Corruption's Challenge to Democracy: A Review of the Issues

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This article examines the challenge that corruption poses to democracy. Democracy is attractive because it offers people a state that is accountable to the public. This is a guarantee founded on the notion that sovereign power belongs to the citizenry. A corollary to this idea is that government officials are the public's agents. Thus, when civil servants use their position of authority to serve their personal interests, they weaken the democratic regime's legitimacy and place the entire social contract at risk. Given the risks associated with corruption, the battle to curb this undesirable behavior through the use of multiple mechanisms of accountability is necessary.

Keywords: Corruption, Accountability, Democracy, Social Contract, Latin America, Mexico.

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Este artículo estudia la tensión que existe entre dos fenómenos políticos: la democracia y la corrupción. La democracia es un sistema de gobierno atractivo porque ofrece un estado que tiene como objetivo favorecer el interés público. Esta es una garantía basada en el principio de que el

poder soberano le pertenece a la ciudadanía. Por lo mismo, cuando un funcionario actúa de manera corrupta abusando de su autoridad para servir sus intereses particulares deslegitima la autoridad y pone en riesgo al contrato social. Para evitar que la corrupción debilite al régimen democrático es necesario que los gobiernos combatan este mal a través de diversos mecanismos que promueven la rendición de cuentas.

In one country after another, from South Africa to Brazil, transitioning to democracy has failed to deliver on the promise of a more responsive government. Mexico is a salient case in point. In 2000, the Mexican electorate overwhelmingly voted for Vicente Fox, a reformist politician with a notable professional record in the private and public sectors. The public used the ballot box to break with a system of single-party dominance. Indeed, after seven decades of uninterrupted rule, Mexicans kicked the Institutional Revolutionary Party (*Partido Revolucionario Institucional* [PRI]) out of the presidential office. This was a drastic power shift motivated by the perception of the PRI as a corrupted institution.¹ As *The Economist* (2000) observed, the PRI had built a system “based on political favor and a corrupt system of spoils.”

More than ten years after the historic election, crucial improvements remain elusive in the Latin American country. During a personal interview, former President Vicente Fox (2010) even admitted that

governing a country with Mexico's history is extremely difficult. I never lost the energy, the conviction that things could change. Every night up till the last one I was in government I tried my best, but some problems are too deeply entrenched. (author's translation)

Thus, we find that corruption, which is the quintessential symptom of unresponsiveness to the public interest, endures in Mexico and other nascent democracies. Our generation is witnessing a corruption eruption. Extrapolating from firm and household survey data, the World Bank estimates that, in a year, total bribes worldwide add up to approximately one trillion U.S. dollars (Kaufmann 2005). This amount is larger than the combined yearly gross domestic products of Chile, Columbia, and Peru. Since 1990, a number of Latin American heads of state—including Carlos Andrés Pérez of Venezuela, Fernando de la Rúa of Argentina, Alberto Fujimori of Peru (see Video Kouri 2010)—have been removed from office prematurely. In each case, corruption

¹ Between February 13, 1999 and February 23, 1999, the Mexican newspapers *Reforma*, *Mural*, and *El Norte* ran 1,191 phone interviews with Mexican adult citizens across the country. Among the respondents, 59 percent saw the PRI as a corrupt organization. Respondents also perceived the PRI to be more corrupt than the two other leading parties, the National Action Party and the Party of the Democratic Revolution. For these results, one can say with 95 percent confidence that the margin of error is ± 3 percent (Abreu 1999).

played a defining role (Naím 2005). Due to its pervasiveness, corruption is the subject of a rapidly growing literature in political science, public administration, and economics. This article reviews the major studies that examine the tense relationship between corruption and democracy. However, not all of the works examined here are the product of recent scholarship. Readers should expect to find references to Aristotle, Niccolò Machiavelli, Thomas Hobbes, and Jean-Jacques Rousseau.

I begin by revisiting the debate surrounding the meaning of the term “corruption,” and by honing in on a precise and defensible definition. My definition accords with the principle that government officials should act as “public-spirited” agents who do what is best for the collective. The section moves on to my argument that official discretion represents the core driver of corruption. Stated differently, bribery or similar forms of undue influence are only possible when a government agent has the option of delaying or denying a service, or of ignoring or enforcing a law in exchange for some material benefit. I conclude this section by structuring a normative claim against corruption.

In the second section, I further develop the normative argument against corruption by exploring the manner in which this noxious behavior is inimical to democracy. This is an argument grounded, mainly, on Rousseau’s social contract theory, and also on contemporary empirical studies that evidence corruption’s delegitimizing power, and on historical cases of democratic regimes that failed, at least in part, because of this malady. The section concludes with the recommendation that, as a means of securing their preservation, the world’s democracies should seek out new mechanisms to prevent government misconduct. Finally, my conclusion offers a summary and takes stock of crucial anticorruption mechanisms available to policy makers.

Understanding Corruption

What exactly do I mean by the term “corruption?” What are some examples of this form of government misconduct? What is the key factor contributing to corruption? Is corruption justifiable, as some have claimed? Finally, what are some of corruption’s negative effects on society? By answering these questions, I endeavor to achieve three objectives: first, to define corruption as a problem of abuse of power that counters society’s best interests; second, to identify official discretion as the core driver of corruption; third and last, to structure and validate the moral claim against corruption.

Corruption as Abuse of Power

Political philosophers of a former age remain relevant to the discussion at hand. Niccolò Machiavelli (1998), for instance, teaches us to see people as they are and not to entertain any illusions concerning human goodness. As explained by Berns (1987, 396) and Strauss (1987, 299), the sixteenth-century thinker

recognizes that vice is a natural part of human nature. In the same spirit, Thomas Hobbes strikes a realist note in assuming that people are self-interested beings with “a perpetual and restless desire of power after power” (Hobbes 1994, Part I, Ch. 11, par. 2). Together, these theorists offer an essentially cynical view of humanity that helps explain many of the world’s disorders, including domination.

Domination is the illegitimate exercise of power (Shapiro 1999, 2003). Governments that practice domination are easy to identify, for they are burdened by a number of ills. Inefficiency, to name one of the ailments, is present when time and public resources are wasted. Clientelism, to name another, represents the particularistic allocation of public goods, which alters the dynamics of political competition and leads to the ineffective provision of public services (De La O Torres 2007; Díaz-Cayeros and Magaloni 2003; Fox 1994, 153; Stokes 2005). Then, there is capture, a practice that involves the provision of state services to a narrow group of people, such as a cadre of business owners (Dal Bó 2006; Fisman 2001; Hellman, Jones, and Kaufmann 2000; Stigler 1971). Nepotism, which involves appointing people to a position of government by reason of personal relationship rather than merit, is yet another practice associated with domineering governments (Nye 1967, 419). Finally, there is corruption.

Defining corruption is no simple task. As Anechiarico and Jacobs (1996, 16) note, the term is “laden with ambiguity and bristling with controversy.” In the face of such a challenge, some scholars rely on the law to specify which practices count as corrupt (e.g., Friedrich 1966, 74 cited in Heidenheimer 1974, 20). Leff (1989, 8), for example, defines corruption as the extralegal factor used by individuals or groups to gain influence over the actions of the bureaucracy. However, the problem with this terminological strategy is that a number of acts may be unethical and harmful to society—indeed, acts we would be inclined to label as “corrupt”—but sanctioned by the law. For this reason, it is worth reexamining Aristotle’s canonical understanding of the term.

Aristotle (1984, Bk. 3, Ch. 7) equates corruption with the disregard of a polity’s common interests. Taking inspiration from this classic Greek philosopher, a number of contemporary scholars have also come to understand corruption as essentially the self-serving use of authority. Joseph Nye’s oft-cited definition, for example, relies on terms such as “public role” and “private regarding.” Nye (1967, 419) describes corruption as the

behavior which deviates from the formal duties of a *public role* (elective or appointive) because of *private-regarding* (personal, close family, private clique) wealth or status gains: or violates rules against the exercise of certain types of private-regarding influence. [emphasis added]

In a similar manner, Klitgaard (1988, 24) and Bardhan (1997, 1321) broadly refer to corruption as the divergence between the interest of the public and that

of a civil servant. Now, as others have suggested (Wittgenstein 1953, cited in The Stanford Encyclopedia of Philosophy 2002), I do not consider it necessary to stand dogmatically behind one meaning for any particular term. That said, I do wish to put forth my own definition of the word corruption. This is a definition that shares a family resemblance with other existing definitions. The key difference is that my definition does not simply equate corruption with bribery. Instead, it incorporates bribery, but is broad enough that it includes some of the noxious behaviors mentioned above, including shirking, influence, cronyism, and nepotism. Accordingly, I define corruption as *a government agent's behavior that significantly disfavors the public interest, and instead advances his or her personal and material welfare.*

Following are some examples of how this definition applies to particular instances. Shirking is the conscious avoidance of a responsibility, such as when a police officer makes a habit of napping during the time he is being paid to fight crime.² Influence refers to the act of letting fear bias a decision. An example of influence is when an official does not exert the expected regulatory pressure on a broadcasting television network for fear of retribution in the form of bad press. Cronyism and nepotism allow personal ties to ensure favorable treatment. For instance, we see cronyism when a procurement contract is granted to a friend instead of the more competitive bidder. All of these behaviors affect public service provision while providing some notable, personal, and material advantage to the official in question. By the definition offered above, all of these behaviors are different manifestations of the same phenomenon: corruption.

Sources of Corruption

Societies that are burdened by high levels of corruption tend to share certain characteristics. For instance, they tend to have low-income levels and closed economies (Svensson 2005, 24). Whether these factors actually explain corruption is open to debate. Scholars also debate the extent to which officials' salaries have a causal relationship to corruption. Much less controversial is the idea that a corrupt transaction can only take place in situations where civil servants have influence over a governmental process. In other words, and as discussed in greater detail below, corruption and official discretion go hand in hand.

Given the prevailing institutional setting, the average citizen has limited knowledge concerning many things, including government officials' activities (Ferejohn 1999, 133-4). Although this information asymmetry is far from being a recent discovery (Downs 1957), to this day, it continues to generate problems for society. Mainly, it gives rise to domination by empowering government

² A clarifying note: my definition is focused on actions that have a *significant* impact on the provision of public services. Thus my definition is not so strict that the same police officer in this example would not be allowed to, for instance, call his wife to say he will be late from work, use the restroom, or crack a few jokes with his partner.

officials over the citizenry and freeing them to act in their own interest rather than for the good of the general public. In other words, the information asymmetry between civil servants and civilians is the root cause of malfeasance (McCubbins, Noll, and Weingast 1987, 246; Rose-Ackerman 1978, 2). A slightly intricate example connected with the construction industry can clarify this point.

Most cities have building codes. These are laws that, when enforced properly, compel developers to provide quality construction (Gardiner and Lyman 1978, 22). More often than not, a city's building code requires that every inhabitable room has access to natural air and sunlight. Indeed, most construction laws demand that any indoor space where people spend extended periods of time has at least one window facing the building's exterior. This excludes closets, garages, and other storage rooms, but clearly includes bedrooms, living rooms, and dining rooms. As a result of this regulation, builders are physically limited in the number of inhabitable rooms they can include in any construction—unless they cheat, of course.

In Mexico and beyond, developers too often lie in their documentation to avoid unfavorable legal requirements, including the one of guaranteeing natural air and light to all inhabitable spaces. For example, they might modify the building's architectural plans so that the maid or servant's room cannot be easily identified as such by government officials reviewing the construction project. Specifically, they might fraudulently label that space with the term "storage room" on the blueprints. With this small modification, they falsely claim that the additional room does not require a window as it is supposedly not meant to serve as an inhabitable space.

The astute bureaucrat, however, may catch on to the developer's game. She may realize that, given the property's location, the building is probably intended for a high-income family that would likely hire in-house domestic service. At that point, unbeknownst to the public, the bureaucrat faces a choice. The official will decide between enforcing the law by rejecting the construction project or seizing on the opportunity to grant the building permit in exchange for a kickback. If she chooses the latter option, then she effectively demonstrates that corruption originates in official discretion.

The Evils of Corruption

Surprisingly, a handful of scholars have sought to justify bribery as "efficient grease." One of the arguments they use is that bribes minimize the time costs of patiently waiting one's turn. Another is that graft is an efficient way of cutting through cumbersome regulations. In Samuel Huntington's (1968, 386 cited in Hobbs 2005, 10) words, "the only thing worse than a society with a rigid, over centralized, dishonest bureaucracy is one with a rigid, over centralized and honest bureaucracy." However, these claims—even if cleverly stated—are deeply flawed.

Rather than eliminating hassles, corruption is more likely to provoke the exact opposite. An individual who “greases a few palms” incentivizes further delays in public procedures (Mauro 1995, 685). For this reason, as Kaufmann (1997, 116) writes, “instead of corruption being the grease for the squeaky wheels of a rigid administration, it becomes the fuel for excessive and discretionary regulations.” Furthermore, corruption offers few if any guarantees. This means that the concept of speed money is misleading in so far as it presumes that no new difficulties will come up and no further bribes will be demanded (117). Corruption is also undesirable because firms that pay bribes are usually forced to spend more time negotiating with bureaucrats (Kaufmann and Wei 1999).

Bolstering the charges against graft, Rose-Ackerman (1978, 8) highlights the fact that the illegality of corruption causes many resources to be spent in protecting a transaction’s secrecy and in enforcing antibribery laws. In addition, the author provides a useful reminder that corruption cannot be limited to “desirable” situations. In summary, based on what has been stated thus far, the efficiency arguments justifying corruption are thoroughly unconvincing.

Corruption is even less justifiable when some additional factors are taken into account. For one, corruption places people’s lives at risk. It is well known that corruption increases the likelihood that those in the private sector who are subject to regulation will neglect their legal responsibilities, including the responsibility to follow safety standards (Dal Bó 2006, 216; Gardiner and Lyman 1978, 164). As Turkey’s recent experience suggests, this kind of neglect is especially dangerous in the face of natural disasters. In August and November of 1999, two major earthquakes struck Turkey’s northwestern region. The natural calamities claimed some 18,000 lives (National Oceanic and Atmospheric Administration 2010). Moreover, an estimated 30,000 people were injured and another 200,000 were left homeless (Mitchell and Page 2005, 28-9 cited in Lewis 2005, 29). Following these events, the country’s interior minister lashed out against shoddy building practices in the affected area. The minister railed: “the contractors who built those buildings and those who issued permits committed murder. The builders and bureaucrats were involved in organized crime” (Bohlen 1999, 12 cited in Escaleras, Anbarci, and Register 2007, 212).

Turkey’s interior minister was correct in blaming builders for a large portion of the devastation. Developers had relied on suboptimal construction techniques, such as the use of concrete diluted with too much sand and the use of too few low-quality steel supports (Escaleras, Anbarci, and Register 2007, 212; Green 2005; Huggler 1999; Lewis 2005, 24 cited in Akinci 1999, 20). The interior minister was also correct in blaming bureaucrats who had failed to enforce safety regulations. In the wake of the devastating earthquakes, the Turkish Chamber of Commerce estimated that about 65 percent of the buildings in Turkey had been built without licenses or in defiance of government building regulations (Akinci 1999). Tragically, this sort of disregard for the public’s safety had a clear precedent.

On September 19, 1985, a tremendous earthquake rocked Mexico City. Thousands died, crushed by the weight of fallen buildings. Additionally tens of thousands were injured, and hundreds of thousands were made homeless. The opinion of many is that, in spite of the earthquake's exceptional intensity, lives, limbs, and homes could have been saved had negligence and corruption on the part of authorities not impeded the proper enforcement of construction safety standards (Campbell 1985; Maynez Puente 1985; Ponce 1986; Reyes Heroles 1995). A natural disaster expert described this sort of problem eloquently and succinctly: "earthquakes don't kill people; collapsing buildings do" (Lewis 2005, 23).

In addition to threatening the public's physical well-being, which is an issue that the literature has frequently glossed over, corruption also inflicts harm on the economic welfare of the general public. Cross-country empirical work shows that government dishonesty is associated with lower levels of foreign direct investment and overall lower economic development. Hence, bribery's pervasiveness probably has a direct and negative impact on countries' growth and productivity (Rose-Ackerman 1999; Schleifer and Vishny 1993; Treisman 2007, 223). Furthermore, corruption often represents theft of public resources (Kaufmann 1997, 612; Schleifer and Vishny 1993, 612). This fact alone helps explain why countries burdened by high degrees of corruption also tend to have heftier budget deficits (Easterly 2002, 246).

The list of corruption's undesirable effects goes on. Corruption also represents a major challenge for political systems. It diverts resources away from those with a legitimate claim to public goods and services, and it undermines authority. Regarding the first problem, one can simply imagine the case where a legislator's needs for campaign funds bias his or her official decisions in favor of an interest group (Kaufmann 1997, 118; Rose-Ackerman 1978, 12). With regard to the second problem, one need only consider the effect that seeing officials participating in a dishonest act can have on people's trust in a government agency. To illustrate this point, Morris (1991, xvi) notes that, in the 1970s and 1980s, police corruption had become so commonplace in Mexico that many civilians had come to fear law enforcement agents more than the criminals. To conclude, government dishonesty undercuts generally valued goals, including efficiency, safety, development, distributive justice, and authority. Given its heinous effects, Noonan (1984, 702) reminds us that

[i]n no country do bribe-takers speak publicly of their bribes, or bribe-givers announce the bribes they pay. No newspaper lists them. No one advertises that he can arrange a bribe. No one is honored precisely because he is a big briber or a big bribee. No one writes an autobiography in which he recalls the bribes he has taken or the bribes he has paid.

In a nutshell, corruption may be universally practiced, but it is also widely and legitimately despised.

Corruption and Democracy

In this new section, I endeavor to answer the following four questions: What core quality explains democracy's widespread appeal? What principles underpin the idea that, in the context of a democratic regime, government officials are the public's servants? Does corruption truly place democracies at risk? Considering the ballot box's inability to guarantee discipline among government officials, what institutional mechanisms should democracies employ to counter corruption and extend their survival?

Corruption versus the Social Contract

In their understanding of democracy, some theorists prioritize equal participation of the citizenry in the political process (see e.g., Roemer 2003, 459), while others set a high premium on civic engagement (e.g., Putnam 2003, 157). Some measure democracy's legitimacy in terms of how well the system of government minimizes the power of the elite and maximizes the power of the nonelite (e.g., Dahl, Shapiro, and Cheibub 2003, 527-8). Still others emphasize the role of competition in their understanding of the term. For instance, according to Joseph Schumpeter (1950, 269), democracy is the "institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote." Przeworski (2003, 12) refers to this definition as the minimalist conception of democracy.

No matter the precise understanding of the term, the fact of the matter is that democracy has now made great strides around the world. As Huntington (1991, 21) explains, since the 1970s, a significant number of autocratic governments have democratized partially or fully in Europe, Asia, and Latin America. Similarly, according to Freedom House (2011, 26), between 1989 and 2010, there was a 67 percent increase in the number of democracies around the globe. Among all the countries in the world, 70 percent hold multiparty elections (United Nations 2002, 1). These figures and trends seem to reflect the global belief that, among the different alternatives, democracy is the best regime type for managing power because it makes for a public-oriented state. This belief is bolstered by the fact that nondemocratic regimes spend less on the poor and have lower per capita incomes than their democratic counterparts (Nickerson 2000 cited in Shapiro 2003, 105; Przeworski *et al.* 2000, 216), and also by the long list of undemocratic rulers who have used their position of power in a self-serving manner.

If democracy does make for a governing system that is sensitive to the people's concerns, then that is because it places sovereign power in the hands of the public. This is a powerful notion that, as Garsten (2009, 93) reminds us, is stressed repeatedly in Jean-Jacque Rousseau's writings.

Rousseau follows in Machiavelli's tradition of "taking men as they are." However, in the *Social Contract*, Rousseau (1987) improves on his predecessors'

theories by suggesting a new and radically democratic way of ordering society. Specifically, he suggests a form of association where people agree to become a part of the general will and be obedient to it. As Bloom (1987, 568) and Bertram (2011) explain, Rousseau's formula represents a legal and governmental system whose *raison d'être* is the common good.

Today, some question the extent to which notions of a "common good" or "will of the people" have coherent meaning. Schumpeter (1950, 251), for one, argues that there is "no such thing as a uniquely determined common good," in part because "to different individuals and groups the common good is bound to mean different things." However, despite the various critiques of Rousseau's theory, the *Social Contract* continues to serve as a forceful reminder that government officials should serve at the public's pleasure—not their own. In Rousseau's (1987, 176) words, "the dominant will of the prince is not and should not be anything other than the general will or the law." He develops the argument further, claiming that civil servants' self-interested acts, which would fall squarely under our modern understanding of corruption, place the entire social contract at risk of collapse. Rousseau (1987, 176) writes

As soon as [the prince] wants to derive from himself some absolute and independent act, the bond that links everything together begins to come loose. If it should finally happen that the prince had a private will more active than that of the sovereign, and that he had made use of some of the public force that is available to him in order to obey his private will, so that there would be, so to speak, two sovereigns—one *de jure* and the other *de facto*, at that moment the social union would vanish and the body politic would be dissolved.

In today's terminology, government agents' self-interested acts point to a principal-agent problem. Echoing Rousseau's concern, modern institutions, such as the World Bank (1997, 102), hold that corruption violates the public's trust and erodes political legitimacy. This stance seems reasonable considering that the populations of the world's democracies tend to disfavor corruption. In fact, a survey study finds that a vast majority of countries' citizens condemn the phenomenon (Gatti, Paternostro, and Jamele 2003). Similarly, according to a regional poll, there are many more Latin Americans who do not approve of corruption compared with those who do (Corporación Latinobarómetro 2002). Thus, even if the idea of a "common good" might strike us as a vague concept, the inhabitants of a democracy will likely share a sense of hostility toward corruption. Corruption is a common ill.

In addition to being a generally abhorred phenomenon, a number of observational studies show that corruption has actual delegitimizing powers. For example, Pharr (2000, 173 cited in Seligson 2002, 413-6) used time series analysis to demonstrate that, in Japan, media coverage of corruption is significantly correlated with citizen dissatisfaction with their democratic

government. Similarly, a United Nations study from 2002 found that survey respondents in Latin America have been losing confidence in democracy, in large part because of perceivable corruption (United Nations 2002, 63). Seligson (2002) analyzed survey data from El Salvador, Nicaragua, Bolivia, and Paraguay, and found that exposure to corruption erodes citizens' trust in their democratic political system. On a larger scale, Anderson and Tverdova (2003) used surveys conducted in 16 mature and nascent democracies to understand the effect that perceived corruption has on people's support for their political regime. These authors found that people living in democracies with higher levels of corruption communicate more negative evaluations of their government's performance.

Anecdotal evidence from at least two Latin American cases also point to the damage that corruption can inflict on democracy. In 1985 in Guatemala, Marco Vinicio Cerezo Arévalo ran under the Christian Democratic Party ticket and won the election by a landslide. It was the first election of a civilian president in Guatemala in 15 years (Encyclopedia Britannica 2011; Kinzer 1985a, 1985b). A few years later, however, corruption became rampant. The problem was so extreme that there was evidence that the democratically elected president's closest aide was intimately linked to the country's top drug trafficker (Gruson 1990). In these circumstances, corruption had so weakened support for the democratic government that few citizens stood to defend it against an attempted coup led by several colonels (Heymann 1996).

Turning to another example, in Brazil, during Getúlio Vargas' term as elected president (1951-54), corruption became a prominent concern (Skidmore and Smith 2001, 164). The general reputation of Brazilian politicians reached a low enough point that a large portion of the population came to equate them with crooks (Soares 1979, 106-8). Well aware of this image problem, in 1961, Jânio Quadros campaigned for the presidency on an anticorruption message. His campaign symbol, a broom, indicated his intent to "clean house" (Fried 2011, 13; Soares 1979, 105). Yet, on August 25, 1961, only seven months into his administration, Quadros resigned for reasons that have never been entirely explained. A three-year political crisis ensued. A poll taken during this interval showed that a majority of the population favored doing away the country's system of representation (Soares 1979, 106). As if to heed their wish, the crisis was ended by a military coup (Christian Science Monitor 1962, 380; Skidmore and Smith 2001).

What the aforementioned studies and cases show is that dishonesty by the people in government make a mockery out of democracy. Widespread corruption in a democracy indicates that an essential relationship has been broken. In the words of Anderson and Tverdova (2003 92-3), "when corruption is present, democracy's tenets of procedural and disruptive fairness become a myth; this, in turn, is likely to diminish the legitimacy of democratic political institutions." Hence, the fight against corruption is a fight to defend democracy.

Democracy's Anticorruption Promise

In spite of what has been argued thus far, the notion that democracy risks collapse because of corruption is puzzling. After all, by the power of the vote, democracy is frequently thought of as a system of government designed to counter precisely this sort of problem. As *The Economist* (2008) quips, "one of democracy's great joys" is that, through the ballot box, it grants hundreds of millions of people around the world "the chance to kick the rascals out."

Voting is a mechanism that citizens have for communicating their political preferences (Dahl 1971, 2-3). It is the preeminent feature of a democratic political system (Powell 2000, 4). As long as elections are freely contested, participation is widespread, and citizens enjoy political liberties, and politicians are supposed to act in the best interest of the public out of fear of losing power (Manin, Przeworski, and Stokes 1999c, 29). In other words, truly competitive elections are meant to provide citizens with a degree of influence on those who are running for office (Bottomore 1950, xiii; Przeworski 2003, 13). This influence, however, is limited.

The ballot box is a deficient disciplinary tool because it has a limited effect on political leaders seeking reelection (Schumpeter 1950, 272) and close to no effect on the unelected bureaucracy (Ferejohn 1999, 133-4; O'Donnell 1994, 59). In other words, free and fair elections are a necessary but not sufficient condition for good governance (Ackerman 2005; Manin, Przeworski, and Stokes 1999a; O'Donnell 1994). The ballot box's limited ability to constrain power is disconcerting. It compels us to reexamine the foundational problem of finding a system of government that administers power well. It shows that, unless other instruments of accountability are brought into play, competitive elections guarantee nothing more than partial responsiveness to the electorate's interests. Without the assistance from additional institutional structures, democracy will fall short of its promise to prevent the abuse of power.

In the political realm, democratic institutions prevent domination by setting effective checks and balances on the various participants in the decision-making process. In O'Donnell's (1994, 61) words, these institutions can run horizontally as "a network of relatively autonomous powers . . . that can call into question, and eventually punish, improper ways of discharging the responsibilities of a given official." They are structures that respond to James Madison's (2011a, 2011b) concern of obliging government to control itself and taking the necessary precautions for keeping rulers virtuous.

Two classic democratic institutions that serve to check power are a legislative opposition and a court system (Diamond and Morlino 2004; O'Donnell 1994, 57; Olson 1993, 572). Additional institutions and factors that promote accountability are a free press (Gentzkow, Glaeser, and Goldin 2006, 188); independent accounting offices and statistical agencies (Manin, Przeworski, and Stokes 1999b, 24); publicly accessible government information (Ackerman and Sandoval-Ballesteros 2006, 93); and monitoring mechanisms

(Di Tella and Schargrodsky 2003; Duflo and Hanna 2005; Hyde 2011; Olken 2007; Reinikka and Svensson 2005). Together, these organizations and tools help democracy keep its promise to provide a government that is accountable to the public.

Summary and Policy Recommendations

For centuries, political philosophers have warned of the dangers associated with power. When abused by members of the government, power can generate a number of problems for society. Corruption, defined as a government agent's behavior that significantly disfavors the public interest, and instead advances his or her personal welfare, is one such problem. The source of this particular ailment is the information asymmetry that exists between civil servants and civilians. This gap frees officials to violate the public's trust, which can then lead to the undermining of some of society's most valued goals, including safety and economic development.

Democracy is attractive because it offers people a public-oriented state. This is a guarantee founded on the idea that sovereign power belongs to the citizenry. A corollary to this Rousseauian notion is that government officials are the public's agents. Thus, when civil servants use their position of authority to serve themselves, they place the entire social contract at risk. By their dishonest acts, they weaken the democratic regime's legitimacy. Given the risks associated with this undesirable behavior, the battle to curb corruption through the use of multiple mechanisms of accountability is necessary for democracy's survival.

One oft-cited method for curbing corruption involves restructuring a regime's legal codes. Considering that corruption thrives when officials have ample discretion, laws can be designed with an eye toward granting agents only a necessary amount of latitude. Similarly, legislation can provide citizens with access to government information so that the public may assess the manner in which civil servants exercise their power. Technology has an anticorruption use as well. It can reduce bureaucratic discretion by automating a number of procedures. Furthermore, it can turn various interactions between governments and individuals into impersonal transactions where not a single palm is available for greasing.

Deregulation can also serve as an anticorruption mechanism. It eliminates opportunities for corrupt officials to extract illegal rents (de Soto 1989). Furthermore, outsourcing some services to private firms and revising employment mechanisms are two additional anticorruption tactics (Rose-Ackerman 1999, 71, 84-7). Regarding merit recruitment, experts argue that improving the selection process of bureaucrats by emphasizing incorruptibility and technical competence can reduce the risk that officials will misbehave (Calvert, McCubbins, and Weingast 1989, 599, 604-5). In a similar vein, it is often claimed that making bureaucrats' wages and bonuses attractive *vis-à-vis* the labor market has an inverse effect on the utility gained from

corruption, given the inconveniences associated with accepting bribes (Becker and Stigler 1974; Chand and Moene 1999, 1137; Di Tella and Schargrodsky 2003; Duflo, Hanna, and Ryan 2010; Goel and Rich 1989; Jain 2001, 80; Van Rijckeghem and Weder 2000).

Governments can also limit the probability that an agency's staff will engage in corruption by altering the organization's work climate. One way to achieve this is through education programs that highlight corruption's harmful effects. Another involves encouraging whistleblowing by granting protection and incentives to insiders that report wrongdoing (Rose-Ackerman 1999, 53-8).

Yet another anticorruption strategy involves the judicious administration of officials' duties. Reducing the number of agents in sensitive positions is a means of concentrating responsibility and facilitating supervision (Gardiner and Lyman 1978, 187). Sometimes, however, it is best to take the opposite approach by dissipating responsibility and generating intra-agency competition. The likelihood of corruption can be significantly reduced when officials lose monopoly power over the provision of certain goods, such as government permits (Rose-Ackerman 1978, 137-8).

Finally, oversight mechanisms and a credible system of punishment are additional and nontrivial tools at reformers' disposal. With regard to these, Klitgaard (1988, 82) writes that "[i]f the principal has information on what the agent and the client are doing, he may be able to deter corruption by raising the chances that corruption will be detected and punished." Indeed, there are grounds to believe that audits have a disciplining effect on bureaucrats. To conclude, new democracies around the world would do well to adopt anticorruption measures. Their citizens expect and deserve accountability in government.

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Paul F. Lagunes holds a PhD in political science from Yale University. He studies corruption, democratic accountability, bureaucratic performance, Latin American politics, and Latino politics. As seen in the co-authored article "Corruption and Inequality at the Crossroad" (*Latin American Research Review* 45 [1], 2010), his work applies field experiments to study how corruption is practiced on the ground.

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