Political Inequality and the Origins of Distrust: Evidence for Colombia

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This paper aims to identify the effect of political exclusion on social capital in Colombia, suggesting social capital as an important channel through which political inequality has been central for Colombian economic development. I use the Colombian National Front agreement during 1958-1974 to test my hypothesis, as it institutionalized the political exclusion of non-traditional parties in that country. Whereas it affected all regions at the same time, it implied differential effects according to the municipalities' initial political diversity. The political exclusion treatment is measured by the electoral share of non-traditional parties before the National Front. The empirical strategy deals with the potential endogeneity in the variation of the treatment by using region fixed effects and relevant control variables in a cross-section model, as well as performing robustness checks. I further use panel fixed effects models with electoral turnout as a measure of social capital. I find that political exclusion imposed by the National Front may have led to less trusting individuals today, to a higher perception of free riding behaviors and to lower levels of electoral turnout. I also find that a possible channel through which political exclusion in the past may be able to explain social capital in the present is distrust towards the state.

Keywords: Political Institutions, Social Capital, Democracy, Colombia.

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Introduction

Institutions and social capital are considered in the literature as causes of differences in economic development across countries. They are highly persistent over time, but the channels through which they persist and affect economic development have not been extensively tested. The aim of this paper is to identify the impact of political inequality on social capital in Colombia. With political inequality (or political exclusion) I refer to the extent to which political institutions do not equally allow groups to access political power. I hypothesize that political exclusion in Colombia has damaged generalized trust and induced free-riding behaviors. This would mean that political inequality has not only affected economic development in the usual ways claimed in the literature, for example, through the establishment of economic institutions that favor the elites, but also that political inequality may have affected economic development through the damage of social capital. The latter supports the idea that formal institutions have a broader effect on society that is also important for economic development and for their own persistence.

The way I test this hypothesis is by using an important event for the Colombian political system in the 1950's: The National Front agreement. The National Front institutionalized the dominance of the two traditional parties, Liberal and Conservative. According to it, these parties had to alternate the presidency every four years during the period 1958-1974, while maintaining half share of all executive branch offices, as well as legislative, judicial and bureaucratic positions in each presidential period. The National Front not only imposed a formal barrier to political participation, but it notably increased clientelism as suggested by qualitative evidence. The literature also claims that there was an increasing distrust in government, elections and democracy after the National Front.

Political inequality, as a result of the National Front, did not affect municipalities in Colombia equally. Municipalities with a stronger preference for parties other than the Liberal and Conservative should have experienced a higher political exclusion than those that only had a traditional political affiliation. I thus investigate the relationship between the intensity of the National Front treatment, as measured by the mean electoral share of non-traditional parties before the National Front, and various measures of social capital.

I use survey measures from the Social Capital Barometer for Colombia -Barcas – in 2011. Since variation in the political exclusion treatment might be related with social capital in the past or with other factors that determine social capital today, I deal with this potential endogeneity in the empirical strategy. Whereas the basic identification strategy is based on relevant control variables and region fixed effects, I further perform robustness checks to verify my results. I also estimate panel fixed effects models using electoral turnout as an additional measure of social capital.

I find that a larger political exclusion treatment (electoral share of non-traditional parties at the municipality level before the National Front) is associated with less trusting individuals today and with a higher perception of free riding behaviors. Using the same measure of the treatment today as a placebo yields no significant effects (if any, only

positive), while the treatment is equally significant, also similar in magnitude, when including both. However, I further try to control for past social capital by using mean electoral turnout before the National Front as a proxy. After controlling for past social capital with this proxy, a higher treatment is still significantly related to a higher perception of free riding behaviors. Results are robust when performing regressions weighted by the share of non-immigrants in each municipality and when using a smaller, more homogeneous sample of municipalities.

I also find additional evidence of a deterioration of social capital. After controlling for department fixed effects and time fixed effects, departments affected by a higher political exclusion have, on average, a lower electoral turnout for the period after the National Front and this negative association is only significant for years after the treatment.

The intuition behind the hypothesis in this study is that political exclusion creates distrust towards the state, which then harms social capital. To the extent that abstentionism reflects distrust towards the state, results for electoral turnout above support this channel: Departments facing a larger political exclusion due to the National Front would be the ones with lower levels of trust towards the state after the treatment. I further investigate the proposed channel using survey measures of state perception today. I find that a higher National Front treatment is in general associated with a higher perception that state's decisions are not equally applied to everybody, and this, in turn, is associated with a higher perception of free-riding behaviors. Corruption perception in public offices is significantly related with less trusting individuals and with a higher perception of free-riding behaviors; however, this corruption measure is not clearly affected by the treatment.

Although these results may be some evidence in favor of distrust towards the state as a channel, there might be additional channels through which the treatment is also operating. This is clear in that the National Front treatment still matters for social capital in most cases, even after controlling for the suggested channel. Alternatively, one may think that state perception today does not necessarily coincide with state perception in the past (during and after the treatment), which is the one argued to have undermined social capital.

Extensive literature has claimed institutions as the major cause of differences in development outcomes, not only explaining the unprecedented economic growth after 1800[1], but also the present underdevelopment of many countries.[2] The question is still how institutions are determined and why are they still different across countries. In this sense, the literature has given a fundamental role to political power. It is argued that the evolution of political power reinforces particular initial conditions and its distribution determines economic institutions (Acemoglu et al., 2005b).

Empirical literature on Colombian development identifies political inequality as a major cause of underdevelopment. Acemoglu et al. (2007) find for the Colombian region of

[1]North and Thomas (1970); North and Weingast (1989); Acemoglu et al. (2005a); La Porta et al. (2008); Acemoglu et al. (2011).

[2]Engerman and Sokoloff (1997, 2002); Acemoglu et al. (2001); Acemoglu et al. (2002); Banerjee and Iyer (2005); Nunn, (2008); Feyrer and Sacerdote (2009); Dell (2010).

Cundinamarca that political rather than economic inequality in the 19th century is significantly related with underdevelopment paths among municipalities. Accordingly, historical and theoretical literature also claims that political inequality is central to explain Colombia's economic development. Robinson (2005) suggests, for instance, that the incoherence of Colombia's poor development outcomes with its long history of economic stability and excellent macroeconomic policy can be explained by the persistence of political elites and traditional parties.

On the other hand, there is extensive literature that would claim an important role for social capital in the Colombian context, although the determinants and effects of social capital have not been tested in that country to the best of my knowledge.

Social capital is considered to have a direct impact on economic development since it establishes the degree of cooperation and mutual trust among individuals, which are key elements for the development of markets, for solving collective problems, and thus for public goods provision. Social capital may also matter indirectly by influencing formal institutions and their performance. Several studies[3] have reported a positive and significant relationship between social capital and development outcomes across and within countries (arguably causal). Considerable literature has also shown a significant association between social capital and institutional outcomes[4] and has searched for the historical origins of social capital differences[5].

Literature on social capital often casts doubts on the dominance of formal institutions in determining economic growth and claims that culture has been severely understated. The main fact it brings into question is that same formal institutions can perform differently in different cultural environments, where also different economic outcomes are observed (Tabellini, 2010), although this relationship does not necessarily mean a causal effect of culture on institutions performance or economic development. Additionally, this literature points out the need to understand the way cultural values are formed and transmitted over time.

This study provides the following intuition: Political inequality creates in the first place distrust towards the state; citizens may not agree with, nor trust the use and destination of public resources and they may not believe, in general, that governmental policies will be socially optimal. If everyone has to fend for oneself because the state is not trustworthy to represent the society's interests, a greater sense of individualism or selfishness is likely induced, and this becomes common knowledge so that everybody is in a non-cooperative equilibrium. This intuition implies that the interplay between citizens and state under political inequality probably causes a broader effect that spreads out free riding and distrust to culture as a whole.[6] Like the papers by Jacob and

[3] Putnam et al. (1993); Helliwell and Putnam (1995); Fukuyama (1996); Knack and Keefer (1997); Guiso et al. (2004); Algan and Cahuc (2007).
[4] Putnam et al. (1993); Fukuyama (1996); La Porta et al. (1997); Knack (2002); Uslaner (2006).
[5] Putnam (1993); Guiso et al. (2008); Tabellini, (2010); Nunn and Wantchekon (2011); Durante (2010); Jacob and Tyrell (2010).
[6] When I argue that political inequality affects social capital, I do not refer to attitudes that appear as a direct outcome of institutions-driven incentives; for example, that there are less entrepreneurs because property rights are not well protected, or that people cheat on taxes because law enforcement is weak. I refer to an effect on every day behaviors.

Tyrell (2010) and Nunn and Wantchekon (2011), this paper shows a case of social capital erosion.

The paper proceeds as follows. In the next section I give a brief historical background of the Colombian National Front. Section 2 describes the data. Section 3 presents the empirical strategy. In section 4 I report results. Section 5 investigates the proposed channel in the hypothesis. Finally, section 6 concludes.

1. The Colombian National Front

The economic development of Colombia seems to be contradictory, as highlighted by Robinson (2005). He notes that Colombia, while being a country with a history of good macroeconomic policy, has very disappointing socio-economic outcomes, just as those of any other Latin American country.

Unlike the rest of countries in Latin America, Colombia's economic performance during the 20th century has shown a very low volatility. A prudent macroeconomic policy has avoided inflation problems and debt crisis, whereas they have been a major source of instability for countries in the region. Colombia has been also unique in the continuity of its political elites and traditional parties since their foundation in the 1840s (Robinson, 2005).

One reason for a prudent macroeconomic policy might be that persistent elites that receive a high share of national income and seek to maximize the value of their rents are willing to carry out appropriate macroeconomic policies. The question posed by Robinson (2005) is: how can this persistence of elites be explained without satisfying social improvements and without recurring to populism? And the answer comes from large literature that points out clientelism as an outstanding feature of Colombian politics.[7] Robinson (2005), in particular, argues that "Colombian elites have long-developed social networks and specific investments in delivering patronage" (Robinson, 2005, p. 11) and as a consequence, clientelism has become increasingly efficient as a means of maintaining control of the political system (Robinson, 2005).

One chapter in the continuity of political elites in Colombia is given by the National Front agreement –*El Frente Nacional* (hereafter NF). This agreement institutionalized the exclusive dominance of the two traditional parties, Liberals and Conservatives, for the period 1958-1974. Liberals and Conservatives had to alternate the presidency every four years during that period, while maintaining half share of all executive branch offices, as well as legislative, judicial and bureaucratic positions in each presidential period.[8] The

[7] Duarte (2003), Martz (1997), Carey and Shugart (1995), Leal and Davila (1990), Diaz (1986), Losada (1984), Schmidt (1977).

[8] Power parity between the two traditional parties remained even beyond the period of the NF thanks to a constitutional reform made in 1968. According to it, Conservatives and Liberals should share administrative posts until 1978, although free electoral competition for presidency would return in 1974; moreover, after 1978, the winning party should cede some power to the second one, which was the case until 1986 (Pizarro, 2004).

NF was a key element for policy makers to achieve a long run perspective in economic policy (Hartlyn, 1988; Cárdenas, 2009), but also for the rise of clientelism according to qualitative historical evidence.

1.1. Emergence and consequences of the National Front

The NF emerged as a way to stop violence at that time and as an urgent measure conceived by the political elites, who feared to be excluded from power during the military government of General Gustavo Rojas Pinilla. Before the NF, Liberals and Conservatives had always fought against each other for holding control over the state and public offices. Precisely during the decade before (period called *La Violencia*), Colombia experienced great violence as a result of an increased political polarization between these parties; this started with the presidential elections in 1946. Although Liberals were a majority at that moment, a fracture within this party allowed a minority of Conservatives to win the presidency, and this was the trigger for a civil war (Hartlyn, 1984). Violence became even worse after the assassination in 1948 of the Liberal populist leader Jorge Eliecer Gaitán, who was a main figure in the political context. This period of chaos was ruled by two conservative governments until the overthrow by General Rojas Pinilla in 1953.[9]

Although Rojas Pinilla (1953-1957) came to power with support of sectors from both parties, his government distanced these political actors, wide sectors of the population and main economic players. Corruption, violence and populist policies, on the one hand, and Rojas Pinilla's desire to stay in power, on the other, were the causes of an increased opposition that derived in the NF agreement. Rojas' attempts to stop the elites' NF led to a generalized strike promoted by bankers, industrialists and merchants, which made Rojas finally withdraw in 1957 (Hartlyn, 1984). The NF was signed in 1957 and the first presidency started in 1958 with a Liberal candidate.

The NF eliminated indeed conflicts among the two traditional parties and encouraged cooperation between them, while they were becoming more similar over time (Melo, 1978; Acevedo and Castaño, 2002). The NF implied institutional stability, but political leaders did not take advantage of it in order to gain real democratic support. For instance, although some social reforms were proposed during that period, they were not fully executed or not even undertaken and were just credible as attempts to legitimizing an exclusive and unfair political system (Melo, 1978; Acevedo and Castaño, 2002). Accordingly, Hartlyn (1984; 1988) points out the marginalization of the common people from policymaking: "[The National Front] promoted the defense of organized minority rights over majority rights, thwarted reform, and produced governments with strong immobilist tendencies" (Hartlyn, 1984, p. 247).

One important effect attributed to the NF was increased clientelism. As the NF promoted intraparty competition, not competition across parties, the NF produced fragmentation within parties (Pizarro, 2004). Members of a same party had to compete for the presidency, as well as for the share of bureaucratic quotas. This fragmentation

[9] This event was the result of the intensified violence under the government period 1950-1953 and the conspiracy of Conservative leaders with the military (Hartlyn, 1984).

was likely to increase clientelism due to the increasing need of support outside the own party (Pizarro, 2004), and due to the obstacles to governance faced by the executive[10]. On the other hand, following the hypothesis of Robinson (2005), it can be argued that the NF gave the traditional parties the time and space to build the necessary networks in order to keep power easily through clientelism.

One salient fact during the NF was the emergence of illegal armed groups, some of which persist until these days. Hence, while the NF eliminated violence between traditional parties, it induced another form of violence as a response to political exclusion (Acevedo and Castaño, 2002; Pizarro, 2004).

While the emergence of these armed groups is important evidence that the NF represented a political shock, the latter probably had other less visible, but no less relevant, effects. The literature clearly identifies an increasing distrust in elections and democracy and thus a rise in abstentionism during the period of the NF (Acevedo-Castaño, 2002). There was a feeling that electoral results were predetermined (Tirado, 1989); on the other hand, as Liberals and Conservatives were turning more ideologically equal, they could not offer distinguishable options to the citizens (Melo, 1978). As Melo (1978) points out, rising abstentionism was even resistant to processes like the growth of urban population, the increase in the literacy and numeracy rate, as well as the improvement of media. It is then argued that the linkages between parties and citizens turned more dependent on the provision of private benefits (Melo, 1978).

1.2. Variation in the magnitude of the National Front impact

The NF agreement imposed a formal barrier to political participation and may have increased clientelism as a consequence of intraparty competition, political exclusion, and the absence of an opposition control, which made clientelistic networks easier to build. Although this agreement was valid in the whole country, the magnitude of its impact was not likely equal across regions. Some regions were more politically diverse than others before the NF, or in other words, some regions had a stronger preference for parties other than the Liberal and Conservative and, as a consequence, these regions experienced a higher political exclusion.

Non-traditional parties in the first half of the twentieth century were already facing high entry barriers to the political system, and therefore many of these third parties did not have continuity in the political scene. The only exception was the Communist party (Pizarro, 1997); it was founded in 1930 and its main support came from previous farmers and laborers' political movements grouped into the former Socialist party (Medina, 1989).

Graph 1 shows a map of Colombia locating the 57 municipalities in the sample; it displays differences in their mean electoral share of non-traditional parties before the NF.[11] As can be seen, preference for non-traditional parties in the sample is fairly well

[10] The NF agreement also established a mandatory two-thirds majority vote in the Congress until 1968 (Hartlyn, 1984).

[11] Graph A1 (in the Appendix) indicates municipalities with a mean electoral share of non-traditional parties before the NF higher than 1% in order to ease the observation of 'treated' municipalities according to this threshold.

spread across departments. Graph 2, in turn, shows mean electoral share of non-traditional parties before the NF at the department level. Now some regions (areas including more than one department)[12] look more homogeneous than others; for instance, the Pacific-north region with a high mean electoral share of non-traditional parties, and the south-west region, which exhibits in contrast a very low share. Also homogeneous is the 'Viejo Caldas' – Antioquia region, whereas the Atlantic coast, the central region of the country and the 'Santanderes' (Santander and Norte de Santander departments) display more heterogeneity.

The variation observed in these graphs is used in this paper in order to measure the effect of political exclusion on social capital in a within-country setting. The conditions for identification of such effect will be discussed in the empirical strategy.

2. Data description

2.1 Social capital and state perception data

I use the Colombian social capital survey - Barcas - for the year 2011 in order to obtain measures of interest. Barcas is the source used by the World Values Survey and has a representative sample of individuals from 57 Colombian municipalities, 26 of which are departments´ capital cities.[13] It surveys a total of 3028 individuals.

Social capital outcomes are based on the following questions: 1) Generally speaking would you say most people can be trusted, or one cannot be that trusting when dealing with people?; 2) Do you think most people would try to take advantage of you if they got a chance, or would they try to be fair? With the first question I want to measure generalized trust; I then define the variable *trust*. With the second question I measure perception of free riding behaviors, and based on it I define the variable *fair*. Although the Barcas survey also provides questions on the extent to which individuals accept free riding behavior (or are free riders), these questions are subject to be dishonestly answered as these kinds of behavior should not be socially acceptable. Yet, some literature based on experimental data has pointed out that people's statements about the behavior of others may reflect to some extent how they behave themselves (Glaeser et al., 2000). The variables *trust* and *fair* will be used as the dependent variables in the empirical strategy.[14]

The Barcas survey also allows observing some individuals' characteristics that I would like to control for. I can observe if the individual considers himself as belonging to an ethnic/racial group, namely, black or indigenous. I also identify if the individual has been a victim of the armed conflict in Colombia, by considering positive answers in any of the following three questions: Have you lost any member of your family or close relative because of the armed conflict? Has any member of your family, or have you had

[12] These regions are bordered with a thicker line in the graphs.
[13] Given that a significant part of the regions' population is concentrated in capital cities, total population of the 57 municipalities in the sample would account for 46% of the country population.
[14] Mean values of *trust* and *fair* in each municipality are shown in the Colombian map in Graph A2 and Graph A3, respectively.

to take refuge or to leave your home because of the armed conflict? Has any member of your family had to leave the country because of the armed conflict?

Some questions in the Barcas survey are related to distrust towards the state, which is the suggested channel in this study. I construct a *corruption* variable based on the reported corruption perception in public offices; I also construct the variable *all_equal*, which indicates the extent to which individuals believe that state's decisions are not applied equally to everybody.

2.2. Electoral data

The Colombian national electoral office (*Registraduría Nacional del Estado Civil*) is the source for electoral data. Variables of interest are electoral share of non-traditional parties, defined as the share of votes for non-traditional parties in total votes for a given elections, and electoral turnout, defined as total number of votes over electoral potential (individuals able to vote).

Electoral reports were directly consulted for electoral share of non-traditional parties and electoral turnout at the municipal level before 1958. Some (10) municipalities in the Barcas survey did not exist before 1958 (were not recognized as municipalities given their small size). In these cases, electoral share of non-traditional parties before the NF was established for them as being zero, given that this share was either zero for the whole department, or if positive, it was an existent municipality today the one reporting this positive share within the department.

On the other hand, electoral share of non-traditional parties after 2000 is calculated with databases provided by Universidad de los Andes, and electoral turnout at the department level was consulted at the Electoral Processes Observatory - Universidad del Rosario.

2.3. Socio-economic data for municipalities

I use two Colombian Censuses in order to construct socio-economic variables at the municipality level. One Census is the one closest before the treatment in 1951; the second Census in 2005 is the one closest to social capital outcomes. These variables are described in Table A7 and Table 1.

For municipalities in the Barcas survey that did not exist in 1951, I have to assume department´s averages for some variables and estimate their population in that year according to population growth rates. An important problem faced with the 1951 Census is heterogeneity in the type of information available for all municipalities. This restricts the number covariates I can construct.

2.4. Descriptive statistics

All variables presented above are defined in Table A7 in the Appendix and descriptive statistics of them are shown in Table 1. Municipalities are divided into treatment and control group in Table 1 using a binary treatment, which takes the value of one if mean electoral share of non-traditional parties in 1941-1951 is higher than one percent. The comparison of covariates by treatment status is further discussed in section 3.2 below.

3. Empirical Strategy

The empirical strategy pursues the identification of a causal effect of political exclusion on social capital in Colombia. I have argued that the National Front –NF- implied a major shock as it institutionalized political exclusion of non-traditional parties; moreover, I claim there was variation in its impact, considering the extent to which individuals identified with those parties excluded from the political system.

The employed measure for political exclusion treatment is thus the mean electoral share of non-traditional parties in each municipality before the NF, more precisely, during the period 1941-1951[15] (*political_exclusion*). The main issue of concern is, however, that the variation in the treatment may not be exogenous for social capital; electoral share of non-traditional parties might be related with social capital in the past or with some other factors that determine social capital today.

In the following subsections I will present the baseline model (which uses social capital outcomes from the Barcas survey), the conditions for identification of a causal effect, and finally, a panel approach using an alternative measure of social capital.

3.1. Baseline model

The baseline model is given by equation (1), where social capital outcomes at the individual level are a function of region fixed effects, treatment and control variables.

$$Social\ Capital\ Outcome_{ij} = \eta_R + \beta\ political\_exclusion_j + X_{ij}'\theta + Z_j'\gamma + \varepsilon_{ij} \qquad (1)$$

Index i denotes individuals in the sample, whereas index j refers to the corresponding municipality for individual i. *Social Capital Outcome* is either the variable *trust* or *fair*. η_R are region fixed effects. These Colombian regions are wider than departments and can be clearly identified in that country, since cultural and economic characteristics are similar within them, and also different from these characteristics in other regions. Municipalities in the sample can be classified into six regions, which were already mentioned in section 1.2.[16] Department fixed effects would be preferable, but for some departments I do not have more than one municipality in the sample and hence they would capture the treatment. X is a vector of individual controls; Z is a vector of control variables at the municipality level.

Since the political exclusion treatment is defined at the municipality level, I also estimate the baseline model considering mean social capital outcomes in each municipality. By doing so, I am restricting the sample to 57 observations, which makes hypotheses tests more demanding.

[15] This period corresponds to 6 legislative elections before the NF. See Table A7 for a more precise definition.

[16] Central region (including Bogotá), Atlantic coast, Pacific-north, south-west, 'Viejo Caldas'-Antioquia (region associated with coffee production in Colombia), and 'Santanderes' in the north-east (formed by two departments: Santander and Norte de Santander).

3.2. Conditions for identification

The empirical setting above uses the NF event in order to measure a political exclusion treatment. This can be understood as a quasi-experimental setting if the following conditions hold.

First, individuals should be comparable among treated and control municipalities. An important step in that direction is to know what makes treated municipalities different from non-treated, in order to avoid that the estimated treatment effect captures influences on social capital other than that of political exclusion. Table 1 reports results of a mean comparison test between treated and non-treated municipalities for covariates before the treatment (1951) and in the present (2005). For this purpose a binary treatment is now used.[17]

Treated municipalities have, on average, a significantly greater population size and urbanization rate in 1951 as well as in 2005. On the one hand, a larger population size may reflect a higher level of economic activity, but also the fact that individuals are more exposed to an unfamiliar environment (i.e. to treat with strangers). On the other hand, urbanization is likely related with the type of economic activities performed (treated municipalities have indeed a significantly lower share of the population in the agricultural and mining sector), and may also be a measure of population density, both of which might be able to explain differences in social capital. Hence, I control for population size and urbanization rate in 1951 and 2005, as well as for share of the population in the agricultural and mining sector in 2005.

Bigger and more urbanized municipalities considerably attract migrants from many regions in Colombia, and this fact could be the reason why these municipalities exhibit a greater dispersion of political preferences and lower levels of trust. Although the mean share of immigrants (including Colombians from other departments) is not significantly different between treated and non-treated municipalities, I control for the latter measure in the model.

Additionally, treated and control municipalities significantly differ in employment rate in 2005, schooling years of the population in 2005 and literacy rate in 1951. These variables can clearly affect social capital, but they can also reflect the population socio-economic level, which might be in turn an outcome of social capital in the past. I control for these three features as well.

Whereas differences in municipalities´ development are important to explain social capital outcomes, I am also able to observe individual characteristics from the Barcas survey. Individual covariates used in the model are exogenous for answers measuring social capital, but can very likely explain differences in trust levels or perception of free-riding behaviors. Individuals in the sample that have been affected by the armed conflict in Colombia can be identified. They probably exhibit lower levels of trust given

[17] A municipality is treated if *political_exclusion* is higher than 1%. 20 out of 57 municipalities are considered treated in Table 1, where the median value of *political_exclusion* is 0,09%. This value indicates the lowest positive electoral share of non-traditional parties, which means that 28 municipalities have no electoral share of these parties before the NF. Although this value would be a natural treatment threshold for the purposes in Table 1, I take a higher, more conservative threshold.

their particular experiences and this is captured by including a *victim* dummy variable. On the other hand, individuals belonging to ethnic minorities have a broader history of exclusion (not only from the political system) and are likely to share many cultural characteristics within their groups. Hence, I capture variation in social capital coming from these historical differences using dummy variables that indicate the membership to black ethnicity (*black)* or indigenous ethnicity *(indigenous)*.

Finally, region fixed effects defined in the previous subsection allow capturing any unobservable characteristics that are common within these regions, which are probably the outcome of the country´s historical development. In this sense, I can be more confident about the orthogonality of the treatment with respect to unobservable variables.

A second condition for identification (or a particular case from the first condition) is that individuals with a specific level of social capital did not select into non-traditional parties. Despite the above mentioned set of controls at the individual and the municipality level, we may still be concerned that individuals with a lower social capital selected into non-traditional parties before the NF, and just because of cultural transmission we would observe worse social capital outcomes for treated municipalities today. In order to deal with this possibility, I would like to have a measure of social capital in the past or some observable that be an outcome of social capital. Following the literature[18], a good proxy for social capital should be electoral turnout, since it is likely to reflect civism and cooperation among individuals in a society. Therefore, I extend the baseline model by adding mean electoral turnout at the municipality level before the NF (1941 -1947) as a regressor.

3.3. Using electoral turnout as dependent variable

Given electoral turnout as an indicator of social capital, I want to test if political exclusion implied by the NF affected the evolution of this variable. Electoral turnout at the department level in the period 1947–2006 (with gaps) is used in two alternative panel fixed effects models.

With the first model I want to establish the average effect of the NF treatment and this model is given by:

$$turnout_{dt} = \mu_d + \delta_t + \beta \cdot postNF_t \cdot political\_exclusion_d + \varepsilon_{dt} \qquad (2)$$

where μ_d are department fixed effects, δ_t are time fixed effects and $postNF_t \cdot political\_exclusion_d$ is the interaction term between the treatment measure at the department level and a dummy variable that takes the value of one since 1974 onwards (i.e. the period after the NF).

The second fixed effects model is described by:

$$turnout_{dt} = \mu_d + \delta_t + \sum_\tau \beta_\tau \cdot d_\tau \cdot political\_exclusion_d + \varepsilon_{dt} \qquad (3)$$

[18] See Putnam (1995), Ostrom (2000), Fowler (2006).

This model allows the estimation of the treatment effect for each year before and after the NF ($d\tau$ are time dummies, where τ is an index for every year except for one). This is meaningful in that now it is possible to observe pre-trends according to treatment level, although the effect of political exclusion should be only observed after the treatment.

It is worth noting several advantages of the empirical setting proposed in this subsection. First, it allows capturing observed and unobserved characteristics that are time-invariant and specific to each department. It also captures the effect of other events in the recent country history that may have affected electoral turnout in a given year within the time span used here. Foremost, the panel setting allows observing the timing of the political exclusion effect and what might have happened to social capital (as measured by electoral turnout) during the years right after the NF.

4. Results

Estimates for the baseline model are shown in columns (1) and (5) in Table 2.[19] A higher political exclusion treatment, as measured by the mean electoral share of non-traditional parties before the NF, is significantly associated with lower levels of trust and with a higher perception of free-riding behaviors. To understand the magnitude of the coefficients, one can relate the estimated effect to a one-standard-deviation change in *political_exclusion*. Increasing the level of *political_exclusion* by one standard deviation reduces the probability that an individual trusts most people by 2 percentage points, or, equivalently, by 26% of one standard deviation in the *trust* variable. The same change in the treatment also increases the perception that others will take advantage by 38% of one standard deviation in the *fair* variable.

I include the proxy for social capital before the NF (mean electoral turnout) in columns (2) and (6). Now the treatment effect on the trust variable is no longer significant, while it is still significantly related with a higher perception of free-riding. Mean electoral turnout in the period before the treatment is not significant in either case.

When performing these regressions using social capital outcomes aggregated at the municipality level, rather than at the individual level, in columns (3), (4), (7) and (8), results lead to the same conclusions as before.

Table 3 reports estimates for the panel fixed effects models using electoral turnout at the department level as dependent variable. After controlling for time fixed effects, a higher political exclusion imposed by the NF is significantly associated with a lower average electoral turnout after the treatment (column (1)).

Graph 4 shows a corresponding picture. To allow for a graphic representation of the relationship, a binary treatment definition is used (department is treated if mean electoral share of non-traditional parties before the NF is higher than 0.5%)[20]. Electoral

[19] Table 2 reports OLS estimates. Logit and ordered logit estimates in tables A1 and A2 (in the Appendix) confirm results presented here.

[20] 0,5% is approximately the median value of mean electoral share of non-traditional parties in 1943-1951.

turnout is very similar among treated and non-treated departments before and during the NF, but for all the period after 1974 treated departments have always a clearly lower level of electoral participation (Graph 3 displays mean standardized turnout[21] after the NF across departments in the Colombian map).

Column (2) in Table 3 shows estimated coefficients for interaction terms between the treatment measure and year dummies, where the omitted interaction term is the one for 1962. A higher mean electoral share of non-traditional parties before the NF is only significantly related to lower electoral turnout for years after the NF, namely, the period 1986 -2002. Coefficients have a negative sign for all years after the treatment, but they are not statistically significant for the first three election years right after the NF. A simple intuition would tell that individuals were more willing to vote in the first election years for which alternative parties were allowed again to participate, and that this effect should have been stronger among departments with a higher treatment. This is clear in Graph 4 if I consider electoral turnout in 1974 (first elections with other parties). However, it is likely that the constitutional reform of 1968, which extended power sharing at some levels until 1986 (see footnote 9), made people feel their voting efforts were in vain.

These results suggest that political exclusion imposed by the NF implied a deterioration of civic engagement and cooperation. In such a way, a negative association between political exclusion in the past and social capital in 2011, as reported by the estimates in Table 2, is more likely to be causally interpreted.

4.1. Robustness checks

I perform a placebo treatment in the baseline model by using the same measure of the treatment - mean electoral share of non-traditional parties - for the period 2002-2010 (*mean other 2002-2010*).[22] If there is something about the treatment measure that is related to social capital and that I cannot observe, this measure today should be correlated with social capital.

Table 4 and Table 5 show OLS estimates for *trust* and *fair* at the individual level, respectively.[23] Columns (1) and (2) report again the baseline model results for comparison. Column (3) shows estimates using the placebo treatment and column (4) includes both the treatment and its measure today. For both dependent variables, the placebo treatment is not significant, and when including the treatment and its measure today, mean electoral share of non-traditional parties before the NF is equally significant, also similar in magnitude, while the same measure today is not.

Migration during and after the NF treatment could be a concern, as it might dilute the observed effects or even lead to spurious correlations. I therefore estimate the different

[21] The mean standardized turnout in a given department tells, on average for the period after the NF, by how many standard deviations (and in which direction) electoral turnout deviates from the mean electoral turnout in a given year.

[22] Only independent parties are taken as non-traditional, not the different ones that have emerged from the Liberal and Conservative parties. These independent parties comprise left-wing parties, minorities' political movements and parties that have emerged to support independent candidates.

[23] Logit and ordered logit estimates are shown in tables A1 and A2 and they lead to the same conclusions as the results presented here.

specifications in columns (1) - (4) using regressions weighted by the share of non-immigrants in each municipality in 2005.[24] Results for these weighted regressions are shown in columns (5) - (8) of tables 4 and 5 and they lead to same conclusions as before: A higher political exclusion treatment is significantly associated with lower levels of social capital; the same measure of the treatment today is not related to social capital outcomes; and after controlling for a proxy of past social capital, political exclusion can still explain a higher perception of free-riding behaviors.[25]

Finally, it is important to make municipalities comparable. Although I am already controlling for several observables at the individual and municipality level, as well as unobservables at the regional level, I would like to restrict the sample to more similar municipalities. I drop municipalities on the upper and lower end of the distributions for population and urbanization in 1951, so that I have the biggest sample possible with comparable municipalities. The 13 biggest capital cities have to be excluded, as well as the 15 smallest and less urbanized municipalities. The third panel in Table 1 shows descriptive statistics for covariates in this restricted sample. Now differences in means are not statistically significant between treated and non-treated municipalities according to the binary treatment.

I perform again the regressions in columns (1) - (4) using the restricted sample and estimates are presented in columns (9) – (12) of tables 4 and 5.[26] All previous results are robust to this smaller and more homogeneous sample, except for the placebo measure, which is now positively related to higher trust levels, while a larger political exclusion treatment is still significantly associated with lower social capital.

5. Investigating the channel

The hypothesized channel through which political exclusion about 50 years ago can explain social capital differences today is distrust towards the state. In that case, variation in political exclusion across regions should lead to a corresponding variation in this channel. To the extent that abstentionism reflects distrust towards the state, electoral turnout results presented in the previous section would support the idea that the NF had a differential effect, and that regions facing a higher political exclusion due to the NF are the ones with lower levels of trust towards the state after the treatment.

I further investigate the proposed channel using direct measures of state perception from the Barcas social capital survey, namely corruption perception in public offices (*corruption)* and the perception that state's decisions are not applied equally to everybody (*all_equal)*. First, I want to establish if political exclusion affected these measures. I perform the same regressions as before, but now with state perception as

[24] Unfortunately, I am not able to know the year of migration of individuals born in Colombia. Thus, I am also including in immigrants those people who had already migrated before the NF. These are likely to be few in 2005.

[25] Table A3 and Table A4 in the Appendix show robustness checks with *trust* and *fair* aggregated at the municipality level, rather than at the individual level, as dependent variables. Results are now also robust to regressions weighted by the number of observations from the sample in each municipality (see columns (9)-(12) in those tables).

[26] These results are confirmed by logit and ordered logit estimates in tables A1 and A2.

dependent variable. Results for these regressions are shown in Table 6 at the individual and municipality level, as well as in Table 7 (for *corruption*) and Table 8 (for *all_equal*) including robustness checks. They indicate that a higher political exclusion treatment is significantly associated with a higher perception that state's decisions are not equally applied to everybody, although not after controlling for the proxy of past social capital. On the other hand, a higher NF treatment is in general not significantly related to higher corruption perception.

Second, I want to verify the extent to which the treatment affects social capital through the suggested channel. For this purpose, I proceed in two steps. I first relate state perception measures with social capital outcomes (odd columns in tables 9 and 10), and next I include both, the channel and the political exclusion treatment, as explanatory variables for social capital (even columns in tables 9 and 10).[27] I have to note that for this part of the exercise I can only determine correlations between state perception and social capital, rather than causal relationships, as it is hard to establish if it is just because individuals have low levels of trust that they also distrust the state as any other agent, or if the reverse is true. Nevertheless, these correlations are reported here for the purpose of linking the channel to the outcomes.

Table 9 reports a significant association (in the expected direction) between corruption perception and social capital outcomes. However, this evidence is not enough to support corruption perception as a channel, since this measure does not seem to be affected by the treatment (as shown in Table 7).

Table 10 indicates that a higher perception that state's decisions are not equally applied to everybody (*all_equal*) is related with a higher perception of free-riding behaviors, as well as with lower trust levels when using the restricted sample. This significant effect is in general also observed when including the political exclusion treatment, which is still significant (although lower in magnitude) to explain social capital outcomes.

Whereas results for the *all_equal* variable may support the proposed channel in this paper, political exclusion seems to have an effect on social capital through other channels, as well. Alternatively, this can be evidence for the fact that state perception variables today cannot fully reflect state perception during and right after the treatment, which is the one argued to have undermined social capital. The latter could also explain why the treatment is not related in some cases to state perception measures today.

6. Concluding Remarks

This paper gives evidence for Colombia that political inequality may be an important cause of low social capital, this measured by generalized trust levels and perception of free-riding behaviors. I use an important institutional agreement in Colombia in order to test the effect of political exclusion on social capital. This was the National Front agreement, which for 16 years, between 1958 and 1974, established that political power could only be shared by the two traditional parties in that country. The

[27] *corruption* is the explanatory variable of interest in Table 9 and *all_equal* in Table 10. See tables A5 and A6 for logit and ordered logit estimates.

National Front, although only a little part in the political inequality history in Colombia, gives the opportunity to test the effect of a formal institutionalized political exclusion that affected all regions in the country at the same time, even though with differential effects according to the initial political diversity in each region.

Since this source of variation in the treatment is not likely exogenous for social capital, the empirical strategy seeks the identification of a causal effect of political exclusion. I find that the National Front treatment (defined as the mean electoral share of non-traditional parties in 1941-1951) is associated with less trusting individuals today and with a higher perception of free-riding behaviors.

Additional evidence that political exclusion implied a deterioration of social capital is given by a decline in electoral turnout. Departments facing a higher political exclusion have, on average, a lower electoral turnout for all the period after the National Front and this negative association is only significant for years after the treatment. On the other hand, this finding also supports the idea that distrust towards the state may be a channel through which political exclusion in the past is able to explain social capital today.

Using survey measures of state perception today, results indicate that a higher National Front treatment is in general associated with a higher perception that state's decisions are not equally applied to everybody, and this, in turn, is associated with a higher perception of free-riding behaviors.

Political inequality may harm social capital, but can a low social capital explain the persistence of political inequality? In the following, I will sketch some possible explanations on why this could be the case. Distrust and free riding make elites more prone to work for their particular interests, as these features are also part of their values. A lower social capital, on the other hand, is likely to facilitate clientelism, as there are more citizens willing to do favors for money (sale their votes, accept bribes, etc.), and so they ease the persistence of corrupt individuals in power. Finally, distrust and free riding represent an obstacle for the society to converge into unified objectives and to demand socially optimal institutions. As a result, institutions may become even more dependent on the ruling elite.

The idea behind this study implies that social capital responds to incentives and thus should not be understood as a country fixed endowment. Furthermore, this paper wants to provide an argument for the idea that formal institutions also matter through their effect on social capital, or more precisely in this case, that social capital may be an important channel through which political inequality has been central for Colombian development. Therefore, this paper may contribute to the literature that examines how social capital is formed (or damaged), how political institutions are relevant for economic development, and to the literature on the persistence of culture and institutions.

Further research on social capital in the context of developing countries is not only relevant for its potential direct effects on economic development, but it should be of interest given the extent to which it allows the persistence of other main causes of

underdevelopment. Such an analysis would help to fill a gap in the range of development policies.

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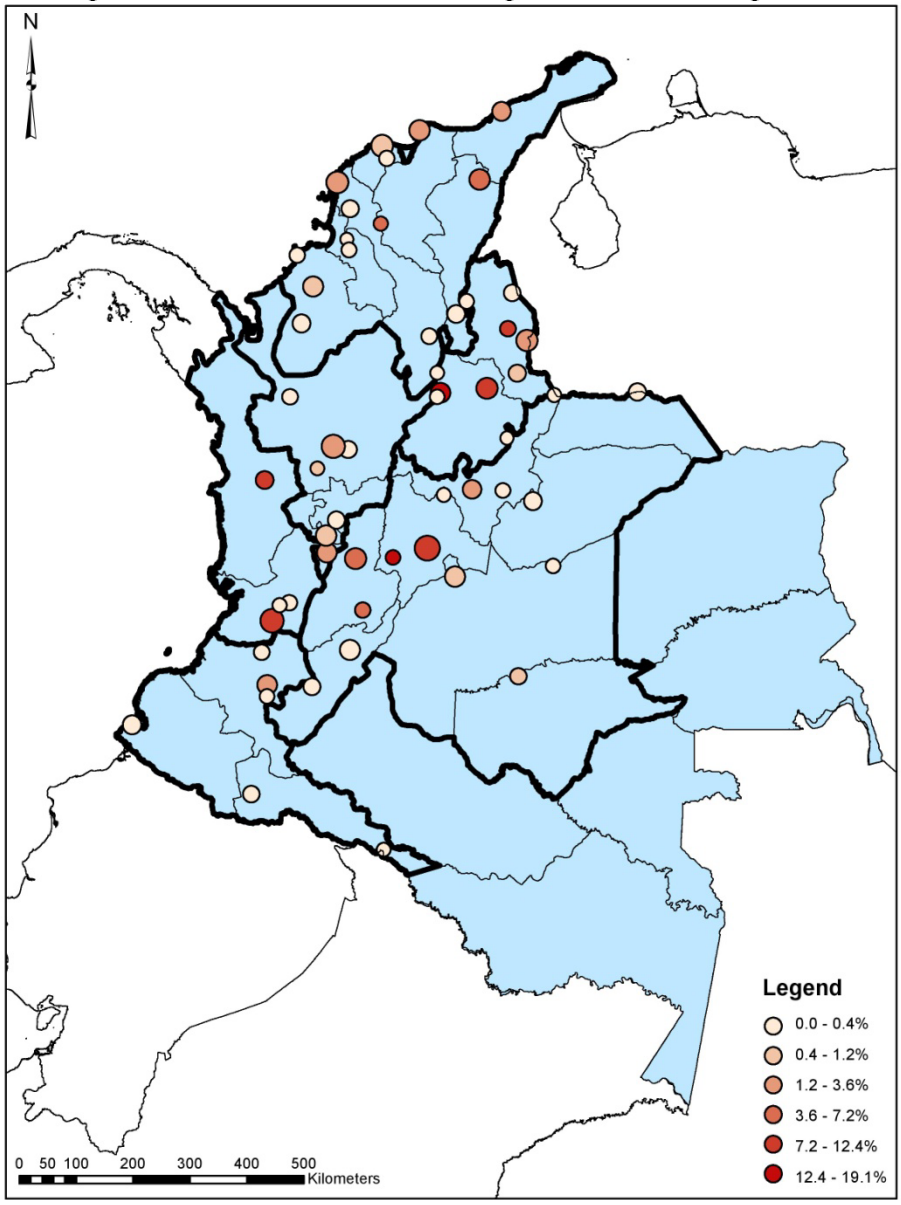
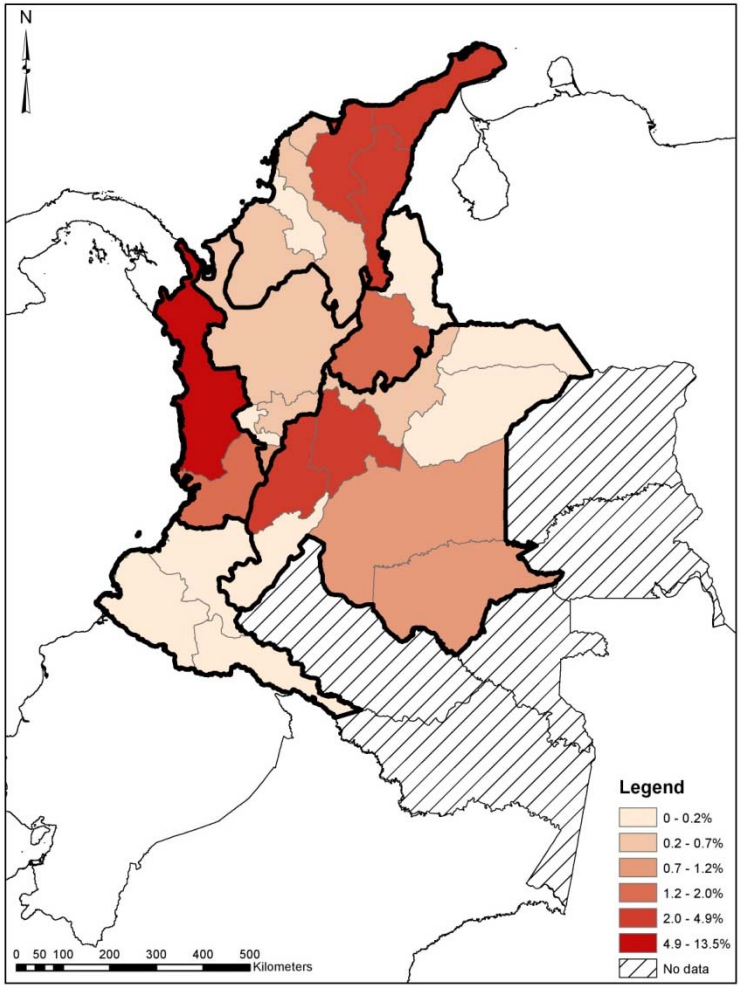
Figures and Tables

Graph 1. Colombia - Mean electoral share of non-traditional parties 1941-1951 across municipalities in the sample.



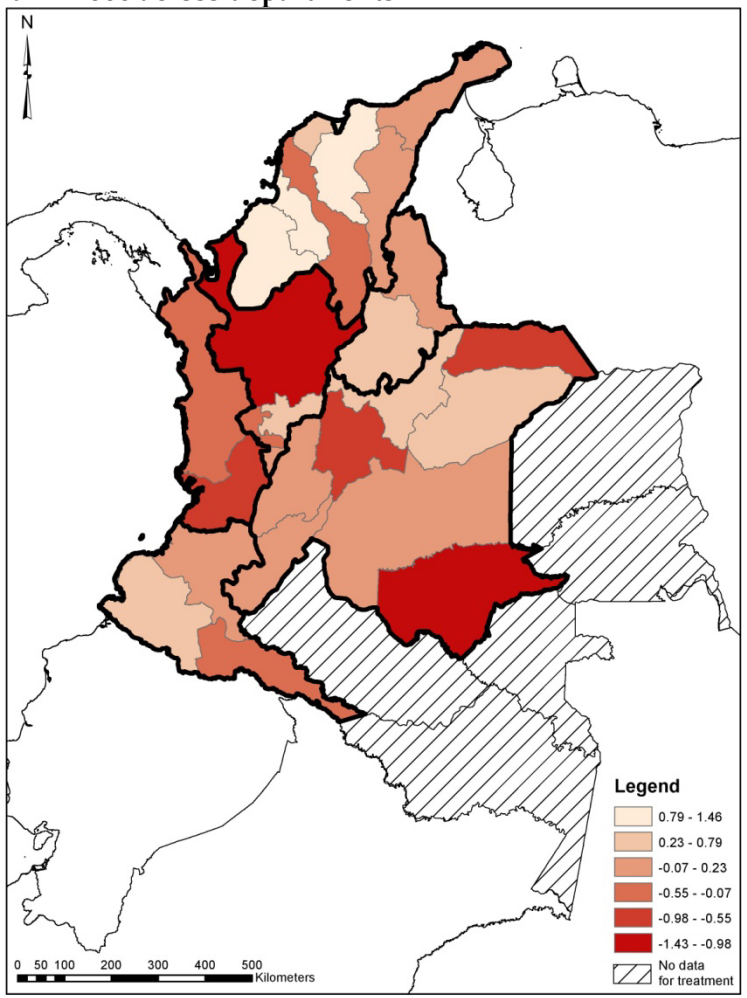
Notes: Circle size is proportional to (log) municipality population. Regions bordered with a thicker line are used for defining region fixed effects in the empirical strategy.

Graph 2. Colombia - Mean electoral share of non-traditional parties 1943-1951 across departments



Notes: Mean electoral share of non-traditional parties before the NF was not available for San Andrés -archipelago not shown in the map-, Amazonas, Caquetá, Vaupés, Guainía and Vichada, as indicated in the map. Although it was not available for the Arauca, Casanare and Guaviare departments, either, this measure in their respective capital city is shown in order to cover all departments in the sample. These three departments are not included in Graph 4, nor in panel regressions presented in Table 3. Regions bordered with a thicker line are used for defining region fixed effects in the empirical strategy.

Graph 3. Colombia - Mean standardized electoral turnout 1974 -2006 across departments*



Notes: *Shows the mean value for the period 1974 – 2006 (after the NF) of the standardized turnout in each year (i.e. how many standard deviations does electoral turnout deviates from the mean electoral turnout in a given year). Regions bordered with a thicker line are used for defining region fixed effects in the empirical strategy.

Table 1. Descriptive statistics

	Municipalities by treatment status						Whole sample		
	No treated			Treated					
	N	mean	sd	N	mean	sd	N	mean	sd
trust	37	0,121	0,077	20	0,111	0,075	57	0,118	0,076
fair	37	5,619	1,313	20	5,130	1,217	57	5,448	1,291
political_exclusion ***	37	0,001	0,003	20	0,064	0,053	57	0,023	0,043
mean turnout 41-47 ***	35	0,496	0,112	20	0,362	0,084	55	0,447	0,121
mean other 2002-2010	37	0,263	0,093	20	0,295	0,102	57	0,274	0,097
all_equal	37	2,209	0,370	20	2,335	0,364	57	2,253	0,369
corruption	37	3,177	0,253	20	3,254	0,271	57	3,204	0,259
Socio-economic variables									
black	37	0,028	0,086	20	0,049	0,133	57	0,035	0,104
indigenous	37	0,019	0,045	20	0,015	0,033	57	0,018	0,041
victim	37	0,319	0,197	20	0,247	0,142	57	0,294	0,181
population2005 ***	37	71228,5	113405,8	20	832589,1	1534596	57	338372,5	970394,2
urb2005 ***	37	0,570	0,209	20	0,770	0,193	57	0,640	0,223
married2005	37	0,368	0,024	20	0,364	0,030	57	0,367	0,026
ethnic2005	37	0,194	0,269	20	0,196	0,253	57	0,195	0,261
literate2005	37	0,780	0,077	20	0,825	0,096	57	0,796	0,086
employed2005 ***	37	0,948	0,025	20	0,921	0,028	57	0,939	0,029
immig2005	37	0,175	0,136	20	0,177	0,086	57	0,176	0,120
yrsimm2005	32	13,075	9,638	19	15,355	1,022	51	13,925	9,821
schooling2005 ***	37	6,131	0,984	20	7,540	1,138	57	6,625	1,233
agric2005 ***	37	0,429	0,228	20	0,218	0,245	57	0,355	0,253
mining2005	37	0,008	0,014	20	0,002	0,006	57	0,006	0,012
population51 ***	37	14787,4	23136,2	20	118464,5	160644,2	57	51165,3	107665,3
urb51 ***	37	0,305	0,187	20	0,648	0,284	57	0,426	0,277

(Continuation) Table 1. Descriptive statistics

	Municipalities by treatment status						Whole sample		
	No treated			Treated					
	N	mean	sd	N	mean	sd	N	mean	sd
literate51 ***	37	0,486	0,161	20	0,645	0,158	57	0,542	0,176
immig51	35	0,154	0,173	20	0,154	0,098	55	0,154	0,149
married51	35	0,201	0,065	20	0,195	0,054	55	0,199	0,061
Socio-economic variables in restricted sample									
black	21	0,025	0,057	8	0,105	0,203	29	0,047	0,118
indigenous	21	0,014	0,044	8	0,032	0,049	29	0,019	0,045
victim	21	0,349	0,155	8	0,316	0,150	29	0,340	0,152
population2005	21	89668,8	120137,3	8	141153,5	123061,4	29	103871,5	121011,2
urb2005	21	0,607	0,169	8	0,578	0,111	29	0,599	0,154
married2005	21	0,372	0,024	8	0,352	0,046	29	0,366	0,032
ethnic2005	21	0,169	0,282	8	0,351	0,329	29	0,219	0,301
literate2005	21	0,784	0,081	8	0,755	0,097	29	0,776	0,085
employed2005	21	0,944	0,029	8	0,925	0,032	29	0,939	0,030
immig2005	21	0,154	0,119	8	0,136	0,053	29	0,149	0,104
yrsimm2005	19	15,201	11,203	7	18,722	15,848	26	16,149	12,376
schooling2005	21	6,352	0,929	8	6,631	0,840	29	6,429	0,900
agric2005	21	0,366	0,233	8	0,372	0,252	29	0,367	0,234
mining2005	21	0,006	0,014	8	0,004	0,009	29	0,006	0,013
population51	21	17822,4	18388	8	25541,6	12085	29	19951,9	17039,8
urb51	21	0,327	0,148	8	0,396	0,212	29	0,346	0,167
literate51	21	0,455	0,173	8	0,518	0,137	29	0,472	0,164
immig51	21	0,170	0,179	8	0,123	0,045	29	0,157	0,154
married51	21	0,180	0,063	8	0,176	0,052	29	0,179	0,059

Notes: Municipalities are divided into treatment and control group according to a binary treatment, which takes the value of one if mean electoral share of non-traditional parties is higher than 1% for the period 1941-1951. ***Difference in means between treated and non-treated municipalities is statistically significant at the 1% level.

Table 2. OLS estimates at the individual and municipality level for social capital outcomes

	trust				*fair*			
Unit of observation:	Individual[1]		Municipality[2]		Individual[1]		Municipality[2]	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
political_exclusion	-0,463**	-0,343	-0,349*	-0,228	-11,377**	-7,873**	-8,736**	-8,884**
	[0,219]	[0,253]	[0,200]	[0,235]	[4,321]	[3,786]	[3,742]	[4,349]
mean turnout 1941-1947		0,045		0,063		2,386		-0,390
		[0,106]		[0,125]		[1,756]		[1,670]
Obs	2967	2901	57	55	2943	2871	57	55

Notes:

[1] Standard errors (in brackets) clustered at the municipality level.

[2] Robust standard errors in brackets.

All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

**Statistically significant at the 5% level.

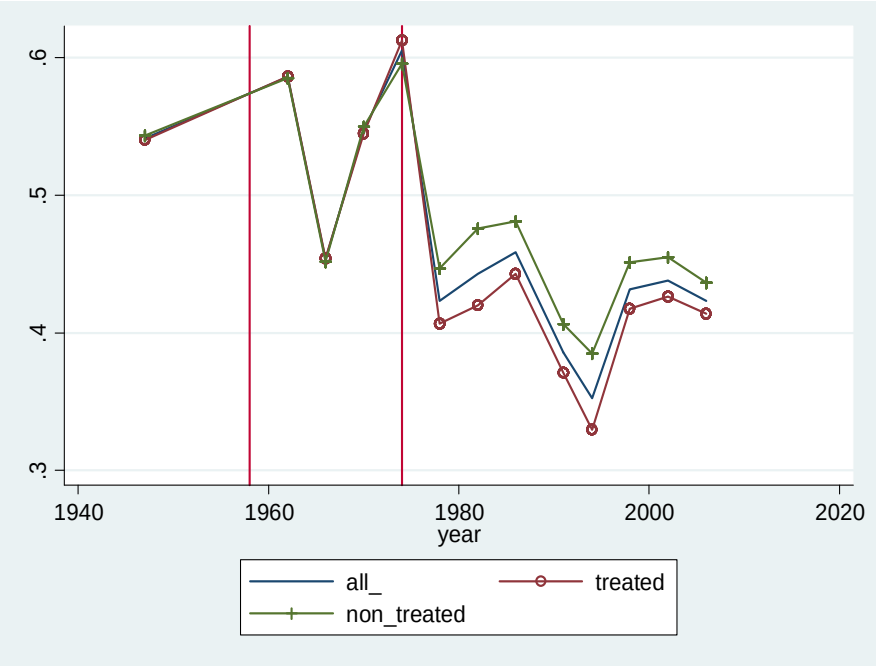
*Statistically significant at the 10% level.

Table 3. Panel fixed effects estimates for electoral turnout across Colombian departments as dependent variable.

	turnout			
	(1)		(2)	
	Coef.	se	Coef.	se
postNF_political_exclusion	-0,745***	[0,265]		
1947_ political_exclusion			-0,509	[0,820]
1966_ political_exclusion			0,022	[0,613]
1970_ political_exclusion			-0,673	[0,606]
1974_ political_exclusion			-0,712	[0,606]
1978_ political_exclusion			-0,428	[0,606]
1982_ political_exclusion			-0,779	[0,606]
1986_ political_exclusion			-1,820***	[0,606]
1991_ political_exclusion			-1,184**	[0,577]
1994_ political_exclusion			-0,977*	[0,577]
1998_ political_exclusion			-0,995*	[0,577]
2002_ political_exclusion			-1,246**	[0,577]
2006_ political_exclusion			-0,911	[0,577]
Obs	278		278	

Notes: 23 departments are used for these regressions since the treatment measure is not available for the remaining 9 Colombian departments. Both specifications include time fixed effects. The omitted interaction term is the one for 1962. ***Statistically significant at the 1% level. **Statistically significant at the 5% level. *Statistically significant at the 10% level.

Graph 4. Mean electoral turnout among Colombian departments 1947 – 2006



Notes: Vertical lines delimit the National Front period. This graph includes 23 departments since the treatment measure is not available for the remaining 9 Colombian departments. Treated departments by the National Front are defined in this graph as the ones with a mean electoral share of non-traditional parties higher than 0.5% (approximately the median) for the period 1943-1951.

Table 4. OLS regressions for *trust* as dependent variable.

	trust											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-0,463**	-0,343		-0,467**	-0,441**	-0,340		-0,445**	-0,622***	-0,413		-0,538**
	[0,219]	[0,253]		[0,220]	[0,217]	[0,251]		[0,216]	[0,194]	[0,299]		[0,206]
mean turnout 1941-1947		0,045				0,038				0,119		
		[0,106]				[0,107]				[0,134]		
mean other 2002-2010			0,062	0,070			0,081	0,086			0,455***	0,399***
			[0,119]	[0,119]			[0,115]	[0,114]			[0,081]	[0,076]
Obs	2967	2901	2967	2967	2967	2901	2967	2967	1181	1150	1181	1181

Notes:
Standard errors (in brackets) clustered at the municipality level. All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).
***Statistically significant at the 1% level. **Statistically significant at the 5% level.

Table 5. OLS regressions for *fair* as dependent variable.

	fair											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-11,377**	-7,873**		-11,331**	-11,054**	-7,793**		-11,032**	-8,484**	-10,132*		-8,957**
	[4,321]	[3,786]		[4,309]	[4,236]	[3,731]		[4,233]	[3,546]	[5,295]		[3,559]
mean turnout 1941-1947		2,386				2,235				-1,140		
		[1,756]				[1,731]				[2,785]		
mean other 2002-2010			-0,832	-0,603			-0,586	-0,437			-1,278	-2,213
			[2,308]	[2,034]			[2,296]	[2,053]			[2,393]	[2,323]
Obs	2943	2871	2943	2943	2943	2871	2943	2943	1173	1136	1173	1173

Notes:
Standard errors (in brackets) clustered at the municipality level.
All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005). **Statistically significant at the 5% level. *Statistically significant at the 10% level.

Table 6. OLS estimates at the individual and municipality level for state perception measures.

	corruption				*all_equal*			
Unit of observation:	Individual[1]		Municipality[2]		Individual[1]		Municipality[2]	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
political_exclusion	1,668	1,928	1,360	1,748	2,090*	1,342	1,097	1,097
	[1,238]	[1,434]	[1,680]	[1,838]	[1,055]	[0,982]	[1,069]	[1,092]
mean turnout 1941-1947		0,169		0,286		-0,599		0,080
		[0,503]		[0,604]		[0,593]		[0,741]
Obs	2933	2861	57	55	2976	2905	57	55

Notes:

[1] Standard errors (in brackets) clustered at the municipality level.

[2] Robust standard errors in brackets.

Higher values for *corruption* and *all_equal* indicate a higher perception of corruption and that state´s decisions are not equally applied to everybody.

All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

*Statistically significant at the 10% level.

Table 7. Ordered logit regressions for *corruption* as dependent variable.

	Corruption											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	3,641	4,197		3,610	4,031	4,622		4,020	3,298	8,249**		3,576
	[2,968]	[3,439]		[2,966]	[3,080]	[3,596]		[3,081]	[2,138]	[3,576]		[2,191]
mean turnout 1941-1947		0,393				0,437				3,136**		
		[1,174]				[1,201]				[1,336]		
mean other 2002-2010			0,749	0,708			0,631	0,613			0,912	1,294**
			[0,944]	[0,860]			[0,962]	[0,865]			[0,557]	[0,660]
Obs	2933	2861	2933	2933	2933	2861	2933	2933	1157	1120	1157	1157

Notes:
Standard errors (in brackets) clustered at the municipality level. All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).
**Statistically significant at the 5% level.

Table 8. Ordered logit regressions for *all_equal* as dependent variable.

	all_equal											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	5,473**	3,791		5,504**	5,221*	3,504		5,248*	4,948**	1,832		4,809*
	[2,712]	[2,478]		[2,738]	[2,863]	[2,621]		[2,891]	[2,393]	[3,289]		[2,475]
mean turnout 1941-1947		-1,288				-1,322				-1,958		
		[1,470]				[1,526]				[1,474]		
mean other 2002-2010			-0,216	-0,334			-0,373	-0,451			-1,128	-0,695
			[1,137]	[1,072]			[1,130]	[1,072]			[1,200]	[1,191]
Obs	2976	2905	2976	2976	2976	2905	2976	2976	1176	1139	1176	1176

Notes:

Standard errors (in brackets) clustered at the municipality level.

Higher values for *all_equal* indicate a higher perception that state´s decisions are not equally applied to everybody.

All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Table 9. OLS regressions for social capital outcomes – *corruption* as explanatory variable of interest.

	trust						*fair*					
	No weights		Weighted by non-immigrants		Without extreme observations		No weights		Weighted by non-immigrants		Without extreme observations	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
m_corruption	-0,068**	-0,053*	-0,069**	-0,054*	-0,122***	-0,094***	-2,167***	-1,810***	-2,111***	-1,754***	-2,332***	-1,943**
	[0,033]	[0,031]	[0,032]	[0,031]	[0,033]	[0,030]	[0,705]	[0,646]	[0,694]	[0,635]	[0,762]	[0,836]
political_exclusion		-0,383**		-0,351*		-0,531***		-8,461***		-7,958***		-6,361*
		[0,185]		[0,182]		[0,159]		[2,889]		[2,838]		[3,338]
Obs	2967	2967	2967	2967	1181	1181	2943	2943	2943	2943	1173	1173

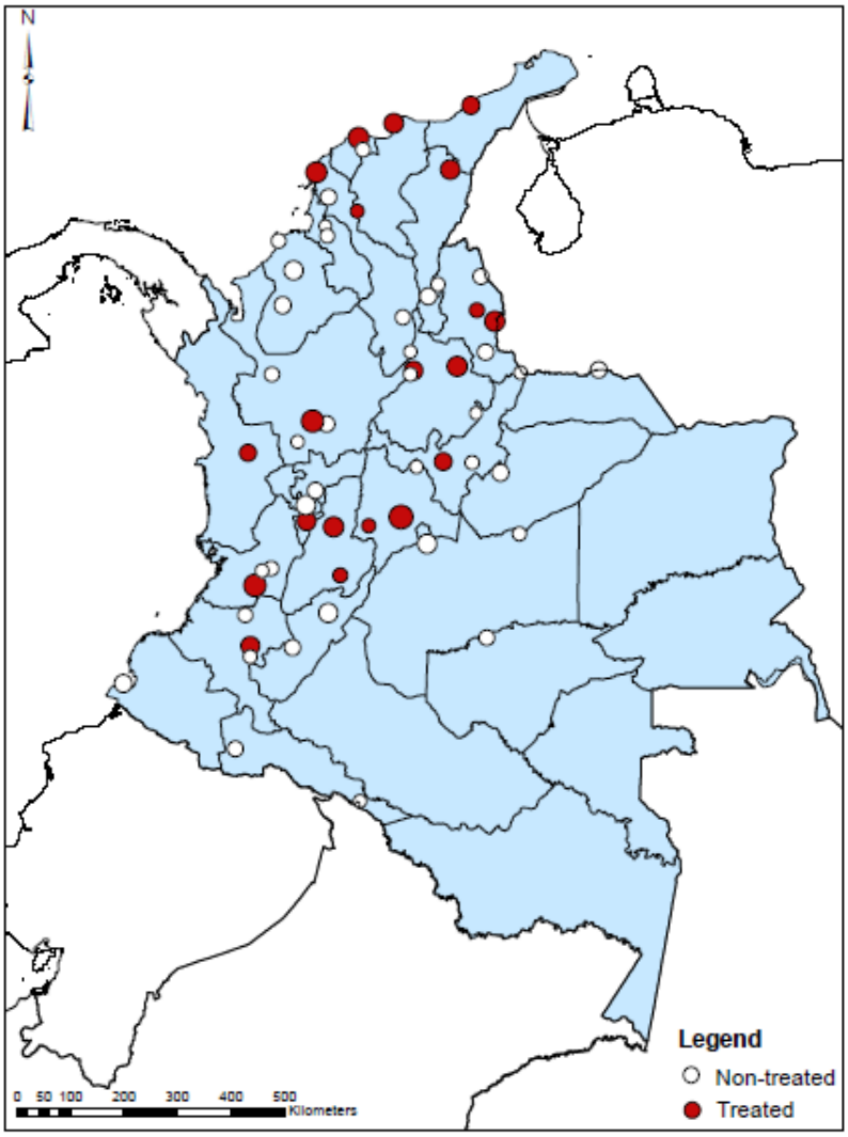
Table 10. OLS regressions for social capital outcomes – *all_equal* as explanatory variable of interest.

	trust						*fair*					
	No weights		Weighted by non-immigrants		Without extreme observations		No weights		Weighted by non-immigrants		Without extreme observations	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
all_equal	-0,014	-0,013	-0,014	-0,013	-0,033***	-0,031**	-0,317***	-0,282***	-0,336***	-0,302***	-0,269*	-0,237
	[0,009]	[0,010]	[0,009]	[0,009]	[0,012]	[0,012]	[0,102]	[0,097]	[0,105]	[0,099]	[0,148]	[0,147]
political_exclusion		-0,439*		-0,419*		-0,546***		-10,347**		-10,022**		-6,653*
		[0,224]		[0,222]		[0,177]		[4,180]		[4,093]		[3,386]
Obs	2921	2921	2921	2921	1150	1150	2900	2900	2900	2900	1144	1144

Notes: Standard errors (in brackets) clustered at the municipality level. All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).***Statistically significant at the 1% level. **Statistically significant at the 5% level. *Statistically significant at the 10% level.

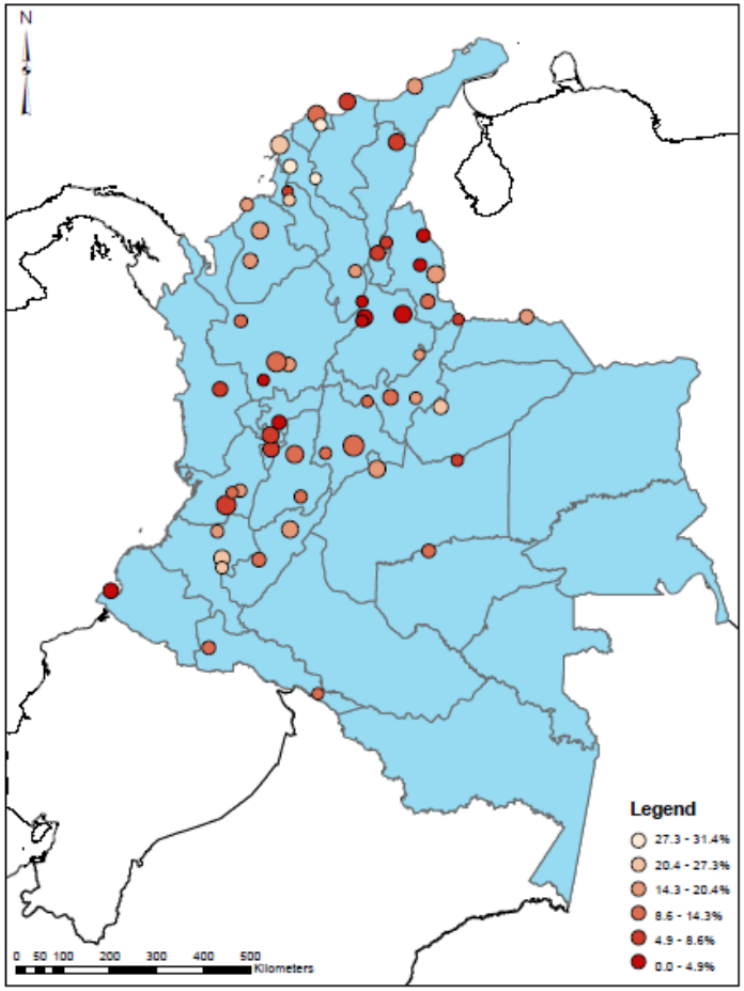
Appendix

Graph A1. Municipalities in the sample according to a binary treatment definition



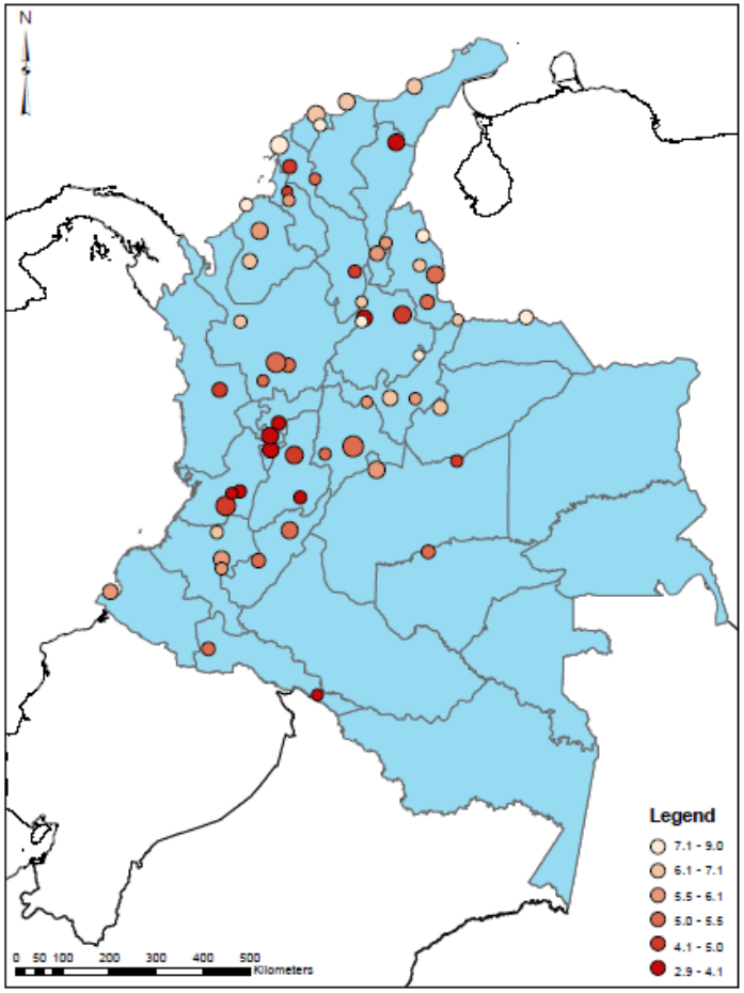
Notes: Treated municipalities in this graph are the ones with mean electoral share of non-traditional parties in 1941-1951 higher than 1%. Circle size is proportional to (log) municipality population.

Graph A2. Mean *trust* at the municipal level



Notes: Legend indicates the share of individuals who answered that most people can be trusted. Circle size is proportional to (log) municipality population.

Graph A3. Mean *fair* at the municipal level



Notes: *fair* ranges from 1 (people take advantage) to 10 (people are fair). Circle size is proportional to (log) municipality population.

Table A1. Logit regressions for *trust* as dependent variable.

	trust											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-7,448**	-6,488		-7,516**	-7,268**	-6,540		-7,310**	-6,731**	-5,207		-5,930**
	[3,523]	[4,185]		[3,611]	[3,404]	[4,112]		[3,500]	[2,948]	[4,142]		[2,826]
mean turnout 1941-1947		0,288				0,190				0,729		
		[1,181]				[1,174]				[1,443]		
mean other 2002-2010			0,199	-0,169			0,321	-0,091			3,489***	2,941***
			[0,966]	[0,971]			[0,914]	[0,917]			[0,807]	[0,719]
Obs	2967	2901	2967	2967	2967	2901	2967	2967	1181	1150	1181	1181

Notes:

Standard errors (in brackets) clustered at the municipality level. All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

Table A2. Ordered logit regressions for *fair* as dependent variable.

	fair											
	No weights				Weighted by non-immigrants				Without extreme observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-7,029***	-4,636**		-6,972***	-6,777***	-4,535**		-6,739***	-5,798**	-6,577**		-6,203**
	[2,704]	[2,214]		[2,691]	[2,615]	[2,157]		[2,611]	[2,419]	[3,226]		[2,448]
mean turnout 1941-1947		1,723				1,651				-0,582		
		[1,148]				[1,138]				[1,777]		
mean other 2002-2010			-0,694	-0,454			-0,546	-0,350			-1,033	-1,714
			[1,439]	[1,312]			[1,425]	[1,318]			[1,464]	[1,469]
Obs	2943	2871	2943	2943	2943	2871	2943	2943	1173	1136	1173	1173

Notes:

Standard errors (in brackets) clustered at the municipality level.

All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

Table A3. OLS weighted and non-weighted regressions for mean *trust* at the municipality level as dependent variable.

	mean trust											
	No weights				Weighted by non-immigrants				Weighted by observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-0,349*	-0,228		-0,351*	-0.344*	-0,232		-0,346	-0,429 *	-0,361		-0,432*
	[0,200]	[0,235]		[0,205]	[0,202]	[0,238]		[0,207]	[0,244]	[0,289]		[0,249]
mean turnout 1941-1947		0,063				0,061				0,009		
		[0,125]				[0,123]				[0,147]		
mean other 2002-2010			0,005	0,015			0,027	0,034			-0,005	0,017
			[0,145]	[0,149]			[0,139]	[0,141]			[0,153]	[0,156]
Obs	57	55	57	57	57	55	57	57	57	55	57	57

Notes:

Robust standard errors in brackets. All specifications controlling for region fixed effects, share of individuals with black ethnicity (2011), indigenous ethnicity (2011), share of victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005). *Statistically significant at the 10% level.

Table A4. OLS weighted and non-weighted regressions for mean *fair* at the municipality level as dependent variable.

	mean fair											
	No weights				Weighted by non-immigrants				Weighted by observations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
political_exclusion	-8,736**	-8,884**		-8,514**	-8,713**	-8,952*		-8,573**	-9,012**	-7,844*		-8,618**
	[3,742]	[4,349]		[3,631]	[3,785]	[4,441]		[3,725]	[3,948]	[4,313]		[3,930]
mean turnout 1941-1947		-0,390				-0,472				0,690		
		[1,670]				[1,622]				[1,937]		
mean other 2002-2010			-2,346	-2,116			-2,018	-1,853			-2,395	-1,945
			[2,629]	[2,534]			[2,652]	[2,588]			[2,642]	[2,559]
Obs	57	55	57	57	57	55	57	57	57	55	57	57

Notes:

Robust standard errors in brackets. All specifications controlling for region fixed effects, share of individuals with black ethnicity (2011), indigenous ethnicity (2011), share of victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005).

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Table A5. Logit|Ordered logit regressions for social capital outcomes – *corruption* as explanatory variable of interest.

	trust						*fair*					
	No weights		Weighted by non-immigrants		Without extreme observations		No weights		Weighted by non-immigrants		Without extreme observations	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
m_corruption	-0,945***	-0,810***	-0,982***	-0,843***	-1,496***	-1,227***	-1,297***	-1,070**	-1,249***	-1,022**	-1,433***	-1,158**
	[0,344]	[0,307]	[0,322]	[0,290]	[0,389]	[0,286]	[0,462]	[0,437]	[0,448]	[0,421]	[0,519]	[0,584]
political_exclusion		-6,563**		-6,266**		-5,870**		-5,292***		-4,943***		-4,432*
		[3,061]		[2,945]		[2,319]		[1,834]		[1,763]		[2,382]
Obs	2967	2967	2967	2967	1181	1181	2943	2943	2943	2943	1173	1173

Table A6. Logit|Ordered logit regressions for social capital outcomes – *all_equal* as explanatory variable of interest.

	trust						*fair*					
	No weights		Weighted by non-immigrants		Without extreme observations		No weights		Weighted by non-immigrants		Without extreme observations	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
all_equal	-0,147	-0,130	-0,146	-0,130	-0,283***	-0,259**	-0,200***	-0,180***	-0,213***	-0,193***	-0,180**	-0,163*
	[0,094]	[0,096]	[0,091]	[0,093]	[0,108]	[0,108]	[0,063]	[0,060]	[0,065]	[0,061]	[0,088]	[0,088]
political_exclusion		-7,164**		-6,995**		-5,626**		-6,375**		-6,124**		-4,669**
		[3,488]		[3,369]		[2,477]		[2,633]		[2,546]		[2,366]
Obs	2921	2921	2921	2921	1150	1150	2900	2900	2900	2900	1144	1144

Notes: Standard errors (in brackets) clustered at the municipality level. All specifications controlling for region fixed effects, individuals with black ethnicity (2011), indigenous ethnicity (2011), victims of violence (2011), population size (1951 and 2005), share of urban population (1951 and 2005), literacy (1951), share of immigrants including Colombians from other departments (2005), employment rate (2005), mean schooling years (2005), share of the population in the agriculture sector (2005) and share of the population in the mining sector (2005). ***Statistically significant at the 1% level. **Statistically significant at the 5% level. *Statistically significant at the 10% level.

Table A7. Variables description

Variable	Description
trust	Generally speaking would you say most people can be trusted, or one cannot be that trusting when dealing with people? most people can be trusted: 1 one cannot be that trusting: 0
fair	Do you think most people would try to take advantage of you if they got a chance, or would they try to be fair? 1 2 3 4 5 6 7 8 9 10 people would try to take advantage … people would try to be fair
political_exclusion	Mean share of votes for non-traditional parties in total votes for Chamber elections in 1941, 1943, 1945, 1947, 1949 and 1951. Non-traditional parties are those different from the Liberal and Conservative parties.
mean turnout 1941-1947	Mean share of total number of votes in electoral potential (individuals able to vote) for legislative elections in 1941, 1943, 1945, 1947.
mean other 2002-2010	Mean share of votes for non-traditional parties in total votes for Chamber elections in 2002, 2006 and 2010. Only independent parties are taken as non-traditional parties, not the different ones that have emerged from the Liberal and Conservative parties. These independent parties comprise left-wing parties, minorities' political movements and parties that have emerged to support independent candidates.

Variable	Description
corruption	How common do you believe are bribes and corruption in this country?

Almost no public official is involved in corruption	1
Some public officials are involved in corruption	2
The majority of public official are involved in corruption.	3
Almost every public official is involved in corruption	4

all_equal

Do you agree, disagree or neither agree or disagree with the following statement: When the state makes a decision, it is applied equally to everybody.

Agree	1
Neither agree or disagree	2
Disagree	3

black

Individual reports to be from black ethnicity	1
otherwise	0

indigenous

Individual reports to be from indigenous ethnicity	1
otherwise	0

victim

Individual gives an affirmative answer to any of the following questions: ▪ Have you lost any member of your family or close relative because of the armed conflict? ▪ Has any member of your family, or have you had to take refuge or to leave your home because of the armed conflict? ▪ Has any member of your family had to leave the country because of the armed conflict?	1
otherwise	0

Variable	Description
population2005	Municipality´s population in 2005
urb2005	Share of individuals living in the urban area of the municipality in 2005
married2005	Share of married individuals in the municipality in 2005.
ethnic2005	Share of individuals in the municipality that belong to black or indigenous ethnicities in 2005.
literate2005	Share of literate individuals in the municipality in 2005.
employed2005	Share of individuals with any type of employment among the economically active population in the municipality in 2005.
immig2005	Share of individuals in 2005 in the municipality that were born in a different department or different country.
yrsimm2005	Average number of years since migration among foreigners in the municipality in 2005.
schooling2005	Average number of schooling years of the municipality´s population in 2005.
agric2005	Share of individuals in the municipality working in the agricultural sector in 2005.
mining2005	Share of individuals in the municipality working in the mining sector in 2005.
population51	Municipality´s population in 1951.
urb51	Share of individuals living in the urban area of the municipality in 1951.
literate51	Share of literate individuals in the municipality in 1951.
immig51	Share of individuals in 1951 in the municipality that were born in a different department or different country.
married51	Share of married individuals in the municipality in 1951.