

27.04.2020

CAUSE OF CORRUPTION

Treisman, D. 2000. "The causes of corruption". Journal of Public Economics 76(3): 399-457 Masterpiece in the comparative study of corruption. One of the most comprehensive study of potential causes of corruption. Why corr is more widespread in some countries than other, how can we study this macrophenomena in comparative studies. There were new available data at that time, for example from transparency and world bank, but at that time there were also few cross national research. The studies were more single state studies or theoretical studies, no more than one comparison between countries. In order to make generalization from comparative study, setting in which operate. This is what Treisman did in 2000.

Treisman used **perception based** indicators to investigate corruption dynamics. Weaknesses of these indicators are the fact that can be disconnected whit direct experience, at the same time driven by exogenous factors such as political orientation, freedom of press,... however they had three main advantages:

1. Experts-based indexes are correlated among themselves, so give more reliability.
2. Experts and citizens perceptions tend to be close (or not so distant)
3. Perceptions are interesting in themselves: influence on growth, investments and political attitudes and behaviour

Perception of corruption itself is interesting, because it affect economic growth of a country, decision to invest in it, affect also political attitude and behaviour of citizen, support and satisfaction on how democracy work, voters behaviour...

Theoretical arguments pt 1 advanced by treisman.

Basically advance an argument based on a **cost benefit** analysis. Corruption discussed by members of private sector. This kind of corruption relationship has some cost and benefits that need to be balanced. **Benefits** are private gain obtained from private that obtain some favour, **cost** are **psychological, financial** and **social**: cost of being caught by police or because it's illegal, psychological examples when you cannot be put in jail but loose your job, shame of being in a corruption scandal, and so on. Macrolevel aspect of political regime that can affect cost benefit analyses when decide to engage in corruption.

- First aspect is risk to be caught, so effectiveness of the legal system. Effectiveness of the legal system. Treisman looks at two specific aspect on analysing how **legal system affect corruption**: first aspect is **distinction btw common-law system** (british culture) and **civil law system**. Common law system put higher importance in **protection of private property** against the state, this idea of protect against state increase effectiveness of legal system in discovering and punishing the corruption, so we expect lower level of corruption. Another aspect is **legal culture**, partially different from judicial system, in those countries that have been influenced by British culture the attention of legal system is more on **procedural aspect** instead of the respect of hierarchy. We expect that there will be less corruption in former British culture colonies, more legal culture, respect of procedural process.
- Second aspect that influenced cost benefit analysis is the general sociocultural aspect of a country. T look at the presence of **Protestantism** in a country. In those countries more protestant we expect **lower** level of **corruption** for two reasons: first starting by weber studies, protestant religion is more **egalitarian** and **individualistic**, no importance to the family, related to nepotism and familism.
- Third we should expect that **democratic lead to less corruption**. Analysed on two levels, on **procedural** level in democracy there is a rise of **accountability** btw political representative, public officials to their principals, to voters. Principal agents relation, in dem there is more accountability. On a **substantial** level, in dem there is more **civil engagements** and **press free** act as watchdogs, behaviours are more monitored, induce public officials to not engage in corr.
- Also **Economic development** is important. The higher level of economic development the lower is the corruption. Implies **separation btw public and private sphere**, public monopoly of use of force, collective decision while private much more manoeuvring in the market. Highly developed dem usually market sphere is precisely the private sphere, this separation decrease potential opportunity for public officials to be corrupted.

Research hupotesis if then structure

H1: effectiveness of the legal system will be greater — and hence corruption lower — in countries with common law systems.

H2: effectiveness of the legal system will be greater — and hence corruption lower — in Britain and its former colonies.

H3: corruption rates will be lower in countries with a Protestant tradition.

H4: corruption will be lower in democratic countries and those with a freer press and more vigorous civic associations.

H5: corruption will be lower in more economically developed countries, where populations are more educated and literate, and where the normative separation between 'public' and 'private' is clearer.

H6: corruption will be lower in countries with higher relative salaries in public office.

Arguments of t. 2

About economic, social and political factors that may affect extra benefit for the private. General condition that may incentivize corruption.

- T took into consideration first economic aspect. Those state in which **state intervention** in market is higher are more corrupted. If a state intervene in the market the opportunities for private to obtain some advantages are higher.
- T expect that regime that obtain more **rent from natural resources** are more corrupted. Increase opportunity for public officials to assume position important that can influence policy, opportunity for private to influence political aspect.
- Also **openness to foreign trade**, import is associated to lower level of corruption. If an economy is more open is less controlled by the state, public administration, less opportunity for private to engage in corruption.
- **Ethnic fractionalization**: how much a society is ethnically fragmented (ethnic, linguistic, cultural) high corruption. In these countries there is an ethnic group that more than the others control public administration, when relationship btw ethnic groups is bad incentive to corr into a ethnic group favour into a group to penalize a member of different ethnic group.
- **Political stability**: two diff and alternative hypothesis. The higher level of political stability the longer time horizon and career for politicians, they can not risk their career, long term stipends, quite safe, this decrease incentives for public officials to obtain private gain. But at the same time higher level of political stability mean more opportunities for enforcing corrupt contracts with the same parties and officials (no "spoils system") so more corruption
- **Federalism** we should expect that fed decrease corruption because increase competition btw levels of governments. Same activity provided by state and local level, more competition led to less incentive to corruption. Second aspect competition implies monitoring activities by central states. But at the same time corrupter need to influence only a subgovernment without central state control so more corruption.

Research hp 2

- H7a: corruption will be higher where political instability is greater.
- H7b: corruption will be lower in countries that are more politically unstable.
- H8: corruption will be higher in countries with greater state intervention in the economy (in the form of regulation, taxation, or state commercial activity).
- H9: corruption will be lower the greater the country's exposure to competition from imports.
- H10: corruption will be higher in countries with large endowments of valuable natural resources.
- H11: corruption will be greater in countries that are more ethnically divided.
- H12a: corruption will be lower in federal states.
- H12b: corruption will be higher in federal states.

Data and research design, slide

Dependent variables CPI 1996,97,98. Reversal scale: more score = more corruption

T used Weighted least square regressions and obtained similar results with OLS. WLS because in some countries there are more data, in others only few, so this model weight more the regression. Take same model using same stata ols and get similar results.

Main methodological concern:

- **omitted variable bias**, T want to test many aspects that are highly correlated with corruption. Problem in including too much variables, more explicative but some can be correlated. So we need to **control these correlated factors** otherwise we cannot point one specific factors taking all the other factors under control. Risk of **multicollinearity** (correlation btw independent variable). Test together, including highly related factors implies that the results can be biased by highly correlated factor. T decide that control factor must be more important; understand the net effect of a factor taking control of all the others.
- Problem of **endogeneity** too. Economic deviation affects corruption, but corruption can affect economic development. Find causal effects. Nested regressions => from slow-moving to fast moving factors. Robustness checks with alternative dependent variables (BI 1980 + Gallup with citizens' perceptions). Whenever possible multiple indicators for the same independent variable.

Vedi dati

H1, H2, H3, H10, H11

H5

H4, H12a, H12b

H9

H6, H7a, H7b, H8

Determinants of perceived corruption*

	1996 (TI: WLS)					Early 1980s (BI: OLS)			
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)
Common law system	-1.93**	0.47	0.85*	0.51	0.51	1.38	1.23	1.12	1.21*
Former British colony or UK	-0.40	-1.64***	-1.56***	-0.90***	-0.92***	-2.29*	-1.39	-1.22	-0.96
Never a colony	-0.33	-0.34	-0.12	-0.04	-0.00	-0.64	0.65	0.92**	0.82*
Percent Protestant 1980	-0.05***	-0.03***	-0.01*	-0.01**	-0.01	-0.03***	-0.02***	-0.01	-0.01
Ethnolinguistic Division	0.03**	0.00	-0.01*	-0.01	-0.00	0.02	-0.01	-0.01	-0.01
Fuel, metal, and minerals exports	0.03**	0.01	0.01	0.00	-0.00	0.02**	0.03***	0.02***	0.02**
Log GDP per capita	-4.57***	-5.14***	-4.76***	-4.23***	-4.23***	-4.27***	-3.83***	-3.58***	-3.58***
Federal			1.16***	1.04***	0.76**			1.01***	0.67*
Uninterrupted democracy 1950-1995			-1.04**	-1.49***	-1.51***			-1.38***	-1.54**
Imports/GDP (%)				-0.02***	-0.01**				-0.02***
State intervention					-0.58**				
Government wage					-0.03				
Government turnover					-0.44				
Constant	4.35***	22.7***	25.0***	24.2***	24.4***	2.89***	18.0***	16.5***	16.28***
R ²	0.7117	0.9044	0.9421	0.9603	0.9666	0.3108	0.6116	0.6532	0.6849
N	47	47	47	45	36	64	64	64	64

Sociocultural aspect associated to corr for two of them statistically significant, british colony and protestant = less corruption. Another index, to overcome idea of corruption of western style liberal demo (weakness of perception based indicators) so test the same effects by substituting data, take some data from gallup international survey, find out that decrease level of corr british colony.

Disentangling the link btw colonial and legal system.

North vs south

Important factor federal state alternative hp. Being federal according to the result is positively related to corruption. Federal countries are more corrupted. Make important check to test, substitute a single dummy measure of fiscal decentralization (different from federalism) those who are more decentralized tend to be more corrupt countries.

Those countries long time under dem rules tend to be less corrupt than not experienced dem rules. Impo results, T used two different indicators: longitudinal aspects of corruption (how many years under dem) and political rights indicator of freedom house index 1996 indicates corruption present in a country.

Import statistically related with corruption in a negative way.

Basically 5 aspects according to hp are significantly related to corr, protest, british corl, dem, federalism and imports (openness to international trade) the other no significant.

Stampa ultime slide

28.04.2020

Pellegata, A. (2013) "Constraining political corruption: an empirical analysis of the impact of democracy" Democratization 20(7): 1195–1218.

Horowitz, S., K. Hoff, and B. Milanovic (2009) "Government turnover: Concepts, measures and applications" European Journal of Political Science 48(1): 107-129.

Two articles. Topic to investigate **dynamics of electoral competition** associated to political corruption. How measure electoral competition and how is connected to corruption? Start with two ideas, take into consideration two aspect of democracy that precisely describe political competition in a country, **procedural aspect of democracy**. Second aspect to consider is how electoral competition is displayed, it is the different patterns of **government alternation** occurred in different democracies. Justification: higher level of electoral competition is equal to higher accountability btw principal and agents and so lower corruption. First principal are voters, then representative, elective officials. The stronger capacity of voters to determine the faith of political representative, the lower is the expected level of political corruption.

Two different vision of democracy: On one side **minimal or procedural** interpretation of idea of democracy, focus on **procedural aspect** only in this lecture, democracy is a pol regime in which there is free and fair competition btw different parties (Schumpeterian idea).

We can focus in **substantial** aspect too. This vision focus no more on procedural but on the **results** that democracy can provide in terms of freedom, justice,...according to this interpretation of dem, democracy is that political regime that produce certain kind of results. Focus no more on procedural aspects. Both are important and true in interpretation of democracy, which is more useful or better depend on which operationalization is needed for the purposes of the research.

Which is better? Focusing on substantial vision led to problem of **endogeneity** btw what defines a democracy and which are its consequences. We can look from different indexes, freedom in the world index from freedom house vs polityIV index of democracy, one is substantial vision of democracy while other one procedural. Freedom house has problem of endogeneity,

This study (pellegatta) procedural conception of democracy: electoral competition per se helps constraining corruption.

The risk of being removed from office (throw the rascal out) forces politician to maintain an accountable behaviour and discourage corruptors from bribing public officials.

Research hp and causal argument

The general argument postulated is that there are **two dimension** of democracy: the **current level of democracy** in political regime at the year in which corruption is measured (t use political rights from freedom house indicator to test this relationship but no results) second aspect **stock of democracy** accumulated in time, experience accumulated in time (also t found this relationship and it was true). Measure these two dimension in two different ways compared to t.

H1: *A country's current level of democracy affects its capacity to constrain political corruption in a nonlinear manner.* **Hybrid regimes** present higher corruption than both autocracies and consolidated democracies.

Flawed competition = less accountability = more discretion of public officials

There is no a monotonic or linear relationship btw corruption and level of democracy. So not every time higher corr = lower dem. This relationship is not linear. Those regime that are not close autocracies, but not consolidated democracies, hybrid regimes or competitive authoritarianism (Russia, Korea, Saudi Arabia) present higher level of corruption than both autocracies and dem consolidated democracies. There are multi

parties election allowed, taken regularly but the competition is killed, hegemonic party that is advantaged in this competition so accountability is very low. High discretion of non elected public officials assume a lot of discretionary power in order to manage the country, particularly true in post soviet country in transition from soviet economy to capitalism.

H2: Countries that have accumulated more democratic experience over time are less corrupt

Democracy needs **time to display its effects**.

Experiences with democratic practices by voters and politicians help constraining corruption

Data and research design

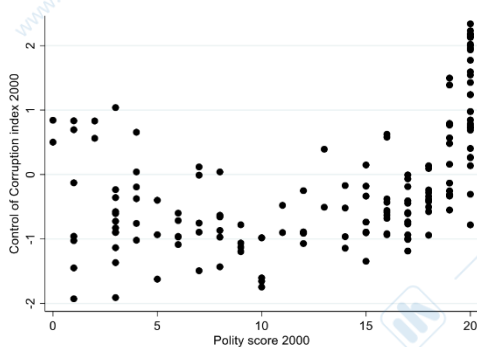
Dataset : democracy cross national dataset(Norris 2008)

Dependent variable **control of corruption index (CC)** in 2000 (world bank)

Indicator of level of corruption:**polity IV**

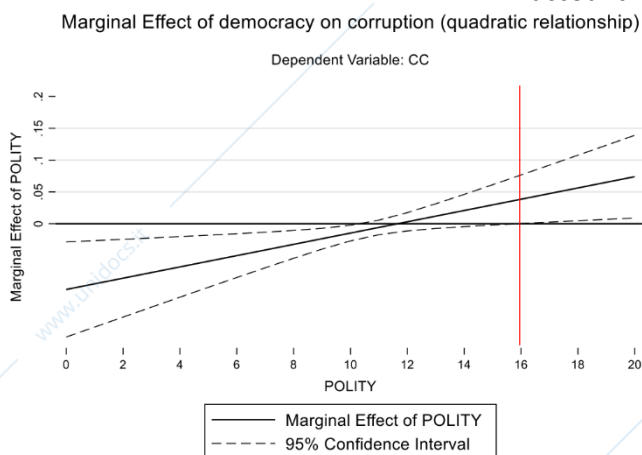
Stock of democracy: first measure, **age of democracy**: number of years consecutive of democracy measured in 2000. And **number of democratic years**: sum of the overall numbers of years a country had remained dem, despite interruption btw 1800 (or year of independence) and 2000.

Control for alternative explanatory factors + robustness check



Graph > x axis polity scores in 2000 and y axis control of corruption. We see relation is not linear. On average level of corruption of hybrid regimes is higher than close authoritarianism and consolidated democracies.

Second graph is test of this hypothesis,



Graph 3 marginal effects of dem on corruption and increasing levels of democracy itself. Not linear relationship: dem and corruption is not similar for all level of democracy taken into account. Changing independent variable the effect of dependent variable change as well. Low dem = negative effect on corr control, but became less negative until a point where democracy start to exploit good level of corruption fight. Threshold around 16, competition start to be useful only when is highly structured in consolidated democracies. Not 12 because is an estimate, unprecise, range of variation.

Altro grafico measure marginal effect but put alternation of democracy instead of length of democracy. Saw in previous dot graph that hybrid regime and consolidated democracy a

huge variation of level of corruption among countries with more or less same level of procedural democracy, so there are other explanatory variable that can explain this covariation.

Disentangling the effect of competition

Mass accountability through elections is the distinguished future of democracies

Multiparty elections imply that governments changes and different political parties may alternate in government. Przeworsky (1990): "Democracy is the political system in which parties lose elections"

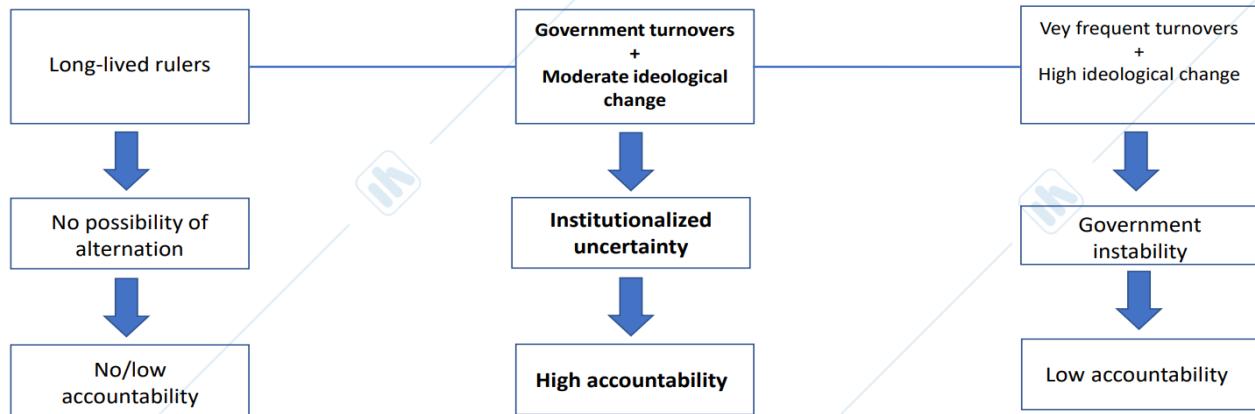
Democracies vary according to the **frequency and the magnitude of government turnovers**

RQ: Does government turnover affect the rule of law? **Rule of law** strictly associated with corruption

Exploration in **post-soviet regimes**: • In transition to both market economy and representative democracies

• High internal variation

Benefits of **government turnover**, sometimes is understood in contradictory way: as a source of **uncertainty** and instability + as a phenomenon promoting **accountability**.



Theoretical argument

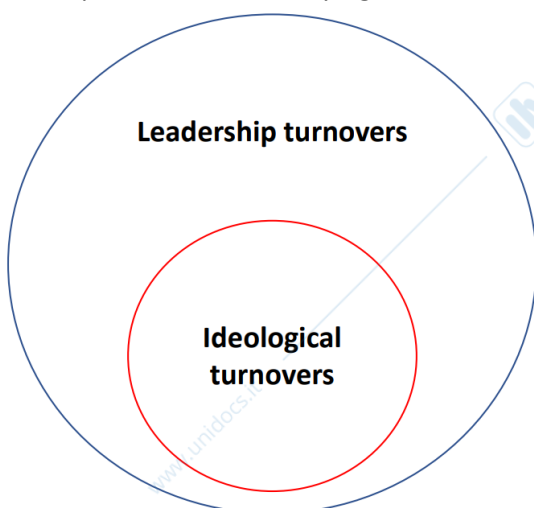
Turnover is expected to have positive effects on **rule of law** because it **increases the costs** and **decreases the benefits** of engaging in **long-term corruption** contracts. Government alternations among ideologically different political parties make more **difficult** for both politicians and private **establish corrupt contracts**. New governments will frequently view clients of previous governments as **politically unreliable**. More frequent turnover + deviations from market-based regimes => > corruption. Business conditions are more uncertain and the discretionary power of bureaucrats is higher. More frequent turnover in market-based regimes => < corruption. Possibly with diminishing effect. Corruption-reducing effect is expected to be **greater in transitional systems**. In long-established political systems, it is more likely that judicial, law enforcement and regulatory institutions will develop independently of currently serving governments.

Operationalizing government turnover

Two types of government turnover: • Leadership turnover: how government composition change
• Ideological turnover: how much government are ideologically distant

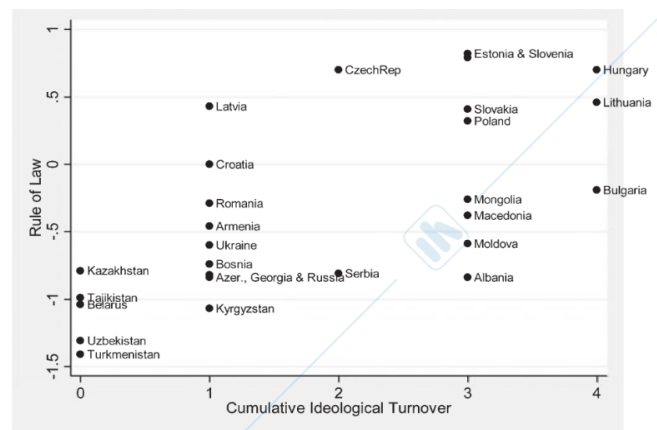
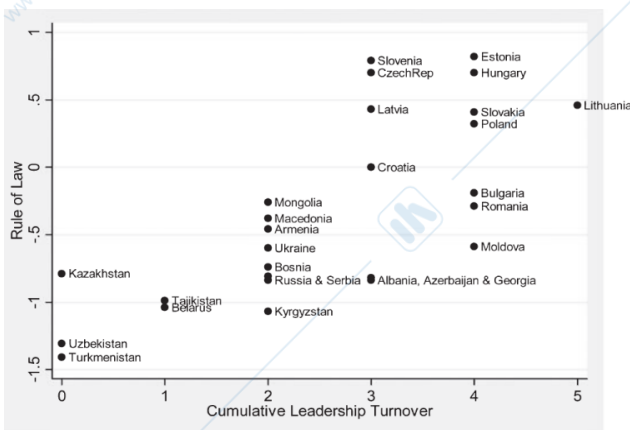
Turnover should occur in all veto player institutions

- Leadership turnover. Two different thresholds: that members of the old coalition government may not exceed one-fourth or one-third of the new coalition government
- Ideological turnover: two-dimensional ideological space, with four discrete intervals along each dimension • Economic policy: far left, centre-left, centre-right, far right, depending on level of support for transition to a market economy and for social welfare services • National identity: extreme nationalist, moderate nationalist, moderate autonomist, secessionist, depending on their positions on minority rights



Data and method. • 28 post-communist countries (former Soviet Union, Eastern Europe and Balkans)
• From 1989-1991 to 2005
• Dependent variable: Rule of Law (WGI) measured in 1996 and 2004
• Cumulative number of legislative and ideological turnover • From 1989-1991 to 1996 • From 1989-1991 to 2004

Two graph. At increasing level of leadership or ideological turnover higher level of rule of law.



Cumulative number two periods 1996, 2004 and pooled in the same dataset. Excluded Mongolia from 28 countries, we have $n = 54$. Higher leadership turnover = higher rule of law. Control variables economic development,...

Managing endogeneity • Two concerning issues:

- Direct effect of turnover on rule of law + mediating effect for less proximate variables as economic development

- Turnover of governments both influences policy and governance and is influenced by them

To obtain unbiased estimates we need to use instrumental variable model. Instrument = a variable that is correlated with the independent variable (turnover) but not with the dependent variable (rule of law)
Instruments used: • Pre-communism urbanisation • Whether an incumbent communist government held elections in 1992

Concerning aspects • Different indicators of corruption (Pellegata) • Control for substantial aspects of democracy but avoiding endogeneity (Pellegata) • See Kolstad and Wiig (2016) • Measure the (average) magnitude of turnover instead of the cumulative number (HHM) • Measure the ideological preferences of the government in a refined way (HHM) • See Comparative Manifesto Project data • Time-series and cross-sectional research design (HHM)

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Electoral system and political corruption

Democracy is that political regime that structure and strengthen relationship btw voters and electoral representant. Institutional and institution that most of the other affect specific pattern of dynamics competition in a specific country, these institutions are **electoral system**. Kunicova and chang and goldens, look deeply among the variation inside proportional system.

Kunicová, J., and S. Rose-Ackerman (2005) "Electoral Rules and Constitutional Structures as Constraints on Corruption" *British Journal of Political Science* 35(4): 573-606. • Chang, E.C.C., and M. Golden (2006) "Electoral Systems, District Magnitude and Corruption" *British Journal of Political Science* 37(1): 115-137.

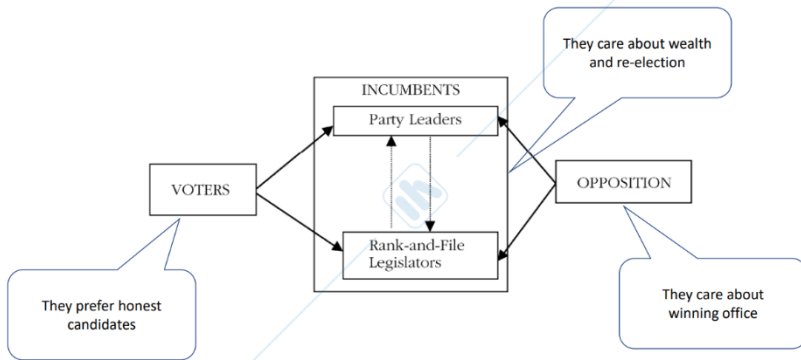
Electoral system are so important because **elections** in contemporary dem are instrument of **accountability** btw rulers and ruled. Determine how strong is this relationship of accountability, more accountability means lower incentives for different political actors to engage in corr activities. Incentivized to maintain good behaviour to be re-elected, opposition best way is to be honest candidates to replace them.

Different electoral systems have a different impact on electoral competition and accountability, by shaping the incentives and the ability of political actors to monitor corruption, discover and eventually sanction. See graph

According to analyses provided by kunicova... very basic model of interaction btw 4 types of actors.

- First **incumbent** political representative, among them we can distinguish **party leaders** and rank and file legislators (those elected officials who have not strong position in order to lead a party).

Monitoring corruption: A model



- Other actor is represented by **voters**
- Third is the **opposition candidates** (not actually in a legislative assembly or even those not part of the government) all those candidates of different parties not member and want to win an office.

The corrupting relationship are btw incumbents and private actors who want some advantages. Role of voters and opposition is to monitor the behaviour of incumbents and report

corrupted relationship in order to sanction them and win an office. 1 set (incumbents) care about re-election and their wealth, can be more or less honest, but being rational means that they care about re election and wealth obtained with extra rent from corruption. They trade wealth obtained illegally with re election, see what is more important. To max chances to be relected they have not to be corrupted or not to be discovered. Opposition care about gaining office. Voters care about voting for honest candidates instead of corrupted ones. Also voters should trade btw ideology and corrupted parties.

In order to understand best electoral system we need to evaluate three aspects: How do **opportunities** for extracting private gains differ? Who has the **incentives** to monitor potential corrupt actors? Who has the **ability** to do so?

There are theoretical arguments that justify this theory. Main **distinction** made by authors is btw **plurality system** and two different types of **proportional representation** system according to district magnitude or electoral threshold, electoral formula or open and closed list. **Closed list** allow voters to choose only among parties, **open list** allow to choose also among candidates in the same party. This difference generates differences among abilities to monitor corruption.

TABLE 1 *Relative Incentives and Ability to Monitor Corrupt Political Rent-Seeking*

		Voters → Incumbents		Opposition → Incumbents		
		Incentives	Ability	Incentives	Ability	
> direct link between voters and representatives + < collective actions problems	↑ Plurality Main locus of rents: individual reps. & party leaders	STRONG	STRONG	STRONG	STRONG	Wholesale alternation in government
	OLPR Main locus of rents: party leaders	INTERM.	INTERM.	WEAK	WEAK	Coalition politics
	CLPR Main locus of rents: party leaders	WEAK	WEAK	WEAK	WEAK	

Research hypothesis

H1: *Ceteris paribus, we expect CLPR systems to be the most corrupt, followed by OLPR, and then plurality systems.*

First one expect that close list pr be the most corrupt, followed by closed list and plurality.

• **H2:** *Ceteris paribus, presidential PR systems are expected to be more corrupt than their parliamentary counterparts. We predict that CLPR presidential systems will be especially corrupt relative to other types of government structures.*

P2 presidential system is expected to me more corrupted. Corruption in presidential system are especially corrupted compare to other System. Pres system more corrupted that parliamentary ones. In pres there is a centralized control over government, it's the government of the president. The president is elected by the people and can decide to share his power with ministers but can fire and substitute to take some power for a short period of time. Control is centralized should increase opportunities for corruption, important private sector should bride only president. With pr closed list, since parties are stronger, president can easily form

alliance with other party leaders, to corrupt rents without including rank and file legislator. As in parliamentary system under PR closed list voters ability to monitor corruption is lower.

Research.

Cross sectional research design on a large sample of political regime. WLS and OLS with robust standard errors to control for heteroscedasticity (triangular distribution of the data) of the distribution. Distribution at different level of independent variable.

Dependent variable is **control of corruption WB** and check robustness with CPI

Institutional data taken from **database of political institutions** to find: **PLURALITY / PR-CLOSED / PR-OPEN (MIXED) • PARTICULARISM**: index measuring incentives for cultivating personal vote • **Share of seats** assigned via PR-CLOSED • **PARLIAMENTARY VS PRESIDENTIAL SYSTEM**

Control for a set of alternative explanatory factors in seek of parsimonious federal unitary structure freedom house index and GDP per capita.

Results graph,

TABLE 2 Hypothesis 1: Electoral Rules and Corruption

	Model 1	Model 2	Model 3	Model 4
CLPR		*** - 0.39 [0.14]		
OLPR		* - 0.29 [0.18]		
PLU-MIXED		*** - 0.44 [0.16]		
PR-MIXED		- 0.08 [0.15]		
PRESIDENT		*** - 0.33 [0.12]	** - 0.25 [0.12]	* - 0.23 [0.14]
FEDERAL		* - 0.32 [0.17]	*** - 0.42 [0.14]	** - 0.43 [0.16]
PARTICULARISM			** 0.21 [0.09]	
C-PARTICULARISM			- 0.30 [0.26]	
CLSHARE				** - 0.31 [0.15]
GDP	***0.59 [0.07]	***0.54 [0.07]	***0.47 [0.07]	***0.64 [0.08]
FREEDOM	*** - 0.20 [0.06]	*** - 0.22 [0.05]	*** - 0.27 [0.06]	*** - 0.17 [0.06]
Intercept	*** - 4.31 [0.72]	*** - 3.28 [0.69]	*** - 2.8; [0.77]	*** - 4.44 [0.86]
Adj. R ²	0.68	0.76	0.78	0.80
Obs.	93	93	93	67

the two dummies closed and open list PR are statistically significant and negatively correlated. Higher = lower level of control of corruption. Negative sign in presence of PR system the level of corruption is higher. In reality they include three diff electoral system and three diff dummies, but include only two of the three dummies (nor plurality system included because they are comparing everything to this system)

Higher particularism = higher control of corruption (particularism = plurality system)

Closed list pr seats higher = higher corruption, p1 holds.

Compare to parliamentary system presidential system are more corrupted, p2 holds.

Five out of six dummy variable, parl vs pres and if they adopt one of the three diff electoral system open close and plurality.

Two dummies mixed system plurality higher and mix system in which highest share via or system. Plumix system is more corrupted than premixed system.

Concerning aspects • Other features of PR systems that may impact on corruption • Distinguish among presidential systems • Checks and balances • President's legislative powers • Freedom House index to measure democracy • Endogeneity...remember the lecture of yesterday

Variation among PR systems. Chang and Golden (2006) investigates whether open-list PR or closed-list PR is more conducive to corruption and how this effect varies with district magnitude

Both empirical and theoretical **justification**:

Empirical: most of the countries in the world adopt a PR electoral system and high variation in how this kind of system is implemented

Theoretical: personal vote and opportunities for corruption increase with district magnitude with open list but decrease in closed list (carey and shugar 1995).

	Open list Intra-party competition	Closed list Leadership selection
Small M Less candidates	Candidates are controlled by voters	Party select candidates that already are locally well known
Big M More candidates	Many candidates that must distinguish themselves	Party reputation is more important than candidate reputation

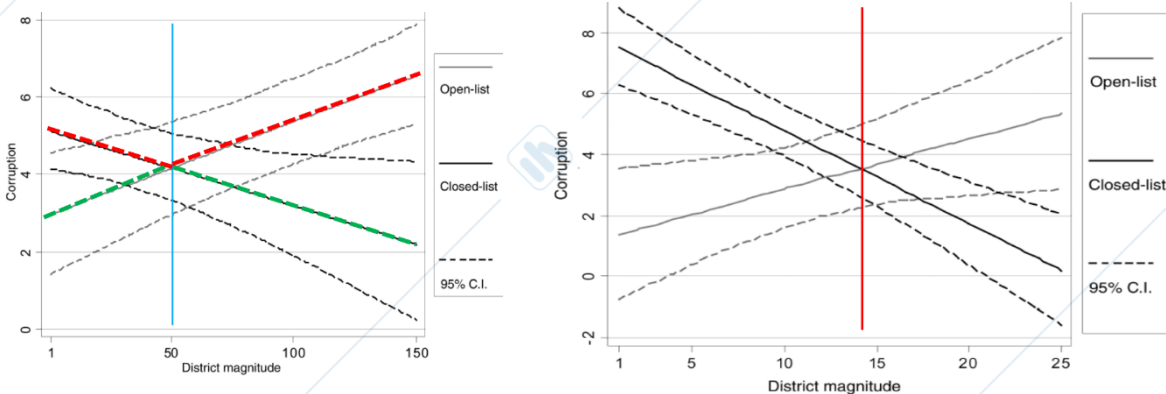
Graph causal arguments We can distinguish PR electoral district with magnitude, small average M (small number of candidates) and big M (average elects more candidates in each of the district) and can be divided in open and closed list. In open list candidates compete also inside their party, so open list generates intra party competition in addition to inter party competition, with closed list intraparty competition is not present. List are decided by the leadership of the party. Incentives for corruption are different according to different connection.

- **Small M and open list** = close to plurality system, can control easily candidates and who want to be elected. - corruption
- **Small M and closed list**, faith of candidate decided by leadership they decide candidate that are well known locally so they are faithfully and trusted. + corr
- **Big M even with open list** is different direct connection with candidates, there are many candidates and they must distinguish themselves to be voted, cultivate personal vote, engaged in corruption,... + corr
- **Large M with closed list** since the number is high and voters don't chose candidates what matters is arty reputation, not single candidate. In this way no intraparty competition, no personal vote, loom only at the party leadership. - corr

Two different research design

Research design **CROSS-COUNTRY** • DV: CPI (reversed) • 24-39 «Democratic» countries (Free and Partially Free) • 1996-97-98 • With PR systems (and MMP) • Interaction M with Open/Closed • Robustness checks: • Controls - WGI – Outliers – MMP

WITHIN-COUNTRY (ITALY) • DV: Public works corruption (Golden and Picci 2005) • Amount of money spent in public goods • Actual infrastructure realized • 31 PR districts with open-list (pre 1994) • Additive model • Controls



Outliers = those system with a particularly high level of ... 5 of them are excluded. Looking to the rest results are similar but the threshold is different. Now it is around 15 and not 50.

Look at the other part intracountry analyses in Italy produced by golden and picci. Lower score = higher corruption. Level of the 31 electoral district adopted in Italy up to 1994 there is variance, if corruption increase with open list with increasing level of district magnitude. Find negative correlation, but not

statistically significant. Second research exclude dummy variable SOUTH and is significant. We cannot find and validate expectation by golden and cain in intracountry level in Italy.

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