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STEPHEN D. MORRIS AND CHARLES H. BLAKE

Introduction **Political and Analytical Challenges of Corruption in Latin America**

In countries such as mine, gaining office . . . is akin to political plunder: the position offers a blank cheque and the guarantee of great personal enrichment.

Rigoberta Menchú

Corruption—usually defined as a violation of the norms of public office for personal gain (Nye 1967)—captures news headlines and the imagination, especially in a democracy. Since the celebrated return of democratic rule to most of Latin America beginning in the 1980s, scandals involving sitting or former presidents, governors, ministers, and other top government officials have rocked virtually every country in the region. The more spectacular cases have featured illegal campaign funds and expenditures; presidents bribing members of congress for their votes; the illegal sale of arms by top government and military officials; multimillion-dollar graft, fraud, kickbacks, and bribes involving government contracts, state concessions, and the privatization of state-owned enterprises; judges selling verdicts; law enforcement officials working for or protecting drug traffickers or engaged directly in kidnapping and theft; drug traffickers running their operations from prison or even walking free at will.

Beyond the more high-profile cases—the tips of real and imagined icebergs—substantial evidence suggests that in much of Latin America corruption permeates daily life. From acquiring varied licenses and permits to dealing with a routine traffic violation, corruption is often the rule rather than the exception. Transparency International's Global Corruption Barometer 2005 survey, for instance, found 43 percent of respondents in Paraguay and 31 percent in Mexico admitting to having paid a bribe just within the past twelve months. In *Latinobarómetro's* regional survey in 2004, an average of 42 percent of respondents ranked the probability of paying a bribe to the police as high, while 35 percent expressed the same ease of bribing a judge. One poll in 2003 even calculated the average bribe in Peru at sixty-four *soles* (about eighteen dollars): six dollars to slip merchandise past customs agents or speed up the installation of water services; fifteen dollars to obtain a building permit, a driver's license, or to work as a street vendor; and fifty cents to visit a hospital patient outside regular visiting hours (cited in Fraser 2003).

The perception that Latin American politicians and government institutions are corrupt runs even deeper than actual involvement or victimization rates (see Seligson 2006). When the European Values Study Group and World Values Survey Association (EVSG & WVSA 1995–1997) asked people in seven countries about the extent of corruption, substantial majorities in Argentina, Brazil, Colombia, Mexico, and Venezuela considered “almost all” or “most” public officials to be corrupt. Argentina led with 89 percent of respondents holding this view (EVSG & WVSA 2005). Only in Chile and Uruguay did a slim majority claim that only “a few” were corrupt. Similarly, when asked to calculate the percentage of civil servants who are corrupt, the average for seventeen Latin American countries surpassed 70 percent (Lagos 2003). Congress, the police, and political parties are held in similarly low (if not lower) esteem as are the bureaucrats. And the public is not alone in holding such views. Surveys of legislators, outside experts, and business executives all say basically the same thing (see Brinegar 2003; Canache and Allison 2005). Using polls measuring the perceptions of business executives and development experts, Transparency International has classified the countries of Latin America among the most corrupt in the world since they began elaborating their Corruption Perception Index (CPI) in 1995. In the 2007 CPI, the twenty countries of the region registered an average score of just 3.4 on a scale of 10 (low corruption) to 0 (high) scale.

Whether referring to the fantastic, the quotidian, the real, or the imag-

ined, most would agree that corruption has haunted the countries of Latin America from the beginning. It is neither new nor unique to the current democratic governments. Historical analyses—by Burkholder and Johnson (1994), Ewell (1977), Gibson (1966), Hopkins (1969, 1974), McFarlane (1996), Nef (2001), Posada-Carbó (2000), Phelan (1960), Whitehead (2000a, 2000b), and others—all point to elaborate networks of corruption, rampant paternalism, extensive use of government revenues for personal use, and weak rule of law permeating both colonial and postcolonial Latin America under civilian- and military-led governments. Thus, while some military officers during the twentieth century blamed democracy for the existence of corruption in various Latin American countries, it is abundantly clear that corruption predates the emergence of democracy.

But democracy has a complex and multifaceted relationship to corruption (Doig and Theobald 2000; Johnston 1999, 2005a; Rose-Ackerman 1999; Warren 2004). Democracy creates new means of acquiring and exercising power and wealth, conditions often giving rise to new opportunities for corruption. For example, schemes to buy legislative votes or to influence illegally the votes of citizens in general elections are more tempting in a democracy. At the same time, democracy nourishes popular demands and pressures for good government and accountability—forces driving societal and government pressures to detect and punish corruption. As a result, democracy lofts corruption high onto the political and the analytical agendas. The spread of democracy—together with economic liberalization and the end of the Cold War, as we will see—played a major role in sparking unprecedented global and scholarly attention to corruption beginning in the mid-1990s, and it continues to inform research on corruption. Democracy brings government affairs more out into the open, often exposing once hidden practices of wrongdoing via greater freedom of the press and, over time, via greater checks and balances within government itself.

Fundamentally, democracy heightens the importance of corruption because corruption strikes at the very heart of democracy itself. By converting collective goods into personal favors, corruption represents a basic denial of justice (Johnston 2005a). By denying citizens access and a role in determining collective decisions and actions, corruption disempowers. Corruption, in short, undermines the essence of citizenship, distorting and crippling democracy. Even the perception of corrupt politicians and institutions erodes the basic foundations of trust upon which democracy must rest (Warren 2004). In a sense, then, corruption and democracy represent antithetical forces, one embodying the ideal of curb-

ing corruption; the other threatening to undermine the very meaning and existence of democracy itself.

For the countries of Latin America, the issues linking corruption and democracy today pose important political and analytical challenges. The political challenge centers on the continuing struggles of the region's democracies to reduce the real and perceived levels of corruption in countries where the dynamics of corruption combine historical roots with an ability to adapt to new events in an effort to avoid detection and prosecution. For the reasons noted earlier, corruption represents an obstacle to the further deepening and consolidation of democracy. The major analytical challenge, in turn, stems from the nature of the subject matter: how can one gather sufficient information to understand fully an illegal activity? Though certainly much has been learned about this once-obscure political phenomenon, our understanding remains partial at best. A host of theoretical and methodological problems continue to plague the study of corruption. Ultimately, these political and analytical challenges fold together: a greater understanding of corruption can help governments to combat corruption, while public efforts to limit corruption provide a more open landscape in which to study the dynamics of corruption. The current collection responds to these dual challenges, addressing various aspects of the corruption-democracy nexus.

RESEARCH IN THE MID-TWENTIETH CENTURY

For years, an assortment of analytical and political obstacles limited scholarly and political interest in corruption. Analytically, the study of corruption suffered initially from lack of a clear and concise definition, particularly one that could travel well across national boundaries or through time (see Heidenheimer 1970; Johnston 1996; Nye 1967; Philip 1997, 2002; Scott, 1972a; see the discussion here by Bailey). This search for a consensual definition was made more difficult by the lack of a firm institutional grounding in an academic discipline. Corruption occasionally emerged as a topic in anthropology, business administration, economics, history, political science, public administration, and sociology, but it rarely captured sufficient attention to spark the development of a consistent methodological approach within or across these disciplines. This lack of agreement over how to conceptualize corruption was, in turn, exceeded by a more tangible obstacle—the shortage of solid, nonanecdotal evidence needed to gauge the extent of corruption within a country. Without comparable

information in place to describe conditions across countries, it was difficult (to say the least) to test hypotheses cross-nationally.

The scarce efforts to overcome these conceptual and measurement difficulties had to overcome a fourth obstacle. Many observers in and out of academia claimed that corruption was of limited importance in the broader scheme of things. In developed countries, many saw corruption as an aberration, hardly warranting much attention. Some considered it ephemeral and transitory. Others argued that it was overly moralistic, even paternalistic, to study the dynamics of corruption in developing countries. Moreover, in such settings the issue of corruption often seemed to pale in comparison to more important matters like wrenching poverty, brutal repression, and the need for democracy. Still others saw corruption as functional in the process of development (for a review of the literature on this debate, see Heidenheimer and Johnston [2002] or the four-part series edited by Williams [2001]).

Political realities during the first few decades following World War II further constrained the study of corruption. A veneer of silence at the international level enveloped the issue. The major global political and economic powers showed virtually no inclination to expose the corruption of their political allies or business partners or to fund those who might. Corruption took place in the shadows, often within dark authoritarian settings. And it often seemed that global political and financial interests wanted it to stay in those shadows. Despite the restrictions on U.S. companies to engage in corruption through the Foreign Corrupt Practices Act of 1977, for strategic reasons U.S. foreign policy largely ignored the corruption of others. The IMF and World Bank did so as well, pointing to their mandates as prohibiting them from touching such “political” matters. In turn, while many scholars and citizens in developing countries acknowledged widespread corruption, the presence of authoritarian regimes during much of this period greatly limited the scope of debate and discussion on the topic.

Together with the analytical problems, this political situation relegated the study of corruption to the sidelines. A relatively small group of scholars engaged in extensive debate over how to define corruption. Several scholars conducted historical case studies of corruption in developed and developing countries. Some engaged in an intense debate over whether corruption was perhaps functional in the process of economic and political development. In turn, this small, dispersed scholarly community elaborated theoretical propositions and hypotheses regarding the

cross-national dynamics of corruption that remained largely untested (see Heidenheimer 1970; Heidenheimer, Johnston, and LeVine 1989).

RESEARCH IN THE LATE TWENTIETH CENTURY

Things have changed rather dramatically from the 1980s forward as democracy, economic liberalization, and the end of the cold war have altered fundamental perceptions about the nature and the importance of corruption. Neglect transformed into (often) intense global interest. The spread of democracy played a major role in this process, as noted earlier. It fed popular demands for accountability and transparency, spotlighted previously hidden areas of corrupt activities, and pushed government and nongovernment actors to take the issue seriously. In like manner, economic liberalization and economic globalization opened up once-closed businesses to international competition and fomented trade and foreign investment. By converting corruption into an unfair competitive advantage, economic globalization pushed it into the limelight. At almost the same time, the conclusion of the cold war removed the strategic veil enveloping the issue, prompting the major political and economic powers to recast corruption as not only an addressable issue but also a prime obstacle to the emergent post-Cold War, liberal world order.

As a result, by the mid-1990s the IMF, the World Bank, and the U.S. government had dramatically shifted their attention and their funding priorities to this once neglected issue. The international financial institutions overcame their mandates simply by redefining corruption a matter of “governance,” hence no longer a “political issue” (Elliott 1997; Hall 1999). Symbolizing and spearheading this newfound attention to the issue of corruption at the international level was the creation of the Berlin-based organization Transparency International (TI) in 1993 by a former official of the World Bank. Patterned on Amnesty International, TI stimulated global awareness and mobilized national and international efforts, first to understand and then to combat corruption. Together these political trends created a growing awareness of the scope of corruption in Latin America and elsewhere. They sparked the development of policy strategies and international conventions designed to fight corruption in the Organization of American States (OAS), the Organization for Economic Cooperation and Development (OECD), and the United Nations (UN). The newfound attention also fashioned strong international pressures on domestic governments to institute reforms. Latin America, as we will see,

became caught up in this global shift, authoring the first regional treaty to battle corruption and hosting extensive IMF, World Bank, and U.S. government programs designed to assess and fight corruption.

Academic trends, of course, often mimic political tides. As the political context shifted, so, too, did the academic treatment of corruption. Greatly reinvigorated, studying corruption now became central to understanding the challenges and the course of democratic and economic development. The study now moved from the sidelines to the mainstream: understanding corruption became a critical piece in questions regarding economic liberalization and democratization. Internationally, fighting corruption became a guiding task of aid programs and the topic of international agreements: mandates that required extensive research and analysis.

But beyond the growing rhetorical and funding emphasis on corruption, perhaps the greatest impetus to its study during this time came from the development and diffusion of comparative data gauging corruption across countries by high-profile organizations such as TI and the World Bank (Kaufmann, Kraay, and Zoido-Lobaton 1999; Kaufmann, Kraay, and Mastruzzi 2002). Using opinion surveys of experts, business and financial executives, development officials, and the general public, scholars elaborated measures of the perceived level of corruption using common techniques that made the data more comparable than ever before. These measurement efforts facilitated the cross-national testing of hypotheses about the determinants and the effects of corruption. The data unleashed a tidal wave of research.

The new, cross-national empirical research on corruption took the study to new heights, generating a wealth of more robust findings. The most abundant stream of research deciphers the economic, cultural, and political determinants of corruption. Cross-sectional studies that examine economic factors consistently find that corruption is inversely related to economic and human development (Ades and Di Tella 1999; Goldsmith 1999; Mauro 1995, 1997; Johnston 1999; Montinola and Jackman 2002; Xin and Rudel 2004). In addition, cross-sectional studies reveal that an additional series of socioeconomic conditions and policies may be influential, such as open economies (Paldam 2002; Sandholtz and Koetzle 2000), economic competitiveness and freedoms (Ades and Di Tella 1994, 1997a, 1997b, 1999; Goldsmith 1999; Graeff and Mehlkop 2003; Sachs and Warner 1995), neoliberal economic policies (Gerring and Thacker 2005), income equality (Paldam 2002), and the absence of large resource endow-

ments (Ades and Di Tella 1999; Leite and Weidmann 1999; Montinola and Jackman 2002). Many of these findings bolster the claims of neoliberal and international reformers who consistently prescribe free market reforms to counter corruption. They asserted that economic liberalization limits corruption by reducing government regulation, cutting taxes, enhancing competition, and eliminating rent-seeking opportunities. In turn, although many theoretical writings also allude to the size of government as a determinant of corruption (Rose-Ackerman 1999; Shleifer and Vishny 1993), empirical studies show no firm correlation between government spending and corruption. Analysts are quick to point out that many of the least corrupt governments in the world, like Finland and Sweden, indeed support large budgets and extensive social welfare programs. At a more refined level, however, studies link regulatory burden, red tape, high entry regulations, low salaries, high discretion levels, opaque bureaucracies, and a limited rule of law to corruption (Bardhan 2006; Brunetti and Weder 2003; Djankov et al. 2002; Kaufman 1997, 1999; Kraay and Van Rijckeghem 1995; Rauch and Evans 2000; Van Rijckeghem and Weder 2001).

Cross-national empirical studies also highlight a range of cultural factors that can influence corruption. These include low levels of interpersonal trust (La Porta and Vannucci 1997; Seligson 1999, 2002), the absence of British legal and colonial traditions (Blake and Martin 2006; La Porta et al. 1999; Lederman, Loayza, and Sores 2005; Sandholtz and Koetzle 2000; Swamy et al. 2001; Treisman 2000), low proportions of Protestants (Blake and Martin 2006; Sandholtz and Koetzle 2000; Treisman 2000), less female empowerment (Dollar, Fishman, and Gatti 1999; Swamy and Knack 2001), higher crime rates (Soares 2004), limited press freedoms, ethnolinguistic factionalism (Mauro 1995), and a generalized tolerance toward corruption. In turn, microlevel studies of individual attitudes and opinions add further to our understanding of the cultural determinants of corruption and particularly popular perceptions of corruption. Such studies point to the impact of interpersonal trust, tolerance, and permissiveness on perceptions of corruption. In addition, studies by Gatti (2003), Miller (2006), and Mocan (2004) and formal models by Andvig (1996), Andvig and Moene (1990), Mishra (2006), and Tirole (1996) highlight the role of societal factors in influencing citizens' perceptions of corruption and their participation in corrupt acts. Many of these, as we will see, come from studies of corruption in Latin America.

The multiple cross-national studies fail to offer consistently conclusive results regarding the political determinants of corruption. Despite exten-

sive theoretical arguments linking democracy to the absence of corruption, research shows a rather ambiguous relationship linking the two (see Rose-Ackerman 1999). Cross-nationally, at least, contemporary democracy and current levels of political freedoms seem very weakly related to the level of corruption (Goldsmith 1999; Sandholtz and Koetzle 2000). However, it does appear that a longer exposure to democracy tends to lower the level of corruption over time (see Blake and Martin 2006; Gerring and Thacker 2004; Lambsdorff 1999; Thacker, this volume; Treisman 2000). The implication of this finding is particularly relevant for Latin America in that it affirms the notion that the emergence of democracy by itself does not ensure a reduction in corruption. Instead, as we will explore, the role of democracy as a check on corruption centers on its ability to foster a network of governmental and nongovernmental accountability mechanisms that take time to develop. In many countries in and beyond Latin America, the emergence of these mechanisms—including an independent judiciary, a well-paid civil service, a media sector able and willing to conduct investigative journalism on corruption, and a set of interest groups dedicated to the reduction of corruption—remains a work in process.

A smaller set of new empirical research explores the economic and political consequences of corruption. These studies find strong support for the notion that the effects of corruption are negative, putting to rest many of the functionalist contentions of the 1960s and 1970s (Huntington 1968; Nye 1967). As regards the economic consequences, such studies show rather conclusively that corruption discourages productive investment, distorts trade and government spending priorities, worsens poverty and inequality, and, most important, reduces overall levels of economic growth (Ali and Isse 1999; Kaufmann and Wei 1999; Lambsdorff 1999; Mauro 1995, 1997, 2002). Politically, the effects are equally pernicious. Studies show corruption erodes popular trust in political institutions, undermines generalized trust in others, distorts political participation, and reduces overall regime legitimacy (Anderson and Tverdova 2003; Della Porta 2000; Seligson 2001a, 2001b, 2002, 2004, 2006). Together, these robust findings support the view that corruption threatens or distorts both economic development and democracy.

These new studies breed policy change by informing current anticorruption approaches. Coordinated through governmental and nongovernmental international organizations, particularly the high-profile TI, the prevailing approach stresses the need for economic reform—the strength-

ening of the protection of private property and the rule of law; the reduction of state regulations—the elimination of red tape and the downsizing and professionalizing of the bureaucracy; the broadening of press freedoms and electoral competition; and greater citizen involvement to apply the needed pressures for reform and to alter public tolerance of corruption. Such approaches are enshrined in international conventions, aid agreements, NGO mission statements, anticorruption tool kits, and governmental anticorruption programs.

THE STUDY OF CORRUPTION IN LATIN AMERICA

For decades, the study of corruption in Latin America followed the broader pattern of neglect discussed earlier. Although most people acknowledged deep-seated corruption throughout the region, until recently few wrote, spoke, or really did much about it. Anecdotes, allegations, and even jokes frequently filled the gaps left by the lack of data on corruption, the limited access to governmental information, and a general unwillingness by scholars, journalists, and political activists to tamper with what seemed to be Pandora's box. A simple search of the flagship *Latin American Research Review*, for example, shows that while about one hundred articles mention corruption, only three titles contain the term. Two articles are historical treatments of corruption in Venezuela and Brazil, and the other, a book review essay (Horowitz 2005; Smallman 1997; Yarrington 2003). This generalized inattention can be seen from an opposing angle as well. Of the 130 reprinted articles and original chapters appearing in the three editions of the classic reader on political corruption by Arnold J. Heidenheimer and associates (1970, 1989, 2002), only two focus on Latin America (both by Laurence Whitehead 1989, 2002) compared to fourteen on Asia and twelve on Africa.

Today, the situation is quite different. Fed by global and regional developments and sparked by the high-level scandals mentioned at the start of this chapter (particularly the impeachments of Venezuelan President Carlos Andrés Pérez and Brazilian President Fernando Collor in the early 1990s), corruption emerged as the leitmotif of the 1990s and 2000s. It is now part and parcel of major research agendas inside and outside the region, the target of “reformist” governments, national and international NGOs, international organizations, and an assortment of journalists and scholars working in the region, and, it seems, the “silver bullet” explaining everything from the failures of economic and political reforms to the

region's persistent inequality. Three themes—institutional determinants, culture and public opinion, and anticorruption reforms—facilitate a brief review of this emerging literature.

INSTITUTIONAL INFLUENCES ON CORRUPTION

Because of the link between corruption, economic structures, and democracy, the dominant theme in the more qualitative research on corruption in Latin America centers on understanding the relationship between corruption and the recent processes of economic liberalization and democratization. This literature focuses on one overarching research question: why, despite the theoretical expectation that economic liberalization and democratization would reduce the levels of corruption (Whitehead 2000a, 2000b, 2002), does the evidence suggest otherwise? Indeed, in the years following the return to democracy of the 1980s, corruption in Latin America has increased or has failed to fall appreciably (Weyland 1998; Geddes and Neto 1992, 1999; Brown and Cloke 2004, 2005).

Responses to this central query vary. Some attribute the resilience of corruption to the pursuit of market-oriented reform amid economic crisis. Manzetti (1994) and Manzetti and Blake (1996), for instance, hold that economic crisis and the reform imperative led to an increase in presidential discretionary power, thereby opening up new and unique opportunities for corrupt gain. This view helps to explain the corruption of the Pérez, Menem, and Collor governments, for example. Others point to the impact of economic liberalization on the growth of money laundering operations and drug trafficking (Whitehead 2002) or the impact of economic reforms on reducing the scope and role of the state's regulatory controls or even the pay of bureaucrats (Brown and Cloke 2005, 604; Van Rijckeghem and Weder 2001; and Di Tella and Schargrodsky 2003).

In turn, many authors attribute the resilience of corruption to the presence or absence of key political institutions. These studies point, for instance, to the increased role of elections (Skidmore 1999; Zovatto 2000), the design of party and electoral systems (Geddes and Neto 1992, 1999; Skidmore 1999; Rehren 1997), the institutional framework of presidential systems and federalism, and the rise of neopopulism as critical factors generating corruption. In Brazil, for example, Geddes and Neto (1992, 1999) attribute the rise of corruption in the early 1990s to the 1988 constitution and electoral laws, which hampered “the ability of the executive to a) build coalitions, and b) assure the loyalty of his or her support-

ers in Congress” (643). Weyland (1998) and Whitehead (2000a, 2000b, 2002), on the other hand, point to the rise of neopopulist leaders (see the discussion by Rehren in this volume).

In addition, new research also highlights the relative absence or weakness of prophylactic political institutions designed to inhibit corruption (Fabbri 2002; Fleischer 2002; Mainwaring and Welna 2003; Santoro 2004; Rodrigues 2004; Subero 2004). Analyses in this vein document a vast array of weak or nonexistent institutions in the region designed to provide horizontal accountability across governmental institutions (e.g., few checks and balances in executive-legislative relations, a politicized and/or overwhelmed civil service, underfunded or nonexistent oversight institutions, insufficient legal frameworks, and a weak judiciary). In turn, mechanisms of vertical accountability between citizens and their governments are also weaker than one would hope (e.g., limited press freedoms, weak civil society, unrepresentative parties, and limited governmental transparency in which access to government activities is restricted or even kept secret). Colazingari and Rose-Ackerman (1998), for instance, stress the lack of constraints on government power, an economic system dominated by a small number of families and firms, the lack of independent prosecutors, the use of public ethics laws to help silence the press, and the lack of administrative oversight. A major component is the lack of prosecution. Indeed, impunity—corruption’s brother—remains remarkably high throughout the region. Despite the many cases of corruption that are made public, officials are rarely prosecuted. A report on compliance with the OAS treaty in February 2003 on Argentina, for instance, pointed to the lack of judicial sentences for dozens of civil servants convicted of corruption (cited in Santoro 2004, 10).

THE ROLE OF CULTURE AND PUBLIC OPINION

A second group of studies looks at corruption from the ground up, focusing on culture and public opinion. These studies explore the underlying values and views that support or sustain corruption, examine the nature of popular perceptions of corruption, and also use public opinion data to gauge the impact of corruption. Qualitative cultural studies link corruption to a generalized lack of respect for the rule of law in Latin America, to popular tolerance toward corruption and wrongdoing (Moreno 2002; Santoro 2004, 6), to the prevailing notion among the public that corruption actually works, to the primacy of personal relationships and

family over universal norms (Correa 1985; Nef 2001), or to the gap separating popular expectations and economic capabilities (Nef 2001; Lipset and Lenz 2000). Writing in TI's *Global Corruption Report* (2001), for instance, Telma Luzzani points to the lack of respect for the law and public institutions, the sense that anything goes, and the view that bribery actually makes public administration work smoothly to explain widespread corruption in the region. Expressing a similar position, Argentine psychologist Roberto Lerner locates the problem in the prevailing social patterns in which people feel responsible for themselves and those close to them, but not for the community at large. "There's no concept of a common good—our country is made up of 'me' and 'you.' Until there's an 'us,' a true sense of common welfare, the *coima* [bribe] will continue to be accepted" (Fraser 2003).

Beyond narrative cultural studies, numerous scholarly works focus attention on public attitudes toward corruption. This approach stems in part from the use of surveys to measure corruption, but also reflects the notion that citizen views are central to sustaining corruption, to shaping public involvement in and support for mechanisms of vertical accountability (O'Donnell 1998), and to determining the impact of corruption on democracy (see the discussion by Bailey in this volume). Indeed, as we will see, many analysts consider citizen involvement the key ingredient in fighting corruption. Studies exploring public opinion confirm, first, that perceptions of corruption outpace the level of popular participation in actual corrupt exchanges (Seligson 2006; see also Morris, this volume). Democratization increased the perception of corruption, as Weyland (1998) contends. Furthermore, as Bailey notes later in this volume, corruption is often blamed for all types of national ills, particularly during times of crisis. Separate from its link to the actual occurrence of corruption, the perception of corrupt institutions and politicians plays an independent role in hindering political and democratic development. Studies of public opinion also provide insight into the determinants of individual perceptions of corruption and participation rates. Studies by Davis et al. (2004) and Canache and Allison (2005), for instance, link individual perceptions of corruption to generalized distrust in others and political institutions, a poor evaluation of the economy, and support for opposition parties. They also find that women, older respondents, and people with greater levels of political interest tend to perceive higher levels of corruption than do others. In contrast, males and individuals from the higher income and education brackets are more likely to be involved in corrupt activities or to be

victims of corruption (Seligson 2006). Finally, research based on public opinion data also helps gauge the impact of corruption on popular support for the government or governmental institutions, feelings of legitimacy, patterns of political participation, and satisfaction and support for democracy. In this area, studies reveal that the perception of corrupt institutions influences people's expectations of paying or being asked to pay a bribe (Guerrero and del Castillo 2003); and that both perception and participation in corruption reduces regime legitimacy (Seligson 2001b, 2002, 2006) and satisfaction with democracy. One study looking at eleven countries in 2004 concludes that "corruption, along with citizen security concerns, has the most detrimental impact on citizens' confidence in democracy and democratic institutions" (Kite and Sarles 2006, 350). Despite this dangerous tendency, findings nonetheless vary over the impact of the perception of corruption on voting. According to McCann and Dominiquez (1998), the perception of corruption in Mexico does not seem to lead to antisystem behavior or even voting for the opposition, but instead to lower voter turnout rates. Yet, in their analysis of Venezuela, Little and Herrera (1996) and Subero (2004, 371) blame corruption for voters' rejection of the traditional parties and the concomitant support for the outsider candidate, Hugo Chávez.

ANTICORRUPTION REFORM EFFORTS

Another dominant theme in the new literature on corruption in Latin America focuses on reforms. These include both normative and empirical perspectives. Some studies review the forces involved in exposing and pressing recent cases of corruption and anticorruption initiatives in the region (Boswell 1996; Maingot 1994; Tulchin and Espach 2000), U.S. government programs (see USAID 2005a), or particular countries such as Brazil (Fleischer 1995, 1997, 2002), Mexico (López Presa 1998), Peru (Lawyers Committee for Human Rights 2000), and Venezuela (Coronel 1996). Some emphasize the role of citizens, while others offer general policy recommendations and reform formulas focusing on institutions. The literature on reform, of course, grows out of the analysis of the determinants of corruption. Consequently, many offer a laundry list of the institutional and attitudinal reforms needed to address corruption. Schor (n.d.), for instance, notes the need to replace the prevailing system of authoritarian legality, which breeds mistrust, with a system of democratic legality, which fosters cooperation. Such a move, he contends, will enhance faith in rule

of law. Whitehead provides a broader view of the changes needed, pointing to both preventive and corrective devices: “Underlying incentive structures would have to be refashioned, and anti-corruption monitoring reinforced. An ethos of public responsibility would have to be nurtured. Any progress on these fronts would take a considerable time, would vary with complex local conditions, and would require seriousness of purpose from a wide array of actors and institutions, both locally based and internationally. Such anti-corruption networks will only be durable, credible, and eventually successful, if they are willing to challenge entrenched interests and practices opposed to their agenda wherever they lurk” (2002, 816).

Discussion of reform provides a link between the explanatory studies focusing on institutions and those focusing on culture and public opinion. Though many seem to play down the role of culture as an underlying cause of corruption, the reform literature does stress the need to alter underlying popular attitudes and values in order to reduce corruption. Whether this means treating a symptom or a cause remains an open question in some minds. Nevertheless, many observers praise the role citizens have played in focusing attention on corruption, pressuring for change, and pushing for investigations of official wrongdoing (see Coronel 1996; Goodman 1994). According to Smulovitz and Peruzzotti (2000, 147), “Citizen action aimed at overseeing political authorities is becoming a fact of life and is redefining the traditional concept of the relationship between citizens and their elected representatives.” Noting how the belief that corruption is uncontrollable or inevitable foments tolerance, Nieto (2004) stresses the need to convince people that corruption can be fought effectively. Such views build on the notion that without pressures from below—the essence of vertical accountability—there is no incentive for politicians to pursue reforms. As Schor (n.d.) and Husted (1999, 2002) assert, good laws are not the core solution to the problem of rule of law, but rather social movements that pressure government to respect rights.

Attention to reform also addresses key questions about the underlying conditions that facilitate or prevent effective reform, providing insights into the failure of recent initiatives. One major reason centers on the lack of political will: reforms fail if they do not take into account the realities of political survival (Geddes 1994; Groves 1967). Some studies note that many reform initiatives have seen little activity beyond the rhetorical. In the case of Brazil, for instance, Fleischer (2002, 7) points to the failure to implement the provisions of the OAS treaty and the lack of civil service and judicial reform. Others locate the lack of progress in the reform-

ist approaches themselves. In the case of Mexico, Alejandro Poiré, for instance, criticizes President Fox's moderate, nonconfrontational approach that grew out of the president's need to work with the large bloc of Institutional Revolutionary Party (PRI) members of congress to enact crucial reforms. Others emphasize the lack of consistency of recent reforms with the region's values and culture. Husted, for example, contends that the demands of the OAS anticorruption treaty are largely incompatible with the culture: "In Latin America, since there already exist many anti-corruption laws on the books, there is considerable skepticism that reform will have an impact" (2002, 418). Reyes offers a similar diagnosis in assessing the failure of reform in Mexico: "no national reflection, no revising of moral values and ethics to build a new Mexico" (2004, 178).

As occurred elsewhere in the world, the rise of democracy in Latin America not only helped generate interest in the study of corruption, but it also helped bring the study more into the mainstream. Corruption is clearly not the only problem associated with such dominant issues today as the weak rule of law, the security crisis, the lack of democratic deepening, the crisis of political representation, the issue of accountability, or democratic consolidation. That said, exploring and understanding corruption does provide crucial insights into these areas (Diamond 1999; Foweraker and Krznicar 2002; Linz and Valenzuela 1994; Mainwaring and Shugart 1997; Mainwaring and Welna 2003; Mendez et al. 1999; O'Donnell 1994, 1998, 2003; Smith 2005).

ANALYTICAL AND POLITICAL CHALLENGES FOR THE TWENTY-FIRST CENTURY

Today, two challenges dominate the discussion of corruption in Latin America. One set of challenges is analytical. Despite increasing scholarly attention and significant advances in our understanding of corruption in recent years, the study of corruption continues to face some methodological and theoretical shortcomings. From a methodological angle, many question the widespread use of single-dimension indexes measuring perceived levels of corruption. Such measures fail to differentiate among distinct types of corruption. In addition, the recent emphasis on cross-national measurement of perceived corruption provides useful information, but one should not confuse perception with participation in corruption itself. We have attained a much better understanding of why some countries and some individual citizens perceive more corruption, but the

study of corrupt activity per se remains a frontier worthy of study. Moreover, significant questions remain regarding the validity and the precision of the survey-based measures of corruption that dominate the study of perceived corruption. Problems range from a bias toward business opinion and bribery forms of corruption, a lack of precision and comparability across studies (some polls look at the “problem,” some at “pervasiveness,” and others at “number of cases”), and the differing scales, sample sizes, and number of surveys per country (on methodological challenges, see Del Castillo 2003; Lancaster and Montinola 2001). Despite the use of annual polls, it is also difficult to look at change over time, because one “cannot tell us whether year-on-year differences reflect changes in ‘real’ levels of corruption, the addition of new data that improve the scale or other methodological difficulties that weaken it” (Johnston 2000, 13). This concern is particularly problematic given the genuine, policy-centered interest in anticorruption reform in which changes in the level of corruption over time are central.

In addition to these methodological shortcomings, thematic deficits also need to be addressed. Despite the aforementioned boom in interest, many substantive issues in the study of corruption have continued to receive minimal examination. We have cross-sectional studies that account for corruption on various single-dimension corruption indexes and rich case studies that focus on history, culture, and social context, as Johnston (2005a, 4) notes, but very little in between. Midlevel theory and research is still missing. There also remains a lack of cross-disciplinary research owing to problems of “definition, scope, comparability, meaning and importance across disciplines” (Duncan and Dutta 2006, 324). Economists tend to focus on bureaucratic corruption where there is an underlying assumption of a sharp distinction between public and private, while anthropological case studies point to the difficulty of drawing such divisions (see Gupta 1995). Political scientists tend to focus on explaining grand corruption, but often without incorporating cultural factors to the same extent as they examine political and economic factors. Economists even more frequently ignore value systems, reducing corruption to incentives and organizations, an approach that Bardhan (2006) calls somewhat naive.

Some also criticize what they see as an underlying theoretical bias in many current studies that reflects an economist’s perspective, stresses rent-seeking opportunities, and thus echoes a neoliberal and antistatist bias. Brown and Cloke (2004, 2005), for instance, attack the tendency to treat corruption outside of its political and cultural context, to see it as merely

a technical issue demanding a reduction in the size of the state and as a uniquely Southern phenomenon. Hall (1999) also criticizes the tendency to focus on corruption in the developing countries but ignore the corruption of developed countries' businesses that contribute to that corruption. In summarizing the state of the contemporary literature, Johnston argues that though the interest is good, "the vision that has emerged over the past decade is a partial one at best . . . the new emphasis on corruption has been limited in a variety of ways by the interests and worldviews of the organizations and interest spearheading debate and policy change" (2005a, 6).

The second major challenge is political. Despite the resurgence of democracy and the pursuit of market-oriented economic reforms, despite the booming political and scholarly interest in corruption, and despite the concerted efforts by national and international reformists to tackle it, corruption stubbornly thrives in Latin America. This view is supported by assessments of recent reforms by analysts and by mass publics alike. The annual CPI figures produced by TI, for instance, reveal little change over the past decade. A recent assessment by the organization of its Global Corruption Barometer, moreover, observes that respondents in Latin American countries were the most negative regarding change in recent years. Citizens in nearly all the countries examined perceived corruption to be on the rise; only in Argentina and Colombia did respondents *not* see an increase in corruption and only in the latter case some reduction (Transparency International 2005a). In *Latinobarómetro* surveys majorities in virtually every country express the view that corruption has indeed gotten worse or remained the same; very few people think it has declined. Once again, expert assessments seem to agree with public opinion. According to Herrera and Urueña, writing in TI's *Global Corruption Report*, "More than a decade after the transition to democracy planted hopes of reform, the region continues to be preyed upon by networks of elites who abuse their positions for illicit gain" (2003, 103). Rodas-Martinini also writing in the same report notes that the emergence of anticorruption initiatives in Mexico and Central American countries "has not generally been accompanied by appreciable improvements in government transparency" (2003, 90). Peter Eigen, the chairman of TI, described Latin America in 2002 in similarly discouraging terms: "Political elites and their cronies continue to take kickbacks at every opportunity. Hand in glove with corrupt business people, they are trapping whole nations in poverty and hampering sustainable development (cited in NotiSur 2002).

In short, neither international nor domestic reforms seem to have

made much progress at the start of the twenty-first century. Although more than a decade has passed since the signing of the OAS treaty and nearly that since the OECD treaty, neither have had much of an impact (Husted 2002). Amid an upsurge in investigations and in high-profile public scandals, few corrupt officials ever spend time in prison. Even in the intensely investigated Collor case in Brazil, only two of his men were convicted, and one, his private pilot, for tax evasion (Fleischer 2002, 7). Despite institutional reforms, much remains to be done. Newly created anticorruption agencies and commissions have been attacked for lacking true autonomy. Perhaps even more disturbingly, there is a tendency for those promising to fight corruption during electoral campaigns to subsequently get caught up in accusations and scandals themselves. Fernando Collor, Alberto Fujimori, Fernando de la Rúa, and Luis Inácio (Lula) da Silva came to power cultivating an image of honesty and emphasizing anticorruption only to get immersed in major corruption scandals. These disappointments further undermine the image of anticorruption efforts and breed cynicism regarding politicians more generally. It may also set the stage for more radical promises and solutions. Though corruption is not consistently deemed the most serious national issue in public opinion polls across Latin America, it tends to be mentioned as a major problem. There is a growing concern that corruption, magnified by the failure of recent efforts to curb it, is slowly eating away at the foundations of democracy, hindering efforts to forge a more just society.

In a variety of ways, the studies presented here respond to these analytical and political challenges. Part 1 addresses the causes and the impact of corruption in the region from a cross-regional, global perspective. Strom Thacker builds on recent cross-national studies to explore the impact of democracy and economic policies on corruption. In addition, Thacker examines whether there is something unique about Latin America—a question that combines a nuanced study of political and economic institutions with a concern for the role of culture. Among the findings, Thacker shows that while democracy tends to lower the levels of corruption, this occurs only in the long term and that in the short term democracy has virtually no impact. Alfredo Rehren then builds on this finding, exploring how corruption continues to characterize the countries of the region despite recent transitions to democracy and how one might understand the resilience of corruption. Rehren explains how old forms of clientelistic-based corruption have given rise to two new forms of corruption: neo-populist-based corruption (which centers on the personal-

ization of power, presidential autonomy, and the absence of institutional controls) and the financing of parties and campaigns. In the latter arena, corruption facilitates the flow of state resources to political campaigns and parties. Indeed, perhaps the greatest change in recent years, Rehren contends, has been the conversion of parties into virtual businesses. This middle-range study examines a substantive issue that had been neglected in many recent studies.

John Bailey shifts attention away from the underlying causes of corruption to discuss the consequences of corruption for democratic governability. Here, Bailey goes beyond gross generalizations about the impact of corruption to consider more precisely how different types of corruption—and differing perceptions of corruption—affect specific aspects of democratic governability. In disaggregating the impact of corruption, Bailey highlights the types of institutional scenarios considered the most prone to corruption in the region. He also challenges us to come to terms with various potential popular usages of the term “corruption.”

Subsequent empirical-based studies in this section further develop ideas raised by both Rehren and Bailey. Perceptions of corruption and permissiveness toward corruption, as noted earlier, not only figure prominently in our data on corruption but are considered key components in facilitating corruption and shaping the impact of corruption in society. Manzetti and Wilson explore the issues of tolerance and the lack of confidence in government institutions. Rooted in theories of clientelism, the authors show how and why citizens in countries with weak institutions are more likely to support corrupt governments. Moreover, by showing how corrupt leaders perpetuate their hold on power by maintaining clientelistic relations, their study harbors important implications for those promoting accountability and anticorruption reforms. Using a similarly cross-national approach to examine the public’s permissiveness toward corruption, Charles Blake also contributes to our understanding of perceptions and tolerance. He focuses on the role of popular attitudes toward the police in shaping tolerance toward bribe-taking. Like Thacker, Blake provides a cross-regional analysis and compares Latin America to the global pattern linking confidence in the police to the public’s tolerance for corruption. The extremely low levels of confidence in the police found across the region are particularly noteworthy features of the cultural terrain in Latin America.

Part 2 presents innovative, middle-range research on corruption in Peru, Chile, Brazil, and Mexico. José R. López-Cálix, Lorena Alcázar, and

Mitchell A. Seligson focus on one specific government program in Peru—the Vaso de Leche program—to determine the pattern of budgetary leakage. Using a new methodological tool known as PETS (Public Expenditure Tracking Survey), the authors provide important insights into the question of whether decentralization enhances or diminishes accountability. Adam Brinegar then examines public views toward corruption during the 2002–2003 scandals in Chile. Adding further to the literature on public opinion and the findings of Davis et al. (2004) and Canache and Allison (2005), he explores the role of partisanship in shaping attitudes toward corruption and vote choice. He also explores the distinct discourses on corruption of the major political parties. Turning our attention to Brazil and to the third theme in the literature, reform, Matthew Taylor analyzes the structure and nature of accountability in Brazil's new democracy. His study centers on the salience of the process by which responsibility for allegedly corrupt acts is allocated and how accountability is enforced by public institutions, the private sector, and society as a whole. Above all, the Brazilian experience highlights the disconnection between perceptions of corruption and perceptions of accountability; it shows how perceptions of the widespread absence of accountability feed frustrations with the broader political system. Stephen Morris concludes this section by focusing on the relationship between corruption and democracy in Mexico at the state level. He examines the impact of increasing democratic competitiveness on changes in both corrupt activity and the perception of corruption—thus unifying two streams of research that have been kept separate in most research. He also explores the impact of corruption on support for incumbents.

These studies respond to the analytical and political challenges by addressing new questions and by employing innovative methodological and theoretical approaches. In contrast to the broad generalizations drawn from cross-national research on corruption, for instance, Thacker and Blake tackle the question of how the region itself differs from the broader trends, contributing thus to the elaboration of middle-range theory that is more sensitive to the possibility that culture matters. The work by Bailey and Rehren similarly goes beyond the broad discussion in the literature on corruption and democracy to focus on the more detailed aspects and nuances of how specific aspects of democracy in Latin America have re-crafted the patterns of corruption and how they affect governability. Blake and Brinegar's analyses similarly take the current work on public opinion about corruption to a new level by focusing more precisely on the determinants of those views. Their approach helps us better understand the

nature of public opinion and its potential role in the fight against corruption. Wilson and Manzetti, in turn, focus on an important and heretofore unexamined question: why citizens sometimes support corrupt governments. Meanwhile, the analysis by Morris on Mexico looks beyond the traditional cross-sectional assessments of cause and consequence to focus on the critical issue of change and the factors shaping the ability of government to decrease corruption itself (and not just its perception). Like Morris, Taylor also goes beyond current studies fastened to a cross-national approach to look at corruption at the subnational level. Finally, López-Cálix, Alcázar, and Seligson develop and show the utility of PETS: a critical diagnostic tool in the struggle against corruption that will help orient future studies (see Reinikka and Svensson 2006). They also focus on the critical issue of decentralization and its contributions to facilitating or inhibiting corruption. Like Morris's research, their study also shifts the focus away from the perception of corruption toward its occurrence.

Taken together, the studies in this volume offer what we hope will be stimulating new research on an old problem. In addition to improving our understanding of corruption's causal dynamics and its influence on democracy, we hope that this heightened understanding can help to identify some paths toward reducing the prevailing skepticism regarding the resilience of corruption during the third wave of democratization in Latin America. We will return to these concerns at the end of this volume.