

Department of Politics  
University of Virginia  
Fall 2013

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Office hours (Gibson 254):  
Monday 4:40pm-5:40pm  
Tuesday 4:40pm-5:40pm  
Or by appointment

course webpage is on *UvaCollab*

## **PLCP 4430: The Politics of Corruption**

Monday, 2:00-4:30 pm, Mcleod Hall 2007

This 400-level seminar will focus on the causes of corruption around the world, assess its impact on economic and political development and explore the contexts in which patronage and clientelism become an important means of state-citizen interaction. Our overall goal is to understand why certain states produce public goods and services of a higher quality than others. We will consider the impact of culture, political openness, electoral rules, natural resources and government intervention in the economy.

The course is divided into four sections. In the first section, we consider a set of arguments about the role of corruption for nations in the process of political and socioeconomic modernization. We will evaluate these claims using readings based on in-depth case studies and large scale, quantitative analyses. In the second section, we will examine various arguments about the causes of corruption and poor governmental performance. In the third section, we explore two phenomena often thought to be detrimental to the quality of democratic representation: patronage (in which public jobs are allocated according to partisan affiliation, not merit) and clientelism (in which votes are exchanged for private goods). The fourth section considers strategies for measuring corruption.

Grades will be allocated according to class participation (15%), three short papers (20% each) and a longer final paper (25%). For each of the short papers, students should select a topic of their choosing and use one week's readings to develop and substantiate their own argument on that topic. These papers should not be summaries of the readings. Students must submit a paper on or before each of the four deadlines indicated in the syllabus. Students are free to write on whichever week they like, so long as it falls after the deadline for the previous paper. For example, students can write on weeks 1, 2, 3, or 4 for the first paper, they can write on weeks 5, 6, 8, or 9 for the second (note that week 7 is a reading day), and so forth. The short papers should be 5 pages, double-spaced, 12-point font (with standard margins). For the final paper, I will provide students with three topics from which to choose. Students will be expected to incorporate the readings from at least three of

the four sections of the course. Instructions and topics will be provided on November 25<sup>th</sup>. The final paper should be 7-9 pages, double-spaced, 12-point font (with standard margins). It is due in class on Monday, December 2<sup>nd</sup>.

\*Make sure to submit your papers on time. One third of a letter grade will be deducted from late papers for each day after the deadline.

*Attendance policy.* Because this class is a seminar that meets only once a week, regular attendance is crucial. Any and all unexcused absences will negatively affect one's grade. Students suffering from an illness should let me know in advance that they will miss class (if possible) and give me a note from University Health Services at the subsequent class meeting. Seniors: Do *not* schedule interviews during class time.

### Helpful Calendar

- September 23<sup>rd</sup>: 1<sup>st</sup> paper due (reaction to readings in week 1, 2, 3, or 4)
- October 28<sup>th</sup>: 2<sup>nd</sup> paper due (reaction to readings in week 5, 6, 8, or 9)
- November 25<sup>th</sup>: 3<sup>rd</sup> paper due (reaction to readings in week 10, 11, 12, or 13)
- December 2<sup>nd</sup>: Final paper due (topics will be provided on November 25<sup>th</sup>)

### **Required textbooks (please order from Amazon or other on-line bookseller):**

- Kang, DC. 2002. *Crony Capitalism: Corruption and Development in South Korea and the Philippines*. Cambridge: CUP.
- Putnam, R. 1993. *Making Democracy Work*. Princeton, Princeton University Press.
- Ross, ML. 2001. *Timber Booms and Institutional Breakdown in Southeast Asia*. Cambridge, Cambridge University Press.

Note that *Timber Booms* is also available free of charge as an on-line e-book through UVa's VIRGO system [<http://site.ebrary.com/lib/uvalib/Doc?id=10005038>]

### Course Outline

## **PART 1: CORRUPTION AND DEVELOPMENT**

Week 1 (Sept. 2): *Is Clean Government an Impediment to Political and Economic Development?: The Functionalist School*

Merton, RS. [1957] 1972. The Latent Functions of the Machine. In B. Stave, ed. *Urban Bosses, Machines, and Progressive Reformers*. Lexington, MA: DC Heath, pp.27-37

Leff, NH. 1964. Economic Development Through Bureaucratic Corruption. *American Behavioral Scientist* 8, 3:8-14.

Leys, C. 1965. What is the Problem About Corruption? *Journal of Modern African Studies*, 3, 2: pp. 215-230.

Nye, JS. 1967. Corruption and Political Development: A Cost-Benefit Analysis. *American Political Science Review* 61, 2: 417-427.

Huntington, SP. 1968. "Modernization and Corruption" in *Political Order in Changing Societies*. New Haven: Yale University Press, pp. 59-72.

Scott, JC. 1969. Corruption, Machine Politics and Political Change. *American Political Science Review* 63, 4: 1142-58.

Week 2 (Sept. 9): Evaluating the Relationship between Clean Government and Economic Development I: Case Studies

Waterbury, J. 1973. Endemic and Planned Corruption in a Monarchical Regime. *World Politics* 25, 4: 533-555.

Goodman, M. 1974. Does Political Corruption Really Help Economic Development?: Yucatan, Mexico. *Polity* 7, 2: 143-62.

Wade, R, 1985. The Market for Public Office: Why the Indian State is Not Better at Development. *World Development* 13, 4: 467-97.

Khan, MH. 1996. The Efficiency Implications of Corruption. *Journal of International Development* 8, 5: 683-696.

Kang, DC. 2002. *Crony Capitalism: Corruption and Development in South Korea and the Philippines*. Cambridge: Cambridge University Press, ch. 1, ch.3-5, ch.7.

Week 3 (Sept. 16): Evaluating the Relationship between Clean Government and Economic Development II: The Quantitative Evidence

Tanzi, V. 2002. Corruption Around the World: Causes, Consequences, Scope and Cures. In GT Abed and S Gupta, eds. *Governance, Corruption and Economic Performance*, Washington DC: IMF, pp.19-58.

Mauro, P. 1995. Corruption and Growth. *Quarterly Journal of Economics* 110, 3: 681-712.

Evans, P. and JE Rauch. 1999. Bureaucracy and Growth: A Cross-National Analysis of the Effects of "Weberian" State Structures on Economic Growth. *American Sociological Review* 64: 748-765.

Gupta, S, HR Davoodi and ER Tiongson. 2002. Corruption and the Provision of Health Care and Education Services. In GT Abed and S Gupta, eds. *Governance, Corruption and Economic Performance*, Washington DC: IMF, pp.245-279.

Kaufmann, D and S-J Wei. 1999. Does "Grease Money" Speed Up the Wheels of Commerce? NBER Working Paper 7093 (<http://www.nber.org/papers/w7093>)

Aidt, Toke S. 2009. Corruption, Institutions, and Economic Development." *Oxford Review of Economic Policy* 25 (2): 271-291.

Menes, R. 2006. Limiting the Reach of the Grabbing Hand: Graft and Growth in American Cities, 1880-1930. In EL Glaeser and C Goldin, eds. *Corruption and Reform: Lessons from America's Economic History*. Chicago: University of Chicago Press, pp.63-93.

Week 4 (Sept. 23): *Corruption and Its Consequences for Political Stability and Democratic Values*

#### FIRST PAPER DUE ON OR BEFORE THIS DATE

Pharr, SJ. 2000. Officials' Misconduct and Public Distrust: Japan and the Trilateral Democracies. In SJ Pharr and RD Putnam, eds., *Disaffected Democracies: What's Troubling the Trilateral Countries?*, Princeton: Princeton University Press, pp. 173-201.

Seligson, M. 2002. The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries. *Journal of Politics* 64, 2: 408-433.

Anderson, CJ and YV Tverdova. 2003. Corruption, Political Allegiances and Attitudes Towards Government in Contemporary Democracies. *American Journal of Political Science* 47, 1: 91-109.

Canache, D and M Allison. 2005. Perceptions of Political Corruption in Latin American Democracies. *Latin American Politics and Society* 47 (3): 91-111.

Chang, ECC and YH Chu. 2006. Corruption and Trust: Exceptionalism in Asian Democracies? *Journal of Politics* 68 (2): 259-271.

Gingerich, DW. 2009. Corruption and Political Decay: Evidence from Bolivia. *Quarterly Journal of Political Science* 4 (1): 1-34.

Ferraz, C and F Finan. 2008. Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics* 123 (2): 703-745.

## PART 2: WHO GETS CLEAN GOVERNMENT?

### Week 5 (Sept. 30): Cultural Aspects of Institutional Performance

Putnam, R. 1993. *Making Democracy Work*. Princeton, Princeton University Press, ch.1, ch. 3-5.

Rose-Ackerman, S. 1999. "Bribes, Patronage and Gift Giving" in *Corruption and Government: Causes, Consequences and Reform*. Cambridge: CUP, pp. 91-110.

Lambsdorff, JG. 2002. "Making Corrupt Deals: Contracting in the Shadow of the Law. *Journal of Economic Behavior and Organization* XLVIII(3): 221-47.

Fisman, R and E Miguel. 2007. Corruption, norms, and legal enforcement: evidence from diplomatic parking tickets. *Journal of Political Economy* 115 (6): 1020-1048.

Cameron, L., Chaudhuri, A., Erkal, N., & Gangadharan, L. 2009. Propensities to engage in and punish corrupt behavior: Experimental evidence from Australia, India, Indonesia and Singapore. *Journal of Public Economics* 93 (7): 843-851.

Barr, A., & Serra, D. 2010. Corruption and culture: An experimental analysis. *Journal of Public Economics*, 94 (11): 862-869.

### Week 6 (Oct. 7): Accountability and Good Government

Naím, M. 1995. The Corruption Eruption. *Brown Journal of World Affairs* 2, 2: 245-261.

G Gray Molina, E Pérez de Rada and E Yañez. 2001. Does Voice Matter?: Participation and Controlling Corruption in Bolivia's Hospitals. In R Di Tella and WD Savedoff, eds., *Diagnosis Corruption: Fraud in Latin America's Public Hospitals*. Washington DC: Inter-American Development Bank, pp.27-56.

[available at <http://site.ebrary.com/lib/uvalib/Doc?id=10104131>]

Adserà, A, C Boix and M Payne. 2003. Are You Being Served? Political Accountability and the Quality of Government. *Journal of Law, Economics and Organization* 19, 2: 445-490.

McMillan, J., and Zoido, P. 2004. How to Subvert Democracy: Montesinos in Peru. *Journal of Economic Perspectives*, 18 (4): 69–92.

Reinikka, R and J. Svensson. 2005. Fighting Corruption to Improve Schooling: Evidence from a Newspaper Campaign in Uganda. *Journal of the European Economic Association* 3 (2-3): 259-267.

Gentzkow, M, EL Glaeser and C Goldin. 2006. The Rise of the Fourth Estate: How Newspapers Became Informative and Why It Mattered. In EL Glaeser and C Goldin, eds. *Corruption and Reform*, pp. 187-230.

Week 7 (Oct. 14): Reading Day (no class meeting)

Week 8 (Oct. 21): *Corruption in Democracies I: The Impact of Electoral Rules*

*Required (read all four):*

Chang, ECC. 2005. Electoral Incentives for Political Corruption under Open-list Proportional Representation. *Journal of Politics* 67 (3): 716-730.

Persson, T, G Tabellini and F Trebbi. 2003. Electoral Rules and Corruption. *Journal of the European Economic Association* 1, 4: 958-989.

Kunicova, J and S Rose-Ackerman. 2005. Electoral Rules and Constitutional Structures as Constraints on Corruption. *British Journal of Political Science* 35: 573-606.

Gingerich, DW. 2009. Ballot Structure, Political Corruption, and the Performance of Proportional Representation. *Journal of Theoretical Politics* 21 (4): 509-541.

*Country Cases (choose one country):*

Brazil

Ames, B. 1995. Electoral Strategy under Open-list Proportional Representation. *American Journal of Political Science* 39, 2: 406-433.

Samuels, D. 2002. Pork barreling is not Credit Claiming or Advertising: Campaign Finance and the Sources of the Personal Vote in Brazil. *Journal of Politics* 64, 3: 845-863.

#### Italy

Golden, MA and ECC Chang. 2001. Competitive Corruption: Factional Conflict and Political Malfeasance in Postwar Italian Christian Democracy. *World Politics* 53: 588-622.

Golden, MA. 2003. Electoral Connections: The Effects of the Personal Vote on Political Patronage, Bureaucracy and Legislation in Postwar Italy. *British Journal of Political Science* 33: 189-212.

#### Japan

Bouissou, JM. 1997. Gifts, Networks and Clienteles: Corruption in Japan as a Distributive System. In Della Porta and Mény, eds., *Democracy and Corruption in Europe*, London: Pinter, pp.132-147.

Cox, GW and MF Thies. 1998. The Cost of Intraparty Competition: The Single Nontransferable Vote and Money Politics in Japan. *Comparative Political Studies* 31, 3: 267-291.

Week 9 (Oct. 28): *Corruption in Democracies II: The Problem of Political Financing*

#### SECOND PAPER DUE ON OR BEFORE THIS DATE

Pinto-Duchinsky, M. 2002. Financing Politics: A Global View. *Journal of Democracy* 13, 4: 69-86.

Oppenheimer, A. 1996. "The Banquet" in *Bordering on Chaos: Guerillas, Stockbrokers, Politicians and Mexico's Road to Prosperity*, Boston: Little, Brown, pp. 83-110.

Treisman, D. 1998. Dollars and Democratization: The Role and Power of Money in Russia's Transitional Elections. *Comparative Politics* 31, 1: 1-21.

Samuels, DJ. 2001. Does Money Matter? Credible Commitments and Campaign Finance in New Democracies: Theory and Evidence from Brazil. *Comparative Politics* 34, 1: 23-42.

Conaghan, CM. 2006. The Immoral Economy of Fujimorismo. In JF Carrion, ed. *The Fujimori Legacy: The Rise of Electoral Authoritarianism in Peru*. University Park: Pennsylvania State University Press, 126-149.

Nyblade B and Reed S. 2008. Who cheats? Who loots? Political competition and corruption in Japan, 1947–1993. *American Journal of Political Science* 52 (4): 926–941.

Gingerich, DW. 2013. Yesterday's Heroes, Today's Villains: Ideology, Corruption, and Democratic Performance. Forthcoming in *Journal of Theoretical Politics*.

Week 10 (Nov. 4): *The Political Economy of Rent Seeking: Is Government Intervention to Blame?*

Becker, G. 1994. To Root Out Corruption, Boot Out Big Government. *Business Week* No. 3356 (January 31).

Buchanan, JM. 1980. Rent Seeking and Profit Seeking. In JM Buchanan, RD Tollison and G Tullock, eds., *Toward a Theory of the Rent Seeking Society*. College Station: Texas A&M University Press, pp.3-15.

De Soto, H. 1989. “The Costs and Importance of the Law.” In *The Other Path*. New York: Basic Books, pp.131-187.

Djankov, S, R La Porta, F Lopez-de-Silanes and A Shleifer. 2002. The Regulation of Entry. *Quarterly Journal of Economics* 117: 1-37.

Hellman, JS, G Jones and D Kaufmann. 2003. Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition. *Journal of Comparative Economics* 31, 4: 751-773.

Manzetti, L. 2003. Political Manipulations and Market Reforms Failures. *World Politics* 55, 3: 315-360.

Gerring, J and S Thacker. 2005. Do Neoliberal Policies Deter Political Corruption? *International Organization* 59: 233-254.

Week 11 (Nov. 11): *Corruption and Factor Endowments: Is there a Resource Curse?*

Weiner, T. Corruption and Waste Bleed Mexico's Oil Lifeline. *New York Times*, Jan. 21, 2003 (A-1).



Oil's Dark Secret: National Oil Companies. *The Economist*, August 10, 2006.

Karl, TL. 1997. "The Special Dilemma of the Petro-State" in *The Paradox of Plenty: Oil Booms and Petro-States*. Berkeley: University of California Press, pp.44-67.

Ross, ML. 2001. *Timber Booms and Institutional Breakdown in Southeast Asia*. Cambridge, Cambridge University Press, ch.1-3, 4, 8. available on-line: [<http://site.ebrary.com/lib/uvalib/Doc?id=10005038>]

Ades, A and R Di Tella. 1999. Rents, Competition and Corruption. *American Economic Review* 89, 4: 982-993.

### PART 3: INTERACTIONS BETWEEN CITIZENS, PARTIES AND THE STATE

#### Week 12 (this meeting date is to be rescheduled): *Political Parties and the Spoils System*

Shefter, M. 1977. Party and Patronage: Germany, England and Italy. *Politics and Society* 7: 403-452.

Murillo, VM and E Calvo. 2004. Who Delivers? Partisan Clients in the Argentine Electoral Market. *American Journal of Political Science* 48, 4: 742-757.

Geddes, B. 1991. A Game Theoretic Model of Reform in Latin American Democracies. *American Political Science Review* 85, 2: 371-392.

Johnson, RN and GD Libecap. 1994. *The Federal Civil Service and the Problem of Bureaucracy: The Economics and Politics of Institutional Change*. Chicago: University of Chicago Press, ch.2.

Grymala-Busse, A. 2003. Political Competition and the Politicization of the State in East Central Europe. *Comparative Political Studies* 36, 10: 1123-1147.

O' Dwyer, C. 2004. Runaway State Building: How Political Parties Shape States in Postcommunist Eastern Europe. *World Politics* 56, 4: 520-553.

Calvo, E., & Murillo, MV 2013. When Parties Meet Voters Assessing Political Linkages Through Partisan Networks and Distributive Expectations in Argentina and Chile. *Comparative Political Studies* 46 (7): 851-882.

#### Week 13 (Nov. 25): *Causes, Mechanisms and Consequences of Clientelism*

### THIRD PAPER DUE ON OR BEFORE THIS DATE

### FINAL PAPER TOPICS DISTRIBUTED THIS WEEK

FC Schaffer and A Schedler. 2007. What is Vote Buying? In FC Schaffer, ed. *Elections for Sale: The Causes and Consequences of Vote Buying*. Boulder: Lynne Rienner, pp. 17-30.

Wantchekon, L. 2003. Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin. *World Politics* 55: 399-422.

Stokes, S. C., 2005, Perverse accountability: a formal model of machine politics with evidence from Argentina. *American Political Science Review* 99, 315–325.

Nichter, S., 2008, Vote buying or turnout buying? Machine politics and the secret ballot. *American Political Science Review* 102, 19–31.

Baland, J-M and JA Robinson. 2007. How does Vote Buying Shape the Economy? In FC Schaffer, ed. *Elections for Sale*, pp. 123-141.

Gingerich, DW and Medina, LF. 2013. The Endurance and Eclipse of the Controlled Vote: A Formal Model of Vote Brokerage Under the Secret Ballot. Forthcoming in *Economics & Politics*.

Finan, Frederico, and Laura Schechter. 2012. Vote-Buying and Reciprocity. *Econometrica* 80 (2): 863-881.

### PART 4: THE PROBLEM OF MEASUREMENT

Week 14 (Dec. 2): *How should we measure corruption?*

**\*\*FINAL PAPERS ARE DUE AT THIS CLASS MEETING\*\***

Lambsdorff, JG. 2006. Measuring Corruption: The Validity and Precision of Subjective Indicators (CPI). In C Sampford, A Shacklock, C Connors and F Galtung, eds. *Measuring Corruption*. Aldershot: Ashgate, pp. 81-100.

Golden, M and L Picci. 2005. Proposal for a New Measure of Corruption, Illustrated with Italian Data. *Economics and Politics* 17, 1: 37-75.

Bertrand, M., Djankov, S., Hanna, R., & Mullainathan, S. (2007). Obtaining a driver's license in India: an experimental approach to studying corruption. *Quarterly Journal of Economics* 122 (4): 1639-1676.

Gingerich, DW. 2010. Understanding Off-the-Books Politics: Conducting Inference on the Determinants of Sensitive Behavior with Randomized Response Surveys. *Political Analysis* 18: 349-380.

Olken, BA. 2009. Corruption Perceptions vs. Corruption Reality. *Journal of Public Economics*, 93 (7): 950-964.

Escresa, L and L Picci. 2013. A New Cross-National Measure of Corruption. Working paper, Department of Economics, University of Bologna.