

A Critical Analysis of the Relationship between Democracy and Corruption

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ELSA NIGHTINGALE, DEC 20 2015

“The institutional design of the political system is the ultimate determinant of corruption, because it shapes the incentives facing government officials.” (Lederman et al., 2001, 13)

“A simplistic distinction between just ‘democracy’ and ‘no democracy’ is unhelpful.” (Saha et al., 2014, 287)

“So many young democracies are so quickly compromised.” (European Endowment for Democracy, 2015)

Corruption is one of the “biggest global issues of our time” (TI, 2010). There is no shortage of reasons to fight corruption. It ‘chokes’ development (Langseth, 1999, 2; USIP, 2010, 6), hinders economic growth (Mauro, 1995, 109; Rose-Ackerman, 1996, 83; Chowdhury, 2004, 2) and impedes the fight to alleviate poverty (TI, 2010). Yet there is little consensus on how to tackle corruption. In fact, close to two decades have passed since the famous “cancer of corruption” speech was delivered by former-World Bank President Jim Wolfensohn (see World Bank, 1996) and the international community remains deeply divided.

Some have pointed to democracy as a powerful tool to reduce corruption (Langseth, 1999, 12, 15; Treisman, 2000; Chowdhury, 2004, 13; Kolstad and Wiig, 2004). Others accuse the ‘democracy-corruption nexus’[1] of being a ‘rosy view’ of reality (Trange, 1994). The empirical evidence is far from conclusive (Rock, 2007, 1). There is a strong body of research that demonstrates an empirical link between democracy and reduced corruption (Langseth, 1999, 12, 15; Treisman, 2000; Chowdhury, 2004, 13; Kolstad and Wiig, 2004). However, others suggest the evidence is insubstantial (Case, 2002; Rock, 2003; Mohtadi and Roe, 2003, 445; McLeod, 2005). Some argue there is simply no relationship between the two variables (Ades and Di Tella, 1999, 987; Fisman and Gatti, 2002, 336-338). While it is unrealistic to assume that any method can eliminate corruption altogether, the question is whether the practice of democracy can reduce the severity of the problem over time (Habtemichael and Cleote, 2010).

This dissertation will test the hypothesis that democracy can reduce corruption. Chapter II will begin by briefly detailing the meaning of democracy. Chapters III, IV and V will explore the ‘democracy-corruption nexus’ through vertical, horizontal and societal accountability[2]. The aim is to explain the reasoning behind the ‘democracy-corruption nexus’. Finally, chapter VI explores the empirical evidence. As the dissertation unfolds it will become clear that there is evidence to support the hypothesis that democracy can reduce corruption, but the link is far from conclusive. Electoral competition can be beneficial, but democratic elections rarely reduce corruption alone. It is necessary to divide democracy into two stages, democratisation and democratic consolidation[3] – as levels of corruption typically increase in the initial stages of democratisation (Montinola and Jackman, 2002; Quizilbash, 2008; USIP, 2010, 10; Saha et al., 2014, 288). With this in mind, there is evidence to support an inverted U relationship between democracy and corruption (Treisman, 2002; Fishman and Gati, 2002; Xin and Rudel, 2004; Chowdhury, 2004).

Once democracy is consolidated, there is reason to believe that corruption can be reduced. However, the process is

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not linear, it can take a great deal of time and results vary across different forms of democracy and in different countries (Kolstad and Wiig, 2011, 19). Furthermore, consolidated democracies are not short of their own forms of corruption. In essence, there is no simple relationship between these variables (Rose-Ackerman, 1996, 84). Observers should be positive without being overly optimistic. Democracy is one of many possible methods to reduce corruption (Uslander, 2010). There are also problems associated with the 'democracy-corruption nexus' itself. Because corruption is naturally secretive (Sandholtz and Koetzle, 2000, 38), it can be difficult to measure the true extent of a nation's corruption. Corruption also comes in different forms (UKaid, 2015, 12). Many of the studies presented in this paper rely on subjective perception indices, a method of testing that is both limited and potentially problematic. However, an analysis of these indices is beyond the scope of this dissertation[4].

Chapter II: Definitions

It does not take long to find detailed explanations of democracy (Shepard, 1935; Gallacher, 1946; Cohen, 1971; Harrison, 1993; Tilly, 2007). There is no checklist of a democracy but the text books do repeat common principles and themes (Doig, 2000, 15). This essay moves beyond a minimal understanding of 'electoral democracies[5]', 'exclusive democracies[6]', 'dominated democracies[7]' and 'illiberal democracies[8]' (Merkel, 1999; Morlino, 1998, 2002, 2) to establish these principles. They include political legitimacy of the state through universal suffrage and regular elections; an effective political opposition and representative government; impartial and accessible criminal justice systems and the absence of arbitrary government and human and civil rights indicated by freedom of religion, association, expression and movement (for a full definition, see Doig, 2000, 15). Particular attention will be paid to vertical[9], horizontal[10] and societal accountability[11].

Chapter III: Vertical Accountability

In an oligarchy or an autocracy, those in power are rarely elected by popular vote (see Figure 2[12]) (South West College, 2015). Autocracies depend on the support of a small group of political and social elites, the military, the bureaucracy and the secret police (USIP, 2010, 9). The general public have less influence on the political process and less knowledge about how decisions are made (Shah, 2012) and therefore, there is less transparency and less accountability. In a democratic regime the populace acquires more extensive and effective means of detecting and punishing corrupt practices (Sandholtz and Koetzle, 2000, 38) – as universal suffrage and democratic elections allow citizens to hold their elected officials to account (Linz and Stepan, 1996; Rose-Ackerman, 1999; Lederman et al., 2001, 5). If the electorate is dissatisfied with the incumbent's performance, they can vote for another party, spoil their ballot or abstain from voting altogether (Blumkin and Gradstein 2002; Chowdhury, 2004, 2-3; Della Porta, 2004, 49; USIP, 2010, 12; Bhattacharyya and Holder, 2012, 2; Batzilis, 2015, 3).

It is natural to assume that this system of government could reduce corruption. Firstly, there is a formal channel of vertical accountability not present in alternative systems of government[13] (see Figure 2) (Transparency Accountability Initiative, 2015; UKaid, 2015, 19). Politicians are, to some extent, accountable for their actions (Linz and Stepan, 1996; Rose-Ackerman, 1999; Lederman et al., 2001, 5). While citizens cannot force elected politicians to work in their interest (Bebchuk and Fried, 2004), they can dismiss those who do not (Chowdhury, 2004, 2-3; USIP, 2010, 12; Bhattacharyya and Holder, 2012, 2; Batzilis, 2015, 3). Therefore universal suffrage and regular elections give the citizens power to 'punish' elected government officials (Chowdhury, 2004, 2-3; USIP, 2010, 12; Bhattacharyya and Holder, 2012, 2; Batzilis, 2015, 3). Therefore, with a punishment mechanism in place, politicians[14] have an incentive to constrain their greed and align their interests with those of their constituents (Linz, 1990; Linz and Stephan, 1996; Boswell, 1996; Rose-Ackerman, 1996; Bailey and Valenzuela, 1997; Lederman et al., 2001, 5; Stapenhurst et al., 2006, 29). Because a candidate directly accused of abusing their position of power for personal gain can expect to lose the election (Rose-Ackerman, 1996, 86).

In turn, this competition also encourages opposition parties to act as a 'check' on each other's behaviour. Revelations of corruption can impose reputational costs for wrongdoing, demand public inquiries and encourage the dismissal of elected politicians and bureaucrats (Osipian, 2013, 200). In rare cases corruption scandals can result in prosecution (ibid, 2013, 200). So it is in the interest of opposition parties to uncover any of their opponents who are engaging in corruption. Not only does this encourage greater transparency in the political process, it firmly

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incentivises the incumbent government to meaningfully engage in the fight against corruption (Chowdhury, 2004, 2-3). It also induces politicians to avoid allegations of corruption if their party is seeking re-election (Osipian, 2013, 200).

By making politicians more accountable to the public, therefore, democratic elections encourage politicians to transform their behaviour and help them become more conscious of the electorate (Linz, 1990; Linz and Stepan, 1996; Boswell et al., 1996; Bailey and Valenzuela, 1997; Lederman et al, 2004, 5; Stapenhurst et al., 2006, 29). Some also argue that electoral competition can drive down private rents that can be appropriated by individuals because offers of favourable treatment for special interests can be undercut by the opposition (Myserson, 1993; Ades and Tella, 1999). In other words, knowing someone in a position of power becomes less valuable where the incumbent government can rarely rely on remaining in power (Kolstad and Wiig, 2011, 3). This explains why there are many proponents of democratic elections to reduce corruption (Mershon, 2002; Scheiner, 2006; Lederman et al, 2006; Ferraz and Finan, 2007; Schleiter and Voznaya, 2012, 4; Batzilis, 2015).

Chapter IV: Horizontal Accountability

Another basic principle of liberal democracy is that power in government should not be vested into a single authority (Samarasinghe, 1994, 6; Rose-Ackerman, 1996, 85; National Conference of State Legislatures, 2015). To prevent one individual or a small collection of individuals from dominating society[15] (Republik Österreich, 2015), power should be balanced between different arms of government (Merkel, 2006, 129) – usually the legislative, the executive and the judiciary (see Figure 3) (Parliamentary Education Office, 2015). Alone, this does not prevent an abuse of power. However, when a system of checks and balances is implemented, where each branch of government has the authority to hold other institutions to account, a system of horizontal accountability has been established (Transparency Accountability Initiative, 2014). Each wing of government will have separate oversight responsibilities and separate authorities (ibid, 2014). In turn, each wing of government is accountable to another, with the power to stop, criticise and block their actions (Lassen and Alt, 2005, 1). Checks and balances of power try to ensure that separate state institutions can patrol each other in the citizens' interest (McGovern, 1907; Persson et al., 1997, 1163-4; Rose-Ackerman, 1999; Laffont and Meleu, 2001; Glaeser and Goldin, 2004, 19; Merkel, 2006, 129). In turn, the government remains accountable for its actions between elections.

Logically, horizontal accountability and checks and balances should act as a safeguard against corruption (Persson et al., 1997, 1163-4; Alt and Lassen, 2005, 1; Merkel, 2006, 129). By limiting individual discretion, checks and balances on power can constrain the ability of officials to deviate from impartial practices (Kolstad and Wiig, 2004, 3). A state institution becomes less powerful when its actions are regularly scrutinised by other institutions (Samarasinghe, 1994, 6; Rose-Ackerman, 1996, 85; Kolstad and Wiig, 2004, 3; USIP, 2010, 12; National Conference on State Legislatures, 2014). Democratic institutions provide the checks on governmental power that are necessary to limit the potential for public officials to accumulate personal wealth and carry out unpopular policies (Barro, 1999). Also, with checks and balances the risk of engaging in a corrupt transaction increases. In an autocratic or oligarchical system, there are no legal restraints or other conditions to prevent the ruling elite from exercising their will (Saha et al., 2014, 291-4). However, in a democracy, the costs of engaging in corruption are naturally intensified with heightened risk (McGovern, 1907; Persson et al., 1997, 1163-4; Rose-Ackerman, 1999; Laffont and Meleu, 2001; Merkel, 2006, 129). By expanding democracy one is increasing the probability of the detection and punishment of corruption, and in turn, reducing the proportion of bribe-takers (Saha et al., 2014, 294).

A separation of powers also enhances transparency in the political process, because there is clear information concerning the remit of each branch of government. In turn, information rents should decrease with greater transparency (Kolstad and Wiig, 2011, 3). While democratic elections allow citizens to hold their elected officials to account when the election is held (Transparency Accountability Initiative, 2014; UKaid, 2015, 19), horizontal accountability and checks and balances on power allow state institutions to hold elected officials to account while they are in office (McGovern, 1907; Persson et al., 1997, 1163-4; Rose-Ackerman, 1999; Laffont and Meleu, 2001; Glaeser and Goldin, 2004, 19; Merkel, 2006, 129).

Chapter V: Societal Accountability

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In a democracy, there are also other means to reduce corruption. When democratic rights and freedoms are ensured and protected by law, the media, Non-Government Organisations (NGOs) and Civil-Society Organisations (CSOs) can work to enforce social accountability – an indirect way to hold government officials to account. These institutions can disseminate information and raise awareness about the different candidates' values, goals and philosophies (Langseth, 1999, 10). According to the Canonical Policy Agency Model (see Barro, 1973; Ferejohn, 1986), voters can use this information to help them make an appropriate, informed decision in the next election. They can also expose hidden information, stimulate inquiries and publicize discoveries of corruption (Saha et al., 2014, 290). However, the media, NGOs and CSOs can also help to expose and reduce corruption. They can act as a 'watch-dog' over society (Porto, 2011, 103). Their 'bark' can help to expose corrupt officials, raise awareness (Langseth, 1999, 10) and impose reputational costs for wrongdoing (Power and Taylor, 2011, 268).

When a corruption scandal is out in the open, the government has a higher incentive to prosecute and punish the miscreants (Saha et al., 2014, 290). By spreading the state of corruption institutions of societal accountability can encourage anti-corruption agencies to pursue prosecution (Power and Taylor, 2011, 268). They can also influence public policies by actively criticising corruption and public misdeeds (Chowdhury, 2004, 2; Besley and Burgess, 2002). Some argue that an independent press is one of the most effective institutions to uncover and publicize wrongdoing by government officials (Lederman et al., 2004, 6). If they have good investigative abilities, they can even act as a 'nation-builder', uniting people in opposition to corrupt and misdeeds (Chowdhury, 2004, 2).

In a democracy, individuals have the freedom to associate with these institutions, the freedom to expose information and therefore the freedom to promote greater transparency. In an oligarchy or an autocracy, these freedoms are not ensured and individuals attempting to expose wrongdoing and corruption are often in great danger. Without these institutions it is difficult for citizens to vote retrospectively^[16] (Chowdhury, 2004, 2-3; Kolstad and Wiig, 2011, 3) and punish corrupt candidates, if there are few institutions dedicated to publicizing wrongdoings by public and private officials (Chowdhury, 2004, 2-3; USIP, 2010, 12; Bhattacharyya and Holder, 2012, 2; Batzilis, 2015, 3). These institutions also act as an informal check on power, outside the realms of formal government (Bruentti and Weder, 1999; 2003; Chowdhury, 2004; USIP, 2010, 13; Bhattacharyya and Holder, 2012, 2; Osipian, 2013, 200).

With all this in mind, it appears, that democracy can serve as a tool to reduce corruption (Langseth, 1999, 12, 15; Treisman, 2000; Chowdhury, 2004, 13; Kolstad and Wiig, 2004). If the likelihood of detection and punishment is high, bribes may not be worth paying or accepting (Rose-Ackerman, 1996, 86). The higher the probability that corruption will be detected and punished, the lower the effective benefits available (Rose-Ackerman, 1996, 86). By increasing accountability and transparency, seemingly democracy can transform corruption from a 'low-risk high-benefit activity' to one where the risk is high and benefits are significantly reduced. The competing politicians and officials may turn honest, simply because it is no longer profitable for them to engage in corruption (Rose-Ackerman, 1996, 88).

Chapter VI: Empirical Evidence

Electoral competition does have its uses (Emerson, 2006). Too little competition between candidates puts accountability severely at risk (Gilliom, 1998; Mershon, 2002; Scheiner, 2005; Schleiter and Voznaya, 2014, 4). Schleiter and Voznaya (2014, 4) warn that even the most unpopular, corrupt, under-performing incumbents can survive in office if competition between opposition parties is weak (Gilliom, 1998; Mershon, 2002; Scheiner, 2005). Montinola and Jackman (2002) analysed 66 countries from 1980 to 1983 and 51 countries from 1988 to 1992 and found that if competition exceeded a certain threshold, democracy can counteract corruption.

However, this issue is far from simple. In 2007, Claudio Ferraz and Frederico Finan used Brazilian audit reports to test whether the possibility of re-election affects the level of rents extracted by incumbent mayors. They found that the mayors with little chance of being re-elected misappropriated 27% more resources than those with a chance of re-election. Similar evidence was found in an earlier study (Ferraz and Finan, 2005). The resources misappropriated by 'lame-duck' mayors were on average 57% higher than those seeking re-election (Ferraz and Finan, 2007). Ferraz and Finan's (2007) findings suggest that 'lame duck'^[17] politicians are also dangerous. Therefore, one needs to strike a balance between too little and too much competition. Insecurity of tenure and too much security of tenure can corrupt arrangements in a similar way (Olson, 1982, 1993). If a politician is operating where their re-election is

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unlikely, they may treat the government as an arena for short term gain (Rose-Ackerman, 1996, 85). Yet, insecurity of tenure can also corrupt arrangements (Olson, 1982, 1993; Rose-Ackerman, 1996, 85). A political candidate must have the chance to return to power in the next election, but the prospect should be well below certain (Rose-Ackerman, 1996, 85).

The concept of vertical accountability is also contentious. On one hand, there is evidence to suggest that the scope for corruption can be powerfully conditioned by the ability of voters to control their politicians (Schleiter and Voznaya, 2014, 677). In 2015, Batzilis (2015) analysed the impact of electoral competition on the levels of corruption in Greek municipal governments. Batzilis (2015, 34) found that the competitive municipalities had substantially lower levels of corruption. He (2015, 35) argues this is because party competition can strengthen the screening mechanism of elections and impose a stricter discipline on the incumbents. In 2014, Schleiter and Voznaya used evidence from 70 different democracies around the world and found that party system competitiveness can reduce corruption by enhancing the information available and effectiveness of the choices available to the electorate (2014, 677). It would therefore seem that democratic elections are a useful tool in reducing corruption.

However, where party systems were strongly fragmented and the governing party dominated the political system, corruption was found to be higher (Schleiter and Voznaya, 2014, 677). The cost of electoral campaigns alone can produce new incentives for politicians to extract rents from wealthy individuals (Rose-Ackerman, 1996, 83, 90, 1999; Kolstad and Wiig, 2011, 3). Furthermore, some argue that it is dangerous to rely on opposition parties to expose their opponents' wrongdoing. Corruption often exists as part of a wider clientelistic framework where politicians tolerate the misuse of state funds by officials so they can gain access to the networks maintained by those funds (Singer, 2005). Parties may suppress corruption because it is in their interest. Finally, while elections may increase transparency, as Mehmet Bac (2011) argues, that this can simply make it easier for individuals to identify which official to bribe. With this in mind, it cannot be taken for granted that the right level of electoral competition will naturally reduce corruption.

Furthermore, it is dangerous to assume that the electorate will not knowingly vote for a corrupt politician (Kolstad and Wiig, 2011, 3), or that a candidate accused of such activity will necessarily lose the election (Rose-Ackerman, 1996, 86). Even an informed and rational voter may strategically vote for a corruption politician (Pani, 2011). Many free and fair elections have appointment officials openly exposed as corrupt or 'prone to illegal behaviour'[18] (Golden and Tiwari, 2009; Dutta and Gupta, 2012). Social and ethnic ties can prove a larger influence than academic qualifications or performance in office (Banerjee, 2012, 3; Horowitz, 1985). While it seems logical, vertical accountability does not always have the desired effect. In fact, accusations of vote buying and electoral fraud show that corruption can be rife even in an electoral democracy (IRIN, 2007).

Many argue that 'minimalist[19]' or 'electoral democracy[20]' is simply insufficient to reduce corruption (Saha et al., 2014). Burundi, for example, is supposedly a democracy at peace (Sinduhije et al., 2010, 6). Yet Alex Sinduhije, a candidate in Burundi's 2010 elections, argues that "corruption sustains crime and crime sustains corruption" (Sinduhije et al., 2010, 6). Under the 'mask' of political participation, elites can continue to manipulate the electoral process to legitimize the retention of power and use the state machinery to pursue their own interests (Doig, 2000). Latin America is another fine example. Although the last three decades have witnessed significant advances in electoral democracy[21] (Dix, 1992, 488), much of the region continues to be ravaged by corruption (The Economist Intelligence Unit, 2013, 24; Karl, 1995, 80; Otaola and Angel, 2009, 5). Bribery, in particular, is not new to the region (Weyland, 1998, 108). Officers rarely respect the legal limitations of their duties or they place private interests above those they are employed to serve (O'Donnell, 2007, 101).

The number of corruption cases is quite astounding (Little, 1997, 190). Bribery to obtain government contracts, the sale of national assets and enterprises and the use of public funds for electoral campaigns, all show the abuse in their positions of power for their private gain, or interest, in the presence of electoral democracy (Otaola and Angel, 2009, 5). The case of former Brazilian President, Fernando Collor de Mello, syphoning state funds to use for future electoral campaigns and the syndicate of Mexican petroleum workers using \$100m of funds to support the presidential campaign of the Institutional Revolutionary Party (Partido Revolucionario Institucional), are but two cases in the myriad of Latin American corruption scandals (ibid, 2009).

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In fact, the whole region is plagued by corruption (see Figures 3 and 4) (Gargano, 2013; Parkinson, 2013; The Economist, 2015). In 2012, two-thirds of Latin America averaged in the bottom half of Transparency International's (TI) Corruption Perceptions Index (CPI), among the world's most corrupt nations (Villagran, 2012). Argentina, Brazil, Bolivia, Peru and Venezuela are just some of the nations racked by serious cases of corruption in the last two decades (The Economist, 2015). Unfortunately, "resistance to corruption in Latin America has a long and largely futile history", even in the presence of electoral competition (The Economist, 2015).

With this in mind, it is natural to assume that electoral democracy alone does not reduce corruption (Boswell et al, 1996; Saha et al., 2014, 13). Taking another example, in former Soviet bloc many countries transitioned from Communism to multiparty democracies and yet, corruption is still rife (USIP, 2010, 11). Bulgaria is a fine example, the nation conducts regular elections and still corruption remains prevalent in many of the state institutions (USIP, 2010, 11; Economist Intelligence Unit, 2013, 4, 11). In fact, from 2005 to 2014 Bulgaria fell in the CPI by 14 ranks from 55 to 69 (Transparency International, 2005, 2014).

Indeed, the prevailing evidence is that corruption actually increases in the initial stages of democratization (Montinola and Jackman, 2002; Quizilbash, 2008; USIP, 2010, 10; Saha et al., 2014, 288). The transformation from authoritarianism to democracy is often a complicated process and intermediate regimes are prone to increased conflict, violence and corruption (Hegre et al., 2001). The weak institutional frameworks of new democracies increase the opportunities for high-level corruption because the institutions lack the resources to restrict corrupt political elites from furthering their own interests (ibid., 2014, 290).

This also proved the case in Thailand (Phongpaichit and Baker, 1998; Rock, 2000; Hicken, 2001; Case, 2002) and Indonesia (Rock, 2003; Robison and Hadiz, 2004; McLeod, 2005) where political liberalisation enhanced corruption. In Indonesia, former President Suharto managed a franchise system where state owned enterprises, the military, bureaucracy, judiciary and political parties could enrich themselves through corruption as long as their actions complied with Suharto's rule (Rock, 2011, 3). When the democratisation process began to take hold, rather than increasing the number of rent-seekers, similar relationships simply emerged in the new political system (Robison and Hadiz, 2004, 231). Despite a promising start in Thailand in the 1980's (Chai-Anan, 1990), provincial politicians captured the prime minister's office, the legislature (Callahan and McCargo, 1996) and the main state institutions were politicised (Rock, 2000, 197-198, 2011, 3).

The collapse of centralised networks of corruption had simply given way to a more decentralised 'free for all' style of corruption in both countries (Rock, 2011). Unfortunately, rather than move in the direction of consolidation, Thailand and Indonesia have demonstrated that democratisation also has the potential to simply establish new systems of patronage (Robison and Hadiz, 2004, 231). Democracy continues to remain flawed in both countries (Economist Intelligence Unit, 2013, 4-5) and corruption seems to have increased. In 2001 Thailand ranked 61 in the CPI and Indonesia ranked 88 (Transparency International, 1999). By 2014, Thailand ranked 85 and Indonesia ranked 107 (Transparency International, 2014). This provides us with a hard lesson that if democracy does reduce corruption this is certainly not a linear process.

With this in mind, there is a significant body of evidence supporting an inverted U relationship between democracy and corruption (Fisman and Gatti, 2002; Treisman, 2000; Mohtadi and Roe, 2003; Xin and Rudel, 2004; Chowdhury, 2004; Rock, 2007). The process is as follows. Openness encourages more public political participation (Kolstad and Wiig, 2004, 3), but it also increases opportunities for 'rent-seeking'[22] (Mohtadi and Roe, 2003, 447). Members of the public are given more access to politicians and the dispensation of public funds (ibid, 2003, 447). However, as the number of rent-seekers increases, as Mohtadi and Roe (2003) argue, a 'crowding effect' intensifies competition between the rent-seekers and aggregate rents fall as a result of this competition. However, this only takes place in a mature democracy (see Figure 5) (Rock, 2007, 2).

There is evidence to support this theory. In Mohtadi and Roe's (2003, 21) study, the countries with the strongest democracy also have the lowest levels of corruption (see Figure 7). These countries include Australia, Austria, Canada, Denmark, Norway, Sweden, the UK and the US (Mohtadi and Roe, 2003, 21). At the end of the scale, lie countries such as Angola, Ethiopia, Guinea, Iraq and Somalia (ibid, 2003, 21). Their levels of corruption are lower

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than countries such as Egypt, Kuwait, Morocco and Panama, countries slowly going through the process of democratisation. A similar pattern was observed in Rock's (2003, 2, 16) analysis (see Figure 6) using a large amount of data from 1996 to 2003, which showed that corruption generally decreased as democracy became more consolidated (Rock, 2003).

Calderón and Chong (2005) analysed Uruguayan legislative data collected annually from 1925 to 1983 and found that rent-seeking was negatively correlated with democracy. There was what Calderón and Chong (2005, 9-11) called a 'statistically significant relationship' between the longer the duration of democracy and less incidences of rent-seeking in Uruguayan society (Calderón and Chong, 2005, 9-11). As legislation was introduced to promote transparency, instances of rent-seeking also fell (Calderón and Chong, 2005). Clearly, "duration of democracy matters" (Calderón and Chong, 2005, 17). Rock (2007, 4-10) argues the sooner a government can build trust, transparency and accountability governing rent-seeking activities of the private sector actors and government officials they seek to bribe, the sooner the turning point between corruption and democracy (as discussed by Mohtadi and Roe, 2003).

Daniel Treisman (2000) conducted a widely-respected cross-national study on the causes of corruption. He tested data for 54 countries in 1996, 52 countries in 1997 and 85 in 1998 and he came to the conclusion that it is not necessarily democracy that reduces corruption, but it is the length of time a country has consistently remained a democracy and similar evidence was found in a more recent study (2007). Accordingly, durability of democracy is crucial – if a country has remained a democracy over 40 years then the level of corruption is significantly lower (Kalenborn and Lessman, 2013, 861). Therefore, it takes time for corruption to be reduced by consolidated democratic institutions (Treisman, 2014, 288).

Clearly, there is reason to believe that consolidated democratic institutions are necessary to reduce corruption, the process is logical (Pellegata, 2013; Saha et al., 2014, 289). As democracy matures stronger checks and balances increase the chances that corruption will be exposed (Langseth, 1999, 10). This process transforms rent-seeking from a low-risk and high-benefit activity, to one where potential gains are reduced and the activity carries greater risk (ibid, 1999, 10).

Certainly, there is evidence supporting the claim that consolidated democracy with checks and balances can reduce corruption. Alt and Lassen (2005) investigated the impact of checks and balances on the level of corruption observed in US states[23]. Although all fifty state governments share a similar basic institutional design[24], there are large variations in the judicial and political institutions from state to state. Their evidence suggested that the lower levels of perceived corruption were observed in the states with a divided government (Alt and Lassen, 2005). This would seem to support the notion that parties have an important role in making the system of checks and balances work effectively (Persson et al., 1997).

These findings are also largely in line with other measures for corruption in the US (Meier and Holdbrooke, 1992; Adserà et al., 2003; Glaeser and Saks, 2006). Persson, Roland and Tabellini (1997) also found that a separation of powers can reduce corruption, but only when effective checks and balances are in place. In their conclusion, Persson, Roland and Tabellini (1997, 1198-9) suggested that any developing country should seek to enforce a separation of powers because it can help to limit extensive rent-seeking within government[25]. In other forms of government this system of checks and balances is simply not in place. Relying on the evidence from the passage on democratic consolidation, it would seem clear that democratic institutions can reduce corruption, particularly when there exists formal checks and balances on power (Meier and Holdbrooke, 1992; Adserà et al., 2003; Glaeser and Saks, 2006).

Social accountability is seen as another important instrument in the fight against corruption. An analysis of the relationship between reduced corruption and a free media supports this hypothesis. Lindita Camaj (2013) used cross-sectional data from 133 countries and found that there was a strong association between media freedom and corruption. Camaj (2013, 35) argues that the mass media serve both as an important check on corruption and as a determinant of political accountability. As countries achieve more press freedom levels of corruption are reduced. This is supported by a wide range of studies (Brunetti and Weder, 2003, 1806-1808; Chowdhury, 2004; Camaj,

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2013, 35).

Adserà et al., (2003, 479) found that the presence of a well-informed electorate explained between one high and two thirds of variance in the levels of governmental performance and corruption. Adserà et al., (2003, 479) argue this explains why corruption is rampant in Sub-Saharan Africa and Russia yet “close to non-existent” in Canada, central and northern Europe and New Zealand[26]. In fact, Adserà et al., (2003, 479) go far enough to claim that a well-informed electorate matters more than economic development to ensure good government[27]. They argue that “having reliable and efficient politicians derives from the presence of politically-active, well informed, sophisticated electorates” (Adserà et al., 2003, 480). Using panel data from 126 countries between 1980-2010, Bhattacharyya and Hodler (2012) explore how media reporting interacts with the quality of democratic institutions in determining the level of political corruption. They conclude that the fight against corruption is hard to win by democratization alone (ibid, 2012, 25). The ‘winning strategy’ is to promote democratic institutions alongside a free and independent media (ibid, 2012, 25).

However, we should be wary to place too much emphasis on democracy as the necessary tool to fight corruption. Firstly, many of the countries with high levels of perceived corruption are also fragile, unstable states. USIP argues that “fragile, unstable states that are scarred by war and ongoing conflict linger at the bottom of the index... demonstrate(ing) that countries which are perceived to have the highest levels of public sector corruption are also those plagued by long-standing conflicts, which have torn apart their government infrastructure” (2010, 7). Therefore, there are potentially other factors affecting corruption and not just the absence of a democratic government. Indeed, some of the states at the top of the Fund for Peace’s Failed States Index are the same as those at the bottom of the CPI (USIP, 2010, 7-8). Examples of these countries include Afghanistan, Chad, Iraq, Myanmar, Somalia and Sudan. These states have also experienced sharp economic declines, deteriorating public services, arbitrary applications of the rule of law and governments with little or no legitimacy (USIP, 2010, 7-8). It is interesting to question whether these failed states are corrupt because the state has failed or because corruption among elites led to state failure (USIP, 2010, 8). Either way, democratic governance may only be a small aspect of a larger problem (USIP, 2010, 8).

The issue of economic reform and development is particularly important. Some argue that sound democratic reform can eliminate corruption substantially only after a threshold level of economic reform is accomplished (Saha and Su, 2012). Indeed, lawyer, columnist, author and public speaker Ranjeev C. Dubey (2013), argues that the issue of corruption in India cannot be dealt with before tackling development. This is an issue in many developing societies. Hon Olisa Ndukwe, a member of Nigerian society, argued that the country needs improved urban and rural infrastructure, steady electricity and a better standard of livelihood before corruption can be tackled meaningfully (Radar, 2015). With this in mind, democratisation or the consolidation of democracy can serve as one of many national objectives[28].

In addition, slow development and a lack of state resources can also impede the fight against corruption. In Uganda, many have pointed to the chronic shortage of resources, both material and human, to explain why the reforms, strategies, institutions and legal instruments have to date made little impression on the problem of corruption (Watt et al., 2000, 59). In Mozambique too, macroeconomic reforms have unfortunately had little success in addressing the major problem of corruption (Stasavage, 2000). Without major civil service reform, there remains significant opportunities for civil servants to engage in corruption (Stasavage, 2000, 95). Until recently, Botswana enjoyed a reputation as arguably the most stable, well managed and corrupt-free state in tropical Africa (Cook and Sarkin, 2010) (Theobald and Williams, 2010, 130). While the creation of the Directorate on Corruption and Economic Crime (DCEC) in 1994 has had an impact, see Sorenson (2012), the organisation is a ‘victim of its’ own success (Theobald and Williams, 2000, 131-2). It is stretched by its own workload and burdened with a serious shortage of highly skilled personnel, in the DCEC and in the police force and the judicial system (ibid, 2010, 131-133). Theobald and Williams (2010, 131-2) argue that this organisation will yield, at best, insignificant increases without corresponding gains elsewhere.

With this in mind, it seems necessary to combine democratic reform with economic development if one is to tackle the issue of corruption. Susan Rose-Ackerman (1996, 89) argues that any reform increasing the competitiveness of an economy will also help to reduce corrupt incentives. While any moves towards deregulation and privatisation must

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be taken with care (Rose-Ackerman, 1996, 89), it is clear that democratic governance may not be the only method to reduce corruption. Writing for the UN, Peter Langseth (1999) argues that the prerequisites needed to build a national integrity system to fight against corruption at various forms and levels are social and economic progress, the rule of law under good governance, democratic values and a strong civil society. So while democratic governance may be important, corruption has been shown to be affected by a range of other variables (Rock, 2011, 9-10).

Hong Kong and Singapore serve as fine examples. Corruption has been dramatically reduced and there are only moderate political rights (Saha et al, 2014). Moran (2000, 112) states that the context of successful corruption control in Hong Kong has rested on important variables such as state capacity, favourable relations with the metropolitan power, the rule of law and the balance of power within the political economy. International links are also an important factor in the operations of The Independent Commission Against Corruption (ICAC) (Moran, 2000, 113). ICAC already has extensive laws with other law enforcement agencies, including anti-corruption agencies including the FBI, UK Metropolitan Police and the New South Wales ICAC (ibid, 2000, 113). Hong Kong's ICAC have also dedicated time and effort to strategize prevention and community relations surrounding corruption (ibid, 2000, 113). Moran (2000, 113) argues that the absence of democracy is not necessarily a drawback to controlling corruption if there is a favourable political context and a functioning rule of law (2000, 113). While the terms 'political will' and 'commitment at higher levels' are often utilised in this discussion, Moran argues that practical capacity, realistic motive and a balance of power between interest groups may be preferable for controlling corruption (2000, 113-4). Again this reinforces the logic that democratic reform can be important, but it is by no means the only way to tackle corruption.

Taken further, even consolidated democracies still experience corruption. Rose-Ackerman argues that it is not necessary to look any further than Newark, New Jersey and Chicago, Illinois to find well-established corrupt systems that "compare quite well with those in autocratic systems" (1996, 83). Corruption is common at the local government level in France and Germany and Italy (Rose-Ackerman, 1996, 83). While South Korea and Japan have all been hit by recent payoff scandals implicating elected politicians (ibid, 1996, 83).

Overall the levels of corruption tend to be lower (Transparency International, 1999, 2014), but money continues to influence politics (USIP, 2010, 11). This includes scandals of questionable party-funding, selling of political influence to large donors and politicians using connections to 'line their own pockets' (USIP, 2010, 11). Reform of campaign finance remains a discussion in the US, where the electorate continues to have concerns about moneyed special interests having undue influence over the Senate and the House of Representatives (USIP, 2010, 11). Another prominent example of party corruption can be found in Italy. Members in key positions have been awarded government contracts for companies in return for a large bribe and many other illicit activities and funds for large infrastructure projects were funnelled into the party coffers (USIP, 2010, 11). Thus, while it might seem that democratic governance is a powerful tool to fight corruption, corruption persists even in the consolidated democratic regimes (Rose-Ackerman, 1996; USIP, 2010).

Nonetheless, there is room for optimism. Evidence suggests there is a relationship between democracy and reduced corruption (Chowdhury, 2004; Kolstad and Wiig, 2012; Rock, 2011; Schleiter and Voznaya, 2014; Batzilis, 2015). There is also primary data to support this notion. After using bivariate analyses to test the relationship between a series of different variables, the strongest relationship that emerged was between The Economist's Democracy Index^[29] and Transparency International's Corruption Perception's Index – at a statistical significance of .288^[30] (see Appendix 1-7). While inequality of income, level of development and a measure of freedom were all included in the bivariate analyses, The Economist's Democracy Index emerged as the most statistically significant variable in levels of corruption. This gives more support to the evidence previously provided, supporting the notion of a 'corruption-democracy nexus'.

However, one should always remain cautious of these results. The problem of endogeneity in data analyses of this kind is pertinent (see Kolstad and Wiig, 2011, 18 or Chowdhury, 2004, 19 for a good explanation). It is often very hard to distinguish between the different factors that may have influenced a dependent variable. While it may seem that 'democracy' is being tested, the link that is found may actually have more to do with economic freedom or colonial history, for example. Therefore it is important not to draw too many conclusions from this data testing in

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particular. While many have tried to control for endogeneity (Mauro 1995), it is often a difficult process.

Overall the relationship between democracy and corruption is a difficult one. In one respect, there is evidence to suggest that democratic governance can reduce corruption, when it is consolidated and horizontal and societal accountability are in place (Treisman, 2002; Fishman and Gati, 2002; Xin and Rudel, 2004; Chowdhury, 2004). Unfortunately, the relationship is somewhat tenuous. Under certain conditions and in certain countries it seems that democracy has reduced corruption but it is often hard to tell conclusively – partly because of the problem of endogeneity. Furthermore, in a whole series of countries democratisation has increased corruption or a reduction in corruption has been achieved without democratic reform. As Kaufmann, co-author of the Governance Matters report and director of Global Governance at the World Bank Institute argues (IRIN, 2007), “these links are never air-tight. It’s not a one-to-one link,” (IRIN, 2007). Some even argue that “Democratization is... a complex phenomenon with unpredictable effects” (Moran, 2001, 390). A far cry from the claim that the ‘democracy-corruption nexus’ is an “indisputable truism” (Sung, 2004, 179). With this in mind, the ‘democracy-corruption nexus’ has some merit, yet the proponents of such a relationship should proceed with caution.

Conclusion

Based on the research conducted it is possible to draw the following conclusions. Electoral competition can have its’ benefits (Ferraz and Finan, 2005; Emerson, 2006), yet we should be cautious not to impose too much competition between parties (Olson, 1982, 1993; Rose-Ackerman, 1996; Schleiter and Voznaya, 2014). Electoral competition may create new incentives to engage in corruption and political parties cannot always be relied on to expose each other (Rose-Ackerman, 1996, 83, 90, 1999; Singer, 2005; Kolstad and Wiig, 2011, 3). Vertical accountability can improve the ability of individuals to control their elected officials (Batzilis, 2015). However, widespread corruption in Burundi and across Latin America suggests that elections are not always powerful enough to dissuade people from engaging in corruption (Karl, 1995, 80; Little, 1997, 190; Weyland, 1998, 108; Otaola and Angel, 2009, 5; Villagran, 2012; CPI, 2013; Gargano, 2013; In-Sight Crime, 2013; The Economist Intelligence Unit, 2013, 24; The Economist, 2015).

In a newly democratised state, the levels of corruption have often been observed to increase (McLeod, 2005; Robison and Hadiz, 2004; Mohtadi and Roe, 2003, 445; Rock, 2003), giving greater weight to the notion of an inverted U relationship between corruption and democracy (Treisman, 2002; Fishman and Gati, 2002; Xin and Rudel, 2004; Chowdhury, 2004). Unfortunately, as seen in Indonesia and Thailand, the democracy-corruption nexus is not linear. A country’s democracy can regress, or the same systems of patronage can emerge in the democratic system (Rock, 2000, 197-198, 2011, 3). Furthermore, in consolidated democracies, one can still find examples of corruption. The US, France, Germany, Italy, South Korea and Japan are just a few cases where there continues to be well-established corruption (Rose-Ackerman, 1996; USIP, 2010). So while consolidated democracy may be important, it is unlikely ever to eradicate corruption altogether.

Based on a series of studies, it would appear that consolidated democracy is a strong tool to control corruption (Treisman, 2000; Mohtadi and Roe, 2003; Calderón and Chong, 2005; Kalenborn and Lessman, 2013, 861). However, too much emphasis should not be placed on democracy as the only tool to reduce corruption. Insecurity and instability can have also have a corrupting influence on society (USIP, 2010, 7) and many associate increased elements of economic development with lower levels of corruption (Rose-Ackerman, 1996, 89; Saha and Su, 2012). Limited resources are also a prominent issue in the fight against corruption. Uganda and Mozambique are both cases where macro-economic reforms have largely failed to address the problems of corruption, in part, because the human and financial resources are limited (Stasavage, 2000; Watt et al., 2000, 59). Therefore, democratic institutions may be important, but they are not the only influence reducing corruption (Langseth, 1999; Rock, 2011, 9-10). Indeed, Hong Kong and Singapore are fine examples of where corruption has been reduced using measures other than democracy (Moran, 2000). The bivariate analysis conducted at the end supports the hypothesis that there is a statistically significant relationship between democracy and corruption. However, one must remember the problems of endogeneity associated with a bivariate analysis of this kind (Kolstad and Wiig, 2011, 18; Chowdhury, 2004, 19).

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Overall, this dissertation suggests that there is reason to remain hopeful about the democracy-corruption nexus (Chowdhury, 2004; Kolstad and Wiig, 2011; Rock, 2011; Schleiter and Voznaya, 2014; Batzilis, 2015). However, unfaltering optimism is unjustified. As Kaufmann has mentioned, there is not a one-to-one link (IRIN, 2007). Democratization is complex and its impact is often unpredictable (Moran, 2001, 390). A strong relationship between the two variables is not an "indisputable truism" (Sung, 2004, 179). However, if democratic institutions can develop, consolidate, increase transparency and enhance systems of accountability, there is little reason to claim that democracy is not a powerful tool to reduce corruption.

Appendix

Appendix 1: Bivariate analysis – CPI Ranking and Democracy Index

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent CPI RANK 2013 *
Democracy Index 2013 175 81.8% 39 18.2% 214 100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 448.000^a 432 .288 Likelihood Ratio 152.286
432 1.000 N of Valid Cases 28 a. 476 cells (100.0%) have expected count less than 5. The minimum expected count is .04.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 4.000 .288 Cramer's V 1.000 .288 N of Valid
Cases 28

Appendix 2: Bivariate analysis – CPI Ranking And Gini Coefficient:

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent CPI RANK 2013 * Income
Gini coefficient 2013 175 81.8% 39 18.2% 214 100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 6182.986^a 6767 1.000 Likelihood Ratio
1059.079 6767 1.000 N of Valid Cases 175 a. 6936 cells (100.0%) have expected count less than 5. The minimum
expected count is .01.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 5.944 1.000 Cramer's V .726 1.000 N of Valid
Cases 175

Appendix 3: Bivariate analysis – CPI Ranking And Freedom

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent CPI RANK 2013 *
Freedom House 2013 175 81.8% 39 18.2% 214 100.0%

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Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 256.193^a 201 .005 Likelihood Ratio 249.487 201 .011 N of Valid Cases 175 a. 272 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 1.210 .005 Cramer's V .699 .005 N of Valid Cases 175

Appendix 4: Bivariate analysis – Control of Corruption and Democracy Index

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent
Governance Indicators (control of corruption) * Democracy Index 2013 173 80.8% 41 19.2%
214 100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 19032.403^a 18834 .153
Likelihood Ratio 1554.586 18834 1.000 N of Valid Cases 173 a. 19110 cells (100.0%) have
expected count less than 5. The minimum expected count is .01.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 10.489 .153 Cramer's V .923
.153 N of Valid Cases 173

Appendix 5: Bivariate analysis – Control of Corruption and Gini Coefficient

Cases Valid Missing Total N Percent N Percent N Percent Governance Indicators (control of
corruption) * Income Gini coefficient 2013 173 80.8% 41 19.2% 214 100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 13380.168^a 12900 .002
Likelihood Ratio 1291.870 12900 1.000 N of Valid Cases 173 a. 13130 cells (100.0%) have
expected count less than 5. The minimum expected count is .01.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 8.794 .002 Cramer's V .879

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.002 N of Valid Cases 173

Appendix 6: Bivariate analysis – Control of Corruption and levels of freedom

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent
Governance Indicators (control of corruption) * Freedom House 2013 173 80.8% 41 19.2% 214
100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 445.052^a 387 .022
Likelihood Ratio 322.820 387 .992 N of Valid Cases 173 a. 520 cells (100.0%) have expected
count less than 5. The minimum expected count is .01.

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 10.353 .083 Cramer's V .922
.083 N of Valid Cases 167

Appendix 7: Bivariate analysis – Control of Corruption and UN Index for Human Development

Symmetric Measures Value Approx. Sig. Nominal by Nominal Phi 1.604 .022 Cramer's V .926
.022 N of Valid Cases 173

Case Processing Summary Cases Valid Missing Total N Percent N Percent N Percent
Governance Indicators (control of corruption) * UN Human Development Index 2012/2013 167
78.0% 47 22.0% 214 100.0%

Chi-Square Tests Value df Asymp. Sig. (2-sided) Pearson Chi-Square 17900.312^a 17640 .083
Likelihood Ratio 1510.096 17640 1.000 Linear-by-Linear Association 94.995 1 .000 N of Valid
Cases 167 a. 17907 cells (100.0%) have expected count less than 5. The minimum expected
count is .01.

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Endnotes

[1] Referring to the hypothesis that democracy can reduce corruption.

[2] Defined in the relevant sections.

[3] Democratic consolidation is a term developed by Schneider and Schmitter (2004, 84). Schedler (1998) argues that the meaning of democratic consolidation is both context-dependent and perspective-dependent. However, with the purpose of being concise, democracy can be divided into two distinct parts, transition and consolidation (Faulenbach, 2007, 3). Transition is the process which describes the change from an authoritarian regime – starting with its breakdown – to a functioning democratic regime (ibid, 2007, 4). The persistence of democracy should not be confused with the consolidation of democracy (O'Donnell, 1996). Democratic consolidation is complete when there has been an adoption of democratic institutions, processes and values by the political class and the masses (Gunther et al, 1995).

[4] (See Svensson (2005) and Donchev and Ujhelyi (2013) for a good overview of the detriments associated with perception-based data).

[5] Where elections are held but civil rights do not reach the minimum classification for democracy (Morlino, 2002, 2). (See Diamond, 1999 for more details).

[6] Offering only limited guarantees of civil rights (Morlino, 2002, 2).

[7] Where powerful groups use their influence to limit the autonomy of elected leaders (Morlino, 2002, 2).

[8] Which offer only partial guarantees of civil rights (Morlino, 2002, 2).

[9] A full description will be provided in Chapter III.

[10] A full description will be provided in Chapter IV.

[11] A full description will be provided in Chapter V.

[12] All Figures can be found in the Appendix.

[13] For a detailed overview of vertical accountability, see O'Donnell (1998, 112-126) and World Bank (N/A, 1).

[14] seeking re-election.

[15] Or as E. Allen Helms has put it, "to break the power of faction" (1949, 42).

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[16] Although Bhattacharyya and Hodler (2012, 4) argue that a voter is forward-looking rather than retrospective, therefore the issue is contested.

[17] Those with no chances of re-election.

[18] See Banerjee (2012) for a good discussion of this phenomena in India.

[19] A minimalist democracy means simply the institutional arrangements that allow citizens express their preferences through elections (Schumpeter, 1950; Kolstad and Wiig, 2004, 3).

[20] Electoral democracy is a term coined by Joseph Schumpeter (1950). It refers to a multi-party system with (relatively) free and fair elections but deficiency in many important aspects of liberal democracy (see Diamond, 1999).

[21] Samuel Huntington (1991) describes this as Third Wave of Democratization.

[22] A rent-seeker is an individual who seeks economic gain from others, because of their resources, without reciprocating any benefits back to society through wealth creation (Rock, 2011, 4-5).

[23] Institutional checks and balances included the division of government, where different parties control the executive and the legislature (including cases where the executive is independent) and the selection procedure and partisan orientation of the state Supreme Court, taken over a nine year period (1989-1998) (Alt and Lassen, 2005, 9). For a measure of corruption, Alt and Lassen (2005) used surveys from "state house" news reporters on their perception of the state government corruption (Alt and Lassen, 2005, 9).

[24] Including a governor, a bicameral state legislature (except Nebraska) and a state supreme court (Alt and Lassen, 2005, 7).

[25] Again, assuming strong checks and balances are in place.

[26] Close to non-existent is perhaps an over statement.

[27] Adserà et al., (2003, 479) also found a mild correlation increased between per capita income and better government performance.

[28] However, it is logical to argue that a reduction in corruption may well coincide with the improvement of public services.

[29] Where a country is ranked depending on the strength of its' democracy.

[30] The other variables included, the Income Gini Coefficient which measures national levels of income inequality, Freedom House's measure of freedom in the world and the UN's Human

A Critical Analysis of the Relationship between Democracy and Corruption

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Development Index.

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Date written: May 2015