Regional Corruption, Institutional Trust, and the Geography of Discontent in Europe, 2000–2020

I. Introduction and Research Problem

Declining trust in political institutions, the rise of populist movements, and episodes of democratic backsliding have become defining features of contemporary European politics (Rohrschneider, 2002; Rodríguez-Pose, Terrero-Dávila and Lee, 2023). While such patterns of discontent are often treated as the aggregation of individual preferences, their pronounced spatial clustering has generated substantial scholarly and policy interest in so-called "left behind places" and the broader geographies of political disenchantment (Rodríguez-Pose, 2018; McCann, 2020). A growing body of evidence attests to the importance of local context in shaping individual attitudes and political expression.

Yet understanding these expressions of discontent demands attention to how power is exercised in those places. Individuals are embedded not only in geographical environments but also in institutional ones that vary substantially in quality, transparency, and accountability within and across countries. Despite this, the role of subnational institutional environments in shaping individuals' perceptions of government effectiveness has received comparatively little empirical scrutiny. This paper addresses that gap by examining the relationship between regional-level corruption and individual expressions of institutional trust across Europe from 2000 to 2020, linking harmonized regional corruption indices to individual-level data drawn from the European Social Survey (ESS).

II. Contributions

Our paper makes three distinct contributions to the existing literature. First, by linking regional-level corruption to individual-level expressions of institutional trust, we fill an important empirical gap in understanding how local governance shapes political attitudes and democratic legitimacy across Europe (Acemoglu et al., 2025; Rodríguez-Pose and Sandu, 2025). While the effects of national institutional environments on economic growth, democratic satisfaction, and wellbeing are well documented (Acemoglu, Johnson and Robinson, 2001; Chanley, Rudolph and Rahn, 2000; Radcliff, 2001), few studies have empirically examined whether local institutional environments matter independently in shaping trust.

Second, by decomposing corruption into grand and petty forms and tracking these annually at the regional level, we advance both the theoretical and methodological state of the art in studying institutional quality. This allows us to distinguish the informational channels through which different types of institutional failure affect trust, a step that previous work has called for in theory but rarely achieved in practice.

Third, by examining how the corruption-trust relationship is conditioned by urban-rural geography, regional growth trajectories, and historical legacies, we move beyond static accounts to show that cross-regional and group-based differences in trust have both contemporary geographic and historical roots. This contributes to research exploring how inherited norms, accumulated experiences with corruption, and economic geography together shape how individuals interpret institutional performance today, and whether trust erosion from corruption is reversible or historically entrenched

II. Theoretical Framework

Institutions, Trust, and the Geography of Governance

Institutions are widely recognized as fundamental determinants of long-run economic development and social cohesion (Acemoglu, Johnson and Robinson, 2001, 2002). Where they fail, through corruption, elite capture, or administrative dysfunction, they distort incentives, misallocate resources, and erode the legitimacy on which democratic governance depends (Shleifer and Vishny, 1993; Warren, 2004). Crucially, while macroeconomic performance may be appraised through national statistics, feelings of institutional trust are predominantly rooted in local encounters with governance (Wang and Gordon, 2011; Muringani, Fitjar and Rodríguez-Pose, 2024). This spatial heterogeneity within countries motivates our focus on regional, rather than national, measures of corruption.

Institutional Failure, Information, and Belief Formation

Not all forms of institutional decay are equally visible or consequential for trust (Wroe, Allen and Birch, 2013). Grand corruption (i.e., large-scale elite misconduct involving the diversion of public resources) signals systemic capture and is inherently more visible, rendering it a powerful negative signal about whether the political system as a whole can be trusted (Warren, 2004). Petty corruption, by contrast, operates through informal channels and everyday interactions, and may function less as a trigger for systemic belief revision than as an operational reality individuals learn to navigate (Bowler and Karp, 2004; Wang, 2016). The "betrayal aversion" and negativity bias documented in studies of political trust further suggest that corruption's erosive effects are likely stronger and more durable than any trust gains generated by institutional improvement (Fehr, 2009).

Context, Legacies, and the Path Dependence of Trust

The relationship between corruption and trust does not operate uniformly. Individuals rely on heuristics shaped by personal context, historical exposure, and cumulative experiences with governance. In regions where corruption is endemic, individuals may internalize permissive attitudes toward malfeasance, weakening its trust-eroding effects; where anti-corruption norms are strong, even minor infractions may generate disproportionate outrage (Anderson and Tverdova, 2003). Cohorts born in the same decade share formative institutional exposure, potentially generating common expectations about how governance functions, while country-level legacies provide the normative backdrops against which corruption is evaluated. Understanding whether trust is primarily a contemporaneous response to governance failures or a product of historically accumulated expectations is essential for assessing whether erosion is reversible through reform (Acemoglu and Robinson, 2006).

III. Data and Methods

Individual-level data are drawn from Rounds 1–10 of the European Social Survey (ESS), covering 2000/2001 to 2020/2022 across more than 30 European countries (European Social Survey European Research Infrastructure (ESS ERIC), 2024). ESS data are geo-referenced primarily at the NUTS 2 level, allowing for linkage to regional corruption and socioeconomic indicators. Survey weights combining post-stratification and country population size weights are applied throughout to ensure representativeness and yield unbiased estimators (Kaminska, 2020).

Our primary outcome variable is individuals' self-reported trust in politicians, measured on an eleven-point scale (0 = No Trust At All; 10 = Complete Trust), capturing beliefs about whether political actors serve public interests or pursue private gain. Sensitivity analyses substitute this measure with trust in political parties, the national legal system, the national parliament, and the European Union. Control variables include respondents' sex, age, educational attainment, household income adequacy, political interest, left-right self-placement, attitudes toward the welfare state, and attitudes toward immigrants.

Regional-level covariates are sourced from the Annual Regional Database of the European Commission (ARDECO), including logged GDP per capita (at 2015 constant prices), the share of the regional population with tertiary education, and regional unemployment rates (Auteri et al., 2024). These account for economic performance and human capital, factors that may independently affect both corruption levels and individuals' evaluations of political institutions.

The key explanatory variables are harmonized regional corruption indices, decomposed into two distinct forms: grand corruption (large-scale elite misconduct and abuse of public resources) and petty corruption (routine administrative dysfunction and bureaucratic malfeasance). This decomposition is both theoretically motivated and empirically novel. Existing studies of institutional quality and political attitudes, whether in the macroeconomic growth literature (Tabellini, 2010; Muringani, Fitjar and Rodríguez-Pose, 2024) or the political science literature on democratic satisfaction (Pellegata and Memoli, 2016; Quaranta and Martini, 2017), predominantly treat corruption as a single construct. We move beyond this by distinguishing petty administrative failures from systemic abuses of power, following theoretical arguments long advanced but rarely tested empirically (Bardhan, 1997; Anderson and Tverdova, 2003; Warren, 2004). In addition, these corruption measures are available annually, eliminating the need for interpolation commonly employed in longitudinal studies of institutional quality and regional development (e.g., Tabellini, 2010; Rodríguez-Pose and Garcilazo, 2015).

A distinctive feature of our analysis is its attention to contemporary economic geography as a potential moderator of the corruption-trust relationship. We examine whether corruption's effect on trust varies along the urban-rural continuum, testing whether individuals in urban, suburban, and rural settings respond differently to regional institutional failures, thus reflecting potential differences in exposure to corruption, media access, social network structures, and the nature of encounters with local administration. We further consider whether the relationship is conditioned by regional economic dynamism, framing regional development trajectories in terms broadly consistent with EU cohesion policy categories (transitioning, less developed, more developed regions) as well as regional growth rates. This captures how present-day economic stagnation or prosperity may amplify or attenuate the trust-eroding effects of corruption.

To examine the path dependence of trust, we adopt a three-step approach to institutional legacies. First, we exploit individuals' decade of birth in combination with country dummy variables to capture cohort-level socialization. The idea being that individuals born in the same decade will share formative institutional exposure, developing common expectations about how governance functions (Alesina and La Ferrara, 2002; Nunn and Wantchekon, 2011).

Meanwhile, country indicators allow us to infer differences in learned expectations associated with historically distinct institutional trajectories.

To estimate the effects of regional corruption on individual trust while accounting for the nested structure of the data, we employ a series of cross-classified multi-level models. Individuals are nested within regions and survey rounds, but also cross-classified by birth cohort and country, allowing us to simultaneously partition variance across these dimensions and isolate the independent contributions of contemporary regional conditions, national institutional legacies, and cohort-level socialization. This approach enables us to distinguish whether trust is primarily driven by present-day governance environments or by historically accumulated expectations, and to test whether the corruption–trust relationship is moderated by urban–rural geography and regional economic trajectories.

IV. Headline Results

Our results indicate that different types of corruption have meaningfully distinct effects on institutional trust: grand corruption exerts a stronger and more consistent negative effect than petty corruption, consistent with its greater visibility and systemic signal value. Cohort and country effects both emerge as significant, confirming that trust is not solely a contemporaneous response to present-day governance but is also shaped by historically accumulated institutional expectations. Contemporary geographical conditions, including urban–rural location and regional economic dynamism, further condition the corruption–trust relationship, with individuals in more economically marginal and rural settings exhibiting differential sensitivity to regional institutional failures.