as more corrupt civil society groups go unnoticed, and less likely to elicit sufficient public pressure to fight it. Environments with low levels of press freedom may even witness a direct overall relationship between civil society strength and corruption.

On the other hand—though not the focus in this study—civil society may also strengthen the anticorruption impact of press freedom. Of course, the press can have an independent anticorruption impact. Reporters can uncover corrupt deals, collaborate with whistle-blowers, and follow politicians promoting clean government. Editors can emphasize corruption stories and publically condemn corruption. A few empirical studies find that press freedom is indeed associated with lower corruption across nations (e.g., Brunetti and Weder 2002; Sung 2002), though the close relationship between the press and civil society in fighting corruption has not been systematically examined. This is an important gap, because very commonly, members of the press collaborate with civil society groups, relying on the latter's local information, credible research, and public

protests. Civil society organizations are critical in helping to solve the collective action problems involved when local actors speak out against powerful, corrupt actors. And civil society may play a role in helping to protect press freedom itself. The work of Freedom House and Rapporteurs sans frontières in publicizing state efforts to limit press freedom aptly illustrates this potential influence. Moreover, civil society monitoring of the press is important in revealing corruption within the press. As a powerful source of social influence, "the press is also highly corruptible [and] therefore granting unlimited freedom to journalists and editors is not enough" to ensure press's involvement in the anticorruption effort (Sung 2002, 147). Civil society and the press, therefore, are likely to reinforce each other's anticorruption impact. Both free press and civil society are important in helping to reduce the barriers to freedom of information that contribute to corruption (see Brunetti and Weder 2002).

The theoretical approach developed here, then, hypothesizes that the extent of press freedom should condition the relationship between civil society and corruption. More press freedom should enhance civil society's anticorruption effect by enabling greater public pressure against corruption, and by discouraging corrupt agreements between civil society and the public sector. Unfortunately, due to the focus on corruption data on the public sector, we cannot directly test the impact of press freedom on corruption in civil society. We can, however, test the impact of press freedom on the relationship between civil society and public sector corruption—the focus in this study. To examine the empirical validity of this argument and of previous research's main views on this topic, this study tested three hypotheses. Other influences held constant:

Hypothesis 1A: A stronger civil society will be associated with lower public sector corruption at the national level.

Hypothesis 1B: A stronger civil society will be associated with higher public sector corruption at the national level.

Hypothesis 2: More press freedom will be associated with a stronger anticorruption civil society effect.

The next section describes the data and research methods used to test these hypotheses.

Data and Methods

This study examines two samples of data on civil society and corruption: a cross-national sample of 40 countries with data on nonprofit sector size and a longitudinal sample of 118 countries with data on civil liberties. The longitudinal data set includes data for 11 years, from 2000 to 2010. The dependent variable, corruption, is measured using Transparency International's CPI. The index is a "survey of surveys" generated by pooling the results from several polls on perceived levels of public sector corruption

across countries. The standardization and averaging process helps to reduce idiosyncratic variation that may be present in any of the polls, producing a measure that is highly consistent over time (Lambsdorff 2005). Consequently, the CPI is the most widely used measure of corruption. The World Bank's Control of Corruption index, which is also a "pool of polls" but uses different sources and methodology, is used as a robustness check. For convenience of interpretation, the original CPI was reversed so that a score of 10 reflects the highest level of corruption and a score of 0 the lowest.

Due to the limited availability of data on civil society, the main explanatory variable of interest, civil society strength, was measured using three different indicators. The first measure is total nonprofit sector employment, which includes both paid and full-time equivalent volunteer labor as a proportion of the labor force, from the Johns Hopkins Comparative Nonprofit Sector Project (Salamon, Sokolowski, and Associates 2004). Unfortunately, direct measurements of civil society strength are available only for a limited number of countries at one point in time. Thus, to complement the analysis based on nonprofit sector employment, it is important to include a broader measure that provides insights about the impact on corruption of variation in civil society strength over time.

Freedom House's indicator for "a well-developed civil society"—that is, the Civil Liberties index—provides such a broader measure.[4] For convenience of interpretation, the original score has been reversed so that a score of 7 reflects the highest level of civil liberties and a score of 1 the lowest. While the Civil Liberties index is a more direct measure of available political space for civil society than civil society capacity (Anheier 2004), arguably the index provides at least an indirect measure of the latter. A potential weakness of relying on civil liberties as a measure of civil society capacity is that in some countries, civil society may have low capacity and still enjoy considerable freedom (i.e., civil liberties). At the same time, however, such cases are unlikely to be common or sustainable. Because political space is contested, like other actors, civil society organizations regularly experience threats to their space. The weaker civil society actors are, the less likely it is that they will be able to forefend their political space. The reverse is also likely. Civil society's political space should typically increase as civil society capacity develops and civil society organizations push for more political space. Space and capacity, therefore, are in the long run closely related dimensions of civil society strength. Indeed, the Pearson correlation coefficient between nonprofit sector employment and the civil liberties index is quite high (i.e., 0.7031). In any case, this potential limitation must be kept in mind in interpreting the empirical findings.

The third measure of civil society strength is Freedom House's civil liberties index recalculated to exclude the freedom of expression score.[5] The motivation for this third measure is to minimize the overlap between civil liberties and press freedom as both include the notion of freedom of expression.[6] While this new measure more clearly separates civil liberties

and press freedom, excluding freedom of expression from civil liberties produces a less accurate assessment of civil liberties as a whole. Thus, an alternative strategy, which is also pursued here, involves removing freedom of expression from the press freedom indicator instead. Freedom House's measure of Political Environment of the press represents such a measure.

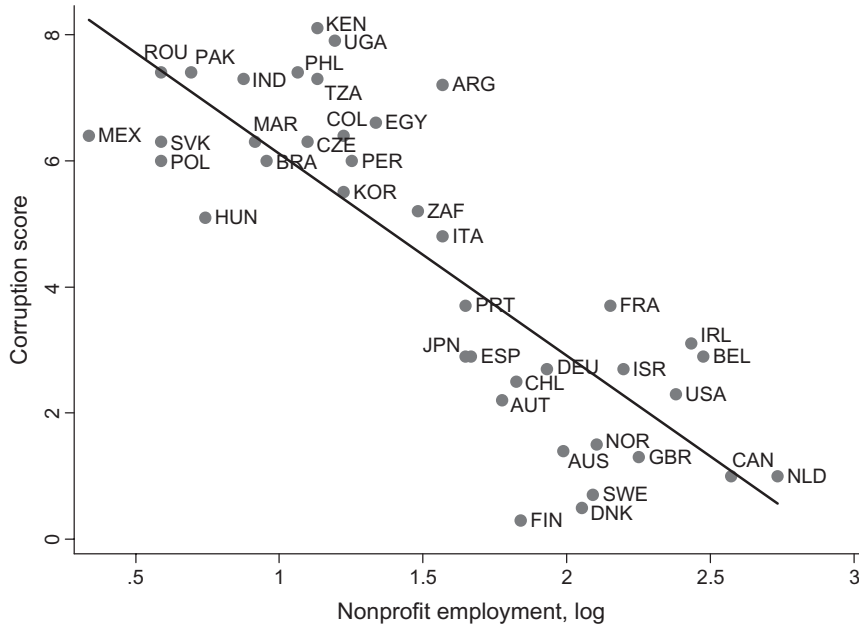
Press freedom, then, is measured using two different indicators: Freedom House's Freedom of the Press index and its Political Environment component. The Freedom of the Press index is computed by adding its three component ratings: Legal, Political, and Economic environments. To facilitate interpretation, the scores were reversed so that 0 corresponds to least free and 100 to most free. According to Freedom House (2011, 35), the Political Environment evaluates "the degree of political control over the content of news media. Issues examined include the editorial independence of both state-owned and privately owned media; access to information and sources; official censorship and self-censorship; the vibrancy of the media and the diversity of news available within each country; the ability of both foreign and local reporters to cover the news freely and without harassment; and the intimidation of journalists by the state or other actors, including arbitrary detention and imprisonment, violent assaults, and other threats." Again to facilitate interpretation, the scores were reversed so that 0 corresponds to least free political environment and 40 to most free. Lastly, a multiplicative interaction term between civil liberties and the freedom of the press is used to examine the hypothesis that press freedom may condition civil society's impact on corruption.

A simple bivariate analysis shows a strong inverse correlation between perceived corruption and nonprofit sector employment at the national level ($r = -0.7954$). Figure 1 plots countries' level of corruption against nonprofit sector employment.

The civil liberties index and corruption also have a strong inverse correlation ($r = -0.8150$). Figure 2 depicts the relationship between corruption and the civil liberties index.

These initial observations, however, can be spurious. A true measure of the association between corruption and civil society needs to control for possible confounding influences. The analysis examines civil society's relationship with corruption, while controlling for the impact of press freedom, economic development, state intervention in the economy, political institutions, and structural influences. Economic development, which is a key influence on political and economic institutions, has been robustly associated with lower corruption (Treisman 2000). To control for economic development, the analysis uses the natural log of income per capita as calculated by the World Bank and included in the World Development Indicators data set. The importance of distinguishing between fiscal and regulatory dimensions of state intervention is becoming increasingly clear. Hopkin and Rodríguez-Pose (2007, 198) present compelling statistical evidence that "Whereas corruption seems to be connected with

FIGURE 1
Corruption and Nonprofit Sector Size

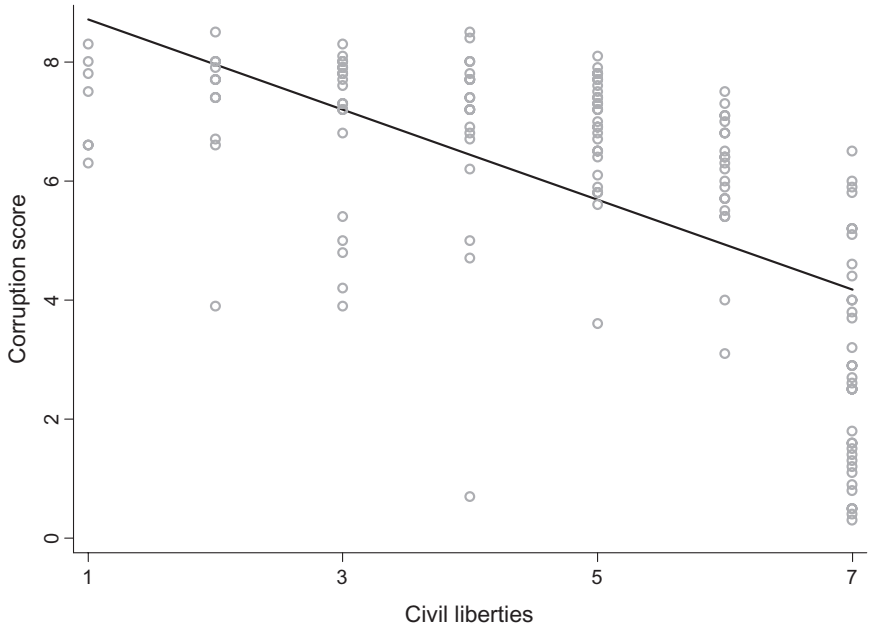


Notes: Incidence of corruption measured by the reverse Corruption Perceptions Index in 2001 from Transparency International. Nonprofit sector employment displayed as a proportion of the labor force (ca. 1995–2000). Nonprofit sector employment was transformed using the formula ln(1 + nonprofit employment).

greater government regulation, such as the regulation of business activities or of the labor market, the actual intervention of governments as economic actors is, in most cases, associated with lower corruption." Thus, government intervention may have different, and even contradictory, effects on corruption. To measure government's fiscal intervention in the economy, the Fraser Institute's Size of Government index is used.[7] To measure government regulation of the economy, the Fraser Institute's Government Regulation of Credit, Business and Labor index is used.[8] To facilitate interpretation, both Size of Government and Regulation indexes were reversed so that a higher value indicates a higher level of government size/regulation. Openness to trade has been linked to lower corruption at the national level (e.g., Gerring and Thacker 2005; Wu 2005). It is measured here as exports plus imports as a percentage of GDP in constant prices, using the estimates included in the Penn World Tables.

To control for the effects of political institutions, the analysis includes controls for the level of democracy, federalism, independence of the judiciary, and press freedom. Level of democracy, which has been has been found to have an inverse relationship with corruption (Treisman 2000), is

FIGURE 2
Corruption and Civil Liberties



Notes: Incidence of corruption measured by the reversed Corruption Perceptions Index in 2005 from Transparency International. Reversed Civil Liberties score in 2004 from Freedom House.

measured using the Polity IV index. Federalism may contribute to lower corruption as it introduces competition across government units with overlapping jurisdiction (Rose-Ackerman 1999). Lastly, federalism is controlled for using a dichotomous variable estimated by Treisman (2000) and included in the Quality of Governance data set (Teorell, Holmberg, and Rothstein 2010).

Several controls for known structural and cultural determinants of corruption are also included. To control for cultural heritage, the model includes a dummy variable to denote an Anglo-Saxon legal system, which tends be associated with less corruption, and another dummy to denote countries with a Socialist legacy, that is, countries historically under Soviet Union influence, which tend to be associated with higher levels of corruption (Hopkin and Rodríguez-Pose 2007). Protestantism has been associated with lower corruption (La Porta et al. 1999; Wu 2005). Consequently, the models control for the proportion of Protestants in the population in 1980 as measured by La Porta et al. (1999). To control for ethnic and religious fragmentation, the analysis uses the Ethnolinguistic Fractionalization measure in 1985 as calculated by Roeder and included in the Quality of Governance data set (Teorell, Holmberg, and Rothstein 2010).

The measure reflects the probability that two randomly selected people from a given country will not belong to the same ethnolinguistic group. Table A1 in the Appendix presents basic statistics for all variables.

The distinct nature of the two samples demands different methods of analysis. Nonprofit employment data are available for only one point in time and, consequently, cross-sectional methods must be used. Civil liberties data, on the other hand, are available for several years, permitting the use of longitudinal analysis. Longitudinal methods enable learning from both the cross-sectional information reflected in the differences between countries, and the time-series information reflected in the changes within countries over time. Panel regression methods have powerful controls for simultaneity, which help disentangle cause–effect relationships, and omitted variables, which could have been responsible for a spurious relationship between civil society and corruption (Wooldridge 2006). By enabling observation of the relationship between changes in dependent and independent variables, longitudinal analysis can control for omitted variables that may be constant over time but vary across countries, such as geography. It can also control for omitted variables that vary over time but are constant between cases, such as global technological progress. To control for both country-specific and time-specific "fixed effects," the longitudinal analysis developed here includes both country and year dummies in its regression models.

At the same time, however, longitudinal data create new challenges, such as cross-sectional, contemporaneous correlation across panels and serial autocorrelation within panels over time (i.e., countries). In their widely cited work, Beck and Katz (1995) advocate the use of ordinary least squares (OLS) regression with panel corrected standard errors (PCSEs) to address panel heteroskedasticity and contemporaneous, spatial autocorrelation. Beck and Katz (1995) also generally recommend including the lagged dependent variable as a predictor to address serial autocorrelation within panels. This second recommendation, however, has attracted considerable criticism. Many scholars have shown theoretically and empirically that OLS provides biased estimates of dynamic (e.g., lagged dependent variable) panel model parameters when serial autocorrelation is present (e.g., Maddala 1998; Plümper, Manow, and Tröger 2005). This problem is especially serious when the number of time periods in the data set is small (Baltagi 1995; Hsiao 2003). One acceptable alternative to induce independence over time in such cases is to use a Prais–Winsten transformation, which estimates and adjusts residuals using a first-order autoregressive (AR1) process (see Beck and Katz 1995; Frees 2004; Rudra 2005; Wooldridge 2006). Given the fact that disaggregated data on civil liberties have only been available for five years, therefore, the longitudinal analysis presented here employs Prais–Winsten regression with PCSEs.

To ensure that the hypothesized causes precede their effects, lagged explanatory variables are used. This helps to control for potential bias from mutual causation, or simultaneity, as it is not very likely that present civil

society behavior should be driven by expectations about future levels of corruption, but the impact of civil society on corruption is likely to experience a time lag. Civil society generally influences the level of corruption by exposing corrupt behavior and generating public pressure against corrupt officials. Since a response by the authorities is rarely likely to be immediate, civil society's efforts generally have a delayed effect on corruption levels.

The models to be estimated are as follows:

$$corruption_{it} = \alpha + \beta_1 npemp_{it-1} + \beta_2 freepress_{it-1} + \beta_3 npemp_{it-1} * freepress_{it-1} + \Sigma\beta_j controlst_{it-1} + \Sigma\beta_k controlsk_i \quad (1)$$

$$corruption_{it} = \alpha + \beta_1 civlib_{it-1} + \beta_2 freepress_{it-1} + \beta_3 civlib_{it-1} * freepress_{it-1} + \Sigma\beta_j controlst_{it-1} + \Sigma\beta_k controlsk_i + \Sigma(\beta_l country_{li}) + \beta_m year_{mi}, \quad (2)$$

where *corruption* is the reverse CPI, *npemp* is nonprofit employment as a proportion of the labor force, *civlib* is the civil liberties index, *freepress* is the freedom of the press index, *controlst* are time-variant controls (e.g, *ln*GDP per capita), *controlsk* are controls that do not vary during the period of study (e.g., Socialist legacy), and *country* and *year* refer to the full set of country and year dummies. Equations (1) and (2) test the three hypotheses. Equation (1) corresponds to the cross-national analysis, and equation (2) corresponds to the longitudinal analysis.

Findings and Analysis

Table 1 presents the cross-national regression results. Models 1 to 6 present results based on the full sample, while models 7 and 8 present results based on partial samples separating countries with more and less press freedom.[9] Models 1 to 3 examine the simple and interaction effects of civil society and press freedom on corruption. Models 4 to 6 introduce control variables. To facilitate interpretation of interaction effects and reduce multicollinearity, nonprofit employment, press freedom, and the interaction variables were centered.[10]

The principal finding in Table 1 is that civil society strength, measured as nonprofit sector employment, is inversely related to corruption, reaching statistical significance in all full-sample models. There is no statistical evidence that civil society can significantly contribute to higher corruption at the national level. This is a striking finding, which affirms at the macro level the anticorruption effect of civil society commonly identified by micro-level qualitative research. Longitudinal analysis, therefore, lends strong support to Hypothesis 1A and disproves Hypothesis 1B at the macro level.

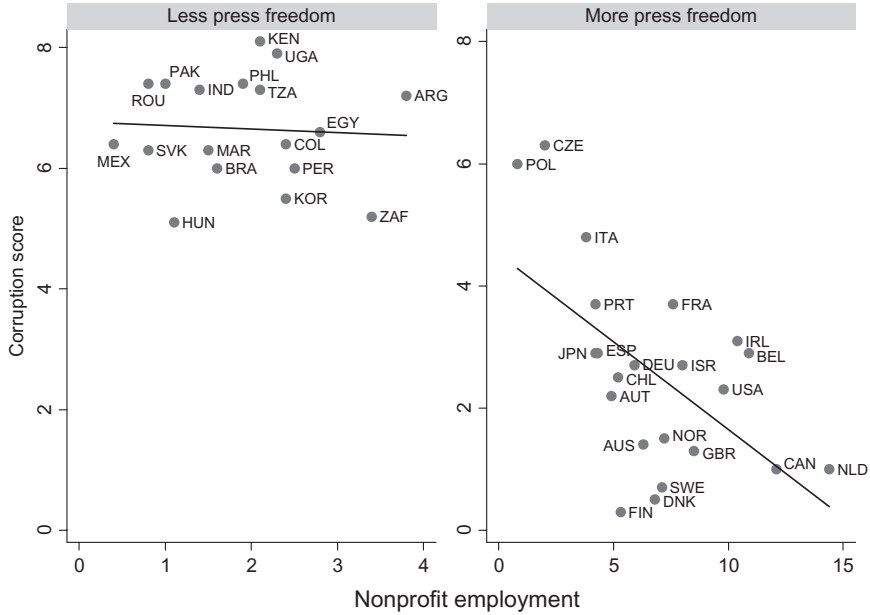
Table 1 also lends ample support to a significant interaction effect between civil society and press freedom, that is, Hypothesis 2. All models

TABLE 1
Cross-National Regression Results

	[1]	[2]	[3]	[4]	[5]	[6]	[7] More Press Freedom	[8] Less Press Freedom
*ln*Nonprofit employment	–3.1960***	–1.9916***	–1.9760***	–1.3682***	–1.7212***	–1.8752***	–2.1731***	0.2814
	(0.3171)	(0.3387)	(0.3342)	(0.3076)	(0.2913)	(0.3462)	(0.7358)	(1.6375)
Press freedom		–0.0648***	–0.0738***	–0.0518***	–0.0511**	–0.0533***	–0.1777***	–0.0077
		(0.0117)	(0.0137)	(0.0163)	(0.0220)	(0.0124)	(0.0522)	(0.0245)
*ln*Nonprofit employment * press freedom			–0.0510**	–0.0442**	–0.0566**	–0.0387*	0.1055	0.0152
			(0.0227)	(0.0208)	(0.0277)	(0.0203)	(0.0875)	(0.0507)
*ln*GDP per capita				–1.0987***			–0.6008	–0.8723***
				(0.2165)			(1.4652)	(0.2438)
Democracy level				–0.0703**			–0.8753	–0.0384*
				(0.0278)			(0.6548)	(0.0192)
Size of government					–0.3670#			
					(0.2228)			
Government regulation					1.1900***			
					(0.4292)			
Openness to trade					–0.0090**			
					(0.0039)			
Federation dummy					0.9321**			
					(0.3607)			
Anglo-Saxon legal framework						–0.0203		
						(0.4700)		
Socialist legacy						0.4749		
						(0.5085)		
Protestantism						–0.0145*		
						(0.0077)		
Ethnic fractionalization						1.7339**		
						(0.6778)		
Intercept	4.4705***	4.1847***	4.5133***	14.1259***	1.0094	4.0775***	1.9219	13.5837***
	(0.2239)	(0.1964)	(0.2479)	(1.9241)	(1.7393)	(0.3274)	(9.3401)	(1.8809)
Adjusted R^2	0.6766	0.7584	0.8115	0.8607	0.8784	0.8706	0.6613	0.5560
N	40	40	40	40	40	40	21	19
Bayesian IC	146.6311	133.3500	132.4132	127.6843	129.6429	132.1171	77.7356	48.6911

Notes: Robust standard errors reported between parentheses under unstandardized coefficients. ***$p < 0.01$; **$p < 0.05$; *$p < 0.10$ (two-tailed).

FIGURE 3
Nonprofit Sector and Corruption at Different Levels of Press Freedom

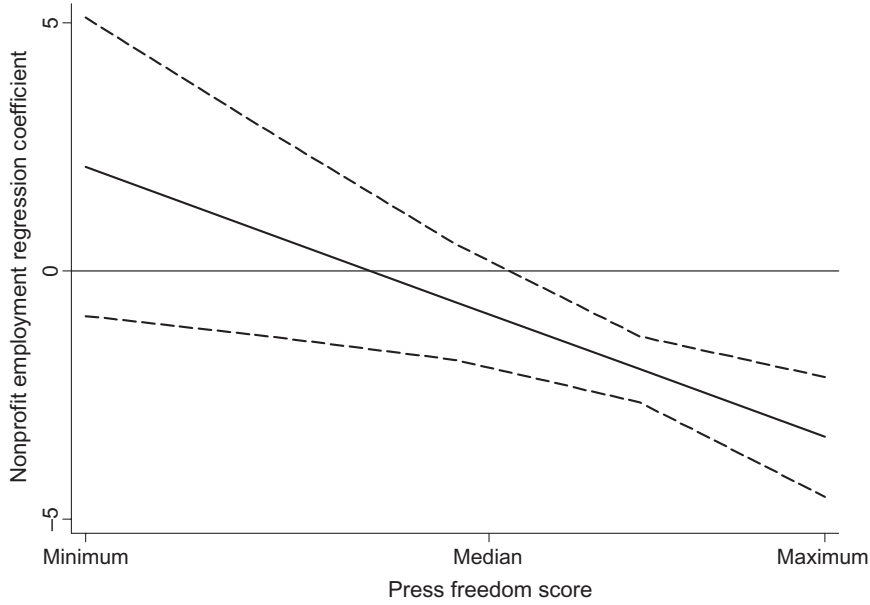


Notes: Incidence of corruption measured by the reverse Corruption Perceptions Index in 2001 from Transparency International. Nonprofit sector employment displayed as a proportion of the labor force (ca. 1995–2000). Press freedom measured by Freedom House's Freedom of the Press index in 2000, reversed.

including the interaction term (i.e., models 3 to 6) display significant interaction and simple civil society and press freedom effects. Their negative regression coefficient suggests that civil society and press freedom have a mutually enhancing inverse effect on corruption. That is, they reinforce each other's anticorruption effect. Divided sample results (i.e., models 7 and 8) lend further support to the hypothesis of an interaction effect. While civil society has a significant, inverse relationship with corruption in countries with high press freedom, the relationship is not significant in countries with low press freedom. This interaction is powerfully illustrated in Figures 3 and 4. Like models 7 and 8 in Table 1, Figure 3 contrasts the relationship between civil society and corruption at different levels of press freedom. In countries where the press is generally not free, the relationship is only very slightly negative and statistically insignificant. In countries where press freedom is higher, the relationship is strongly negative.

Figure 4 provides a more nuanced depiction of press freedom's influence on the relationship between civil society and corruption based on Braumoeller's (2004) statistical interactions graph. It clearly shows that as

FIGURE 4
Influence of Press Freedom on the Relationship between Corruption and Nonprofit Employment



Notes: Change in nonprofit employment's association with corruption reflects both simple and interaction effects at different levels of press freedom.

press freedom increases, the slope of the relationship between civil society and corruption (i.e., the regression coefficient) varies from mildly direct and statistically insignificant at low levels of press freedom, to strongly inverse and statistically significant at high levels of press freedom.

These findings lend compelling support to the hypothesis that press freedom conditions the effect of civil society on corruption (Hypothesis 2). Where the press is free, civil society organizations are better able to uncover and expose corruption as well as mobilize public support against it. Of note, the impact of press freedom in combating corruption is also stronger when civil society is strong. Unfortunately, further analysis of how civil society conditions the impact of press freedom must be left for future research.

Table 2 presents longitudinal (Prais–Winsten) regression results. Models 1–3 present results based on civil liberties excluding freedom of expression for corruption between 2007 and 2010, while models 4–6 present results based on the full civil liberties index for corruption between 2001 and 2010. Moreover, models 3 and 6 examine the influence of press freedom based on Freedom House's indicator of Political Environment of the press, rather than the full Freedom of the Press index. As before, to facilitate interpretation of the interaction effect and reduce

TABLE 2
Longitudinal Regression Results

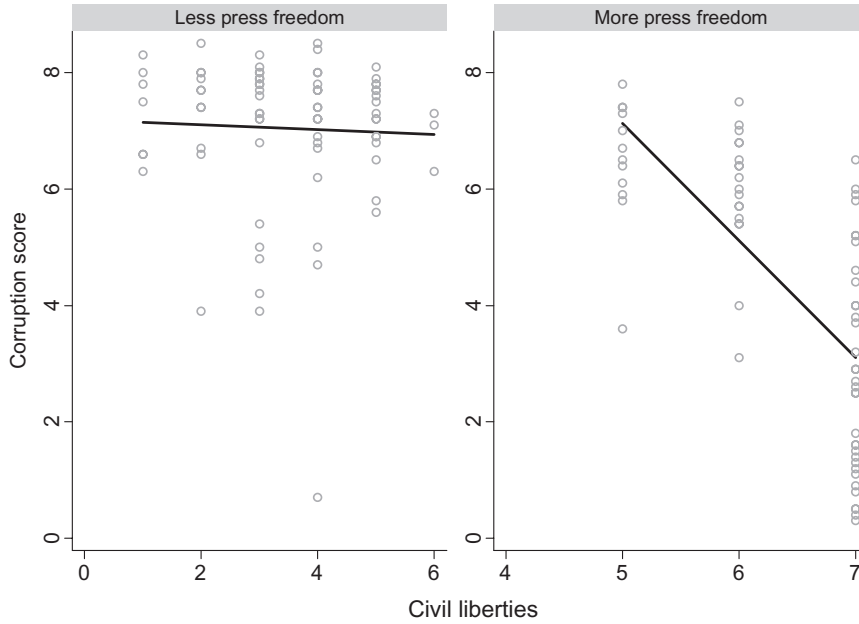
	[1] Excl. Free Expression	[2] Excl. Free Expression	[3] Excl. Free Expression	[4] Full Index	[5] Full Index	[6] Full Index
Civil liberties	–0.0560***	–0.0343***	–0.0419***	–0.2762***	–0.2225***	–0.2349***
	(0.0054)	(0.0053)	(0.0065)	(0.0329)	(0.0245)	(0.0241)
Press freedom		–0.0054*			–0.0101***	
		(0.0030)			(0.0014)	
Civil liberties * press freedom		–0.0012***			–0.0093***	
		(0.0002)			(0.0012)	
Political influence on press			–0.0123**			–0.0200***
			(0.0056)			(0.0039)
Civil liberties * political influence			–0.0017***			–0.0152***
			(0.0005)			(0.0022)
*ln*GDP per capita	–1.0374***	–0.9575***	–0.9624***	–1.1139***	–1.0588***	–1.0796***
	(0.0748)	(0.0608)	(0.0556)	(0.0652)	(0.0582)	(0.0578)
Democracy level	–0.0566***	–0.0265***	–0.0445***	–0.0433***	–0.0332***	–0.0379***
	(0.0072)	(0.0084)	(0.0101)	(0.0066)	(0.0047)	(0.0048)
Openness to trade	–0.0024**	–0.0027***	–0.0027***	–0.0026***	–0.0027***	–0.0026***
	(0.0011)	(0.0007)	(0.0008)	(0.0006)	(0.0009)	(0.0008)
Size of government	–0.1419***	–0.1414***	–0.1557***	–0.1081***	–0.0897***	–0.0989***
	(0.0431)	(0.0392)	(0.0419)	(0.0266)	(0.0228)	(0.0237)
Government regulation	0.3442***	0.3407***	0.3327***	0.2521***	0.2014***	0.2351***
	(0.0980)	(0.0975)	(0.0913)	(0.0561)	(0.0478)	(0.0505)
Federation dummy	–0.0142	0.0095	–0.2820**	–0.0678	0.2224	0.2044
	(0.2029)	(0.1169)	(0.1151)	(0.1698)	(0.1842)	(0.1730)
Anglo-Saxon legal framework	–0.2127***	–0.2479***	–0.1850***	–0.4468***	–0.4865***	–0.4768***
	(0.0428)	(0.0638)	(0.0446)	(0.0424)	(0.0543)	(0.0445)
Socialist legacy	0.7529***	0.8178***	0.8648***	0.8608***	0.7840***	0.8299***
	(0.0859)	(0.0780)	(0.0831)	(0.0666)	(0.0672)	(0.0699)
Protestantism	–0.0148***	–0.0092***	–0.0123***	–0.0289***	–0.0234***	–0.0256***
	(0.0010)	(0.0014)	(0.0020)	(0.0010)	(0.0013)	(0.0011)
Ethnic fractionalization	0.1467	–0.0324	0.1436	0.5726***	0.1958#	0.3141***
	(0.1326)	(0.1846)	(0.1669)	(0.1272)	(0.1243)	(0.1157)
Intercept	14.4153***	14.1491***	13.9929***			
	(0.8695)	(0.6959)	(0.6500)			
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country dummies	No	No	No	Yes	Yes	Yes
N	447	447	447	870	870	870

Notes: Prais–Winsten transformed panel-corrected standard errors reported between parentheses under unstandardized coefficients. Independent variables lagged by one year. R^2 are not reported as it is not clear what they represent in Prais–Winsten regression (Wooldridge 2006). ***$p < 0.01$; **$p < 0.05$; *$p < 0.10$ (two-tailed).

multicollinearity, civil liberties and freedom of the press were centered.[11] Despite the large number of controls in some of the models, multicollinearity was not a significant problem.[12]

Consistent with the analysis of cross-national data on nonprofit sector employment, the longitudinal analysis of civil liberties data (including and excluding freedom of expression) shows that civil society strength is inversely associated with the level of corruption across countries and over time and the relationship reaches statistical significance in all models. Contrary to critics' claims, there is no indication that civil society may be generally associated with higher levels of corruption. Press freedom's simple effect and the interaction term are also inversely linked to the level of corruption and statistically significant in all models. Figure 5 illustrates this interaction by displaying the relationship between civil liberties and corruption at different levels of press freedom. Results from the

FIGURE 5
Civil Liberties and Corruption at Different Levels of Press Freedom



Notes: Incidence of corruption measured as the reverse Corruption Perceptions Index in 2005 from Transparency International. Civil society strength measured as the reverse Civil Liberties score in 2004 from Freedom House. Press freedom measured as Freedom House's Freedom of the Press index in 2004, reversed.

longitudinal analysis, therefore, show that the main findings from cross-national analysis are robust to the use of a different statistical method, different measures of civil society strength and press freedom, tripling in country sample size, and extending the analysis from 1 to 10 years. Given the enormous challenges involved in measuring corruption, civil society strength, and press freedom, this is a remarkable finding.

The other variables generally have the expected relationship with corruption. Of note, while government regulation is directly associated with corruption, the fiscal size of government is inversely associated with corruption. These findings are consistent with Hopkin and Rodríguez-Pose's (2007) conclusion that different dimensions of government intervention have different, even contradictory, relationships with corruption. As the adjusted R^2 measure indicates, the cross-national models explain between 68% and 88% of the variance in Transparency International's corruption score within the cross-national sample (see Table 1). When the predicted and actual values of corruption are plotted based on the model with highest explanatory power (i.e., model 5 in Table 1), virtually all countries fall on or close to their predicted levels of corruption. The explanatory

power of longitudinal models is equally impressive, but they also reveal an important exception: Singapore. As can be seen on Figure 2, Singapore (the observation with medium civil liberties and very low corruption) has considerably less corruption than the model would predict, suggesting that this in an important case to study in the effort to generate new insights into the causes of corruption.

Conclusions

Cross-national longitudinal analysis showed that a stronger civil society is generally linked to lower levels of corruption across countries and over time, even after controlling for a vast array of known causes of corruption. These results are remarkable given the complex nature of corruption, intensity of the scholarly debate, and measurement challenges involved. In effect, the empirical validity of the models used here is affirmed by their significant ability to explain variation in the level of corruption across nations. This macro-level analysis disproves inferences based on micro-level evidence that civil society generally contributes to higher corruption in developing and transition countries. At the same time, claims of civil society's anticorruption impact must acknowledge its significant dependence on civil society's ability to generate public pressure against corruption and that, in turn, the public pressure mechanism is strongly conditioned by the extent of press freedom. This theoretical argument finds robust empirical support. While civil society strength has a strong anticorruption impact in countries with more press freedom, it has no significant impact on corruption in countries with less press freedom. This stark contrast combined with the strong and statistically significant interaction effect between the two variables powerfully demonstrate the interdependence between civil society and free press in the fight against corruption.

These findings help reconcile the debate over civil society's impact on corruption. The disagreement has been partly caused by the lack of theoretical and empirical attention to the influences that might condition civil society's relationship with corruption. Press freedom is generally constant within existing qualitative research and, consequently, its profound effect is not clearly evidenced. By deliberately varying press freedom, the cross-national analysis demonstrated that in countries with limited press freedom, civil society strength has no significant association with the level of corruption. This ambiguous relationship can be partly explained by the fact that in those countries, civil society is missing a key ally in the fight against corruption. Moreover, the lack of press freedom may contribute to higher levels of corruption within civil society itself, which might explain why some qualitative studies in countries with limited press freedom, such as Indonesia, Tanzania, and the former Soviet republics, often find a direct link between civil society and corruption. Future research could identify other conditioning influences and refine

the press freedom conditioning effect studied here by, for example, assessing the relative importance of different types of civil society groups and different types of media. What is the relative importance, for example, of local and transnational organizations? Can international NGOs help locals bypass obstacles caused by limited press freedom? Does the involvement of international NGOs boost local anticorruption efforts or does it undermine the local accountability and legitimacy of domestic groups? The growing impact of the Internet also seems to be a fertile opportunity for future research. Can civil society circumvent restrictions on press freedom through the Internet? Or does the limited Internet penetration in most developing countries and the increasing ability of states to filter the Internet preclude a significant impact in aiding civil society in the fight against corruption?

From a policy perspective, this study suggests that the global expansion of civil society registered in the past two decades (e.g., Hammack 2001; Salamon et al. 2004) represents good news for anticorruption and sustainable development campaigners. Nevertheless, the powerful interdependence between civil society and press freedom as well as the large number of other potential influences help explain the high persistence of corruption. A policy focus on civil society strengthening, which many donors have embraced, is not likely to lead to substantial reductions in corruption until press freedom is also tackled. Yet, persuading country leaders and elites to increase civil liberties and press freedom has not been easy. Consider, for example, the case of China that, faced with considerable internal and external pressure to reduce controls over civil liberties and the press, responded by further tightening. At stake is much more than the fight for public integrity. Democratization and liberalization also affect the distribution of power and resources, which elites will often resist (see Rudra 2005). Indeed, despite widespread agreement among policymakers that civil society is a critical element of anticorruption policy (see OECD 2003), civil liberties have recently declined in 40 countries (Freedom House 2010). In the opening statement of its latest Press Freedom report, Freedom House (2011, 1) describes another worrying trend: "The proportion of the world's population that has access to a Free press declined to its lowest point in over a decade during 2010, as repressive governments intensified their efforts to control traditional media and developed new techniques to limit the independence of rapidly expanding Internet-based media (p. 1)." As this study demonstrates, these are significant setbacks in the fight against corruption. If international donors are serious about fighting corruption, they should consider conditioning development aid (but not humanitarian aid) on satisfactory progress in civil liberties and press freedom. As illustrated by Mauritius, even poor countries can establish a governance system with full-fledged civil liberties and press freedom. The main cost of implementing such a system is political as elites may be threatened by it. Progress on civil liberties and press freedom, therefore, is a powerful indicator of political commitment to the

fight against corruption. Though the effectiveness of governance-based conditionality is still debated, to provide development aid to corrupt countries which do not demonstrate a commitment to civil society and press freedom is likely to lead to wasted resources or perhaps to even more corruption.

Moreover, international donors can provide fundamental support for local efforts to increase public pressure against corruption through civil society and the press. Given the potential threat to organizational independence from substantial national government support, and the difficulty in raising funds for advocacy in poor countries, international donor support is critical. For example, international donors have been essential to campaigns for public integrity in Mexico and Colombia (see Natal 2006). The U.S. government's creation in 2010 of a new fund to support the work of NGOs under attack by repressive regimes is an example of what donors can do in this area. There is considerable room for improvement in this area. Aid dedicated to institutional and civil society strengthening is still a minor component of foreign aid. According to OECD's data, in 2008, foreign aid for general civil society strengthening was just over US$900 million, or less than 1% of foreign aid (OECD Development Statistics Web site). Intriguingly, since civil society and press strengthening help to reduce the amount of aid that is syphoned off through corruption, this kind of foreign aid may pay for itself. That is, the cost of strengthening civil society and press may generate disproportionate efficiency savings in foreign aid and public procurement. This is not a far-fetched conjecture. In its 2004 Global Corruption Report, Transparency International suggests that, of the US$4 trillion spent worldwide on government public contracts every year, some US$400 billion is lost to corruption. Similarly, in a study commissioned by the World Bank, a strong majority of opinion makers (e.g., government officials, academics, journalists) agreed with the extreme statement that "because of corruption, foreign assistance to developing countries is mostly wasted" (Princeton Survey Research Associates 2003). The economic returns on successful anticorruption policy, therefore, are likely to be large. But even if civil society and press strengthening pay for themselves, national governments often object to this type of foreign aid (World Bank 1997), reflecting their lack of political commitment to the implementation of the governance reforms needed to fight corruption.

Lastly, accumulating qualitative evidence of civil society corruption suggests that leaders must also seek reforms within civil society itself. Civil society's anticorruption work could be greatly jeopardized if scandals of corruption within civil society organizations became common. It is unlikely that the public would be as receptive to civil society's anticorruption messages, if civil society itself were perceived to be corrupt. One area that arguably requires greater attention is ensuring that civil society organizations adhere to high accountability standards as they are often not very transparent or accountable to the communities they serve (see Ebrahim 2003; Holloway 2001; Maxwell et al. 2008; Robinson 1998). This

internal governance weakness can invite corruption, especially as civil society organizations grow in power and resources. Leaders and donors, therefore, need to encourage civil society initiatives to fight corruption within its own ranks as well as press freedom to strengthen independent oversight. No news on civil society corruption is great news for the anti-corruption campaign.

Notes

1. As stated on its Web site at http://www1.worldbank.org/publicsector/anticorrupt (accessed May 3, 2006).
2. The program type receiving the largest amount of funding is "Fiscal/Customs" with US$34 million, civil society is next with US$33 million, and Local Government and Decentralization is third with US$28 million (all data for 2002 (http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anti-corruption/types.html).
3. I thank two anonymous reviewers for raising this issue.
4. The index is based on answers to 15 civil liberties questions (60 points), which are grouped into four subcategories: Freedom of Expression and Belief (4 questions, 16 points), Associational and Organizational Rights (3 questions, 12 points), Rule of Law (4 questions, 16 points), and Personal Autonomy and Individual Rights (4 questions, 16 points).
5. I thank an anonymous reviewer for this suggestion.
6. I thank two anonymous reviewers for pointing this out.
7. The index includes several measures of fiscal intervention in the economy, namely: (1) the share of general government consumption in total consumption, (2) transfers and subsidies as a share of GDP, (3) government enterprises and investment as a share of gross investment, and (4) top marginal tax rate.
8. Hopkin and Rodríguez-Pose (2007) also examine a third dimension of government intervention—state ownership of industry—and find that it is unrelated to corruption. Likewise, this study finds no significant relationship with state ownership. As a result, it is excluded from the results presented here.
9. Models 7 and 8 replicate model 4 because it is the model that has the best goodness of fit according to the Bayesian information criterion. At the same time, replication of models 5 and 6 produces the same main results: The coefficient of nonprofit sector employment is significant only in countries with high levels of media freedom.
10. This was done by subtracting the mean for a variable from every observation of that variable.
11. When two continuous variables that are both on a positive scale are multiplied, the interaction term will be highly correlated with the simple effects, even if they are not correlated with each other. By changing half of the observations into negative values, centering minimizes this problem.
12. Multicollinearity was not a significant problem as variance inflation factors (VIF) for the independent variables remained below 10. In the full OLS model (model 4), freedom main independent variables of the interest, press freedom had the highest VIF: 7 (5.2. in model 4, Table 2).

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Appendix

TABLE A1
Summary Statistics

Variable	Mean	Std. Dev.	Min.	Max.
Corruption perceptions index, reversed	5.5722	2.3003	0	9.6
Nonprofit employment as % of labor force, natural log	0.0205	0.6322	–1.1762	1.2216
Civil liberties index, reversed and centered	0.0811	1.8019	–3.9052	2.6578
Civil liberties excl. free expression, reversed and centered	4.6702	14.9737	–17.3876	26.4695
Press freedom index, reversed and centered	1.0512	24.8196	–54.5351	46.6108
Political influence on press, centered	–0.2473	9.4164	–23.9032	16.0967
GDP per capita, natural log	8.5934	1.1206	6.0590	1.9020
Level of democracy	2.9812	6.8966	–10	10
Size of government index, reverse	4.1399	0.9018	0.8203	7.3796
Government regulation index, reverse	4.1408	0.6783	1.9845	5.9468
Openness to trade	91.6524	52.9710	0.16	473.23
Federalism	0.0638	0.2445	0	1
Anglo-Saxon legal framework	0.3105	0.4628	0	1
Socialist legacy	0.1736	0.3789	0	1
Protestantism	13.6076	21.8364	0	97.8
Ethnic fractionalization	0.4395	0.2725	0	0.984