

"The echo of Stalinism and the determinants of social and institutional trust in contemporary Russia"

Abstract: This paper investigates the role of ethnic diversity in socio-economic development. More specifically, it explores the impact of regional ethnic structure on social capital as measured by trust. Using individual level data from the Russian Life in Transition Survey (2010) I study the impact of ethnicity on three different types of trust: general, interpersonal and institutional. The endogeneity of ethnic diversity is addressed by using a two-stage least square procedure. The first stage results show that regional ethnic structure, measured by the standard Herfindahl index, was strongly influenced by the deportations conducted in the Soviet Union under Joseph Stalin between 1928 and 1953. The paper finds strong evidence of the impact of deportations on historical and contemporary regional ethnic structure. In particular, the deportations decreased ethnic diversity in the regions of destination by about nine percent. The first stage results are robust to using other measures of ethnic diversity, such as ethnolinguistic polarization and ethnic fractionalization, computed at different levels of aggregation. Above all, and contrary to the findings from the existing literature, ethnic diversity *per se* is insignificant in building social capital in most cases.