

Popular Attitudes towards Markets and Democracy: Russia and United States Compared 25 Years Later

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Abstract: We repeat a survey we did in the waning days of the Soviet Union (Shiller, Boycko and Korobov, AER 1991) comparing economic attitudes towards free markets between Moscow and New York. Additional questions, from Gibson Duch and Tedin (J. Politics 1992) are added about attitudes towards democracy. Two comparisons are made: between countries, and through time, to explore the existence of international differences in allegiance to democratic free-market institutions, and the stability of these differences.

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Popular Attitudes towards Markets and Democracy: Russia and United States Compared 25 Years Later

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Public attitudes toward markets and toward democracy are fundamental to the well-functioning of an economy and a society. Attitudes towards markets and attitudes towards democracy are naturally connected: both are about individual freedoms, how they should be allowed, how the freedoms can be assured, or, on the other hand, how they should be limited.

In 1990, a year before the dissolution of the Soviet Union, while one of us, Boycko, lived in Moscow, and while the other, Shiller, lived in New Haven, in the greater New York area, we did a telephone survey of the general public in the respective cities (with Ukrainian survey expert Vladimir Korobov) about attitudes towards markets. Questions were about fair

prices and income inequality, resistance to exchange of money, lack of appreciation for incentives, and hostility towards business, (see Shiller et al (1991)). The questions, as well as questions in our follow-up survey Shiller et al (1992), were identical as far as the translation between Russian and English would allow, and as far as our impressions of how the questions would be understood could be.

We designed questions that would reveal the underpinnings of attitudinal differences between the countries, based on our personal impressions in our respective countries of the significant underlying differences. The questions went beyond mere statement of approval or disapproval of free markets.

Our questions avoided direct use of abstract concepts, like “markets” or “capitalism”, as we were concerned that these may have subtly different meanings in the two countries, colored by culture, associations, prevailing senses of politically correct usage, etc. Instead we asked respondents about their behavior in,

or evaluations of, imaginary scenarios that resemble real life situations that the respondents in both countries are likely familiar with.

In the same year, 1990, political scientists James Gibson, Raymond Duch and Kent Tedin, (1992) did a telephone survey in Moscow with questions about attitudes towards democracy. We felt their survey contained some of the same spirit as ours and similar methodology. Although Gibson et al (1992) did not provide an explicit comparison with US or another developed democracy, they largely avoided asking directly about “democracy”, “competition among political parties”, or “strong leader”.¹ Instead, their respondents were mostly asked to evaluate social rules applied to specific situations or scenarios.

In this paper, we report on a new survey that we have done in 2015, twenty-five years after these 1990 surveys. The script for the interviewer had as its first part the identical questions that we asked in 1990 (then called Questionnaire B) in one of our question scripts in 2015, and in the identical order, followed by seven of the questions asked by Gibson et al,

though not an exact ordered sequence of their question scripts.

Knowing that answers to questionnaires are influenced by framing, and by the previous questions asked, we wanted to make the procedure identical through time as much as possible, which is something we could do for the first part of the interviews.²

Since the Gibson et al. survey in 1990 was in Russian only, we did a retranslation of their original Russian questions into English, making slight improvements in the accuracy of the translation over the English translation of the questions that were presented in the Gibson et al. (1992) paper.³

I. Changes in Russia and in the United States over 25 Years

Since 1990, Russia has experienced tectonic changes in its economic and political system, largely succeeding in building a market economy, but failing to develop democratic institutions and is currently governed by the authoritarian regime of Vladimir Putin. The EBRD transition indicators index for Russia,

¹ A good example of this more direct approach to measuring Russian political attitudes is Hale (2011). See Guriiev et al 2008 and Treisman (2011, pp 377-388) for recent surveys of this literature.

² The details of the 1990 surveys are in Shiller et al. (1991) and Gibson et al. (1992). The 2015 Russian survey, carried out in Moscow in November 2015 by the Russian survey firm ADAPT, produced 301 responses, 151 from landline and 150 from mobile, while the United

States survey, carried out in Greater New York City November 2015 by Survey Sampling Inc., produced 300 responses, 170 from landline and 130 from mobile .

³ We are grateful to Michael Gronas, professor of Russian language and literature at Dartmouth College, who helped verify the accuracy of these retranslations.

that tracks progress in market reforms against standards of industrialized market economies along six dimensions, has increased from an average of 1.0 in 1990 to 3.3 in 2014 (the index range is from 1.0 to 4.3). The gains in the Polity2 index for Russia, that measures the level of democracy, were more modest: from 0 in 1990 to 4 in 2014 (the range is from -10 to 10).

A popular interpretation in recent years is that Russians' attitudes have been to blame for the lack of progress on democracy, that Russians understand the workings and advantages of free markets, but not of democracy. In 2004, Russian oligarch-turned-dissident Mikhail Khodorkovsky, while serving his prison term, had the following to say about Vladimir Putin: he "is probably neither liberal, nor democratic. But he is still more liberal and democratic than 70 percent of our country's population"⁴.

While illiberal and non-democratic attitudes are certainly common in Russia, the question is how *frequent* they are compared to the same attitudes in developed democracies. Gibson et al (1992) showed that these frequencies were in fact low in 1990, generally comparable to those observed in developed countries with functioning democracies. An important

objective of our 2015 surveys was to explore if the frequencies of non-democratic attitudes are still low in Russia and to compare them directly to United States.

Another recent development in Russia is massive and, admittedly, effective government propaganda effort⁵, which has a substantial anti-Western component. "Western democracy" is generally portrayed as dysfunctional, amoral, hypocritical, etc., which has likely damaged public perception of the concept of democracy, and might have affected the fundamental attitudes to it as well. We believe that in the current, "propaganda-intensive" environment, responses to the questions in our survey, mostly focused on social rules applied to specific situations, have a better chance of revealing fundamental public attitudes than the more direct questions about democracy.

In the United States, economic and political changes since 1990 appear less dramatic. In 1990 the Ronald Reagan free market revolution was still new, but already suffering from concerns that deregulation had spawned a savings and loan crisis. By 2015, doubts about free markets were reinforced by the 2008 financial crisis. Doubts can be observed through social movements such as the Occupy

⁴ As quoted in Myers (2015), p 253.

⁵ See Pomerantsev (2014) for a lively journalistic account.

Wall Street movement in 2011, the surge of concern with inequality as with Piketty (2014), the expressions of fears of dangers to working people from robotics destroying economic power of working people, and the enthusiastic reception to socialist Bernie Sanders of 2015.

Changes in the two countries over the 25 year period presented certain challenges for our survey methodology and data analysis. The proliferation of mobile phones in both countries required us to get representative samples of the users of the two kinds of telephones. Large shifts in the composition of the underlying populations of Moscow and New York necessitated additional attention to control variables.

II. Attitudes towards Free Markets

Our original conclusion from our 1990 survey was that attitudes towards markets were surprisingly similar between Russia and the United States. We find they are generally as similar in 2015, maybe even more so.

For example, in our 1990 survey we asked a question that referred to demand-induced increases of prices of flowers on holidays, implicitly alluding to the International

Woman’s Day in Russia, when even in the Soviet times men routinely bought flowers for wives and girlfriends, and to Mothers’ Day in the U.S.:

“B2 *On a holiday, when there is a great demand for flowers, their prices usually go up. Is it fair for flowers sellers to raise their prices like this?*”^{6,7}

	M90	NY90	M15	NY15
Yes	34%	32%	33%	45%
No	66%	68%	67%	55%

We see that in both countries people are opposed to this outcome of free markets: higher prices are unfair. The only statistically significant differences here relate to New York in 2015, where tolerance to price changes have actually increased, not decreased as movements like Occupy Wall Street might suggest.

A follow-up question asked about the policy implications of these fairness judgements:

B3. *Should the government introduce limits on the increase in prices of flowers, even if it might produce a shortage of flowers?*

	M90	NY90	M15	NY15
Yes	53%	28%	43%	22%
No	46%	72%	57%	78%

⁶ When calculating percentage responses here and below we omit “No answer” responses from the denominator.

⁷ The significance tests in this paper are t tests of significance of country dummy in a probit regression of answer choices on the dummy,

age, sex, rural origin and education as controls (described in an appendix in our working paper version) except for the comparisons involving questions B13-B19 with the M90 data, where the t tests are simple tests of equality of proportions, since that 1990 data did not report the same control variables.

Here a significant difference remains between Russians and Americans, although now in both countries respondents are less supportive of government regulation.

We sharpened the same question B2 by removing any possible cost justification for increased prices, and still get similar results:

“B11. A small factory produces kitchen tables and sells them at \$1000 each. There is so much demand for the tables that it cannot meet it fully. The factory decides to raise the price of its tables by \$100, when there was no change in the costs of producing tables. Is this fair?”

	M90	NY90	M15	NY15
Yes	34%	30%	32%	43%
No	66%	70%	68%	57%

We sharpened further by inquiring whether setting a high price in a deal itself is offensive:

“B7 You are standing in a long line to buy something. You see that someone comes to the line and is very distressed that the line is so long, saying he is in a great hurry and absolutely must make this purchase. A person at the front of the line offers to let him take his place in line for \$50. Would you be annoyed at this deal even though it won't cause you to wait any longer?”

	M90	NY90	M15	NY15
Yes	69%	44%	57%	44%
No	31%	56%	43%	56%

We see that while there has been a significantly higher resentment of this deal in Moscow, about half object to the deal in both countries. (Prices were indexed to inflation in both B7 and B11, in local currency.)

Belief in free markets also entails belief that it is reasonable to suppose that they might be left alone by government, so that the supposed incentives markets provide will be allowed to stand. We asked:

“B8 How likely is it, from your point of view, that the government in the next few years will take measures, in one way or another, to prevent those who have saved a great deal from making use of their savings? Is it quite likely, possible, unlikely or impossible that the government will do this?”

	M90	NY90	M15	NY15
1)	61%	52%	50%	54%
2)	39%	49%	50%	46%

[Responses: 1) “quite likely” + “possible”; 2) “unlikely” + “impossible”]

Today, Russians are less worried about government confiscation of wealth than Americans, which was not the case 25 years ago, although the difference is not statistically significant. Again, the two countries are similar. There is a lot of worry in both, actually.

Transition to a market economy improves labor incentives by making consumer goods and services available at market clearing

prices, rather than through queues and other non-price rationing mechanisms. We see evidence of this in a sharp, 31-percentage point, increase in Russians' willingness to work hard to earn more money, as documented in the question below:

“B9 Suppose that for certain reasons you are offered a 10% increase in the duties you perform at your work place with the following terms: your workweek will be increased by 1/10 (say, you will work an additional half a day) and your take-home pay will also increase by 10%. If you take this offer, this has no other effects on your prospects for promotion or relations with co-workers. Do you consider it attractive to have less free time, but more money, so that you would take this offer, or would you decide to reject it?”

	M90	NY90	M15	NY15
<i>I will definitely reject the offer</i>	73%	51%	42%	58%
<i>I will definitely accept the offer</i>	27%	49%	58%	42%

Americans willingness to work harder for money has slightly decreased over the period and they are now behind Russians in this respect⁸.

⁸ In 1990, only 2% of respondents in Moscow worked in private firms, while in 2015 69% did. In New York, the change was in the other direction: from 92% in 1990 to 76% in 2015.

And today, as 25 years ago, Russians remain more interested than Americans in becoming wealthy through success in business:

B4. Which of the following achievements would please you more?

[Response choices: 1) You win fortune without fame: you make enough money through successful business dealings so that you can live very comfortably for the rest of your life; 2) You win fame without fortune: for example, you win a medal at the Olympics or you become a respected journalist or scholar.]

	M90	NY90	M15	NY15
1)	65%	54%	67%	52%
2)	35%	46%	33%	48%

As a general summary of these results, while there are differences, we see a basic similarity across countries and through time. Sometimes Russians have a dimmer view of free market outcomes and incentives, sometimes the Americans.

III. Attitudes towards Democracy

In Table 1 below we present frequencies of “anti-democratic” responses to seven questions about democracy from Gibson et al (1992) in the three samples. The “anti-democratic”

responses are “agree” or “completely agree” in their questions (as we reordered and numbered them) B13, B14, B15, and B18, but “disagree” or “completely disagree” in B16, B17, and B19. The percentages relate to those who have a view, one way or the other, “undecided” responses are excluded from the denominator.

Our new survey results are in line with those of Gibson et al (1992): Russians generally continue to hold “pro-democracy” attitudes,⁹ although we find that in several respects they are not as strong today as 25 years ago, and weaker than those of contemporary Americans.

In four of the seven questions anti-democratic attitudes have increased significantly in Moscow between 1990 and 2015. But, still, only in four of the seven questions, about half of them, are they stronger than in New York in 2015.

In 1990 (B14) most Russians used to support the freedom of demonstrations by radical and extremist groups that may lead to disorder and destruction, in 2015 they no longer do. But in 2015 Russians may overreact to the words “radical” and “extremist” that are heavily employed by contemporary government

propaganda, with its emphasis on discrediting “color revolutions” in neighboring countries. Nevertheless, the difference with Americans is large, at 31 percentage points.

However, the largest difference with Americans that we found, of 41 percentage points in responses to question B15, relates to a preference for a society with strict order at the expense of some freedoms that may bring “destruction to the society”. This preference, at 76% in Moscow today, is not significantly different from 69%, recorded by Gibson et al (1992) 25 years ago.¹⁰

We also note a regrettable increase in Russians’ intolerance of minority views, as evidenced in responses to B13. But, at 37%, the frequency of this intolerance remains below 50% and not too far from that of Americans (29%). All the other differences between Russians and Americans in attitudes towards democracy in our survey are fairly small and unimportant.

On balance, our survey does not find empirical evidence that non-democratic attitudes are prevalent in Russia and thus represent an important obstacle to development of democracy. The difference between

⁹ The overall conclusion of Gibson et al (1992) was that “... we have discovered far more support for democratic values in Moscow than we anticipated” (p. 360).

¹⁰ One caveat that we have about this result is the accuracy of the translation: despite our best efforts to find the proper English

equivalent, the formulation of the alternative to “strict order” in Russian may remain somewhat stronger-worded than in English: «Лучше жить в обществе со строгим порядком, чем дать людям так много свободы, что они смогут стать разрушителями общества».

political outcomes in Russia and the United States appear too large to be explained by the differences in popular attitudes we found, and must come from other factors, like the legacy of political institutions, political culture of the elites, etc.

IV. Conclusion

Back in 1990, before the dissolution of the Soviet Union and the launch of President Yeltsin's market reforms, a common view in Russia was that ordinary Russians are "not ready" for the transition to a market economy, because they do not understand the markets and have different values. The impact of Shiller et al. (1991) was to demonstrate that this view had no empirical basis, and today, after 25 years of development of markets in Russia, the view sounds almost ridiculous. The evidence presented in this paper, building on the earlier results of Gibson et al (1992), does not support a parallel common view that the Russian personality is illiberal or non-democratic. Perhaps at some point in the future this view will sound ridiculous, too.

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Table 1: “Anti-Democracy” Attitudes in Moscow, 1990 and 2015, and in New York, 2015

	M90	M15	NY15
B13. <i>Society shouldn't have to put up with people whose political views are fundamentally different from the views of majority.</i> [Agree]	22%	37%	29%
B14. <i>Because demonstrations frequently lead to disorder and destruction, radical and extremist political groups should be forbidden to demonstrate.</i> [Agree]	37%	58%	27%
B15. <i>It is better to live in a society with strict order than to allow people so much freedom that they can bring destruction to the society.</i> [Agree]	69%	76%	35%
B16. <i>No matter what a person's political beliefs are, he should be provided with the same political rights and defense as anyone else.</i> [Disagree]	2%	3%	7%
B17. <i>It is necessary that everyone, regardless of their views, can express themselves freely.</i> [Disagree]	6%	8%	4%
B18. <i>If someone is suspected of high treason or other serious crimes he may be put to prison without trial.</i> [Disagree]	18%	10%	14%
B19. <i>The press should be protected by the law from persecution by the government.</i> [Disagree]	2%	20%	27%

Note: The nature of “anti-democratic” response is shown in square brackets. Questions are from Gibson et al. (1992), retranslated from the original Russian. Results are shown from their Moscow survey 1990 and our Moscow and New York surveys in 2015.