

## **Corruption and Democratic Governability in Latin America:**

### **Issues of Types, Arenas, Perceptions, and Linkages<sup>1</sup>**

John Bailey

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Abstract: In this paper I explore the effects of corruption on democratic governability in Latin America, emphasizing different types of corrupt exchanges that affect various arenas of politics and policy-making. My hypothesis is that some types of corruption are more important than others for democratic governability. Linkages between democracy and corruption need to be considered in both analytical and public opinion perspectives. At the level of public opinion we find that the terms are multi-dimensional and conflated in ordinary usage. Rather than specific findings, my goal is to sketch a map of the corruption-democracy landscape that marks the sites that merit priority exploration. Among these priority sites I include political parties, law enforcement and judiciary, and grand corruption.

#### Introduction

Corruption regularly appears among the top two or three problems cited in opinion polls in most Latin American countries. Along with violence, crime, inequality and institutional weaknesses, it figures prominently in scholarly work on quality of democracy as well. Researchers have made considerable progress in measuring aspects of corruption and in linking these to reduced support for incumbents and policies. But to this point, much of the work applies rather blunt categories and focuses on specific pieces of the broader problem complex, usually with little attention to how the pieces might fit together. Is there a useful way to reframe the corruption-democracy problem by differentiating among types of corruption and the various ways in which these affect democracy considered as regime as well as state institutions and processes?

In this paper I explore the effects of corruption on democratic governability in Latin America, emphasizing the types of corrupt exchanges that affect different arenas of politics and policy-making. Causes of corruption, effects on economic performance, and possible anti-corruption strategies and remedies lie beyond the present scope. As I use the term, democratic governability encompasses not only how power is achieved and the rules of the game (democracy as regime) but also the exercise of power by state agencies acting within a legal framework to address priority problems in a society (governability).<sup>2</sup> To anticipate theoretical-empirical challenges, we need to assess which kinds of vulnerabilities are more important to the functioning of regime and state. Also, we shall find that mass publics attach diverse meanings to corruption and also tend to conflate the procedures and performance dimensions in a broad notion of democracy, complicating our efforts to make democracy-corruption linkages.

I begin with a discussion of definitional and analytical issues and proceed to examine the direct and perceived effects of corruption in relation to various arenas. My hypothesis is that some types of corruption are more important than others for democratic governability. Rather than specific findings, my goal is to sketch a map of the corruption-democracy landscape that marks the sites that merit priority exploration.

#### Corruption: Meanings, Types and Arenas

Corruption is a highly contested term, loaded with normative baggage. The concept doesn't travel well across different cultures, through time, or across different individuals and social categories. Following Michael Johnston (2002), I find it useful to combine public-office and public-opinion approaches to defining corruption.<sup>3</sup> Joseph Nye's oft-cited public-office centered definition is a useful beginning point:

Corruption is behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of a reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses) (Nye 2002, 284).

Nye's approach emphasizes the public-private distinction that characterizes the modern, Western nation-state, which is the point of reference of most Latin American experience. The main benefit of this approach is its relatively narrow scope: we focus on government, public policy-making, and public-private exchanges. A limitation is that formal-legal duties of a public office vary considerably across political units and over time. In the neo-liberal era of state restructuring we find varieties of public functions (welfare, education, law enforcement come to mind) delegated to private firms. Also, we will probably find gaps between formal-legal rules about corruption, the informal rules that hold among political activists and elites, and the meanings that mass publics attach to corruption. To address these gaps, Michael Johnston suggests that we supplement the analytical definition by including opinion:

A better approach is to use a formal analytical definition [in this case Nye's] to identify corruption, to posit social conceptions of corruption as an important factor affecting political response (or non-response) to corruption, and then to examine the divergence between the two outlooks. This strategy, rather than

attempting somehow to merge two fundamentally contrasting conceptions of corruption preserves the differences between them, and focuses our attention upon those contrasts as interesting political question in their own right (Johnston 2002, 189-190).

Johnston's idea is helpful because we can return to Nye's definition and interpret his notion of "rules" broadly to include both the formal-legal and informal customs. That is, public actors may engage in behavior that is technically corrupt, but which they may view as ethically acceptable. The contrasts between social conceptions and laws might go the other way: the public may see as corrupt the behavior of public officials that is technically lawful. Despite the utility of narrow definitions, if public opinion views some types of misbehavior in the private sector as "corrupt" this becomes a relevant datum. Further, perceptions of what constitutes trivial versus serious corruption vary over time and across groups and strata defined in different ways.<sup>4</sup> These perceptions, in turn, influence attitudes related to regime legitimacy and individual behavior (e.g., voting, obeying the law, and the like). In sum, it's the interplay between the analytical and opinion perspectives that opens up useful lines of inquiry.

Thus, as a research strategy we travel two paths. First, in an analytical sense we explore the ways in which corruption negatively affects regime and state through a variety of linkages. Second, with a public opinion approach, we investigate the ways in which perceptions of corrupt exchanges can undermine regime and state.

In terms of types of corruption, we might think of abuse of public office in two basic ways: bribery in various forms and at various levels (money, property, or some "good" is given or extorted in exchange for a publicly controlled good), and political

transactions (duties are violated to exchange a public good for a resource that benefits the public official's power or influence).<sup>5</sup> The two ends may be served in the same transaction, or there might be separate acts and different motives.

We need to make two more sets of distinctions: where does corruption take place (in which "arena" of politics)? And, is the transaction voluntary or coerced? Much of the work on corruption, especially that of international financial institutions and donor organizations, focuses on the "output" side of politics, the administrative-regulatory-judicial arena.<sup>6</sup> Characteristic of this arena, the public duties of officials are set out in laws, decrees and codes with one or another degree of clarity and precision. The discretion granted to the public official ranges from virtually none (the toll for a two-axel vehicle is 50 centavos, exactly) to extensive (building permits should take into account the structure's aesthetic impact on the neighborhood). In all, the output side of politics is dense, complicated, and important; but it's only one of several arenas.

On the "input" side and in the "conversion" process (the "black box") we need to consider two key processes that are typically subject to corrupt exchanges. First, bribery and political corruption may influence the core processes of democracy taken in the procedural sense. That is, corruption may influence access to the ballot, party competition, election processes, mass participation and the menu of legal rights that these require.<sup>7</sup> Second, with respect to conversion, both bribery and political corruption may influence rule-making aspects of public policy-making. Policy-makers may decide an issue in light of its impact on their personal finances or on their power resources (or both), rather than in light of legitimate constituency interests or the "public good" as decided through a deliberative process. Issues in this arena may be less relevant to grass-

roots level corruption and more relevant to particular interests, especially wealthier individuals and groups (including organized crime).<sup>8</sup> Perceptions of corruption in this arena, however, may have important effects on attitudes at the grassroots level.

Finally, we need to examine the corrupt exchange itself.<sup>9</sup> Two parties engage in a transaction in which something of value is offered or requested for something under public control. The various possibilities are summarized in Figure 1, which can be illustrated by the routine traffic stop (although the basic logic holds across arenas and levels of office). The best of worlds is the “N,N” pair: nothing offered and nothing requested. Here the officer simply writes up the speeder. The worst of worlds is the “Y,Y” combination: the client offers and the agent requests. Officer and speeder proceed directly to negotiate a bribe. The “N,Y” pair suggests coercion; the agent requests the bribe. The officer sets the terms and the speeder must pay, or else. The “Y,N” pair suggests a client corrupting the public agent. The speeder cajoles the reluctant officer into a negotiation. Traffic enforcement is a simple (and non-trivial) example, but the basic logic holds with public works contracts, campaign contributions, or judicial decisions.

Figure 1 about here

The analysis can be carried into a second round of decision-making in the mixed cases. That is, the speeder accepts/refuses to pay; or the officer refuses/accepts the offer. The differences are important in relation to both research methods and policy remedies. We cannot simply assume that either government or civil society is victim or predator; we need to observe. As to policy, anti-corruption measures can be fashioned to educate an uncivil society or to temper a predatory government. For present purposes, the basic

point is that the corrupt exchange is a complex transaction in which government and civil society can be both victims and corruptors.

With the groundwork laid, we can proceed to address the relationships between corruption and (1) democracy as regime, (2) policy-making processes, and (3) policy-implementation by state agencies. The orienting question is: What are the direct effects of corruption and of the perceptions of corruption on democratic governability? In mapping this, my approach is to provide examples of corruption in the various arenas and speculate about their direct effects on regime and state. With the arenas sketched, we can consider the effects of corruption as filtered through perceptions. An assumption is that the majority of the Latin American cases meet minimum standards of functioning polyarchy, operating in generally weak but coherent states.<sup>10</sup> As to limits of the analysis, the issues of the pervasiveness of corrupt practices in a polity (contained versus systemic) and the long-term effects of inertia deserve extensive treatment but can only be noted in passing.

#### Corruption and Regime: Democratic Procedures

The mainstream, procedural approach views democracy in terms of: (1) competing parties, (2) periodic elections, and (3) extensive participation. To these are added a series of requisites. From an analytical perspective, it is evident that the forms of corruption that distort these fundamental processes are the most serious.<sup>11</sup> “Corruption . . . breaks the link between collective decision making and people’s powers to influence collective decisions through speaking and voting, the very link that defines democracy” (Warren 2004, p. 328).

Beyond anecdotes, we don't know much about the prevalence of corrupt practices in gaining access to the ballot, influencing votes, or distorting information as provided by mass media.<sup>12</sup> Presumably, closed list proportional representation systems, with nominations controlled by party leaders, would tend to centralize corruption. Primaries, especially open primaries, would act to decentralize corruption.<sup>13</sup> Open list PR general elections would seem to decentralize corruption as several candidates compete to attract support from party followers. Given widespread poverty, income inequality, and increased funding flowing into more competitive elections, be these primary or general elections, one would expect that forms of bribery are increasing as well. Scattered examples of vote-buying in the region suggest a mixed picture:

In Brazil's municipal elections in March 2001, for example, 7 percent of voters were offered money for their votes. Different surveys in Mexico place the frequency of vote buying at between 5 percent and 26 percent, while a 1999 Gallup survey in Argentina found that 24 percent of interviewees knew someone who sold his or her vote (Pfeiffer 2004, 76-77).

The overall costs of campaigning are generally rising throughout the region. Our knowledge about campaign finance is improving rapidly, for example with respect to methods of calculating abuses of campaign finance rules. But the sources of the abuses, that is, who are breaking the rules and what is received in exchange, remain hazy (Speck 2004). Also, we know a bit about incumbents' abuse of office to reward or threaten voters. With respect to distorting information, we know less about favorable deals that media outlets offer parties in exchange for special concessions. In sum, from an



analytical perspective, corrupt practices that infect basic procedures of democracy as regime merit priority attention.

### Corruption and Policy-making

In a short paper I can only illustrate the vast arena of rule making with two typical examples. First, in divided government where the president's party lacks a majority in the assembly, the president goes beyond traditional pork barrel or favors and resorts to direct cash payments to pass legislation. Second, legislators simply abuse their duties to pocket money through multiple schemes.

#### Majority-building in divided government:

Mario Pontaquarto, a former senate clerk, reportedly admitted to having been dispatched in April 2000 by the government of Fernando de la Rúa (December 1999-December 2001) to bribe a number of senators into voting for a law that effectively reduced workers' employment rights and which passed in May 2000. The total amount of the bribe was apparently 5 million pesos (the equivalent of US \$5 million . . . ), which was allegedly siphoned from the state intelligence service's secret funds (TI 2005, pp. 97-98).

#### Legislative theft:

In 1993 in a bombshell interview with *Veja* magazine, a congressional staffer alleged that congressmen were systematically defrauding the Treasury by writing budget amendments that would benefit specific senators, congressmen, and businessmen. The budget scheme was allegedly run by a number of congressmen whose short stature gave rise to the "dwarves" nickname used in the press, who

allegedly defrauded the Treasury in two ways. First, congressmen wrote budget amendments that benefited specific construction companies, in exchange for bribes and illicit campaign funds. Second, the congressmen wrote budget amendments that transferred funds to “phantom” social organizations created by friends and family members, and appropriated the transfers (Taylor and Buranelli, forthcoming).

With respect to divided government with weak party discipline one could make a functionalist argument that vote-buying may be necessary to rule making. Even more, the direct purchase of legislators’ votes may be less expensive overall than the quantities of pork *cum* kickbacks needed to achieve legislative majorities. Elements of a counterargument, however, are more persuasive. First, vote buying obviates the need to employ transparent arguments and engage in negotiations to design good quality legislation. Second, as the Argentine example shows, the use of money from the intelligence service’s budget inevitably brings the state security apparatus (with its own methods and agendas) into the legislative arena.

### Corruption and Policy Implementation

I sketch two overlapping arenas here. The first is a broad category of administration that runs the gamut from ordinary service delivery through the top levels of grand corruption. The second involves both rule implementation and rule adjudication: police and administration of justice.

#### *Administrative corruption*

This involves abuse of office in the quotidian operations of government in extracting resources, distributing goods and services and regulating behavior. It can be

quite significant, depending on the incidence and locus of the abuse. Most services the state provides have some rationale, but some might be considered more important than others. In terms of basic state functions and societal survival, one would assign priority to taxation and budget administration, national defense and public security, and to the regulatory agencies that oversee public health and safety.

In terms of incidence, we might differentiate between overall levels of corruption. Corruption might be “contained” in specific offices or agencies, or it might be systemic, present throughout the administration from the ministers at the top to bottom-level support staff. There seem to be dynamics of vicious cycles and tipping points that can trap a system in high levels of governmental and societal corruption. Manzetti differentiates between systems of low corruption, with functioning checks and balances, internal constraints and an exigent civil society, *versus* those with high corruption, which is the case of most Latin American countries:

High corruption takes place when: (1) many checks and balances among the three branches of government and the institutional mechanisms to combat corruption are weak or not used; (2) there are not self-restraints in profiting from corruption as commissions reach extremely high levels; and (3) corruption is so widespread at any societal level as to be accepted and tolerated. . . . (M)any LDCs are likely to fall into the second model (Manzetti 2000, p. 139).

One might add that there seem to be varieties of mechanisms at work that appear to reproduce high corruption, trapping governments and societies in a kind of low-level equilibrium of poor quality administration. Two examples serve to illustrate ordinary administration:

Municipal government in La Paz, Bolivia:

The city government was in effect a huge “construction company” that wasn’t constructing much. The city owned tractors, trucks, and all kinds of construction machinery. There were 4,000 city laborers, who were paid meager, fixed salaries and were only coming to work an average of five hours a day. Machinery was also used for a similar amount of time, rendering it extremely inefficient given its high capital cost. But I found that the use of gasoline, oil and spare parts was abnormally high. Surely they were being sold in the black market, I thought, and soon this suspicion was sadly verified. New tires and expensive machinery parts such as fuel injectors, pumps, and Caterpillar parts were available for sale; and in exchange broken and used parts were “replaced” on the city’s machinery (Mayor MacLean-Albora quoted in Klitgaard 2000, p. 7).

Milk distribution in Peru:

[Leakages] in Peru are significant and far more pervasive and extensive at the bottom of the [distribution] chain than at the top. From the entire amount of public funds intended for the *Vaso de Leche* program, barely 29 percent get to their intended beneficiaries. This does not mean that 71 cents from each dollar are fully lost in corruption costs. The rest of the resources get rather leaked away through a combination of administrative costs, ineligible products and beneficiaries, and other modalities. Results also challenge the predominant view of the last decade that organizations that are closer to the people they serve are inherently better in service delivery (Seligson et al. 2006, p. 27).

Woven into these examples are points that merit mention. Corruption is embedded in administrative systems marked by low pay and poor performance; also, decentralization doesn't offer an automatic cure for corrupt practices.

*Political corruption in program administration*

Apart from issues of theft and bribery, governments and political parties frequently use public programs as resources to generate support. Widespread poverty and weak institutions in the region create special problems of clientelism in the delivery of public goods and services that are supposed to be universally available and distributed according to neutral criteria. Clientelism is a form of asymmetric relationship in which a patron provides goods or benefits in exchange for the client's support.<sup>14</sup> The patron can take diverse forms: an individual, group, corporation, or—rather commonly—a political party. Argentina's *Partido Justicialista (PJ)* provides an interesting example of the reinforcement of clientelism in a context of neoliberal adjustment.

A 1997 survey of 112 PJ base units in the capital and Greater Buenos Aires found that 96 percent engaged in some form of social assistance, including food distribution, medical and legal services, child care, and programs for the elderly. Base units also implemented government social policies. In Buenos Aires province, for example, PJ activists participated actively in the Life Plan, which distributed a daily ration of eggs, milk, and other basic goods to nearly 400,000 people through a network of 10,000 block workers, or *manzanas* (Levitsky 2003, p.28).

Clientelism typically hinders efforts to professionalize the public bureaucracy. It also undermines notions of citizenship, a status with legally established rights and duties. The

hypothesis is that citizens are likely to be more active, exigent participants in public life, while clients will tend to remain more passive.

### *Grand corruption*

In general usage this refers to high-level officials pocketing money from kickbacks, theft, embezzlement, insider deals, and the like. Privatizations of public enterprises provide some of the most spectacular cases of grand corruption in the region. They often tend to be massive and convoluted, highly visible and yet opaque.<sup>15</sup> The more ordinary, recurring types of grand corruption provide simpler examples.

#### Variations on grand theft:

One of the biggest cases was the alleged embezzlement of 4.5 million quetzals (US \$600,000) of public funds by [Guatemalan] President Portillo, Vice-President Juan Francisco Reyes and his private secretary, Julio Girón. They were accused of setting up 13 bank accounts and four ghost companies in Panama to launder the money (TI 2004, p. 197).

Bolivian Defense Minister in 2000, Fernando Kieffer, allegedly “diverted international donations for the people of Aiguila and Mizqu who suffered an earthquake in 1998; that some of the money was used to buy an overpriced executive jet; and that he was behind the irregular purchase of Galil weapons for the army” (TI 2005, p. 108).

[Nicaraguan President] Alemán’s alleged crimes were not unique to the region, either in terms of the amounts involved or the methods used. We are talking of allegations of some US \$100 million in public funds obtained through fraud,

embezzlement and misappropriation, though congressman Leonel Teller estimates that the figure is closer to US \$250 million (TI 2004, 222).

As the Bolivian example illustrates, grand corruption often involves transnational actors, usually multi-national corporations. This form of corruption could, at some point, undermine an entire government's finances. Grand corruption frequently triggers scandals, and the more typical effect is the devastating example it sets for all government employees and the citizenry at large. If top officials are shown to be corrupt (and, even worse, to suffer no consequences) the lesson to all others is a negative one.<sup>16</sup> The inertia of the vicious cycle of corruption is thus reinforced.

#### *Corruption in law enforcement and justice administration*

Law enforcement straddles rule implementation and rule adjudication, while administration of justice falls into the latter category. As armed agents authorized to use lethal force and operating generally out of public view, police officers are the law in a real sense. Police engage in many different types of activities, and I would return to the discussion of types of corruption to reiterate a basic point. Transit police may prey upon the innocent, but many motorists break the law. The exchange is usually one of bribe-seeking and bribe-offering. Other types of police, whether preventive (uniformed) or investigative (plain clothes), are notorious throughout the region for engaging in violent, abusive activities with virtually complete impunity, and for constituting key elements of organized crime. That is, active or retired (or purged) police officers are routinely found to be involved in a wide variety of violent racketeering, including extortion, kidnapping, drug-trafficking, and "social cleansing."<sup>17</sup> In some activities, the police are simply

uniformed criminals. In other activities, the police extort payments from victims. The exchange here is bribe-extorting and intimidated bribe-offering.

The judicial system plays fundamental roles in democratic governability. It can provide for “horizontal accountability,” i.e., guaranteeing the checks and balances needed to contain executive and legislative power. It constitutes the institutional framework and functioning agencies within which citizens can translate their abstract legal rights into practical action.<sup>18</sup>

In sum, police and courts play central roles in creating basic order and justice or the oft-cited “rule of law,” which is the bedrock of any political system. With recent upsurge of criminal violence throughout much of Latin America, these roles are even more important.

These few examples are offered to illustrate the various sites on a map of policy making and implementation. Here we are interested in the direct effects of corruption on democratic governability. We turn now to look at the effects as mediated by perceptions.

#### Effects of Corruption as Mediated by Public Opinion

The effects of corruption on democratic governability will depend in good part on how the populace evaluates what they perceive to be corrupt exchanges, assuming that evaluations influence opinions and behavior. What do we think we know about the corruption-democracy linkage in a general sense? Findings to date generally point in the same direction: perceptions of or (self-reported) experience with corruption are generally correlated with reduced support for (or less confidence in) democracy (taken as regime), incumbents, policies, or specific agencies. Canache and Allison, for example, use data from the 1995-1997 World Values Survey and the 1997 Transparency International



survey. They find that citizens perceive corruption negatively and they connect those perceptions to their evaluations of political leaders and institutions. They find no evidence, however, that perceptions of corruption have soured mass opinion on democracy as a form of government. (Canache and Allison 2003, pp. 18-19). Seligson (2002) finds that self-reported experience with corruption (taken as forms of bribery) is correlated with reduced support for key institutions of government in four Latin American countries. Other researchers report that perceptions of corruption are associated with withdrawal and voter abstention. “In brief, perceptions of corruption can reinforce the existing distribution of political power by effectively removing from the political arena citizens who may have reason to challenge the system” (Davis et al. 2004, p. 701). A deepening of democracy means the opposite, the opening of channels through which discontented citizens can find effective voice through democratic participation.

These studies provide a useful point of departure. How might we reformulate the democracy-corruption relationship to examine the perception linkages in a more disaggregated way? We begin with the basic question: What do individuals perceive as “democracy” and “corruption”? What do the terms mean in everyday life, in different countries, and at different times?

The little bit of survey material at hand suggests that mass publics conflate several attributes in their perceptions of democracy. With respect to Costa Rica, for example, Jorge Vargas Cullel (2005, p. 115) reports that about 30 percent of respondents in a 2001 national survey defined democracy in basically procedural terms, about 21 percent chose an “expanded definition” that included better representation and improved citizen control over the government, about eight percent responded in behavioral terms (better

leadership), another 10 percent emphasized economic progress and equality, and the remaining 31 percent mixed in elements from all the preceding definitions.

Camp (2001, p. 9) reports that surveys on Costa Rica, Mexico, and Chile suggest that most Latin Americans don't conceptualize democracy or have the same expectations from democracy as do North American theorists or citizens. "(W)hat most distinguishes the Latin American version of democracy from that of the United States is its emphasis on social and economic equality and progress." The value of Camp's comparative approach is to remind us about the important national differences in conceptions of democracy. His findings suggest that of the three countries Costa Rica most nearly resembles the U.S. emphasis on democracy in political terms, while the other two emphasize government performance (Camp 2001, p. 15).

What meanings do mass publics assign to corruption? Based on data from Transparencia Mexicana surveys done in 2001 and 2003, Bailey and Paras (forthcoming) found that Mexican respondents identified a wide range of different phenomena as corrupt. "*Mordidas*" (bribes) make up the most important category, and this meaning coincides with most scholars' definitions. But it is cited by only a fifth to a quarter of the respondents. Dishonesty, by either government or citizens, makes up the next largest category with 15 percent. Then comes a laundry list of items with no obvious logical connections, ending in a large "don't know" response. In sum, a respondent who cites "corruption" may have in mind bribery, dishonesty, failure to implement a program, poor quality administration, or something else. And the mix probably varies from one country to the next.

Where is “corruption” seen to exist? A 2005 survey carried out by Transparency International in 15 Latin American countries asked about the degree to which corruption affects different spheres of life in the country.<sup>19</sup> The term “corruption” is undefined but was scored on a 5-point scale from least to most present. Two sets of findings are pertinent. First, respondents make no sharp public/private distinctions. Corruption is seen in both society and government. Both the private sector (3.5) and communications media (3.3) fare rather poorly, with religious bodies seen as least corrupt (2.8). Second, the most corrupt public sectors are: customs (4), legal system/judiciary (4.3), police (4.3), the legislature (4.4), and political parties (4.5) (TILAC 2005).

Noting the presence of corruption in different sites need not mean that those are considered the most serious. Transparency International’s Global Corruption Barometer surveyed some 40,838 people in 47 countries in July 2002. The barometer tapped into the impacts of corruption on different spheres of life as well as perceptions of change over time. “The most striking finding came when respondents were asked from which institution they would choose to eliminate corruption first if they had a magic wand. The overwhelming first choice was political parties, followed by the courts and the police” (TI 2004, p. 288). We’ll reconsider below this apparently strange assortment of actors.

In a survey done in Nicaragua that presented various situations of corruption, Seligson (1997, pp. 9-12) found that respondents were most negative in their judgment of legislators who take bribes from private companies. Respondents were less critical about teachers accepting gifts, transit police soliciting bribes, or public employees accepting payments. They were least critical of a mayor who loans out the town’s tractor to construct a baseball field. With respect to judgments about corrupt practices, respondents

were most negative about businesses paying bribes and about students giving gifts, but were less so about using connections to get a job, paying bribes to transit police, or paying a bribe to get a birth certificate.<sup>20</sup>

Limited as they are, these bits of data suggest interesting possibilities for reformulating the democracy-corruption relationship in terms of perceptions. With respect to democracy as regime, respondents appear to be particularly negative about political parties; with respect to state institutions they focus on police and the courts.

Political parties play the central role of linking mass preferences to elite competition for control of government. Public estimation of parties is generally low across most countries. It isn't obvious what precisely is perceived to be corrupt about the parties themselves. Probably more at issue is the perception of some mix of campaign finance abuses, forms of electoral fraud, and rhetoric that is considered to be deceptive.

The negative evaluation of the police is a recurring finding throughout most of the region. That the judiciary is also cited as a priority concern among government functions is a bit of a puzzle. If citizens come into daily contact with the police, and thus have some basis for judgment, many fewer would seem to interact with the courts considered narrowly as judges and judicial proceedings. One possibility is that respondents are including as "judicial power" (*poder judicial*) the offices of the *ministerios públicos* (roughly prosecuting attorneys) and the *policía judicial* (investigative police). Citizens would have more possibilities of contacts with these offices in the course of filing complaints or of being party to a criminal investigation. In many countries in the region these two offices have ample track records of corrupt behavior.<sup>21</sup> Another possibility involves the upsurge of concern over criminal violence since the mid 1980s and the

demonstrated inadequacy of the legal system to respond. “Corruption” here may be the respondents’ way to condemn ineffectiveness, as well as to convey dissatisfaction judges and court officials on the take.

Bo Rothstein (forthcoming, p. 149) offers a hint about why law enforcement and judiciary are critical to democracy in terms of linkages of perception. He suggests strong connections between law enforcement and social trust, a crucial element of democratic governability:

The institutions of law and order have a particularly important task in a civilized society compared with other institutions, i.e., to track down and punish people who have committed acts that make them undeserving of social trust. If people believe that these institutions perform that task effectively and fairly, they also have reason to believe that people have little chance of getting away with criminal behavior. Accordingly, it is reasonable to conclude that most people refrain from such behavior, from which it follows that people believe that it is generally possible to “trust most people.”

As a category separate from functions (parties, law enforcement) I would also underline the importance of grand corruption. Recall Seligson’s findings about the seriousness that respondents attach to corrupt behavior by legislators who accept bribes and by the business firms that offer them. These exchanges approximate our notion of grand corruption: misbehavior by high-level officials involving substantial sums. Perceptions of grand corruption also give us clues about an interesting puzzle in the democracy-corruption linkage. Self-reported experience with corruption (which runs from the low teens to the mid-20s percentage range) is much less than perceptions of

corruption in government as a whole or in specific institutions (which run in the mid-60s into the 70-percent range).<sup>22</sup> Why do relatively few respondents say they experienced corruption yet so many express negative evaluations of distant actors and agencies? A three-part hypothesis can account for the disparity. First, respondents probably underreport their experience with corruption. Second, respondents base their views about distant institutions on media reports, which may or may not be accurate but which tend to emphasize incidents of grand corruption, often in the context of scandal. Third, respondents may be dissatisfied with government performance or about their particular circumstances and choose “corruption” as an all-purpose label to express a negative feeling.<sup>23</sup>

#### Conclusions: Recasting the Democracy-Corruption Linkages

Corruption is rightly seen as a prominent cause of low quality democracy throughout much of Latin America. The scholarly and policy work in this field has progressed considerably over the past twenty years. In this paper I have tried to make four basic points. First, it is useful to differentiate between democracy as regime apart from state institutions and the legal system in which the regime operates. Second, it is also useful make some basic differentiations among arenas of policy-making and to consider the nature of corruption as it operates in these sites. Third, we need to posit analytical linkages between corruption and regime and state in ways that set orders of priority among functions and processes. Fourth, apart from the direct linkages, the perceptions of corrupt exchanges constitute an important set of mediated linkages. A challenge inherent in examining perceptions is that the terms “democracy” and “corruption” in daily usage are complex, vague, multi-dimensional, and confused.

Space limitations excluded discussion of the mixes and interactions of different types of corruption. Do scandal and grand corruption, for example, magnify negative perceptions of ordinary corruption? Nor was the broader context considered. For example, is corruption viewed less negatively in an economy experiencing solid growth and low inflation? Is the problem less serious early in a fixed term than later?<sup>24</sup>

I have ventured some speculations about which types of corruption operating in particular arenas might be somehow more important to the operations of democracy and state institutions. These particular guesses might prove wrong as our understanding of the origins and maintenance of democracy advances. Even so, I think the rationale behind the speculations remains sound: We need to unpack and disaggregate the broad concepts that we have employed up to this point in order to analyze more effectively their interrelationships.

Figure

Figure 1. Dynamics of Corrupt Transaction

		<b>Agent</b>	
		<i>Request Bribe</i>	<i>Not Request Bribe</i>
<b>Client</b>	<i>Offer Bribe</i>	<b>Y,Y</b>	<b>Y,N</b>
	<i>Not Offer Bribe</i>	<b>N,Y</b>	<b>N,N</b>

Source: Antolova (2003, p. 2)

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## Endnotes

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<sup>1</sup> Georgetown's School of Foreign Service and its Center for Peace and Security Studies provided helpful support for this project. Enrique Bravo contributed helpful research assistance.

<sup>2</sup> O'Donnell (2004, pp. 15-20) emphasizes the need to differentiate between democratic regime and democratic state.

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<sup>3</sup> Heidenheimer and Johnston (2002, pp. 3-14) discuss public office, market, public interest, and public opinion as the main approaches to defining corruption. Warren (2004) is a good example of a broader conception of corruption, one that involves abuse of a position of trust for private gain and to the detriment of the shared interest. His approach encompasses corrupt exchanges in the private realm as well.

<sup>4</sup> For example, Heidenheimer's (2002 [1970]) notions of "black, gray and white" corruption.

<sup>5</sup> World Bank terminology differentiates between administrative corruption: "... private payments to public officials to distort the prescribed implementation of official rules and policies," and state capture: "... shaping the formation of the basic rules of the game (that is, laws, rules, decrees, and regulations) through illicit and non-transparent private payments to public officials" (quoted in Bhargava and Bolongaita 2004, p. 24). Thompson (1993) is a valuable discussion of what he calls "mediated corruption," or the types of corruption that actors engage in to gain influence in the political process through borderline or unethical acts that may not benefit the actors' personal finances but which strengthen their position.

<sup>6</sup> The imagery is drawn from systems analysis, e.g., Easton (1965). The output side is arguably less politically sensitive and more amenable to policy intervention.

<sup>7</sup> Recall Robert Dahl's influential list of requisites for polyarchy (Dahl 1971, Ch. 1).

<sup>8</sup> My approach is vulnerable to the criticism of reviving a politics-administration dichotomy that has proven to be misleading. Even so, one can make rough—but useful—distinctions between inputs, rule-making an rule application.

<sup>9</sup> The following discussion draws on Antalova (2003).

<sup>10</sup> Conversations about corruption among our Africanist colleagues focus on failed states and near-anarchic violence in which ruling elites deliberately undermine legal systems and public bureaucracies in order to reinforce their own power and wealth. See for example Reno 2000 and Bayart et al., 1999.

<sup>11</sup> Dahl (1971, Ch. 1) sets out the most frequently cited requisites of polyarchy. In an interesting exercise of ranking the gravity of corrupt acts, Karklins (2005, p. 25) includes "undermining elections and political competition" and "corruption in and of the media" among the most serious (Level III) forms of corruption.

<sup>12</sup> By way of anecdotes, Da Silva (2000, pp. 188-189) describes the complex relationships between the Brazilian media and government. The "price" of a journalist may be in terms of money, information or praise, and a politician needs to be careful about what to offer. "Outside Sao Paulo and Rio, it is still the rule rather than the exception that journalists work for both a newspaper and as public servants in government, although as long as they write positive things, or at least not negative things, about their government bosses, they need not show up at the office." A Mexican friend once commented on journalists who blackmail politicians and government officials to *not* publish information.

<sup>13</sup> Gallup Argentina (1999, pp. 47-48), for example, finds vote-buying in primary elections of Justicialismo and La Alianza.

<sup>14</sup> See Alfredo Rehren's useful discussion (Rehren 2006).

<sup>15</sup> Manzetti 2000 is a useful discussion.

<sup>16</sup> As one of my students in a seminar at the Universidad Católica in Cordoba, Argentina, put it in 2004: "This analysis of principal-agent-client is interesting, but what do you do when the principal is the most corrupt point in the triangle?"

<sup>17</sup> This is quite a sweeping generalization. The Chilean *Carabineros* were something of an exception in the six countries covered in Bailey and Dammert 2006.

<sup>18</sup> The creation of special anti-corruption agencies in many Latin American countries is a reminder that the judicial system is seen as inadequate to deal with corruption.

<sup>19</sup> "¿En qué medida cree usted que la corrupción afecta diferentes esferas de la vida en este país?"

<sup>20</sup> Peters and Welch (2002) and Johnston (2002) provide useful discussions of gradients of "seriousness" of corruption in the U.S. case. Their findings are roughly in line with Seligson's.

<sup>21</sup> Enrique Bravo made this useful observation.

<sup>22</sup> Seligson (2001, p. 26) reports that "(O)ver 70% of our respondents believed that corruption was common or very common. This finding contradicts the information provided by respondents regarding direct and indirect experience with corruption, and suggests that Colombians as a general rule believe that the levels of corruption that escape the public eye are very underreported." Bailey and Paras (forthcoming) find a similar disparity in the Mexican case.

<sup>23</sup> I have no data from Latin America at hand to support the hypothesis. Eric M. Uslaner finds that high-level corruption has greater negative effects on trust than "ordinary corruption." He did a 2003 survey of

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Romanians that distinguished between high- and low-level corruption. “Low-level corruption focuses on the extra ‘gift’ payment people make to doctors, banks, the police and teachers. High-level corruption involves bribery and corruption by politicians, business executives and the courts. We found that low-level corruption did not lead to lower levels of trust. Most people do not see these payments as making others ‘rich,’ and often see such ‘gifts’ as making a bureaucratic system more efficient. In contrast, we found that high-level corruption affected perceptions of growing inequality, the evaluations of the performance of the government improving the quality of life, and trust both in other people and in government. Having to pay off city officials and especially officers of the court, together with the beliefs that most politicians and business people were corrupt, led people to believe that the system was stacked against them, that government could not be trusted, and than even ordinary people were not trustworthy. There are different types of corruption, and citizens in post-communist countries clearly distinguish among them” (TI 2005, pp. 263-264).

<sup>24</sup> Central America in the past decade would seem to be an interesting testing ground, especially since it includes the recent experience of Costa Rica where several past presidents have been accused of grand corruption.