

## **Georgia on Their Minds: The Impact of War and Financial Crisis on Georgian Confidence in Social and Governmental Institutions**

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### **Abstract**

A violent, controversial five-day conflict between Georgia and Russia in August 2008 (the South Ossetia War) was quickly followed by a global financial crisis. These events both dramatically impacted the Georgian people, and provided a unique opportunity to assess the impact of both war and an economic downturn on a society's confidence in its social and governmental institutions. This paper uses data from the Gallup World Poll – a multinational probability-based survey – collected before and after the South Ossetia War in 2008, 2009, and 2010. Taking into account factors such as internet access and urbanicity, this paper investigates Georgian confidence in government, the military, financial institutions, and religion over time, controlling for respondents' perceptions of local economic conditions. Significant changes in governmental and non-governmental confidence over time were found. This analysis partially supports Lipset and Schneider's (1983) theory of correlated confidence in institutions, and shows separate impacts of the financial crisis and the South Ossetia War on confidence in Georgian institutions.

**Key words:** Georgia, confidence, war, World Poll

## 1. Introduction

As the 2008 Summer Olympics began, a newsflash added a violent note to the music of the opening ceremonies: Russia and Georgia were at war. The small country on Russia's southwest border quickly became the object of international attention, and the South Ossetia War was soon brought to a close (Cheterian 2009). One month later, the world plunged into recession with the fall of Lehman Brothers and the following global financial crisis (Earle 2009). While the first of these events is political in nature, and the second financial, both of these crises may have led to shifts in Georgian confidence in their social institutions. Rarely has a country been surveyed before and after two crises of this nature, and no research to date has investigated changes in confidence in social institutions as a result of both war and financial crisis. Similarly, while research has been conducted on how American confidence in institutions responds to military and financial crises, it is unclear whether the correlations identified in this country hold true when applied overseas.

To address this gap in the literature, it is important to study the Georgian people's reactions to the South Ossetia War and the quickly-following global financial crisis. This study does this by examining the individual changes in confidence in the national government, military, judicial system, media, financial institutions, and religious institutions over time. This analysis examines these changes across the subgroups of urban-dwellers and non-urban dwellers, and between those who have access to the internet and those who do not, to identify potential differences in public opinion based on these variables. It also examines changes in confidence across the subgroups of those who believe that the economy is getting worse and those who do not believe that the economy is giving worse. This should control for the effect of the global financial crisis on people's levels of confidence in their social institutions, thereby allowing the main effect of the South Ossetian War on confidence to be identified. Through these analyses, this study provides a test for whether or not Lipset and Schneider's (1983) theory of confidence in social institutions applies to Georgia over the 2008 through 2010 period, and contributes to the field's understanding of how war and financial crisis impact confidence in social institutions.

## 2. Confidence in Social Institutions

A people's confidence in government, business, the media, religion, and other established institutions in their country is an important indicator of that people's wellbeing (e.g. Lipset & Schneider 1983; Newton & Norris 2000; Devos et al 2010; Yuran 2011). Though related to social capital and individuals' trust in other individuals as studied by Putnam (1995) and others, confidence has very different properties. According to Earle (2009), while *trust* is a "social and relational" concept, *confidence* is "instrumental and calculative" (p. 786). It is the belief "that certain future events will occur as expected," based on recent and historical performance of the institutions in question (ibid).

This is not to say that confidence in a particular institution operates in a vacuum. On the contrary, confidence in institutions tends to rise and fall as a whole. This was demonstrated in America with data from the 1960s-1970s by Lipset and Schneider (1983), who found that confidence in government, the military, the media, business, and (to some extent) religion were correlated with each other over time. More than that, they found that confidence tended to be predicted by unemployment rates – higher unemployment rates tended to drive down confidence in social institutions as a whole. Since then, many American and European scholars have researched the causes and

correlates of confidence in institutions, and have generally found support for Lipset and Schneider's theory (e.g. Newton and Norris 2000, Smith et al 2001, Lindsay and Smith 2003, Brañas-Garza et al 2009, Gronke and Cook 2007, Roth 2009, Uslaner 2010, Stevenson and Wolfers 2011, Yuran 2011).

More in-depth research has also been done on the impact of war or financial crisis on confidence in the United States. Laying the foundation for research on war and confidence, Coser (1956) explained that "conflict with out-groups increases internal cohesion" (p. 87) which leads to what Mueller (1970) called the "rally 'round the flag" effect if the conflict is "specific, dramatic, and sharply focused" (p. 21). Lian and Oneal (1993) refined the predicted likelihood of a rally effect, concluding that a president cannot simply declare war to drive up his approval ratings. Instead, the perceived severity of the threat to the country, the amount of news reporting about the president's role in the conflict, and whether or not the country is currently at war, all impact the likelihood of a rally effect. When an event does cause a rally effect, this in turn tends to generate higher levels of confidence in government (e.g. Mueller 1970, Lian and Oneal 1993, McLeod et al 1994, Lindsay and Smith 2003). It also tends to lead to higher levels of confidence in other institutions. For instance, after 9/11, American confidence in the military, the government, religion, and banks and financial institutions all rose significantly (Smith et al 2001).

The global financial crisis, however, led to falling confidence in social institutions around the world. In America, a "crisis of confidence" manifested (Uslaner 2010), with presidential approval, trust in the federal government, and the Consumer Confidence Index all dropped to "near-record lows" in the fall of 2008 (Earle 2009 p. 789). Similar trends were observed with regard to confidence in banks and financial institutions (Owens 2012). In Europe, confidence in the European Central Bank, the European Commission, and in the European Parliament also fell drastically between 2008 and 2009 (Roth 2009). Stevenson and Wolfers (2011) analyzed responses to Gallup's Confidence in Institutions questions over this time period, and found that in America, the jump in the unemployment rate due to the recession significantly decreased confidence in banks, "major companies," "business executives," and in Congress (p. 4). However, they found that confidence in the media and the Supreme Court was not as tied to the unemployment rate.

Importantly for this study, Stevenson and Wolfers (2011) also used the Gallup World Poll to analyze confidence in social institutions after the global financial crisis. Around the world, they found that sharp rises in unemployment tended to lead to equally sharp declines in confidence in financial institutions and in the national government. Confidence in the judicial system was also somewhat related to unemployment, but confidence in the media was not. This confirms research done by Gronke and Cook (2007) that identified that confidence in the media is actually far less related to confidence in other institutions than was previously thought.

It is interesting to note that in the Stevenson and Wolfers (2011) data, Georgia is approximately average in terms of increasing unemployment rates (3% increase), but is one of several visible outliers on all four confidence measurements. Specifically, it is higher than average countries on confidence in national government, financial institutions, and the judicial system, but lower than average countries on confidence in the media. This lends credence to the hypothesis that something else – such as a war – also impacted Georgian confidence over this time period.

The role of the media on confidence in other social institutions should also be noted. In general, the higher the intensity of media coverage of an event (such as a war), the more people are likely to approve their country's actions and report increased confidence in social institutions (Lian and Oneal 1993, Althaus and Coe 2011, Yuran

2011). In addition, while the content of these articles can make a difference in how people respond to them (e.g. Gelpi 2009), the quantity of coverage matters far more in terms of predicting rises and falls in public opinion.

However, the role and perceptions of certain social institutions also differs across countries. While in America, freedom of the press and media independence from the government is taken for granted, Georgia's main media channels are state-run (CIA World Factbook). This may link Georgian confidence in the media far more strongly with Georgian confidence in the national government than is the case in America. Similarly, American separation of church and state has led to acceptance of many diverse belief systems that could be classified under the heading of "religious institutions." Georgia, however, has an official state religion: Orthodox Christianity (CIA World Factbook). This may also lead to different public perceptions of Georgia's religious institutions than is commonly found in the United States.

### 3. Georgia and the South Ossetia War

The country of Georgia is located on the Black Sea, next to Russia, Azerbaijan, Armenia, and Turkey. Its population is approximately 4.5 million, 1.15 million of whom live in the capital city of Tbilisi (CIA World Factbook). Formerly a part of the USSR, Georgia sought independence even before the fall of the Soviet Union in December of 1991 (Cheterian 2009). Unfortunately, this struggle led to the alienation of Georgia's ethnic minorities, including the Ossetians and Abkhazians. These groups, though they had been named as part of Georgia since the 1920s, had always desired to remain in the Soviet Union or to join Russia (Nichol 2008). This clash of opinions intensified in the aftermath of the fall of the USSR. Georgia gained independence with its borders intact, though South Ossetia continued to call for independence, or for union with Russia (Nichol 2008, Cheterian 2009).

Over the next decade, tensions ebbed and flowed between the two regions, with times of peace punctuated by violent clashes between the Georgian military and separatist forces. In 1992, the Georgian government and the leaders of South Ossetia agreed to allow Russian peacekeeping troops into the region to work with both South Ossetian and Georgian forces to help maintain stability (Nichol 2008). While this agreement did lead to more stability in the region, it also gave Russia a foothold in official Georgian territory. Russia reportedly continued to increase its influence in the region over the next decade by giving South Ossetians Russian passports and granting them Russian citizenship (Nichol 2008). By its increased activity in the region, Nichol (2008) notes, Russia framed the South Ossetia conflict between the separatists and the Georgian government not as an internal dispute, but as a dispute between Georgia and Russia.

The Georgian government, meanwhile, was plagued by corruption, such as rigged elections to keep the current leaders in power and persecution of non-state-run media. In 2003, the Georgian people ousted their current leader, who symbolized this "continuity of Soviet-era corruption, inefficacy, and stagnation," in a dramatic turn of events known as the "Rose Revolution" (Cheterian 2008, p. 693). This revolution, organized by the young, Western-educated generation, led to the supposed establishment of a more Western-style democracy in Georgia. Cheterian (2008) comments, though, that democracy was invoked more as a buzzword for identifying with the West rather than as a description of how the politics in the nation would function (p. 695).

The newly elected Georgian leader, Mikheil Saakashvili, had two goals for his country: modernization, and "territorial unification" (Cheterian 2009 p. 158). By this point in time, both Abkhazia and Ossetia were being run as "de facto republics" by the natives of these regions (Cheterian 2009, p. 157), with Russian, Georgian, and South

Ossetian troops all present in South Ossetia (Nichol 2008). Over the next decade, according to Cheterian (2009), Georgia built up its army, reestablished its control over chaotic “Upper Abkhazia,” and established a military base near the Ossetian border. Meanwhile, South Ossetia continued to demand “sovereignty and independent statehood” (ibid p. 165).

In the summer of 2008, tensions between Georgia, South Ossetia, and Russia intensified. Violent conflicts between separatists and Georgian troops led to Russia sending military planes into Georgian airspace, supposedly to warn Georgia against attacking South Ossetia (Nichol 2008). Russia also conducted military drills close to the South Ossetian border, while the Georgian Foreign Ministry “protested that [these drills] constituted a threat of invasion” (ibid p. 3).

On August 7, 2008, fighting broke out in South Ossetia following alleged bombings of both Georgian and South Ossetian villages (Nichol 2008, Cheterian 2009). Georgian troops were sent across the border into South Ossetia, a movement that Georgia said it was “forced” into by continued and intensified shelling of its villages (Nichol 2008 p. 5). Russia quickly responded – too quickly, in fact, unless it had in fact been prepared to fight (Cheterian 2009 p. 163). Using the explanation that Russian citizens and troops in South Ossetia had been fired upon, and that Russia is the “guarantor of security for peoples of the Caucasus,” Russia sent in ground troops and also launched air offensives against other parts of Georgia (Nichol 2008 p.5). With superior numbers, equipment, and firepower, the Russian military overwhelmed the Georgian forces and ploughed deep into Georgian territory over the course of the next few days. At one point, Cheterian (2009) notes, “Russian tanks were within one hour of the Georgian capital” of Tbilisi (p. 155), and might have progressed further had not the international community pressed vehemently for a cease-fire. Even after this cease-fire, Russian troops continued to destroy Georgian infrastructure, mine its lands, take down its military assets, and loot the countryside (Nichol 2008, p. 7-8).

The South Ossetia War proved to be a costly mistake for Georgia. By all accounts, Georgia was not prepared to fight with Russia, and had not thought that Russia would intervene in the Ossetian situation (Nichol 2008, Cheterian 2009). The treaty that Georgia was forced to sign after the conclusion of the South Ossetian War was highly favorable to Russia, with Russia choosing to recognize both South Ossetia and Abkhazia as sovereign states. Russia was also permitted to maintain a military presence of “peacekeepers” in land that had previously been under Georgian control (Nichol 2008). The lost war cost Georgia over two billion dollars, reduced the effectiveness and power of its military, and decreased the country’s reputation in the eyes of the international community (ibid). Last, adding insult to injury, a thorough international investigation declared the war to be Georgia’s fault (Cheterian 2009). It should be noted, however, that this fact may not be widely known in Georgia, as the government continues to control the main media. Be this as it may, it cannot be denied no matter who began the South Ossetia War, the conflict certainly ended poorly for Georgia.

Given this background, this study puts forward several hypotheses to be tested.

**H1:** Confidence in major Georgian social institutions will decrease following the South Ossetian War and financial crisis. It is hypothesized that overall, the effect of these two events will be negative in 2009.

**H1a:** Trends in confidence will be similar for institutions, as per Lipset and Schneider (1983).

**H2:** The war and financial crisis will have separate negative impacts on confidence. It is hypothesized that any “rally ’round the flag” effect would have

worn off by the time data were collected in 2009, and the reality of having lost an expensive war would have set in for Georgia's population. Similarly, since the financial crisis led to a worldwide decrease in confidence, this is also hypothesized to have occurred in Georgia.

**H3:** Urban-dwellers will have less confidence in institutions than will rural-dwellers. Since most of Georgia's dissidents live in its urban centers, urbanicity should be related to disapproval of the government. Disapproval of the government, in turn, should lead to less confidence in institutions overall, as per Lipset and Schneider (1983).

**H4:** Georgians with access to the internet at home will have less confidence in institutions than will Georgians without access to the internet. It is hypothesized that individuals with access to home internet would be able to access alternative sources of news, and thus be more exposed to non-favorable viewpoints of the Georgian government and other institutions than would Georgians without access to the internet.

#### 4. Methods

Data for this study were obtained from the Gallup World Poll. The Gallup World Poll is a probability-based face-to-face or telephone survey conducted regularly in over 140 countries, covering over 95% of the world's population. The survey is translated into the native language of the country and then backtranslated for quality assurance. While core questions are asked of all countries in every wave of the survey, other questions are only asked to specific countries in specific years. In Georgia, questions relevant to this study were asked in 2008, 2009, and 2010. The survey was conducted face-to-face in all three years, with 1080, 1000, and 1000 interviews conducted, respectively. In 2008 and 2009, the survey could be completed in Georgian, in Russian, and in Armenian; in 2010, it could be completed in Georgian or Russian (World Poll Methodology handbook). Also, the survey was not conducted in South Ossetia or Abkhazia, so there is no confound due to conflicting national loyalties.

The 2008 data were collected in Georgia between June 3 and 23, when relations between Georgia and Russia were growing tense, but war was not yet on the horizon. The 2009 data were collected from May 2 to 13, approximately nine months after the war and seven months after the global financial crisis hit. The last wave of data was collected from June 8 to 28, 2010. It should be noted that the 2009 data were collected nearly a year after the South Ossetian War was over. Given this, it is quite possible that there were significant fluctuations in public confidence in the immediate aftermath of the war that were not identified by the Gallup World Poll's yearly collection of data. Even with this caveat, the data provide a unique and valuable view into public opinion over time, before and after the war and global financial crisis.

The questions used for this study included basic demographics, an item asking about the economy, and items asking about respondents' confidence in various institutions. Demographic items included gender, age, urbanicity, and whether or not the respondent had access to the internet at home. The urbanicity question was dichotomized into whether respondents lived in a "large city," or somewhere else, which includes suburbs, small towns, and rural areas.

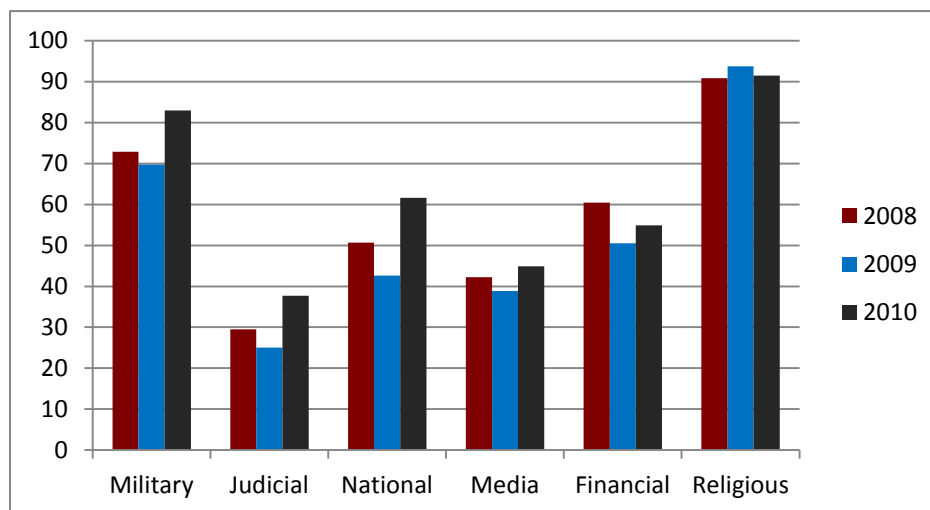
The question about the economy, which was used as a control variable for the impact of the financial crisis on respondents, asked, "Right now, do you think that economic conditions in the city or area where you live, as a whole, are getting better or getting worse?" Response options read aloud were "better" and "worse," but respondents could also answer "the same" as well as "don't know" or "refuse." This variable was

dichotomized into “getting worse” and “not getting worse” categories for the purpose of this analysis. It was assumed that people who were the most impacted by the global financial crisis would agree that the economy was getting worse rather than staying the same or getting better, while those who were not as impacted by the crisis would not be as likely to respond in this way. While this variable is admittedly a less than perfect measure of people’s perceptions of the impact of the financial crisis on their lives, no other relevant variables were available for analysis. Finally, each of the confidence items asked, “In Georgia, do you have confidence in each of the following, or not,” for “the national government,” “the military,” “financial institutions or banks,” “courts and the judicial system,” “religious organizations (churches, mosques, temples, etc.)”, and “media”. Listed response options were “yes” and “no,” but “don’t know” and “refused” were accepted and coded as such.

## 5. Analysis and Results

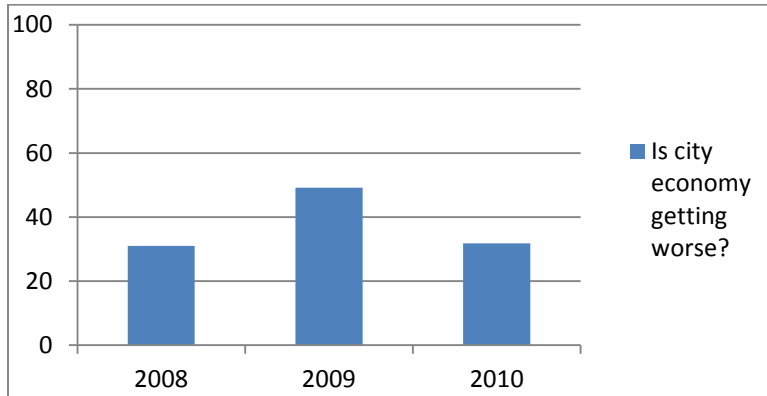
Confidence in these Georgian social institutions is shown below in Figure 1 for the years 2008 through 2010. Overall, it is clear that there are significant changes in Georgian confidence in institutions in the aftermath of the war and financial crisis, with the majority of these trends following the expected correlations. Chi squared tests of independence were used to determine whether or not values changed significantly from 2008 to 2009, and from 2009 to 2010. From this analysis, it was found that the percentage of respondents with confidence in the national government, the judicial system, and financial institutions all fell significantly from 2008 to 2009 (all p values <.001). In contrast, confidence in religion increased significantly (p=.015), and confidence in the media and the military did not change significantly from 2008 to 2009. This leads to partial support for Hypotheses 1 and 1a, but identifies confidence in religious institutions as a variable that may be substantively different from the others.

From 2009 to 2010, a different pattern unfolds. As shown below, confidence increased for every institution except religious organizations, which did not change in a significant manner. (P values for the military, judicial system, national government are all <.001; p value for media=.0069, p value for financial institutions=.049.) This lends further support for Hypothesis 1a, for all variables except for religious organizations.



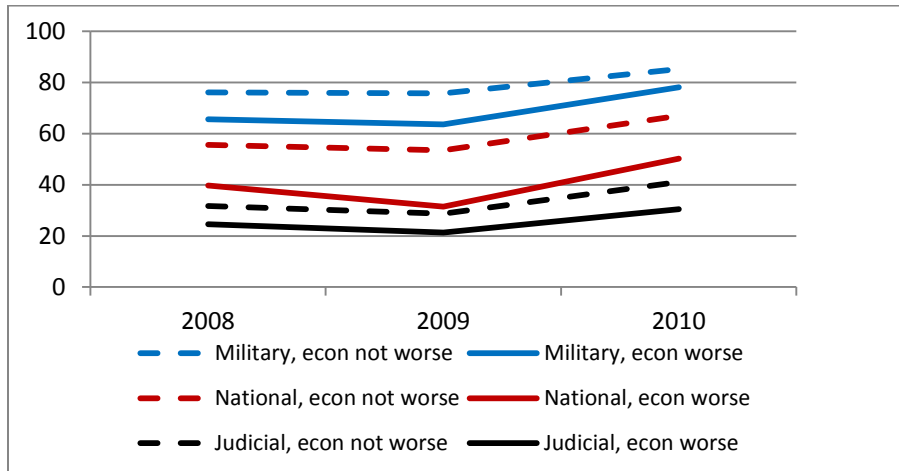
**Figure 1: Confidence in Institutions Over Time**

These identified changes in confidence may have been caused by the South Ossetia War, by the financial crisis, or by both. Perceptions of the economy, as measured by the control variable, did change significantly from 2008 to 2009, and from 2009 to 2010, as shown in the graph below ( $p < .001$ ).



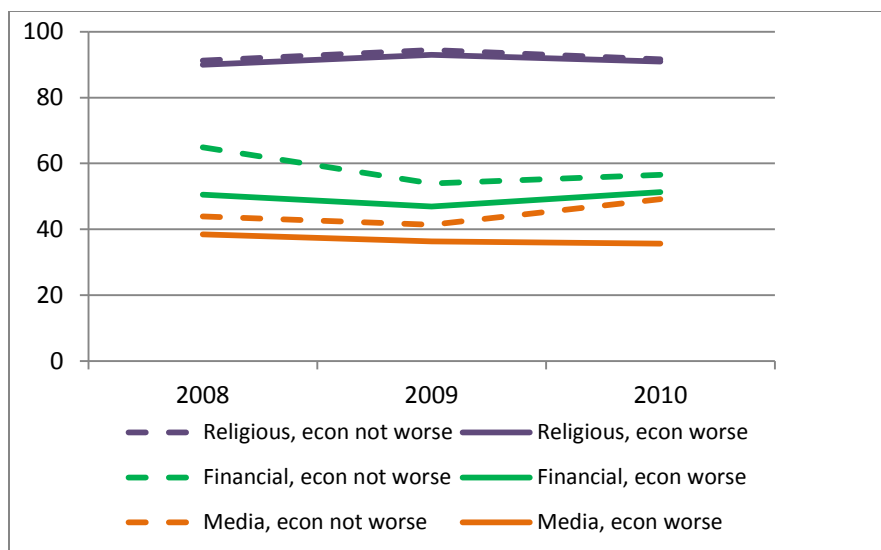
**Figure 2:** The Proportion of Respondents by Year Who Indicated That Their City Economy was Getting Worse

To help disentangle the effects of the South Ossetia War from the financial crisis, the confidence graphs above are calculated again, this time broken down into subgroups by perceptions of the economy. To better visualize the effects of economic perceptions on confidence, the results are shown in longitudinal form. Solid lines represent those who thought that their local economy was getting worse, while dashed lines represent those who did not think that their local economy was getting worse. These confidence graphs are presented in two groups, based on the governmental or non-governmental nature of the institutions in question. The national government, the judicial system, and the military are all officially governmental institutions. Confidence in these institutions is shown first (Figure 3), followed by confidence in other institutions (Figure 4).



**Figure 3:** Confidence in the Military, in National Government, and in the Judicial System, by Economic Perceptions





**Figure 4:** Confidence in Religious Institutions, Financial Institutions, and the Media, by Economic Perceptions

As shown, fewer Georgians who thought that their local economy was getting worse had confidence in any institutions except for religious ones. Since a large number of respondents changed in their perceptions of their local economy from 2008 to 2009 (Figure 2), and since having a lower perception of the economy was related to having lower confidence, it seems reasonable to assert that the financial crisis led to a general decrease in confidence in institutions other than religious institutions. Looking at differences between those who thought that the economy was getting worse and those who thought it was not, respondents who thought that the economy was getting worse in 2009 were significantly less likely to have confidence in the national government than they were in 2008 ( $p=.01$ ), whereas this did not hold true for those who thought the economy was not getting worse. For those who thought that the economy was not getting worse, there were no significant changes in confidence in any institutions from 2008 to 2009 except for a significant decrease in confidence in financial institutions ( $p<.001$ ) and a significant increase in confidence in religious institutions ( $p=.036$ ). This may indicate that respondents who lost faith in other institutions found themselves turning to religion in the face of crisis.

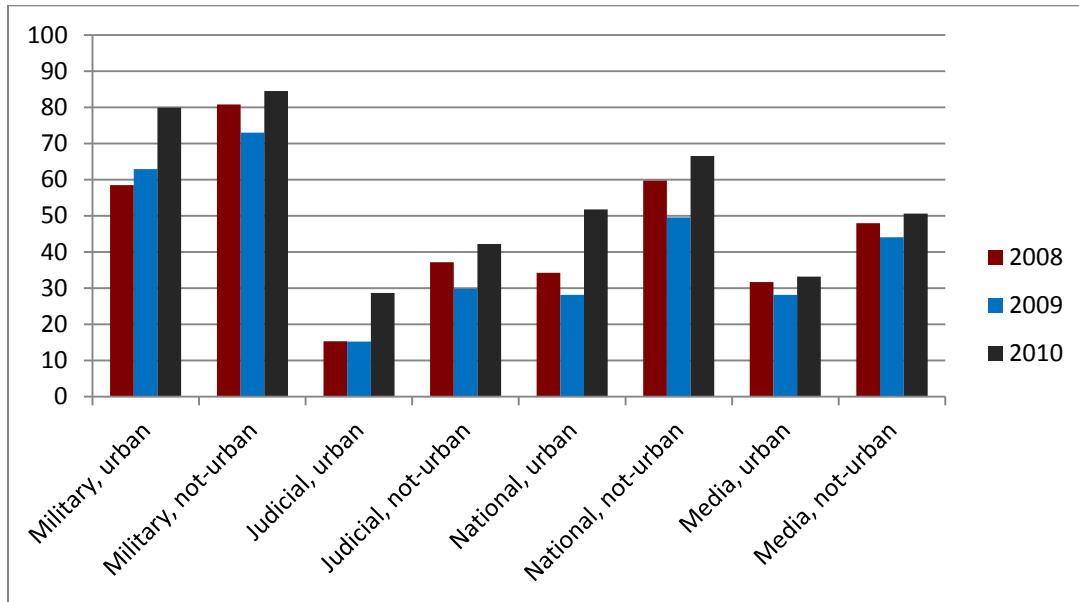
In addition to the general differences in confidence levels, similar downward and upward trends as already seen tend to hold across both economic-perception groups for confidence in governmental institutions. This is likely the war effect: either a decline or a lack of change in confidence, followed by a significant rise in confidence as Georgia returned to normalcy in 2010. The exception to this trend was for confidence in the media for those who thought that the economy was getting worse, where there was no significant change. Non-governmental variables, however, did not follow the same pattern. There was no significant change from 2009 to 2010 in confidence in financial or religious institutions.

These results partially support Hypothesis 2, as having negative perceptions of the economy predicted being less likely to have confidence in all institutions, and both economic-perception groups had lower levels of confidence in government in 2009 than in 2008. However, some of the trends were not significant from 2008 to 2009. Also, as before, confidence in religious institutions does not follow the same pattern as the others.

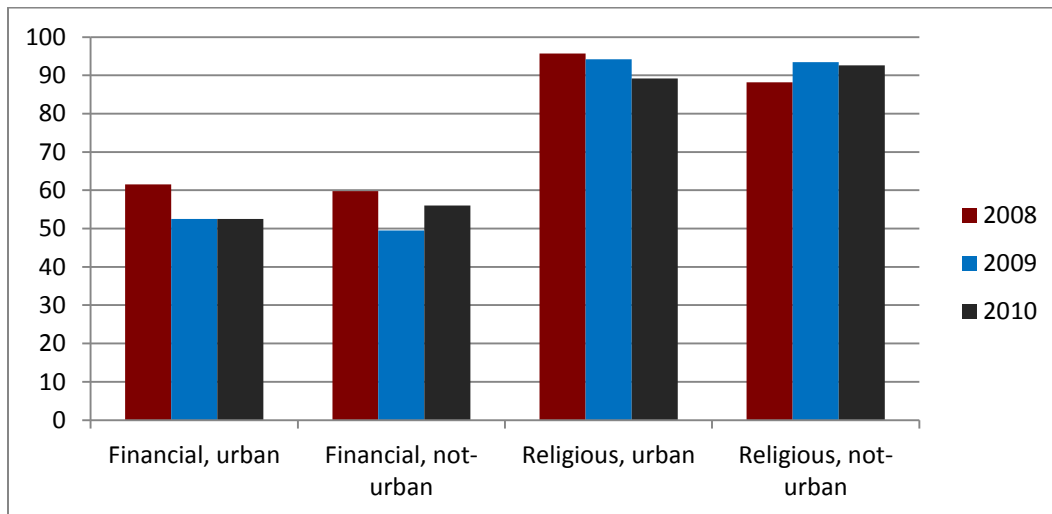
In Georgia, urbanicity and access to the internet may also lead to differences in confidence, as dissidents in Georgia tend to live in its urban areas, and Georgians who

have the internet may be more able to access non-governmental news media than are others and so be more informed of opinions besides the party line. As of 2010, 56% percent of Georgians who were urban had home internet access, and 9.9% percent of those who were not urban had the internet. Because of this, while there may be some overlap between the two categorical variables, each one still presents unique information.

To identify differences between urban and non-urban Georgians, the same analysis as above was conducted, this time separating respondents into urban and non-urban categories. Results for governmental (Figure 5) and non-governmental (Figure 6) variables are presented below.



**Figure 5:** Confidence in Governmental Institutions by Urbanicity



**Figure 6:** Confidence in Non-Governmental Institutions by Urbanicity

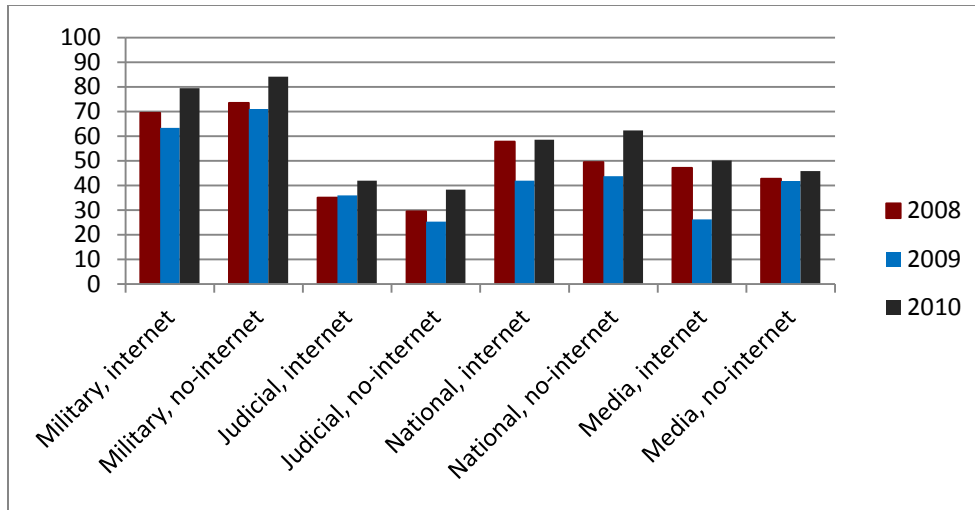
As shown, fewer urban residents in general had confidence in any governmental institution than did non-urban residents in 2008 through 2010, giving support for

Hypothesis 3 on governmental variables but not on non-governmental variables. It is interesting to note that urban-dwellers actually had more confidence in financial and religious institutions in 2008 than did the non-urban, though this trend reversed itself by 2010. In general, though, urban dwellers' levels of confidence in institutions did not change from 2008 to 2009. The only exception was in urban dwellers' confidence in financial institutions, where the percent having confidence fell significantly ( $p=.013$ ). In contrast, non-urban Georgians' confidence did change from 2008 to 2009. Confidence in official governmental institutions – the national government, the military, and the judicial system – all significantly decreased in 2009 (all  $p$  values  $<.01$ ). Confidence in financial institutions also decreased ( $p<.001$ ), while confidence in religious institutions significantly increased ( $p<.001$ ). Confidence in the media, however, remained constant.

From 2009 to 2010, confidence in official governmental institutions increased significantly for both urban and non-urban Georgians. Confidence in the media increased significantly for non-urban Georgians ( $p=.017$ ), but not for the urban. Additionally, non-urban confidence in financial institutions increased ( $p=.018$ ), and urban confidence in religious institutions decreased ( $p=.016$ ). Again, within groups, patterns appear generally similar for governmental institutions, but not as similar for non-governmental institutions.

While there are several cases in the graphs above where confidence levels among one group change while those among the other group do not, the only true discrepancy in changing confidence in institutions is in the military from 2008 to 2009. As previously noted, more urban Georgians had confidence in the military in 2009 than in 2008, whereas fewer rural Georgians had confidence in 2009 than in 2008. This may be due to differential experience during and following the South Ossetia War: the capital city of Georgia did not suffer damage in the war, whereas the Georgian countryside was bombed and looted by Russian forces (Nichol 2008).

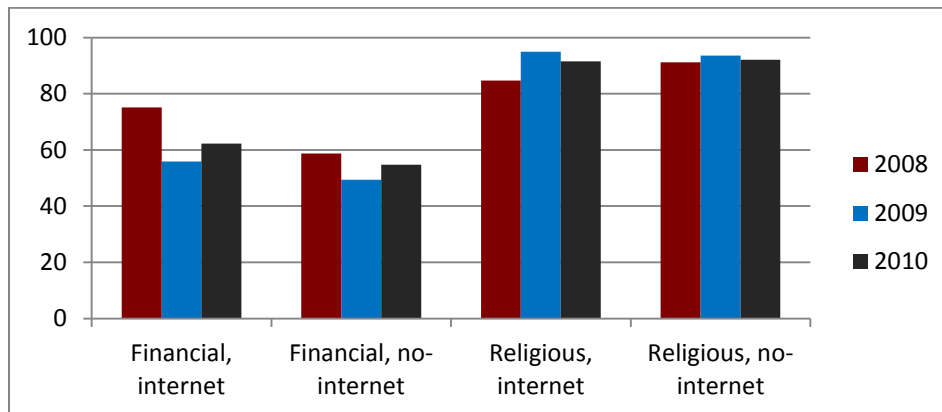
Finally, a similar analysis can identify the differential trends in confidence among respondents who have the internet at home, and those who do not have the internet. As presented in Figure 7, the internet dichotomy shows somewhat conflicting reports of confidence. Hypothesis 4 is only clearly supported for confidence in the national government and the media, and is not supported in the majority of other cases. Differences in confidence in the media are especially striking. Confidence for this variable does not change from 2008 to 2010 for those respondents without the internet, but for those with the internet, there is a dramatic decrease in confidence in 2009 ( $p<.001$ ), and then a complete rebound of confidence in 2010 ( $p<.001$ ). Similarly, while individuals with internet access at home had more confidence in the national government in 2008 than did those without access to the internet, this group's confidence levels plummeted in 2009 ( $p=.002$ ), and did not rise in 2010 to the levels reached by the non-internet group.



**Figure 7:** Confidence in Governmental Institutions by Internet Access

One might speculate that these results reflect a likely discrepancy between governmental and external news sources in the aftermath of the South Ossetia War. As news stories in the Georgian media portrayed only the party line regarding the South Ossetia War, and external news sources gave alternative points of view – including international statements that declared Georgia responsible for the war – it is not surprising that respondents with access to the internet lost confidence in the media and national government in 2009. What is slightly more surprising is that confidence rebounded so sharply in 2010. It is possible that as Georgia moved on into recovery, that there was less international coverage of Georgian news and so fewer discrepancies that would lead to a lack of confidence.

With regard to the other confidence variables, as shown above and in Figure 8, confidence in financial institutions fell significantly for both groups in 2009 ( $p < .001$ ). However, confidence in the judicial system and in the military does not change from 2008 to 2009. Finally, those with internet were more likely to have confidence in religious institutions in 2009 than in 2008 ( $p = .0012$ ), whereas there was no significant difference in this variable for those who did not have the internet.



**Figure 8:** Confidence in Non-Governmental Institutions by Internet Access

In 2010, confidence in the military and in the national government significantly increased for all respondents ( $p < .01$ ). Those without access to the internet also had more

confidence in the judicial system ( $p < .001$ ) and in financial institutions ( $p = .030$ ) than they did in 2009. Once again, trends in confidence in governmental institutions were clearly correlated, except for confidence in the media among those who did not have the internet, which did not change significantly across the time period in question. Trends in confidence in religious institutions and in financial institutions were again less similar to those of governmental institutions, with financial institutions not benefiting from the rebound in confidence in government, and confidence in religion appearing negatively correlated with confidence in other institutions.

In sum, all of this study's hypotheses were partially supported, but the results were not as clear as Lipset and Schneider (1983) might have predicted. It appears that the South Ossetian War led to a general slight decline in confidence in governmental institutions, followed by a significant rebound in the following year as the war passed into memory and life returned to normal. Those more impacted by the recession, however, reported less confidence in all institutions except for religion, with the largest difference in confidence being in the national government. Confidence in financial institutions was also differentially impacted by the recession, with those impacted having a lower overall rate of confidence, but less change in confidence than those who thought that their local economy was not getting worse. Confidence in religious institutions presents an interesting counterpoint to these other results: it maintains fairly constant (and high) rates over time, actually increasing slightly in 2009. It is possible that as Georgians lost confidence in other institutions – both state-run and private sector – they turned to an alternative provider of stability and comfort: the church.

Controlling for urbanicity and media exposure did not substantially change the overall trends found, though these analyses do give a more nuanced picture of Georgians' confidence in social and governmental institutions. It is the non-urban rather than the urban who increased their confidence in the church, as well as who decreased their confidence in the judicial system and the military. This may have to do with differential experiences of the war, as they may have been more personally affected by Russian attacks. Additionally, the decline in confidence in the media in 2009 was driven by internet access, with those with access to the media reporting a dramatic decline in confidence in 2009, likely because of the discrepancy between Georgian reporting and worldwide reporting of the events of the South Ossetian War. It should be noted, however, that confidence returned to its previous level in 2010. This corresponds well with other rebounds in confidence, further supporting Lipset and Schneider's (1983) theory of correlation of confidence in institutions.

## 6. Discussion

The South Ossetian War and the global financial crisis of 2008 provided a unique chance to test Lipset and Schneider's (1983) theory of confidence in institutions in an international setting. In partial support of their theory, confidence in governmental institutions in Georgia (the national government, the military, the judicial system, and the media) was found to move in a similar pattern over time (partially supporting Hypotheses 1 and 1a). However, confidence in financial institutions only partially followed this trend, and confidence in religious institutions was found to move differently from the others.

Breaking down levels of confidence by economic perceptions, urbanicity, and internet access, it was found that all three demographic variables clearly impacted confidence levels (partially supporting Hypotheses 2, 3, and 4). The impact of the financial crisis, as modeled by economic perceptions, appeared to be to lower general confidence in all institutions except for religious ones. In contrast, the war appears to

have caused a stagnation or decline in confidence, followed by a sharp rise in 2010, possibly indicating that the Georgian people were putting the war behind them and returning to normalcy. From this analysis, it seems that both war and financial crisis lowered Georgian confidence in governmental institutions, that war increased rural Georgians' confidence in religion, and that the financial crisis did not impact religion.

However, more research needs to be done on this topic. This exploratory study only identifies changes over time and correlations; it does not address issues of causality. It also uses local economic perceptions as a proxy for being impacted by the financial crisis, which may be a weak measure of the construct of interest. Data were only collected once a year, which may mask more nuanced changes in confidence over time. Further, this study assumes that any changes in confidence not modeled by economic perceptions were caused by the South Ossetian War, which may not be the case. Some of these limitations were inherent to the dataset being studied. To address these issues, future studies, then, could conduct qualitative research in Georgia to better understand the causes of the changes over time that this study identifies. Additionally, future research could use more sophisticated analytic techniques such as latent class analysis to better identify the respondents who lost confidence or maintained confidence in their social institutions.

Even with its weaknesses, this study contributes to the understanding of how confidence in institutions changes in the wake of large-scale events, such as war or financial crisis. Confidence in governmental institutions was found to be correlated over time, as Lipset and Schneider (1983) would have predicted. Social scientists and historians can also note that war in this case did not seem to lead to a lasting rally effect, as confidence in governmental institutions either decreased or did not change between 2008 and 2009, controlling for economic perceptions. The financial crisis, however, did appear to depress Georgians' confidence in government, corroborating with other international research on this topic. From this research, then, more confidence can be placed in the international applicability of Lipset and Schneider's theory to confidence in governmental institutions. In addition, policy-makers and others can better understand the likely implications of large-scale events on the public consciousness, and thus work to make decisions that will keep society functioning with confidence.

### **Acknowledgements**

The authors acknowledge and thank Gallup, Inc. for the use of its World Poll data in this study.

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