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Leslie A. Schwindt-Bayer and Margit Tavits
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Introduction

Corruption is a constant political threat to democracies throughout the world and has become a top political concern for many citizens.[1] Even the most democratic countries constantly face the threat of corruption and the consequences of it at the polls. Yet, some countries have been better able to combat corruption than others. Figure 1.1 shows a map of the world that reflects the ranking of corruption in democratic countries. It uses data from Transparency International's 2013 Corruption Perceptions Index (CPI), which is produced annually to assess perceived corruption in the public sector for nearly all countries. Darker shades indicate more corruption. Table 1.1 reproduces this information with the CPI corruption scores for a more detailed look. In 2013, Denmark, New Zealand, Finland, and Sweden were the least corrupt democracies in the world, with scores of 91 for the first two countries and 89 for the second two countries, on a scale of 0 (most corrupt) to 100 (least corrupt). Ukraine, Paraguay, and Venezuela are the most corrupt democracies, with scores of 25, 24, and 20, respectively. Brazil was ranked in the middle, 72nd out of 177 countries, with a corruption score of 42.

Why are some democratic governments more corrupt than others? We argue that an important but overlooked explanation lies with clarity of responsibility. Clarity of responsibility refers to institutional and partisan arrangements that make it easy for voters to monitor their representatives, identify those responsible for undesirable outcomes, and hold them accountable by voting them out of office. Although research has posited a variety of measures of clarity of responsibility (in both parliamentary and presidential systems), the most common

[1] Corruption is just as, if not more, problematic for authoritarian states, but this book focuses on corruption in democracies because the institutional incentives to engage in corruption that we are studying work differently depending on whether government officials can be held to account through elections or not.

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FIGURE 1.1. Corruption levels in democracies around the world, 2013
Source: Transparency International, Corruption Perception Index (CPI) 2013.
Note: Darker shade indicates higher level of corruption. Countries that are not included in our study are left blank.

measure focuses on majority government: clarity of responsibility is high when a single-party majority controls the government; it is low when the government is controlled by multiple parties or lacks majority support altogether.

We argue that clarity of responsibility is important for controlling corruption because it increases accountability in the political system. When clarity of responsibility is high, politicians have a more difficult time shifting blame for undesirable outcomes, and voters can more easily monitor decision makers and assign them responsibility for political performance. Voters can then vote corrupt officials out of office. When clarity of responsibility is low, parties can blame one another for poor outcomes, such as corruption, and voters cannot assign responsibility because they are not sure which of the parties is in control of government. It is much more difficult for voters to vote corrupt officials out of office under these conditions. In the end, the threat of facing potential retribution at the ballot box curbs the behavior of elected officials, linking clarity of responsibility to reduced corruption levels. The clarity of responsibility hypothesis is an argument about the accountability-enhancing role of institutions in reducing corruption.

We demonstrate the relevance of the clarity of responsibility theory for corruption with multiple forms of evidence from democracies throughout the world. We first show that when clarity of responsibility is high, corruption levels tend to be consistently low, controlling for well-established explanations of corruption. This *correlation* is based on a cross-sectional time-series statistical analysis using an original dataset of seventy-six democracies from 1990 to 2010. It is one of the largest datasets compiled on corruption both in terms of country coverage and time period.

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TABLE 1.1. *Corruption levels in democracies around the world, 2013*

Country	CPI score	Rank	Country	CPI score	Rank
Denmark	91	1	Slovakia	47	61
New Zealand	91	1	Ghana	46	63
Finland	89	3	Italy	43	69
Sweden	89	3	Romania	43	69
Norway	86	5	Brazil	42	72
Switzerland	85	7	South Africa	42	72
The Netherlands	83	8	Bulgaria	41	77
Australia	81	9	Greece	40	80
Canada	81	9	El Salvador	38	83
Germany	78	12	Jamaica	38	83
Iceland	78	12	Mongolia	38	83
United Kingdom	76	14	Peru	38	83
Belgium	75	15	Trinidad and Tobago	38	83
Japan	74	18	Zambia	38	83
United States	73	19	Malawi	37	91
Uruguay	73	19	Sri Lanka	37	91
Ireland	72	21	Colombia	36	94
Chile	71	22	India	36	94
France	71	22	Philippines	36	94
Austria	69	26	Ecuador	35	102
Estonia	68	28	Panama	35	102
Botswana	64	30	Thailand	35	102
Cyprus	63	31	Argentina	34	106
Portugal	62	33	Bolivia	34	106
Israel	61	36	Mexico	34	106
Poland	60	38	Albania	31	116
Spain	59	40	Mozambique	30	119
Lithuania	57	43	Dominican Republic	29	123
Slovenia	57	43	Guatemala	29	123
South Korea	55	46	Mali	28	127
Hungary	54	47	Nicaragua	28	127
Costa Rica	53	49	Bangladesh	27	136
Latvia	53	49	Guyana	27	136
Malaysia	50	53	Honduras	26	140
Turkey	50	53	Papua New Guinea	25	144
Croatia	48	57	Ukraine	25	144
Czech Republic	48	57	Paraguay	24	150
Namibia	48	57	Venezuela	20	160

Note: The table includes only those semidemocratic and democratic countries that are included in this book's analysis. We code as democracies those countries with a score greater than 0 on Polity's polity2 variable and a score less than or equal to 5 on the Freedom House averaged political rights and civil liberties measures for a period of twelve years or more under the same executive structure (presidential or parliamentary) during 1990–2010. See Chapter 3 for more details on this coding.
Source: Transparency International, CPI 2013.

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We then perform a second set of analyses to show that electoral accountability is the likely *causal mechanism* linking clarity of responsibility and corruption by analyzing mass survey data on voters' choices at election time. Using Comparative Study of Electoral Systems (CSES) and International Social Survey Program (ISSP) survey results for up to thirty-seven democracies from the mid-2000s, we demonstrate that voters are more likely to vote corrupt officials out of office when clarity of responsibility is high than when it is low. Third, we present concrete evidence that establishes the *causal effect* of clarity on electoral accountability for corruption using an original survey experiment in the United States. The experiment simply and clearly demonstrates that unified (i.e., single-party majority) versus divided (i.e., minority) partisan control of government is a cause of corruption voting – more people vote incumbents out of office under unified government than under divided government, all else equal.

Fourth, we examine the relationship between clarity of responsibility and corruption from the perspective of political elites and how *they* behave in contexts of varying levels of corruption. We use new global and regional data to show, first, that incumbent governments are more likely to pursue anticorruption programs, adopt anticorruption legislation, and join anticorruption conventions when clarity of responsibility is high rather than low, and second, that incumbents are more likely to address corruption in campaigns, value incorruptibility, and view corruption as a problem in their country in settings of high clarity of responsibility than in low-clarity contexts. Taken together, these four sets of analyses demonstrate the power of the clarity of responsibility theory for increasing electoral accountability for corruption.

In this first chapter, we do several things. First, we define corruption and distinguish which kinds of political activities are considered "corruption" and which are not. Second, we review the existing explanations of corruption levels across countries and over time. Third, we highlight that the corruption literature has largely overlooked the role of clarity of responsibility and introduce our theoretical argument. We conclude by discussing the scope of the project in more detail and offering a chapter outline for the book.

Defining corruption

Corruption is commonly defined as 'a misuse of public office for private gain' (Potter and Tavits 2012; Rose-Ackerman 1999; Sandholtz and Koetzle 2000; Treisman 2000, 2007). It is important to note that this gain can benefit either the individual politician or the group to which he or she belongs (Bardhan 1997), such as a political party, and that simply acquiescing in the corrupt acts of others renders an individual complicit in furthering the corrupt system as a whole (Andvig and Moene 1990; Gerring and Thacker 2004; Gingerich 2009). That is, politicians are responsible for not only their own corrupt activities but also for the failure to combat corruption by low-level political officials or bureaucrats.

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There are two main types of corruption: street-level petty corruption and systemic grand corruption (Rose-Ackerman 2006). The former includes citizens' and business communities' direct encounters with low-level officials who seize the opportunity to benefit personally by collecting bribes, using or trading confidential information, and so on. The latter refers to extraction of rents and collection of kickbacks for major public projects by high-level officials. In this book, we focus primarily on grand corruption.

It is also important to clarify that when we talk about "corruption" it is not necessarily about direct observations of corruption but instead about *perceptions* of corruption. Corruption is notoriously difficult to measure. The existing large-scale corruption indexes measure perceptions of corruption gauged by a variety of different sources (experts, business elites, etc.) rather than some elusive objective observation of corruption. Surveys that ask citizens about corruption most often ask about their perceptions of corruption in a political system, although they are increasingly asking about citizens' own experiences with certain types of corruption, as well (see, for example, Tavits 2010). More importantly, we know that perceptions of corruption matter for political preferences and attitudes (Anderson and Tverdova 2003; Davis, Camp and Coleman 2004; Della Porta 2000; Krause and Mendez 2009; McCann and Dominguez 1998). As Kaufmann, Kraay and Mastruzzi (2009, 4) state "perceptions matter because agents base their actions on their perceptions, impression, and views." Voters, too, vote based on *perceptions* of corruption levels rather than *actual* levels (Klasnja, Tucker and Deegan-Krause 2014). Our study aims to determine how agents are likely to behave when citizens perceive varying levels of corruption and the political context has varying levels of clarity of responsibility. Measuring corruption via perceptions is therefore appropriate for our purposes. We do, however, acknowledge that corruption perceptions actually emerge from direct encounters with corruption as well as information learned from the media and social networks about corrupt exchanges.

More precisely, then, we define corruption in terms of *perceptions of corruption* and consider corrupt activities to be those related mainly to grand corruption. We are interested in such a broad definition for the following reasons. First, we care about corruption as an object of study because of the negative consequences that it has on state and society. What is important for healthy democracy is not just petty corruption and personal encounters with paying bribes, which certainly undermines state legitimacy by creating inefficiencies and unfairness (Rose-Ackerman 1978), but the overall perception of cleanliness of government, which includes information (formal or informal) about grand corruption. Indeed, as we discuss below, existing research reports a number of destructive effects of corruption, and many if not most of these consequences stem from perceived and grand corruption rather than from low-level encounters. Second, given our focus on democratic accountability, it is the general impression of how corruptly or cleanly bureaucrats and political leaders operate that is more likely to be subject to such accountability. After all, it is this broad-based perception of corruption that takes people to the streets, as in

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Ukraine and Venezuela in early 2014, and we argue it is this corruption that affects people's vote in a systematic manner (see Klasnja, Tucker and Deegan-Krause 2014).

Specific examples help illustrate the political and electoral relevance of grand corruption and perceptions of it. In Eastern Europe, several governments in Poland have fallen or been seriously battered due to corruption allegations. In 2004, Prime Minister Leszek Miller resigned when it emerged that he had suggested changing legislation in a media group's favor in return for about 18 million dollars.[2] By that time, the public perception of corruption had increased steadily with about 70 percent of Poles saying that corruption was a huge problem (compared to only 33 percent in the early 1990s).[3] In 2007, another government collapsed as a result of serious allegations of massive corruption by the leader of a junior coalition partner in Prime Minister Jarosław Kaczyński's cabinet.[4] What is more, members of the Prime Minister's own party – although the party had come to power on a strictly anticorruption platform – were accused of buying off MP support and implicated in banking scandals.[5] Subsequent governments, too, have been shaken by different corruption scandals involving nepotism, bribery, abuse of public property, etc., leading to ministerial resignations[6] and general public discontent about political corruption.[7]

Brazil provides another example. In 2002, Luis Ignacio Lula da Silva (Lula) was elected president of Brazil from a political party claiming it would bring an end to the problems of political corruption that have long-plagued the country. By 2005, the Worker's Party (PT) was embroiled in its own corruption scandal when the PT was accused of paying members of congress monthly stipends from public funds to support their legislative agenda. Forty party elites reaching all the way up to the president's chief of staff were formally charged with an array of corruption-related crimes – money laundering, bribery, tax evasion, fraud – and twenty-five of them were convicted in a court of law in 2012. Lula managed to avoid being directly linked to the scandal, but his popularity

[2] Lynam, Joel. 2005. "Corruption shadows Polish growth." *BBC*, August 4. [Accessed April 19, 2014]. http://news.bbc.co.uk/2/hi/business/4745551.stm

[3] *Economist*. 2003. "Corruption in Poland. Enough!" April 17. [Accessed April 29, 2014]. www.economist.com/node/1722297

[4] *BBC*. 2007. "Polish MPs choose early election," September 7. [Accessed April 29, 2014]. http://news.bbc.co.uk/2/hi/europe/6984543.stm

[5] Castle, Stephen. 2006. "Poland's ruling coalition rocked by allegations of corrupt deals." *Independent*, April 29. [Accessed April 29, 2014]. www.independent.co.uk/news/world/europe/polands-ruling-coalition-rocked-by-allegations-of-corrupt-dealings-417824.html

[6] See, for example, Adekoya, Remi. 2012. "Agriculture minister resigns." *Warsaw Business Journal*, July 23. [Accessed April 29, 2014]. www.wbj.pl/article-59859-agriculture-minister-resigns.html?type=wbj

[7] *Warsaw Business Journal*. 2013. "Poles see significant corruption in Poland." *Warsaw Business Journal*, July 25. [Accessed April 29, 2014]. www.wbj.pl/article-63385-poles-see-significant-corruption-in-poland.html

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dropped in the immediate aftermath of the scandal, and the PT drew the ire of voters who felt duped by their claim to promote a different kind of politics in Brazil. Perceptions of corruption were hurt, as well. Brazil scored a 39 on the CPI in 2004 and had hovered around that number for several years prior to 2004. By 2006, it had dropped to a 33, indicating greater perceived corruption in Brazil.

Grand corruption is also reflected in the public's perception of corruption. For example, in the latter part of the 2000's, Bulgaria's Socialist-led coalition government suffered numerous corruption scandals leading to cabinet reshuffling but no court convictions.[8] This contributed to Bulgaria's reputation as the most corrupt country in the European Union – it ranked 77th on the CPI with a score of 41 in 2013. In Romania in 2012, the deputy prime minister withdrew from the governing coalition over corruption accusations that had been raised against another party's leader.[9] That was just one of many corruption-related government crises that Romania had experienced. As a recent *New York Times* article pointed out, "Over the past six years, 4,700 people have gone to trial on corruption charges, including 15 ministers and secretaries of state, 23 members of Parliament and more than 500 police officers [in Romania]."[10] That year, Romania ranked as the third most corrupt country in the EU according to the CPI. In many ways, then, (perception of) corruption provides an indicator of a country's overall economic, political, and democratic health and is a national issue for which high-level elected officials are likely to be held accountable.

We explicitly differentiate corruption from another political act: clientelism (sometimes referred to as machine politics). Clientelism is the "contingent and targeted distribution of selective goods to supporters in exchange for their loyalty" (Grzymala-Busse 2008, 639). It is legal and benefits politicians electorally, while corruption is illegal and benefits politicians personally. Clientelism is also redistributive and somewhat public in nature, whereas corruption is extractive and private. Kunicova and Rose-Ackerman (2005) provide a longer discussion about how the two phenomena are conceptually distinct (see also Kurer 1993). Similarly, recent literature defines clientelism simply as another type of representational linkage that politicians can offer to voters rather than something damaging; it is an alternative to the programmatic linkage that is based on the allocation of collective and not geographically concentrated goods (Kitschelt 2000; Remmer 2007). Furthermore, although the literature on machine

[8] Reuters. 2009. "FACTBOX: Seven scandals from Bulgaria." *Reuters.com*. June 29. [Accessed April 27, 2014]. www.reuters.com/article/2009/06/30/us-bulgaria-scandals-factbox-idUSTRE55T02R20090630

[9] Bilefsky, Dan. 2012. "Romania's government collapses amid austerity backlash." *New York Times*, April 27. [Accessed April 27, 2014]. www.nytimes.com/2012/04/28/world/europe/austerity-creating-backlash-across-europe.html

[10] Bilefsky, Dan. 2012. "The curse of corruption in Europe's east." *New York Times*, October 26. [Accessed April 27, 2014]. www.nytimes.com/2012/10/26/world/europe/26iht-romania26.html

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politics focuses on vote buying and the monitoring of voters to ensure compliance, studies of corruption are usually concerned with the post-electoral activities of budgeting and legislating.

The specific evils of corruption are by now well documented. We know that corruption carries serious economic costs by slowing growth and staving off investment (Bardhan 1997; Burki and Perry 1998; Campos, Lien and Pradhan 1999; Mauro 1995; Treisman 2000). It also carries a social cost by limiting development – income, public health, literacy, and environmental quality – and fostering poverty and inequality (Canache and Allison 2005; Esty and Porter 2002; Gupta, Davoodi and Alonso-Terme 2002; Kaufmann, Kraay and Mastruzzi 1999; Li, Xu and Zou 2000). It further affects people's welfare by increasing the cost of and/or limiting access to government resources and deteriorating the quality of public services as well as infrastructure (Bose, Capasso and Murshid 2008; Mauro 1998; Tanzi and Davoodi 1997). Corruption increases government inefficiencies in terms of both imposing a tax on public services and shifting government activities to those sectors that are able to provide a return on corrupt practices (Lambsdorff 2006; Warren 2004).

Last but not least, corruption has a significant political cost. When political decisions are made not on the basis of voter preferences but on the basis of opportunities for personal gain, the quality of representation suffers. Indeed, corruption has been shown to erode confidence in political institutions (Anderson and Tverdova 2003; Chang and Chu 2006; Della Porta 2000; Morris and Klesner 2010; Seligson 2002, 2006). It has also been associated with decreased political participation (Chong et al. 2011; Davis, Camp and Coleman 2004; McCann and Dominguez 1998) while fueling participation in protests (Gingerich 2009). All this may pose a threat to political and even regime stability (Rose, Mishler and Haerpfer 1998; Seligson 2002).[11] This is vividly illustrated in the events in Venezuela and Ukraine in early 2014. In Venezuela, until recently one of the most corrupt but nominally democratic countries in the world, people took to the streets in violent antigovernment protests decrying corruption.[12] In Ukraine, too, while reasons for escalating protests and eventual international conflict were many, one of the central underlying reasons for

[11] While most studies agree that corruption has deleterious effects on development and democratic legitimacy, some see an upside to corruption. For example, Huntington (1968, 69) famously argues that a society "may find a certain amount of corruption a welcome lubricant easing the path to modernization." Other authors have also argued that corruption may offer a way to cope with the deficiencies of the system (Leff 1964; Schleifer and Vishny 1993). Still others claim that corruption may not always have negative effects on growth (Campos, Lien and Pradhan 1999) and that eradicating corruption completely may not be beneficial to growth (Acemoglu and Verdier 2000). However, the claims about the potential positive effects of corruption are few and far between and they are made in the context of authoritarian regimes. In democracies, corruption is still primarily seen as pathology.

[12] Murphy, Peter. 2014. "Venezuela protest leader says seeks Maduro's exit, not coup." *Reuters*, February 12. [Accessed April 29, 2014]. http://reuters.com/article/2014/02/12/us-venezuela-opposition-lopez-idUSBREA1B1UJ20140212

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public discontent was the increasing shameless corruption by its leaders.[13] The problems created by corruption suggest a significant payoff for understanding the causes of corruption and finding solutions to curb it.

Political, socioeconomic, and cultural explanations for corruption

Existing research has provided an array of answers to the question of why some countries are more corrupt than others. Some research has identified political factors, such as the level of democracy or freedom of the press, as explanations for corruption. Other studies emphasize ways in which different socioeconomic factors, such as economic development, increase or decrease corruption levels. Scholars have also discussed cultural reasons why corruption may be more or less tolerated, arguing that the hierarchical nature of religions correlates with corruption levels. However, within this multitude of explanations – reviewed excellently in Treisman (2007) – there is surprisingly little consensus about what actually affects corruption levels. This is due to contradictory findings, the possibility of reverse causality, and/or a lack of clear theory in the existing literature.

One of the most prominent explanations of cross-national corruption is the level and, especially, age of democracy, as well as freedom of the press (Adsera, Boix and Payne 2003; Rock 2009; Treisman 2000, 2007). Theories suggest that democracy, and variations in levels and age of democracy, should produce lower levels of corruption than nondemocratic or less-democratic states. Assuming citizens object to corruption, giving them the right to choose their leaders should reduce rent-seeking behavior among politicians as well as incentivize cleaning up the bureaucracy at different levels of government (Diamond and Plattner 1993; Doig and Theobald 2000). However, evidence of the effect of democracy is mixed. Montinola and Jackman (2002), for example, find that increases in political freedom do not uniformly reduce corruption (see also Treisman 2007).

Mexico provides an informative example of how democracy does not necessarily reduce corruption. The country transitioned to democracy in 2000 when the Institutional Revolutionary Party (PRI) finally turned over power to an opposition party, the National Action Party (PAN). The PRI had long been plagued by widespread electoral fraud and government corruption, and hopes were high that the transition to democracy would bring about cleaner government. Yet, the transition to democracy brought no change in perceived corruption levels. In the two years prior to the transition, 1998 and 1999, Mexico's CPI was 33 and 34, respectively. In 2001, it rose to 37, slightly less perceived corruption but gradually dropped back to 31 in 2010. In 2013, it still ranks

[13] Walker, Shaun. 2014. "Ukraine's Vitali Klitschko: 'This is a battle and I don't plan to give up easily.'" *Guardian*, January 21. [Accessed April 29, 2014]. www.theguardian.com/world/2014/jan/21/ukraine-vitali-klitschko-street-protests-corruption-interview

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only 106th out of 177 countries and has a CPI score of 34/100 (0 is most corrupt; 100 is least corrupt). Perceived government corruption in Mexico is high, despite thirteen years of democracy, and it is a top political concern for many Mexicans.[14] Eighty-four-and-a-half percent of citizens perceive of corruption as "very" or "somewhat generalized" (i.e., spread throughout the system) in Mexico, according to a recent Americas Barometer survey (LAPOP 2010).

In addition to a possible null effect of democracy on corruption, other studies suggest that, at least in some contexts, democratization may go hand in hand with increased not decreased levels of corruption (Geddes and Ribeiro 1992; Weyland 1998). Furthermore, contrary to expectations, citizens do not always punish elected officials for corruption (Chang, Golden and Hill 2010; Pereira, Melo and Figueiredo 2009; Peters and Welch 1980). Thus, it is important for research to examine how and why holding elected officials accountable for corruption varies across political contexts.

Probably, the most consistent empirical relationship in the study of how country characteristics affect corruption is the one with economic development (Ades and DiTella 1996; La Porta et al. 1999b; Mauro 1995; Treisman 2000, 2007). In the case of this explanation, however, the direction of causality is not always clear. Many see high corruption as a cause, not a consequence, of low income (Ehrlich and Lui 1999; Lambsdorff 2007; Murphy, Schleifer and Vishny 1993). Others, however, demonstrate that the long-run causality runs from low economic development to high corruption (Gundlach and Paldam 2009), while not denying the presence of a short-term feedback loop.

Cultural theories of corruption, especially those related to religion, are also robust (Gerring and Thacker 2004; Sandholtz and Koetzle 2000; Tavits 2007; Treisman 2000). Scholars argue and have found that the countries that embrace hierarchical religions, such as Catholicism, Islam, and Eastern Orthodoxy, have officeholders who face fewer challenges from citizens than the countries with more individualistic and egalitarian religions, such as Protestantism. Cultural arguments have also highlighted the challenges associated with longstanding and pervasive corruption creating a cyclical pattern with itself and producing countries with cultures of corruption (Bardhan 1997; Lu 2000).

Cultural, socioeconomic and political explanations for corruption have made great strides in understanding how and why corruption levels vary across countries and over time. Yet, even accounting for these factors, levels of corruption continue to vary substantially over space and time. Countries with similar economic and cultural characteristics and similar levels of democratization still vary widely in their corruption levels. For example, Italy and Spain share a Catholic culture and have similar levels of wealth, yet Italy ranks 69th on the CPI and Spain ranks 40th (see Table 1.1). Similarly, Chile and Uruguay have

[14] Aguilera, Rodrigo. 2012. "Corruption: tackling the root of Mexico's most pervasive ill." *Huffington Post Online*, November 28. [Accessed April 27, 2014]. www.huffingtonpost.com/rodrigo-aguilera/mexico-corruption_b_2206967.html

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