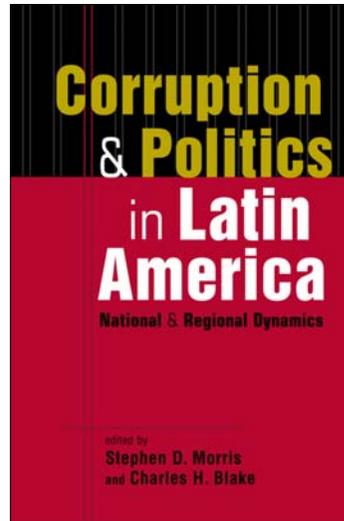


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in Latin America:  
National and  
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edited by  
Stephen D. Morris  
and Charles H. Blake

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# 1

## Corruption and Politics in Latin America

*Stephen D. Morris and Charles H. Blake*

In a word association game, mention “Latin American politics” and the response is often “corruption.” It does not take much of a cynic to see the parallels. News from the region frequently spotlights scandals involving sitting or former presidents; the unexplained wealth of politicians and high-level bureaucrats; elaborate, multimillion-dollar schemes of graft and kickback; illegal campaign funds intricately siphoned through labor unions, phantom companies, or the bureaucracy; under-the-table bribes by multinationals to acquire lucrative government contracts or concessions; electoral fraud and vote buying; huge payments by drug traffickers framed by violent threats (*plomo o plata* [bullets or money]) to police, military officials, or prosecutors; and illegal arms sales by top military officials—to mention just a few of the real cases spanning the past decade.<sup>1</sup> Petty bribes to police and bureaucrats are less newsworthy only because they are considered routine.

This book examines the nature of political corruption in contemporary Latin America. We address questions relating to the types of corruption found in the region, the factors shaping corruption—particularly the impact of recent political and economic changes, the consequences of corruption, and the nature and effectiveness of recent reforms. Does corruption grease the wheels of Latin American politics, facilitating its operation as some contend, or does it undermine democratic rule and worsen the region’s perennial problems of poverty and inequality? Do citizens condemn, condone, or simply acquiesce to the corrupt behavior of their politicians and others? To what extent is corruption ingrained in the Latin American culture? Are the new democracies effectively addressing the problem?

This introductory chapter sets the stage for an exploration of these and related questions in Argentina, Bolivia, Brazil, Cuba, Mexico, and Venezuela, as well as at the regional level. In this chapter, we discuss the concept of corruption,

the different forms corruption can take, and the various analytical approaches used in the study of this rather exotic political phenomenon. We present data gauging the levels of corruption and its impact among Latin American countries, briefly reflect on corruption's historical and cultural roots, and examine the more recent studies of corruption, which tend to concentrate on political institutions and corruption's link to democracy, the economy, and public opinion. We also explore the new nomenclature related to corruption and anticorruption efforts as well as the policy relevance of recent studies. The chapter concludes by highlighting the challenges that remain and the questions addressed in the subsequent chapters.

### Conceptualizing Political Corruption: Types and Patterns

Political corruption is broadly defined as the abuse of public power for personal gain (Nye 1967). Long-time corruption scholar Michael Johnston (2005, 11) defines it more precisely as the "abuse of a trust, generally one involving public power, for private benefits which often, but by no means always, come in the form of money." The contingencies in Johnston's definition point to the broad array of forms and patterns that corruption can take and hint at some of the historic difficulties scholars have faced in coming up with a precise, workable definition of the term.<sup>2</sup> Most people equate corruption with *bribery*, where an illegal payment is made to a government worker in return for some type of official, state-sanctioned, authoritative act that has a selective and tangible impact and that in the absence of the secret payment would not otherwise have been made. Kickbacks and extortions operate much like bribes. A *kickback* is simply paid after the service is rendered, usually from a portion of the governmental award itself, whereas in *extortion* the public official threatens to use state power (whether used rightfully or not) to induce the payment of the bribe. Corruption also includes *graft* and *embezzlement*, where public officials appropriate public funds for alternative uses. In such cases, there may be no exchange between citizens and public officials as occurs with a bribe. *Fraud* is closely related to graft, but refers normally to the various, often complex and imaginative schemes orchestrated by public officials to appropriate public funds, frequently with civilian accomplices. This may include setting up fake companies, listing ghost workers to pad payrolls, overcharging the government on contracts, or fixing the books to hide the disappearance of public funds. Corruption also encompasses such diverse activities as *nepotism*, *favoritism*, and *conflict of interest* where public-sector jobs or benefits go to family, friends, or others of the decisionmakers' choosing. An important form of corruption entails *state capture* whereby special interests literally take control of state institutions through a range of mechanisms. In such cases, the state institution pursues the interests of the private group rather than the public's. This is particularly problematic when organized crime controls the police or public prosecution agencies through

bribes and intimidation. Finally, within the partisan and electoral arenas, corruption encompasses illegal *campaign contributions and expenditures, electoral fraud, and vote buying*.

Beyond taking different forms, corruption can also occur at virtually any level or site within government or society. Distinctions are often drawn between upper- and lower-level corruption, with the former involving presidents, ministers, members of Congress, governors, and other high-ranking officials, and lower-level corruption involving civil servants or the police. Upper-level corruption is often referred to as “grand corruption,” in contrast to “petty corruption” that occurs at the lower levels. This distinction among levels generally overlaps with a related difference based more on policy phase than hierarchical location (J. Scott 1972a). Here, the term *political corruption* tends to refer to corruption occurring at the policymaking stage, which usually entails the violation of second-order norms (the often unwritten guidelines determining how politicians should make decisions that are just, fair, and impartial), whereas *bureaucratic corruption* involves the implementation of policy and relates to the violation of first-order norms (the written rules and laws that are the product of politicians’ decisionmaking) (Bardhan 2006; Warren 2004). Even within these two broad spheres, it is still possible and useful to classify corruption by simple reference to its institutional location within the political system (e.g., judicial, executive, legislative, partisan elections, police, etc.).

Additional distinctions disentangle state and societal forms of corruption. *Societal corruption* refers to practices of bribery, extortion, fraud, nepotism, favoritism, and so on, which occur within societal organizations and are largely independent of the government. The private sector is certainly not immune from the type of behavior found in the public sector, but such practices are rarely included under the umbrella of political corruption. The state versus society formula can also be used to tease out the direction of corrupt influence captured in the distinction between bribery and extortion. Societal interests often use illegal payments (bribes) to capture or colonize the state—“state capture,” as noted previously—illegitimately influencing state policies and thereby turning that segment of the state into a tool serving particular or specialized interests rather than those of the broader society. The direction of influence involved in state capturing, however, contrasts situations where a powerful state, or sectors of the state, use (and abuse) state power to demand and capture rents from private actors: a form of corruption commonly denoted as extortion. When drug traffickers, for instance, have half the police on their payroll doing their bidding (something akin to the privatization of the police), this is quite different from when the police shake down petty thieves and extort from citizens for real and imagined offenses.

In sum, corruption is a complex concept encompassing an array of conduct that can occur at different locations within the state and society. What the multiple actors and forms of actions share, however, is the distortion or violation of widely accepted rules or norms that ostensibly guide the behavior of both state officials and private citizens. Defining these norms with precision—

whether they can be clearly delineated by the law, public interest, or public opinion—remains problematic (as noted previously). Nonetheless, corruption finds politicians still making decisions, but *not* decisions based on their concerns for the common interest or from a sense of justice, as expected—the trust embodied in the public office. Likewise, bureaucrats still implement policy, but *not* in accordance with the laws or bureaucratic regulations they are expected to follow. Instead, these public officials make decisions, implement laws and regulations, and administer programs based on some alternative criteria, such as helping friends, family, or self, strengthening the political party, promoting an election campaign, passing legislation, and so on. Corruption, in short, may not involve solely private gain—as many definitions specify—but it does involve a violation of the norms defining public office. In a similar fashion, through bribery, citizens still interact with the state, but *not* in accordance with the basic universal principles governing citizenship. Citizens may use bribes to exert illegitimate influence over the government, usually at the implementation stage of policy (J. Scott 1972a), interacting with state officials to gain a privileged and special advantage, making it so that the law does not apply to them, or, conversely, simply to avoid abuse at the hands of corrupt public officials.

At its heart, then, political corruption denotes a lack of congruence between the legitimate use of public power (as spelled out in the normative order) and self-interested behavior that violates the public trust. Where the private-regarding behavior of public officials and citizens (also known as rational behavior) conforms to what is normatively defined within society as appropriate avenues for self-interested conduct (for example, doing a good job in order to receive personal recognition, a promotion, or a raise—all acceptable motives based on personal gain for the public official), no corruption is present. As the gap widens between personal gain and public responsibility, however, the level of corruption increases as well.

One consequence of the amorphous nature of the concept of corruption—its distinct forms, locations, and motives—is that it may not be enough simply to say that a country suffers extensive or systemic corruption. Unfortunately, this may be all that standardized measures of corruption can tell us and all that we can learn from a global perspective. There is a clear need, then, to disaggregate the term in order to identify and specify the particular patterns of corruption found within a country. Such an approach is critical to understanding the specific underlying causes and consequences of corruption and to formulate appropriate strategies to fight corruption.

## **The Study of Corruption**

The field of corruption studies is broad and reaches beyond any one discipline. It encompasses the analysis of all government institutions, from specific bureaucratic agencies to the broad operations of political systems. It sheds light on the

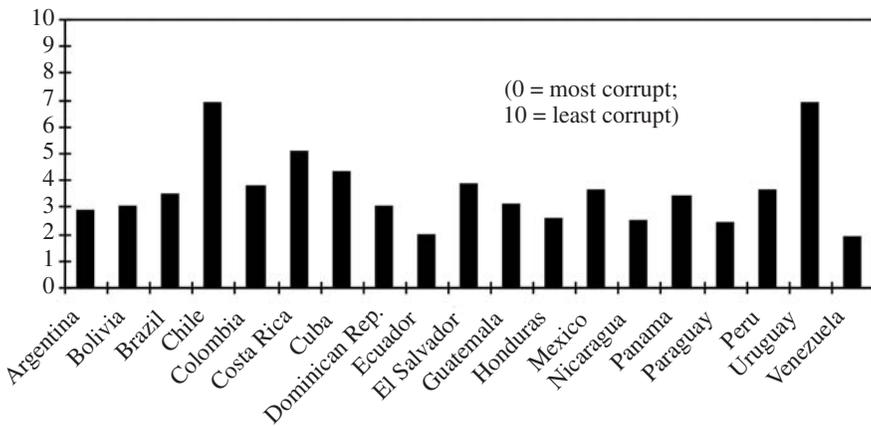
essence of the state-society relationship, including the boundaries and intersections separating and linking wealth and power, the economy, and the polity. The study explores the meaning of citizenship, the quest for justice (see M. Johnston 2005), and even delves into fundamental aspects of culture, ethics, and morality, seen by some as essential to understanding the roots of corruption.

Yet despite this amazing scope, few scholars have ever ventured into this vast yet ill-defined field. Many saw it as a Pandora's box and were turned off by the lack of systematic evidence and hard data. This scholarly neglect matched a similar inattention at the global political level, where during the Cold War era, international agencies, such as the International Monetary Fund (IMF) and the World Bank, considered the topic of corruption virtually taboo and politically off limits. The United States similarly tended to avoid the topic, particularly among its allies, since the priority was maintaining friends in its struggle against communism regardless of their governance practices. Yet since the mid-1990s, a confluence of changes has turned this neglect into intense political and scholarly interest. The end of the Cold War, the transition to liberal capitalist systems and democratization, all coupled with donor fatigue, prompted the United States and the international financial institutions to do an about-face and to stress issues of governance and corruption (see Chapter 8). This growing political interest also drove a renewed focus by scholars. One important development feeding this growing attention was the development of cross-national measures of corruption that starkly revealed the depths of the problem for the first time.

## **Gauging Corruption and Its Impact in Latin America**

Since corruption is contrary to legitimate behavior, a violation of norms, and usually illegal, it is often hidden. This obscurity makes it difficult to collect systematic evidence, assess the true levels of corruption within a country, differentiate the many types of corruption, or compare corruption among countries or across time. It was largely this dilemma that hampered the comparative study of corruption for so long. But since the mid-1990s, public opinion surveys have been used to overcome this problem.<sup>3</sup> The most cited comparative data set, Transparency International's (TI) annual Corruption Perceptions Index (CPI), constitutes "a poll of polls, reflecting the perceptions of business people and country analysts, both resident and non-resident" (Transparency International 2002, 3). The results covering most countries of the world have been published annually since 1995.

Figure 1.1 presents data for Latin America from the 2008 Corruption Perceptions Index. This widely used index scores countries on a somewhat counterintuitive scale from zero (most corrupt) to ten (least corrupt). In this index, Latin America exhibits relatively high levels of corruption compared to other regions of the world, certainly more than expected based on its level of economic

**Figure 1.1 Comparison of Latin American Countries in 2008 by Transparency International's Corruption Perception Index**

Source: Transparency International (<http://www.transparency.org>).

development. In 2008, only three countries in the region ranked among the top fifty nations as least corrupt (out of 179), with many located below the top 100. Within the region, corruption levels vary widely. Chile consistently exhibits the lowest levels of corruption based on the annual CPI. In 2008, it ranked twenty-third globally, placing it in the company of such developed nations as France and near the United States (at 7.3). For the first time, Uruguay achieved the same score as Chile. The scores for the other countries in the region fall at or below the mid-point, ranging from a low of 1.9 for Venezuela to Costa Rica's 5.1. Mexico ranked seventy-second globally in the company of such countries as China and Bulgaria; Brazil placed eightieth, alongside such nations as Burkina Faso and Saudi Arabia; while Argentina occupied the one-hundred-and-ninth spot together with Armenia and Moldova.

Whereas the CPI depicts the perceptions of experts and country analysts, TI's Global Corruption Barometer (GCB) provides further measures of the extent of corruption based on public opinion, including information on everyday direct experience with corruption through bribery. According to the 2006 Global Corruption Barometer, approximately one in three respondents in the ten Latin American countries surveyed that year who had contact with the police paid a bribe. Overall, 17 percent of respondents paid a bribe within the past year, ranging from a high of 28 percent in Bolivia and Mexico to a low of 6 percent in Argentina. The GCB also shows that on average 29 percent of respondents felt the government had not been effective at fighting corruption, while another 23 percent embraced the rather extreme view that the government not only does not

fight corruption but actually encourages it. Indeed, a sense of pessimism seemed to prevail in the societies studied, with 43 percent believing that there would be more corruption during the next generation compared to only 21 percent of respondents who expected less.

The annual Latinobarómetro polls also offer more detailed data based on the public's perceptions and experiences with corruption.<sup>4</sup> For the region as a whole, the 2007 series (Latinobarómetro 2007) found that 19 percent of respondents or members of their family had paid at least one bribe during the previous twelve months. This was down from a high of 26 percent in 2001. And yet 58 percent of respondents in 2007 felt that little or no progress had been made over the prior two years in reducing corruption. Table 1.1 presents data from recent Latinobarómetro polls. It shows, first, the perceived "probabilities" according to the public of

**Table 1.1 Likelihood and Direct Experience with Paying Bribes in Eighteen Latin American Countries**

Country	Probability in 2004 of Paying a Bribe to . . . <sup>a</sup>		Direct Experience <sup>b</sup>	
	Police	Judge	2002	2007
Argentina	57	46	25	23
Bolivia	45	34	20	16
Brazil	52	36	61	66
Chile	22	20	13	9
Colombia	30	24	19	13
Costa Rica	39	23	24	23
Dominican Republic	49	38	no data	12
Ecuador	52	47	21	12
El Salvador	20	22	16	12
Guatemala	45	37	31	10
Honduras	41	38	23	9
Mexico	65	58	59	33
Nicaragua	33	33	41	10
Panama	33	27	23	6
Paraguay	58	55	22	21
Peru	38	36	25	23
Uruguay	37	25	13	17
Venezuela	46	40	27	22

Sources: *Informe-Resumen Latinobarómetro 2004: La Década de Mediciones*; *Informe Latinobarómetro 2007, Banco de Datos en Línea*, <http://www.latinobarometro.org>.

Notes: a. Question: Imagine a friend who is a foreigner and does not know your country asks you what the probabilities are here [in your country] of bribing police (a judge) to avoid detention (get a favorable sentence).

The figure shows respondents selecting "tiene muchas probabilidades" (highly probable) and "tiene bastantes probabilidades" (fairly probable).

b. Paid a bribe within the past twelve months.

being able to bribe the police or a judge, and secondly, the percentage of respondents stating that they or somebody in their family had paid a bribe during the previous twelve months. Once again, the data confirm the perception among the public that corruption is widespread. It also highlights how direct experience in paying bribes is not the same as general perceptions about the level of corruption as measured by the CPI and other polls (see also Seligson 2006). Despite the perception of extensive corruption in countries like Honduras and Panama, actual experience with bribes is less in these cases than in Chile, while at the other end of the scale, Mexico and Brazil, which rank at medium levels according to the CPI, exhibit the highest levels of direct experience with corruption in the region. The data presented here even provide some indication of changes over a five-year period. It suggests that while countries like Guatemala, Honduras, Nicaragua, and even Mexico lowered the level of corruption based on direct experience, countries like Brazil and Argentina made little headway.

Numerous, exclusively national polls on corruption have also been conducted in recent years, offering even more complex and detailed measures of corruption and gauging popular concerns. The local chapter of TI in Mexico, *Transparencia Mexicana*, for instance, has conducted a series of national surveys since 2001 detailing the frequency of corruption in the provision of over thirty different types of public services, specifying the amount paid in bribes, as well as a host of opinions related to peoples' trust in institutions and reasons for obeying the law (*Encuesta Nacional de Corrupción y Buen Gobierno* 2001, 2003, 2005, 2007). A similar 2003 poll in Peru calculated the average bribe at 64 soles (about US\$18): US\$6 to slip merchandise past customs agents or speed up the installation of water services, US\$15 to obtain a building permit or driver's license or work as a street vendor, and 50 cents to visit a hospital patient outside regular visiting hours ("Peru: Minor Corruption Just Part of Life" 2003).

But despite the proliferation and use in both research and policymaking of survey-based measures of corruption, they are not without their problems. These methodological tools often risk equating individual perceptions with corruption itself, rely heavily on the opinions of businesspeople, fail to differentiate the many different kinds of corruption (privileging bribery over other forms), potentially suffer from a degree of endogeneity, and tend to lack precision (see del Castillo 2003; M. Johnston 2000a, 2005; Soreide 2006). Perceptions of corruption, for instance, may be influenced as much by democratization and the higher profile of scandals nationally or globally as by the actual level of corruption. The CPI has also been criticized for failing to detect change over time because it "cannot tell us whether year-on-year differences reflect changes in 'real' levels of corruption, the addition of new data that improve the scale, or other methodological difficulties that weaken it" (M. Johnston 2000a, 13). But despite such problems, the polls' reliability remains relatively high, meaning that repeated observations tend to produce similar results (Lambsdorff 2000, 2003) and cross-correlations among the various measures are normally quite high.

Overall, then, despite the shortcomings, such measures provide at least a sense of the dimensions of the problem and set the stage for comparative empirical studies that statistically test correlates and relationships at various levels of analysis.

Gauging corruption's impact may be even more difficult to calculate with precision than the levels of corruption. Even so, a clear consensus has emerged in recent years grounded in theory and empirical research showing that corruption has a deleterious effect on the economy and the political system, thereby putting to rest many of the functionalist contentions of the 1960s and 1970s (Huntington 1968; Nye 1967). Economically, cross-national studies confirm that corruption inhibits investment (public, national, and foreign), distorts government spending, and compounds social injustice and inequality by favoring the rich and the connected (Ali and Isse 2003; Kaufmann and Wei 1999; Lambsdorff 1999; Mauro 1995). Estimates of the cost of corruption in Mexico, for instance, range from 9.5 percent to 12 percent of gross domestic product (Morales 2001), the equivalent, according to Pricewaterhouse Coopers, of a 15 percent tax on investors and companies ("Índice para Medir la Corrupción" 2004, 2).

Politically, a growing collection of studies shows that both the public's perceptions of corruption and experience with paying bribes (victimization) reduce social capital, regime legitimacy, political and generalized trust, respect for politicians, and satisfaction with democracy (Anderson and Tverdova 2003; Caiden 2001, 230; Della Porta 2000; Pharr 2000; Seligson 2002a, 2002b, 2006; Seligson et al. 2004). According to Doig and Theobald (2000, 6), corruption, moreover, negatively affects the people's "commitment to collective projects, civic behavior, levels of crime and public order," while Canache and Allison (2005) find that individuals' perception of corruption lowers their opinion of incumbent officials and political institutions. Another study states rather categorically that "corruption, along with citizen survey concerns, has the most detrimental impact on citizens' confidence in democracy and democratic institutions" (Kite and Sarles 2006, 350). As Gerald Caiden (2001, 230) notes, "Every incident of corruption that comes to light, and the seeming inability or indifference of public leaders and institutions to correct it, disillusion people and serves to undermine their leaders' credibility."

Other studies find the impact only somewhat less pronounced. Despite the relationship to unfavorable opinions about incumbents and existing institutions, Canache and Allison (2005) fail to detect any clear evidence linking citizens' views on corruption to their support for democracy as a form of government. Anderson and Tverdova's (2003) analysis of individual opinion in sixteen countries also finds that the tendency for people's perceptions of corruption in government to lead to a more negative opinion of the government largely disappears after controlling for votes for the party in power.

As a result of these findings, many tout corruption as a threat to the survival and maturation of democracy in the region. While this conclusion hinges at least in part on the link between such corruption-induced feelings of despair

and political participation, the nature of this crucial link is not entirely clear. C. Davis et al. (2004) and McCann and Dominguez (1998), for example, reveal that in the case of Mexico, individuals who considered the government corrupt or elections to be fraudulent were more likely to simply abstain from voting rather than support the opposition or engage in other, nonsystemic forms of participation, though this was largely prior to Mexico's democratic breakthrough in 2000. Many others, however, go much further by linking high levels of corruption to an outright rejection of traditional political parties and incumbents, and feeding a popular tendency to search for solutions outside the political mainstream. This can be seen quite clearly in the cases of Bolivia and Venezuela, as described at length in the chapters by Gingerich and Gates. In both cases, frustration stemming from deep-seated corruption led to a rejection of the traditional parties and support for outside candidates. And yet, almost paradoxically, the growing public concern over corruption and its impact on support for incumbents and legitimacy can also be seen as a necessary ingredient nurturing demands for reform. High-profile corruption scandals in Latin America, particularly in Brazil and Venezuela, leading to presidential impeachments, highlight the critical role the public plays in demanding political and criminal investigations of their officials (Coronel 1996; Fleischer 2002; Souza Martins 1996). Given that public attitudes and involvement are critical in creating and strengthening vertical mechanisms of accountability (O'Donnell 2003)—and given a history in which social movements against corruption have been a major ingredient in setting the stage for real reform—such impacts can perhaps be viewed as a necessary ingredient in promoting these reforms.

### **A Brief History of Corruption in Latin America**

While measuring corruption dates back only to the mid-1990s, this does not mean that corruption in Latin America is a recent development. In fact, ample evidence suggests that corruption has deep and firm roots within the region. Though few historians have studied corruption directly, and systematic evidence is lacking—thus complicating careful comparisons across time—historical analyses throughout the region are chock-full of references to corruption (see for instance Burkholder and Johnson 1994; Ewell 1977; C. Gibson 1966; Hopkins 1969, 1974; McFarlane 1996; R. Miller 1996; Nef 2001; Phelan 1960, 1967; Posada-Carbó 2000; Whitehead 2000a, 2000b). Burkholder and Johnson (1994, 164), for instance, called “the use of government revenues for personal gain” under colonial rule “common.” Indeed, “from the earliest years of royal administration in Spanish America, officials at every level tended to use their powers for the purpose of personal enrichment and aggrandizement” (McFarlane 1996, 49). Apparently, breaking the bonds of colonialism did little to alter this pattern (R. Miller 1996). Classic historical writings by Chevalier (1992) and

Wolf and Hansen (1992) on caudillismo, for instance, stress how Latin American caudillos routinely pillaged the state, employing corruption and personal rewards to maintain their grip on power. Fraud and corruption similarly characterized the historic role of elections throughout the nineteenth and twentieth centuries (Posada-Carbó 2000; L. Taylor 2000). Corruption was seemingly as rampant in oligarchic and populist democracies as it was within dictatorships and military regimes (see Smallman 1997; Yarrington 2003).

References to corruption stretching back to the colonial period tend to refer to corruption in the context of a dualistic framework composed of a formal, legal order on the one hand, and an informal political reality on the other. The formal order is commonly characterized by its organicist, Thomistic roots; its traditions of divine, natural, and human law; and its patrimonial nature. But most importantly, according to many historians, this formal, legalistic order was largely ignored or at least proved ineffective in practice. Underneath this formal, legalistic order, then, there existed an informal, Machiavellian order guided by a distinct morality and built on personal-style politics and patron-clientelism (Morse 1954, 1992). It was within this informal system that public employment provided opportunities for personal gain and state officials distorted and adapted state policy to local and personal conditions (Ebenstein 1945). State officials appropriated government resources for their own benefit, dispensed personal favors to supporters, and punished opponents through the selective enforcement of the law. Internal ethics within the public administration revolved around loyalty to one's patron rather than to abstract principles, while societal norms (kinship and partisan considerations) took precedence over organizational norms based on abstract notions of merit and seniority (see Hopkins 1969, 1974).

Clientelism characterized not just the colonial era and nineteenth-century caudillos, but also the many military and civilian regimes since that time (Smallman 1997, 42; Wolf and Hansen 1992). In that clientelism assumes patrons have discretionary access to state resources that they can use to reward friends and punish enemies, corruption constitutes a critical ingredient in such a system. Roniger (2004), in fact, goes so far as to refer to clientelism as a form of patrimonial corruption.

References to this dualistic system composed of a formal and informal order are quite common in the historical literature. Noting the widespread corruption under the colonial system in New Spain, C. Lomnitz (1995, 32), for example, refers to the dualism as a style of politics involving "pragmatic accommodation while formally adhering to discursive orthodoxy." Many, he adds, trace this pattern all the way back to Hernán Cortés's dictum to King Charles: "I obey but I do not comply" [*Obedezco pero no cumpro*]. Whitehead (2000b, 3) describes this historic dualism as one involving "legal formalism plus practical discretionality"—a discretionary approach that meant the formal rules were "ignored, cut short or circumvented" (Henry 1958, cited in Hopkins 1974, 112). Robert Scott (1966) similarly contends that "formality and *papelaria*" served as a mere

façade behind which political middlemen operated, while Charles Gibson (1966, 110) refers to “the straight-faced repetition of legal rules in conjunction with the persistent, and expected, violation of them” of colonial Spanish America, going so far as to call this “one of the more intriguing paradoxes of Spanish American history.” Using a functionalist approach, some blame the failures of the formal order for this dualism, arguing that personalistic politics essentially filled the vacuum. Reasons for this failure, however, vary. Some associate Spain’s inability to enforce its rules simply to the great geographic distances. Others, however, point to the lack of revenues and resources needed to control and administer the colonies effectively, thus forcing Spain to accept local autonomy and the accompanying corruption (Chevalier 1992). According to Andrien (1985), for instance, it was the lack of revenues in the seventeenth century that initially prompted Spain to sell judicial and administrative appointments, thereby opening the gates to extensive corruption. Still others point to the contradictory nature or inappropriateness of the rules themselves. Pietschmann (1982), for instance, attributes dualism to the contradictions produced by the combination of a Hapsburg rational legal state with a mentality tied to the medieval patrimonial state: in short, an unworkable mix resulting in *obedeo pero no cumpro*. Phelan (1960, 63–64), in a similar context, blames the multiple and contradictory laws emanating from Spain for the failures of the formal order. He posits that since all the laws could not possibly be carried out, this strengthened the discretionary authority of local officials, thereby giving them an informal voice in decisionmaking without undermining the overall authority of their superiors.

Others, however, tend to locate the root causes of personalistic politics and particularly clientelism—in Latin America and beyond—in the structural conditions of poverty, inequality, and underdevelopment rather than in culture or in history. According to this perspective, poverty leads people to exchange their votes (in a democracy) or political loyalty (in any system) for personal favors and material rewards (Eisenstadt and Lemarchand 1981; Estévez et al. 2002; Kitschelt et al. 1999; Lazar 2004; Mattar Villela and Marques 2006; Schmidt et al. 1977; J. Scott 1972b). That the middle class is less susceptible to relying on such personal favors further suggests that the appeal of clientelism is linked to insecurity and impoverishment. And yet, research also suggests that once established, clientelism—and arguably the corruption that accompanies it—tends to feed on itself. According to this path-dependency perspective, the political elite that emerge through clientelism use their resources to prevent clients from defecting and thus effectively discourage the rise of credible competitors (Medina and Stokes 2002). Patrons, in short, find few benefits in reforming the system that nurtures them. Or as Kitschelt (2000; cited in Manzetti and Wilson 2007, 952) puts it, clientelism “perpetuates the lock on power of resourceful political leaders.” Stokes (2005) goes so far as to suggest that clientelistic politicians *want* to keep the system cumbersome, corrupt, and ineffective since this situation enhances their legitimacy. Though such arguments do not explain the

emergence of clientelism, they are nonetheless important in describing the persistence of clientelism, the corruption that accompanies it, and the difficulty of pursuing real reform.

Using this dualistic framework, historic accounts often portray corruption in Latin America as providing the glue that holds power together or the grease that oils the machinery for dictators and civilian authorities alike. Yarrington (2003), for example, highlights the role corruption played in cementing the Gómez dictatorship in Venezuela, especially in easing relations with business and the military. Smallman (1997) similarly highlights the role corruption has played historically in helping civilian leaders maintain the allegiance of the military. In the case of Mexico, Morris (1991) links extensive corruption to the Institutional Revolutionary Party's (PRI) ability to maintain power for over half a century.

And yet, corruption has historically been associated with political instability, military coups, and popular uprisings. Military intervention in Brazil, according to Smallman (1997), was usually justified by the uncontrolled corruption of the prior civilian regime. The notion that corruption provides the rationale for political opposition indeed has a long history in the region. Morse (1954, 78), for instance, quotes Daniel Valcarcel's statement on Túpac Amaru during the colonial period: "When the decision to fight is made, the cacique already has in his spirit a clear purpose to achieve: he must eliminate the evil functionaries who with their venality and greed for riches corrupt the wise laws of the monarchy, run against the precepts of religion and ruin the life of the Indians, *cholos*, and mestizos." Thus the conditions under which corruption contributes to stability or instability remain unclear.

Echoes of these historical views can be heard in today's debates and analyses of corruption: the dualism, the formalism, the persistence of personalistic politics, the resilience of clientelism, and even questions over whether corruption inspires stability or instability. Leaders frequently come to power assailing the corruption of their predecessors, only to face accusations of wrongdoing a few years later. But blaming history alone for corruption is not a sound explanation. Instead, the region's long history of corruption merely reinforces and broadens the central questions regarding the underlying causes and consequences of corruption in the region. At the same time, the region's history of corruption raises fundamental questions about possible historical differences among the countries and the role this legacy has had in shaping current patterns of corruption.

## The Cultural Approach to Understanding Corruption

Perhaps owing to this history, many link corruption in Latin America to cultural factors. The dualism, the sense of *obedezco pero no cumpro*, the primacy of

family and personal relationships, clientelism, and the lack of respect for the law just described, for instance, have all been linked to the region's Catholic and Iberic heritage—its ethos. In Glenn Dealy's cultural model, for example, the region, bypassed by the Reformation, inherited a Catholic, two-morality philosophy that separated the values of private life from a Machiavellian public life. Family and personal relationships consequently became all important, eclipsing the role of impersonal institutions and abstract universal principles. Friends, in short, became the currency to ascendant power: "Friends make the impossible probable, from renewing a suspended driver's license to obtaining an import license for the prohibited car" (Dealy 1992, 69). Hence, rather than governments based on law, the region has produced governments based on friendships. And by its very nature, corruption facilitates such magic.

Many observers, of course, tend to see this emphasis on personal relationships and weak institutions as alive and well today and thus emphasize culture to explain corruption. Nef (2001), for example, points to Latin America's cultural affinity to particularism (within the inner circle), formalism (the double standard), and role expectation of dispensing favors, all structured through the institutions of corporatism, authoritarianism, and centralism, to account for the high levels of corruption. Others link corruption to the people's collectivist identity, their keen sense of hierarchy, their views regarding authority, and even the intense desire to get ahead within a society offering few real opportunities (González-Fabre 1996; Hooper 1995; Husted 1999, 2002; Lipset and Lenz 2000; Zañartu 1996). Lipset and Lenz (2000), for instance, emphasize how feelings of solidarity with the extended family and hostility toward outsiders foster a self-interested culture. Still others emphasize the existence of a culture of illegality or a certain social tolerance toward corruption (Catterberg and Moreno 2006, 2007; García Rojas Castillo 2004, 4; Santoro 2004, 6). In explaining corruption in South America, Telma Luzzani, writing in Transparency International's *Global Corruption Report 2001* (p. 173), refers to the lack of respect for the law and public institutions, the sense that anything goes, and the view that those with power utilize that power for their personal interests: "The theory that bribery makes public administration work more smoothly is astonishingly quite prevalent in South America." Some see this tolerance as growing from a lack of civic consciousness or virtue, which in turn prevents society from demanding accountability and limiting the power of public officials (Guerrero 2004). Argentine psychologist Roberto Lerner, for example, associates corruption with cultural patterns in which people feel responsible for themselves and those close to them, but not for the community at large. "There's no concept of a common good—our country is made up of 'me' and 'you,'" he said. "Until there's an 'us,' a true sense of common welfare, the *coima* [bribe] will continue to be accepted" ("Peru: Minor Corruption Just Part of Life" 2003).

Interpretations of a culture of illegality and of social tolerance, however, vary, raising some rather difficult theoretical questions. Dealy (1992, 130), for

example, sees illegality not just as a lack of respect for the law, but as the application of inappropriate criteria: “The ‘law of reciprocal favors’ guiding most facets of Latin American public and private life operates as a parallel system of explicit partiality. To term the structure of universal interchange ‘corruption’ necessitates the stance of an outsider with another agenda and ethos.”

Such a culture, in other words, comes across as a culture of illegality only if judged by a particular standard, but can be seen from a different perspective as a culture that simply abides by more powerful moral codes than those embodied by the written law (LaPalombara 1994, 332). This is especially pertinent if the law itself is seen not as sacrosanct but as corrupt, the product of corruption itself, or as reflecting the interests of the few, as is often the case in Latin America. In similar fashion, different interpretations can be offered of the notion of social tolerance of corruption. Smith (1992), for example, suggests that Latin Americans adhere to a different strain of political legitimacy than any of the three ideal types identified by Max Weber, and that Latin Americans tend to support politicians who are capable of getting things done, regardless of the rules, institutions, or even the formal law—what Smith refers to as an achievement-expertise form of political legitimacy. This often translates into the lack of daily checks and balances on leaders and even the acceptance of a certain level of corruption as a trade-off in exchange for material protection or well-being. Such views parallel the earlier discussion on corruption as the violation of means to achieve certain goals that may go beyond simple private gain—such as getting legislation through Congress, helping a particular candidate get elected, or landing Tío José a job in the government.

At the other extreme, social tolerance can also be seen as a form of political alienation. Nieto (2004) holds that when corruption is deemed to be uncontrollable or irresistible, it nurtures a fatalistic form of tolerance. For Nieto, this means that battling corruption requires convincing people that it can be fought effectively. Indeed, those emphasizing cultural factors often stress the need to change those values and attitudes in order to fight corruption (Nef 2001, 171). Coronel (1996, 160) is straightforward about it: “The key to a better Venezuelan society is a change in attitudes.”

Empirical studies on corruption within the region and cross-nationally lend some support to such culture-based theories. Correa (1985) and Lipset and Lenz (2000), for example, show that corruption is indeed higher in cultures where amoral familism is strong, as in Latin America. Husted (1999, 2002) similarly provides evidence showing higher levels of corruption in countries that have a collectivist orientation, higher levels of power distance (defined as “the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally”), and more pronounced feelings of masculinity, again as found in Latin America. Cleary and Stokes (2006) also link clientelism and vote buying in Argentina and Mexico to a political culture based on personal trust in politicians and a concomitant lack of

trust in institutions. Cross-national empirical studies also pinpoint the statistical significance of a range of cultural factors influencing the level of corruption. These include low levels of interpersonal trust (La Porta et al. 1999; Seligson 2002a), the absence of British legal and colonial traditions (Blake and Martin 2006; La Porta et al. 1999; Lederman et al. 2005; Sandholtz and Koetzle 2000; Swamy et al. 2001; Triesman 2000, 2007), low proportions of Protestants (Blake and Martin 2006; Sandholtz and Koetzle 2000; Triesman 2000, 2007), ethno-linguistic factionalism (Mauro 1995), and a generalized tolerance toward corruption (Catterberg and Moreno 2006, 2007).

Micro-level studies of individual attitudes and opinions further add to our understanding of the cultural determinants of corruption and particularly popular perceptions of corruption. Such studies also point to the role of interpersonal trust, tolerance, and permissiveness in shaping popular perceptions of corruption. In addition, studies by Gatti (2003), W. Miller (2006), and Mocan (2004), along with formal models by Andvig and Moene (1990), Mishra (2006), and Tirole (1996), highlight the role of societal factors in influencing citizens' perceptions of corruption and their participation in corrupt acts. These studies all point to the existence of what some refer to as a "culture of corruption."

To what extent then does Latin American culture serve to explain the region's corruption, past and present? Still further, could cultural differences within Latin America explain differences in the levels or patterns of corruption found across regions? When dealing with the issue of culture, serious interpretive problems arise regarding the direction of causality—that is, differentiating cause and effect. A culture of social tolerance, for example, could arguably feed corruption, as some contend; but it is also equally likely that years of corruption can foster a broad acceptance and tolerance toward corruption. Is culture then the cause or the effect of corruption? Likewise, a culture that emphasizes personal relationships can lead to a weak respect for the rule of law, thus feeding corruption; but living in a system where laws are seldom enforced and institutions rarely respected can also prompt rational individuals to rely on those they can trust—family and friends—to protect their own interests. Problems arise of course when, in almost tautological fashion, culture (i.e., the weakness of society, tolerance, lack of trust) is deemed by analysts as both cause and consequence of corruption.

Many scholars have wrestled with this dilemma over the years, though most seem to fall on one side of the issue or the other.<sup>5</sup> Some tend to treat culture, for instance, as a residual variable, blaming it for all that cannot be explained by institutional or structural factors, or blaming it for the failure of institutional change to alter corrupt behavior as predicted. In his analysis of the restructuring of the police in El Salvador following the civil war, for instance, Call (2003, 861) argues that despite the transformational reforms, political culture and informal clientelism "made it difficult to define new relations between police and society and that favoured persistent corruption."

The question of the direction of the causal linkage between culture and corruption is certainly important. If culture is considered a crucial ingredient

determining corruption, then reforms must either target such attitudes, values, and ethics, as noted, or at least be designed in ways that are consistent with society's values. Husted (1999, 2002), for example, contends that the numerous reforms contained in the regional 1996 Organization of American States (OAS) anticorruption treaty are destined to fail precisely because they do not take the region's values and culture into account.

Some, of course, reject the culturalist position outright and instead see corruption as really the cause behind the spread of such "cultural" manifestations as lack of trust, lack of respect for the rule of law, or limited legitimacy in the government or political leaders. But even for those who consider the tolerance of corruption a product of corruption, attention to culture remains important for at least two reasons. First, focusing on political culture helps uncover the negative, long-term social costs or consequences of corruption. As noted earlier, substantial research underlines the pernicious impact of corruption on popular political attitudes and behavior such as voting. It is in this realm where corruption is seen as a threat to democratic stability and consolidation. Second, culture is important in influencing the type and involvement of social organizations or the relative strength of civil society in the anticorruption struggle. Even non-culturalists would agree that empowering society so it can check the power of the state is crucial in altering the equation whereby corruption, like a prisoner's dilemma, tends to feed upon itself, benefiting those with power and influence. In other words, regardless of whether tolerance or lack of trust actually causes corruption or stems from it, ending the public's tolerance can be critical in fighting it and has become a major focus of recent reforms.

## **The Institutional Approach to Corruption**

Despite the long history of corruption and a history of tying deep-seated corruption to Latin American culture, the current boom in research dating to the mid-1990s largely downplays these factors, stressing instead institutional determinants.<sup>6</sup> This new research also focuses much of its attention on questions related to democracy and neoliberalism and, for methodological and theoretical reasons, on public opinion. A review of the recent literature spotlights the major concepts, the key findings, and many of the major research questions examined in the chapters that follow.

The prevailing institutional approach to the study of corruption focuses attention squarely on the structures of government, the bureaucracy, and society. It rests largely on the assumption that laws and institutions channel individual behavior and that, if built properly, these institutions can direct such behavior into acceptable avenues, thereby limiting the overall levels of corruption. Grounded in rational-choice theory, the institutional approach thus envisions corruption as a behavioral response to the opportunities and risks that individuals (officials, bureaucrats, and citizens) face at any given moment. As rational

actors, officeholders will seek to maximize their self-interest by extracting illegal rents or violating campaign finance laws if possible—if, that is, the chance of getting away with it outweighs the likelihood of getting caught and punished. Fashioned in the famous dictum by Robert Klitgaard (1988), this perspective holds that corruption ( $C$ ) equals the degree of monopoly power ( $M$ ) plus the discretionary authority of public officials ( $D$ ) minus the levels of accountability ( $A$ ):  $C = M + D - A$ . Attention thus centers on the institutional and structural factors shaping those variables, such as the size of government, the power of the government over society, the scope of authority of individual bureaucratic offices, the nature and degree of oversight and audit mechanisms, and the strength and effectiveness of the system to uncover and expose wrongdoing and to punish those who violate the norms. Institutional theories enjoy support from empirical studies showing corruption to be higher in countries with greater regulatory burden, more red tape and excessive entry regulations for business, low salaries among bureaucrats, high discretion levels, opaque bureaucracies, and limited rule of law. Research looking at the overall size of government, however, shows no firm correlation linking government spending to corruption (Bardhan 2006; Brunetti and Weder 2003; Djankov et al. 2002; Kaufmann and Wei 1999; Kraay and Van Rijckeghem 1995; Rauch and Evans 2000; Van Rijckeghem and Weder 2001). Analysts are quick to point out that many of the least corrupt governments in the world, like Finland and Sweden, have large budgets and extensive social welfare programs, suggesting that it is not how much the state spends, but, simply put, how that money is spent.

### *Corruption and Democracy*

The institutional approach to the study of corruption is also rather firmly grounded in democratic theory and adopts a democratic narrative. As such, the bulk of the guiding research questions in the field tend to emphasize the theoretical incompatibility of democracy and corruption. Democratic theory stresses that elections, liberties, and checks and balances work to hold public officials accountable and to make government responsive to the demands of the people. Democratic politicians, in short, are thought to be more likely than authoritarian leaders to pass anticorruption policies and ensure their enforcement (Rasmussen and Ramseyer 1994). Democracy thus provides the meta-procedural formula for limiting the gap separating the ideal and the real, producing a government that effectively puts the interests of the many above the interests of the few. Corruption, by definition then, represents a failure of democracy, thus making eliminating corruption a key ingredient in strengthening, deepening, or purifying democracy.

But despite extensive theoretical arguments to that effect, research shows a rather ambiguous empirical relationship linking democracy and corruption (see Rose-Ackerman 1999). Cross-nationally, contemporary democracy and the

levels of political freedom seem only weakly related to the levels of corruption (Goldsmith 1999; Sandholtz and Koetzle 2000). More importantly, studies suggest that it takes time for democracy to lower the level of corruption (see Blake and Martin 2006; Gerring and Thacker 2004; Lambsdorff 1999; Triesman 2000). Montinola and Jackman (2002) find that, in fact, corruption initially increases with some weak political competition, but that once past a certain threshold, higher levels of political competition lower the levels of corruption. Research on Latin America similarly suggests that during the contemporary wave of democracy, corruption actually increased rather than declined as had been expected (and hoped) (Little and Posada-Carbó 1996; Weyland 1998, 2006). At minimum, such findings confirm that the role of democracy as a check on corruption is not automatic, but centers instead on its ability to foster a network of governmental and nongovernmental accountability mechanisms that, it seems, based on the experience of others, takes some time to develop. Most agree that effective anticorruption programming depends on the crafting and implementation of a complex institutional architecture that can only succeed if all its various components work together. Throughout Latin America and beyond, the emergence of these mechanisms—including an independent judiciary, a well-paid civil service, a media sector able and willing to conduct investigative journalism on corruption, and a set of interest groups dedicated to the reduction of corruption—remains a work in process. Given the nature of the political systems and the cultural traditions in Latin America, it may take decades to properly design and establish the necessary institutional structures and bring about supportive behavioral changes.

This fundamental issue—why democracy has not brought about a reduction of corruption—has shaped many of the major research questions. In Latin America, Geddes (1994), Geddes and Neto (1992, 1999), Gingerich (2006a), Weyland (2006), and Whitehead (2002), among others, locate the root causes of contemporary corruption in the specifics of the newly forged democratic institutions, including the enhancement of presidential powers in the face of economic crisis, the decentralization of state power, the institutional constraints faced by presidents to create governing coalitions, and the rise of neopopulist leaders (see Willis, Garman, and Haggard [1999] on the impact of decentralization on corruption). Democracy has also enhanced the role, importance, and costs of elections and campaigns, thereby expanding the opportunities, the need, and the guise of corruption in this arena (Skidmore 1998; Zovatto 2000). Indeed a close look at the structure of electoral institutions shows how their mechanics often drive corruption. The open-list, proportional representation (PR) system and deeply fragmented party system in Brazil, for example, tend to create strong incentives for legislators to amass a personal following by distributing pork and private goods to supporters back home via, in part, corruption (Ames 1995; Fleischer 1997, 2002; Flynn 1993; Geddes and Neto 1992, 1999; Rosenn and Downes 1999; Samuels 2006). But while the open-list PR system in Brazil feeds

individual schemes of corruption to pay for expensive personal election campaigns, the closed-list PR systems found in Argentina and Bolivia foster a different pattern of corruption, where the power of the party elite, coupled with a more politicized bureaucracy, pushes party leaders to strike deals with bureaucrats and use public resources to help the party (Gingerich 2006a). Indeed throughout Latin America, patronage seems to have become the dominant ingredient in party and electoral affairs (see Rehren [1997] on the role of patronage in local parties in Chile). In these scenarios, the long-running pattern of patron-clientelist relations has adapted to changing conditions over time, retaining a visible place on the contemporary democratic landscape.

### *Corruption and Neoliberalism*

A similar sort of paradox also relates to the role of economic factors in shaping corruption. Just as democracy is viewed as largely antithetical to corruption, the current literature takes as a primary point of departure the notion that market economies by their very nature check corruption. The stylized view holds that economic liberalization and an open economy limit corruption by reducing the size and power of the state, lowering government regulations, cutting taxes, enhancing competition, empowering business, and eliminating rent-seeking opportunities (Rose-Ackerman 1999; Shleifer and Vishny 1993). Such claims are boosted, in turn, by cross-sectional studies showing corruption inversely related to economic and human development (Ades and Di Tella 1999; Goldsmith 1999; M. Johnston 2000b; Mauro 1995, 1997; Montinola and Jackman 2002; Xin and Rudel 2004), open economies (Paldam 2002; Sandholtz and Koetzle 2000; Gerring and Thacker 2005), economic competitiveness and freedoms (Ades and Di Tella 1994, 1997a, 1997b, 1999; Goldsmith 1999; Graeff and Mehlkop 2003; Sachs and Warner 1995; Triesman 2000, 2007), neoliberal economic policies (Gerring and Thacker 2005), income equality (Paldam 2002), and the absence of large resource endowments (Ades and Di Tella 1999; Leite and Weidmann 1999; Montinola and Jackman 2002). These studies also demonstrate the negative economic consequences of corruption, noted earlier: that corruption discourages productive investment, distorts trade and government-spending priorities, worsens inequality, and reduces economic growth (Ali and Isse 2003; Kaufmann and Wei 1999; Lambsdorff 1999; Mauro 1995, 1997, 2002). This essentially closes the circle, bolstering the argument that free-market reforms help reduce corruption, which in turn facilitates economic development.

Regional studies, however, offer only limited evidence to support many of these findings (Morris 2004). In fact, some have turned the argument on its head, showing how neoliberalism and the dismantling of state intervention in the economy in Latin America has actually increased corruption rather than reduced it (Brown and Cloke 2004, 2005; Manzetti 1994, 2000b; Manzetti and Blake 1996; Weyland 1998). Manzetti (1994, 2000b) and Manzetti and Blake

(1996), for instance, found that economic crisis and the reform imperative actually strengthened the discretionary powers of the executive, thereby opening opportunities for massive corruption. In carrying out such critical economic reforms as the privatization of state-owned enterprises or managing exchange-rate controls to stem inflation, this concentration of power allowed high-level officials to demand kickbacks or extralegal payments for valuable information, as occurred in the cases of Menem in Argentina and Collor de Mello in Brazil. One report states that during privatization, Argentine officials routinely asked businessmen for 10 percent of the amount of the contract or *el diego* (Santoro 2004). Others point to the impact of market-oriented economic reforms in expanding opportunities in the areas of money laundering, drug-related corruption (Grosse 2001; Whitehead 2002), or reduction in regulatory controls (Weyland 1998). Brown and Cloke (2005, 604), for instance, highlight the contradictions between programs designed to decrease state regulation and size of the state while expecting the diminished state mechanisms to strengthen their control over state expenditures. Part of this may include declining wages to public officials, which Van Rijkeghem and Weder (2001) link to corruption.<sup>7</sup>

#### *Accountability, Transparency, and the Rule of Law*

The institutional approach to corruption, embedded in the democratic narrative, has produced a relatively new nomenclature. Three key concepts in our analysis of corruption and anticorruption in Latin America include accountability, transparency, and the rule of law. *Accountability*—often described as a new concept within Latin America, usually translated as *rendición de cuentas*—refers to the various mechanisms that seek to make public officials responsible for their actions (Mainwaring 2003, 7; see also Mainwaring and Welna 2003; Przeworski, Stokes, and Manin 1999; Schedler, Diamond, and Plattner 1999). Accountability entails the dual obligation to provide information regarding the public officials' actions or answerability and the power to sanction officials for transgressions. The growing literature on accountability also identifies different forms of accountability. O'Donnell (1994, 2003) draws an important distinction between horizontal accountability and vertical accountability. Horizontal accountability refers generally to mechanisms of control that exist within the government itself. This includes checks and balances and shared powers across institutions and branches as well as specialized state agencies charged with overseeing, auditing, and sanctioning public officials. Mainwaring (2003, 8) prefers the term *intrastate accountability* to refer to this form of checks and balances since the term horizontal implies a degree of equality among the institutions. Vertical accountability, by contrast, refers generally to the role of societal organizations and citizens in holding their public officials accountable through both nonelectoral and electoral means. Smulovitz and Peruzzotti (2000) coined the term *societal accountability* to refer more specifically to nonelectoral

yet vertical mechanisms of control that employ both institutional (activation of legal actions before oversight agencies) and noninstitutional tools (social mobilization and exposure) to battle corruption.

The concept of *transparency* has garnered substantial attention throughout the region and the world in recent years. It is a relatively straightforward concept that nestles nicely within the broader framework of accountability. Holding officials accountable requires information. Thus, opening up the operations of government, publicizing what officials do and who they are, making information available to the press, and hence the public, provides the basic raw materials needed to question their actions, to force them to justify and explain their conduct, and if necessary to detect and punish wrongdoing through legal sanctions, by shaming them into resigning, or by turning them out of office at the ballot box. The underlying idea is that transparency and effective mechanisms of accountability enhance the risk of detection facing officials for wrongdoing and will thus alter their behavior. For Latin America, transparency—like accountability generally—has until recently been considered a foreign concept. Though progress has been made in recent years, information and data on government are often still lacking, the press still lacks the level of independence needed to pry open the government, and citizens often fail to scrutinize what governments do.

A final concept that has become part of the nomenclature in the study of corruption is *rule of law*. This term refers generally to the degree to which laws are respected, observed, and enforced (Foweraker and Krznaric 2002; Schor 2006; Ungar 2002). Without carefully nuanced phrasing, it can be tautological or true by definition to say that countries with high levels of corruption suffer a weak rule of law since corruption is routinely considered a violation of the law. Even so, analysis of rule of law tends to emphasize the failure of the political system (particularly the judicial system) to uncover and punish those suspected of wrongdoing, including corruption, and corruption's links to crime. Many such studies highlight the inefficiencies, politicization, and other problems facing the judiciary in Latin America and the ongoing struggles for judicial reform (see Domingo 2004; Mendez et al. 1999; Prillman 2000; Staats 2003; Ungar 2002). Other rule-of-law studies view corruption within the context of the region's exceedingly high crime rates and the corrupting influence of drug trafficking and other criminal organizations on corruption (Bailey and Godson 2001; Call 2003; Clutterbuck 1995; Davis 2006; Horowitz 2005; Manrique 2006; Shelley 2001; Transnational Institute and Acción Andina 1997). From either angle, weak rule of law usually means widespread impunity—where public officials (and others) can get away with almost anything. Despite some rather glamorous cases resulting in a few impeachments or prison terms, officials tainted by corruption are rarely held responsible for their actions. Few public officials serve time in prison. Even in the intensely investigated Collor case in Brazil, only two of his men were ever convicted, and one, his private pilot, for tax evasion (Fleischer 2002, 7).

Equipped with such conceptual tools and frameworks, the institutional-based study of corruption tends to approach corruption from two broad directions. One is to examine how existing institutions facilitate corruption; the other is to focus more on the lack of, or the weaknesses of, institutions that could potentially curb corruption. Examples of the first approach include studies showing how specific institutions of the Brazilian political system (Fleischer 1997, 2002; Geddes 1994; Geddes and Neto 1992, 1999), the specifics of the electoral institutions (Gingerich 2006a), or the power of the presidency (López Pesa 1998; Morris 1991; Weyland 2006) facilitate corruption as alluded to earlier. The second approach, by contrast, associates corruption with the absence of laws defining corruption or creating transparency, the weakness of independent prosecutors or administrative oversight mechanisms (Colazingari and Rose-Ackerman 1998; Santoro 2004), a politicized bureaucracy, or limits on the press (Rodríguez 2004). In one analysis of corruption in Argentina, for example, Santoro (2004, 10) notes the absence of laws to combat corruption, including a law regulating lobbying activities and freedom of information. Argentina only passed a law against money laundering in 2000.

### *Public Opinion*

Another important focus of the new literature and the policy recommendations is on public opinion. The reasons for this are both methodological and theoretical. As noted earlier, public opinion polls have become the major tool to measure corruption, to rank countries cross-nationally, and, implicitly at least, to gauge progress in the fight against corruption. Though many remain critical of this approach and efforts to refine the measures continue, substantial research relies on data produced by polls. In fact, most of the findings outlined earlier rely on surveys to gauge corruption at the national level. But survey-based research also focuses on public opinion at the individual level to understand the attitudinal and cultural correlates of corruption and the importance of corruption to everyday citizens, and to detail the impact of corruption on popular and particularly political attitudes.

One approach explores the underlying causal determinants of individual perceptions of corruption and people's participation in corruption through petty bribery. These studies show that women, older respondents, individuals with lower levels of interpersonal trust, higher levels of political interest, and poor evaluations of the economy tend to perceive higher levels of corruption than others (Canache and Allison 2005; Davis et al. 2004). Partisanship per se played no role in influencing perceptions, although Davis et al. (2004) find in their three-country study that the wider the ideological distance between opposition and incumbent parties, the more likely opposition partisans are to perceive more corruption and, moreover, that the greater the competitiveness the greater the ability of parties to gain support among those concerned about corruption. A

somewhat similar pattern emerges when focusing more specifically on the views of legislators. Members of the opposition are more likely to support anticorruption reforms, while members of the governing party are more likely to believe that the media makes corruption appear worse than it really is and that corruption has always existed (Brinegar 2003). Whereas these studies have concentrated on perceptions of corruption, studies by Seligson (2005, 2006) focus on individual involvement in corruption, or what he calls “victimization.” These studies find that high-income, middle-aged, urban-dwelling men are more likely to participate in corruption. Seligson (2006, 398) concludes by arguing that “those who use the public sector more frequently are more likely to be victimized by it.”

Opinion polls have also been used to explore the impact of perceived corruption and experience on an individual’s level of social capital, confidence in the government and specific institutions, legitimacy, satisfaction, and support for democracy, as well as voting patterns. As described earlier in discussing the impact of corruption, such studies point to the tendency for corruption to weaken regime legitimacy and set the stage for a rejection of traditional parties.

### *Policy Relevance*

These concerns over corruption’s link to and impact on democracy and economic development have greatly enhanced the policy relevance of the study of corruption (Tulchin and Espach 2000). In contrast, earlier studies on corruption tended to be largely esoteric and marginalized. Today, attention to the institutional components and formulas feeding corruption inform multiple programs and recommendations by countless domestic and international reformers, including the US government, the World Bank, the IMF, Transparency International, the many government agencies established to fight corruption, and nongovernmental organizations (NGOs). These programs encompass formulas to strengthen oversight institutions, develop legislative inquiries, train government auditors, draft laws to protect whistleblowers and prohibit conflict of interest, craft freedom of information regimes, engage in judicial reforms, buttress the protection of private property, promote an independent and more investigative style of journalism, enlist the support of NGOs to raise consciousness within society, develop ways to use international agents to monitor government, engage in neoliberal economic reforms, and so on (see Chapter 8 in this volume by Guertzovich and de Michele). The US governments’ Americas’ Accountability/Anti-Corruption Project, for example, sought to foster transparency and accountability in Latin America by identifying, compiling, and disseminating best practices through a series of technical assistance modules (TAMs) focusing on specific reforms, and by providing technical assistance and training to government officials across the region (Maldonado and Berthin 2004; see also Hendrix 2005; USAID 2005a,

2005b). This program was successful in prompting members of the international donor community to promote anticorruption initiatives. The World Bank and the IMF, for their part, notorious for promoting neoliberal reforms designed to enhance economic development and growth, now advocate specific programs to curb the corruption that undermines the effectiveness of market-oriented policies. Transparency International promotes not only governmental reforms but also a wide range of programs in which local NGOs monitor government actions using integrity pacts and the like.<sup>8</sup>

Beyond the efforts of international organizations and foreign governments, Latin American governments have recently made a number of reforms, signed a handful of international treaties, and mobilized domestic NGOs to fight corruption. Nearly every recent presidential candidate has placed rhetorical emphasis on the problem of corruption and promised to implement serious reforms (even if several winning candidates, including Fernando Collor, Carlos Menem, and Alberto Fujimori, later became the targets of accusations of wrongdoing). Almost every government in the region has created a high-profile, anticorruption agency within the past decade. These agencies are equipped with newfound powers to audit government offices, process the disclosure of officials' assets, publicize government operations, teach ethics, and mobilize public support. The cascade of scandals, the newly produced numbers measuring corruption, the research, and the funding all provide dramatic impetus to these reforms.

### **Contemporary Questions About Corruption in Latin America and Beyond**

Clearly, current interest has placed the issue of corruption high atop political agendas both inside the region and beyond. Moreover, the boom has facilitated much-needed research that provides answers to some long-held questions. We now have a much better idea of some of the underlying causes, and particularly the effects, of political corruption. Old ideas have been tested rigorously using more systematic methods and interpretations, and some, like the functionalist view that corruption contributes to development (see Huntington 1968; Nye 1967), have been largely discredited. The political and scholarly attention to corruption has also pushed formerly acquiescent aid agencies, governments, and citizens to acknowledge the scope and the pernicious effects of corruption and to mobilize resources to combat it.

These are all positive developments and represent a transformation of sorts; few are willing to gainsay the strides that have been made in recent years. Even so, many questions linger. Much remains to be done to understand how specific institutions broaden or limit opportunities for corruption, what really works in fighting corruption, the impact of corruption on society, the conditions that

prompt citizens to react by working together to demand an end to corruption, and better ways to measure corruption. Many of these questions reflect the state of this field of study; but many stem from the biases and limitations of the prevailing institutionalist approach. Three particular shortcomings provide some guidance for the chapters that follow.

Perhaps the greatest shortcoming of the current literature (and one that fashions all sorts of research questions) is corruption's stubborn persistence amid this pervasive anticorruption climate and thus our limited understanding of the complexities involved in implementing effective anticorruption measures. Arguably, the interest, quantity, and quality of research on corruption today are surpassed only by the continuing high levels of corruption in the region. Why have current reforms to date—not just democratization, but specific anticorruption reforms across sectors—seemingly failed (at least as gauged by public opinion)? What factors seem to undermine the implementation of anticorruption reforms? If political will is the key, then what determines this highly amorphous concept? Even recognizing that reforms in various areas take considerable time and investment to develop, and perhaps decades to bear results, it remains unclear whether governments are even on the right track. Is it possible that we are just failing to document the initial successes of anticorruption measures, or is it just too early to tell?

A second shortcoming has been the lack of attention to history and culture. The strong focus on the current period, on institutions, democracy, neoliberalism, and even public opinion often fails to capture the deeper historical and cultural factors that shape not only corruption but also the nature and character of democratic and economic development in the region. Such a deeper approach might help us understand the constraints or limits on current reformist efforts and why recent reforms have failed to produce the promised results. A more historical and culturally nuanced approach can also facilitate a better understanding of how recent political and economic changes have altered the patterns, the prevalence, and the perceptions of corruption. What impact, for example, has Latin America's shift from state-led development models, corporatist formulas, and authoritarian regimes in recent years had on the nature and patterns of corruption? Can we differentiate old and new patterns of corruption and tie these to a common thread?

A final shortcoming centers on the lack of regional comparative studies. The booming study of corruption tends to feature a growing amount of quantitative cross-national studies and qualitative case studies, but little in between (M. Johnston 2005, 4). A regional focus provides an opportunity to incorporate historical and cultural dimensions, to compare the patterns of corruption, to tease out and compare the many distinct institutional patterns, and to explore the successes and failures of recent anticorruption efforts. In sum, it allows a greater focus on "the forces and interests that actually are at work . . . and that drive the abuses those societies experience" (M. Johnston 2005, 2).

The chapters that follow seek to respond to these challenges. The country chapters examine the specifics of corruption within Argentina, Bolivia, Brazil, Cuba, Mexico, and Venezuela—not just corruption generically—prompting a more careful consideration of the precise institutional causes of corruption, from the impact of party structure and electoral institutions to the role of drug trafficking and cultural norms. They consider current patterns from a historical perspective, often comparing corruption today to that of the past, reflecting on the changing patterns of corruption that mimic the changing patterns of political power. They examine questions about the impact of corruption on politics as well as on public perceptions of politicians and of the political system within struggling democratic regimes. As such, they assess the impact of corruption on regime legitimacy, stability, and continuity. These chapters also focus on the politics of anticorruption: the reforms and the rhetoric; the mechanisms of accountability, transparency, and the quest for rule of law; the role of state and nonstate actors; and the real and potential effectiveness of the reforms. What has been tried? And why have seemingly serious and concerted efforts failed to control what often seems a deeply rooted component of Latin American politics? The penultimate chapter by Guertzovich and de Michele complements the country chapters. It explores the international context and examines regional initiatives to address corruption. The fact that the 1996 anticorruption convention by the OAS constitutes the first treaty of its kind and has been in force for more than a decade raises important questions about the role and impact of collective initiatives.

## Notes

1. We do not have enough space to map all the cases of corruption within the past decade in the region. Reference is made here to the multiple accusations and investigations into the corruption of presidents Carlos Menem and Fernando de la Rúa in Argentina; Hugo Banzer in Bolivia; Fernando Collor de Mello and Luiz Inácio “Lula” da Silva in Brazil; Miguel Ángel Rodríguez and Rafael Ángel Calderón in Costa Rica; Leonel Fernández in the Dominican Republic; Lucio Gutiérrez in Ecuador; Rafael Callejas in Honduras; Arnoldo Alemán in Nicaragua; Mireya Moscoso in Panama; Luis González and Juan Carlos Wasmosy in Paraguay; Alberto Fujimori in Peru; and Jaime Lusinchi, Carlos Andrés Pérez, and Hugo Chávez in Venezuela.

Cases range from the bribing of members of Congress in Argentina, Brazil, and Panama to obtain legislative support for massive fraud and graft, some involving foreign companies. Reference is also made to the numerous cases involving high-ranking officials, including governors, ministers, and military officials. In Argentina, for example, the former defense minister and minister of the economy under Menem were both arrested for illegal arms transfers (“Argentina: Scandal Related to Arms Sales Damages Administration of President Carlos Menem” 1998; “Argentina: President Fernando de la Rúa Tackles Economy and Corruption” 2000; *The Corruption Notebooks* [hereafter *TCN*] 2004), while the minister of the environment was jailed in 2003 for embezzlement and mismanagement of government funds (*TCN* 2004). In Mexico, even the head

of the antidrug agency was found in 1997 to be working on behalf of drug traffickers, using the state to attack rival drug organizations. The details and the cases could proceed ad infinitum. News services, like *NotiSur* and *NotiCen*, *SourceMex*, and others, provide journalistic information on specific cases and scandals. See also *TCN* and the individual country chapters in Transparency International's annual *Global Corruption Report*. On corruption in Venezuela under Pérez, see Manzetti and Blake (1996), and under Chávez see Beroes (2002). In Brazil under Collor; see Flynn (1993); Geddes and Neto (1992); Rodrigues (2004); Fleischer (2002); Souza Martins (1996); Pedone (1995), Rosenn and Downes (1998); and Sives (1993). Under da Silva in Brazil, see Flynn (2005). On fraud in hospitals in Latin America, see Di Tella and Savedoff (2001). On the impact of wages coupled with oversight, see Di Tella and Schargrodsky (2003). On the role of US multinationals in Latin American corruption and money laundering, see Grosse (2001) and Oppenheimer (2001).

2. Definitional controversy centers largely on what criteria to use to demarcate the norms that define what is considered corrupt. Three commonly discussed criteria include public opinion, public interest, and the law. For a taste of the definitional quandary, see Nye (1967); Heidenheimer (1970); M. Johnston (1996); J. Scott (1972a); and Philip (1997, 2002).

3. Intuitively, there is perhaps no better way to determine whether corruption exists in a country than to ask the people. Such measures, of course, are subjective. Some attempts have been made to develop more objective measures of corruption using press reports (Morris 1991; Rehren 1997), judicial records (Della Porta and Vannucci 1997), or information from anticorruption agencies (De Speville 1997; López Presa 1998). But most recognize that the validity of these approaches hinges on the credibility and capabilities of the institutions providing the information.

4. Another rich source of data on corruption in the region comes from the Latin American Public Opinion Project (LAPOP) at Vanderbilt University. LAPOP polls, under the direction of Mitchell Seligson, span the entire region.

5. See Seligson (2002b) for a glimpse at his ongoing dispute with Ronald Inglehart over the role of culture in shaping democracy.

6. A database of over four thousand books and scholarly articles on corruption published in the 1990s and drawn from twelve specialized social science archives confirmed this tendency. By discipline, 74 percent of the writings fell within the field of public administration, 10 percent in history, 9 percent in law and judicial studies, 4 percent in economics, 2 percent in ethnographic and cultural studies, and 1 percent in business ethics (see "Reviewing the Literature on Corruption 1990–1999," *TI Global Corruption Report 2000–2001*, pp. 229–230).

7. The role of wages in influencing corruption is unclear. Rauch and Evans (2000) and Triesman (2000) find no cross-national link between wages in a country and corruption. A qualitative study by Di Tella and Schargrodsky (2003) in public hospitals in Buenos Aires found that higher wages played no role in reducing corruption when audit intensity was high (as occurred during the first phase of the public campaign), but had a negative impact when audit intensity became weaker.

8. See Transparency International (2003) and the organization's website, <http://www.transparency.org>.