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Fighting Corruption in the Developed World: Dimensions, Patterns, Remedies

Editors

Fabrizio Di Mascio and Simona Piattoni

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Editorial

Corruption Control in the Developed World

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Abstract

Conventionally considered a developmental trait that would tend to disappear with the increase of wealth and the stabilization of democracy, corruption is rampant not just among developing countries and recent democracies, but also in mature democracies and developed countries. This editorial introduces the thematic issue and considers what the contributions tell us about new approaches to corruption control in the developed world. It also outlines avenues for future research in the field of corruption control.

Keywords

corruption; good governance; public integrity; quality of government; transparency

Issue

This editorial is part of the issue “Fighting Corruption in the Developed World: Dimensions, Patterns, Remedies” edited by Fabrizio Di Mascio (University of Turin, Italy) and Simona Piattoni (University of Trento, Italy).

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1. Introduction

Since the early 1990s, protests around the globe against corrupt officials have stimulated academic research on the topic of corruption, as revealed by new books being published on a never-ending basis (Bauhr, Bågenholm, Grimes, & Rothstein, in press; Mungiu-Pippidi & Heywood, 2020). Corruption control strategies have drawn on this expanding body of research, but they have proved ineffective in achieving significant and lasting improvement in quality of government. The discrepancy between the high interest in corruption and the low capacity to curb it reveals that the phenomenon is broader and more diversified than the conventional literature and policy recommendations would lead us to think. Whilst previous work on causes and consequences of corruption has helped us to understand broad patterns of corrupt practice, and where it is most deeply embedded, it has been less helpful for identifying what can be done.

For a growing number of researchers, the implementation gap of corruption control efforts lies in

the inappropriate theoretical foundations of the standard solutions to the ‘principal-agent’ problem (Persson, Rothstein, & Teorell, 2019). According to these researchers, the solutions to the ‘principal-agent’ problem consider corruption as a problem of individual deviance from the system, implicitly assuming that corruption can be tackled if control instruments affect individual agents’ motivations to engage in corrupt behavior. They underline that this assumption is flawed in those contexts where corruption is systemic, meaning that corruption is widely perceived as the norm, and those principals monitoring the agents are themselves corruptible if they cannot trust that others will resist corruption.

Viewing corruption as a collective action problem has made an important contribution to the literature by highlighting the very difficult challenge that institutional reforms face in changing levels of distrust in society. However, this vision has little to say about what to do differently, or how (Marquette & Peiffer, 2019). The call for ‘big bangs’ constitutes the theoretical answer, whereby a multifaceted attack on corruption is applied in an integrated manner to transform the system (Rothstein, 2011).

Yet, the idea of rolling out a broad set of reforms predicated on comprehensive institutional transformation is simply not feasible in most OECD countries where state traditions are so entrenched that ‘remaking’ the state is unlikely. We thus need better ways of thinking about the design and sequencing of targeted reforms in conditions that are not hospitable for policies that change the basic social contract. In other words, we need greater sensitivity to multiple reform combinations that unfold within different contexts (Fritzen & Dobel, 2018).

Recently, two strands of research have emerged that do not depend on the occurrence of a crisis to implement governance reforms. Drawing on policy making literature (Hecló, 1974), one set of scholars disagree with the ‘powering’ thesis that underscores those approaches that focus on abrupt and wholesale change. Rather, they understand anticorruption reform as ‘problem-solving,’ meaning that reformers take advantage of small opportunities and use the complexity of policy areas to advance individually minor but often cumulatively significant changes (Bersch, 2016, p. 206). In contrast to approaches that separate the question of stability from the question of change, the problem-solving take on corruption control echoes the sequencing approach that is well established in the historical-institutionalist literature (Mahoney & Thelen, 2010). It also allows to account for the implications of the two-level governance structure of corruption control. Work on corruption control is characterized by a strong focus on top-down conformance with policy recommendations issued by international organizations. Governments are encouraged to adopt a global menu of tools that are proposed as universal cure for corruption (Rotberg, 2017). Conversely, the problem-solving perspective emphasizes the role of policy implementers within domestic policy arenas. These actors should have flexibility for context-sensitive adjustments in order to address specific policy problems. The problem-solving perspective is all the more relevant in developed settings where compliance is not driven by external pressure through policy conditionality. In these settings, policy actors should first aim at improving those structural factors (fiscal transparency, administrative simplification, professional bureaucracies, etc.) that are prerequisites for the success of the global menu of corruption control tools (Mungiu-Pippidi & Dadašov, 2017). Second, they should select specific corruption control tools that can be incrementally sequenced over time by taking capacity constraints into account.

A second strand of research has highlighted effective subunits that lie hidden within countries known for widespread corruption (McDonnell, 2020). By gauging the workings of high-performing niches that exhibit features distinct from poor-performing peer organizations, this nascent literature shed light on variations and nuances so far overlooked by most studies in the field, which consider the public sector as a monolithic entity (McDonnell, 2017). This literature constitutes the foundation for an approach that promotes change at

the micro-level of individual organizations. As more and more organizations improve their performance over time, significant change could spread throughout the public sector (Prasad, da Silva, & Nickow, 2019).

The articles of this thematic issue move the debate forward and point to more targeted interventions for corruption control. All in all, findings support the claim that policies should be underpinned by clearer conceptualization of corruption types, their meanings and functions within specific institutional contexts and policy dynamics (Heath, Richards, & de Graaf, 2016; Heywood, 2017; Jancsics, 2019).

2. Overview of Contributions

As the title of the thematic issue suggests, our aim was to take stock of the mechanisms through which advanced societies try to control corruption. We were, and still are, particularly struck by the diffusion of corrupt practices in the developed world, that is, in a context in which the layperson would assume that corruption is marginal and exceptional. On the contrary, we know from the literature and from daily news that this is far from being the case and that also developed countries are beset by corruption.

As is commonly the case with phenomena that defy normative expectations, we knew that we would run up against the difficulty of defining corruption. In common language, ‘corruption’ indicates a negative departure from a normative standard, but what precisely constitutes such a departure heavily depends on the culture, institutions, and procedures of each country. Therefore, we were not surprised to find that some articles tackled also (broadly understood) definitional questions. Bauhr and Charron (2020), for example, distinguish between ‘need’ and ‘greed’ corruption, suggesting that the former might be judged less harshly than the latter. Need corruption, moreover, seems to mostly involve women who often carry the burden of caring for the young, the sick and the elderly in the family and are, therefore, particularly sensitive to the urgency of having access to public services which may depend on someone’s help in ‘cutting the queue.’ Piattoni and Giglioli (2020) similarly suggest that some forms of particularism, which contemplate an exchange between candidates and sectional interests or entire electoral constituencies, may be less serious corruptions of democracy than exchanges that involve individual voters or that imply the exchange of money for selective benefits. They argue that the provision of constituency-level public goods may in fact help wean democracies from graver forms of particularistic exchanges. Although neither article systematically addresses the issue of defining corruption, they both alert us to the dangers of adopting definitions that are too encompassing and that might therefore expand the contours of the phenomenon beyond recognition.

Beyond definition, the core aim of the thematic issue was to canvass the current literature to extract use-

ful suggestions on how to control corruption in advanced societies and to find those perhaps less explored mechanisms and tools that can make a real difference. The mirror problem of agreeing on a shared definition is finding a convincing measure of corruption (Heywood & Rose, 2014). The most popular measurement relies on the perceptions of privileged observers (businesspeople, journalists, scholars) which notoriously are sticky and may be influenced as much by hearsay as by direct experience. Perceptions can be shaped by a host of contextual variables that do not necessarily correlate very strongly with more objective measures of corruption based on direct personal experience. One such contextual variable, which has an important effect on the perception of corruption, is the freedom of the press. As the article by Breen and Gillanders (2020) shows a freer press may induce a perception of lesser corruption above and beyond differences in the underlying phenomena. While a free press certainly is an important tool in the fight against corruption, its effect may be more ‘cosmetic’ than real in that it induces the belief that corruption, if detected and denounced, would be in fact more harshly punished.

A similar reputational effect might be exerted by another contextual variable such as the adoption of a lobby register, one of the standard recommendations of the OECD. De Francesco and Trein (2020) discuss how such a measure may have the effect of curbing the undue influence of business lobbies, by reducing the information asymmetry between public officials and citizens. Nevertheless the stark contrast between the experiences of Slovenia—where a lobby register has been adopted since the 2010s and a shared and regulated notion of lobbying has been promoted—and Italy—where despite several attempts no register has ever been introduced at the national level because of a widespread rejection of the very notion of lobbying and therefore a refusal to regulate it—is very telling.

Both contributions argue that contextual variables that improve the transparency of potentially corrupt deals should make it simpler for businesspeople and citizens to monitor the behavior of politicians and administrators who, in this view, are uniquely interested in extracting unwarranted resources (money or votes) from the members of civil society. Any device that improves the transparency of the dealings between politicians and administrators, on the one hand, and civil society, on the other, should help the latter fight corruption. Businesspeople, voters, and citizens at large may in fact feel relatively powerless in refusing and sanctioning such offers should institutional and structural conditions be perceived as unsurmountable or they may be driven by maximizing calculations to accept them. Transparency measures are certainly important but may also produce frustration rather than resolve (Bauhr & Grimes, 2014). Effective measures should operate also on the supply side of corruption, making it less rewarding for elected and career officials to offer corrupt deals.

The attention gets, therefore, directed to the incentives that may affect the supply side of corruption. Two articles directly address this side of corruption control. Drápalová and Di Mascio (2020) detail how the institutionalization of city managers may drastically improve the quality of municipal governments despite their belonging to regions otherwise affected by widespread corruption and not significantly differing from other, similarly structured surrounding municipalities. They attribute this rather extraordinary result to the professional aspirations of the city managers and to their sensitivity to contextual features of governance. In practice, city managers operate to decouple the promises made in the electoral circuit from the activities performed by the administrative sector and constitute a sort of institutional check that offers elected politicians the possibility of playing a virtuous two-level game with the voters in contexts marked by the longevity of incumbents. This article contributes to the expanding literature dealing with the impact of political competition on corruption control by identifying under which conditions a low level of political competition may support the launch of institutional reforms (Schnell, 2018). It shows that political vulnerability also originates from elections in units different from those under investigation (regional elections and local elections in surrounding municipalities). Mayors in regions dominated by other parties felt constrained and focused on showcasing their ability as good managers. The existence of such pressures implies that political competition occurring in the units of analysis is not capable of telling the entire story and that multi-arena patterns might be important political determinants of institutional reforms at the local level.

A warning against the excessive use of oversight and punishment mechanisms in the public administration comes from the work of Odilla (2020) who draws her empirical material from an innovative dataset of legal prosecutions of administrative wrongdoing in Brazil as well as semi-structured interviews. She examines the effectiveness of the horizontal accountability incentives created within various administrative agencies and discovers that the performance of the ‘integrity enforcers’ is hampered by reluctance and uncertainty. Unless the investigation of administrative corruption is entrusted to specialized structures and their operations streamlined, the danger of a discretionary pursuit of cases of corruption will act as a deterrent against the diffusion and standardization of these practices. Together these articles drive home the message that the public administration is a crucial intervening variable in most attempts to curb corruption and that the professionalization of bureaucracies is crucial. Most of the literature on corruption still overlooks the management of public officials and this is a significant omission given the role that these actors play in corrupt governmental networks (Della Porta & Vannucci, 1999; Jancsics & Jávora, 2012). Therefore, there is need for research assessing the effects of a broad set of public personnel management practices to gain a deeper un-

derstanding of corruption, and how to curb it (Meyer-Sahling, Mikkelsen, & Schuster, 2018).

Patronage—that particular form of corruption according to which jobs in the public administration are distributed to friends and political supporters rather than according to merit—is not only bad in itself because it deprives the state of much needed professional skills, but is also instrumental in multiplying and spreading to the entire system corrupt practices that have to rely on the complacency of the public administration to be perfected. Sometimes, a perception of widespread corruption is as damaging as its actual diffusion. If corruption is perceived as systemic and if, on the other hand, corruption control is perceived as selective, the effectiveness of integrity enforcement and the rational calculations of all agents involved will be negatively affected. That this might be the case even in otherwise very different countries (also in terms of the corruption perception index that characterizes them) is further confirmed by the article by Gísladóttir, Sigurgeirsdóttir, Stjernquist, and Ragnarsdóttir (2020) who study the corrupt practices that surround the management of the fishing and timber sectors in Iceland and Romania, respectively. The loops that describe the management of these two economically crucial sectors—that hinge upon renewable, but also depletable, resources—are not identical in terms of the incentives and perceptions that they create but lead to surprisingly similar phenomena. If, for whatever reason, corruption control is perceived as ineffective or for going only after the ‘small fish,’ then the incentives for stepping it up decrease and resignation and cynicism rather take hold. Fortunately, new technology may lend a helping hand by making monitoring of over-fishing and over-harvesting simpler and accessible to a larger pool of concerned individuals that may amplify the enforcement capacity of the institutional inspectors.

Fazekas and Wachs (2020) draw our attention back to the incentives that affect the political class, on whose decisions all other institutional incentives depend. They discover that in public procurement—a classically corruption-prone area of administrative activity—corruption operates to discriminate against certain providers and to hamper the competitive functioning of the market. In other words, corrupt public procurement networks are thinner than non-corrupt ones. Contested political elections and government turnover lead to the renegotiation of the contracts and to the reconfiguration of the networks, which opens up at least the possibility of replacing some favored providers. They conclude that a well-functioning democracy characterized by competitive elections and alternation in government should increase the chances of breaking corrupt networks.

This article brings us back to the political level. We infer from this perusal across many different OECD countries, levels of government, and institutional branches that corruption control in advanced societies can be contained only thanks to context-specific mechanisms that both reduce the incentives to engage in corrupt deals for

the actors that lie at the supply end and increase the convenience to monitor and punish for the actors that stand at the demand end.

3. Future Research

In conclusion, we outline avenues for future research in the field of corruption control. While elections are expected to curb corruption, empirical tests of this expectation have produced inconclusive results. Thus, there is still room for work on factors like information and loyalty that undermine accountability for corruption (De Vries & Solaz, 2017). The surge in populist movements has encouraged corruption control expectations without delivering results, and this has further widened the gap between voters and representative institutions (Mungiu-Pippidi, 2020). Anti-corruption campaign has helped populists to flourish, but populists themselves seemingly have thought less about introducing effective governance mechanisms than about rhetoric (Peters & Pierre, 2019). This underlines the need for a broader research agenda on populism, anti-corruption rhetoric and good governance (Bågenholm & Charron, 2015).

Another avenue of research regards regulatory and institutional innovation that has been a distinctive feature of corruption control policy in the last few decades. While anticorruption agencies have been widely adopted, there is a limited amount of scholarship on such agencies. An emerging literature has explored the impact of organizational factors and leadership on the effectiveness of anticorruption agencies (Di Mascio, Maggetti, & Natalini, 2020; Tomic, 2019). These studies revealed that agencies’ effectiveness is not crucially shaped by their statutory independence, but rather by the reputational management of their leaders. This finding calls for wider inquiry into drivers of agency autonomy and performance.

It would also be worth to re-consider the relationship between corruption and regulation. Dunlop and Radaelli (2019) have reviewed the more frequent claims about regulation and corruption: Deregulation hinders corruption; it is the quality of regulation that hinders corruption; specific anti-corruption heavy regulatory frameworks raise the cost of applying for public procurement and funding, while regulatory complexity resulting from the layering of anticorruption measures makes paradoxically non-compliance harder to detect. Dunlop and Radaelli suggest to re-cast this debate by focusing on the combination of policy instruments that affect rulemaking (judicial review, regulatory impact assessment, freedom of information acts, etc.). This opens a new area of inquiry that would benefit from work on data that is needed to examine variations in patterns of rulemaking.

Finally, it is often argued that more of the responsibility for anticorruption should be delegated to local communities, civil society actors, and ordinary people, whose mobilization against corruption might take advantage of digital technologies (Kossow & Kukutschka, 2017;

Zinnbauer, 2015). Future research should focus on gathering more evidence on organizational and individual determinants of the decision to report wrongdoing and fight corruption (Su, 2020; Su & Ni, 2018; Taylor, 2018). This would help understand how dissatisfaction with corruption can be channeled to bring about change (Peiffer & Alvarez, 2016).

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Conflict of Interests

The authors declare no conflict of interests.

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Article

Does Changing Electoral Systems Affect (Corrupt) Particularistic Exchanges? Evidence from the Italian Case

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Abstract

The literature on forms of particularism explores the impact of institutional variables on what is denoted, alternatively, as constituency service, pork-barrel politics, or corruption. Attention has mostly been given to electoral systems, but other institutional provisions and political factors, such as party strength, are also relevant. The present contribution investigates the likely effects of electoral reforms on corruption control and seeks confirmation of the hypothesis that single member plurality (even within mixed member) systems are conducive to a type of particularism that might help fight corruption, taking Italy as a case. We test the impact of two electoral reforms and three electoral systems enacted in Italy between 1996 and 2016, whose primary aim was bolstering enfeebled party leaderships and facilitating the formation of durable governments, and we compare the effort at corruption control of the Italian governments born under these different electoral systems with those of other European democracies.

Keywords

corruption; electoral reforms; Italy; particularism; personalism

Issue

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1. Introduction

Italy is often singled out as a country characterized by widespread clientelism, bribery, nepotism, and the many other terms that are conventionally used to denote exchanges involving inappropriate public-private transactions and entailing negative consequences for democratic life, economic performance and civil coexistence—corrupt exchanges in the broadest sense. Not all such exchanges are equally dangerous for a country’s economy and democracy, yet all have some spillover effects that may lead to graver forms of corruption. It is therefore important to disentangle ‘political corruption’ from other types of ‘particularism’ with which it is often lumped, thus blurring the real contours of the phenomenon, so as to suggest ways in which it could be reined in by using the tools of electoral democracy itself.

An extensive literature has explored the main structural, historical, and cultural factors purporting to explain Italian exceptionalism, but the persistence of Italian corruption despite the country’s undeniable economic and democratic progress since unification and then after WWII still proves an interesting puzzle (Uslaner & Rothstein, 2016). The more recent literature has rather highlighted the importance of contemporaneous institutional developments.

This literature broadly subscribes to a rational institutionalist approach according to which politicians aim to maximize officeholding, votes, and policy outcomes, pretty much in that order (Budge & Laver, 1986). Prioritization of officeholding and long-term incumbency is the hallmark of ‘personalism’ (Cain, Ferejohn, & Fiorina, 1987). Later a set of indicators and some fairly sophisticated models to explain the degree of particularism

in any given political system were developed (Carey & Shugart, 1995; Seddon-Wallack, Gaviria, Panizza, & Stein, 2003), but did not succeed in sufficiently distinguishing between different forms of particularism. It is our contention that not all forms of particularism are equally prejudicial to democracy, and that some may indeed be a necessary step toward defeating corruption.

In this article, we concentrate on the Italian case, an OECD country that, despite having reached remarkable levels of development and wealth, still appears to be beset by widespread corruption. We chose the Italian case also for methodological reasons, as Italy went through three major electoral reforms in a relatively short period of time (1993–2018). We believe that the Italian case allows us to analyze whether the electoral system may expand or shrink the room for particularism, and whether such particularism is pursued through programmatic appeals, pork-barrel politics, and constituency service, or through corrupt exchanges (concession of permits, procurement contracts and other types of preferential treatments in exchange for money).

The devastating effect that the unveiling of widespread corruption by the ‘Clean Hands’ investigations had on the postwar Italian party system (Della Porta, 1992; Della Porta & Vannucci, 1995, 1999) would naturally lead to expect that the electoral reforms would have as their main goal the removal of incentives for corrupt deals. The reforms that followed, however, were aimed at other objectives (broadly considered ancillary to the fight against corruption but not directly related to it) such as securing alternation in government, simplifying the party system, and making government formation more closely dependent upon electoral results. In this article we investigate the indirect impact that those electoral reforms had on corruption control.

Although the literature is far from having reached a consensus, we start from the assumption that single member plurality (SMP) systems are more conducive to constituency service and pork-barrel politics than closed-list proportional representation (CLPR) and that open-list proportional representation (OLPR) is more conducive to rent-seeking and corruption. These are very different types of particularism that may lead to suboptimal allocation of resources, but that differ in terms of their impact on the legitimacy of the system and the citizens’ assessment of democracy. We observe that the period in which a high proportion of Members of Parliament (MPs) were elected in single member districts within a mixed-member (MM) system coincided with the period during which corruption control was taken more seriously and the perception of corruption abated. However, the return to CLPR systems (once again, dictated by other goals than that of fighting corruption) dampened that effect and ushered in a reversal of the trend in the perception of corruption control.

We propose a very preliminary ‘test’ of this proposition by comparing Italy to four other political systems characterized by electoral systems that lie on a

sort of particularism gradient from SMP (UK) to MM proportional (Germany) to majority (France) to proportional representation (PR)—albeit with significant checks tempering its proportionality—(Spain) system. What emerges from this comparison is still a sort of Italian exceptionalism because levels of perceived corruption are constantly higher and, contrary to what happens in the other political systems, left-wing governments are perceived to be more serious about corruption control than right-wing governments.

The article develops as follows. In the next section, we take stock of the literature on personalism and illustrate the incentives for the supply of particularistic politics. Section 3 elaborates on the various forms of particularism and, drawing from the existing literature, establishes criteria according to which different electoral systems can be expected to create larger or narrower margins for the different types of particularism. Section 4 presents the background on our case study, while Section 5 discusses various measurement options of the dependent and independent variables and offers a (preliminary and suggestive) test of our argument by means of proxy indicators for clientelism, patronage, and corruption. Section 6 concludes the article.

2. The Determinants of Particularism

The literature on particularism has its roots in the analysis of “the personal vote” (Cain et al., 1987). The personal vote is the share of the total vote which is obtained thanks to the personal appeal of the candidate, because of his/her past legislative record and/or programmatic commitments. By cultivating a personal vote, legislators aim at being elected and re-elected, thus increasing the chances of their continuing incumbency. The contrast that this concept seeks to establish is between the motivations that voters have for electing candidates based on their personal appeal (personal reputation) and those based on party appeals (party reputation).

There is no implication, in Cain’s et al. (1987) thesis, that the party vote should be more objective and rational than the personal vote. In both cases, the motivations of the vote can be entirely objective and rational, whether reputational or programmatic. The personal vote can be operationalized and measured by such indicators as the politicians’ personal roll-call vote record on specific policy options, by the time and effort they devote to ‘constituency service,’ and by how much public money they manage to bring to their communities. The original intuition behind the notion of personal vote gave rise to the systematic analysis of the institutional conditions that stimulate seeking the personal vote through what was labelled “particularism” (Carey & Shugart, 1995; Seddon-Wallack et al., 2003). Several aspects of the electoral systems contributed to the supply of particularism, jointly suggesting that SMP, OLPR, and CLPR systems ranked at decreasing levels of particularism (cf. Cheibub & Nalepa, 2020, pp. 4–6).

Candidates running in SMP systems would need to pitch their promises and programs to local constituents, regardless of whether they happened to run in safe or contested districts. Under such a system, a broad appeal can be crafted by offering sectional benefits, i.e., benefits that accrue to the prevailing local interests regardless of whether other districts might be more needy or deserving. This electoral system, then, induces MPs to contravene the democratic expectation that legislative output should cater to the broad interests of the entire society, and as such is decried as particularistic.

PR systems in general should exert the opposite effect. Because the number of seats each party garners is determined 'by and large' by the electoral result across the entire national territory, the expectation is that cross-sectional special interests will tend to be favored wherever they happen to be located and legislative output will indeed be universalistic. At the level of electoral district, however, the incentives for single candidates change depending on whether the system is closed- or open-list. In CLPR, candidates will want to run on the party platform since the more votes the party gets, the more candidates will be elected starting from those placed higher up on the list. In OLPR, candidates will have an interest in differentiating their electoral appeal as preference votes may secure election for popular candidates placed lower down on the list. In OLPR the incentives to cast a distinctive profile, to cater to locally prevalent categorical interests, or to get the vote by distributing selective benefits to clienteles are strong, so that universalistic public goods will be forsaken in favor of localized public goods, at best, or of private benefits to few, at worst (a more detailed discussion of this literature is presented in Section 3).

The literature that emanated from these seminal works focused on the incentives that electoral systems create for legislators to seek reelection through particularistic appeals, thus concentrates on the supply of particularism. Legislators must find the resources to pitch their personalistic pledges (Gingerich, 2009). As these will probably not come entirely from the party's coffers, because to some extent particularistic politics set individual candidates against party leaders, the quest for the personal vote may induce candidates and particularly incumbents to look for extra resources by asking for campaign contributions in exchange for public contracts ('kickbacks'), favorable legislation ('grease') or by infiltrating the public administration with trusted supporters and, through these, providing jobs and other selective benefits to voters (patronage). If state funds are directly 'skimmed' and end up 'lining individual candidates' pockets,' this is corruption at its ugliest. In this perspective, higher levels of particularism are associated with higher levels of (potential) corruption. This general conclusion, however, must be supplemented with a more fine-grained analysis of which type of particularistic exchanges each system promotes.

Voters are assumed to limit themselves to choosing between different types of particularistic bids, be they

programmatic, selective at the level of constituency or sectional group (constituency service/pork-barrel politics), or selective at the level of individual voters (clientelism). They are generally assumed to prefer the provision of public goods according to universalistic criteria, but difficulties in monitoring the behavior of legislators and mounting collective actions in order to dislodge corrupt politicians make them rather passive receivers of the legislators' bids. The emphasis of the literature on particularism, therefore, relies heavily on an analysis of the 'supply side.'

The literature on corruption, on the other hand, tends to focus on the 'demand side,' to the extent that it highlights the monitoring and sanctioning activity of the voters. The starting point is the same—how different electoral systems create incentives for particularistic or corrupt exchanges—but the emphasis is then shifted from the incentives and opportunities for legislators to offer this or that type of particularistic appeal to the voters' (and competing candidates') interest and capacity to expose and sanction corrupt bids. In this literature, too, voters are assumed to prefer the provision of public goods according to universalistic criteria, but they are additionally assumed to actively sanction corrupt bids through their voting choices. In this they are helped by competing candidates interested in dislodging incumbent legislators by exposing their corrupt behavior.

For several reasons, we find this approach insufficient. Persson, Rothstein, and Teorell (2013) argue that, in thoroughly corrupt systems, efforts to fight corruption must be based on a collective action model that emphasizes the incentives that 'legislators' have in refraining from corrupt dealings rather than on a principal-agent model that relies on the willingness of 'voters and competitors' to monitor and sanction corrupt behaviors. Without ascribing Italy to the universe of thoroughly corrupt systems, we still think that even in Italy individually rational voters and competitors will be willing to settle for suboptimal but nevertheless selectively rewarding incentives and will adjust their behavior to the mainstream, respectively. In other words, we believe that corruption ultimately can be curbed only through a second-order commitment on the part of legislators who collectively decide to change the systemic incentives in order to discourage corrupt particularistic exchanges for all.

We therefore shift the emphasis back on the legislators who are objectively better placed to overcome collective action problems and carry out such reforms, and we concentrate on Italy's electoral systems as incentivizing different types of particularistic exchanges.

3. Electoral Systems and Incentives for Different Types of Particularistic Exchanges

The universe of electoral systems is conventionally divided into PR, SMP, and MM systems (Farrell, 2011), but they are often regrouped by the literature according to corruption-relevant features, in particular the relative

bargaining power that they lend party leaders vis-à-vis individual candidates (the supply side) and the incentives that they create for voters and competing candidates to monitor and sanction corrupt behaviors (the demand side). Scholars disagree as to whether SMP or PR systems (and within this universe, OLPR or CLPR systems) grant more power to candidates or party leaders and whether they create stronger or weaker incentives for monitoring and sanctioning corruption on the part of voters and competing candidates. The conventional wisdom after Carey and Shugart (1995) and Seddon-Wallack et al. (2003) is that SMP, OLPR, and CLPR stand in a decreasing order of particularism. A debate immediately followed concentrating on the different types of particularistic bids that these systems incentivized and, therefore, on the consequences in terms of the production of public goods and the control of corruption.

Persson, Tabellini, and Trebbi (2003), focusing on the demand side, argue that SMP systems are more prone to corruption than PR systems because the latter are associated with larger electoral districts, more intense competition, and greater opportunities for monitoring and sanctioning but do not distinguish between the types of particularism incentivized. Golden and Chang (2001) and Pellegata and Memoli (2018) show that in PR systems larger electoral districts make monitoring more difficult, enfeeble accountability and ultimately favor corruption. Ceron and Mainenti (2018) argue that voters are more inclined to forgive corruption charges if they can select the candidates. As this influence may be exerted either through preference voting in OLPR systems or in MM systems, they produce further evidence to support the common claim that OLPR systems are more prone to corruption than CLPR.

District magnitude, a variable that had been found by Carey and Shugart (1995) to exert opposite effects in CLPR and OLPR systems, became the object of a heated debate that introduced other dimensions of electoral competition and prompted a reconsideration of the overall effects of electoral systems on both the supply and the demand of particularism. For example, André, Depauw, and Martin (2015) argued that the candidates' perceived 'vulnerability' is capable of offsetting the disincentive to pay attention to constituents generated by CLPR and of reinforcing the incentive generated by OLPR. They conclude, in line with Carey and Shugart (1995), that "district magnitude has a differential effect dependent on the ballot structure": It decreases constituency effort in CLPR systems and increases it in OLPR systems since in this system candidates are generally speaking more vulnerable (Carey & Shugart, 1995, p. 486). With reference to Italy, Chang and Golden (2007) concurred.

The recent literature, however, questions the expectation that OLPR systems would be more prone to corrupt exchanges than CLPR systems. Kselman (2020) argues that OLPR systems are associated with higher efforts at producing public goods at the district level (what we would call constituency service) than CLPR:

In the current paper, public goods are produced at the level of multimember proportional representation (PR) districts rather than the entire electorate. The 'scope' of public goods thus occupies an intermediate position between highly particularistic 'pork-barrel' policies in single-member district systems, and universalistic policies, which benefit the entire electorate equally. (p. 114)

He thus confirms the stronger effect of OLPR systems on the supply of a kind of constituency-centered particularism that we too differentiate from corruption proper, but which can nonetheless activate corrupt exchanges in an effort to draw resources to the district.

Other recent studies contest the conventional ranking of CLPR and OLPR along a gradient of increasing likelihood to generate corrupt exchanges by introducing other variables such as party leadership countervailing strategies in the compilation of the closed lists (Cheibub & Sin, 2020), their use of preferential voting as sort of primaries for subsequent election rounds (Folke & Rikne, 2020), and their importing in the party platform the messages of the candidates that fared best in previous elections under OLPR systems (Carroll & Nalepa, 2020). These counterstrategies can be subsumed under the observation that party leaders learn from past elections and act strategically to counter personalistic tendencies (Mershon, 2020).

Other studies focus on both supply and demand sides. Kuniková and Rose-Ackerman (2005) discuss both aspects and argue that the relative autonomy of candidates vis-à-vis party leaders shifts the locus of corruption towards the former in SMP systems (and conversely shifts it to party leaders in PR systems), even though the greater ease with which the behavior of individual candidates can be monitored in SMP systems may moderate the effect. Interestingly, they distinguish between "corruption that personally enriches politicians" and "the use of campaign funds by politicians to purchase votes on an individual basis" (Kuniková & Rose-Ackerman, 2005, p. 576). They discuss how accepting kickbacks from a company that promises to build a factory in the constituency should be considered, and observe that it will depend on "the distortions introduced by corruption in pork-barrel projects" (Kuniková & Rose-Ackerman, 2005), but also underscore that the same features that encourage narrow geographic targeting also contain features that tend to dampen corrupt rent-seeking behavior by politicians. We agree that the word 'corruption' should be used to denote only individual rent-seeking and furthermore strongly agree that redirecting corruption from pure rent-seeking to pork-barrel politics or constituency service may be the first step on the path towards emancipation from corruption.

This brief reference to the literature that studies the effect of electoral rules on corruption shows how numerous the institutional variables and how complex their impact on corruption can be, and that the same

variable (e.g., district magnitude, candidate vulnerability) can have opposite effects in different electoral systems. Together, these studies strengthen our resolve to focus on the supply-side of particularism and confirm our initial expectation that OLPR systems tend to make parties captive to particularistic drives and therefore precede both CLPR and SMP in the gradient of increasingly corrupt particularistic exchanges. The ranking based on a simple measurement of particularism (SMP > OLPR > CLPR) gets reversed when we focus on the kind of exchanges that get incentivized by these systems: In our case, properly corrupt exchanges (OLPR > CLPR > SMP).

4. Particularism in Italy during the First and Second Republic

In this article we concentrate on Italy and focus the analysis on the supply side of corruption. We are aware that incentives for corruption may depend on aspects of the electoral-institutional system that were designed with different objectives in mind. In Italy, concern over corruption, mainly attributed to the illegal extraction of public resources by political parties, competing party factions, and individual candidates, was second in importance only to the more general concern for the instability of governments and the lack of accountability of the political system (Mershon, 2002).

4.1. *The First Republic*

The First Republic (1946–1994) is the period investigated in particular by Miriam Golden in her many studies, alone and with colleagues. Golden and her colleagues constructed and experimented with a number of measures of corruption, using both the number of parliamentary authorizations for court cases to be brought against MPs indicted for wrongdoing (Golden & Chang, 2001) and the difference between the earmarked funds for public works and the cumulated value of the works effectively brought to completion (Golden & Picci, 2005, 2008) to pin down the dependent variable. Her findings mainly concern the pivotal party of Christian Democracy (DC), which was in power without interruption between 1948 and 1994 but can be extended to the other governmental parties as well, particularly from the mid-1970s onward. First, political corruption was significantly associated with intra-party competition and, in the early post-war period, substantially unaffected by inter-party competition (Golden & Chang, 2001, pp. 592, 594). Second, the 1974 law on public financing of parties, which “directed funds to party organizations...and left individual candidates on their own to raise the necessary campaign funds” (Golden & Chang, 2001, p. 596), paradoxically created additional incentives to engage in corrupt exchanges. Third, henceforth corruption “contaminated” the smaller coalition partners as well, since they had to be taken into consideration in the division of kickbacks

and spoils in order to keep the lid on the actual system of campaign financing (Golden & Chang, 2001, p. 605). Fourth, interparty competition had a limited impact on corruption until the Italian Communist Party (PCI) won an impressive electoral result at the 1976 national elections (Golden & Chang, 2001, p. 611) and shook the existing system, but also created the premises for a “consociational” division of the spoils.

The rather somber conclusion to which Golden and Chang arrive is that in 1994 the Italian political system was on a path of growing corruption, since politicians not prepared to use such tactics were crowded out by the competition (Golden & Chang, 2001, p. 613). A similar rational-institutionalist approach characterizes the analysis of political patronage in Italy—the distribution of positions in the public administration to friends and followers—and leads to the conclusion that redundant and contradictory legislation was purposely made by Italian politicians so as to be able to then act as “facilitators” with the public administration on behalf of their voters (Di Mascio, 2012; Golden, 2003; Golden & Picci, 2008). Yet, as emerges from Golden and Picci (2015), despite such intense vying for visibility and personalization on the part of candidates, there appeared to be no incumbency premium in pursuing the personal vote through corrupt means. This result is somewhat counter-intuitive, and points to party leaderships that, until 1992, managed to control the selection of candidates despite the effort of candidates to curry the personal vote, but it is broadly in line with the evidence discussed by Carroll and Nalepa (2020), Cheibub and Sin (2020), and Folke and Rikne (2020).

Impressive as they are, Golden’s findings suffer from two shortcomings. First, her analysis stops at 1994, after which almost everything changed in Italy, from the individual parties to the electoral system, from the rules on party financing to the ease with which MPs could be investigated and indicted. Second, she does not differentiate among different types of particularism but rather considers all particularistic exchanges as ‘corrupt.’ We, on the contrary, believe that different types of particularism should be assessed differently. In an effort to find ways to fight corruption, it makes a lot of difference whether the personal vote is cultivated by articulating a distinctive programmatic platform, funneling central moneys to the local constituency as a whole through public projects of general utility, or favoring certain local special interests over others. It also makes a lot of difference whether particularism takes the form of fairly harmless constituency service, as in the UK (also see Piattoni, 2007, on different types of Southern Italian clientelism), entrenched pork-barrel politics, or flagrant defiance of laws and regulations.

The present article seeks to make a contribution to this literature by extending the above argumentative line to the post-1994 period, during which Italy experimented with three new electoral systems, and by trying to distinguish between different types of particular-

ism induced by electoral reforms ostensibly aiming at other goals.

4.2. *The Second Republic*

Although suspicions that the system had become thoroughly corrupt circulated at least since the end of the 1980s, the pervasiveness of corruption that was unveiled was astounding. Not even relatively new parties (such as the Lega Nord) or parties which had made a battle cry out of the “moral question” (the PCI) were found to be immune from corruption. The end of the 1980s marked a veritable historical watershed, as the *dénouement* of the Cold War brought to an end not only the division of the world in two blocs but also the flow of party financing from the US (to the DC and the other bourgeois and liberal parties) and the USSR (mostly to the PCI, and originally also the Italian Socialist Party [PSI]). Meanwhile, the electorate had become more fluid and willing to vote for new parties. New issues—regional autonomy, the adoption of the euro, and a nagging sense of slipping behind the rest of ‘Europe’—mobilized voters in new ways. This ‘perfect storm’ further weakened the postwar parties’ grip on the electorate and put wind in the sails of a class of magistrates eager to clean up the rotten postwar system. Outraged citizens stopped voting for the traditional parties and turned their support to new ones such as the Lega Nord (an alliance of political movements located mainly in the north of the country seeking to detach themselves from an allegedly vexatious political center) and the Forza Italia party of Silvio Berlusconi. In the 1992 elections the historical postwar parties were weakened and in 1994 they were effectively wiped out.

An impressive series of reforms, some spearheaded by the political elite, other bargained between elites and masses (Renwick, 2011), and some even prompted by judicial activism (Masseti & Farinelli, 2019), have been implemented particularly since the early 1990s. The early postwar reforms had aimed at stabilizing the party system and allowing ample expression of the many conflicting orientations that characterized an extremely polarized electorate. In the circumstances, PR had been the obvious choice but its open-list variant activated clientelistic relations which in turn ignited corrupt exchanges. The need for an electoral system that would guarantee voters’ choice while incentivizing a healthier form of particularism—in practice the adoption of a SMP system—was at the center of the 1987 referendum initiative spearheaded by the Radical Party (Baldini, 2011, p. 650). The referendum failed, but the need for a system that would minimize the space for corrupt exchanges remained: “PR had turned from being a cornerstone of the political system to the main target of the reformers’ actions” (Baldini, 2011, p. 650). The 1991 referendum organized by DC reformist leader Mario Segni, which registered an impressive participation rate and an unprecedented consensus (95,6%), succeeded in eliminating multiple preferential voting, universally identified as the in-

stitutional device for corrupt exchanges. The other objective (reforming the OLPR system into a majority, two-round SMD system similar to the French one), however, failed. Since the late 1980s, most observers concurred that governmental instability and lack of accountability were the gravest evils of the Italian political system, and that corruption was a side-product of that system.

The overarching concern now was to lend executives greater durability, making government formation more immediately dependent on electoral results, and securing alternation in government. An intermediate objective, seen as instrumental for achieving both main goals, was to reduce the number of parties and/or incentivize the formation of pre-electoral “political poles” that would compete as if they were single parties. These goals suggested the adoption of a MM (but mainly SMP) electoral system that would hopefully ease the transition from the fragmented and fractious postwar party system to a simpler and more orderly one. For a long time, the objective was to arrive at a SMD majority system (Bartolini, D’Alimonte, & Chiaramonte, 2002). The pressures that had built up since the late 1980s eventually led to a reform of the “mass-elite interaction” type which, in mature economies, should lead to greater personalization of the vote (Renwick, 2011, p. 463). The Mattarella laws (n. 276 and 277, 4.8.1994) succeeded in changing the electoral system precisely in this direction. The ensuing system was a mixed member system that allocated 75% of parliamentary seats through a SMD system and 25% through a closed-list PR system.

As Baldini (2011, p. 654) affirms, “The 1993 reform was the result of different, and sometimes conflicting, pressures that weak and increasingly delegitimized parties could not ignore.” There were two aims to this reform: On the one hand, the incentives for the cultivation of a corrupt personal vote were to be minimized and those for a healthier form of constituency service maximized; on the other, the system was meant to induce parties to announce their programmatic alliances before elections, in view of building stable governmental coalitions that could last the entire legislature. It had been recognized that one of the problems of the postwar Italian political system had been the extreme fickleness of governmental coalitions, which often collapsed simply because some intra-party faction or powerful member had become dissatisfied with the current allocation of governmental and patronage positions. Fewer, stronger parties organizing themselves into two opposed political blocs would yield more stable governments and more coherent fiscal and monetary policies. Unfortunately, the reform achieved the former goal but failed to achieve the latter, which in turn prompted further reforms aimed at simplifying the party system and making competing alliances more credible and durable (the details are in Regalia, 2018, pp. 85–91).

On the basis of the classifications of electoral systems operated by Carey and Shugart (1995) and the ordinal measures of the same proposed by Seddon-Wallack

et al. (2003), it is theoretically possible to calculate the room for particularism offered by each electoral system. An attempt in this direction was made by Piattoni and Mainenti (2007) after the Mattarella electoral reform, and further conjectures were formulated by Piattoni (2018) with regard to the two following reforms in 2005 and 2017. However, solid quantitative tests have not been carried out for want of reliable measurements of the dependent variable and for the difficulty of considering all the institutional and procedural details that affect the type of inter- and intra-party competition that these electoral reforms have triggered. So, while it is possible to hypothesize that the Mattarella law of 1993 increased the incentives for constituency service and reduced those for clientelist or corrupt forms of particularism, this cannot easily be proven. While the allocation of most parliamentary seats by SMP (and the concomitant liquidation of a large part of the old political class) opened up many seats to candidates from new parties and to distinguished personalities previously uninvolved in politics, in subsequent elections parties found ways of ‘reproportionalizing’ some of these seats, thus claiming control over their allocation (D’Alimonte & Chiaramonte, 2010). This electoral law yielded a bipolar political system, one of the objectives of the reform, but also extremely fragmented center-right and center-left coalitions, which remained hostage to the blackmail of even the smallest of their constituent parties (Regalia, 2018).

Given the continued instability of governmental coalitions even within a bipolar system, in 2005 the electoral law changed once again, and the system was substantially reproportionalized. The Calderoli law (n. 270, 21.12.2005) replaced the Mattarella mixed electoral system with a CLPR system and introduced a majority bonus for the party or coalition that obtained the largest number of votes in the lower or upper chamber. The new system was essentially proportional, but introduced some correctives—long closed lists in order to help keep party discipline, various types of thresholds for seat allocation for parties running together or running separately, thus favoring pre-electoral coalitions, the possibility for popular party leaders to run in several districts and later choose which seat to represent, thus gaining the relinquished seat(s) for the following candidate on their list—aimed at helping the formation and duration of governments and of limiting the personal vote and favoring party discipline. The Constitutional Court subsequently declared the Calderoli law unconstitutional, citing the excessive length of the lists and size of the majority bonus, which prompted a further reform of the electoral law.

Three elections were held under the Calderoli system (2006, 2008, and 2013) which however yielded different results as a consequence of the changing strategies of party leaders. D’Alimonte and Chiaramonte (2010) specifically discuss the different strategies pursued during the 2006 and 2008 elections. During the first, the main left and right coalition parties tried to mop up all possible votes from all smaller parties which could be

attracted to their side and thus put together very fragmented and fractious large coalitions which quickly dissolved under the pressure of excessive intra-coalitional requests. During the second election, both leading parties managed to form much tighter coalitions, thus decreasing the blackmail potential of the smaller parties, which for the most part could hope to win only a handful of seats. Inter- and intra-party competition in the two election rounds, therefore, differed not because the electoral system had changed, but because the party strategies had. These differences are hard to model, and it would consequently be difficult to formulate hypotheses on the incentives that this electoral system produced in terms of particularistic exchanges. For this reason, in what follows, we limit ourselves to testing the general trend of corruption control under the two electoral systems, Mattarella and Calderoli, between 1996 and 2016. The third reform, known as the Rosato law, is too recent and has so far been used only in the 2018 elections (law n. 165, 3.11.2017).

5. Evidence

Measuring corruption is hard, and the difficulties in capturing the phenomenon with quantitative data are well-known to the scholarly literature, as discussed above. The problems inherent in the measurement of any criminal/sanctionable activity, especially those committed by social and political elites, are compounded by debates on the nature and scope of the concept, as well as by cultural differences across countries and time periods. Various strategies of operationalization have been followed by scholars in the field, with varying degrees of success. Most large-N studies covering significant time spans in a multi-country framework have adopted a reputational approach, enquiring after the perception of corruption in a given country at a given time. The public whose views form the basis of the indicator may vary, from political science experts to ordinary citizens to market participants, domestic or foreign. Despite the significant drawbacks of this strategy, the chief among which being cultural bias and path-dependency, it remains the soundest and most parsimonious for comparative purposes, and as such has been adopted herein.

In order to shed light on the Italian case, we have made recourse to three composite measurements of corruption, produced by three entities: the World Bank’s Worldwide Governance Indicator Control of Corruption (WB; World Bank, 2018), Democracy Barometer’s Absence of Corruption (DB; Merkel et al., 2018), and International IDEA’s Global State of Democracy Absence of Corruption (ID; International IDEA, 2019). Each of these indexes, in turn, is an aggregate of various different sub-measurements, with distinctive provenances and nuances. Although the definitions vary somewhat, as do the scales (–2.5 to 2.5 for WB, 0 to 100 for DB, 0 to 1 for ID), we consider them as broadly comparable measurements of the perceived level of corruption, with

a higher score corresponding in all cases to a more ‘virtuous’ situation. All three datasets’ historical series begin in the 1990s. The consequent limitations of the data, in order to ensure comparability, oblige us to curtail the scope of our analysis to the two decades 1996–2016: Hence, we are able to measure the (perceived) level of corruption in Italy during the 13th through (part of) the 17th legislature, the first two of which (1996–2006) were selected with the mainly-majoritarian Mattarella electoral law, and the rest with the mainly-PR Calderoli law.

When we consider the data from these indicators, the first macro finding is a trend: The perception of how corrupt Italy is deteriorated significantly from the late 1990s to 2016, across indicators (Figures 1 and 2). As our explanatory variable is ordinal (the shift from an electoral system hypothesized to induce less pathological particularism to one believed to foster more), the appropriate statistical treatment is an analysis of variance, with dummy variables introduced to represent the different electoral systems; furthermore, as the choice is binary (Mattarella electoral law vs. Calderoli electoral law), the analysis simplifies to a one-tailed t-test of the difference in means between the value of the corruption indicator in 1996–2005 and in 2006–2016. The difference has the correct sign, and the test is statistically significant well below the 0.01 level for both the WB and DB indicators (see replication materials), hence consistently

with our hypothesis about the incentives of the two electoral regimes.

Given the large number of plausible confounders, and the small N of the country–year observations for our indicators, the strategy pursued for checking the robustness of our results relied on the multi-country nature of all the data-collection projects from which our indicators were drawn. Specifically, this fact allowed us to place Italian corruption perception in context by comparing it with other European cases. Data for four representative Western European countries from these same databases are presented: Spain, France, Germany, and the UK are often employed comparatively, as they have somewhat similar population and GDP size, as well as being (at the time) fellow EU members, but their political cultures and institutions are distinctive. In particular, their electoral systems fall on various points of the ‘continuum of particularism’ described above (mainly PR systems for Spain and Germany, more majoritarian ones for France and the UK). Crucially, however, none of these democracies experimented with changes in their electoral laws in the period 1996–2016.

When one considers either the four-country average or the single paths, it is apparent that Italy is an outlier with regard both to the rate of decline in corruption control over the period and to the very low starting level. If the latter may be imputed to secular factors related to po-

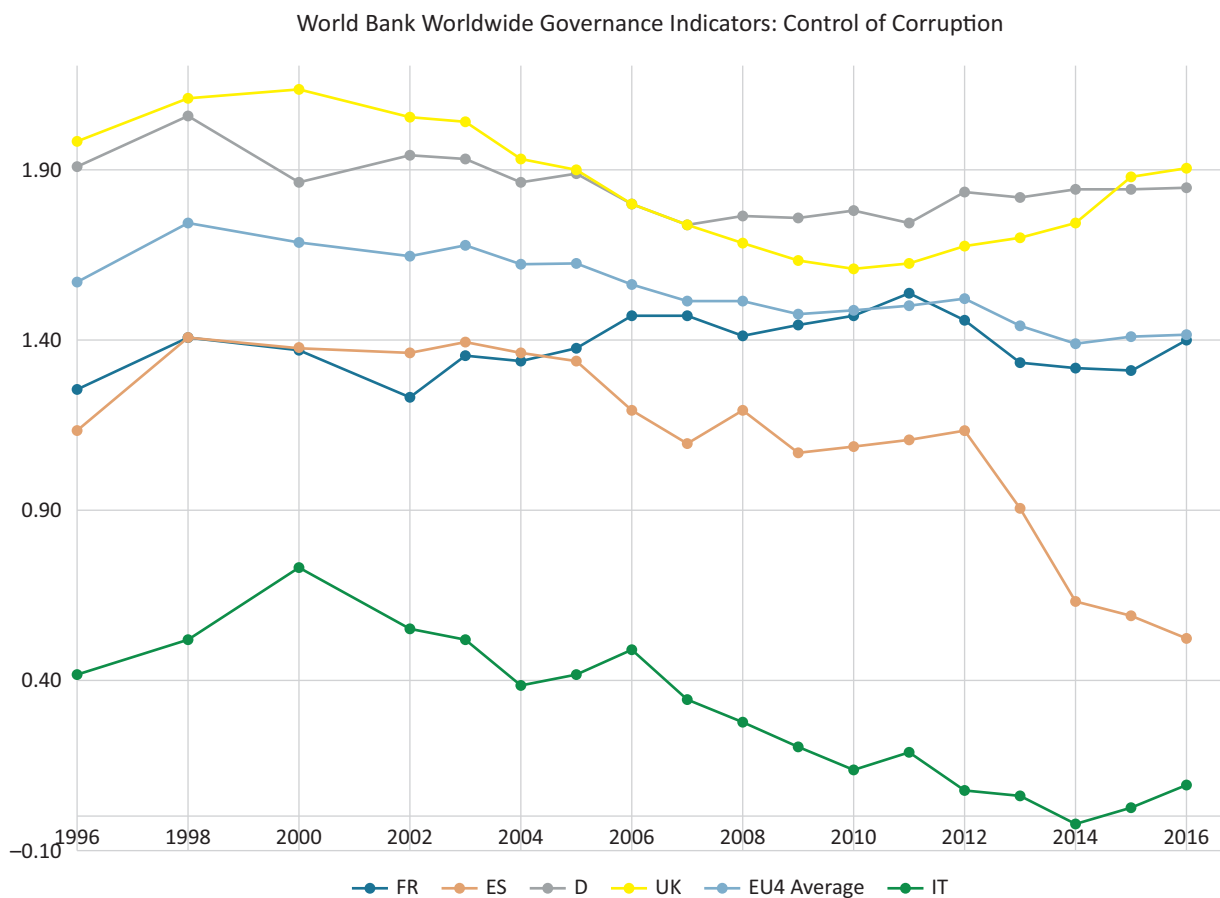


Figure 1. WB indicator.

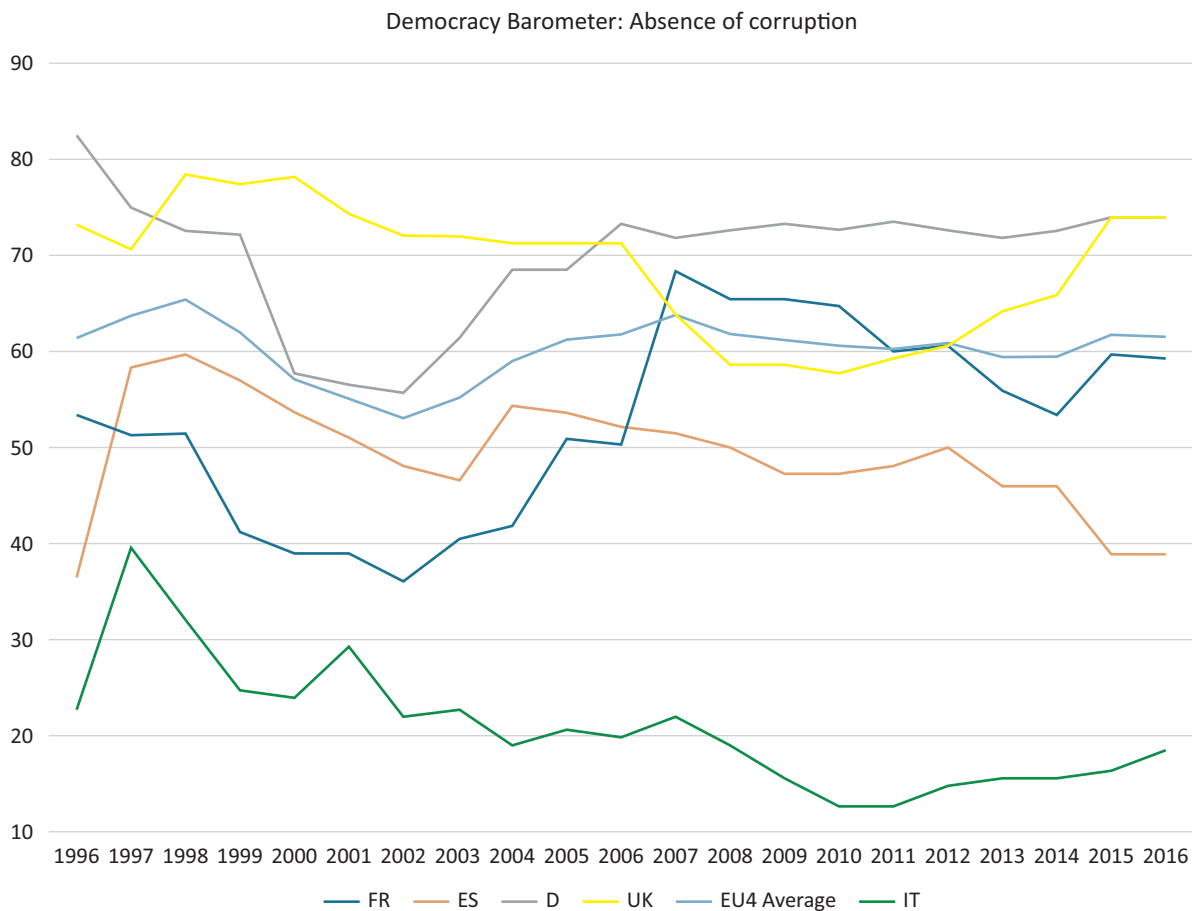


Figure 2. DB indicator.

litical culture and societal trust, the former remains puzzling. What can be concluded is that electoral systems do not dictate absolute levels of corruption perception across countries per se but changing electoral systems may set in motion certain reputational changes.

The third indicator we consider presents a somewhat different story. The variation over the period is much more nuanced (Figure 3), and the difference in means between the two periods falls within the margin of error. A potential explanation for this different finding is that the ID indicator is significantly weighted toward expert scholarly opinion rather than policymakers/market participants. The disaggregated distribution of sub-indicators (Figure 4) that make up the ID indicator is instructive: The first four—respectively labeled “Public sector corrupt exchanges,” “Public sector theft,” “Executive embezzlement and theft,” “Executive bribery and corrupt exchanges,” (Tufis, 2019, pp. 121–126)—are all stationary or oscillate around a mean: An indication, perhaps, of stable perceptions of governmental behavior, or the personal reputation of leading politicians alternating in power. It is interesting to note that Public Sector Theft, which could be taken as a proxy for patronage, remains constant during the period of observation, indicating Italy’s long-term failure at building a bureaucracy “entrenched behind a statute of bureaucratic autonomy” (Shefter, 1994). On the contrary, the indica-

tors of “political” corruption display more variation and appear to be more sensitive to changes in institutional factors. The only indicator with a secular negative trend is the fifth one (“Corruption”), which claims to capture the perceptions of the business community whose sentiment turned negative again once the hope for a thorough cleansing on the system were dashed in the early 2000s (see Tufis, 2019, p. 127). In any case, when compared with the other big-four West European democracies the fluctuations in the Italian indicator are more pronounced (and the baseline lower), and when considering only the fifth sub-indicator, no country displays the pattern of long-term decline witnessed in Italy (Figure 5).

Speaking of fluctuations and reputation, it is reasonable to consider whether there is any relationship between the country’s reputation for corruption and the (partisan) identity of the occupants of executive office. In reputational studies of corruption, it makes sense to watch out for fixed effects, and the indicators adopted allow us to study these variations across countries. Table 1 summarizes the findings. The two decades 1996–2016 are divided into periods on the basis of the party holding a parliamentary majority. Hence, different administrations may be lumped together if their ideological orientation did not change (e.g., the Chirac and Sarkozy presidencies) or, vice versa, broken up (e.g., the Merkel chancellorship in 2005–2009, 2009–2013, and thereafter).

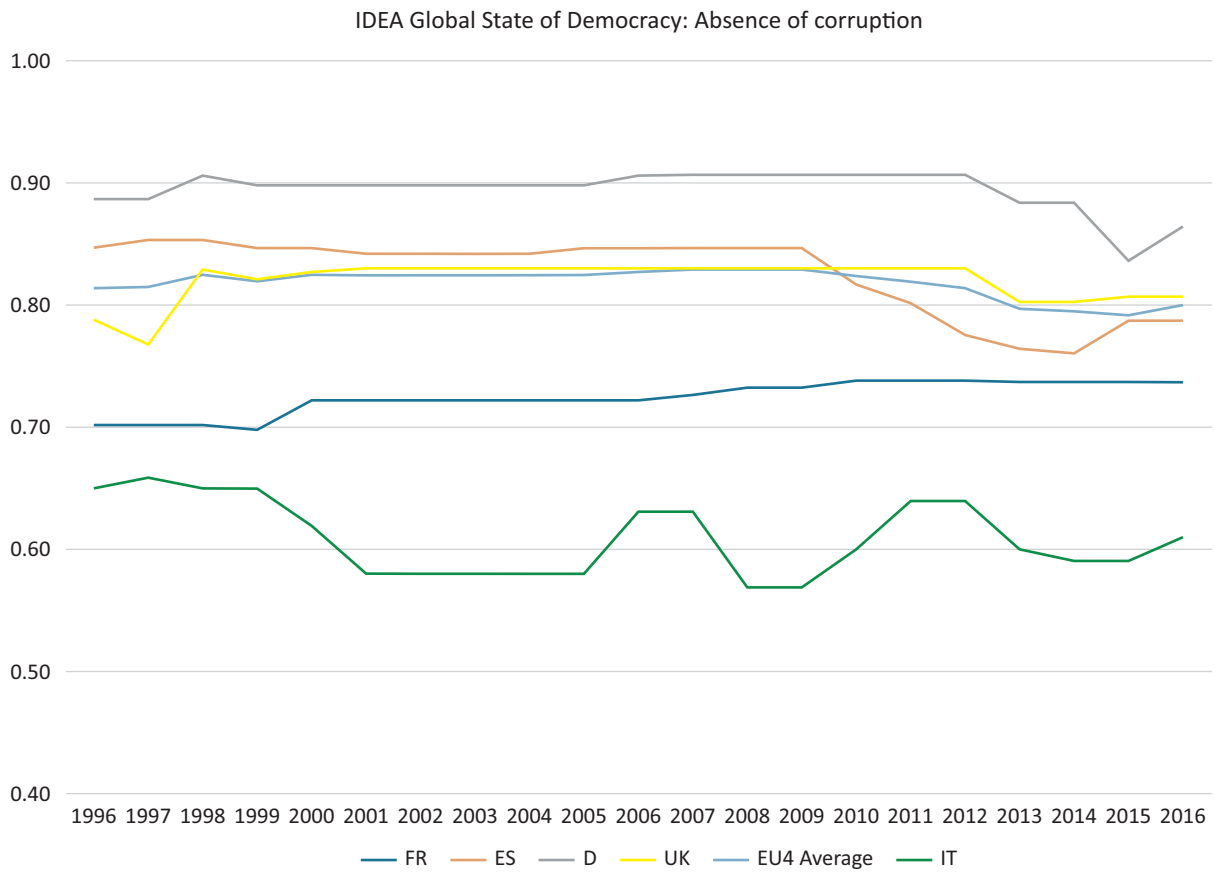


Figure 3. ID indicator.

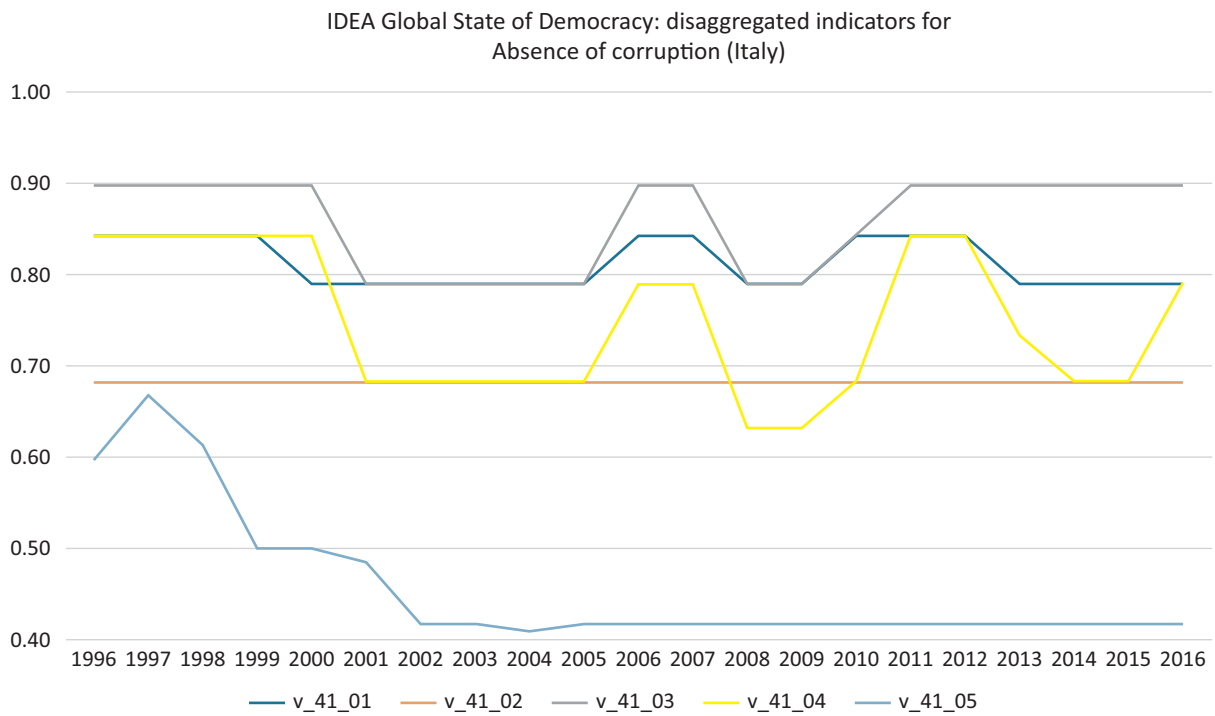


Figure 4. ID sub-indicators.

IDEA Global State of Democracy: disaggregated indicator for corruption

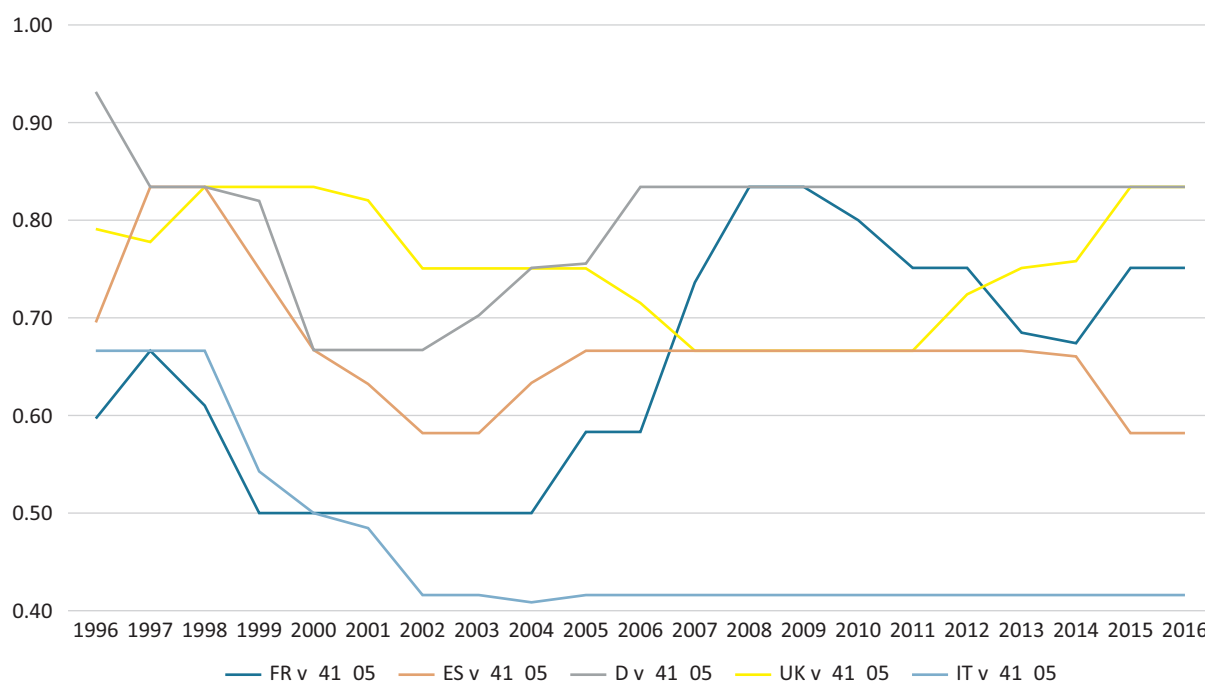


Figure 5. ID 5th sub-indicator (“Corruption”), by country.

Table 1. Governments by parliamentary majority (1996–2016) in selected European countries.

Government (by party parliamentary majority)	Length (years)	Ideological slant	ΔWB
UK—Major	+ 1	Right	0.065
UK—Blair, Brown	13	Left	-0.445
UK—Cameron/LD	5	COAL	0.28
UK—Cameron	1 +	Right	0.02
Germany—Kohl	+ 2	Right	0.14
Germany—Schroeder	7	Left	-0.16
Germany—Merkel/SPD	4	COAL	-0.13
Germany—Merkel	4	Right	0.05
Germany—Merkel/SPD ²	3 +	COAL	0.03
E-Aznar	8	Right	0.23
E-Zapatero	7	Left	-0.26
E-Rajoy	5 +	Right	-0.58
France—Chirac	+ 1	Right	0.07
France—Chirac/PS	5	COAL	-0.09
France—Chirac ² , Sarkozy	10	Right	0.23
France—Hollande	4 +	Left	-0.06
Italy—Prodi, D’Alema, Amato	5	Left	0.23
Italy—Berlusconi	5	Right	-0.16
Italy—Prodi ²	2	Left	-0.21
Italy—Berlusconi ²	3	Right	-0.09
I-Monti	2	COAL	-0.13
I-Letta, Renzi	3 +	Left	0.03

Notes: + indicates that the executive continued before or after the span of the dataset. ‘COAL’ indicates a government whose ideological balance straddles the right–left divide, as traditionally instantiated in the specific country. ΔWB is change in WB corruption indicator between the first and last year of the executive. For 1997, 1999, and 2001 values (not present in the WB database) the average of the year immediately preceding and immediately following were used.

The WB indicator is presented here (the others are displayed in the replication material).

One factor is immediately apparent: While many traditional explanations of corruption in Italy during the First Republic focused on the lack of any real alternation of political personnel in power, this cannot be the reason for Italy's continued struggles with corruption since the 1990s, for there was greater alternation in government in Italy than in any other country in our sample.

A few other considerations are in order. The three indicators do not yield a unanimous position as to the relation between length of government and effects on corruption. While WB data indicates a strong negative correlation between length of government and performance on corruption control, DB data presents a comparable positive correlation, and ID data a weaker version of the same. The WB and DB indicators concur, however, in picking up an ideological difference in the effect on perceived corruption: In the four European countries considered, right-wing governments tend to leave office with their country perceived as less corrupt than when they took office, while the opposite is true of left-wing governments. Coalitions straddling the left-right divide are seen as intermediate by WB, as vastly better than either right or left by DB. In Italy, however, the result is precisely the opposite: Both WB and DB spot a significantly better performance for left-wing rather than right-wing governments.

While this finding may be driven by idiosyncratic facts, such as the international reputation of Silvio Berlusconi (Fabbrini, 2013), it is possible to hypothesize an indirect effect through the electoral system, at least inasmuch as left-wing governments were widely expected to prove internationally responsible (hence also in fighting corruption) but the change in the electoral system in 2005 made it much more difficult for them to retain power, by weakening the ties of responsibility between popular electoral choice and government composition.

6. Conclusions

In this article, following an institutionalist perspective, we have argued for an effect of a shift in electoral regimes on the overall supply of particularism, hence on corruption levels as a whole. Moreover, we have tried to highlight how different electoral systems incentivize different types of particularism and argued that some can be used as intermediate steps on a path towards corruption control. These achievements are, however, dependent on whether they activate other political dynamics which then prompt reversed reforms.

Our empirical evidence can be interpreted as a first, tentative step in the direction of corroborating our theoretical hypothesis, by showing how perceived corruption declined somewhat after the majoritarian reform of 1993 and soared again in Italy after the re-proportionalization of 2005; corruption control indices show a similar

picture, with an improvement between 1996 and 2006 and a subsequent decline thereafter. Our preliminary conclusion is that, although the 1993 reform had ignited a positive trend towards healthier types of particularistic exchanges that promised to wean Italy out of political corruption, its side-effects in terms of increased fragmentation of the party system and increased instability of governmental coalitions prompted "counter-reforms" aimed at addressing these problems but which however rekindled the more systemic aspects of corruption (state-centered patronage; Di Mascio, 2014). More specific indicators suggest that a more comprehensive defense of our thesis must be left to future research and will have to rely on alternative strategies of data collection on the dependent variable, moving past the perception paradigm. We also argued that different electoral systems incentivize different types of particularism.

Our conjecture—that a SMP system might transform systemic corruption, performed by both parties and individual legislators under the OLPR system of the First Republic, into a 'healthier' system in which at least the interests of local constituencies are addressed—was partially borne out by our empirical analysis. We understand that this would be but a modest improvement and would not amount to the eradication of particularism. We realistically think that all representative systems encourage a mix of particularistic and universalistic appeals that can however strike healthier or more pathological balances. Our recommendation would therefore be to revise once again the Italian electoral law in view of creating a stronger linkage between individual candidates and their electoral districts without however enfeebling party discipline too much. We understand that this would probably be the outcome of a long transition in which institutional provisions would induce corresponding cultural shifts.

Our evidence also highlighted two other interesting and counterintuitive facts. The first is how much of an outlier the Italian case is in comparative perspective, both in terms of trend and of baseline: such a result calls for renewed attention to the case in a spirit of methodological pluralism, as it may well be that both long-term political culture dynamics and shorter-term incentive variations are at play. The second surprising finding has to do with the partisan reputations for corruption in Italy, compared to other European countries. How such a finding extends to present conditions, following the revolution in the political system wrought by the rise of the Five-Star Movement and the re-branding of the League as a populist radical-right party, may provide an interesting puzzle for future research.

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Conflict of Interests

The authors declare no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

Do Men and Women Perceive Corruption Differently? Gender Differences in Perception of Need and Greed Corruption

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Abstract

Do men and women perceive corruption differently? While evidence suggest that there is a strong link between gender and corruption, and that gender differences can at least partly be derived from men and women having different attitudes towards corruption, most studies to date focus on gender differences in perceptions of the scale or severity of the corruption in general, rather than its different forms. However, we argue that factors such as role socialization, social status and life experiences may make men and women perceive different kinds of corruption. Drawing on the distinction between ‘need’ and ‘greed’ corruption, we suggest that women are more likely than men to perceive that corruption is driven by need rather than greed. In particular, women may be more likely to be exposed to need corruption because of their greater care taking responsibilities both in the professional and private sphere, and, much in line with marginalization theory, have easier access to forms of corruption that are less dependent upon embeddedness in collusive networks. Using unique survey data, we show that women and men indeed differ in their perceptions of need vs. greed, and that women perceive more need corruption, while men perceive more greed corruption. This suggests that perceptions of different forms of corruption are indeed gendered and we discuss the implication of this for anti-corruption policy.

Keywords

corruption; gender; greed; need; socialization

Issue

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1. Introduction

In the past 20 years, studies have consistently shown a strong link between gender and corruption (Dollar, Fisman, & Gatti, 2001; Esarey & Schwindt-Bayer, 2018; Stensöta & Wängnerud, 2018; Swamy, Knack, Lee, & Azfar, 2001). Studies have shown that at least under some circumstances, increasing the share of women in elected office can lead to lower levels of corruption. Closer empirical analysis of the relationship also suggest that this relationship is neither spurious, i.e., solely driven by other factors such as the develop-

ment of liberal democracy, or simply attributable to reversed causality (Bauhr & Charron, 2020; Brollo & Troiano, 2016; Correa Martinez & Jetter, 2016; Esarey & Schwindt-Bayer, 2019; Jha & Sarangi, 2018). Thus, while low corrupt and less patronage-based recruitment systems may indeed facilitate the recruitment of women into office (Bjarnegård, 2013; Stockemer & Sundström 2019; Sundström & Wängnerud, 2016), evidence also suggest that women can make a difference once in office. Within this research field, there are studies that have shown gender differences in how citizens experience, tolerate and perceive corruption on whole (Bauhr,

Charron, & Wängnerud, 2019; Melgar, Rossi, & Smith, 2010; Swamy et al., 2001). Theoretical frameworks seeking to explain this effect draw on both macro- and micro-level theories on gender differences, to argue that there are indeed systematic differences in how men and women *perceive* corruption (Alexander, in press).

This study draws on this emerging body of work to investigate systematic differences in public perceptions of corruption between men and women. However, it is common in much of the empirical corruption literature to not systematically distinguish and account for the vast variation between different forms of corruption (see Bauhr et al., 2019, for an exception). When investigating the link between gender and corruption this may be particularly consequential, since differences in role socialization, social status and experiences may make men and women perceive not only differences in the scale or importance of the corruption problems, but also make men and women perceive different types of corruption.

Specifically, we build on the distinction between ‘need’ and ‘greed’ corruption (Bauhr, 2017) and suggest that women are more likely than men to perceive that corruption is driven by need and that men are more likely to perceive that corruption is driven by greed. Following Bauhr (2017) we define need corruption as corruption needed to gain access to public services and avoid transgression of government power, and greed corruption as corruption used to gain access to special illicit advantages, unfair privileges and wealth. We also draw on socialization and marginalization theories to propose two potential explanations for the differences found. Gender differences in socialization into caretaking roles and professions may explain differences in perceptions of the prevalence of need corruption, furthermore, much in line with marginalization theories (for example, Barnes & Beaulieu, 2018; Bjarnegard, 2013; Goetz, 2007; Heath, Schwindt-Bayer, & Taylor-Robinson, 2005), women are less likely to be included in the collusive insider networks (which are often male-dominated) that facilitate greed based transactions, and will thereby be less likely to perceive this form of corruption as prevalent.

Our analysis uses the third round of the European Quality of Government Index survey (Charron, Lapuente, & Annoni, 2019), and data from 77,966 respondents in 185 European regions. Within the survey, we employ unique questions capturing the need vs. greed forms of corruption, and we show that women perceive higher need corruption on average, while men tend to perceive a higher level of greed corruption.

We thereby seek to make several interrelated contributions. To the best of our knowledge, this study is the first that systematically investigates gender differences in the perceived prevalence of different forms of corruption, and in particular differences between need and greed corruption. Several studies suggest that women, on average, are less tolerant towards corruption (Alexander, Bågenholm, & Charron, 2019; Swamy et al., 2001). Most studies to date, however, investigate either

the macro-level association between women representation and lower levels of corruption (Dollar et al., 2001), or micro-level differences between men and women’s levels of tolerance towards corruption, whether expressed through vote choice (Alexander et al., 2019), perceptions of the extent to which corruption is justifiable (Swamy et al., 2001) or the varying propensity of men and women to engage in corruption (Bauhr et al., 2019). This study builds on new data specifically designed to measure the distinction between need and greed corruption and a large sample of respondents to investigate how the perceived nature of the corruption problem differs among men and women. In doing so, we add to the rich literature that seeks to explain the gender and corruption nexus to suggest that two factors in particular may drive gender differences in the perceived prevalence of these different forms of corruption. We highlight women socialization into greater *care taking* obligation, both in the private and public sphere and *power marginalization* (Bjarnegård, 2013; Schwindt-Bayer, 2010) that tend to exclude women’s access to greed to a greater extent than need corruption.

The study thereby adds to a closer understanding of the link between gender and corruption, by showing that the perceived nature of the corruption problem differs between men and women. An important challenge for current anticorruption efforts is the vastly different nature of different forms of corruption; differences which tend to be ignored in studies that employ the widely-used, aggregate measures, such as the World Bank’s Control of Corruption, or Transparency International’s Corruption Perceptions Index. Specifically, anticorruption interventions may not have an equal effect across different forms of corruption, and such interventions may thereby need to be tailored to the type of corruption problem that they seek to address. Investigating public perceptions of different forms of corruption, and how it varies across societies and groups, is therefore an important first step in understanding public demand for different types of anticorruption reforms.

2. Gender and Corruption

There is a growing literature that investigates gender differences in attitudes toward corruption. Using World Value Survey data, Swamy et al. (2001) investigate respondents’ answers regarding hypothetical scenarios involving dishonest and opportunistic behavior, such as cheating on taxes or avoiding a fare on public transport. They found that women were more likely than men to respond that dishonest or illegal behavior was ‘never justifiable.’ These gender differences were also found when investigating attitudes towards corruption in general, where women were found to be less likely to condone corruption compared to men. Although findings on whether men or women are more likely to value honest behavior and legal norms in general are somewhat mixed, several studies confirm that women

show a stronger aversion towards corruption than men (see Hernandez & McGee, 2012; Torgler & Valev, 2010). Relatedly, evidence also suggests that women are more likely to mobilize against corruption. Recent studies investigate gender differences in voter responses to corruption and find that women are more likely to refrain from voting for a party and candidate involved in corruption (Alexander et al., 2019).

Additionally, studies consistently show a strong association between women representation and lower levels of corruption (Bauhr et al., 2019; Dollar et al., 2001; Esarey & Schwindt-Bayer, 2018; Stensöta & Wängnerud, 2018; Swamy et al., 2001). Several possible explanations have been suggested for this link. Some studies attribute this difference to women on average being more pro social than men, and thereby more likely to engage in ‘helping’ behavior, which also explains their greater propensity to base voting decisions on social concerns (Eagly & Crowley, 1986; Goertzel, 1983). Building on studies from different disciplines, including criminology, risk sociology and political psychology (Bord & O’Connor, 1997; Watson & McNaughton, 2007), scholars have directed particular attention to the notion of women being more *risk averse* than men (Esarey & Schwindt-Bayer, 2018; Swamy et al., 2001). Relatedly, studies suggest that citizens expect women in office to be less corrupt than men (Barnes & Beaulieu, 2014, 2018); and they may therefore also be more severely punished for engaging in corruption by the electorate, which increases the de facto risk of participating in corruption. However, the literature on whether or not voters treat women and men differently at the polls has produced somewhat mixed results (see, e.g., Eggers, Vivyan, & Wagner, 2018; Žemojtel-Piotrowska, Marganski, Baran, & Piotrowski, 2016). Furthermore, a growing body of experimental work suggest that women engage less in corruption than men (for a review of this literature see Chaudhuri, 2012). For example, Fišar, Kubák, Špalek, and Tremewan (2016) assert that “women are less likely to engage in punishment of corruption and believe corruption to be more prevalent than men.” However, evidence also suggests that gender differences are context dependent, since they are stronger in more advanced economies (Alatas, Cameron, Chaudhuri, Erkal, & Gangadharan, 2009), in democracies (Esarey & Schwindt-Bayer, 2018) and in the legislative arena (Stensöta, Wängnerud, & Svensson, 2015).

Most studies to date, however, investigate either the macro-level association between women representation and lower levels of corruption, or micro-level differences between men and women’s levels of tolerance towards corruption, whether expressed through vote choice, perceptions of the extent to which corruption is justifiable or the varying propensity of men and women to engage in corruption. Studies have also developed a number of plausible theories about why women would be less likely to engage in corruption or more likely to mobilize against it. These including theories of women being socialized into being more pro social, norm compli-

ant or risk averse than men. In addition, that women may be more dependent on a well-functioning state because of their greater care taking obligations (Alexander & Ravlik, 2015; see also Jha & Sarangi, 2018; Neudorfer, 2016). For example, several studies suggest that women are more likely to prioritize the improvement of public service delivery as elected officials, and in particular in sectors that benefit women (Bolzendahl, 2009; Dolan, 2010; Ennser-Jedenastik, 2017; Jha & Sarangi, 2018; Schwindt-Bayer & Mishler, 2005; Smith, 2014). Others assert that women are simply marginalized and excluded from participating in corrupt transactions (Barnes, 2016; Bjarnegård, 2013; Goetz, 2007; Heath et al., 2005; Schwindt-Bayer, 2010).

None of the studies we are aware of, however, investigates whether there are gender differences in the perceived prevalence of *different forms* of corruption. Thus, while previous research highlights several reasons why men and women may experience corruption differently and thereby develop different attitudes towards corruption, most studies to date use either aggregate indices of corruption levels or the more specific example of bribe paying. However, failing to recognize the sometimes-large variations between different forms of corruption (Bauhr, 2017), and that perceptions of different forms of corruption may vary across different segments of the population, limits our understanding of both citizens’ attitudes towards corruption and drivers of anticorruption mobilization. The ensuing section develops our theoretical contribution and elucidates our empirical hypothesis.

3. Gender Differences in Perceptions of Different Forms of Corruption

An important challenge for anticorruption efforts is the vastly different nature of different forms of corruption. While several scholars note the importance of disaggregating the concept of corruption in order to understand the effectiveness of anticorruption reforms (Bauhr, 2017; Heywood, 2017), such disaggregation is more often made in theoretical accounts than in empirical research. For long, comparative corruption research has been dominated by the use of aggregate indices of corruption capturing how much corruption there is any particular polity rather than its different forms (e.g., Ades & Di Tella, 1997; Fisman & Gatti, 2002; Mauro, 1995; Treisman, 2007). Subsequent analyses have made important attempts to distinguish between different forms of corruption based on, for example, the size and scale (e.g., petty vs. grand corruption), or relational distinctions (extortive vs. collusive corruption). Others mention the motivations for engaging in corruption (need vs. greed), the perceived normality of corruption (such as Heidenheimer & Johnston, 2002, referring to white, grey, or black corruption) and distinctions between different forms of favoritism (nepotism, cronyism, clientelism). Despite these conceptual nuances, our under-

standing of gender differences in perceptions of different forms of corruption remain scant.

This study investigates gender differences in perceptions of two forms of corruption where we expect such differences to be prevalent: need and greed corruption (Bauhr, 2017). This distinction focuses on the basic motivation for engaging in corruption. Individuals engage in need corruption if it is the only way to receive services or avoid abuses of power and in greed corruption to receive special illicit advantages, privileges and wealth. The differences could be thought of as the difference between using corruption if it is the only way to secure health care for yourself or your dependents and using corruption to gain a public contract without having the most competitive bid.

At least two important theoretical approaches to the link between gender and corruption could contribute towards explaining gender differences in the perceived prevalence of need and greed corruption. First, theoretical expectations derived from socialization theories, and in particular women's socialization into greater care taking responsibilities may explain the higher levels of perceive prevalence of need corruption. Gender role socialization makes women on average assume greater care taking responsibility for family, including children and elderly (Eagly & Wood, 2016). These caretaking obligations may also lead to encounters of need corruption in sectors such as schools and health care. Furthermore, gender role socialization has also been shown to influence career choices and employment (Eagly & Wood, 2016). Women may therefore also be more likely to perceive or define corruption as need corruption in their professional roles as teachers, doctors or health workers, professions that also typically entail a comparatively high level of street level discretion, and tend to be in the public sector.

Second, studies suggest that women are not only more pro social, care oriented and risk averse; they are also more likely to be excluded from certain forms of corrupt transactions. In particular, marginalization theories suggest that women lack opportunities to participate in certain forms of corrupt transactions, in particular the forms of corruption that are secretive, collusive and dependent upon embeddedness in 'old boys networks.' Several studies suggest that women are more likely to be excluded from such tightly knit networks, and therefore have less opportunities to engage in corruption (Barnes, 2016; Barnes & Beaulieu, 2018; Bjarnegård, 2013; Escobar-Lemmon & Taylor-Robinson, 2009; Heath et al., 2005; Schwindt-Bayer, 2010). This suggest that women may be particularly unlikely to experience or observe greed corruption, since they may simply be excluded from participating in it. Thus, while insiders benefit from corruption in contexts where corruption is prevalent and therefore perpetuate it (Bauhr & Charron, 2018), greed corruption oftentimes remains secretive and unseen by outsiders, which may explain why women are less likely to perceive greed corruption as prevalent. Taken together, as our hypothesis, we expect that

women would perceive need corruption as more prevalent, while men would perceive a higher prevalence of greed corruption:

H: Women perceive a higher prevalence of need corruption, while men perceive a higher prevalence of greed corruption.

4. Sample, Data and Design

This study relies on newly collected data from the third round of the Quality of Government Institute's European Quality of Government Index survey (Charron et al., 2019). The survey's primary aim is to build regional indices of quality of government and facilitate multi-level research on governance in the EU countries (Charron, Dijkstra, & Lapuente, 2015). The questions capture the extent to which citizens experience and perceive corruption within their local and regional public services and feel that their services are of good quality, are treated fairly by local public servants and that services are allocated impartiality to all citizens. The sample is made up of residents of 18 years of age or older, who were contacted randomly via telephone in the local language. Telephone interviews were conducted via both landlines and mobile phones, with both methods of administration being applied in most countries. In all, 77,966 respondents were included in 21 EU countries and the survey design selected respondents within 185 regions in these countries, such that design weights are used in all analyses to account for this (see the Supplementary File, Appendix II, for more details on the survey).

The survey includes several questions on perceptions of corruption that are of interest here and serve as dependent variables in the analyses. The two most suitable questions to test our theory, developed by the authors of this study, are those that pertain to various types of general, societal corruption which seek to make the distinction between 'need' and 'greed' corruption respectively (Bauhr, 2017).

Need corruption is measured by the statement 'People in my area must use some form of corruption just to get some basic public services'; *greed corruption* is measured by the statement: 'Corruption in my area is used to get access to special unfair privileges and wealth.'

Respondents are asked to agree with these statements on a scale of 1–10, in which 10 is full agreement and 1 is full disagreement. Figure 1 shows the distribution of these two main variables via a scatterplot, in which we observe that corruption is perceived as lowest in Denmark and the highest Croatia, and the difference between high and low country is roughly two standard deviations in the corruption variables, suggesting vast country level variation overall. The data show that greed corruption is perceived as higher in all countries (save Romania), while in some countries—such as Czech Republic and Hungary, greed corruption is perceived as considerably higher than need corruption.

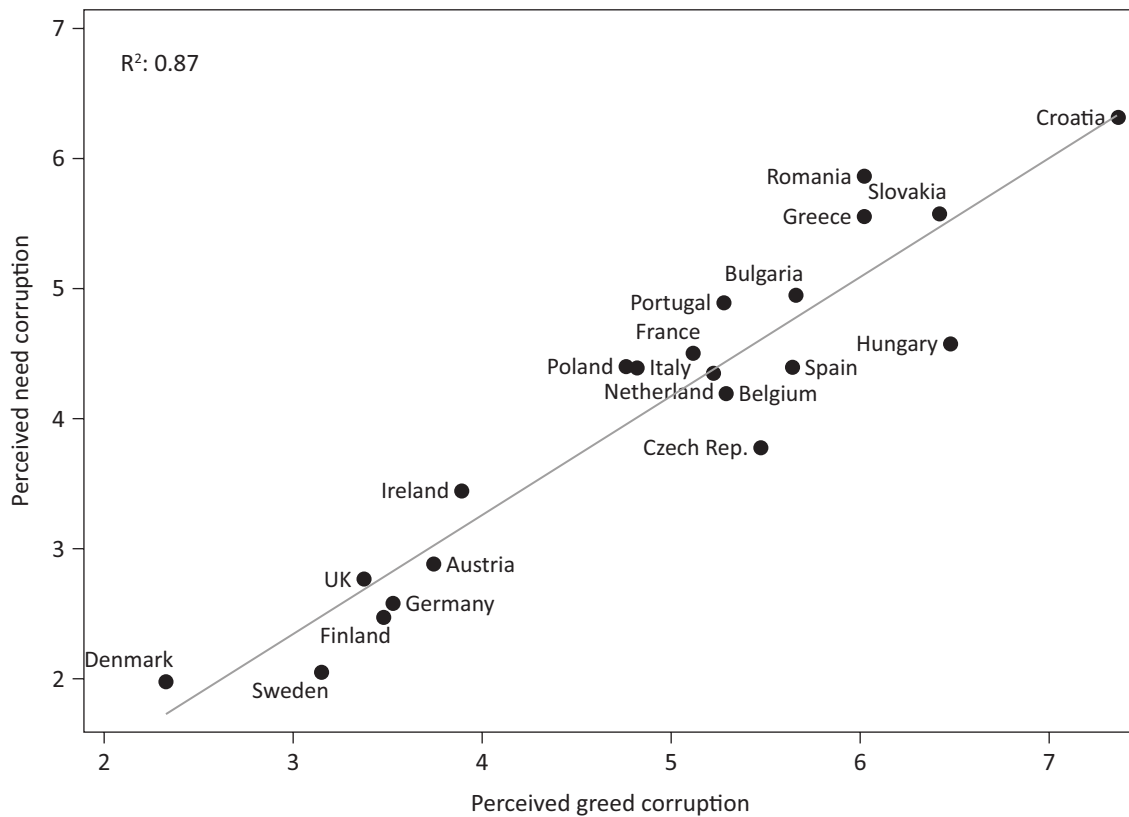


Figure 1. Citizen perceptions corruption in 21 EU countries. Note: Weighted country means reported.

The main independent variable of interest is the gender of the respondent, coded as binary (1 = female, 0 = male). We attempt to account for several factors, which could confound the relationship between gender and corruption perceptions by including a number of control variables. First, at the individual level, we account for education. While the effects of higher education on corruption perceptions is somewhat mixed with samples outside the EU (Donchev & Ujhelyi, 2014; Razafindrakoto & Roubaud, 2010), studies in Europe have shown higher education is associated with lower perception (Charron, 2016). As the rate of women in higher education varies by country, we include a dummy for university education or higher to account for this. Second, we account for political values representing left–right dimension, which could confound the main relationships, in particular at the extreme ends (Charron & Bågenholm, 2016). These are accounted for with questions pertaining for example to preferences for income redistribution included in the 2017 survey (see the Supplementary File, Appendix II). As several factors could be proxies for corruption perceptions, we also control for support for the sitting government party (or party in a government coalition), and one’s satisfaction with the current economy, all of which have been shown to be inter-related (Manzetti & Wilson, 2006). In our sample, women are significantly less likely to profess support for a sitting government party and they tend to rate the current economy more negatively than men on average thus we control for party support to account for this potentially confounding effect.

Next, we account for workforce sector (private, public or non-working), as public sector workers, who tend to be women more on average in many countries, tend to perceive lower corruption on average (Charron, 2016). Finally, at the individual level, we control for one’s personal experience with petty corruption, as women have significantly lower rates of self-reported experience in our sample and in other studies of petty corruption (see Justesen & Bjørnskov, 2014), thus we control for this potentially confounding effect.

As the individuals in our sample are nested in larger regional and country contexts, we account for this with several macro-level variables. First, we include country-level fixed effects to control for unobserved, country-level variation, which could bias our estimates. Second, we include measures of institutional quality from the European Quality of Government Index (Charron et al., 2015), which measure the level of perceived and experienced corruption in local services and the degree to which citizens believe that services are allocated impartially and with high quality. Given we find significant within-country variation in institutional quality; we expect that this will be a strong negative predictor of corruption perceptions. Third, we include a measure for the proportion of women MPs in local parliaments from Sundström (2013), which could serve as a heuristic for citizens, in particular women, that there is less influence from ‘good old boy clubs.’

As our dependent variables are coded 1–10, we rely mainly on least squares regression, although we check in

addition for the results via ordered logit. All models include survey design weights and robust standard errors, clustered on countries.

5. Empirical Results

We begin with looking at the relationship between gender and need corruption perceptions in Table 1. The first model includes only gender and country fixed effects, while the second includes the micro-level controls and the third model adds the regional level items. Model 1 shows that women on average tend to perceive higher levels of need corruption compared with men. The marginal effect is reduced by roughly one-half with the inclusion of the controls, suggesting confounding effects by some of the control variables, but the relationship—while relatively small—is significant at the 0.05 level of confidence.

Table 2 investigates the relationship between gender and greed corruption perceptions. We approach this outcome similarly to Table 1, by adding control variables to test for nested models. In contrast to need corruption, women perceive significantly lower levels of greed corruption throughout the three models. Moreover, the effects become over 70% greater when adding individual and regional level controls as compared with model 1, and the effects are significant at the 0.01 level of confidence. This implies that when accounting for factors such as education, age and occupational sector for example, that the gap in perceptions between males and females is in fact larger among respondents who are more demographically similar and share similar attitudes on redistributive politics and the economy on whole.

As noted, our control variables predict both types of corruption perceptions in rather similar ways, although there is some variation in the magnitude of effects.

Table 1. Estimates for need corruption.

	(1) Baseline	(2) Add micro controls	(3) Add micro & regional controls
Female	0.098*** (0.024)	0.046** (0.023)	0.048** (0.023)
Education		-0.441*** (0.025)	-0.443*** (0.026)
Age		-0.003 (0.013)	-0.003 (0.013)
Corruption experience		0.444*** (0.018)	0.436*** (0.018)
Economic satisfaction: very good		-1.279*** (0.061)	-1.271*** (0.061)
Economic satisfaction: somewhat good		-0.984*** (0.046)	-0.982*** (0.047)
Economic satisfaction: somewhat bad		-0.429*** (0.044)	-0.439*** (0.046)
Private sector		-0.015 (0.030)	-0.007 (0.030)
Public sector		-0.295*** (0.034)	-0.291*** (0.035)
Support government party		-0.117*** (0.027)	-0.117*** (0.027)
Support redistribution		-0.676*** (0.046)	-0.658*** (0.046)
European Quality of Government Index (2013)			-0.330*** (0.035)
% women in Parliament			-0.018*** (0.003)
Country fixed effects	√	√	√
Constant	4.220*** (0.039)	5.218*** (0.069)	6.048*** (0.122)
Obs.	77966	77612	74718
R-squared	0.130	0.166	0.167

Notes: Dependent variable is perceptions of 'need' corruption, with higher values implying higher perceived corruption. Robust standard errors in parentheses from linear regression. Country fixed effects included in all models (not shown). Reference to economic satisfaction is 'very bad,' reference to labor force sector is 'not currently working.' *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 2. Estimates for greed corruption.

	(1) Baseline	(2) Add micro controls	(3) Add micro & regional controls
Female	-0.058** (0.025)	-0.097*** (0.025)	-0.10*** (0.025)
Education		-0.156*** (0.027)	-0.167*** (0.027)
Age		-0.052*** (0.013)	-0.054*** (0.014)
Corruption experience		0.451*** (0.018)	0.442*** (0.018)
Economic satisfaction: very good		-1.319*** (0.064)	-1.301*** (0.065)
Economic satisfaction: somewhat good		-1.006*** (0.046)	-0.992*** (0.047)
Economic satisfaction: somewhat bad		-0.386*** (0.044)	-0.386*** (0.045)
Private sector		0.153*** (0.031)	0.156*** (0.031)
Public sector		-0.222*** (0.036)	-0.227*** (0.037)
Support government party		-0.242*** (0.029)	-0.242*** (0.029)
Support redistribution		-0.921*** (0.049)	-0.900*** (0.049)
European Quality of Government Index (2013)			-0.390*** (0.036)
% women in Parliament			-0.005 (0.003)
Country fixed effects	√	√	√
Constant	4.975*** (0.040)	6.003*** (0.070)	6.399*** (0.127)
Obs.	77966	77612	74718
R-squared	0.122	0.159	0.156

Notes: Dependent variable is perceptions of ‘need’ corruption, with higher values implying higher perceived corruption. Robust standard errors in parentheses from linear regression. Country fixed effects included in all models (not shown). Reference to economic satisfaction is ‘very bad,’ reference to labor force sector is ‘not currently working.’ *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Education is associated with lower levels of corruption perceptions, consistent with most previous empirical studies (Donchev & Ujhelyi, 2014; Truex, 2011). Age is a negative predictor, yet only significant for greed corruption. Not surprisingly, personal experience with petty corruption drives higher perceptions of both need and greed corruption, which is consistent with several previous studies (Charron, 2016; Donchev & Ujhelyi, 2014) while positive views of the economy are associated with lower perceptions. Supporters of a sitting government party also have lower perceptions on average, which is consistent with previous findings (Tverdova, 2011), as do people with more left-leaning attitudes on government redistribution, all things being equal, which contributes to the mixed findings on whether left- or right-leaning ideology yields higher corruption perceptions (Curini, 2017; Holmberg, 2009). Compared with people who are unemployed, public sector workers tend to

perceive lower corruption, while private sector workers tend to perceive higher levels. Both regional level variables predict corruption perceptions in the expected direction, yet women in parliament is only significant for need corruption, while past level of institutional quality in one’s region positively predicts both types of corruption perceptions. Interestingly, when comparing the effects of the variables across the two model for need and greed corruption, the gender variable is the only variable that changes sign, as all other variables show a more or less consistent effect on both types of corruption perceptions.

Figure 2 summarizes the main findings of the study, showing the marginal effects of gender (female) respondents across the six models reported.

Finally, as the socialization mechanism of our theory implies that the effect of gender could be mediated by career choice, we attempt to test this effect through mul-

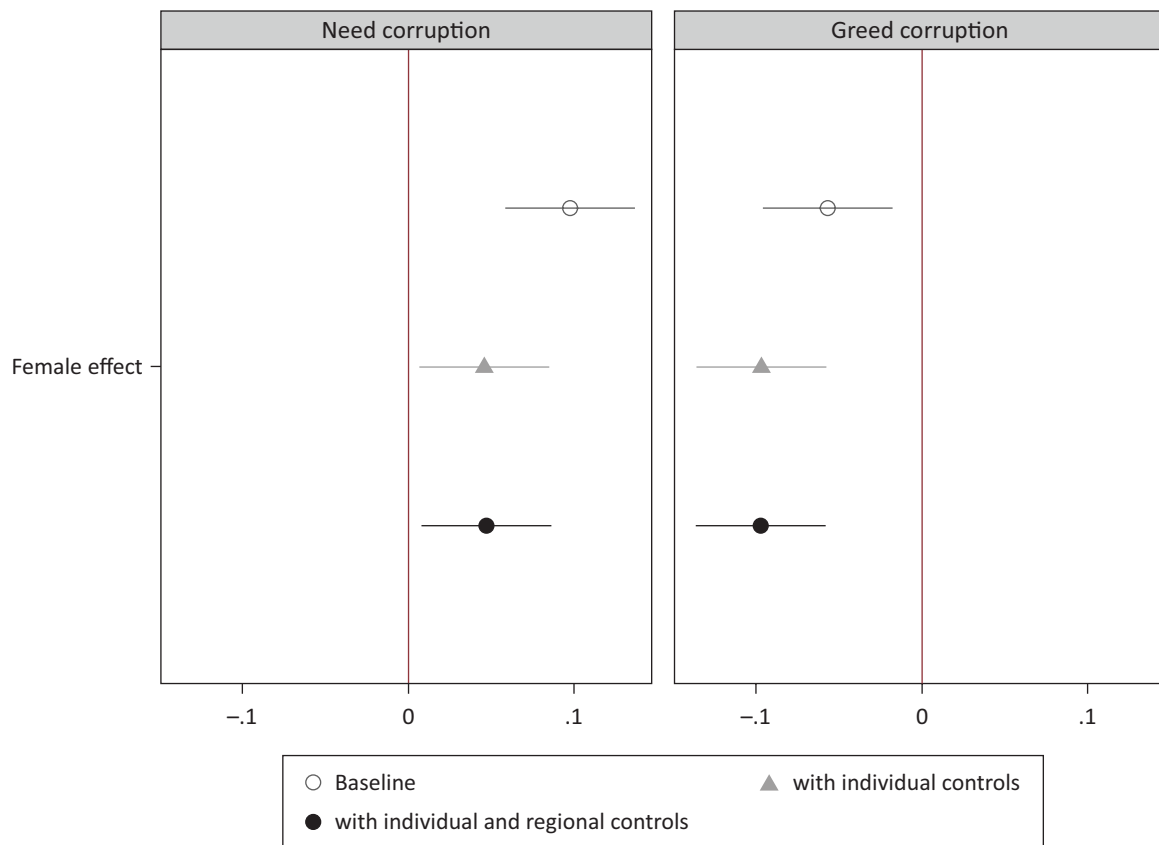


Figure 2. Summary of main effects. Note: Point estimates show marginal effects of female (compared with males) on the two perceptions of corruption with 95% confidence intervals.

tilevel mediation analysis to test the degree to which our gender effects are actually mediated through occupation. In these analyses, we tested the mediation effect of gender with an (admittedly broad) measure of public/private sector employment, in that women tend to work in the private sector at systematically lower rates than men and that private sector employees tend to have higher perceptions of corruption than do unemployed or public sector workers (see Table 2). We find that our main reported effects are in large part quite consistent with the mediation—some 25% and 28% of the total gender effects that we find for need and greed corruption are via occupation (see the Supplementary File, Appendix 3 and Table A3, for full results). While we do not rule out other mediation channels, we find that such evidence does suggest both strong direct effects and some significant indirect effects of gender on perceptions of corruption via occupational socialization mechanisms, which provides some evidence for the mechanisms proposed in part of our theory.

6. Discussion

This study investigates gender differences in the perceived prevalence of different form of corruption. Specifically, we investigate perceptions of two types of corruption—need and greed—and suggest that female respondents should have higher perceptions of need cor-

ruption, while lower perceptions of greed corruption compared with male respondents on average. Using a large sample survey of nearly 80,000 respondents in 21 EU countries, we find empirical support for this claim.

The argument we make builds on gendered theories of care taking and power marginalization. On the one hand, women are socialized into care taking roles, which implies a greater deal of time invested in activities such as education and health care, which in turn have implications for occupational choices (Eagly & Wood, 2016). In these areas, at times even in some parts of Europe, some degree of need corruption is warranted to obtain services. That women are more involved on average in these services implies that their perception of such need corruption should be higher, which we in fact observe. On the other hand, marginalization theory suggests that women are on average, often excluded from positions and decision-making areas where greed corruption is likely to take place. We thus expected women’s perception of this type of corruption to be in fact lower than male perceptions, for which we find robust empirical support. Interestingly, among the many correlates included in the model, gender was the only variable in which we found this distinction between need and greed corruption.

This study shows the salience of distinguishing between types of corruption as well as keeping in mind gender differences when considering aggregate levels of cor-

ruption based on survey data. To the best of our knowledge, this is the first study that investigates gender differences in perceptions of different forms of corruption and in particular, need and greed corruption. It is important to note that although our theory posits two mechanisms, our study does not explicitly investigate *why* we find gender difference in perceptions of different forms of corruption. However, the mediation analysis we perform does suggest some of the effect of gender on corruption perceptions is channeled via occupation, which implies some evidence for the socialization mechanism. Although our results are consistent with the predicted observable implications of the theoretical framework we suggest, explicitly investigating why these differences occur is a viable and interesting avenue for future research. Gaining a closer understanding of gender differences in perceptions of different forms of corruption may hold the key to a closer understanding of how and why demand for anticorruption reforms differ across different segments of a population. Thus, gender differences in perceptions of different forms of corruption does not only reflect differences in roles and experiences of different societal groups, it may ultimately shape public support for anticorruption reforms.

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Conflict of Interests

The authors declare no conflict of interests.

Supplementary File

Supplementary material for this article is available online in the format provided by the authors (unedited).

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Article

Press Freedom and Corruption Perceptions: Is There a Reputational Premium?

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Abstract

Many studies find a strong association between press freedom and corruption perceptions (Adsera, Boix, & Payne, 2003; Brunetti & Weder, 2003; Freille, Haque, & Kneller, 2007). However, it is possible that this relationship is driven by experts' belief that limits on press freedom are associated with corruption. This article tests the association between press freedom and corruption perceptions using objective measures of corruption from the World Bank's Enterprise Surveys, a series of representative surveys of the owners and top managers of private firms in the manufacturing and service sectors. Our findings suggest that there is a reputational premium associated with press freedom: Holding corruption experiences constant, corruption perceptions are improved by greater press freedom. Moreover, we find that the developed world is best placed to avail of this premium, as it is most evident in countries with low to moderate levels of corruption by global standards.

Keywords

corruption; corruption perception; press freedom; media freedom; premiums

Issue

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1. Introduction

Many studies find that a free press improves perceptions of corruption, with most arguing that journalists have clear incentives to uncover and report corruption (Adsera, Boix, & Payne, 2003; Brunetti & Weder, 2003; Freille, Haque, & Kneller, 2007). These studies acknowledge two particular mechanisms. The first, taking inspiration from Becker's (1968) model of crime, is that a free press should lower actual corruption levels by increasing the expected costs of corruption for would-be criminals. With would-be criminals facing higher costs, we should observe and perceive less corruption in society, and popular corruption indicators—to the extent that they are accurate—should reflect this reality. The second mechanism is that corruption experts may use press freedom as a mental shortcut, or heuristic device, when compiling corruption perceptions indices. If experts do this rou-

tinely, then press freedom may improve corruption perceptions irrespective of actual corruption levels.

While the literature acknowledges that both mechanisms are plausible, no study has tested empirically the proposition that the second mechanism is a meaningful driver of corruption perceptions. This is substantively important because if the second mechanism is driving outcomes, then some countries may enjoy a *reputational premium*, such that experts give them better assessments than one might expect given the levels of experienced corruption. To test this conjecture, we examine the hypothesis that an improvement in press freedom is associated with an improvement in corruption perceptions, while holding experienced corruption constant. In order to measure experienced corruption, we use the World Bank's Enterprise Surveys, a series of representative surveys of the owners and top managers of private firms in the manufacturing and service sectors.

Our findings suggest that there is a reputational premium: Holding corruption experiences constant, corruption perceptions are improved by greater press freedom.

Having found evidence for a reputational premium on average, we then ask if it is available to all countries. Our results show that low to moderately corrupt countries can see gains from improving press freedom. This finding has important implications. First, it suggests that in very corrupt countries a free press will not change corruption perceptions unless it changes the reality of corruption. Second, it suggests that developed countries would see reputational gains from improved press freedom, as they tend to enjoy low to moderate levels of corruption compared to other groups.

While press freedom is often considered the hallmark of a developed country, data from Reporters Without Borders show that it is under threat in many OECD countries. In Greece, for example, journalists are frequently arrested under legislation—the ‘flagrant procedure’—dealing with press crimes. In Poland, actions to nationalize the media since 2015 have made it increasingly difficult for journalists to dissent from the government’s position without being subject to harassment and prosecution. Even in Ireland, which is a relatively clean country by global standards, media ownership is highly concentrated and journalists are constrained by strict libel laws. Furthermore, while many developed countries such as these may have necessary anticorruption laws and policies, their effectiveness may depend critically on press freedom. Mungiu-Pippidi and Dadašov (2017), for example, show some of the most important tools do not always work in isolation and require public scrutiny, underlining the importance of press freedom.

The loss of reputation has real world consequences. Many studies demonstrate that higher corruption perceptions can harm national wellbeing by repelling foreign direct investment (Wei, 2000) and undermining important outcomes such as GDP growth (Mauro, 1995) and interpersonal and institutional trust (Anderson & Tverdova, 2003; Banerjee, Duflo, Glennerster, & Kinnan, 2015; Chang & Chu, 2006; Seligson, 2002). This latter effect on trust in the state and its agents can undermine support for democracy, even in the developed world. To limit reputational damage, policymakers should focus considerable efforts and resources on protecting media freedoms and implementing needed reforms.

In the next section, we discuss the literature on corruption and press freedom. Section 3 presents our data and method. Section 4 presents and discusses our results. In Section 5 we conclude with a discussion of the substantive importance and policy-relevance of our findings.

2. Press Freedom and Corruption: Literature and Argument

There is a scholarly consensus that a free press has an important role in the fight against corruption. Many empirical studies demonstrate a strong link between vari-

ous indicators of corruption perceptions and press freedom. Brunetti and Weder’s (2003) seminal study finds a strong correlation in a sample of 125 countries from 1994 to 1998, Adsera et al. (2003) detect a similar pattern in two samples across multiple time periods, as do Freille et al. (2007) using alternative estimation techniques. Moreover, scholars have considered in detail the role of moderating factors such as the level of democracy level (Chowdhury, 2004; Kalenborn & Lessmann, 2013), and the level sociopolitical integration (Charron, 2009). In virtually all tests, the association between press freedom and corruption holds, and is robust to a range of controls and estimation techniques.

However, there are unanswered questions about the substantive effect of press freedom on corruption (Färdigh, Andersson, & Oscarsson, 2011). As we have seen, the majority of existing studies support two particular mechanisms—the first where press freedom makes criminal behavior costlier, reducing corrupt activity and thus perceptions of corruption, and the second where it simply changes experts’ perceptions of corruption, irrespective of actual corruption levels. A large literature in corruption studies has questioned the accuracy of experts’ perceptions, and other perception-based measures, arguing that they suffer from perception biases (Fan, Lin, & Treisman, 2009; Reinikka & Svensson, 2006; Svensson, 2003; Treisman, 2007). Taking our motivation from this literature, we argue that the experts who compile national-level corruption indicators may associate state control of the media with higher levels of corruption, irrespective of actual corruption levels, resulting in a reputational premium.

Whether this premium exists depends on the extent to which experts do this routinely. Yet, there are several reasons why corruption experts may systematically equate media freedoms with corruption. First, experts may conflate a lack of press freedom with a lack of transparency and accountability in society. Corruption is more likely in such environments and as a consequence, expert assessments may be stricter regardless of experienced corruption. By contrast, where there is greater transparency, experts may have more confidence in their own ability, or the ability of their sources, to detect corruption. Second, experts require information to make judgements about corruption. Countries that lack press freedom have limited the flow of information in society, potentially raising uncertainty among experts about the accuracy of their assessments. This may trigger cognitive biases such as conservatism or negativity, leading to less favorable assessments. Third, press freedom may simply be a mental shortcut or heuristic device for compiling corruption perceptions indices. Experts are aware of the evidence linking press freedom to corruption and may use this knowledge to rank countries, regardless of changes in corruption experiences. While these possibilities are not an exhaustive description of reasons why there may be a reputational premium, they suggest that such a premium is plausible. Moreover, the factors that we have

outlined, such as mental shortcuts and uncertainty have been proven to play an important role in expert decision-making in other domains such as investment decisions (Mosley, 2003).

While a reputational premium is plausible, it does not rule out a direct role for press freedom in the fight against corruption. In fact, there is growing support for a link between press freedom and alternative corruption outcomes. Flavin and Montgomery (2019), for example, find that the gap between citizens' perceptions and experts' assessments of corruption narrows considerably at higher levels of press freedom, suggesting that press freedom is essential in bringing corruption to light. Binhadab, Breen, and Gillanders (2018) show that greater press freedom is associated with a lower incidence of corruption as reported by firms in World Bank's Enterprise Surveys, establishing a link between press freedom and a reduction in corrupt activity. Finally, Mungiu-Pippidi and Dadašov (2017) show that key anti-corruption tools require public scrutiny to be effective, further underlining the importance of press freedom. In summary, our argument regarding the possibility of a reputational premium linked to press freedom is plausible given what we know about the nature of international corruption indicators, and at the same time it is compatible with the existing evidence that there is a substantial direct link between press freedom and real corruption, and indeed anti-corruption outcomes.

The next logical question is whether the reputational premium hypothesis can be tested, given the challenges inherent in measuring corruption and the limitations of corruption indicators such as the Transparency International's Corruption Perceptions Index and the World Bank's Worldwide Governance Indicators. To address these concerns, researchers have developed new strategies and techniques for measuring corruption.

First, field and lab experiments have become increasingly popular, examining phenomena such as the link between bribery and gender (Armantier & Boly, 2011) and the degree of reciprocity between bribers and public officials (Abbink, Irlenbusch, & Renner, 2002). In contrast to the observational studies that focus on corruption perceptions, experimental research tends to focus on corrupt transactions. Like other experimental work in the social sciences, external validity is a perennial concern and carefully designed observational studies can complement and increase our confidence in their findings. Second, several scholars argue that it is now possible to collect reliable micro-data on corrupt activities from well-designed surveys (see for example Diaby & Sylwester, 2015). According to Reinikka and Svensson (2006, p. 365) reliable surveys should use indirect questions to encourage truthful responses and avoid incriminating the respondent. Since the advent of this type of survey technique in corruption research, there has been a plethora of new studies exploring corrupt activities in different contexts, including bribery in Asian firms (Wu, 2009), how the gender of top management affects

bribery (Breen, Gillanders, McNulty, & Suzuki, 2017), how bribery affects firm growth (Fisman & Svensson, 2007), and how males and younger people are more likely to pay bribes in sub-Saharan Africa (Justesen & Bjørnskov, 2014). Finally, a new wave of corruption research is developing new approaches using machine learning techniques (Hlatshwayo et al., 2018) and novel data, including public procurement data (Fazekas, Tóth, & King, 2016) and audit results (Mondo, 2016).

We draw several lessons from the wider literature on corruption measurement. The first is that there is no single optimal approach to measuring corruption outcomes and that each of the existing approaches have limitations and advantages. The second is that advances in survey design mean that we can now construct reliable measures of corruption experiences from sources such as the World Bank's Enterprise surveys. Thus, it is now possible to test the relationship between corruption perceptions and press freedom whilst holding corruption experiences constant. Moreover, it is possible to examine the circumstances under which the reputational premium may be stronger or weaker. To do so, we estimate models which incorporate measures of experienced and perceived levels of corruption, as well as interaction terms between press freedom and experienced-based measures of corruption. Our data, methods and findings are described in the sections that follow.

3. Data and Method

We measure press freedom using Freedom House's index. Freedom House create their index by combining expert assessments with analyses of newspapers, and government and non-government documents. One of the advantages of this index is that it places an emphasis on the implementation of press freedom, as well as taking into consideration laws and practices. Implementation matters: Though a free press may be enshrined in legislation it may not be implemented in practice, underlining the need for broad measures that capture *de facto* as well as *de jure* press freedom. The index ranges from 0 to 100 with larger numbers denoting less press freedom. Table 1 presents summary statistics for our key variables and Table 2 shows their correlations. In our sample, Sweden in 2014 has the most press freedom with a score of 10. Uzbekistan in 2013 scored 95 and is the country with the least press freedom in our sample. Despite the advantages of Freedom House's indicator, it may be subject to perception biases. As a robustness test, therefore, we use an alternative metric of press freedom created by Reporters Without Borders. This indicator is compiled from surveys of experts and objective data on journalists' experiences of abuse and violence. It ranges from 0 to 100, with zero being the best possible score. While neither press freedom indicator is perfect, our results hold across both indicators and their different methodologies, with one placing emphasis on implementation and the other on journalists' experiences of violence.

Table 1. Data and summary statistics for main sample.

Variable	N	Mean	Std. Dev.	Min	Max	Scale	Source
Corruption Perceptions Index	76	35.65	13.53	11	87	0–100	Transparency International (2019)
Bribery Index	76	16.33	14.19	0	61.8	% Firms	World Bank (2019a)
Obstacle	76	7.36	5.79	0	23.6	% Firms	World Bank (2019a)
Press Freedom	76	54.44	19.51	10	95	0–100	Freedom House (2019)
Democracy	76	4.15	5.49	–9	10	–10 to 10	Beck, Clarke, Groff, Keefer, & Walsh (2001)
Ln(GDP p.c.)	76	7.94	1.19	5.49	10.88	Log	World Bank (2019b)
Ln(Openness)	76	–0.18	0.47	–1.49	0.75	Log	World Bank (2019b)

To measure corruption perceptions, we use the Transparency International’s Corruption Perceptions Index. The index ranges from 0 to 100, with smaller numbers denoting more corruption. The Corruption Perceptions Index is an amalgamation of several surveys of experts and senior business leaders. It is not correct to compare values of the Corruption Perceptions Index before 2012 due to the way in which the index was constructed before a change in methodology in 2012 and so our sample covers 2012–2016. In a robustness exercise we use the World Bank’s Control of Corruption index. Unlike the Corruption Perceptions Index, this is a hybrid indicator as some of its sources are based on individuals’ and firms’ experiences. Nevertheless, using this variable significantly increases the number of observations.

We source our objective measures of corruption from the World Bank’s Enterprise Surveys. These representative surveys of firms have been carried out in many countries by a specialized unit within the World Bank since the early years of the millennium. The respondents are owners and top managers of private firms, with a focus on the manufacturing and service sectors. From the resulting dataset, we draw on two variables to measure the experienced level of corruption. The first is the percentage of public transactions in which a gift or informal payment was requested. This is created from six survey questions which ask respondents if ‘an informal gift or payment expected or requested’ in the contexts of seeking electrical or water connections, construction, import, and operating licenses and permits, and meeting with tax

officials. Many of the same authors who have identified concerns with regards to using perceptions of corruption as a proxy for the reality of corruption have argued that exercises like the World Bank’s Enterprise Surveys can provide reliable information on corruption (Knack, 2007; Reinikka & Svensson, 2006; Svensson, 2005). In our main sample, this bribery index ranges from 0% in Estonia and Israel in 2013 to 61.8% in Cambodia in the same year with a mean of around 16%. Our second measure—obstacle—is the percentage of firms who identify corruption as the biggest obstacle they face. Together, these measures capture firms’ experiences of corruption, though the first more directly measures firms’ broad experiences while the second is useful because it addresses the extent to which corruption matters in a hierarchy of challenges. Mawejje and Sebudde (2019) have tested the validity of the second measure in a study of Ugandan firms, finding a negative correlation between obstacle and expectations regarding future firm performance. Figure 1 illustrates the relationship between our key variables. The top-left panel plots the simple correlation between the Corruption Perceptions Index and press freedom, and shows that more press freedom is associated with a lower level of perceived corruption. The top-right panel plots the objective measure of corruption—our bribery index—against press freedom. In line with Binhadab et al. (2018), it suggests that more press freedom is associated with less experienced corruption. The bottom panel of Figure 1 plots perceptions of corruption against firms’ experiences of corruption and finds a moderate correla-

Table 2. Correlation matrix.

	Bribery index	Obstacle	Press freedom	Democracy	Log GDP pc	Log openness
Corruption Perceptions Index	1.00					
Bribery Index	–0.57	1.00				
Obstacle	–0.37	0.46	1.00			
Press Freedom	–0.72	0.36	0.09	1.00		
Democracy	0.53	–0.20	0.06	–0.77	1.00	
Log GDP pc	0.71	–0.56	–0.25	–0.46	0.32	1.00
Log Openness	0.34	–0.05	–0.19	–0.22	0.14	0.25

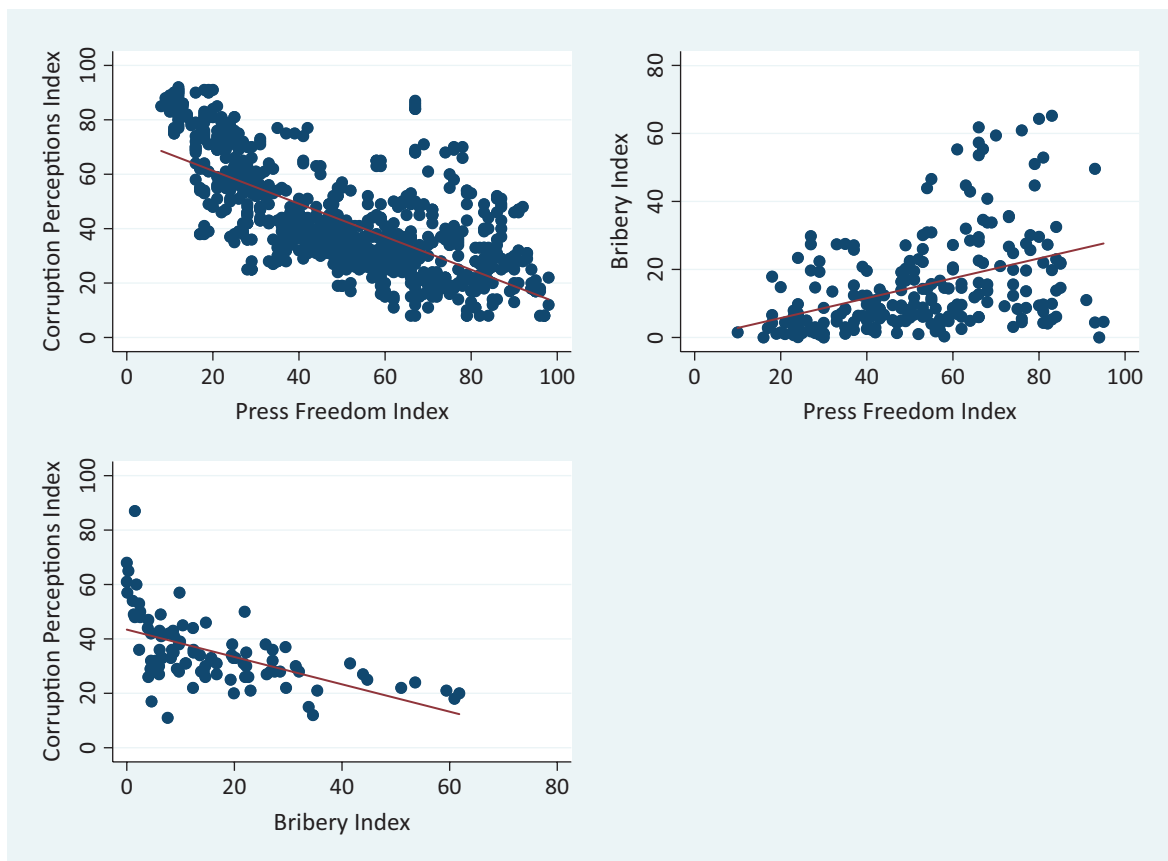


Figure 1. Relationships between main variables.

tion between the two (-0.57). Previous studies have considered the association between corruption experiences and perceptions. Treisman (2007) demonstrates that, controlling for national income, many factors that predict perceptions of corruption do not predict experience-based metrics. Gillanders and Parviainen (2018) show that perceptions, not experiences, predict foreign direct investment inflows. In the context of our study, the lack of a very strong correlation suggests that factors such as press freedom could influence perceptions of corruption more, or indeed less, than the reality of corruption.

As an alternative to the bribery index, in some specifications we include the percentage of firms who view corruption to be a major constraint in terms of their current operations. While this is a measure of perceptions in a sense, it is measuring the perceptions of people directly affected by corruption. It also has the advantage of allowing for additional modalities of corruption as it does not simply ask about bribery.

Our approach is to follow Brunetti and Weder (2003) and estimate simple regression models in which corruption perceptions are explained by press freedom. While we do have some countries with repeated observations of the bribery index, there is little time variation within press freedom. Indeed, the correlation between press freedom and its 10th lag is 0.95. Therefore, our key innovation is to control for objectively measured corruption in order to examine if press freedom is associated with

perceptions of corruption holding the reality of corruption constant. Our basic regression of interest is:

$$\begin{aligned} \text{Corruption Perceptions Index}_i &= \\ &= \alpha + \beta_1 PF_i + \beta_2 EXP_i + \beta_x X_i + \varepsilon_i \end{aligned}$$

where *Corruption Perceptions Index_i* is the corruption score given to country *i* by Transparency International's Corruption Perceptions Index; *PF_i* is the level of press freedom of country *i*; *EXP_i* is the country's experience of corruption; *X_i* represents the control variables; and ε_i is an error term of the usual type.

Our control variables include factors that are commonly included as controls in regressions seeking to explain corruption, namely the level of democracy as measured by the Polity IV database and GDP per capita from the World Development Indicators. In addition, we use openness to international trade, measured as exports plus imports divided GDP, also from the World Development Indicators. Each of these could plausibly influence press freedom and both corruption perceptions and experiences. Triesman (2000) argues that democracy increases the risk of acting corruptly, in part through freedom of the press. Chowdhury (2004) finds that democracy predicts less corruption, holding press freedom constant. Kalenborn and Lessmann (2013) present evidence that press freedom and democracy are complimentary with both needed to reduce corruption. Gundlach and

Paldam (2009) provide evidence that economic development causes less corruption. In our tests that replicate Brunetti and Weder’s (2003) basic specification, we control for openness to international trade as a measure of competition (Ades & Di Tella, 1999; Triesman, 2007).

4. Results

4.1. Press Freedom and Corruption Perceptions

Before testing for a reputational premium we corroborate Brunetti and Weder’s (2003) original finding using contemporary data. We employ the Corruption Perceptions Index as our main measure of corruption perceptions as opposed to the International Country Risk Guide. Brunetti and Weder (2003) show that their results are robust to using the Corruption Perceptions Index. Table 3 presents these estimates. Column 1 shows pooled estimates from 2012–2016, adjusting for the level of democracy, GDP per capita, and openness to international trade. All of these variables are statistically significant predictors of corruption perceptions, as is press freedom. Column 2 adds year fixed effects and shows that nothing changes in terms of statistical significance or the magnitude of the coefficients. As already noted, there is very little variation in press freedom over time. Nevertheless, for complete-

ness, column 3 reports estimates from fixed effects regressions to account for long-term historical factors and trends. While the sign of the coefficient on press freedom is in the expected direction it is not statistically significant. This is in line with Kalenborn and Lessmann (2013) who emphasize the lack of within country variation in such data. While the assumption for random effects may not be valid as the country specific effect is plausibly correlated with the independent variables, we nonetheless follow the literature and present results using random effects (Brunetti & Weder, 2003; Chowdhury, 2004; Kalenborn & Lessmann, 2013). As shown by Papyrakis, Rieger, and Gilberthorpe (2017), there is some trade-off for variables that are ‘sluggish’ (i.e., they do not vary considerably over-time). In such instances the fixed effects regression model can be highly susceptible to type II errors and random effects estimators’ absolute bias may even be smaller. Column 4 presents these results which again point to a significant association between press freedom and corruption perceptions. These models, which corroborate Brunetti and Weder (2003), are based on 668 observations from 2012–2016, while our later results which control for corruption experiences are based on a smaller sample of 76 observations from 2012–2016. There are fewer observations in the latter sample due to the more periodic nature of the World Bank’s Enterprise Surveys.

Table 3. Corruption perceptions and press freedom.

Variable	(1) OLS	(2) OLS	(3) FE	(4) RE	(5) OLS	(6) OLS	(7) OLS	(8) OLS	(9) OLS	(10) OLS
Press Freedom	-0.50*** (0.031)	-0.50*** (0.031)	-0.07 (0.052)	-0.19*** (0.049)	-0.50*** (0.071)	-0.49*** (0.067)	-0.51*** (0.068)	-0.49*** (0.073)	-0.50*** (0.068)	-0.40*** (0.033)
Democracy	-0.60*** (0.096)	-0.60*** (0.097)	-0.07 (0.178)	-0.08 (0.147)	-0.61** (0.260)	-0.65*** (0.221)	-0.66*** (0.207)	-0.53** (0.217)	-0.57*** (0.201)	-0.41*** (0.096)
Ln(GDP per capita)	6.74*** (0.304)	6.73*** (0.305)	6.15** (2.355)	8.45*** (0.703)	6.66*** (0.732)	7.34*** (0.648)	6.90*** (0.624)	6.46*** (0.710)	6.30*** (0.717)	6.74*** (0.457)
Ln(Openness)	2.36*** (0.814)	2.36*** (0.817)	-1.51 (1.627)	-0.16 (1.440)	2.25 (1.667)	2.70 (1.737)	2.69 (1.765)	2.34 (2.011)	1.83 (2.087)	2.05** (0.811)
OECD										5.73*** (1.396)
sub-Saharan Africa										3.08*** (1.113)
Latin America & Caribbean										-4.29*** (1.108)
Constant	13.93*** (3.781)	13.74*** (3.821)	-4.98 (21.207)	-19.07*** (7.314)	15.11* (9.072)	8.99 (8.221)	13.62* (7.856)	15.18* (8.856)	17.44** (8.606)	6.37 (4.958)
Year fixed effects	No	Yes	Yes	Yes	n.a.	n.a.	n.a.	n.a.	n.a.	Yes
Restricted sample	No	No	No	No	2016	2015	2014	2013	2012	No
Observations	668	668	668	668	121	133	137	139	138	668
R-squared	0.762	0.762	0.667	0.718	0.789	0.779	0.775	0.740	0.735	0.784

Notes: OLS = Ordinary Least Squares; FE = Fixed Effects; RE = Random Effects. Robust standard errors in parentheses, *** p < 0.01, ** p < 0.05, * p < 0.1.

While Transparency International changed their methodology in 2012, and argue that one can meaningfully compare data over time thereafter, the fact that data sources for the Corruption Perceptions Index can change from year to year is a concern, particularly given that our main results are based on a sample in which we have observations from different countries in different years. It is reassuring, therefore, that our findings hold in separate tests where the sample is limited to a single year from the period 2012–2016. These tests, displayed in columns 5 to 9, show that the results are consistent in terms of statistical significance and magnitude. Finally, in Column 10, we emulate Brunetti and Weder (2003) and include dummies for the OECD, Latin American and Caribbean, and sub-Saharan Africa to allow for unobserved heterogeneity between these groups (and the rest of the world as the omitted category). Our findings are robust to this modification, and Column 10 serves as our baseline model to which we will now add corruption experiences.

4.2. The Reputational Premium Hypothesis

Table 4 presents our results which adjust for corruption experiences using World Bank's Enterprise Survey data. As these are not carried out in each country each year, we have a smaller sample when the corresponding variable is included in our tests. Column 1 shows that press

freedom is nonetheless associated with corruption perceptions in this smaller sample. Column 2 presents our main finding. It shows that after controlling for the incidence of bribery in public transactions, which is a significant predictor of corruption perceptions in our sample, press freedom remains a significant predictor of corruption perceptions. Moreover, the estimated coefficient only falls slightly relative to column 1. In terms of the substantive relationship, the findings indicate that a one-point increase in press freedom improves corruption perceptions by 0.27 of a unit on the Corruption Perceptions Index. As we already mentioned above, both of these scales run from 0–100. The magnitude of this association is similar (0.24) when the bribery index is included in column 2. Here, a 1% improvement in the bribery index is associated with a 0.22 improvement in the Corruption Perceptions Index.

Column 3 reaches the same conclusion, presenting estimates using an alternative objective measure of corruption, the percentage of firms who report that corruption is an impediment to their operations. Column 4 includes both of these variables in the same model, and shows that press freedom remains statistically significant. The remaining columns repeat this analysis using alternative measures of press freedom. Column 5 uses Freedom House's categorization of press freedom as 'Free,' 'Partly free,' and 'Not free' instead of the continuous measure. Controlling for corruption experiences,

Table 4. Inclusion of corruption experiences.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Press freedom	-0.27*** (0.070)	-0.24*** (0.074)	-0.26*** (0.064)	-0.25*** (0.069)				
Press freedom (Reporters Without Borders Rank)						-0.08** (0.032)	-0.09*** (0.029)	-0.07** (0.030)
Not free					-9.42*** (3.070)			
Partly free					-6.62** (2.650)			
Bribery index		-0.22*** (0.070)		-0.16** (0.073)	-0.16** (0.076)	-0.20*** (0.070)		-0.14* (0.077)
Obstacle			-0.45** (0.176)	-0.33* (0.177)	-0.26 (0.186)		-0.40** (0.172)	-0.29 (0.180)
Democracy	0.09 (0.182)	0.16 (0.187)	0.21 (0.218)	0.23 (0.216)	0.60*** (0.179)	0.42** (0.165)	0.47** (0.191)	0.49** (0.188)
Ln(GDP per capita)	5.21*** (1.032)	3.41*** (1.177)	4.65*** (0.826)	3.53*** (1.118)	3.90*** (1.155)	3.30*** (1.133)	4.43*** (0.897)	3.46*** (1.083)
Ln(Openness)	2.96* (1.502)	3.66** (1.411)	2.41 (1.583)	3.06** (1.477)	3.12* (1.576)	2.03 (1.573)	0.74 (1.649)	1.58 (1.589)
Year fixed effects	YES	YES	YES	YES	YES	YES	YES	YES
Observations	76	76	76	76	76	75	75	75
R-squared	0.770	0.799	0.799	0.812	0.795	0.782	0.782	0.793

Notes: Constant and regional dummies not displayed. Robust standard errors in parentheses, *** p < 0.01, ** p < 0.05, * p < 0.1.

countries classified as ‘Partly free’ and ‘Not free’ are perceived to be more corrupt. Columns 6 to 8 present estimates which include a measure of press freedom created by Reporters Without Borders, and are in line with our findings using the Freedom House data.

Overall, the findings suggest that a free press is good news for a country’s reputation, as it drives corruption perceptions above and beyond any effect it has on the reality of corruption. This has important consequences because previous studies show that a country’s corruption rank is linked to important social and economic indicators such as interpersonal trust (Banerjee et al., 2015; Seligson, 2002; Uslaner, 2004) and foreign direct investment (Gillanders & Parviainen, 2018; Wei, 2000). The reputational premium we find is further evidence of the importance of a vibrant public space for the exchange of information and ideas.

4.3. Reputational Gains and the Level of Corruption

We now consider which countries stand to gain this reputational premium. One possibility is that countries only

gain if they are relatively corruption free. Countries with little actual corruption may not earn a premium because they have already achieved a top reputation, which acts as a ceiling. Alternatively, very corrupt countries may not benefit much from marginal improvements in press freedom, as their poor reputation acts as a floor in corruption ranking exercises. Interestingly, a previous study (Ahrend, 2002) finds that education only reduces corruption where there is press freedom. If a state signals change and initiates the process of liberalization, this might be seen as a signal to corruption experts that the state should get credit from initiating the process of press liberalization. Across these scenarios, experts may overreact or underreact to a state’s existing reputation or the signals that it sends about its future path or direction. To test these possibilities, we estimate models including interaction terms between press freedom and the experience-based measures of corruption. Table 5 presents the results. The interaction term in column 1 is statistically significant when we use the bribery incidence variable and is not significant when we use the obstacle variable in its place (column 2). The positive sign

Table 5. Interacting experienced corruption with press freedom.

Variables	(1)	(2)
Press freedom	−0.38*** (0.105)	−0.35*** (0.098)
Bribery index	−0.85** (0.331)	
Press freedom*Bribery index	0.01** (0.005)	
Obstacle		−1.10** (0.513)
Press freedom*Obstacle		0.01 (0.008)
Democracy	0.16 (0.189)	0.18 (0.218)
Ln(GDP per capita)	3.15*** (1.097)	4.40*** (0.861)
Ln(Openness)	2.51* (1.478)	2.38 (1.630)
OECD	2.08 (3.735)	3.07 (3.079)
sub-Saharan Africa	−0.71 (2.414)	−0.45 (2.623)
Latin America & Caribbean	−10.92*** (2.823)	−7.42** (2.956)
Constant	31.29** (12.896)	19.06* (11.239)
Year fixed effects	YES	YES
Observations	76	76
R-squared	0.811	0.805

Notes: Robust standard errors in parentheses, *** p < 0.01, ** p < 0.05, * p < 0.1.

on this interaction term in column 1 suggests that press freedom is less effective at promoting a good reputation in contexts with more experienced corruption.

To investigate further, the top-left panel of Figure 2 plots the marginal effect of press freedom on corruption perceptions by level of experienced corruption. It shows that the marginal effect of improvements in press freedom declines as the reality of corruption increases but remains statistically significant until around 20 on the bribery index. As we have seen, this level on the index means that 20% of the transactions in which firms sought utilities' connections or engaged with tax and regulatory authorities featured bribery requests or expectations. The remaining panels of Figure 2 (top-right and bottom) plot the distribution of the bribery index (in 5% bins) and show that the majority of countries in our sample and in a broader sample not limited to post 2012 observations fall below this threshold. Therefore, the reputational benefits of a free press are not limited to low corruption countries, though such countries do stand to gain the most from marginal improvements in press freedom.

4.4. Robustness Checks

Indices such as the Corruption Perceptions Index are designed to reflect perceptions of both grand and petty corruption. However, some may regard firm-level experiences of bribery as petty corruption, though many of the

contexts would involve large sums (tax and construction) or occur only once or rarely (for example, in obtaining licenses, permits, and utility connections). To address this concern, we use a proxy for grand corruption—the percentage of firms who express the view that corruption in public procurement is necessary. Corruption in government procurement is generally regarded as one of the main modalities of grand corruption, which lends support to our decision to use this proxy (David-Barrett & Fazekas, 2019). This proxy, which also comes from the World Bank's Enterprise Surveys, is based on a question where firm owners and managers are asked if other firms with the same characteristics as their own are expected to pay bribes in order to secure government contracts. The assumption here is that firms draw on their own experience when asked about 'firms like this one' or that they are sufficiently well informed or experienced about the workings of procurement processes in their industry to make an accurate determination.

Table 6 presents the results. When our proxy for grand corruption is included, we still find a statistically significant association between press freedom and corruption perceptions. Interestingly, procurement corruption does not have a statistically significant relationship with perceptions of corruption, perhaps reflecting the difficulty for such grand corruption to be observed by external experts and agencies until it is exposed. These results support our contention that there is a reputational

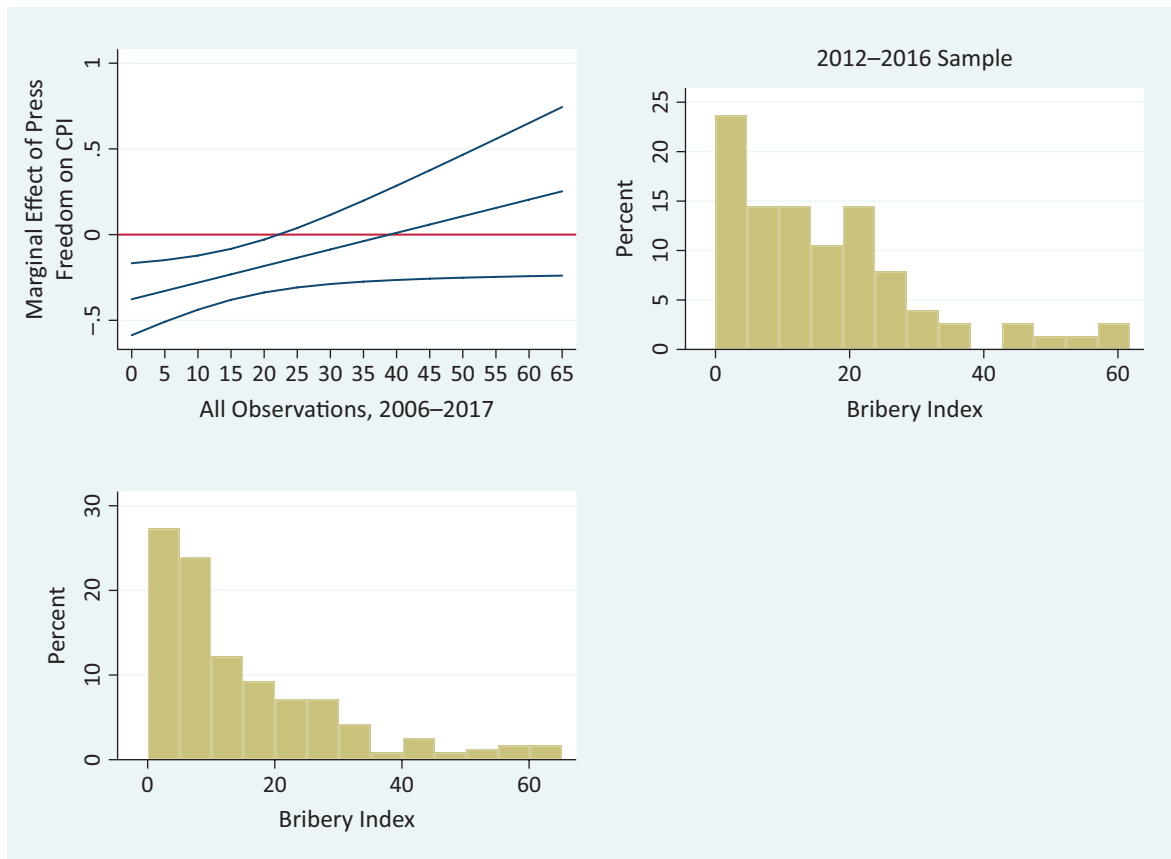


Figure 2. Marginal effect of press freedom by level of experienced corruption.

Table 6. Controlling for proxy for grand corruption.

Variables	(1)	(2)	(3)
Press freedom	−0.27*** (0.070)	−0.25*** (0.074)	−0.26*** (0.065)
Bribery index		−0.20*** (0.062)	
Obstacle			−0.41** (0.164)
Procurement corruption index	−0.08 (0.049)	−0.03 (0.042)	−0.04 (0.044)
Democracy	0.11 (0.192)	0.16 (0.193)	0.21 (0.221)
Ln(GDP p.c.)	4.35*** (1.137)	3.23** (1.222)	4.26*** (0.985)
Ln(Openness)	2.70* (1.566)	3.47** (1.461)	2.33 (1.600)
OECD	6.51** (2.976)	5.78* (3.072)	4.44 (2.945)
sub-Saharan Africa	0.74 (2.663)	−0.60 (2.533)	−0.28 (2.421)
Latin America & Caribbean	−9.31*** (3.211)	−10.42*** (3.010)	−8.64*** (3.028)
Constant	14.72 (12.770)	23.99* (13.148)	16.46 (10.952)
Year fixed effects	YES	YES	YES
Observations	76	76	76
R-squared	0.781	0.801	0.802

Notes: Robust standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

bounty from a free press on top of any effect on actual corruption levels.

Finally, Table 7 presents the results from running our main models with the World Bank's Control of Corruption index as our measure of corruption perceptions. This indicator ranges from -2.5 to 2.5 , with larger numbers denoting less corruption. As noted above, this metric contains some sources that are based on experiences rather than expert assessments. Nevertheless, it is highly correlated with the Corruption Perceptions Index in our sample (0.98). Using this metric of corruption perceptions does allow us to expand our sample considerably as the control of corruption methodology has not changed as dramatically as the Corruption Perceptions Index methodology has, though the authors do note that changes in score can reflect changes in sources or weighting (Kaufmann, Kraay, & Mastruzzi, 2011). Columns 1 to 3 of Table 7 shows that our conclusion regarding the reputational benefit of a free press is robust to this change in dependent variable, with the only substantial difference being that procurement corruption is associated with perceptions of corruption in this larger sample.

5. Conclusions

In this article, we explore whether cross-country corruption perception indices based on expert assessments reward states with a freer press more than one might expect given levels of experienced corruption. We find that press freedom improves a country's reputation, creating a reputational premium. In other words, whilst a free press may reduce corrupt behavior directly, we find that it also reduces corruption perceptions, irrespective of actual corruption levels. In particular, we find that the developed world is the main beneficiary of this reputational premium, as it is strongest in countries with low to moderate levels of corruption by global standards. These findings are robust to several concerns regarding corruption measurement. One concern is that our measure of corruption experiences is biased toward petty corruption because it is compiled from firm-level surveys. To address this concern, we repeated our tests using a proxy for grand corruption. We also used alternative measures of press freedom, corruption perceptions, and corruption experiences. Our findings using these alternative measures and proxy variable were in line with our main results.

Table 7. Robustness: Key results using World Bank's Control of Corruption index.

Variables	(1)	(2)	(3)
Press freedom	-0.02*** (0.003)	-0.02*** (0.002)	-0.01*** (0.002)
Bribery index		-0.01*** (0.003)	-0.01*** (0.003)
Procurement corruption index			-0.01*** (0.002)
Democracy	-0.01 (0.008)	-0.01 (0.007)	-0.01 (0.007)
Ln(GDP per capita)	0.22*** (0.038)	0.13*** (0.040)	0.13*** (0.040)
Ln(Openness)	0.02 (0.068)	0.06 (0.064)	0.03 (0.067)
OECD	0.31** (0.141)	0.29** (0.136)	0.30** (0.130)
sub-Saharan Africa	0.11 (0.093)	-0.00 (0.091)	0.01 (0.091)
Latin America & Caribbean	-0.21 (0.145)	-0.42*** (0.145)	-0.45*** (0.143)
Constant	-1.01** (0.395)	-0.10 (0.413)	-0.04 (0.426)
Year fixed effects	YES	YES	YES
Observations	193	193	190
R-squared	0.610	0.671	0.688

Notes: Robust standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Overall, our findings suggest that press freedom has important consequences for a country's standing in international corruption indicators. Previous research shows that these indicators, though they have limitations and may not always capture reality, have real consequences for national wellbeing in terms of attracting foreign direct investment and other important social and economic outcomes. Therefore, policy makers should devote considerable efforts and resources to protecting press freedom where it already exists. Even in countries with a long and venerable tradition of press freedom, more can be done to enshrine its practice in legislation, support the social norms that allow it to function effectively, ensure diversity in the ownership of the media, and strengthen citizens' capacity to act on the information provided by a free press.

Finally, our work contributes to a growing literature which has established a robust and direct link between press freedom and corruption outcomes (Adsera et al., 2003; Brunetti & Weder, 2003; Freille et al., 2007). In recent years, this literature has expanded to consider a range of corruption and anti-corruption efforts beyond a singular focus on expert perceptions. Binhadab et al. (2018), for example, consider corruption in business and Mungiu-Pippidi and Dadašov (2017) consider the role of press freedom in ensuring the effectiveness

of anticorruption laws and tools in different contexts. A promising new line of future research is to compare and contrast multiple corruption indicators and the extent to which they are interrelated, as Adhikari, Breen, and Gillanders (2019) do with firms' and experts' perceptions and Flavin and Montgomery (2019) do with citizens' and experts' perceptions.

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Conflict of Interests

The authors declare no conflict of interests.

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Article

How Does Corruption Affect the Adoption of Lobby Registers? A Comparative Analysis

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Abstract

Recent research has demonstrated that some governments in developed democracies followed the OECD and the EU recommendations to enhance transparency by adopting lobby registers, whereas other countries refrained from such measures. We contribute to the literature in demonstrating how corruption is linked to the adoption of lobbying regulations. Specifically, we argue that governments regulate lobbying when they face the combination of low to moderate levels of corruption and a relatively well-developed economy. To assess this argument empirically, we compare 42 developed countries between 2000 and 2015, using multivariate logistic regressions and two illustrative case studies. The statistical analysis supports our argument, even if we include a number of control variables, such as the presence of a second parliamentary chamber, the age of democracy, and a spatial lag. The case studies illustrate the link between anti-corruption agenda and the adoption of lobby registers.

Keywords

corruption; interest groups; lobbying; policy diffusion; transparency

Issue

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1. Introduction

Since the 2000s, more and more countries have adopted lobby registers (Figure 1). These policy changes have happened against the background of the OECD agreement on principles for transparency and integrity in lobbying (OECD, 2010) and the interinstitutional agreement between the European Parliament and the European Commission for a common and voluntary transparency register (European Parliament, 2019; European Parliament & European Commission, 2014). Prior to these international activities, very few countries have used formal lobby registers (the US in 1946, the Federal Republic of Germany in 1951, Australia in 1983, and Canada in 1989; OECD, 2016).

Scholars have discussed the presence of lobby registers from different angles. On the one hand, researchers have assessed lobby registers as a means of reducing the information asymmetry between legislators and lobbyists and limiting undue interest group influence (Ainsworth, 1993). Further, in this context, lobby registers are a means to level the playing field for politically active interest groups and to avoid a situation where larger groups with more resources have an advantage, as they can better exploit informal lobbying channels (Flavin, 2015). On the other hand, scholars have discussed lobbying regulations in the context of transparency. Researchers have argued that the adoption of lobby register ensures that “citizens have the right to know who is lobbying their government, its officials and

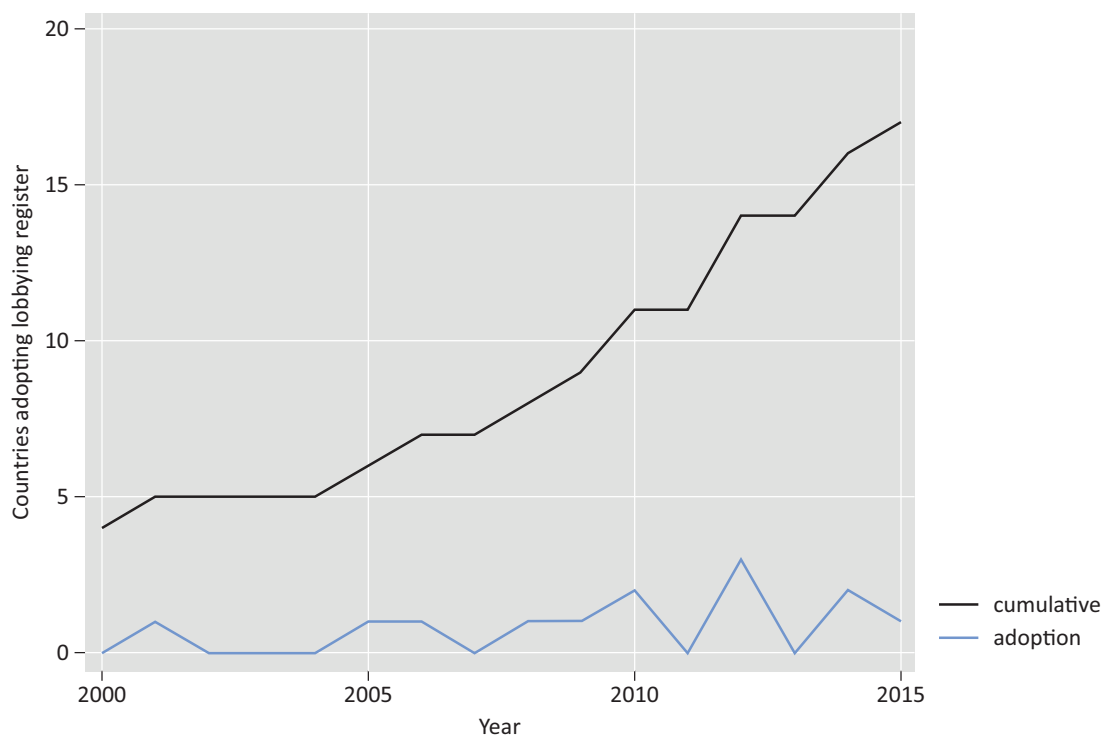


Figure 1. Annual and cumulative frequencies of adoption of lobby register between 2000 and 2015. Note: Lobby registers were adopted in Lithuania (2001), Poland (2005), Hungary (2006), Israel (2008), France (2009), Mexico (2010), Slovenia (2010), Austria (2012), Italy (2012), the Netherlands (2012), Chile (2014), the UK (2014), and Ireland (2015); early adopters not shown. Source: OECD (2016).

officeholders, and what they are lobbying them about” (Murphy, 2017, p. 132). According to this body of literature, the ultimate goal of lobby registers is to reduce and prevent corruption (Bauhr, Czibik, de Fine Licht, & Fazekas, 2019; Bauhr & Grimes, 2014, 2017). As a prevention tool, lobby registers allow citizens to monitor and hold accountable elected politicians helping them identify misconduct in the interaction between lobbyists and policymakers (Bunea, 2018; Cini, 2013; Pal, 2012, p. 175).

Although the use of lobby registers has been widely recommended, this international standard (Morais, 2001) has remained in its phase of emergence (Finnemore & Sikkink, 1998). Researchers have assessed factors that explain differences between various countries’ adoption of lobby registers. According to Crepaz (2017), countries that signed the European Transparency Initiative and have a strong second parliamentary chamber have particularly adopted lobby registers. On the contrary, the index of perceived corruption has no impact on the adoption of lobby registers. This result agrees to some extent with the findings of other research, which argues that the presence of systemic corruption successfully hinders the adoption of anti-corruption reforms because if too many individuals profit from corrupt practices, corruption becomes a collective action problem (Persson, Rothstein, & Teorell, 2013). Another piece of research indicates that in several long-lived democracies statutory lobby registers have been adopted as part of anti-corruption law, such as in France, or pushed through

the anti-corruption agenda triggered by political scandals, as in Austria (Bolleyer, 2018).

In this article, we contribute to the literature in demonstrating that low to moderate levels of corruption have a positive effect on the adoption of lobby registers, yet this influence is conditional on the size of the economy. We argue that governments have an incentive to regulate lobbying if they consider that the economic and social benefits from regulating corruption outweigh potential costs. If there is a moderate level of corruption and the economy is developing, policymakers tend to adopt lobby registers as they consider abiding by international anti-corruption standards more important than sustaining existing practices of corruption. On the contrary, very low or high levels of corruption will not result in the adoption of lobbying regulations, either because governments have no reason to act or because too many individuals benefit from corruptive practices.

We support this argument through a quantitative empirical analysis and two case studies. Specifically, we conduct an event history analysis in a sample of 42 developed countries between 2000 and 2015. We control for other explanatory factors, such as the size of interest groups, bicameralism, age of democracy, foreign direct investment, a spatial lag, and time. Further, we present two case studies to discern how the framing of corruption as a political issue, embedded in anti-corruption legislation, leads to the adoption of lobbying regulation. The empirical findings attest that lobby registers are asso-

ciated with corruption as well as with economic development. Accordingly, this article contributes to this thematic issue on tools for tackling corruption in outlining that the efforts to establish international standards on corruption need to accommodate the differences in the goals, capabilities or actions of individual countries that limit their adherence to international standards.

2. Corruption, Transparency and the Adoption of Lobby Registers as an International Standard

2.1. Lobby Registers, Transparency and Corruption

The use of registers regulates the access of lobbyists to public officials and decision venues and, consequently, the extent of interest groups' influence on policymaking (Bunea, 2018; Chari, Hogan, & Murphy, 2012; Greenwood & Thomas, 1998; Holman & Luneburg, 2012; OECD, 2009). Lobbyists are required to disclose the intent, beneficiaries, and targets of their activities, and report this key information in a public register (OECD, 2009, p. 28). Therefore, registers inform both public officials and the general public of the extent of lobbying activities (OECD, 2009, p. 28). Whereas public officials rely on this information to understand the electoral salience of a position represented by a lobbyist (Ainsworth, 1993), the public can trace the interaction between lobbyists and policymakers (Bunea, 2018). Thus, lobby registers are an institutional tool that enhances citizens' knowledge of who is influencing policymakers. They allow citizens to observe and scrutinize the interactions between policymakers and private interest groups at the stage of policy formulation (Bunea, 2018). They attempt "to redress the information asymmetry between organized interests and the public," in order "to avoid the risk of biased policy outputs, unequal interest representation/participation, regulatory capture and corruption" (Bunea, 2018, p. 382).

Originally, lobby registers served the purpose of leveling the playing field between and curbing the influence of large interest groups (Flavin, 2015; Zeller, 1948, pp. 239–243). In addition, researchers have pointed out that lobby registers increase transparency by reducing the information asymmetry between citizens and policymakers (Bauhr & Grimes, 2014, 2017) and by shedding light on the inherently secretive activity of lobbying (Goldberg, 2018). The purpose of this type of transparency is to hold public officials accountable (Bauhr & Grimes, 2017; OECD, 2009). Being registered and disclosing information determines whether the access of a lobbyist to a policymaker is legitimate (OECD, 2009). The immediate aim of transparency is to make information accessible (Lindstedt & Naurin, 2010). The ultimate—although indirect—goals of regulating lobbying are to augment accountability, to prevent corruption (Bauhr et al., 2019; Crepez & Chari, 2018; Lindstedt & Naurin, 2010), and to enhance public trust in political institutions (Chari et al., 2012, p. 5).

The link between lobbying and corruption is important. Since money, relationships, and information are the common ways to influence policymakers (Apollonio, Cain, & Drutman, 2008), "the modes of influence of lobbying and corruption follow similar patterns and the logic of exchange models with prerequisites access and trust" (Goldberg, 2018, p. 201). Accordingly, corruption and lobbying tend to overlap (Campos & Giovannoni, 2007; Grossman & Helpman, 2001). Campos and Giovannoni (2007) argue that, in developed countries, lobbying and corruption are interchangeable as lobbyists can influence lawmakers that the resulting rule is aligned to their represented interest, thus making corruption of law enforcers redundant. Further, from a legal perspective it is a complex matter to distinguish between unregulated lobbying and illegal trading in influence that occurs when a person who has real or apparent influence on the decision-making of a public official exchanges this influence for an undue advantage.

2.2. The Emergence of Lobby Registers as an International Standard

The anti-corruption aspect on lobby registers has emerged in the policy agenda of the EU (Bunea, 2018, 2019; Cini, 2008, 2013; European Commission, 2007; Kanol, 2012; Milicevic, 2017) and the OECD (Alter, 2010). The OECD recommendations for regulating lobbying, setting ethical conduct, managing conflict of interest, and regulating public procurement all share "a strong moral stance against corruption, bribery, and inappropriate influence in the policy process, as well as support for ethics and integrity in the public service" (Pal, 2012, p. 175). Developed by the Directorate for Public Governance and Territorial Development, the OECD lobbying principles became one of the most influential instruments in setting public governance standards (OECD, 2009, 2012; Pal, 2012, pp. 175–176). In a similar vein, the EU transparency register was part of the European Transparency Initiative that entailed also anti-fraud and financial management, and ethical standards for EU officials (Cini, 2008, p. 750). Like the OECD, the European Commission has promoted and coordinated the EU member states' efforts to ensure transparency through an anti-corruption agenda. In order to share experience on anti-corruption policies, both international organizations (IOs) surveyed their members' lobbying regulation by publishing reports (OECD, 2009, 2012) and collecting data through national anti-corruption reports (European Commission, 2016). An empirical analysis shows that lobbying regulation has emerged as an international standard through processes of socialization (Crepez, 2017). Nevertheless, in its current stage, the adoption of lobby registers has not yet reached the tipping point of becoming an international norm (Finnemore & Sikkink, 1998, p. 895). Once enough countries have adopted international standards voluntarily, such standards would evolve into 'hard law,' for example through international treaties (Morais, 2001, p. 781).

or acquire a taken-for-granted quality, in the sense that domestic adherence to international norms is not disputed. In this stage of international norm emergence, the adoption of anti-corruption measures such as lobby registers is the result of the combined effect of external stimuli from IOs' soft governance mechanisms and internal stimuli from domestic political actors (Borz, 2019). In the following, we focus on internal stimuli to explain adoption of lobby registers.

3. Under Which Conditions Does Corruption Lead to the Adoption of Lobby Registers?

3.1. *The Conditional Effect of Corruption on Lobbying Regulation*

A comparative empirical analysis of developed democracies has demonstrated that there is no link between corruption and the adoption of lobby registers (Crepaz, 2017). This result fits with the classical view that in rich democracies corruption is not a sufficiently pressing problem to take action (Campos & Giovannoni, 2007), whereas in poor countries corruption is so endemic that collective action against corruption is impossible (Persson et al., 2013). These results are, however, not satisfactory. In some cases, corruption can contribute to the regulation of lobbying and policymakers will not be able to resist the public demand for enhanced accountability and transparency. For example:

Especially among the wealthier European economies that have been racked by government scandal and public cynicism in recent years, there is a concerted effort by governmental authorities to win back the public's confidence through renewed transparency in the policymaking process. (Holman & Luneburg, 2012, p. 77)

Against this background, we argue that policymakers will be particularly responsive especially to middle-class citizens' demands to reduce corruption if domestic economic development has resulted in improved working conditions, education and public services (Biswas & Vijaya, 2019). In these countries, governments want to reduce corruption—at least symbolically—because a high level of perceived corruption tends to stifle economic growth (Mauro, 1995) and causes discontent amongst citizens, especially in middle-income countries and countries with a large and growing middle class (Biswas & Vijaya, 2019). In this case, policymakers consider it beneficial to regulate lobbying to signal that trading in influence will be prosecuted, and lobbying is a possible legal channel to seek political influence (Campos & Giovannoni, 2007). This process is particularly likely to happen in EU and OECD member states (OECD, 2009), which have some level of corruption but strive to maintain their economic development and aim at being in good standing with the practices and emerging standards

of IOs. In such contexts, citizens and civil society organizations are likely to monitor and sanction the behavior of elected officials and interest groups (Elster, 1998, p. 1) and to promote the adoption of international norms (Borz, 2019), as they aim at maintaining democratic standards and economic prosperity (Biswas & Vijaya, 2019). Empirically, this mechanism implies that the interaction between the size of the economy and the level of corruption should impact positively on the development of the economy.

3.2. *Additional Domestic Explanations*

One alternative explanation for the adoption of lobby registers is that such measures serve to level the playing field for interest groups, in a context where many large organizations dominate the interest group landscape (Flavin, 2015; Zeller, 1948). To control for this different explanation, we assess whether the structure of civil society—if civil society organizations are composed of larger and smaller organizations—impacts on the probability to adopt lobby registers (Anheier, 2004; Bernhard, 1993). Accordingly, we expect that the presence of larger interest organizations increases the probability of lobby registers adoption as governments would want to make the influence of large interest groups transparent.

Previous empirical models also show that bicameral countries are more likely to adopt lobby registers (Crepaz, 2017). Bicameralism is often more ineffective in ensuring accountability than unicameralism (Testa, 2010) and, consequently, in bicameral countries citizens are more likely to demand anti-corruption tools like lobby registers.

Finally, the age of the democracy could explain the adoption of lobby registers. The older the democratic systems, the less likely it is that policymakers will consider the adoption of such a register to be necessary, as it is likely that there are other institutional practices in place which avoid corruption. However, another way to look at it is that, in an established democracy, the demand for transparency is going to be bigger since transparency is an embedded value in that society and its ability to functions.

3.3. *Economic and External Spatial Factors*

In economies which rely on high level of foreign direct investments, governments are more likely to adopt a lobby register. If foreign investments play an important role, governments have incentives to create lobby registers to ensure transparency standards, which will ensure legal certainty and a level playing field for domestic and foreign investors (Gilardi, 2002).

The spatial dimension is also another potential confounding factor that might explain why governments adopt lobby registers. The more that territorially close countries adopt lobby registers, the more likely a country is to imitate and adopt a lobby register (De Francesco, 2012; Trein, 2017)

4. Data, Research Design, and Statistical Model

In the empirical analysis, we focus on the adoption of lobby registers, rather than measuring the strictness of existing regulations. Our approach follows Ainsworth's (1993) argument that disclosure of key information on lobbyists and interest groups reduces the risk of undue interest group influence. This choice is also justified by the fact that lobbying regulations are afflicted with the definitional issues and problems arising from deciding what distinguishes lobbying from other modes of interest groups representation, and what legitimates lobbying activities (Greenwood & Thomas, 1998). The extent of robustness of lobbying laws is also contested (Crepaz & Chari, 2018). This definitional maze is even more evident in a comparative analysis, as in different countries what constitutes legal conduct depends on cultural insights. Further, as lobbying regulations are embedded in broader national anticorruption policies (Doig & McIvor, 2003; Piccio, Di Mascio, & Natalini, 2014), the adoption of lobbying regulations depends on the wider administrative regulatory framework that sets the standards for good governance (OECD, 2009).

To ascertain the year when each country adopted lobby registers, we rely on the OECD's data (OECD, 2016). Like Crepez (2017), we focus on the probability of a given country adopting a lobby register in a specific year as the dependent variable for our analysis. However, our research design differs in two important ways from Crepez's (2017) analysis. First, rather than assessing the adoption of registers across 34 developed countries between 1995 and 2014, we analyze the probability of adoption within an extended sample of 42 countries (the OECD partners and member countries and the EU member states), but for a shorter period of time as the first year of observation is 2000, which is three years before the start of the OECD's engagement with lobbying regulations. This choice is justified by the fact that before 2000 both the EU and the OECD did not engage in promoting lobby registers internationally. Second, due to the limited adoption of lobby registers, we cannot yet explore

different mechanisms of policy diffusion, such as emulation, learning, and competition (DiMaggio & Powell, 1983; Maggetti & Gilardi, 2016).

Our main independent variables stem from the V-Dem data set (Coppedge et al., 2016). To analyze our main argument, i.e., the interaction of the size of the economy and corruption, we use the 'v2x_corr' variable for citizens' perception of corruption. This index provides average values of the following four sub-indexes: i) public sector corruption index; ii) executive corruption index; iii) the indicator for legislative corruption; and iv) the indicator for judicial corruption. To operationalize the size of the economy, we use the World Bank's data on GDP per capita (divided by 10,000 in order for the scale to be convenient for our analysis). We centered the interaction effect around the mean in order to make the interpretation of the results more straightforward (Table 1).

We also use the V-Dem dataset (Coppedge et al., 2016) to operationalize some of the additional explanations. Concerning the size of interest groups, we employ the 'v2csstruc_1' variable from the V-Dem dataset, which measures the extent to which large civil society organizations are highly influential in policymaking. Specifically, this variable is constructed around expert surveys that attempt "to characterize the relative influence of large mass constituency CSOs [civil society organizations] versus smaller, more local, or narrowly construed CSOs" (Coppedge et al., 2016, p. 237). Varying between 0 and 1, this variable shows the mean of the respondent frequencies and the association of a given country to the fact that large civil society organizations are influential. Accordingly, "the voice of such organizations is recognized by the government and is accorded special weight by policymakers" (Coppedge et al., 2016, pp. 237–238).

Relying on the variables 'v2lgbicam' and 'e_democracy_duration' of the V-Dem dataset, the variable 'bicameralism' is a binary variable that assumes value 1 if a given country has two legislative chambers and the variable 'duration of democracy' measures the years since a given country's transition to democracy, i.e., a political regime that allows electoral contestation

Table 1. Descriptive statistics.

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
Adoption of lobby register	605	0.0214876	0.145123	0	1
GDP per capita (USD2010)/10,000	672	2.770338	2.202109	0.0698905	11.00011
Corruption	640	0.2467482	0.2087432	0.0093516	0.9449248
GDP per capita * Corruption	640	0.3620021	0.2911869	0.0354769	1.637297
Large civil society organizations	640	0.3704611	0.267097	0	1
Bicameralism	672	0.4761905	0.4998048	0	1
Duration of democracy	672	53.7381	42.70835	1	168
Foreign direct investment	661	8.307487	31.36755	-58.97767	451.7155
Spatial lag	630	0.0419275	0.0455238	0	0.429576
t	672	8.5	4.613206	1	16
t2/10	672	9.35	8.067177	0.1	25.6
t3/100	672	11.56	12.72727	0.01	40.96

(“political leaders that are chosen through free and fair elections”) and participation (“a minimal level of suffrage”; Coppedge et al., 2016, p. 321). For all variables from the V-Dem data set, we lagged the observation by three years in order to avoid an endogeneity issue. We used two other data sources for the remaining control variables. The measurement regarding ‘foreign direct investment’ uses data on trade volume from the World Bank and is lagged by three years. For all variables, except for the age of democracy, we lagged the observation by three years to control for endogeneity. Finally, to create the spatial lag of policy adoption, we followed common standards for the creation of spatial lags in policy diffusion analysis (Gilardi & Wasserfallen, 2016).

To carry out our empirical analysis, we use Event History Analysis, an established methodology in policy diffusion studies. Amongst the possible Event History Analysis models, we have chosen the logit model, which allows for flexibility in the analysis (Langner, Bender, Lenz-Tönjes, Küchenho, & Blettner, 2003). In time-series cross-sectional analysis, logit models, however, come with the specification issue related to the likelihood that the observations are temporally dependent (Buckley & Westerland, 2004; Mooney, 2001). To consider time seriously (Beck, Katz, & Tucker, 1998), we have inserted three-time variables, ‘t,’ ‘t2/10,’ and ‘t3/100,’ in the discrete Event History Analysis (Carter & Signorino, 2010). Finally, we complement the statistical analysis with two case studies, which provide us with more detailed insight on the link between anti-corruption policy agenda and the adoption of lobby registers.

5. Statistical Results

To carry out the empirical analysis, we estimated two models, one which examines the main argument of our

analysis, testing whether the interaction of corruption and the size of the economy impacts on the adoption of lobbying regulations, and another one that includes the variables for additional explanations (Table 2). The findings suggest that the first model, which includes only the interaction of GDP per capita and corruption fits the data slightly better than the model including the control variables due to a slightly lower Bayesian Information Criterion value.

Substantially, the results indicate that higher corruption rates augment the probability of adopting lobby registers in contexts where the economy is relatively developed. The positive interaction effect suggests that the co-occurrence of corruption and a higher GDP per capita make it more likely that policymakers will adopt a lobby register. If we control for both variables separately, there is no statistically significant effect. In Model 2 of Table 2 we add the control variables. These results indicate that a second parliamentary chamber has a statistically significant effect on the adoption of lobby registers, while the variable ‘large civil society organizations’ is only marginally significant. All the other control variables do not indicate a statistically significant effect.

To better interpret the findings and to understand their substantial robustness, we now turn to a graphical representation of the results (Figure 2). The lower part of Figure 2 indicates that our sample is composed of several observations characterized by a relatively low level of GDP per capita and high levels of corruption. Another relatively large group of observations is characterized by mid-level of economic development and low-level corruption. To effectively demonstrate the substantial effect of the interaction term, we created a binary variable of the corruption variable, which varies from zero to one at the mean. This strategy allows us to distinguish observations with rather low levels of corruption, represented by

Table 2. Results of the regression analysis (standard errors clustered according to countries).

	Model (1)		Model (2)	
	Coefficients	Standard errors	Coefficients	Standard errors
GDP per capita	-0.490**	(0.246)	-1.132**	(0.577)
Corruption	-7.449**	(3.593)	-9.799**	(4.123)
GDP per capita * Corruption	2.610**	(1.179)	4.138***	(1.621)
Bicameralism			1.600**	(0.750)
Large civil society organizations			1.817*	(1.221)
Duration of democracy			0.0106	(0.0117)
Foreign direct investment			-0.00259	(0.00851)
Spatial lag			-8.070	(9.341)
t	-0.135	(0.892)	-0.776	(1.460)
t2	0.476	(1.085)	1.254	(1.732)
t3	-0.200	(0.397)	-0.452	(0.614)
Constant	-3.038	(2.344)	-2.279	(3.861)
Pseudo R2	0.10	0.19		
Observations		573		528
Akaike Information Criterion		126		126
Bayesian Information Criterion		156		178

Notes: * p < 0.1 ** p < 0.05 *** p < 0.01.

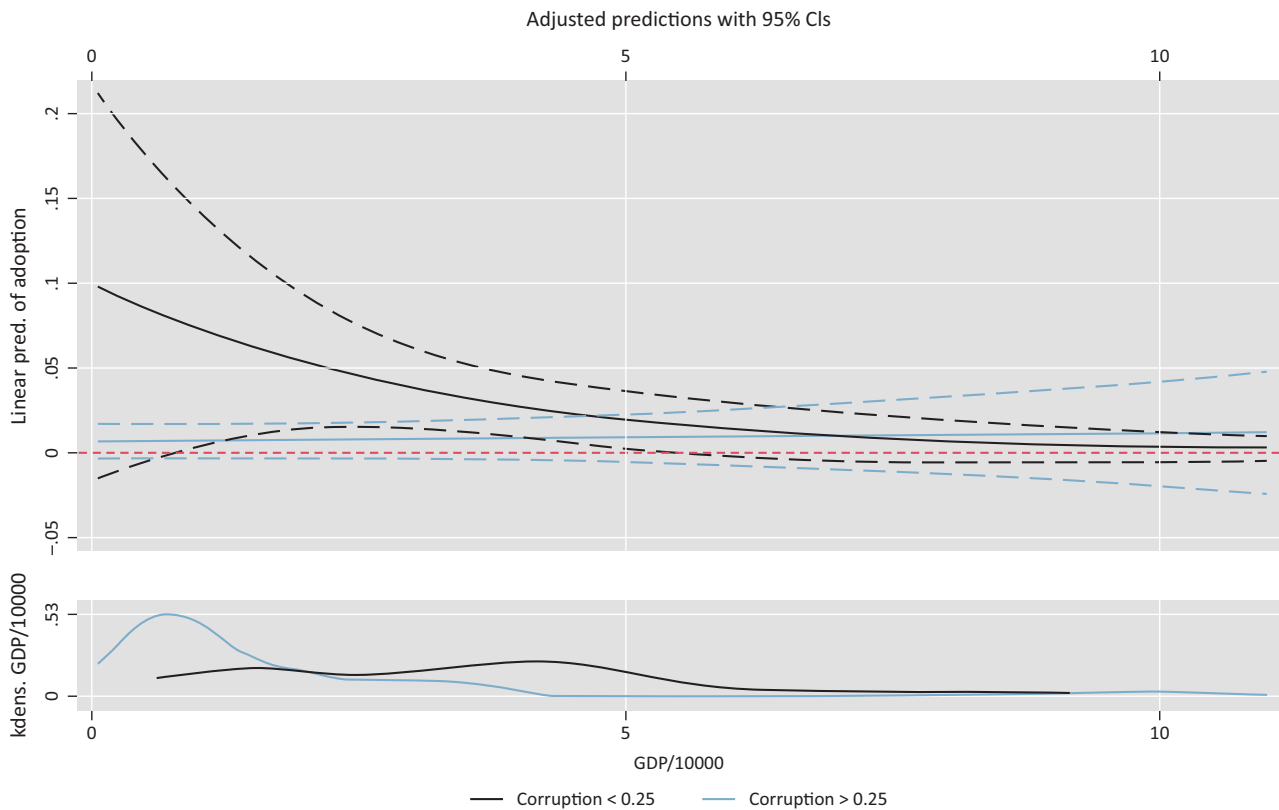


Figure 2. Plot of the interaction effect of GDP per capita and corruption. Source: Authors’ own illustration.

the black line in Figure 2, from those with a higher level of corruption, which we identify by the blue line.

The upper part of Figure 2 shows that countries with low levels of corruption and low levels of economic development are most likely to adopt lobby registers, as the black line in the graph is clearly above zero for observations associated with a medium-level GDP per capita. In countries with low levels of corruption and a level of GDP around \$20,000–\$40,000 per capita, policymakers are more likely to adopt lobby registers than in countries with high corruption and low economic development or in countries with high economic development and low corruption.

This finding supports our main argument that under the presence of low to moderate corruption and significant but not very high economic development, policymakers are likely to adopt lobby registers. Such measures signal to citizens that transparency and the reduction of corruption are important goals. Further, these reforms indicate to IOs and companies that the country abides by emerging standards of good governance.

6. Adopting Lobby Registers in Slovenia and Italy

In this section, we complement our statistical analyses by tracing the political and institutional process that led Italy and Slovenia to adopt a lobby register, and we illustrate how national lawmakers responded to the external stimulus of the international anti-corruption agenda (Borz, 2019). Both EU countries are characterized by an

overall negative public perception of lobbying, reducing the political incentive to pass lobbying regulations (Fink-Hafner, 2017; Habič, 2014; McGrath, 2008; Petrillo, 2017; Transparency International Italia, 2014). First, we focus on Slovenia as it is a ‘typical case’ (Gerring, 2007) of the relationship that we demonstrate statistically; the values for corruption and GDP per capita are below the mean in the sample. Second, we assess Italy, which is a ‘deviant case’ (Gerring, 2007) from the above discussed relationship as its corruption levels are clearly above 0.35 and as GDP per capita varies between \$33,000 and \$38,000, in the sample. Therefore, the Italian case complements the statistical analysis as it shows how the configuration of relatively high corruption and a developed economy increases the probability of adopting lobby registers.

6.1. Slovenia

Slovenia adopted a lobby register in the national anti-corruption legislation based on a government bill, after two failed parliamentary initiatives that aimed at passing a specific law on lobbying and public participation in law-making process (Habič, 2014, p. 14; Kosmač, 2014). The 2010 Integrity and Prevention of Corruption Act established one of the most comprehensive sets of lobbying regulations in Europe (Holman & Luneburg, 2012). The lobby register was adopted in the wake of an increase in the influence of interest groups on policymaking, which prompted public concern about corruption. Within this

anti-corruption framework, the register aims to tackle the secrecy in the relationship between professional lobbyists and public officials that is often associated with bribery in Slovenia (Habič, 2014, p. 15). Accordingly, the 2010 Integrity and Prevention of Corruption Act targets both lobbyists and legislative and executive public officials at the national and local level (Kosmač, 2014). On the one hand, as employees or legal representative are excluded from the legislation, only professional lobbyists are required to register with the Commission for Prevention of Corruption, the national anti-corruption agency, and to summarize annually their activity details; on the other hand, public officials have to check that lobbyists contacting them are registered and report to the Commission for Prevention of Corruption on each meeting. The Commission for Prevention of Corruption is in charge of enforcing the regulations and has power to sanction non-compliance (Group of States against Corruption, 2018; Habič, 2014; Mulcahy, 2015).

The influence of the EU and the OECD was important for shifting lobbying regulation onto the anti-corruption agenda after the failure of the National Assembly to regulate lobbying (Habič, 2014, p. 14; Kosmač, 2014). Through the 2010 Integrity and Prevention of Corruption Act, Slovenia complied with international obligations on preventing and combating corruption, which proves this point. In 2002, the international anti-corruption standards facilitated the emergence of the anti-corruption policy through the institutionalization of the Office of the Government for the Prevention of Corruption. Two years later, the policy was consolidated through the adoption of the Prevention of Corruption Act, which transformed the Office of the Government for the Prevention of Corruption into an independent body accountable to the Parliament. It is important to note that the main result of the Office of the Government for the Prevention of Corruption was the 2002 legislative draft to prevent corruption that was the basis for the 2004 Prevention of Corruption Act (Dobovšek & Škrbec, 2012, p. 167), which specified compliance with anti-corruption conventions and international standards (Dobovšek & Škrbec, 2012, p. 173). These legislative and institutional conditions were the bedrock of a further expansion of anti-corruption policy. Overall, the institutional alignment of the Slovenian anti-corruption policy with international standards facilitated the adoption of the lobby register notwithstanding the inconsistent political support for the policy (Dobovšek & Škrbec, 2012, p. 177).

6.2. Italy

Despite the OECD's assessment that Italy adopted a comprehensive lobby register, the regulatory landscape in the country is fragmented. Comprehensive national legislation has not been adopted, despite numerous parliamentary and executive initiatives starting in the mid-1970s (Chamber of Deputies, 2016). In 2012, the Ministry of agriculture adopted a public list of lobbyists en-

gaged within agribusiness (Chamber of Deputies, 2016). The Ministry of Economic Development, the Ministry of Labor and Social Policy, and the Ministry of Environment followed later. At the local level, six regions (Tuscany in 2002, Molise in 2004, Abruzzo in 2010, Calabria in 2016, Lombardy in 2016, and Apulia in 2017) also adopted lobby registers (Carlioni, 2017). By establishing a consultation procedure for new regulatory proposals (Transparency International Italia, 2014, p. 9), the Ministry of agriculture was the first Italian institution to specify the rights and obligations associated with the activities of interest groups in the policymaking process at the national level. Further, in 2016, the Chamber of Deputies internally regulated lobbying activities through a register maintained by the Office of the President. Notwithstanding the lack of national legislation on lobbying, the enactment of these two registers was a sufficient condition for being considered by the OECD as a country that has adopted a lobby register (OECD, 2016).

The fragmentation of the Italian lobbying regulations and anti-corruption legislation is a sort of functional equivalent of a uniform and comprehensive lobby register. Indeed, the adoption of lobby registers by several different national and regional institutions has filled the gap left by the 2012 anticorruption law that targets civil servants rather than elected officials. Contrary to Slovenia's uniform and comprehensive lobbying regulation, the Italian anti-corruption legislation assembles a series of measures for enhancing administrative transparency and integrity (e.g., regulation of public officials' conflict of interests and transparency of public administration through proactive disclosure of information). However, by combining the regulation of conflict of interests and administrative transparency, the Italian anti-corruption legislation contains several elements for 'indirectly' regulating interest groups' influence on executive and administrative policymaking (cf. Carlioni, 2017). Through a sequence of sectoral adoptions and the cumulative effect of measures for tackling administrative corruption, the Italian case is a one of consolidation of lobbying regulation that is often misjudged by the assessment of the European Commission and the OECD.

The Italian approach follows an established logic of the country's postwar consolidation of democracy (Morlino, 1998), according to which parties have low incentives to regulate their interaction with civil society and governments (Pasquino, 1989). This mechanism is visible in the process of lobbying regulation. For example, the above-mentioned lobby registers and code of conduct were considered as necessary instruments for enhancing the 'political ethics' by a group of experts on institutional reforms appointed by the President of Republic, Giorgio Napolitano (Mauro, Onida, Quagliariello, & Violante, 2013). Further, the adoption of the lobby register within the Ministry of Agriculture passed under the technocratic government of Mario Monti. In the same year, that government was crucial for the adoption of anti-corruption law and the establish-

ment of an anti-corruption agency, as the parliamentary approval was obtained through a confidence vote. This law aligned Italy with international norms on public administrators' transparency, integrity, and incompatibility (Piccio et al., 2014).

The Italian resistance against comprehensive legislation on the matter is linked to the perception that lobbying should not be 'legalized' as a professional form of interest group representation. According to this logic, professional lobbyists (and more in general interest groups) are detrimental to the traditional but declining forms of representation such as political parties (Carloni, 2017; Petrillo, 2017) and corporative institutions (Pritoni, 2019). This aversion of the Italian legislators to lobbying is also evident in its definitions that encompass any type of interest group engaged in indirect or direct forms of political influence. As opposed to Slovenia, where public relations have a long tradition (Fink-Hafner, 2017), this may be also due to the lack of recognized training and professionalization of Italian lobbyists (Petrillo, 2017). Further, the polarization of the anti-corruption agenda has not facilitated the formation of reform coalitions (Della Porta & Vannucci, 2007; Di Mascio, Maggetti, & Natalini, 2018), nor has there been a steady institutionalization of the anti-corruption policy (Piccio et al., 2014) as in Slovenia. The Italian lawmakers' line of resistance to international pressure was weakened only in occasion of technocratic governments and the 2013 electoral success of a new party, the Five Star Movement (Piccio et al., 2014). These unorthodox agents of reform were able to overcome the impossibility of forming reform coalitions "given the greater inflexibility of the administrative bureaucracies and the higher degree of conflict among the government parties" that distinguishes the Italian political system from other economically developed democracies (Pasquino, 1989, pp. 37–38).

7. Discussion and Conclusions

This article has analyzed the adoption of lobby registers across 42 countries. Starting with the assumption that the OECD and the EU have been influencing the adoption of lobby registers (Crepaz, 2017), our research question has focused on corruption as the main rationale for countries to respond to the emergence of an international norm characterized by an anti-corruption agenda. By reducing the information asymmetry between citizens and elected officials, registers enhance transparency in lobbying activities, with the potential to reduce the likelihood of biased and undue influence, and ultimately of corrupt policymaking (Bolloyer, 2018).

Our statistical findings show that the interaction between the size of the economy and corruption explains why governments adopt lobby registers. Most of the countries that have adopted lobby registers are not characterized by high levels of corruption and high levels of economic development. Instead, among our sample of 42 of the most developed countries, the adoption of

lobby registers is mainly associated with low to moderate corruption and a significant but not very high GDP per capita. Our explanation for this pattern is that politicians have an incentive to regulate lobbying if they want to push economic development forward and respond to middle class demand to reduce corruption. This finding fits with other research on corruption, which indicates that in middle-income countries citizens are most concerned about corruption (Biswas & Vijaya, 2019). Specifically, the legalization of professional lobbying creates certainty for corporations and increases the attractiveness of a country for foreign investors.

The two case studies show that both in Italy and in Slovenia lobby registers were adopted through an anti-corruption agenda as promoted by IOs. The two countries differ in terms of underlying conditions for the adoption and implementation of a lobby register. While in Slovenia the lobby register was adopted through an incremental institutionalization of international standards policy, in Italy political resistance to the idea of recognizing (professional) lobbying was removed only during two windows of opportunity that opened up in 2012 and 2016, resulting in a fragmented set of registers adopted and maintained by few national and regional institutions. Nevertheless, their embeddedness in a multilevel context (Thomann, Trein, & Maggetti, 2019; Trein, Thomann, & Maggetti, 2019) contributed to the adoption of lobby registers for both countries.

Although our results provide an interesting explanation for the adoption of lobby registers, there are limitations to our analysis. The diffusion process regarding lobby registers is still underway; within the next 10 years many more countries will perhaps have adopted such registers, making them a consolidated norm, and accordingly internal functional explanations might not play a role. Conversely, governments could opt to adopt other transparency mechanisms and anticorruption tools enabling control of bureaucracy rather than interest groups and elected officials. Furthermore, lobbying regulations were often discarded thanks to their complexity (Crepaz & Chari, 2018) and their record of limited effectiveness in corrupt settings (dos Santos & da Costa, 2014), leading to citizens' resigned acceptance rather than indignation (Bauhr & Grimes, 2014).

However, focusing on the initial wave of adoption of a public governance standard, this empirical analysis allows us to make practical recommendations to IOs engaged in the provision of international best practices for policymaking transparency. Although IOs have correctly associated lobby registers with the issue of corruption, it is important to note that the promotion of this institutional solution may lead to symbolic adoption. To avoid such risk, IOs should also frame lobbying regulation as a way to enhance the profession of public relations and lobbyists, as the case of Slovenia attests. A more comprehensive agenda framed around the conditions for ensuring more professional lobbying could transform the negative public perception of lobbying as a tool for channeling

interest group positions, and, ultimately, achieving policy responsiveness to the general public.

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Conflict of Interests

The authors declare no conflict of interests.

Supplementary Material

Supplementary material (data set and replication code) for this article is available online in the format provided by the author (unedited). A copy of this material is also available at the University of Strathclyde Knowledge-Base at <https://doi.org/10.15129/3b59f78c-7d12-4740-b50d-7cbf37f61d92>

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Article

Islands of Good Government: Explaining Successful Corruption Control in Two Spanish Cities

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Abstract

Between 2012 and 2018, Spanish public opinion has been shaken by a seemingly endless series of corruption scandals, to the point that corruption has become one of the main long-term concerns of the Spanish population, according to nation-wide surveys. Despite the sharp rise in corruption scandals within local authorities, there are Spanish cities that have managed to limit corruption and build a transparent and efficient government, which stand out as islands of integrity and good governance. This article qualitatively investigates two cities in Spain—Alcobendas and Sant Cugat del Vallès—which, despite being in a region with comparatively lower quality of government, have managed to successfully control corruption. We argue that the key to success is the administrative reorganization prompted by the appointment of city managers that institutionalized professional management. Findings also have implications for practitioners, meaning that complex anti-corruption legislative frameworks will not work within an overburdened administration unless the administrative structure is reformed.

Keywords

corruption; quality of government; integrity; political competition; Spain; transparency

Issue

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1. Introduction

Over the last two decades, interest in anticorruption has gained a global dimension through the signing of multiple international conventions and the emergence of a series of transnational actors (UN, OECD, Council of Europe, European Commission, and Transparency International, among the others). Anticorruption has become an industry (Sampson, 2010), meaning that there is a marketplace of initiatives, organized and prioritized by international organizations acting like ‘integrity warriors’ with considerable resources and policy reach (de Sousa, Hindess, & Larmour, 2009). The recommendations issued by these actors and their monitoring of national anti-corruption measures have been focused on a ‘le-

gal toolbox,’ which primes certain tools such as whistleblower protection, conflict of interest regulation, staff rotation, lobbying for transparency, and so forth. Yet, the most common measures recommended in the current international anti-corruption toolkit have not proved to be effective in reducing corruption (Mungiu-Pippidi & Dadašov, 2017).

This finding suggests looking at anti-corruption tools in a broader context by taking specific institutional dimensions into account. In the absence of a number of empowering institutional factors, the set of specific legal instruments promoted by the international integrity warriors is not likely to work (Mungiu-Pippidi & Dadašov, 2016). Our research focuses on professional bureaucracies, which have long been recognized as an important

institutional factor in curbing corruption (Rauch & Evans, 2000). Yet, we lack empirical studies that explore the ways through which administrative reforms can enhance the professionalism of bureaucracy. In particular, research on institutional factors that support control of corruption at the local level of government remains sparse (Beeri & Navot, 2013).

We address this gap in the literature by analysing the administrative reforms in two Spanish municipalities. The implementation of these reforms represents two ‘islands of good government’ in a country that is marked by widespread corruption at the local level (Jiménez, Villoria, & Quesada-Garcia, 2012). Previous research on corruption in Spanish municipalities highlighted the role of political stability as a factor that may explain variation in corruption practices (Jiménez, Quesada-Garcia, & Villoria, 2014). This finding is not consistent with most of the comparative literature on anticorruption reform, which argued that incentives for the implementation of anti-corruption reforms are generated by sustained political competition (Schnell, 2018). To address this inconsistency, we identify under what conditions a low level of political competition may support the launch and implementation of reform initiatives to raise the level of professionalism in local bureaucracies.

In doing so, we draw on two strands of literature. First, we build on those few studies in the field of political science, which highlight the virtuous circles activated by the duration of political leadership; second, we build on those accounts of public management reform that consider micro-level factors, that is changes at the level of individual organizations (Ongaro & Valotti, 2008). The focus on micro-level factors allows for variation across individual organizations at the subnational level in countries that are marked by the existence of a larger, macro institutional framework which acts as a barrier to the implementation of reform. More specifically, our findings very much support previous research suggesting the importance of leadership by city managers for the successful implementation of reform in local government (Nalbandian, 2006; Nelson & Svava, 2015).

The remainder of the article unfolds as follows. In the next section, we provide more detail on our theoretical framework. Then, we present the background of this study, namely the institutional patterns of Spanish local government. We outline the case selection strategy and methodology before tracking the progress of public management reform in two municipalities, Alcobendas and Sant Cugat del Vallès, which stand out for their success in administrative modernization. Finally, we discuss our findings and consider their implications for both researchers and practitioners.

2. Theoretical Argument

Our research focuses on the control of corruption, understood as the equilibrium between the opportunities for corruption (power discretion and resources)

and the deterrents imposed by the state and society (Mungiu-Pippidi, 2015). In past decades, the effort to control corruption by curbing opportunities and strengthening legal and normative constraints has grown exponentially worldwide. Still, there seem to be few successful cases where anti-corruption programmes have been effectively implemented. For a growing number of scholars, the failure of anti-corruption initiatives lies in the inappropriate theoretical foundations that inform their design. Anticorruption efforts are influenced mainly by principal–agent approaches which assume that corruption is solvable with policies to reinforce transparency, monitoring, and sanctioning of public officials who manage public resources. Critics have argued that this assumption is flawed, especially in contexts ridden with systemic corruption where collective action problems hinder the implementation of anti-corruption interventions (Persson, Rothstein, & Teorell, 2013, 2019). However, Marquette and Peiffer (2019) and others highlighted that collective action approach does not help anti-corruption practitioners decide what to do differently, or how. The anti-corruption field has suffered from the quest for one overarching theory whereas researchers and practitioners should pay more attention to the focus and locus of corruption, that is the different types and contexts in which corruption occurs (Heywood, 2017).

The article joins the call for research underscoring targeted interventions as it focuses on appropriate contexts, where political will is available to implement the institutional fixes needed to curb corruption (Marquette & Peiffer, 2018). The starting point of our research is the established institutionalist approach to good governance, which emphasises the role of professional bureaucracies in reducing the risks of corruption (Dahlström, Lapuente, & Teorell, 2012). The expectation from this approach is that in cases where bureaucrats are agents of their political principals, they do not inhibit politicians’ opportunistic actions. Conversely, in cases where bureaucrats act as ‘trustees,’ they keep politicians’ abuse and misbehaviour in check. This approach draws on the agent–fiduciary dichotomy developed by Majone (2001) who identified two different logics of delegation: One logic is informed by the demand for policy-relevant expertise, in which political leaders delegate executive functions to agents within relatively constraining control mechanisms; the second logic is guided by the demand for credible commitments, meaning that leaders deliberately insulate their ‘trustees’ so that they may implement policies to which their leaders could not credibly commit.

We focus on the fiduciary relationship between mayors and city managers in local government. In past decades, the post of city manager has been introduced in the organizational charts of municipalities acting as a crucial link between elected officials and city departments (Klausen & Magnier, 1998; Sancino & Turrini, 2009). City managers are focused on the organization they lead and they consistently allocate most of their time and energy to building organizational capacity (van Dorp,

2018). They are receptive to administrative reform since it has a positive impact on their ability to manage effectively. Thus, they are a vital cog in their organizations for launching and enacting administrative reform, increasingly through strategic management (Mitchell, 2018). This strand of literature on city managers as policy change agents leads us to expect that local governments led by them should display a greater propensity towards the implementation of those institutions (merit-based human resource policy, rules and standard operating procedures, transparency and independent watchdogs) that increase the accountability of political actors and limit their discretion over state resources (Knott & Miller, 2008; Miller & Whitford, 2016). Drawing on these expectations, previous studies have found a positive effect of city managers on the local government transparency and performance (Drapalova & Lapuente, 2017; Fay & Zavattaro, 2019).

The establishment of a fiduciary relationship between mayors and city managers makes it more difficult for political leaders to benefit from the control of resources and any lack of accountability. A fiduciary relationship may lead leaders to a complete and, in some cases, an irrevocable transfer of their political property rights in a given area in favour of their trustee. These features make political leaders reluctant to establish a fiduciary relationship with the city managers. However, a recent strand of literature has underlined that political competition can create conditions in which political leaders see, not only the potential costs of but also benefits from the launch of reforms (Berliner, 2014).

Political competition has long been recognized by research on patronage and corruption as a key factor influencing political incentives for opportunistic behaviour. According to this strand of research, political leaders who are electorally secure and who face weak opposition will have no incentive to curb corruption (Grzymała-Busse, 2007). Hence, political competition moderates the behaviour of leaders who fear punishment from voters in upcoming elections. Anticipating this effect, incumbents will abstain from corruption and put reforms into operation to 'signal' their competence and integrity (Bågenholm & Charron, 2014). Furthermore, political competition induces political leaders to launch reforms when faced with electoral uncertainty (Berliner & Erlich, 2015). If incumbents suspect that they are likely to lose power, they have a strong incentive to place the burden resulting from the implementation of reforms onto the shoulders of their political opponents.

Research has also argued that low political competition at the municipal level creates 'entrenched parties' able to restrict public procurement processes (Broms, Dahlström, & Fazekas, 2019; Coviello & Gagliarducci, 2017). The same argument has been applied to the study of transparency at the municipal level (Bearfield & Bowman, 2017). Transparency is expected to increase when electoral competition becomes 'fiercer' (Esteller-Moré & Polo Otero, 2012), though recent re-

search failed to support the hypothesis that increased electoral pressure over the local executive enhances information disclosure (Tejedo-Romero & Araujo, 2020). In particular, Tavares and da Cruz (2017) found the exact opposite, meaning that low political competition may determine higher levels of transparency, pointing to the idea that political stability may well be a precondition for adequate governance.

For the purposes of this article, we narrow down the scope of political stability to government longevity, that is the number of consecutive terms served by incumbents (Dowding & Kimber, 1983). In the field of public administration, the study of the effects of political stability is an emerging field of inquiry (Mele & Ongaro, 2014). Research on the management of EU cohesion funds has highlighted that those parties which alternate in control of government change implementation priorities according to their preferences. These changes interrupt implementation and weaken capacities (Hagemann, 2019; Milio, 2008; Piattoni & Smyrl, 2002). Nationwide examination of public management reform has also highlighted that the continuity of incumbents favours the coherence and regularity of management over the medium to long-term, as is needed, to be able to put in place fundamental, wide-ranging reforms (Pollitt & Bouckaert, 2014). By explicitly considering the effects of rapid and short political punctuation on public management reform (Pollitt, 2008), this research has highlighted that discontinuity of incumbents exacerbates policy-makers' natural disregard for the operational aspects of implementation. Conversely, durability supports the expectation that reforms will be maintained, thus sustaining the prolonged investment of resources in reform implementation at the operational level. This leads policy entrepreneurs such as city managers to engage in a pattern of implementation effort consistent with their professional aspirations and responsibilities (Di Mascio & Natalini, 2013; Ramió & Salvador, 2012).

To recap, different strands of literature highlight different effects of political competition on reforms. On the one hand, political competition provides incentives to signal a credible commitment to bring about change. On the other hand, the longevity of incumbents provides the luxury of long-term horizons that sustain the implementation of wide-ranging reforms. All this suggests that government longevity does not necessarily hinder effective anticorruption reform efforts but in fact, might sustain it under certain circumstances. The following empirical analysis is devoted to the identification of such circumstances in the Spanish context in which the fiduciary relationship between mayors and city managers has not been part of the administrative tradition (Mouritzen & Svava, 2012). This feature of the Spanish administrative tradition makes the analysis of cases in which delegation of powers to city managers has led to broad scope reform particularly interesting.

3. Spanish Context

Between 2012 and 2018, Spanish public opinion was shaken by a seemingly endless series of corruption scandals, to the point that corruption has now become one of the main long-term concerns of the Spanish population (European Commission, 2014). Hundreds of corruption charges were filed across the country. A large proportion of those charges involved numerous mayors, local politicians, and civil servants (Jiménez et al., 2012). The literature generally highlights urban planning and public procurement as the policy areas most vulnerable to corruption (Jiménez, 2009; Jiménez, Villoria, & Romero, 2012).

The existing accounts of corruption in Spain underline a combination of factors that drive the higher occurrence of corrupt practices at the local level. These include the structural problem of capacity gaps resulting from the small size of Spanish municipalities, the lack of structures for effectively enforcing the high number of regulations, the low effectiveness of checks and balances in relation to public spending, and the strong-mayor form of local government and discretionary powers associated with it (Martín & Darias, 2011). The strong-mayor type is based on the principle of individualized political leadership by Spanish mayors. The latter are not directly elected, but they must be the head of a party list. The extent of scrutiny of the performance of local government by the council tends to be limited and elections are widely regarded as contests between competing candidates for the position of mayor (Sweeting, 2012). As head of staff, the typical Spanish mayor is closely involved in running and managing the local government. The mayoral powers of appointment are considerable and they are often used to intervene and act in the organization and operation of municipal organizations (Salvador & Pano, 2018).

The organizational development of municipalities has been shaped by national legislation that stipulates a set of positions such as the Chief Administrative Officers, who are civil servants with a professional national qualification, and who tend to conform to the role of a classical bureaucrat with a low political profile. They still have a legalist background and they can be seen to represent the Napoleonic administrative tradition. In Spain, the administrative system does not foresee a separation of management and politics such as in the UK, Sweden, or the US (Mouritzen & Svava, 2012). However, in some larger local authorities, city managers have been appointed as officials versed with and committed to modern New Public Management techniques and skills (Wollmann, 2012). To be considered a city manager, two conditions have to be fulfilled. Firstly, the city manager should occupy a position of hierarchical superiority to the other civil servants who should report to them. Secondly, municipal finances and budget, general services, personnel hiring, and information systems should be under their direct control and supervision (Fernandez, 2013). City managers' primary responsibilities are to introduce efficiency in the

local management and make sure that the strategies devised by politicians are executed and evaluated.

4. Case Selection Strategy and Methodology

Our analysis is based on a qualitative comparative case study of two Spanish cities that present above-average levels of transparency and administrative capacity despite being located in regions with numerous corruption scandals and low-quality regional government as indicated by the European Quality of Government Index (Charron, Lapuente, & Annoni, 2019). These pockets of good government are Alcobendas in Madrid and Sant Cugat del Vallès in Catalonia. Spain provides an ideal setting to examine the factors that affect control of local corruption because of the tremendous subnational variation and the presence of cities with remarkably different levels of performance (Parrado, Dahlström, & Lapuente, 2018).

Alcobendas and Sant Cugat del Vallès share many similarities in the setup of their organisation, political competition, and socioeconomic composition. Both are medium-sized cities, resourceful but with a high level of inequality, with a similar economic model, and a strong business sector. They stand in stark contrast to their medium-sized neighbouring cities as they were not targeted by corruption investigations. In 2009 the Pretoria scandal uncovered corruption related to planning issues linked to politicians of the Catalan Socialist Party (*Partit Socialista de Catalunya*) in medium-sized cities such as Santa Coloma de Gramenet and Badalona. In 2014, the mayors of two medium-sized municipalities in the Madrid region, Parla and Valdemoro, were hit by the Púnica scandal as a part of graft investigation involving local government construction contracts.

The four cities hit by corruption scandals shared two features. First, a stable area of professional management had not become institutionalized in these municipalities through the introduction of a city manager before the eruption of corruption scandals. Second, the political environment was marked by a low level of competitiveness. In both Badalona and Santa Coloma de Gramenet, the Catalan Socialist Party had been in power since 1979 until the eruption of the Pretoria scandal; in Parla, the Spanish Socialist Party (*Partido Socialista Obrero Español*) had been in power since 1979 until the eruption of the Púnica scandal; the latter hit Valdemoro which had been managed by the Popular Party (*Partido Popular*) since 1999. These four cases, therefore, provide support for the argument that low political competition is detrimental to corruption control. Yet, this argument does not hold for Alcobendas and Sant Cugat del Vallès which were not hit by corruption scandals despite the low level of competitiveness of their political environment. In Alcobendas, the Popular Party had been in power from 2007 to 2019 after 24 years of Socialist government whereas in Sant Cugat del Vallès the Catalan nationalist party Convergence and Union (*Convergència i Unió*) had been in power from 1987 to 2019.

The lack of sustained political competition in Alcobendas and Sant Cugat del Vallès has also been associated with a high level of transparency, an indicator that signals the control of corruption (Benito, Guillamón, & Bastida, 2015). Transparency has also been put at the centre of the anticorruption packages adopted by Spanish governments as a reaction to widespread judicial investigations into local corruption (Villoria, 2020). If we take data on the quality of information available on the municipal websites, Alcobendas and Sant Cugat del Vallès, in 2014, scored 88 and 98 respectively out of 100, outclassing Badalona, Valdemoro, and Parla, which ranged from 48 to 56. Data were collected by the University of Barcelona and contain an index made up of 52 different components adapted from the national transparency law in 2013 (InfoParticipa, 2017). We have selected this indicator because it covers a large number of Spanish municipalities. Alcobendas and Sant Cugat del Vallès also exhibited a good level of administrative capacity as revealed by indicators that measure the ability of Spanish municipalities to speed up tax collection and payments to providers in 2014. As shown by Table 1, the transparency and administrative capacity gap between ‘good’ (Alcobendas and Sant Cugat del Vallès) and ‘rotten’ apples (Parla, Valdemoro, Santa Coloma de Gramenet, Badalona) has further increased in the period from 2014 to 2017.

The next empirical section unveils how the appointment of city managers—a key institutional feature that distinguished the ‘good’ from the ‘rotten’ apples—set in motion a sequence of administrative reforms that shielded the well-performing cities from corruption investigations as well as improving levels of transparency and administrative capacity. The framing of our qualitative study connects the research question to broader theoretical conversations in the field (Ospina, Esteve, & Lee, 2017). More specifically, we apply what Ashworth, McDermott, and Currie (2019) call ‘abductive method’ that starts with formulating an empirical puzzle and combines inductive and deductive approaches to solve it. We rely on case study research that allows us to explain why we observe particular relationships and which can help us to clarify gaps and inconsistencies in theory (Rubin & Baker, 2019; Yin, 2014). We employ process tracing that involves the careful use of evidence for the identification of sequences linking contexts and outcomes (Bennett & Checkel, 2014; George & Bennett, 2005). The subna-

tional approach allows us to hold macro-conditions—such as national regime type and institutional setting—constant. In contrast, the specific factors that this theory considers relevant to the level of corruption are allowed to vary (Snyder, 2001).

The empirical analysis is based on press reports, documents provided by both city halls and administrations, archival research, secondary literature, public declarations, as well as 25 interviews with local experts, politicians, civil servants, activists, and business association representatives, conducted between 2013 and 2015. Interviews were based on a semi-structured questionnaire and partially transcribed and translated by one of the authors. The questionnaires and the list of interviews are available upon request. For each case, we outline the main characteristic of local government and trace the changes carried out on over the last two decades.

5. Empirical Analysis

5.1. Alcobendas

Alcobendas is located in the Madrid Region which has been deeply affected by corruption scandals. The best known are the Gürtel investigation, which engulfed three mayors (Majadahonda, Boadilla del Monte, and Pozuelo de Alarcón) and three former MPs of the regional parliament (Dahlström & Lapuente, 2017), and the Púnica scandal that embroiled six mayors (among others Parla, Valdemoro, and Torrejón de Velasco) just within the Madrid region. Over the last 50 years, Alcobendas has grown from a small agrarian village to a thriving mid-sized city with over 110,000 inhabitants. Once a dormitory town, it has now developed into a business, industrial, and service centre with low unemployment, high levels of entrepreneurship, and a sizeable middle class. Within the Madrid context, the trajectory of Alcobendas is unique as city manager roles outside Catalonia are still exceptional. Surrounding municipalities with similar political and economic characteristics that were involved in the wave of corruption scandals during the Púnica and Gürtel investigations have not adopted a city manager structure.

While corruption scandals shook the surrounding cities, Alcobendas collected international awards for administrative innovation and good management. In 2016, it was the first local government in Europe to be handed

Table 1. Transparency and administrative capacity in Spanish municipalities.

Indicators	Alcobendas	Parla	Valdemoro	Sant Cugat	Santa Coloma	Badalona
Transparency (2014)	87.8	56.1	53.66	97.56	95.12	47.9
Transparency (2017)	84.62	50	53.85	96.15	100	55.77
Tax collection (days, 2014)	51.55	73.88	59.98	40.33	66.81	48.07
Tax collection (days, 2017)	29.84	91.58	36.26	30.86	80.36	37.68
Payment to suppliers (days, 2017)	17	346	321	22	8	43

Source: Authors’ own elaboration with data from the Ministry of Finance of Spain (2017) and InfoParticipa (2017).

the European Foundation for Quality Management excellence award that recognized the commitment to quality and continual improvement of public services. It was also one of the Spanish cities that made information available on their website before the adoption of the national transparency law in 2013. It ranked as one of the most transparent cities in Spain according to the City Hall Transparency Index as it scored 99 out of 100 against a national average of 70 in 2010. The City Hall Transparency Index, developed by the Spanish chapter of Transparency International, measures the level of transparency of the 110 largest Spanish City councils through an integrated set of 80 indicators.

How did this ordinary city manage to maintain its clean reputation and control opportunities for corruption effectively while other similar cities failed? The success builds on a sequence of administrative reforms set in motion during the last two mandates of the Socialist politician José Caballero who had been mayor of Alcobendas in the period 1983–2007. The first substantial organisational change occurred between 1991–1995 when the executive created a Central Organisation and Coordination Unit that implemented management by objectives and adopted the first strategic plan (Iglesias Alonso, 2006). This new unit was guaranteed the necessary resources and it was put under the political leadership of the deputy mayor. Subsequently, Alcobendas had a consulting company evaluate and design a potential new organizational model. According to the former mayor, the municipality was inspired by the spread of the city manager structure in Catalonia. The new model was based on the introduction of a dual organizational structure with the appointment of a city manager as ‘general coordinator’ in 1999 (Iglesias Alonso, 2006; Palacios, Fulgueiras, & Catalina, 2002). As the former mayor of Alcobendas declared:

Besides introducing new policies, we needed a shift in the organization. The organization had remained largely obsolete and we faced serious difficulties formulating complex policies and long-term planning. We needed a manager who would centralize and coordinate projects. So, we tended towards a new organizational model that delegated decision making powers from the political to the managerial level, ensuring the coordination between the public and private sector in the management of development projects. (Former mayor of Alcobendas, personal communication)

Thus, the organisational reform aimed to deliver public services more effectively and improve internal control and coordination within the administration. It has separated the political mandate and strategy from administrative direction and reinforced internal oversight and external accountability. A critical component of the reform was the adoption of so-called Municipal Action Plans that established the main guidelines and priorities of the legis-

lature that determine the political communication strategy, the budget, and the implementation (Iglesias Alonso & Villoria, 2010). These Municipal Action Plans offered a broad citywide accountability mechanism and they were supported by the city manager because they limited the discretion of both elected officials and public employees. They also motivated the city manager to accomplish the city’s priorities and demonstrate his own effectiveness as leader of the managerial sphere.

The city manager had ties with the deputy mayor and this reassured the mayor that the new administrator was committed to accountability and political responsiveness. His previous experience in public management made him knowledgeable about administrative reform processes and this instilled respect for his administrative competence in the eyes of the mayor. The city manager engaged in a pattern of sustained effort consistent with his responsibilities and previous experience and he was also able to cultivate a relationship with the mayor based on mutual respect. The effect of the constructive relationship between political and managerial leadership was strengthened by a number of new governance arrangements. First, the city manager’s office was incorporated into the department of economy. With this move, resources were expanded while enhancing coordination capacity. Second, the oversight of hiring procedures was entrusted to the city manager to ensure the coherence of personnel recruitment with the Municipal Action Plans. Third, the city manager created a planning and evaluation unit within his personal staff with the task of centralizing and coordinating data collection and analysis.

The development of governance arrangements benefited from the strong support of the Socialist leadership from 1995 to 2007, a period in which pursuit of comprehensive administrative modernization was a clear objective of the mayor. The interviews suggest that the longevity of the Socialist leadership was an important context factor for administrative reforms that needed a prolonged period to be implemented effectively:

The critical element of the transformation was, in my opinion, the political stability of the municipal government. We have had a strongly united group, without internal divisions, a coherent team, that avoids wasting time in internal wars and that facilitates the work and increases our credibility....We had to show the citizens that we do things, but not just by responding [to their requests], we had to be able to foresee [their requests] in advance. We had to be one step ahead of them. (Former mayor of Alcobendas, personal communication)

Nevertheless, government longevity did not mean that the incumbents did not face any electoral pressure. In 1995, the Popular Party won in Madrid’s regional election as well as in many surrounding cities previously held by the Spanish Socialist Party. The decreasing electoral support for the Spanish Socialist Party in the region pushed

the incumbent mayor to showcase himself as a good administrator in a context where the regional government and the large majority of surrounding cities were under the control of the Popular Party. This set in motion the transformation of the governance structure. The implementation process was effective enough to protect the city manager structure from the potential effects of government alternation that occurred in 2007 when the Popular Party won the majority in the local elections.

Positive perceptions about the tangible results of the organizational model implemented under the Socialist leadership provided further impetus for the refinement of the administrative reform policy under the leadership of the new mayor, Ignacio Garcia Vinuesa, who did not remove the city manager he inherited from the outgoing government. The new political leadership, thus, took advantage of the city manager's competence, ensuring that the shift in political control did not mean an interruption of the administrative reform, which continued under the leadership of the city manager who ran the municipality from 1999 until 2015.

5.2. Sant Cugat del Vallès

With a population of roughly 100,000 inhabitants, this bedroom community was once a small agrarian village that has undergone vertiginous growth since 1980 due to suburbanization from Barcelona and immigration. After rapid modernization, the main economic activity is now in the service sector, telecommunications, and construction. Within the Catalan context, Sant Cugat del Vallès is a city with above-average performance in terms of administrative performance. Like in the case of Alcobendas, several national and international awards attest the quality of public services. In 2009, Sant Cugat del Vallès was the final winner in the European Public Sector Award theme 'Leadership and Management for Change.' In 2010, the Agency for Evaluation and Quality of the Spanish Ministry of Finance recognized the city reform program with the seal of good practices in internal management. In 2010, the municipality also achieved the highest score of 100 in the City Hall Transparency Index.

Sant Cugat del Vallès has been governed for almost two decades by the conservative nationalist party Convergence and Union. It was a federation of two constituent parties, the larger Democratic Convergence of Catalonia (*Convergència Democràtica de Catalunya*) and the smaller Democratic Union of Catalonia (*Unió Democràtica de Catalunya*). It dissolved in 2015 and this enabled the left-wing independentist Republican Left of Catalonia (*Esquerra Republicana de Catalunya*) party to take over in Sant Cugat in 2019. In 1987, for the first time, Convergence and Union won the local election in Sant Cugat with an ample majority, and Joan Aymerich Aroca became mayor of the largest city governed solely by Convergence and Union. During the following years, the city continued to grow considerably, putting existing public services under pressure. Although plans al-

ready existed, it was only the new mayor, Luis Recoder (Convergence and Union), who initiated the reorganization of the local public administration after a narrow local election win in 1999 in a context where the Catalan Socialist Party increased its share of votes in the regional elections while reinforcing its control over surrounding cities. Despite the continuous electoral support giving Luis Recoder strong mandate, the local executive was not free from pressure. As the largest city governed by Convergence and Union, the executive team felt pressure to showcase Convergence and Union policies and management (former mayor of Sant Cugat, personal communication).

As a response to Catalan Socialist Party's growth in the 1999 elections, the new mayor opted for the introduction of a new organizational model that distinguished the political from the managerial sphere. The new model hinged upon the introduction of a city manager, a position that had already been appointed by early adopters pioneering the diffusion of a variation of the US city manager system in the Catalan region. The new system was deemed more modern and effective and it was introduced because the new mayor wanted to signal his commitment to high-quality governance. The first city manager, Jordi Turull i Negre, was selected from the ranks of senior civil servants who had been loyal to Convergence and Union. He had served in top positions under the mayors of Curb, Sant Vicenc de Castellet, and Sant Adrià de Besòs. In 2004, he left the position of city manager in Sant Cugat del Vallès when he became an elected member of the Catalan Parliament.

The introduction of the city manager triggered a conflict with civil servants who regarded the new figure as an additional layer of control and not as the coordinator between the political and managerial spheres. However, the relationship of mutual trust and collaboration between the mayor and the city manager gradually overcame the civil servants' opposition to the new organizational model. By focusing on data collection and evaluation of institutional performance for decision-making purposes, the city manager actively signalled that he wanted to minimize any intrusion into civil servants' affairs (economic deputy of Sant Cugat, personal communication).

The resignation of Jordi Turull i Negre did not imply an interruption in the implementation process of the new organizational model. Local elections in 2003 confirmed support for the incumbent mayor, Luis Recoder, who appreciably increased his share of the votes. Electoral results provided a further impetus for the refinement of the organizational model under the leadership of a new city manager. In 2004, the City council set out to develop a Balanced Scorecard and strategic planning (*Plan Ciudad*) as tools for improving the communication between political executives and the administrative structure. These tools were also used by the city manager for allocating resources and managing programs. In 2005, Luis Recoder, together with the

deputy for the economy Jordi Joly, decided to transform the Municipal Autonomous Agency for Tax Management into the Institute of Strategic Management, Economic Promotion and Information Society (IGEPESI). This new institution would pilot innovation and reform of the whole structure of the municipality (economic deputy of Sant Cugat, personal communication; Turull i Negre & Vivas Urieta, 2003). Since 2007 the Office of Strategic Management of IGEPESI had worked on the definition and development of a new system named Strategic Alignment and Competitiveness Plan (PACTE). This plan was based on the academic work being undertaken at ESADE Business School, located nearby and renowned for advanced studies in performance management:

Major changes were implemented during the administration of former Mayor Recoder. Luckily, we hired very competent people from ESADE, who designed the PACTE [Strategic Alignment and Competitiveness Plan] consisting of a council to plan policies with a clear relationship between objectives and costs but also a clear division between political leadership and the expert knowledge of municipal technicians. (Former mayor of Sant Cugat, personal communication)

The Strategic Alignment and Competitiveness Plan was implemented fully in 2008 and complemented the dual organizational structure (Recoder & Joly, 2010). The government also implemented an e-purchasing system which streamlined the entire circuit of purchase, limited the number of procedures, and increased control and transparency in public procurement, a traditional risk zone for corruption. The transparency of public procurement was further strengthened under the leadership of the new mayor Merce Conesa who succeeded the direction of the city in 2010. To increase scrutiny of procurement processes, Conesa appointed representatives of the opposition to the boards overseeing public procurement (opposition leader of Sant Cugat, personal communication). Further, Conesa finalized the consolidation of the dual organizational structure and together with a new city manager, she continued the performance management agenda and complemented it with the emerging open government paradigm focused on transparency and digital innovation.

6. Conclusions

This article has focused on pockets of good government at the subnational level in Spain. We put forward an argument based on the role of the fiduciary relationship between mayors and city managers and specified the conditions under which a trustee system can be implemented successfully. We have illustrated our argument by tracking the path of institutional reform in two medium-sized Spanish cities with a successful record of controlling corruption and above-average performance in transparency and administrative capacity.

Alcobendas and Sant Cugat del Vallès have both followed a remarkably similar reform sequence which differs from the path taken by similar cities in their regions. Both cities implemented a dual organizational model in which elected officials and administrators maintain distinct roles: Political control involves the capacity to set direction and oversee performance results, while implementation is shaped by professional standards and perspectives (Svara, 2001). The implementation of the dual organizational model was carefully phased in over a prolonged period in contexts marked by the sustained support of executive leadership. In contexts where the same actors had successively won elections, but leaders foresaw possible future defeat, the dual organizational model was endorsed by incumbents to signal competence and integrity, while government longevity provided sufficient time for consistent implementation. The politicians' endorsement of administrative reforms fostered the sustained effort of city managers, who drew on the expectation that administrative reforms should be maintained. On the one hand, city managers established a constructive relationship with the executive leadership as they displayed a commitment to accountability and responsiveness to political leaders. On the other hand, city managers were able to overcome administrators' resistance to the implementation of the new organizational model by focusing on strategic planning and performance evaluation.

Much remains to be done to generalize from our case studies that can only articulate issues for further investigation about institutional reforms. In particular, this article contributes to the existing literature dealing with the impact of political competition on the control of corruption by adding a relevant but still overlooked multi-arena perspective. We show that political vulnerability also originates from elections in units different from those under investigation (regional elections and local elections in surrounding municipalities). In both cases, the isolation of the parties (Spanish Socialist Party and Convergence and Union) in the region activated strong electoral pressures even if a mayors' grip on local government was stable. The mayors in regions dominated by other parties felt constrained and focused on showcasing their ability as good managers. The existence of such pressures implies that political competition occurring in the units of analysis is not capable of telling the entire story and that multi-arena patterns might be important political determinants of institutional reforms. Hence, the theories dealing with the effect of electoral competition on institutional reforms should take into account the interaction between different electoral arenas and its impact on reforms.

Further, our research contributes to the growing body of literature on within-country variation observed at the subnational level regarding the control of corruption (Erlingsson & Lundåsen, 2019). Against this background, it is a crucial task to understand the extent to which local authorities may be responsible for producing

variation within one country. We did this in Spain, a setting with corruption problems, and did indeed find differentiated paths of organizational change across municipalities. A fine-grained analysis of factors affecting institutional innovation at the individual level revealed that two medium-sized cities experienced considerable improvements and benefited from the diffusion of city managers who were able to match political pressures for service delivery to modern managerial solutions. Thus, our findings highlight the relevance of qualitative micro-level analyses of public management reforms for the growing literature on subnational variations in the quality of government in developed countries (Di Mascio & Natalini, 2013; Ongaro & Valotti, 2008). The micro-level approach also serves as a bridge between different areas of inquiry, as it resonates with the emerging literature on islands of integrity in developing countries (McDonnell, 2017).

Finally, our findings have important policy implications as they affirm the relevance for local governments of institutional innovations which, by design, create a distance between the political and managerial spheres. Our case-oriented research highlighted that successful control of corruption begins with administrative reform. Given the scarcity of organizational resources at the local level of government, investment should first be directed towards building capacity for strategic planning and performance evaluation rather than being diverted towards the implementation of the international anti-corruption toolkit.

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Conflict of Interests

The authors declare no conflict of interests.

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Article

Oversee and Punish: Understanding the Fight Against Corruption Involving Government Workers in Brazil

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Abstract

This exploratory study leverages a major dataset of official penalties against Brazilian bureaucrats enforced between January 2003 and November 2014, when 5,005 expulsive sanctions were enforced, 68.5% of which concerned acts of corruption. The analysis and discussion also integrate qualitative data gathered through 24 semi-structured interviews with civil servants who were integrity enforcers. Despite the rapid increase in the number of penalties enforced over the years, the creation of a robust set of disciplinary norms and an anti-corruption agency have not secured a fully operational horizontal accountability system within the executive. A great variance of corruption control was observed across agencies, manifested through disproportionate enforcement, not only of overall sanctions but also of corruption and non-corruption-related penalties. In light of the self-protective behaviour of civil servants, who openly say they do not feel comfortable in the role of corruption fighters, the article advances an argument on ‘convenient accountability’—a kind of institutional abdication combined with a reluctance for peer monitoring, with outcomes that can be described as satisfying for integrity agents. This institutional aspect poses a risk to internal disciplinary systems and increases dependence upon external actors of accountability, compromising the efficiency of both.

Keywords

accountability; Brazil; bureaucracy; civil service; corruption; punishment

Issue

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1. Introduction

Understanding bureaucratic corruption is a challenge for researchers from different fields. Although one of the most straightforward approaches used to combat corruption comprises penalising illicit behaviour and rewarding integrity, there is still a significant need to better assess initiatives based on harsher sentences and greater incentives in the civil service (Gans-Morse et al., 2018, p. 174). The same applies to the analysis of the efficacy of anti-corruption agencies and how they coordinate efforts to achieve competent oversight and punishment of potential wrongdoing within each governmental body.

Not only are studies on bureaucratic corruption control scarce, but those that do exist do not offer an optimistic outlook. They stress the risk of disciplinary con-

trol exacerbating bureaucratic pathologies (Anechiarico & Jacobs, 1996), and highlight that dismissal procedures can have detrimental effects by leading to more corruption (Fjeldstad, 2003) and undermining of staff morale (Davis, 2004). Severe penalties are also likely to have little effect when monitoring capacity is poor (Alt & Lassen, 2014). With regard to rewards, existing empirical evidence suggests that adequate salaries are a necessary but insufficient condition for curbing corruption (Gans-Morse et al., 2018, p. 173).

It has been argued that enforcing policies to improve the motivation of public-sector workers could prove more efficient in fighting bureaucratic corruption than top-down monitoring or the enforcement of harsh sanctions (Gans-Morse et al., 2018). However, the idea that bureaucrats are guided primarily by professional norms

and a sense of obligation to society (Perry, 1996; Perry & Hondegheem, 2008), setting aside their own individual interests, defies the models that show public officials to be self-interested individuals (Brennan & Buchanan, 1985; March & Olsen, 1989) who attempt to maximise career success (Geddes, 1994) when choosing policies and making decisions. Thinking about the costs and benefits as perceived by those responsible for enforcing the anti-corruption apparatus helps to clarify the factors that could compromise the effectiveness of more rules, procedures and organisational changes in the fight against corruption.

With the broad aim of apprehending the perceived incentives for and constraints upon anti-corruption measures within the civil service, this article examines the official response to bureaucratic corruption, focusing on the issue of peer monitoring. The narrower goal is to identify trends so that future research can use this information to better understand bureaucratic corruption and the likely effectiveness of initiatives aimed at controlling it. This study is, therefore, an exploratory attempt to uncover the dynamics behind administrative penalties for corruption by examining descriptive statistics for the sanctions enforced and through interviews with 24 integrity enforcers. It uses the Brazilian federal executive and the work of its anti-corruption agency, the Office of the Comptroller General (*Controladoria Geral da União*), as a case study of disciplinary action.

Although this study advocates that corruption is “the abuse of a trust, generally one involving public power, for private benefits which often, but by no means always, come in the form of money” (Johnston, 2005, p. 11), for methodological reasons the analysis of the data presented in this thesis restricts itself to the Office of the Comptroller General’s typology of corruption, which is limited to administrative legal types (see Supplementary File). The theoretical framework presented in the next section draws on principal-agent theory to explore the phenomenon of collusion as an attempt to understand which factors, other than the actual wrongdoing that integrity enforcers are tasked with investigating, are taken into consideration by those enforcers when holding their peers accountable. The rationale here is that governmental bodies responsible for imposing ethical behaviour and disciplinary control may sometimes be selective in terms of actions and targets, due to the external and internal demands and interests to which these bodies and their integrity enforcers are exposed (Vasconcellos de Figueiredo, 2016).

Accountability is very likely to be enforced in a way that reduces costs, difficulty and inconvenience for the integrity enforcers themselves. The result is less-than-complete accountability, which this study refers to as a manifestation of ‘convenient accountability.’ It is assumed that manifestations of convenient accountability are more likely to be found when government branches are supposed to hold themselves accountable, and especially when offenders and enforcers are colleagues,

as is the case in the Brazilian executive branch. This study also expects that corruption-related procedures are more likely to involve convenient accountability, as they may be perceived as more complex and costlier to investigate when compared, for example, to abandonment of office or frequent absence, which also result in the expulsion of civil servants in Brazil.

The article then presents the data and methods. Following that, the evolution of the Brazilian accountability mechanisms and how disciplinary and criminal sanctions interact in the Brazilian context are discussed. Based on what has already been observed in the public service in Latin America (Geddes, 1994; Gingerich, 2013; Grindle, 2012), this study expected to find fragile and incomplete institutionalisation of the recent reforms to the Brazilian disciplinary system, particularly those made since the Office of the Comptroller General was created in the early 2000s to coordinate anti-corruption efforts in the federal executive.

The findings revealed a large cross-agency diversity in the effectiveness of anti-corruption mechanisms, manifested through disproportionate enforcement, not only of overall sanctions but also of corruption- and non-corruption-related penalties. The interviews suggested that even when formal rules and internal affairs units have been established, oversight and punishment are more likely to be enforced if outcomes are convenient for integrity enforcers themselves. This aspect of institutional design poses a clear risk to internal disciplinary systems and increases dependence upon external actors of horizontal accountability, compromising the efficiency of both. Although this article contributes to the debate on bureaucratic corruption by exploring constraints on peer monitoring and their possible impact on the issuing of official penalties, it concludes by suggesting further research with more robust models and empirical evidence to ensure more credible and consistent anti-corruption monitoring and enforcement.

2. Theoretical Foundations

Previous studies on corruption and bureaucracy emphasise that the quality of public administration, especially professionalisation and autonomy—the independence of bureaucrats from political principals—is an important determinant of corruption (Bersch, Praça, & Taylor, 2016; Loureiro, Abrucio, & Pacheco, 2012; Meyer-Sahling & Mikkelsen, 2016; Oliveros & Schuster, 2017; Treisman, 2000). These studies point out, in particular, the positive impact of recruitment on merit in terms of reducing corruption (Dahlström, Lapuente, & Teorell, 2012; Rauch & Evans, 2000). But unfortunately they have not shed light on control and the implementation of disciplinary sanctions as deterrents for corruption.

Although it is assumed that the degree of deterrence can decrease sharply if law enforcement is flawed (Becker & Stigler, 1974), very little is said about the willingness of and incentives for integrity enforcers

to enforce policies or, as addressed in this study, to monitor, conduct investigations, and suggest sanctions against their own peers, as in Brazil. Agency theory has emphasised the benefits of peer monitoring, suggesting it can increase performance and the chances of detecting misconduct and inappropriate behaviour (Laffont & Meleu, 1997; Loughry & Tosi, 2008; Stiglitz, 1990). Self-policing would solve problems related to self-interested behaviour and asymmetric information. Loughry and Tosi (2008, p. 877) point out that, under agency theory, agents are assumed to be both effort- and risk-averse, and may be opportunistic in the pursuit of their self-interest. Agents also often have better information than principals, which allows them to conceal their actions. From the classical principal-agent perspective, rulers are the principals and bureaucrats the agents (Rose-Ackerman, 1978; van Rijckeghem & Weder, 2001).

Peer monitors, however, can potentially face issues related to self-interested behaviour. The concern that bureaucrats might identify with interest groups rather than serve the public interest (Geddes, 1994; Tirole, 1993) should also be extended to integrity enforcers. The phenomenon of collusion, in which behaviour is better predicted by the analysis of group as well as individual incentives (Laffont & Rochet, 1997; Tirole, 1993), is a theoretical framework that has been expanding fast within the field of organisation studies. Collusion theory provides a set of insights to understand how civil servants hold themselves accountable.

Lessons from Latin America, in particular, suggest that civil service reforms aimed at building up a more professional and responsible corps involve years and sometimes decades of conflict, mainly with supporters of patronage, and are by no means assured of success by the passing of a law or the creation of a new institution (Grindle, 2012, p. 11). While discussing the struggle over reforms that were intended to increase state capacity, Geddes states that “levels of competence, efficiency and honesty have varied widely within the Brazilian democracy” (Geddes, 1994, p. 20). In such settings, not only the politicisation of bureaucracy but also electoral rules have important consequences for the efficacy of corruption networks (Gingerich, 2013, p. 48).

Although this article does not focus on the significant overlap between political and bureaucratic careers in Brazil, as Gingerich (2013) competently does, it explores latent variables related to corruption control, evaluated by the author through survey data from interviews with civil servants in Brazil, Chile and Bolivia. In a slightly different vein from Gingerich’s work, this exploratory study also considers internal controls, the likelihood of being investigated and the likelihood of dismissal when analysing the distribution of administrative penalties, and investigates the perceived costs and benefits of peer monitoring.

The aforementioned theories make it possible to argue that the legal settings and disciplinary control mechanisms often ignore the probability of increasing the cost of control and promote collusion or a high level of

reliance on external accountability enforcers. It cannot be assumed that integrity enforcers are always competent and motivated to enforce accountability, even when the institutional apparatus is updated and checks-and-balances mechanisms exist on paper. In public organisations, holding civil servants and politicians accountable involves effort, difficulties, and many inconveniences.

It can be expected, therefore, that state agencies responsible for imposing ethical behaviour and disciplinary control may sometimes be selective in terms of actions and targets, due to the external and internal demands and interests to which they are exposed (Vasconcellos de Figueiredo, 2016). This article aims to explore whether there is a variation of sanctions for corruption and other serious administrative offences and, if so, to look for evidence to support the theory that this is due to the perceived high costs of oversight and punishment mechanisms from the enforcers’ point of view.

As Samuel P. Huntington stated when talking about democracy, a “value which is normally good in itself is not necessarily optimised when it is maximised” (1989, p. 33). This is also the case of accountability from the perspective of integrity enforcers. Because of a series of considerations other than the wrongdoing of those investigated, accountability is only enforced to certain extents, or in a form that reduces perceived costs and avoids uncomfortable conflicts for integrity enforcers. The concept of ‘convenient accountability’ is defined as constraints on accountability as a result of the tendency on the part of those who are supposed to uphold integrity and/or deter misconduct (‘integrity enforcers’) to choose actions and/or targets that are convenient for them. The result is partial enforcement, i.e. neither total impunity nor complete accountability.

‘Accountability’ is defined here as a system of internal and external checks and balances aimed at ensuring that duties are properly carried out and individuals held responsible if they fail to do so (Bovens, 2007; Fox, 2007; Macaulay, 2002; O’Donnell, 1999). ‘Integrity agents’ refer to those entitled to design, monitor and enforce normative and other safeguards to uphold integrity and/or deter misconduct by monitoring, investigating and punishing. In addition, the concept of convenient accountability builds on several existing definitions of accountability, in which state agencies oversee and sanction public officials (Fox, 2007; Mainwaring & Welna, 2003; O’Donnell, 1999; Vasconcellos de Figueiredo, 2016) while aiming to focus attention on the mechanisms of control and punishment and to emphasise how the enforcement of accountability can be subjective and limited in practical terms.

This study expects to find stronger manifestations of convenient accountability in regard to corruption-related procedures as it may be more time-consuming and difficult to collect material evidence in such cases compared to other serious offences. Administrative sanctions for corruption-related cases necessarily result in dismissals or cancellations of pension and criminal procedures may

be initiated against the bureaucrat under suspicion. In addition, the constraints on accountability are more likely to be found in agencies with less mature and less organised internal affairs departments and fewer dedicated personnel, and which depend to a great extent on other civil servants to carry out disciplinary procedures. This increases the proximity between the investigators and those being investigated, and consequently produces more constraints.

3. Data and Methods

This study can be seen as exploratory due to the scarcity of other research that has used disciplinary sanctions against civil servants as the main object of analysis when assessing bureaucratic corruption control. In Brazil, the list of all the dismissals, demotions, and cancellations of pension that were enforced as punishments—along with the full name of the civil servant, the agency and state where they were working, and the date when the punishment was published in the federal government official gazette—is available to the public on the federal government transparency website (Portal da Transparência Brasil, 2020).

In response to my formal request by email in 2014, the Office of the Comptroller General provided the same list available online with additional information on those punished, such as the social security number, the title of the position the individual held, the procedure number, and the laws and norms that were violated, which indicate whether the act can be categorised as corruption. The time period covered was January 2003 to November 2014. From the Personnel Statistics Bulletin, a report released monthly and openly accessible on the Ministry of Planning website, it was possible to gather information on the general figures regarding the federal civil service, such as the size of workforce and annual expenditure on salaries.

Unfortunately, no data were available for those cases in which civil servants were acquitted after being investigated or had their case closed without any sanction being enforced for any other reason. The quantitative dataset is thus limited to enforced cases (civil servants who were caught and punished) and it only encompasses civil servants working directly for the central government in ministries, governmental bodies, foundations, and regulatory agencies who were sanctioned for engaging in bureaucratic misconduct.

Descriptive statistics was complemented with 24 interviews with civil servants responsible for designing anti-misconduct measures and for investigating their colleagues and recommending sanctions against them. This study used a convenience sample and respondent-driven samples, i.e., non-probability sample, but an easily selectable subset of a hard-to-reach population, in this case of civil servants directly involved in the creation and functioning of the disciplinary system. When accessibility is an issue and materials are sensitive, non-probability sam-

ples are easily acceptable and applicable (Bryman, 2008) and can provide asymptotically unbiased estimates (Salganik & Heckathorn, 2004).

The 24 interviewees comprised individuals who had decision-making power and participated in the creation and consolidation of the Office of the Comptroller General, leaders who helped to design corruption-monitoring measures, and people with experience in monitoring the disciplinary system and conducting disciplinary procedures. Several respondents had direct experience with more than one initiative. The ones with expertise in corruption-monitoring were selected on the basis of the number of sanctions enforced by each governmental body. Accordingly, participants were those who were working or had worked directly for internal affairs units, or were part of disciplinary punitive committees (Administrative Disciplinary Procedures), or who were responsible for monitoring the disciplinary system from the Office of the Comptroller General in agencies/ministries with (i) a high number of corruption-related sanctions (Social Security, Justice, Finance, Environment, Labour and Employment, Integration, and Office of the General Attorney); (ii) a medium number of corruption-related sanctions (Health, Defense, Mining and Energy, and Communications); and (iii) a low number of corruption-related sanctions (Foreign Affairs, Sports, Cities, Science and Technology, and Social Development). The Supplementary File gives general information on the interviews and interviewees, who cannot be identified, in accordance with the King's College London Research Ethics Subcommittee's authorisation to this study (Reference Number HR14/150795).

The interviews, which were conducted in Portuguese, combined a pre-determined set of questions with open and prompted questions using prompting and probing (Bryman, 2008; Fielding & Thomas, 2001). The interviewees were first asked to talk about their career path and how they started working in the disciplinary system. Then, the perceived costs, constraints and incentives in creating rules and in investigating their own peers for corruption and other offences were discussed, followed by the most common type of defendant and offences, and the major issues and qualities of the Brazilian disciplinary system. Finally, they were showed and asked to comment on figures and tables separating corruption-related and non-corruption related offences. The average duration of the interviews was 1 hour 10 minutes and the overall duration of the recorded material was approximately 28 hours.

The analysis of how the same questions were addressed allowed me to identify certain traits and topics repeated by the respondents. In this exploratory study, the analyses of the interviews were initially made through deductive and inductive coding (Boyatzis, 1998). Following that, particular themes and the different approaches to them were analysed, considering the role and the governmental body of the interviewee in order to identify patterns and evaluate the participants' answers.

4. Research Context: Controlling Bureaucracies in Brazil

In Brazil, it is only since the 1930s—through three broad administrative reforms aiming to professionalise the state bureaucracy and to guarantee economy and efficiency—that control mechanisms focused on internal disciplinary procedures and sanctions have gained a more robust and normative form. In addition, since the 1988 Constitution, Brazil has had a web of accountability (Mainwaring & Welna, 2003; Power & Taylor, 2011) with internal and external agencies whose attributes compete with and complement each other. Despite the legal apparatus, which looks strong on paper, it was nevertheless the case that for decades those in power and in public positions at all levels were very likely to indulge in acts of corruption with little fear of sanction, as enforcement mechanisms were ineffective and the punitive system was not closely monitored.

A specific anti-corruption agenda within the civil service was introduced only in the mid-1990s and early 2000s. Before 1994, for example, Brazil had no formal public ethical guidelines for civil servants, apart from the criminal code and civil service statute (Fleisher, 2002). In 2001, the federal executive created an internal affairs department to investigate and punish civil servants more rapidly: the Office of the Inspector-General (*Corregedoria Geral da União*). This agency was President Fernando Henrique Cardoso's personal political response to 16 corruption scandals in his government in order to avoid several inquiry committees in congress (Fleisher, 2002). In 2003, under President Luiz Inácio Lula da Silva's administration, the agency started its second phase, gaining a new name—the Office of the Comptroller General (*Controladoria Geral da União*)—and 'anti-corruption' and transparency as formal, written attributes.

Lula's Workers' Party (*Partido dos Trabalhadores*) came to power waving an anti-corruption banner, although in government it would face various corruption scandals and inquiry committees in congress. The Office of the Comptroller General under Lula, however, was endowed with a stronger structure and a more qualified workforce. It also became an agency directly linked to the presidency, fulfilling both administrative and advisory roles. The Office of the Comptroller General became the most important federal executive auditing, discipline enforcer, and anti-corruption agency, gaining the status of a cabinet ministry, which meant more freedom to use the public budget, to select and train its own civil servants, design bills, and enforce its own plans of action. However, the head of the Office of the Comptroller General continues to be appointed by the president and since 2014 the agency has had a limited budget.

In January 2019, after President Jair Bolsonaro took office, the Office of the Comptroller General remodelled part of its internal structure, gained a new secretariat for fighting corruption, and renamed the Secretariat for Corruption Prevention to Secretariat for Transparency

and Corruption Prevention (Brazilian Presidency, 2019). The changes made did not necessarily improve the governmental agencies' disciplinary systems or enforce an anti-corruption culture across agencies. On the contrary, the new structure closed down the Office of the Comptroller General's sectoral inspectorates (*corregedorias setoriais*), responsible for monitoring the flow, quality, and efficiency of disciplinary procedures in each ministry and respective bodies individually. There are now three coordinators responsible for controlling the entire disciplinary system by 'topics' (admissibility of evidence, disciplinary procedures, and promoting the system's integrity).

And yet, not every agency has a formal department with workers exclusively dedicated to investigating malpractice and analysing disciplinary cases. In May 2017, for example, 231 agencies were under the Office of the Comptroller General's supervision but only 22% ($n = 51$) of them had their own internal affairs departments (*corregedorias seccionais*).

Although the Office of the Comptroller General has become a key rule maker and supervisor of the bureaucratic accountability process over time, it has never been active in carrying out investigative procedures in each and every agency. Civil servants have been expected to monitor and recommend administrative penalties against their peers in their respective governmental bodies. In special cases, depending on the defendant and on the circumstances, the Office of the Comptroller General can lead the investigation instead of the agency where the civil servant allegedly committed the misconduct. In addition, administrative procedures in Brazil run in parallel with court cases against both career and politically-appointed civil servants. This means that corrupt agents have to be prosecuted independently by both administrative committees and judicial courts. Administrative and court procedures are completely independent, but they abide by the same legal infrastructure and all evidence collected in one proceeding can be used in the other.

The mechanisms created to investigate and punish civil servants administratively have an essentially reactive incident-oriented function (Macaulay, 2002). There are many possible motivations for opening a procedure within the disciplinary system, but the reason is never recorded. To report any misconduct, the alleged offences can be detailed in writing by anyone, including citizens, other civil servants or representatives from external accountability agencies. News reported by the media is also considered. Although anonymous allegations are officially accepted, interviewees reported that they tend not to be prioritised.

An Administrative Disciplinary Procedure (*Procedimento Administrativo Disciplinar*) can only be opened after collection of evidence indicating that the offence did indeed take place. In this case, a temporary committee with three members—civil servants at the same or higher rank than the defendant, preferably from the same agency—is called in to analyse whether the federal

civil servant has committed irregularities in the performance of his or her duties, and to suggest punishments. Witnesses should be called and every opportunity given to the civil servant to defend himself or herself while receiving legal counsel. The committee has up to 120 days to finish the report, but cases can be prolonged.

Penalties vary from a warning to suspension and/or fines for less severe offences (see Supplementary File). In the case of serious misconduct, such as corruption, the penalties are dismissal, demotion, or cancellation of pension—all three considered ‘capital punishment’ by the bureaucracy. If they are considered appropriate by the committee, the final report is sent for approval or rejection to the cabinet minister responsible for the agency where the investigation took place. It is always possible to appeal to the courts, given that the judiciary has the final word on whether to uphold the sanction or reinstate the civil servant.

5. Empirical Analysis

An administrative penalty is not a new tool for deterring bureaucratic misconduct. In Brazil, however, it has been used to an increasing extent, especially against acts of corruption. Between 2003 and 2014, the number of civil servants working for the Brazilian federal government increased by 18% (from 485,980 to 572,434). The number of disciplinary procedures that resulted in civil servants being punished with dismissal, demotion or cancellation of pension also increased each year—from 268 in 2003 to 429 in 2014, a 60% increase.

As Figure 1 illustrates, in Brazil the number of sanctions enacted in response to acts of corruption has varied moderately from year to year, although overall, 68.5% of the total of 5,005 punishments enforced between January 2003 and November 2014 were related to corruption. Figure 1 exclusively highlights the growth and

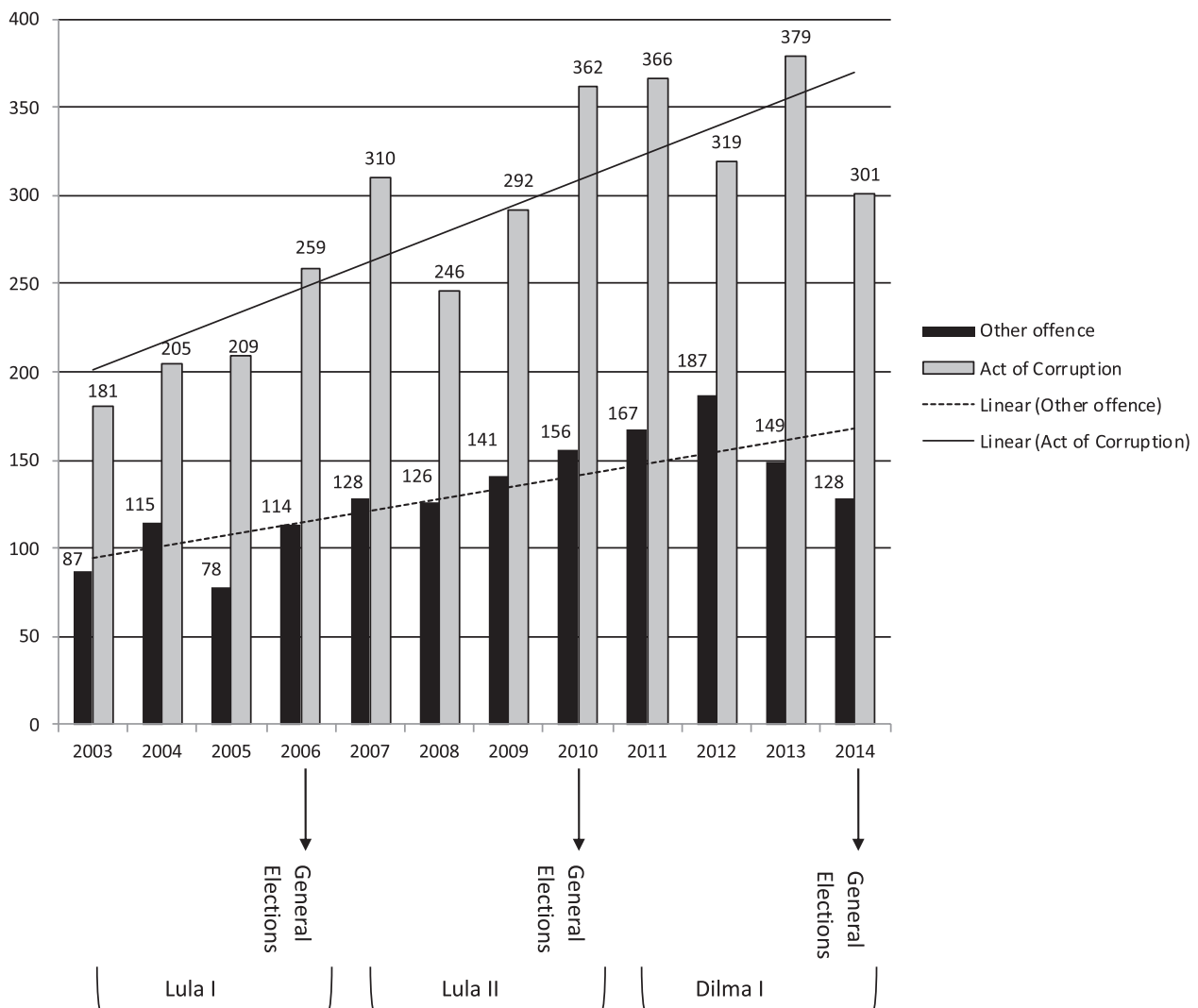


Figure 1. Distribution of ‘expulsive’ sanctions applied to civil servants, January 2003–November 2014, and reason for punishment. Source: Author based on the Office of the Comptroller General (2014). N = 5,005 (penalties enforced from January 2003–November 2014). Notes: The classification ‘act of corruption’ is based on the Office of the Comptroller General’s typology of corruption.

uneven distribution of sanctions over time and shows that corruption-related sanctions increased more rapidly than those enforced for other serious offences. Data collected does not support the assumption that punishment increased rapidly because the number of punitive procedures for corruption also increased. In fact, after a rapid increase between 2008 and 2010, overall figures show a decrease in the number of procedures being opened. This is particularly the case for Ordinary Cause Administrative Disciplinary Procedures, initiated in response to more serious offences, including corruption.

The Ministries of Social Security, Justice, Education, Health, and Finance ranked highest for all penalties enforced. The number of sanctions imposed within a governmental body was not proportional to the size of its workforce. The Ministries of Social Security and Justice, for example, accounted for over 40% of all dismissals, although they comprised only 13% of the federal workforce combined. The agencies that exhibited a lower propensity to enforce penalties for cases of cor-

ruption include the Ministries of Health and Education. These two together accounted for about 56% of the total workforce, but only 26% of the ‘expulsive’ sanctions enforced (see overall figures on the size of workforce, wage costs, and number of sanctions enforced in the Supplementary File).

Although there were a rapid increase and a greater number of sanctions imposed for corruption than for other serious administrative offences overall, Figure 2 illustrates a great variation across ministries in the proportion of penalties endorsed, including those related to corruption. On the one hand, the Ministry of Education, which encompasses all federal universities, had a total of 766 sanctions, 81% of them for other serious offences not related to corruption. On the other hand, the Ministry of Environment enforced 206 sanctions, 94% of them related to corruption. The Ministry of Social Development, in turn, enforced zero sanctions, and the Ministries of Foreign Affairs and Tourism one sanction each in the period under analysis.

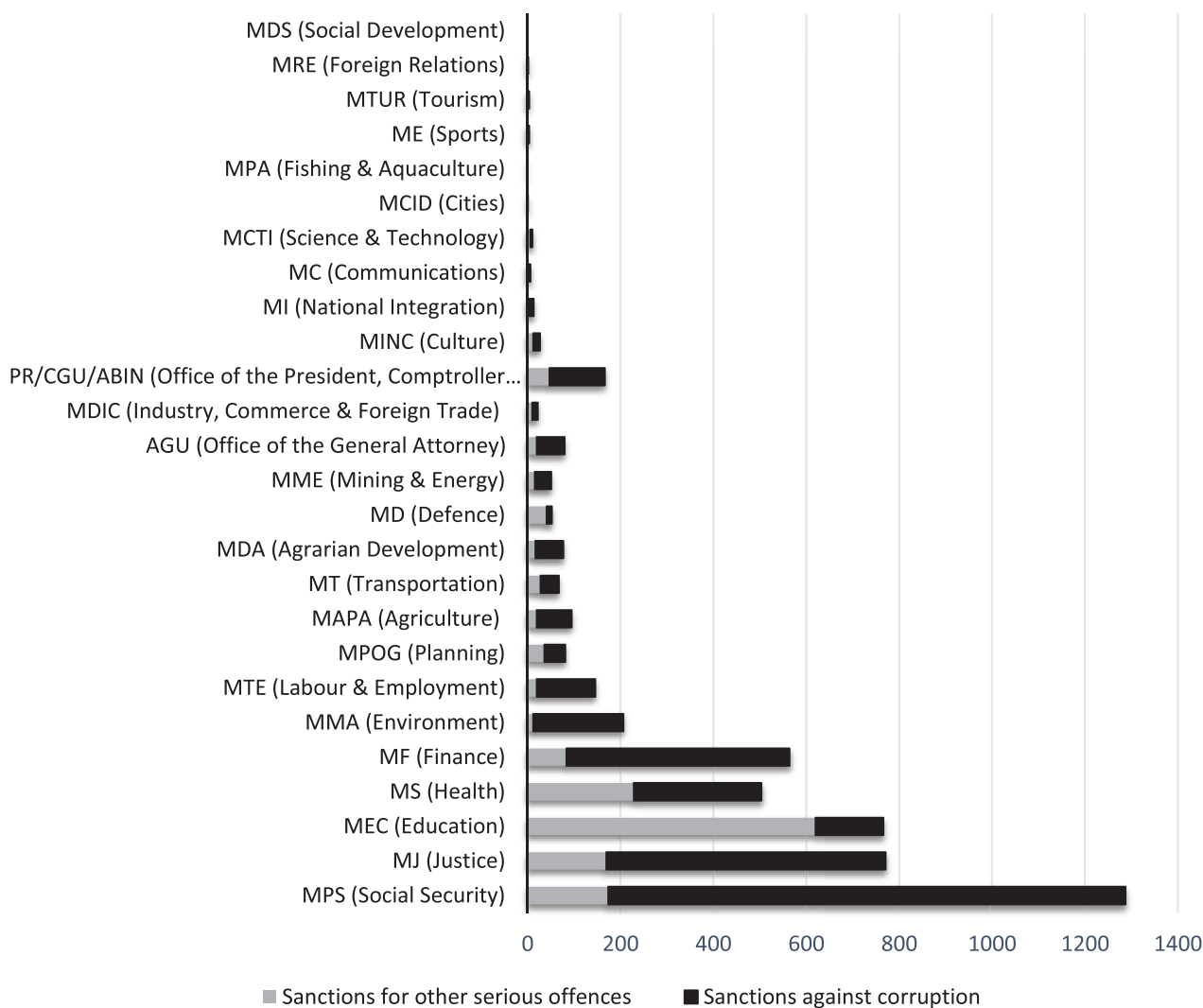


Figure 2. Number of sanctions for corruption-related and other serious offences enforced per Ministry, January 2003–November 2014. Source: Author’s based on the Office of the Comptroller General (2014).

When analysing where punished acts of misconduct took place most commonly, the Institute for Social Security ranked first as the governmental body that enforced the largest number of sanctions. This institute, under the administrative structure of the Ministry of Social Security, enforced 1,282 penalties alone, 87% for corruption-related acts. The federal universities combined ranked second with a total of 593 sanctions, 84% of them for other serious offences not related to corruption. The Traffic Police, under the structure of the Ministry of Justice, ranked third: 417 penalties enforced, 90% related to acts of corruption.

Interviews complemented the statistical analysis and were helpful in shedding light on a complex issue: The degree to which a civil servant is exposed to opportunities for corruption might vary not only according to the task to which he or she is assigned but also according to how well internal and external controls function in certain agencies. This happens partly because the Office of the Comptroller General's role is still limited to setting overall standards and supervising the bureaucratic accountability process, and because not every agency has an internal affairs unit with dedicated and motivated personnel to analyse filed reports, collect initial evidence and/or conduct punitive procedures. The Office of the Comptroller General provides a multilateral capability to support high priority corruption cases without necessarily promoting the implementation of more efficient, better coordinated and faster operational measures for combating acts of misconduct in each and every agency. In other words, the Office of the Comptroller General has not managed to create its own anti-corruption enforcement culture ('willingness' to investigate/sanction) across other agencies.

From the interviews, three main themes emerged as a result of the attempt to explain the distribution of sanctions between the various agencies: (i) systemic opportunity vs. internal resources, (ii) embedded self-protective practices, and (iii) a convenient reliance on the web of accountability institutions.

5.1. Systemic Opportunity vs. Internal Resources

Most interviewees—18 out of 24—seemed to perceive a clear difference between systemic opportunities for misconduct and the internal resources available to curb such behaviour, especially acts of corruption, which is directly linked to each governmental body, its role, and internal structure. In short, there is a perception that the level of effectiveness of inspectorates is more likely to impact on the number of sanctions enforced than the degree to which the bureaucrats in the agency in question are exposed to opportunities for misconduct by the nature of their work.

This proved to be the case in 7 out of the 10 bodies that enforced the greatest number of overall punishments (75% of all 5,005 sanctions enforced). The Institute for Social Security, the Traffic Police, the

Revenue Service, the Federal Police, the National Health Foundation, the Institute of the Environment and the Labour Offices have workers with a high level of corruption opportunity, but also have long-established (from late 1990s/mid-2000s) and well-structured internal affairs units. These have dedicated personnel who are carefully selected and receive incentives to investigate and recommend sanctions (such as top-up salaries or the option of being transferred to any other state after a certain period of time). They are also among the agencies that recommend more sanctions for corruption (over 67%) than for other serious offences.

In contrast, the Ministries of Health and Education, which only created general internal affairs units with permanent staff in 2013 and 2017 respectively, enforced more sanctions against other serious offences than corruption from 2003 to 2014. Jesus Filho (2016), Deputy Inspector in the Ministry of Health, touches on the topic of enforcement willingness when he highlights that before the creation of a centralised structure within the Ministry of Health, managers in federal hospitals and institutes were responsible for opening disciplinary procedures but perceived the investigations as negative: "Many managers were averse to these procedures. To them, they make operational, administrative, and managerial issues explicit. Hence, some files were sent to the archive or stand still without investigation" (Jesus Filho, 2016, p. 12).

The outlier is the Ministry of Finance, which managed to create, from scratch, an inspectorate that started with four civil servants in 2013, and four years later had a team of 55—some of them receiving top-up salaries—working on different and very well-organised tasks. Sanctions for corruption also rapidly increased in the Ministry of Finance. The head of its disciplinary unit sat the formal exam to work for the Office of the Comptroller General and was then re-allocated to occupy a position of trust in the Ministry of Finance, establishing the fight against corruption as a priority. Interviewee 23, who works in the Ministry of Finance's internal affairs unit, highlights the importance of being independent at the same time as receiving political support from the top in order to improve internal disciplinary control.

Most of the interviewees believed that the absence of well-structured internal affairs units increases the likelihood of civil servants being personally responsible for opening and conducting procedures against their direct or former colleagues, which is likely to increase the constraints and the costs for them. This happens because members of disciplinary committees can be civil servants randomly selected to conduct punitive procedures. In theory, they cannot decline the task, except in cases of family or personal links, although it is very common for a civil servant to decline by presenting medical statements or a note signed by the civil servant's direct manager.

However, the data suggest that the mere existence of an internal affairs unit and the fact that a governmental

body has high capacity in terms of general professionalisation and resources does not guarantee that there will be a high number of sanctions. Although meritocratic recruitment, a predictable bureaucratic career ladder, and relatively high salaries may increase competence and corporate coherence, in the case of the Ministry of Foreign Affairs it did not result in a high number of disciplinary procedures. In fact, between 2003 and 2014, only one civil servant—not a career diplomat but a lower-ranking administrative official—was dismissed. Among integrity enforcers, the Ministry of Foreign Affairs is known as a governmental body where self-protective behaviour prevails when it comes to internal accountability and controls. For Brazilian diplomats, the perceived costs of maximising accountability are extremely high, especially because personal connections and maintaining cordial relations with superiors are very important for promotion and career advancement.

Interviewee 7, who helped to design disciplinary mechanisms and has expertise in conducting administrative procedures, explicitly linked the low level of penalties to a self-protection strategy in certain agencies. He implied that administrative discretion is also used to decide who is investigated and who is not, based on criteria that lie beyond legal requirements and internal structures. He also used the term “sausage factory” to describe how an administrative disciplinary procedure is carried out, because “you put whatever you want inside it”—meaning that there is great scope to exercise discretion and that the quality of the work carried out by investigative committee members varies greatly.

5.2. *Embedded Self-Protective Practices*

The majority of the interviewees were quite open in stating that they find the task of conducting investigations embarrassing, and stressed that professional, and physical, proximity to the defendant makes it especially difficult—by proximity they meant not only having a close relationship but also sharing the workplace or having already worked together. For example, several cited the uncomfortable scenario of encountering the target of an investigation every day, walking down the corridor or in the elevator. Interviewees also perceived the pursuit of absolute integrity as very costly in both monetary and non-monetary terms, although they recognised it as their duty to hold peers accountable.

Interviewee 17, for example, stressed that, although he works for the Traffic Police, he has been invited to conduct “over 400 disciplinary procedures in different agencies” because he is among the few civil servants who actually “like and know how” to investigate bureaucrats for corruption. In the Office of the Comptroller General, as one would expect from an anti-corruption agency, the embarrassment of investigating or punishing colleagues is felt to be less intense once a correctional unit has been established, with civil servants selected specifically to carry out disciplinary actions.

Corruption-related procedures are considered to generate more constraints and are perceived as costlier even for those working in disciplinary units. Interviewee 21, permanently allocated to the inspectorate of a governmental body, admitted he does not like being involved in the investigation of corruption cases “because [he does] not have the right tools or knowledge” to carry them out. He also stated that most of the time he sees himself more as a social worker, trying to help people save their jobs when the suspicions against them are not based on concrete evidence, or when they cause psychological or other health issues.

Only two interviewees directly used the word *corporativismo*, meaning self-protective behaviour, to explain the embarrassment experienced by civil servants targeting their peers. But many of them highlighted that the greater the proximity of the investigator to the individual under investigation, the greater the discomfort. Interviewee 1, a career civil servant at the Office of the Comptroller General, recognised that those creating the norms and internal mechanisms aimed at improving accountability have diagnosed the problem of self-protective behaviour. To try to circumvent the embarrassment involving those workers who often share loyalty, a stock database of the presidents of administrative investigative procedures and the other members was created to be shared among agencies and avoid the ‘proximity factor’. He admits the database of civil servants willing to be part of the Administrative Disciplinary Procedures’ committee has not been working properly.

There was also a consensus—23 out of 24 interviewees—that imposing discipline through investigation and punishment is not a task for everyone. There are certain personality types who are liable to jeopardise the procedure, whether by seeking to protect the accused or, at the other extreme, by taking an excessively severe approach. However, there was no consensus about what the right personality for investigating peers would be. Most interviewees agreed that it is not necessary to have a legal background, and that the suitable person should not have ‘blood in their eyes’ or be over-emotional. The incentives the interviewees considered effective were financial rewards and the offer of a transfer to another agency after the investigation has been concluded.

5.3. *A Convenient Reliance on the Web of Accountability Institutions*

The majority of the interviewees referred to ‘easier’ and/or ‘faster’ procedures, mainly those involving the efficient collection of evidence by other external actors within the web of accountability such as the Federal Police and the Prosecution Service. Some of them admitted that these easier procedures are prioritised and are more likely to be concluded quickly. On the other hand, few interviewees openly said that easy targets—including individuals with little power—are prioritised. Interviewee 16 openly admitted that rational choices are

made in the real world when investigating and punishing civil servants, and used cost-benefit vocabulary such as ‘maximise the outcome’:

Ideally, from the legal perspective, no irregularity could take place without being investigated. [But] in the real world we do have scarce resources, which makes it necessary to prioritise. And prioritisation will require a strategy of action. It is evident that if we have fewer resources the idea is to maximise the outcome. Actually, if we have a situation in which the collection of evidence is strong, as in the Federal Police operations, or in which there are more robust elements or the amount of money [involved] is higher...the outcome of one single case can be the same as hundreds of others. This needs to be our strategy. The [key] elements...investigation by the police, higher position of trust, large amounts of money, the involvement of more than one agency, are a consequence of the need to prioritise....We do not have the structure to investigate everything. (Interviewee 16, who monitors the disciplinary system from the Office of the Comptroller General)

The high level of dependence on the web of accountability institutions also impacts on the overall figures for sanctions. Interviewee 13, for example, clarified how the practice of internal disciplinary control is connected to, and in a way dependent upon, the multi-organisational accountability system. As an example, she said that most of the Institute of the Environment’s disciplinary procedures are opened after operations by the Federal Police. For her, “it makes things much easier. The [disciplinary] procedure is much faster, the search for evidence will not be such a complex task for the committee.” According to her, when there is nothing solid to open an administrative investigation, integrity enforcers go first to the police.

6. Discussion and Conclusion

This exploratory study was an attempt to uncover the dynamics of the official response to bureaucratic corruption, combining descriptive statistics on the distribution of administrative penalties and semi-structured interviews that captured the perception of integrity enforcers. The executive branch in Brazil and its government workers were used as a case study. Despite the rapid growth in penalties, in particular those for corruption, an enduring resistance to making the fight against corruption a top priority in their respective bodies was observed among most integrity enforcers—the exception, as expected, is the Office of the Comptroller General, the anti-corruption agency within the Brazilian federal executive.

The findings show great cross-agency diversity in corruption-control mechanisms. The data indicate that penalties for corruption are highly concentrated in a few agencies—sanctions recommended by the Institute for

Social Security, the Traffic Police and the Ministry of Finance together account for 51% of the 3,429 penalties for corruption enforced in the period under analysis. Overall, participants considered corruption-related procedures more complex to investigate and, accordingly, they are perceived by those responsible for holding their peers accountable as costlier than those related to other administrative offences. The findings also suggest that agencies with well-established internal affairs units are more likely to enforce sanctions against corruption. This is because they often have more specialised and motivated staff available to select and evaluate the material evidence before opening procedures, and to form part of the disciplinary committees that conduct the investigations. Having a skilled integrity enforcer is as important as having a civil servant who is willing and not embarrassed to enforce the law against his or her own peers.

This particular set of findings complements Gingerich’s (2013) insights into the Brazilian bureaucracy. He identified a large variance in the perception of corruption control mechanisms in the Brazilian bureaucracy when measuring institutional politicisation and partisan exploitation. While Gingerich associates dysfunctional agencies with political pressures, this study identifies a link between the variance in sanctions enforced and low incentives, perceived constraints and costs related to the disciplinary work, particularly in the case of corruption-related procedures. Although a few interviewees were quick to mention political pressures, they were not portrayed as being more significant constraints than individual reluctance, self-seeking behaviour or institutional incapacity.

Because of factors other than the actual wrongdoing that they are tasked with investigating, these integrity enforcers use discretion in exercising their official authority, so as to reduce difficulty and inconvenience from their own perspective. If, for whatever reason, integrity enforcers perceive formal laws, rules, and procedures as detrimental and/or costly for them personally, they might circumvent them. In addition, the relationship between anti-corruption agencies like the Office of the Comptroller General and the web of enforcers within ministries is a key issue that has been neglected so far by the literature on anti-corruption agencies. This article found evidence that the disciplinary reforms that have taken place in Brazil, especially with the creation of the Office of the Comptroller General, have not established a fully operational horizontal accountability system within the executive. As observed in the reforms that have brought about the transition from patronage to merit-based civil service systems (Geddes, 1994; Grindle, 2012), new disciplinary rules are resisted and often subverted.

The chances are high that integrity enforcers will be reluctant and/or selective when it comes to starting an internal investigation, particularly in corruption-related cases. The findings also suggest that where accountability is openly pursued to the fullest extent, it is more

likely to lead to a higher number of sanctions. However, it is more likely that a situation of ‘convenient accountability’ exists, with agencies heavily conditioned by external actors of horizontal accountability, and/or fewer penalties being enforced. With convenient accountability, there are more perceived constraints, fewer incentives and, therefore, more room for collusion between agents, as observed in the Brazilian case.

The findings presented here show that anti-corruption agencies should be more active and more present within each disciplinary unit, in order to improve motivation and put the anti-corruption narrative into practice. In addition, public policies should focus on creating incentives for civil servants to monitor their peers. Accountability is more likely to be more objective and powerful with an internal affairs department in each governmental body and higher professional standards for the internal affairs units with specific requirements for the job.

The Brazilian case indicates that the likelihood of misconduct being investigated and punished, particularly in cases of corruption, can be increased by the existence of a long-term and well-structured internal affairs unit in governmental bodies, a perception of fewer impediments on the part of the integrity enforcers enforcing the sanctions, and the actions of external actors of the accountability system. Due to the limited data available, further research is needed to provide information on the capacity to enforce sanctions, on the ministries’ exposure to the risk of corruption, and on external procedures that motivate the opening of an internal investigation or are used to punish both criminally and administratively civil servants. Further research should explore the characteristics of those who have been punished, their political affiliation, their proximity to the integrity enforcers, and the time elapsed between the start and the conclusion of the procedures.

More robust models of convenient accountability and of the willingness to enforce internal control should also be tested by future research. From what we have learned, self-policing is possible and some governmental bodies are performing better than others in overseeing and punishing bureaucratic misconduct. But to be more effective, the control of bureaucratic corruption should become less reactive to external demands. In this way, accountability may become more *inconvenient*—for those who break the law as well as for integrity enforcers—and therefore *less selective, and more powerful and productive*.

Conflict of Interests

The author declares no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the authors (unedited).

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Article

Corruption and the Network Structure of Public Contracting Markets across Government Change

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Abstract

Corruption is thought to affect developed economies to a greater degree than developing countries. However, given our limited capacity to detect corruption, it may simply be harder to detect it in countries with stronger institutions. This article sets out to address this measurement challenge and to offer a tailored approach to one particular type of corruption: high-level corruption in government contracting. We describe a recently developed method to score procurement contracts for corruption risk. Then, using micro-level data from Hungary and the Czech Republic we analyze how corruption can distort public procurement markets, mapped as networks of buyers and suppliers. Proxying for corruption using a composite index of red flags derived from contract awards, we find that public sector buyers with high corruption risk have sparser network neighborhoods, meaning that they contract with fewer suppliers than expected. We interpret our results as evidence that corruption in procurement markets is fundamentally about the exclusion of non-favored firms. Political change has a significant effect on corrupt relationships: High corruption risk buyers with sparse neighborhoods rewire their contracting relationships roughly 20–40% more extensively than other buyers across years with government turnover. The article demonstrates how the political organization of corruption distorts market competition in OECD countries.

Keywords

corruption; government change; markets; networks; political turnover

Issue

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1. Introduction

Evidence that corruption is detrimental to human well-being and economic growth is robust both in high- and low-income countries (Hessami, 2014). Empirical research on corruption has too often neglected that its social cost can vary substantially depending on its ‘industrial organization’ (Shleifer & Vishny, 1993), in other words, the same level of corruption may imply different corruption costs (Blackburn & Forgues-Puccio, 2009). For example, if firms compete on cost including bribes, the positive impact of competition on productivity would

remain. If firms are excluded from the market and corrupt firms do not need to compete, social costs will compound over time (Aidt, 2016).

This difference becomes more salient when considering more recent framings of corruption as favoritism and the exclusion of groups in the allocation of public resources (North, Wallis, & Weingast, 2009). Rather than considering corruption as a transactional tax, this perspective indicates how politics may shape procurement market structure through corruption. It emphasizes that corruption is shaped by institutions and political contestation (Mungiu-Pippidi, 2015).

While there is an extensive academic literature on the macro impacts of corruption on issues such as budget composition (Mauro, 1998), less is known about how corruption distorts markets (Olken, 2007). The structure of procurement data, consisting of transacting buyers and suppliers, makes it possible to quantify market structure using the tools of network analysis. Recent work on corruption as a networked phenomenon has advanced our understanding of how it is organized (Jancsics, 2015; Wachs, Yasserli, Lengyel, & Kertész, 2019). Yet few studies look at how corruption excludes political outsiders even though exclusion has become a key marker of corruption (Diwan, Keefer, & Schiffbauer, 2016; Freund, Nucifora, & Rijkers, 2014; Goldman, Rocholl, & So, 2013). Crucially, relevant studies only look at the existence of personal connections and their impacts rather than studying the relationships that are implicitly missing when we talk about corruption.

This article studies the impact of corruption on the structure of public procurement markets and how government turnover disrupts corruption. Corruption is thought to be especially widespread in procurement, owing to the large sums of money involved, the complexity of contracts, and discretion it lends to officials (Baldi, Bottasso, Conti, & Piccardo, 2016). Public procurement typically accounts for 1/3 of government spending in OECD countries and up to 1/2 in developing economies (Djankov, Islam, & Saliola, 2016; OECD, 2017). It also presents a formidable set of complex legal and technical details given that it is highly regulated and many products bought are high value and technologically complex, such as highways or government IT systems. Due to the unique characteristics and project-driven nature of public procurement, it often allows public officials to shape the tenders' and contracts' details according to their own discretion.

First, we distinguish corrupt and non-corrupt contracts using proxies capturing high risk situations. For example, we track if a tender is not advertised or its specifications are tailored to exclude non-favored firms. Second, we show that such corruption risks lead to qualitatively different market structure around the buyer. Compared with buyers of low corruption risk contracts, high risk buyers have sparser local networks, indicating that they have contracting relationships with fewer firms than expected. Third, we examine the impact of a change of government on these network neighborhoods. Given our framing of corruption as a collective phenomenon, embedded in the "organizational routines and cultural norms" of institutions (Kim & Lee, 2019), we expect the shock of political turnover to induce greater network change among 'captured' buyers—those with high risk and sparse network neighborhoods. Such buyers have significantly different contractual relationships when the government changes. This suggests electoral turnover can profoundly impact corrupt relationships. In the long run, politics which limit returns to corruption with frequent political turnover can achieve better institutions,

as suggested by Milanovic, Hoff, and Horowitz (2010) in the case of post-communist transitions.

We study these questions with data from the Czech Republic and Hungary. We collect contract-level administrative data from government portals and develop indicators of corruption risk. These two countries from Central and Eastern Europe (CEE) represent similar typical cases given their very comparable levels of development (Seawright & Gerring, 2008). Their procurement systems are similar due to the overarching EU framework. Prior cross-country research on corruption and state capture generally grouped the two countries together, for example as competitive clientelistic regimes, considering them as typical cases (Fazekas & Tóth, 2016; Mungiu-Pippidi, 2015).

2. Theory

Much of the earlier scholarship on corruption has predominantly understood it as bribery, as a type of informal tax on economic transactions when companies interact with bureaucrats (Knack, Biletska, & Kacker, 2017). It emphasizes the importance of bureaucratic meritocracy and discretion on quality of governance outcomes (Dahlström, Lapuente, & Teorell, 2012). While this perspective on corruption certainly has its merits, it is less applicable to contexts of institutionalized corruption (Rose-Ackerman, 2015). An emerging literature defines corruption in terms of access to power and public resources and the impartiality of exercising public authority (Mungiu-Pippidi, 2015; North et al., 2009; Rothstein & Teorell, 2008). Applying this to procurement, we define corruption in public procurement as the allocation and performance of government contracts in violation of prior explicit rules and principles of open and fair public procurement to benefit a closed network while denying access to others (Fazekas, Tóth, & King, 2016).

We draw on theory understanding competitive clientelistic regimes as a sub-type of limited access orders, which determines the type and prevalence of corruption throughout society (Mungiu-Pippidi, 2015). In competitive clientelistic regimes such as the Czech Republic and Hungary, electoral winners take control of the state to extract rents. The group in control benefits connected firms through government contracts, regulation, privatization, access to state-backed loans, etc. This creates a partisan form of corruption by which elite groups compete for control and enrich their allies (David-Barrett & Fazekas, 2019). Even though corruption is widespread in such countries, there is a strong variation in the level of corruption within them (e.g., by region or sector; Charron, Dijkstra, & Lapuente, 2015). Such a setting fundamentally influences elite time horizons and the incentives to expropriate rents with corruption increasing in the likelihood of losing office (Wright, 2008).

Understanding corruption in competitive clientelistic regimes as exclusion, reflecting the power of the captor group able to dominate public procurement in

buyer organizations, gives rise to novel empirical predictions about the impact of corruption. Corruption is a market organising force which determines contractual relationships, their distribution, and which actors have access. A dominant corrupt coalition in public procurement will tilt market forces to increase the market share of companies linked to the coalition. The magnitude of this effect depends on the strengths of corruption controls such as audit institutions or courts (David-Barrett & Fazekas, 2019) and the degree of partisanship in the economy (Stark & Vedres, 2012). Partisan favoritism in public procurement stands in contrast with a system of pervasive corruption whereby large companies corrupt all major parties to guarantee their continued access to government contracts (a phenomenon we cannot explicitly model in our empirical design). Corrupt misallocation of contracts harms economic efficiency by weakening competition and the incentives to deliver on contract (Coviello & Mariniello, 2014). Understanding corruption as an organising force in public procurement markets at the level of buyers, we put forward two hypotheses:

H1: Higher corruption leads to uneven distribution of spending among suppliers on the market.

H2: Higher corruption leads to stronger exclusion of non-favored suppliers.

The theory of competitive clientelistic or particularistic regimes also suggests when the distribution of power changes, for example following a change in government, the fortunes of favored suppliers should change more than that of their less-favored rivals. If success depends on proximity to political power, then changes in the distribution of that power ought to be reflected in the market (Goldman et al., 2013; Mungiu-Pippidi, 2015). If government accountability is effectively pursued through elections, then we should expect government turnover to weaken the link between corruption on network structure (Eggers, 2014). However, if electoral accountability is ineffective, government change would only replace the captors but leave the biased structure of procurement markets unaltered (Fazekas & Tóth, 2016). Given the high degree of partisanship in Hungary and to a lesser degree in the Czech Republic, we hypothesize that:

H3: Government turnover temporarily mutes the effect of corruption on the exclusion of non-favored suppliers (competitive clustering).

3. Data and Measures

3.1. Data Used

The government contracting data studied in this article were collected from the official government public procurement portals using automated web scrapers and parsing algorithms extracting key fields from semi-

structured HTML code. All contracts regulated by national public procurement laws must be reported on these portals if their value is above official thresholds. Besides contracts below thresholds, certain contracts may be missing such as top-secret defense contracts. By implication, our contracting data provide a close to complete picture of what governments, state owned enterprises, and semi-public bodies financed by the state buy to the value of 3–7% of annual GDP. They are also very diverse, encompassing contracts in markets such as office supplies, specialized legal services, road construction, or electricity. We collected all contracts in Hungary from 2009 to 2014, and in the Czech Republic from 2006 to 2013. The time series are partially non-overlapping and do not extend to the present because of changes in reporting formats, representing the maximally comparable contract-level databases available for these two countries; for more details see the supplementary file.

From each contract, we extract the buyer (the issuer of the contract) and supplier (the firm), the number of bids submitted, the date of award, the contract value (which we transform to Euros and adjust for inflation), and several further buyer, supplier, and contract-level variables used for calculating the Corruption Risk Index (CRI).

3.2. Government Contracting Markets as Networks

Networks have been used to study a wide variety of phenomena from the natural and social sciences (Albert & Barabási, 2002). We represent public procurement markets as bipartite networks. When a buyer and a supplier have a contracting relationship, we connect them by an edge. The edge carries the total contract value, the count of contracts, and the average corruption risk of contracts between the buyer and supplier. Bipartite networks refer to networks with two distinct classes of nodes (in our cases buyers and suppliers) among which there can be no edges. We visualize a toy example network in Figure 1.

In the case of public contracting, this approach is relatively new. Fazekas and Tóth (2016) established that high corruption risk organizations are clustered in procurement markets viewed as networks, indicating the presence of state capture, and that global network measures of the market reflect centralizing trends in the bureaucracy. Fierăscu (2017) expands on this approach and relates local network configurations to corruption risk across several years of Hungarian procurement. This perspective is perhaps closest to our own, as we also seek to relate local network information with corruption. More generally, criminologists have long observed that illicit behavior leaves distinct behavior traces in relational data (Papachristos, 2011) and that networks can provide substantial insight on the organization of criminal gangs (Calderoni, Brunetto, & Piccardi, 2017), high level political corruption (Luna-Pla & Nicolas-Carlock, 2020), and cartels (Wachs & Kertész, 2019).

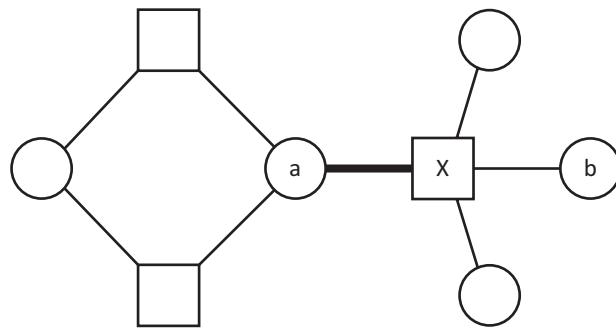


Figure 1. A network representation of an artificial toy public contracting market. Notes: The squares represent buyers and the circles suppliers. A buyer and supplier are connected by an edge if they have a contracting relationship. The width of the edge increases as the value of the contracts between the buyer and supplier increases. For example, suppliers a and b are both connected to buyer X, indicating that they have won at least one contract from X. Supplier a has won substantially more contract value from buyer X, indicated by the thickness of the edge connecting the two.

In Figure 2, we visualize the 2009 Czech and Hungarian public procurement markets as networks. We show only the nodes and edges connected to the largest component of the graph. The disconnected nodes are less than 10% of the network in both cases. We note that even though we consider the entire market, including contracts for hospital beds, road repair, and school lunches, the networks are densely connected. The path length from one randomly chosen node to another is only six on average.

3.3. Measuring Corruption Risks Objectively: The Main Independent Variable

Micro-level objective indicators of corruption in public contracting are a recent development (Fazekas et al., 2016). The online reporting of public procurement contracts in several countries makes it possible to score con-

tracts for corruption risk en masse. We use an established method of measuring corruption risk called the CRI, which checks for certain red flags in contract metadata known from case studies to be linked to corruption (Pricewaterhouse Coopers, 2013; World Bank, 2009). The CRI is an aggregate measure counting the presence of these red flags as measured by elementary corruption risk indicators (Fazekas & Kocsis, 2020). CRI measures corruption risks only in competitive markets, that is, markets where competition would be expected in the absence of corruption. In practice, this means that markets where there are only few different suppliers (less than three) in the historical records are excluded from the analysis.

The elementary corruption risk indicators fall into three groups: those describing red flags in the submission phase; the assessment of bids phase; and the outcome phase (Table 1). During the submission phase, companies may be blocked from participation if the call was

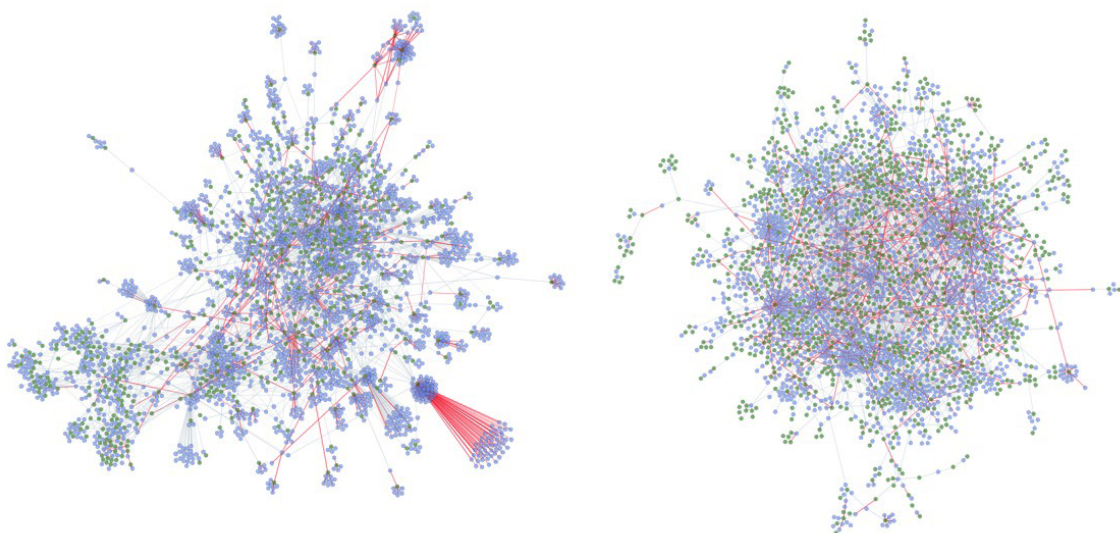


Figure 2. Hungarian and Czech procurement markets in 2009. Notes: Green nodes are buyers, purple nodes are suppliers. Edges are colored red if the average CRI of contracts between the buyer and supplier in question are at least one standard deviation above the market average.

Table 1. Contract-level indicators of corruption risk.

Procedure phase	Indicator name	Indicator values
Submission	Call for tender not published	0 = Call for tender published in official journal 1 = No call for tenders published in official journal
	Procedure type	0 = Open procedure 1 = Non-open procedure (e.g., invitation tender)
	Length of eligibility criteria	Number of characters of the eligibility relative to market average
	Length of advertisement period	Number of days between publication of call for tenders and submission deadline
	Call for tenders modification	0 = Call for tenders not modified 1 = Call for tenders modified
Assessment	Weight of non-price evaluation criteria	Sum of weights for evaluation criteria which are not related to prices or quantities
	Length of decision period	Number of working days between submission deadline and award announcement
Outcome	Single bidder contract	0 = More than one valid bid received 1 = One bid received

not published in the official journal, modified during the submission period, if the procedure type was not open, if eligibility criteria were over-determined, or if deadline was short. Non-favored companies may still be barred from winning a tender in the assessment phase. Non-price or quantity criteria in the evaluation of bids give the decision-maker discretion and limits accountability. If the time it takes the buyer of the tender to decide on the winner is short, it may indicate a premediated choice. Finally, a single-bidder outcome in a competitive market is a strong indicator that the tender lacked competition.

The composite CRI is the arithmetic average of the scaled elementary indicators, all falling in the 0–1 range. Though certainly not an exhaustive index of corruption strategies, it represents a varied collection of simple strategies used in practice by corrupt actors.

The CRI has been shown to be significantly related to both macro and micro measures of corruption (Charron, Dahlström, Fazekas, & Lapuente, 2017). At the EU regional-level, average CRI has a strong negative correlation with the European Quality of Government Index (EQI, $\rho \sim -.54$), and a strong positive correlation with the two subcomponents of the EQI directly measuring corruption risk: corruption perception ($\rho \sim .47$) and reported bribery ($\rho \sim .59$). At the contract-level, high-CRI contracts have been shown to predict higher prices relative to cost estimates across the EU. The CRI of contracts awarded by buyers across Europe to companies registered in tax havens is higher (Fazekas & Kocsis, 2020).

3.4. Measuring Contracting Network Structure: Dependent Variables

We define three buyer-level measures describing market structure: entropy, unweighted competitive clustering,

and weighted competitive clustering. To measure change over time we define buyer persistence.

Entropy: For a buyer i , $p_i(j)$ denotes the fraction of i 's contract value awarded to supplier j . We calculate the normed entropy of a buyer's distribution as:

$$H(i) = - \frac{\sum_{j \in J} p_i(j) \times \log(p_i(j))}{\log(|J|)}$$

The normed entropy of a uniform distribution equals 1. Entropy tends to 0 as the distribution becomes more heterogeneous.

Unweighted competitive clustering: One important local network measure is the clustering coefficient. In most empirical networks, the number of connected triangles is much larger than would be expected than if the nodes were connected at random. In social networks this phenomenon is often summarized as 'a friend of my friend is my friend.' The classical clustering coefficient of a node can be interpreted as a probability: given two friends of the node, what is the likelihood that they are friends too?

Bipartite networks do not contain triangles. Instead, we consider local clustering in terms of squares. Given the focal buyer i , we expect that those suppliers who win from buyers near to i to be much more likely to win from i than suppliers more distant in the network. In a market without favoritism, we are more likely to observe a closure phenomenon, as we do in social networks, in which buyers contract with suppliers adjacent to their neighboring institutions much more frequently than at random. All other things being equal, buyers who contract with the same suppliers have some similarity.

We visualize this probability as the dotted line edge in Figure 3. In the context of public procurement markets, we call this probability competitive clustering.

Qualitatively, we expect an edge between a buyer (B) and a supplier (S) to be more likely if the supplier (S) competes with other suppliers (S') which serve the buyer (B), at other buyers (B'). We argue that sharing a supplier implies that the two buyers have some similarity, be it in terms of geography, technology, or scale, and that this similarity will manifest in the sharing of other suppliers.

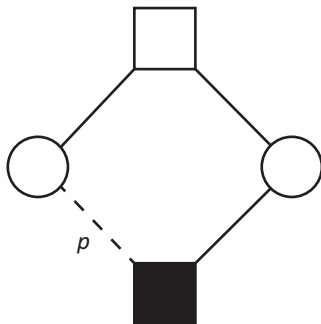


Figure 3. Competitive clustering. Notes: Unweighted competitive clustering of the focal buyer, visualized as a black square, is defined as the probability of the dashed edge existing given all other edges in the graph. A second buyer, the white square, and the focal buyer both contract with the supplier on the right. This similarity between the two buyers suggests that if the white buyer also contracts with the buyer on the left, then the focal buyer is much more likely to also contract with that buyer.

Mathematically, we define the competitive clustering of a buyer as the number of four-step paths, $C_i(4)$, starting and ending at that buyer, divided by the paths of length three, $P_i(3)$, starting at the buyer:

$$CC_i = \frac{C_i(4)}{P_i(3)}$$

This is a local version of the measure introduced by Robins and Alexander (2004). It is related to the square clustering measure of Lind, Gonzalez, and Herrmann

(2005), which calculates the probability of observing edges between neighbors and second order neighbors of the focal node. It can also be contrasted with Opsahl’s (2013) clustering measure. In Figure 4, we calculate two examples of the competitive clustering around a hypothetical buyer.

Weighted competitive clustering: As edge weights, encoding the total contract value and hence the strength of a contracting relationship between a supplier and a buyer, play an important role in our networks, we propose a second measure extending competitive clustering to incorporate edge weights. The measure should equal 1 for a buyer if its competitive clustering is 1 and the weights on all edges are homogeneous. We again compare the ratio of four-cycles to three-paths. We multiply each path of length four by the geometric mean of its scaled edge weights: This quantity is maximized if the edge weights are identical. As the weights tend to unity, the measure converges to the unweighted competitive clustering measure. Mathematically, count each four-cycle centered at the focal buyer i weighted by the geometric mean of the scaled weights in the cycle:

$$CC_i = \frac{C_i(4)}{P_i(3)} \times \sum_{j,k,l \in C_i} (w_{ij}w_{jk}w_{kl}w_{li})^{1/4}$$

As contract values have great heterogeneity both across the network and locally, we scale the weights dynamically for each buyer by dividing by the maximum edge weight in its 3-node neighborhood.

Persistence: We define buyer network change over time by measuring the correlation of its contract award profile across years. Specifically, we consider all suppliers winning contracts from the buyer in either year A or B or both, and create two vectors: one encoding the distribution of contract value in year A, the other the same for year B. We call the Pearson-correlation of these two vectors the (A, B)-persistence (Nicosia et al., 2013) of a buyer. (A, B)-persistence of a buyer is 1 if the buyer’s contract awards are distributed with the same relative contract values to the same suppliers in years A and B.



Figure 4. The competitive clustering of two focal buyers. Notes: The first buyer has a dense local network—there are many paths of length four starting and ending at the focal buyer. Hence, the first buyer has a high competitive clustering of $4/6 = 2/3$. The second buyer has a sparse local network and a competitive clustering of 0: no path of length four starting from the black buyer that returns to that buyer.

(A, B)-persistence can attain a minimal value of -1 in the case that the issuance of a buyer goes to a completely different set of suppliers in year A compared to year B.

4. Methods

4.1. Case Selection

Hungary and the Czech Republic represent comparable, typical cases given their very similar levels of development, prevalence of corruption, regulatory framework, and government turnovers (Seawright & Gerring, 2008). Both countries have GDP per capita slowly converging to the EU average (reaching between 65–75% by the early 2010s). They also score close to the average of the Corruption Perception Index for CEE EU member states (53.25 in 2013) with scores 48 and 54 respectively on a scale between 0 (corrupt) and 100 (clean; Transparency International, 2013). Objective corruption proxies in public procurement such as share of single bidder tenders on competitive markets are very similar: 24% and 28% of contracts received a single bid in the Czech Republic and Hungary, respectively in 2009–2014 (Fazekas & Kocsis, 2020). Prior research on corruption and state capture generally grouped the two countries together. For instance, both are considered competitive clientelistic regimes in which political winners use their office to reward cronies by redistributing public resources (Mungiu-Pippidi, 2015). Despite these similarities, the countries have diverged recently. Hungary's institutional quality and corruption level have deteriorated since 2010 (Bánkuti, Halmaj, & Scheppele, 2012), while the Czech Republic has remained stable, broadly speaking. Public procurement regulatory and administrative systems are very similar in the two countries given the overarching EU framework of the Public Procurement Directives, similarities in national legislation outside of the Directives, and largely identical administrative systems including electronic procurement portals. Both countries experienced considerable government turnovers in our observation period, with larger swings between parties in Hungary than in the Czech Republic.

4.2. Empirical Models and Identification

To formally test our hypotheses, we employ three scaled dependent variables at the buyer/year level: i) entropy which (H1); ii) competitive closure (H2); and iii) weighted competitive clustering (H1 and H2). For each country and each dependent variable, we run two regression models: a pooled OLS model and a buyer fixed-effects panel model. We consider only those buyers with at least five contracts in our data set to exclude the smaller organizations whose behavior is noisier. We find similar results, documented in Appendix A in the Supplementary File, when we restrict to buyers with at least 10 contracts. In both cases, the dependent variables are calculated on the full networks.

The panel data equation we estimated is:

$$y_{i,t} = \beta_1 \times CRI_{i,t} + \beta_2 X_{i,t} + \alpha_i + e_{i,t}$$

Where $y_{i,t}$ is the dependent variable observed for buyer i at time t , $CRI_{i,t}$ is our main independent variable, the measure of corruption risks, $X_{i,t}$ is the matrix of control variables, α_i is the time-invariant individual buyer effect, and $e_{i,t}$ is the error term. The matrix of control variables contained the following indicators:

- The log of number of contracts awarded by the buyer in that year;
- The log of the total value of contracts awarded by the buyer in that year;
- An election year dummy: 1 if the year in question had a parliamentary election in that country results in a change in government;
- The interaction of CRI and the election year dummy;
- Year dummies;
- Buyer type, distinguishing between local and central government institutions, provided by the public procurement registry (only in pooled OLS);
- Buyer location, based on the NUTS-II classification (only in pooled OLS);
- Buyer sector (Hungary-only), describing the primary sector of the buyer, provided by the public procurement registry (only in pooled OLS).

In the absence of an experimental setting, the buyer-level fixed effects panel data models provide a reliable and valid estimate of the hypothesized causal effects for several reasons. First, they control for unobserved organizational characteristics such as spending preferences influencing supplier composition (e.g., taste for high quality goods). Second, year dummies control for common shocks occurring over time separately in each of the countries. Third, indicators of time varying organizational characteristics such as total value and number of contracts awarded and sectoral composition of spending control of obvious confounding factors simultaneously determining market structure as well as corruption risks. Fourth, our analysis is based on the full sample of government contracting activities barring few specific spending lines such as defense contracts with national security implications. This means that sampling bias poses little threat to identification, a challenge which often limits the generalizability of experimental and quasi-experimental designs. Fifth, the corruption and network measures are constructed from different micro variables on different measurement levels minimizing the risk of double-counting the same phenomena on both sides of the equation. We only consider contracts awarded on competitive markets, defined as having at least three active suppliers (e.g., monopolistic markets determined by technology do not bias results).

Our regressions are run using the plm package of the R programming language (Croissant & Millo, 2008).

To account for possible cross-sectional correlation in the errors, we report panel-corrected standard errors, following Beck and Katz (1995). As a check against the potential non-independence of observations in the contracting network, we simulate p-values using Monte Carlo random permutations; see Appendix B in the Supplementary File (Good, 2006). Finally, in Appendix C in the Supplementary File we show the results of the competitive clustering models with year fixed-effects included to control for temporal shocks.

5. Results

5.1. Uneven Spending Distribution: Entropy

With regards to H1, we find limited evidence that CRI impacts buyer entropy in either country, shown in Table 2. Though both pooled OLS models show a statistically significant negative effect of CRI on entropy as expected, the more reliable fixed-effects panel data models do not support this conclusion.

The lack of clear support for H1 is perhaps not surprising, given, for example, the recent research on political-economic networks in Hungary suggesting that missing business connections are driving market outcomes (Stark & Vedres, 2012). Our dependent variable in these models is entropy amongst the winners of the buyer's awarded contracts, which is a biased measure of corruption as it neglects those suppliers which have been totally ex-

cluded from the market. This bias increases as total exclusion becomes the dominant effect of corruption. Hence, we now check models in which the dependent variable explicitly quantifies exclusion.

5.2. Excluding Non-Favored Suppliers: Competitive Clustering

This analysis, summarized in Table 3, leads to three notable insights. First, with regards to H2, our regression models provide clear support for our hypothesized empirical relationship. In both countries, both model specifications show a significant negative relationship between CRI and competitive clustering. This means that corruption in both countries leads to exclusion in buyers' local markets. Contrasted with the finding that entropy and CRI are unrelated, this relationship indicates that corruption in these countries manifests as missing local connections in contracting networks. Such interpretation bodes well with macro-institutional accounts of competitive clientelistic regimes.

Second, we also find that in all models, effect sizes are larger in Hungary than in the Czech Republic: The impact of corruption on market structure is roughly 1.5–2 times larger in Hungary. Note that all variables are standardized.

Third, the interaction term between CRI and the election year dummy is not significant in either model, indicating that there is no difference in the relationship

Table 2. Pooled OLS and buyer fixed-effects regression models predicting buyer entropy.

	Dependent variable: Buyer entropy, ≥ 5 contracts			
	Hungary		Czech Republic	
	(1)	(2)	(3)	(4)
CRI	-.009 [°] (.005)	.002 (.005)	-.014 [*] (.006)	-.004 (.006)
Election year dummy	-.038 ^{***} (.011)	-.016 (.010)	-.012 (.011)	-.005 (.010)
Buyer number of contracts (log)	.044 ^{***} (.006)	.077 ^{***} (.007)	.044 ^{***} (.005)	.057 ^{***} (.006)
Buyer contract value (log)	-.053 ^{***} (.003)	-.103 ^{***} (.004)	-.045 ^{***} (.003)	-.096 ^{***} (.004)
CRI, election year interaction	-.029 ^{**} (.010)	-.018 [°] (.011)	-.016 (0.16)	-.022 (.015)
Constant	1.285 ^{***} (.045)		1.222 ^{***} (.043)	
Model	Pooled OLS	Buyer, year Fixed Effects	Pooled OLS	Buyer, year Fixed Effects
Type, location, sector ⁺ dummies	Yes	—	Yes	—
Observations	3,657	3,657	2,704	2,704
R ²	.145	.248	.115	.209
F statistic	20.448 ^{***} (degrees of freedom [df] = 30; 3626)	121.052 ^{***} (df = 5; 1838)	18.312 ^{***} (df = 19; 2684)	95.737 ^{***} (df = 5; 1813)

Notes: We report panel-corrected standard errors. [°] p < .1, ^{*} p < .05, ^{**} p < .01, ^{***} p < .001; ⁺ sector only available for Hungary.

Table 3. Pooled OLS and buyer fixed-effects regression models predicting buyer competitive clustering.

	Dependent variable: Buyer competitive clustering, ≥ 5 contracts			
	Hungary		Czech Republic	
	(1)	(2)	(3)	(4)
CRI	-.072 *** (.005)	-.046 *** (.005)	-.024 *** (.006)	-.029 *** (.006)
Election year dummy	-.023 * (.011)	.031 ** (.010)	-.013 (.010)	-.028 ** (.009)
Buyer number of contracts (log)	.137 *** (.011)	.102 *** (.007)	.158 *** (.006)	.148 *** (.006)
Buyer contract value (log)	-.015 *** (.003)	.002 (.004)	.003 (.003)	.004 (.004)
CRI, election year interaction	-.021 * (.010)	-.002 (.010)	.007 (0.14)	.005 (.014)
Constant	.029 (.050)		-.137 *** (.047)	
Model	Pooled OLS	Buyer, year FE	Pooled OLS	Buyer, year FE
Type, location, sector + dummies	Yes	—	Yes	—
Observations	3,657	3,657	2,704	2,704
R ²	.424	.192	.463	.306
F statistic	99.934 *** (df = 30; 3626)	87.276 *** (df = 5; 1838)	121.604 *** (df = 19; 2684)	159.898 *** (df = 5; 1813)

Notes: We report panel-corrected standard errors. ° $p < .1$, * $p < .05$, ** $p < .01$, *** $p < .001$; + sector only available for Hungary.

between corruption risk and competitive clustering during years that see a change in government compared to those without. This indicates that, if changes in government result in a significant change in buyer behavior, it is not observable within the same year of the change in government. This test does not lend support to H3.

To further bridge the different degrees of market structure reconfiguration resulting from corruption, that is, explore the overlaps between H1 and H2, we also consider weighted competitive clustering as an outcome variable. Weighted competitive clustering measures both the exclusion and heterogeneity in the observed contract value distributions, hence aims to reflect both H1 and H2. We find results similar to the unweighted competitive clustering case across all four models (Table 4), suggesting that the unweighted competitive clustering results are robust to edge weight heterogeneity.

Despite the insignificant relationship between CRI and entropy, the significant relationship between CRI and weighted competitive clustering lends some support to H1. We posit that in markets where non-favored suppliers command unique skills and capacities, their total exclusion would be counterproductive even if total exclusion is typically the norm. Practically, a tender tailored to a specific supplier may be won by an outsider. The red flags of the CRI are strategies of corrupt contract allocation; they do not secure the tender for favored suppliers.

How can we relate this to a concrete market outcome? A one standard deviation increase in CRI is approximately the same as having one more red flag, on aver-

age. In the Hungarian case, this means that if a buyer has one more red flag on average, its competitive clustering will be half a standard deviation lower. *Ceteris paribus*, a one standard deviation decrease in competitive clustering means having three fewer suppliers. In Hungary, an additional red flag on average means that a buyer contracts with 1.5 fewer suppliers in a given year. The same analysis in the Czech Republic indicates that an additional red flag on average means around 1 fewer supplier per year. The average buyer in each country has around 10 suppliers per year. In other words, an additional red flag means roughly a 10–15% decrease in the number of suppliers a buyer contracts with.

5.3. Government Change: Captured Buyers and Persistence

Having established the link between CRI and the topology of a buyer's network neighborhood via competitive clustering, we now return to H3 by checking the impact of government change using issuer persistence as dependent variable. We define buyers as captured if they have above average CRI and below average competitive clustering in a year and non-captured otherwise. Contrasting captured and non-captured buyers' persistence throughout periods of government change directly tests H3. When governments change and bureaucrats are replaced, we expect captured buyers to have less persistent issuance.

We continue to use an annual time frame and consider changes in buyer behavior across years. We analyze

Table 4. Pooled OLS and buyer fixed-effects regression models predicting buyer weighted competitive clustering.

	Dependent variable: Buyer weighted competitive clustering, ≥ 5 contracts			
	Hungary		Czech Republic	
	(1)	(2)	(3)	(4)
CRI	-.064 *** (.005)	-.047 *** (.005)	-.012 * (.006)	-.014 * (.006)
Election year dummy	.016 (.011)	.020 ° (.010)	.020 ° (.010)	.005 (.010)
Buyer number of contracts (log)	.094 *** (.006)	.070 *** (.007)	.090 *** (.005)	.080 *** (.006)
Buyer contract value (log)	-.003 (.003)	.010 * (.004)	.017 *** (.003)	.021 *** (.004)
CRI, election year interaction	.001 (.010)	.015 (.011)	-.005 (0.15)	-.015 (.014)
Constant	-.035 (.046)		-.207 *** (.044)	
Model	Pooled OLS	Buyer FE	Pooled OLS	Buyer FE
Type, location, sector + dummies	Yes	—	Yes	—
Observations	3,657	3,657	2,704	2,704
R ²	.315	.114	.300	.142
F statistic	55.585 *** (df = 30; 3626)	47.269 *** (df = 5; 1838)	60.461 *** (df = 19; 2684)	59.970 *** (df = 5; 1813)

Notes: We report panel-corrected standard errors. ° p < .1, * p < .05, ** p < .01, *** p < .001; + sector only available for Hungary.

pairs that are two years apart to capture the effect of a change in government in the intermediate year. For example, we are interested in the (2009, 2011)-persistence of Hungarian buyers, as 2010 saw a change in government. Hence, we will refer to two-year difference persistence simply as persistence.

To test H3, we investigate buyer persistence for each country in greater detail. We group captured and non-captured buyers and plot the distributions of persistences across regular years and change of government years in Figure 5. Comparing the persistences of cap-

tured vs non-captured buyers across normal and politically volatile years reveals a clear picture in line with H3. In both countries, the persistence of captured buyers is lower than that of non-captured buyers in periods with government change while differences in persistence are statistically indistinguishable in periods without government change. The effect in Hungary is larger than in the Czech Republic.

We verify the significance of the observed differences using a permutation test (Good, 2006). We randomly shuffle the capture category labels 1000 times and

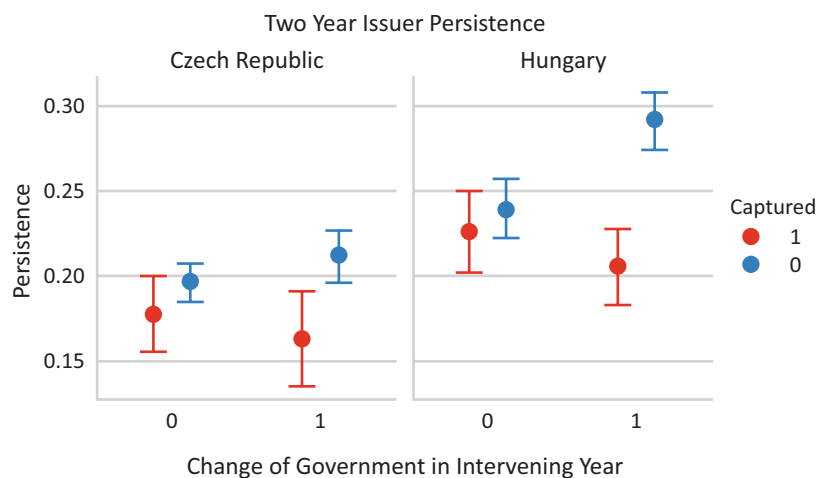


Figure 5. Comparison of persistence of captured and non-captured buyers across years with and without government change. Notes: Captured buyers are defined as those with high CRI and low competitive clustering. Persistence is defined as the correlation of the buyer’s issuance of contract value to suppliers over two years (e.g., 2009 to 2011).

recalculate the difference in persistence between captured and non-captured buyers. We calculate a p-value by counting the number of times the randomized captured vs non-captured persistence difference is less than the real difference, that is, we compare the observed empirical relationship to a truly random distribution of the capture label.

In Table 5, we see that captured buyers are significantly less persistent across the 2010 Hungarian change in government. They are also significantly less persistent from 2012 to 2014. The effect size of buyer capture is by far the largest from 2009 to 2011, bridging the change of government in 2010. It is also significant, albeit with a smaller effect size across the 2010–2012 period. This may indicate that it takes the corrupt elites some time capture buyer institutions, and that the rewiring of contracting networks lags turnover. Captured Hungarian buyers have 38% weaker correlation in their issuance profiles across the change in government than their non-captured peers.

In the Czech Republic, we also see the strongest negative effect of capture on persistence in the years across the change in government in 2010: 2008–2010, 2009–2011, and 2010–2012 in line with our hypotheses. Like for Hungary, the relationship is significant for an extended period, again suggesting that the capture of institutions takes time. We also show histograms of the randomized persistences and the actual persistence for each year in Appendix E in the Supplementary File.

These findings support H3: Government turnover has an impact on corrupt contacting networks. They provide evidence of politically-driven state capture among public buyers in both countries and demonstrate the value of using both micro-level risk indicators and network features to relate corruption in procurement to the political cycle.

6. Conclusion

This article analyzes the connection between corruption and market structure in public procurement markets. We

use a network framework to test qualitative hypotheses from the literature on corruption in a quantitative setting. Specifically, we find strong evidence at the micro-level that corruption in public procurement is predominantly about the exclusion of non-favored suppliers. This is in line with theories of corruption as particularism, or the preferential treatment of groups by the state. Back-of-the-envelope calculations suggest that at the margin, if a buyer awards contracts with an additional red flag on average, it will contract with 10–15% fewer unique suppliers. These missing connections are the manifestation of corrupt behavior distorting market structure.

We validate the political nature of the inverse relationship between corruption and competitive clustering by observing that buyers with high CRI and low competitive clustering, which we refer to as captured, see significantly larger changes in their contracting relationships across government changes than other buyers. In Hungary, the correlation of contract awards of a captured buyer across an election year is 38% weaker than a non-captured buyer. In the Czech Republic, this relationship is 21%.

We suggest that our work has wider implications. For the literature on corruption and state capture, our findings provide empirical evidence about the mechanisms of corrupt allocation of government resources. For policymakers, our approach suggests that networks can visualize clusters of corruption risk. Simply looking at networks can reveal the structure of buyer-supplier relationships in a way that traditional statistical analysis cannot. The network framework also suggests a novel approach to corruption detection: looking for missing edges. Our article also makes the broader point that electoral contestation and power sharing can mitigate corrupt market distortions even in systematically corrupt places. Even if corruption is widespread, its power to reconfigure market relationships and impose economic costs on markets depends on political constraints. Hence, strengthening competitive democratic process can curb corruption at least its most extensive market distorting effects. Our article also suggests that corruption in

Table 5. Hungarian buyer two-year persistence permutation test: Difference between captured and non-captured buyers and significance of the difference according to a label-permuted nonparametric test of differences.

Years	Country	Observed difference	% difference	p-value
2009, 2011	Hungary	−0.151	−38%	<.001 ***
2010, 2012	Hungary	−0.051	−14%	.0013 ***
2011, 2013	Hungary	0.014	+4%	.7559
2012, 2014	Hungary	−0.044	−12%	.0198 **
2006, 2008	Czech Republic	0.004	+2%	0.57
2007, 2009	Czech Republic	−0.030	−11%	0.112
2008, 2010	Czech Republic	−0.045	−17%	0.029 **
2009, 2011	Czech Republic	−0.052	−21%	0.007 ***
2010, 2012	Czech Republic	−0.047	−16%	0.020 **
2011, 2013	Czech Republic	0.007	+2%	0.639

Note: *** < .01, ** < .05, * < .10.

procurement can be viewed through the lens of competition policy, broadening the scope of potential anti-corruption stakeholders (Luz & Spagnolo, 2017). Finally, given the strong correlation between market distortions and government turnover, introducing contracting practices which cut across electoral cycles could weaken elected politicians' capacity to exploit public procurement for partisan gain. This could be achieved by, for example, using long mandatory guarantee clauses or multi-year service contracts spanning across electoral cycles.

We also identify several drawbacks to our approach. First, we consider only two countries from CEE which are likely not representative of the wider set of EU countries. Second, our network measure of competitive clustering is a simple measure and we posit a straightforward relationship between local network density and corruption. This problem is compounded by the fact that our data does not contain information on the individuals owning or benefiting from the suppliers. Hungarian and Czech media are full of examples of suspected corrupt oligarchs with many companies and affiliations. Third, we could not offer a direct measure of social costs of corruption arising due to market distortions. Further work could explicitly estimate market prices and social costs under scenarios of exclusionary as well as competitive corruption.

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Conflict of Interests

The authors declare no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the authors (unedited).

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Article

Corruption Risks in Renewable Resource Governance: Case Studies in Iceland and Romania

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Abstract

In this research, we attempt to shed light on the question of where corruption risks in the governance of renewable resources are located and how they have been addressed in European countries that have different levels of corruption. A comparative case study design was chosen, looking into the fisheries sector in Iceland and the forestry sector in Romania. We conducted 25 semi-structured interviews with various stakeholders sampled through a snowball method. Qualitative coding and systems analysis were used to analyse the interviews. The results indicate that comprehensive and ambitious legislation does not necessarily translate into successful resource governance systems. In general, the institutions that were put in place to enforce and monitor the legal codes and regulations did not have the capacity to carry out their role. Additionally, interviewees were generally found to have a widespread perception of there being a corrupt relationship between politics and big companies operating in their sectors. Our findings suggest that when people hold such perceptions, it undermines anti-corruption policy efforts in the resource sectors, which can then impede sustainable resource management.

Keywords

anti-corruption; corruption; enforcement mechanisms; governance; monitoring; natural resources; renewable resources

Issue

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1. Introduction

Environmental issues are higher on the public agenda in light of growing awareness of climate change and therefore further efforts are needed to understand how resources can be used sustainably. The tragedy of the commons has been widely cited as a metaphor to portray the overuse of a renewable resource such as fisheries and forests (Ostrom, 1999). Rules and systems have therefore been established to regulate use or extraction, but corruption can impede the achievement of management goals. Resource management systems are vulnerable to different forms of corruption at all stages of the value

chain, but understanding the roles and influences of actors in such systems provides important insights into how to address the risks (Kolstad, Søreide, & Williams, 2008). We adhere to the interpretation of corruption used by Sumaila, Jacquet, and Witter (2017, p. 93) in this context, where they describe it as “acts of ‘cheating,’ whereby individuals or larger entities act in an illegal manner” which serves to undermine both the resource itself as well as its management. Heywood (2016) suggests that one of the reasons measures to reduce corruption have not been effective, is that disaggregation of the different types of the phenomenon, actors involved and sectoral context has been insufficiently addressed.

Mapping out the corruption risks in the governance of renewable natural resources, such as fisheries and forestry, as well as exploring the policies aimed to reduce them, is both relevant and important in the current global sustainability context. Such work should not solely be directed towards developing countries, especially since according to the Group of States Against Corruption (GRECO, 2017, p. 20), “weaker democracies look to Europe for guidance in their fight against corruption.” Therefore, a comparative qualitative case study design was chosen to shed light on the research question of ‘What generates corruption risks in the value chain of renewable resources in Europe, and how has it been addressed?’ We aim to improve the understanding of responses to potential risks and how they play out in countries with different levels of corruption. Improving understanding of both the risks and the policies meant to tackle them provide insights into the barriers to sustainable resource management. The small sample that was subject to this study limits the generalization of the findings, which could be strengthened if applied to further cases.

2. Methods and Research Material

We limit the scope of the research by opting for a case-oriented investigation (Ragin, 1987) and thus explore the phenomenon within a real-life context by employing an exploratory case study strategy (Robson, 1993; Yin, 2014). Empirical analysis was undertaken as a binary comparison between two selected cases, Iceland and Romania (Tarrow, 2010). The aim is for the understanding and knowledge generated from the cases to shed light on the phenomenon in general, making this an instrumental inquiry (Stake, 1995).

The rationale behind the case study selection was to explore the initial assumption that countries recorded as having low corruption levels were more successful in addressing corruption risks in their value chains as opposed to those recorded as having high corruption levels. According to the Corruption Perceptions Index, the lower a country is ranked on the list, the greater the perception that corruption is prevalent. Romania has historically been ranked amongst the bottom of the European countries while Iceland has been amongst the top. In 2019, Romania was ranked 70th and Iceland 11th out of 180 countries on the list (Transparency International, 2019). The cases were considered feasible as the researchers already had background knowledge and connections in the countries which served to ensure both accessibility to participants as well as limiting the resources needed to carry out the fieldwork.

As the focus of the study was to explore responses to corruption risks in natural resource management in general, as well as how they played out in different sectors, a decision was taken not to look at the same resource for both countries. Although they have different resource bases, forestry in Romania and fisheries in Iceland have

both played an important role for each country in terms of social and economic development (Ioras & Abrudan, 2006; Kokorsch & Benediktsson, 2018). The de facto privatization of the Icelandic fisheries and the repossession of forests in Romania following the collapse of the communist regime, both occurring in the 1990s, has meant the sectors have been faced with a variety of challenges. Even though the sectors are different, they share commonalities in that external governmental agencies are legally responsible for enforcement of the law. The research question could, therefore, be explored by comparing these two cases.

An application for the research was approved in 2017 by the Research Ethics Committee of the University of Iceland. Following that, a stakeholder map was developed for each case study (Reed et al., 2009; Durham, Baker, Smith, Moore, & Morgan, 2014), and key informants recruited as a result. They were asked to provide a list of possible participants for the research, according to a snowball sampling method (Robson, 1993), to ensure anonymity. In-depth semi-structured interviews took place from March to October 2018. As seen in Table 1, 25 interviews were conducted; 12 in Iceland and 13 in Romania. The interviews were conducted in Icelandic, English, and Romanian, with a translator present in Romania; they lasted approximately an hour, with a few exceptions ranging from 40 minutes to 2,5 hours. To ensure a representative sample, 12 of the interviews were taken in the capitals, while 13 were conducted in rural areas or smaller cities.

As can be seen in Table 1, the number of participants exceeds the number of interviews in the Romanian case. That is because a participant showed up to the interview with colleagues. When the numbers in the stakeholder groups are added up, they are larger than the number of participants since it was common that people had served multiple roles in the sector and could, therefore, be categorized in more than one group. Notice that we also refer to ‘current/former’ role in order to better ensure anonymity. In terms of the age of the participants, each age group is represented. There is, however, an imbalance between female and male participants. We failed to recruit a current/former member of government as well as high-level representative from large companies operating within the sectors. The sample is considered large enough to gain a general understanding of the phenomenon under study, even though limitations in the stakeholder sample are present, especially in terms of gender diversity.

The qualitative coding procedure used to analyse the interviews was adapted from the work of Turner, Kim, and Andersen (2013). Causal loop diagrams were generated based on mechanisms described by the interviewees. This method allows us to compare and contrast the dynamics that contribute to the corruption risks in both cases and is further described below.

Table 1. Overview of the interviewees by stakeholder categorization, country, gender, and age.

Stakeholder	Iceland	Romania
NGO staff	0	4
Current/former resource owner/recipient	2	2
Current/former Member of Parliament	2	1
Current/former journalist	1	1
Current/former parliamentary staff	1	1
Academia	3	3
Current/former public official	4	3
Current/former member of government	0	0
Resource owner associations/organization	2	1
Harvesting operations/exploitation of resource	5	4
Small business owner	1	1
Big industry worker	2	1
Owner or manager of a big corporation	0	0
Current/former local politician	1	0
Finance sector	1	0
Total Interviews	12	13
Total Participants	12	15
Of those:		
Number of female participants	3	1
Number of male participants	9	14
Age 20–40 years	2	5
Age 40–60 years	5	6
Age 60–80 years	5	4

3. Theoretical Background

The academic debate on corruption has revolved around whether to view it as a collective action problem or a principal-agent problem, but recent theoretical work has suggested the two approaches could be considered as complementary (Marquette & Peiffer, 2019; Williams & Le Billon, 2017). Persson, Rothstein, and Teorell (2018) state that collective action theory could be complementary to principal-agent theory in cases where corruption is not systemic and the problem of collective action has been solved. The principal-agent approach then ensures formal mechanisms of control, where corruption is detected and those engaging in it are punished. The approach includes the utility maximization concept of corruption, which suggests that it results from rational behaviour in which individuals participate in corruption because the benefits outweigh the costs (Rose-Ackerman, 1978; Søreide, 2014). The expected benefits might consist of monetary gains, power, and status, whereas the costs can include bribe payments to hide the act, efforts to hide the crime, moral costs of violating societal rules and norms, and the perceived risk of getting caught (Søreide, 2014). Collective action theory dictates that following this logic of perceived cost and benefit, individuals will base their decision, on whether to engage in corruption or not, on the perception of how likely it is that other individuals are corrupt (Persson et al., 2018).

The pillars of an anti-corruption policy are increasing transparency, strengthening enforcement, the pres-

ence of an anti-corruption agency, higher wages for public officials, and efforts to change societal norms (Fishman & Golden, 2017). These can also be categorized as policies aiming at monitoring and incentive programs or those which intend to alter the rules of the system, the latter category being less explored (Hanna, Bishop, Nadel, Scheffler, & Durlacher, 2011). In line with the utility-maximizing concept, successful corruption-reduction strategies deter individuals from engaging in corruption by making the cost outweigh the benefits (Hanna et al., 2011).

According to Kolstad et al. (2008), corruption can occur more frequently within resource management where the capacity to enforce and monitor the sectors is low. Additionally, the EU's anti-corruption report (European Commission, 2014) states that anti-corruption rules lack enforcement since the relevant institutions have insufficient capacity and inadequate political will to tackle it. The policies hinge upon political incentives and approval as they can be undermined by a lack of political will. Policy success in this area can be achieved when authorities responsible for enforcement are supported by high-level political officials (Fishman & Golden, 2017).

4. Results

The empirical analysis of the interview data suggests that the implementation and enforcement of legal frameworks are vital factors when it comes to perceptions regarding corruption in the resource sectors. We found

that in both cases, institutions tasked with monitoring and enforcing legislation were not provided with the capacity to carry out their role. This resulted in the perception of there being a suspicious relationship between politics and the businesses operating in the sectors.

4.1. Iceland's Institutional Organization

The fisheries sector in Iceland has a positive international image when it comes to the governance of natural resources, as it is reputed for its sustainable fisheries management. However, even though the fishing quota system is renowned for its efficiency, it is still the source of a great deal of social and political debate in the country (Chambers & Carothers, 2017; Kokorsch & Benediktsson, 2018). Icelandic fisheries management is mainly based on two bodies of legislation which aim to improve management of marine resources to ensure that they will be used sustainably, guaranteeing maximum long-term output for the Icelandic nation (Icelandic Government, 1996, 2006). The laws stipulate that the public authorities responsible for monitoring the fisheries sector are the Directorate of Fisheries (DoF), which operates under the Ministry of Industries, Tourism and Innovation. The Icelandic Coast Guard protects the 200 marine-mile zone around Iceland from intruders and occasionally accompanies the DoF to monitor whether vessels operating out at sea are doing so according to their permits.

4.1.1. The DoF

The role of the DoF is laid out in The DoF Act (Icelandic Government, 1992). It is in charge of enforcing the Fisheries Management Acts, as well as administering and monitoring fishing activities. A part of its role is to accompany fishermen on their fishing trips and to monitor operations and observe whether the discarding of catch is taking place. DoF also measures the size of fish that are caught and send the data to the Marine and Freshwater Research Institute, which then compares the sizes to those of fish that are landed to see whether there is any discrepancy which would indicate that so-called 'high-grading' is taking place, meaning that fishermen discard the smaller fish out at sea and only bring the bigger, more valuable ones to shore. During 2017, employees of DoF went on 306 such trips (The Icelandic DoF, 2017). As demonstrated in the interviews, each small boat is surveyed 1–2 times per year while each large vessel is surveyed bi-annually. 25 individuals within the DoF perform these inspections (The Icelandic National Audit Office [INAO], 2018).

4.2. Legislation Lacking Enforcement Mechanisms

A system introducing quotas into the fisheries sector in Iceland was introduced in 1984, in an effort to reverse the trend of excessive overfishing (Danielsson, 1997). The legislation on fisheries management has been

amended ever since, and the changes scrutinized. In a report by INAO (2018) on the DoF, it is clear that there are several limitations to DoF operations. It states that monitoring of the fisheries sector is extensive and difficult to carry out. Furthermore, surveillance of the fish catch being weighed was deemed unsatisfactory, meaning that there were opportunities for an individual or a company to report lower catches than they actually landed, indicating that more fish could have been caught than ended up being reported. Additionally, the report claimed that monitoring of catch discard was both weak and unsystematic.

A majority of the Icelandic interviewees voiced concerns over the lack of enforcement mechanisms available to the monitoring authorities. According to a current/former staff member of the DoF, employees agreed that the institution was not powerful:

You know the regulation...or the legal framework is so weak. We can't handle to, you know, close cases. There is always something, and I even know of cases where those that know someone in the Ministry [of Fisheries], can just place a call to the Ministry and get cases dismissed. (personal communication)

The individual further described that DoF monitoring staff regularly encountered scepticism from small-boat fishermen, since they believed the authorities focused on smaller players with minor offences, rather than the bigger vessels. Furthermore, when discussing enforcement, a current/former academic stated:

And you need ways to actually say that, you know, these are the rules, these are the people that are responsible for the rules, and then when the rules are broken, this is what happens. I think, that is where I think, in these later parts, where the system sort of breaks down. (personal communication)

Actors have begun to expect that there will be no consequences brought down upon those who cheat the system. A current/former journalist claimed that those working in the sector actually wanted the rules to be clearer because the alternative to clear rules was chaos. If the monitoring system was so easy to manipulate and expected consequences for doing so were limited, people who did follow the rules went through the following thinking process: "This is a system that is easy to cheat somehow. And then...then I, who am following the rules, start to think: Why bother? Why don't I just do this too? Nobody does anything about it" (personal communication). In theory, law stipulating financial sanctions against those catching fish above their legal limit provides the DoF with all kinds of power to act. In reality, they lack the capacity to bring cases forward. By applying system analysis we illustrate linkages between the lack of enforcement and the risk of corruption, as identified in our interviews (Figure 1).

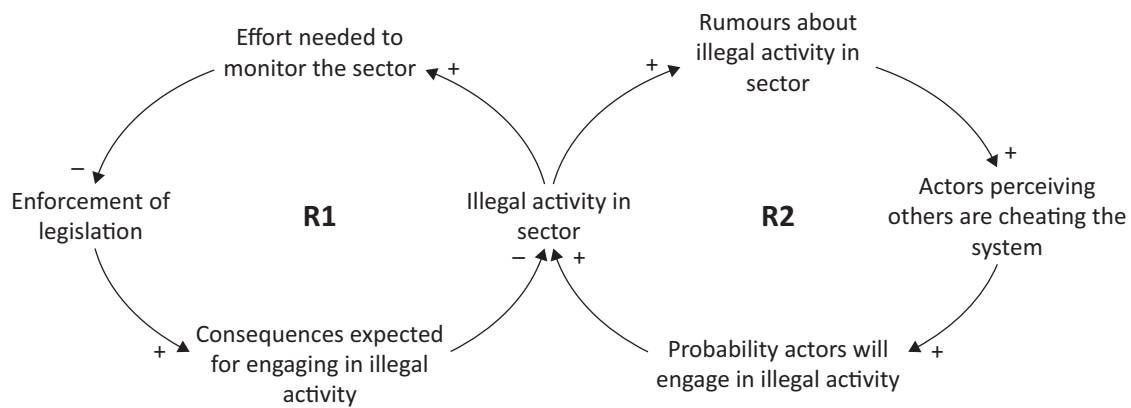


Figure 1. A causal loop diagram representing the two reinforcing vicious cycles that drive illegal activity in the sector.

A causal loop diagram contains either reinforcing (R) or balancing (B) loops. The arrow denotes the nature of the interaction between two variables. If an arrow has a plus sign, it means that an increase in the first variable will lead to an increase for the second variable, or a decrease will lead to a decrease. If it has a minus sign, the change occurs in the opposite direction, an increase will lead to a decrease or vice versa. When the loop contains only plus signs, or the minus signs add up to an even number, the loop is reinforcing; if not, it is balancing (Sterman, 2000).

Two main reinforcing feedback loops increase the risk of corruption in Figure 1, labelled R1 and R2. The loops amplify behaviour, and in this case, the system is trapped in a vicious cycle. Especially if no balancing loops are present to counteract the behaviour, for example through anti-corruption measures aimed at increasing the perceived consequences of engaging in illegal activity. When illegal activity takes place, more effort is needed to monitor the sector. It takes less time and resources to verify that individuals are working according to the law, when they indeed are, than when they engage in illegal activity. When more effort is needed to monitor the sector, enforcement of legislation decreases. When enforcement decreases, individuals expect fewer consequences for engaging in illegal activity, which in return increases illegal activity in the sector. As illegal activity increases, more rumours spread about such illegal activity within the small community of fishermen. Those rumours increase individual's perceptions that others are cheating the system, which will raise the probability of them engaging in illegal activity as well. As highlighted above, this 'why bother' mentality raises the probability of illegal activity taking place, since the perceived benefits might outweigh the costs, especially when accompanied by low expectation of consequences.

4.3. Romania's Institutional Organization

Romania is known for its extensive forests and is one of the main timber producers in Europe. However, alarming

rates of illegal deforestation (Ministry of Environment, Water, and Forest, 2019) have had a considerable impact on the country's ability to ensure sustainable forestry management (Bouriaud & Marzano, 2016). The legislative act on the forestry resource in Romania is the Forest Code which aims to regulate the sustainable management of the forestry resources and provide forest resources for the current and future needs of society (Romanian Government, 2008). All forest is divided into units, that are either privately or publicly owned. Each forest unit needs to be administered by a forest district. The National Forestry Administration, Romsilva, has historically been in charge of the forest districts and operates under the Ministry of Environment, Water, and Forests (Romanian Government, 2009). Forest guards are in charge of monitoring the forests.

4.3.1. Forest Administration

Romsilva, a state-owned enterprise, operates on the basis that it is financially autonomous (National Forestry Authority Act, 2009). It has a dual role, but it is tasked with maximizing profits generated from forestry exploitation, while at the same time being in charge of sustainably administering all publicly owned and national forests in Romania (Romsilva.ro, 2019; Volintiru, Trandafir, Toma, Nutu, & Damian, 2017). After changes were made to the Forest Code in 2008, all forest owners, public and private, were obliged to ensure that their forests were managed according to the law (Niță, 2015). In order to abide by that law, they needed to purchase forest administration services from either Romsilva or a private forest administration service. Those services include a forest management plan, usually valid for 10 years. Among other issues, the plan specifies the harvesting volume that is permitted and which tree species should be grown (Bouriaud & Marzano, 2016). The Romanian public currently holds a poor perception of forest administration since Romsilva has been affected by corruption scandals, resulting in a negative portrayal of their activities in the media (Palaghianu & Dutca, 2017; Volintiru et al., 2017).

4.3.2. Forest Guards

The Forest guards are considered to be public officials as they operate directly under the Ministry of Environment, Water, and Forests. The country is separated into nine different territories, with each territory having a head forest guard in charge of the monitoring operations. Romania is divided into 42 counties, so one forest guard territory includes several counties. In total, there are approximately 600 forest guards employed, in charge of monitoring a forest area encompassing 6,5 million hectares (Institutul National de Statistica, 2018). The role of the forest guards was described in an interview with a current/former individual working in private forest administration as “everything” (personal communication). They are responsible for monitoring the entire harvesting phase, from verifying that management plans are done according to the law to how the timber is transported on public roads. The individual further stated:

The payment method is problematic because you cannot survive with a salary of a forest guard [approx. 400 EUR/month]. You cannot have that salary when you guard a land that is so large and expensive. You are responsible all year and all hours with this kind of salary. The legislation is made like this in order for politicians to have a certain amount of political capital in elections. The forest guard is responsible for everything that gets stolen from the forest while he has 1000 hectares to monitor. (personal communication)

Numerous interviewees voiced concerns over the capacity of the forest guards to perform their role. According to interviewees, salaries of forest guards used to be even smaller and were raised in an effort to combat illegal logging. The rationale was that if forest guards had higher salaries, there would be less incentive for them to engage in corruption and criminal activity. Additionally, a measure was introduced, so that if timber disappeared from the forest and the perpetrators not found, the forest guards would be held personally responsible for the missing timber and have to pay a fine equal to the market value of that timber. Interviewees also raised the issue that forest guards were vulnerable when going into the field to monitor the forests and should, therefore, carry a weapon. Indeed, as analysis of the data was ongoing in 2019, two forest guards in Romania were murdered whilst carrying out their duties (McGrath, 2019). As a result, working as a forest guard can be viewed as a high-risk occupation, and the lower chamber in the Romanian parliament recently approved legislation obliging forest guards to carry a weapon on duty (“Decizie după crima,” 2019).

4.4. Legislation Lacking Legitimacy and Enforcement

The forestry sector faced substantial challenges following the collapse of the communist regime in the country in 1989. A sector that had been state-owned needed

to be repossessed and given back to its former owners and undergo extensive structural change (Palaghianu & Dutca, 2017). In terms of the development of the forestry legislation, it became apparent that the changes made in 1996 resulted in a decrease in forest area due to the lack of penal consequences for those who violated the law (Niță, 2015). Even though legislation has since been amended, the country is still struggling to combat illegal activity in the sector. A majority of the Romanian interviewees brought up legislation in the forestry sector during the interviews. Concerns were raised over how prescriptive and complicated the legislation was, which made it difficult to understand and enforce. A current/former Romsilva employee stated:

Romania used to have, before the change from the communist regime, one of the best administrative forest management systems in Europe. Very prescriptive, very nice. We have very nice forests due to them. But this system is no longer adapted to the nature of the ownership nowadays. So, you cannot enforce it. You will have a level, a high level of illegalities. Because standards of the law are rather high up. (personal communication)

Additional interviewees expressed that in their view, the laws were outdated and unfair. The technical standard specified in the legislation, as well as rules on species composition and sampling density, were perceived as being outdated and imposed, as they needed to be brought up to date with the modern era. An individual with extensive experience in the forestry sector explained that the legal code “is not proper for our time” (personal communication) when discussing the technical standard in the legislation, because forests were growing much faster now due to a warming climate. Moreover, an interviewee currently/formerly employed in the private forest administration expressed the view that “our legislation now starts from the idea that people steal and are corrupt” (personal communication), which made the legislation too prescriptive. The individual believed that the legislation could be simpler if it emphasized the benefits people could get from the sector, rather than solely laying out how people could be deterred from stealing from the forest. Furthermore, forest owners were not satisfied with being obliged to buy forest administration services and the prescriptive legislation did not allow them the freedom to make management decisions about their own forest. They wanted to be free to set their own goals for their forest, which aligns with what Palaghianu and Dutca (2017) found in their work. In Figure 2, we showcase the linkages between the lack of enforcement and the risk of corruption.

As can be seen in Figure 2 loop R1, when there is less enforcement of the legislation, people expect fewer consequences for engaging in illegal activity. The fewer consequences they expect, the more illegal activity will take place in the sector, which means that more effort

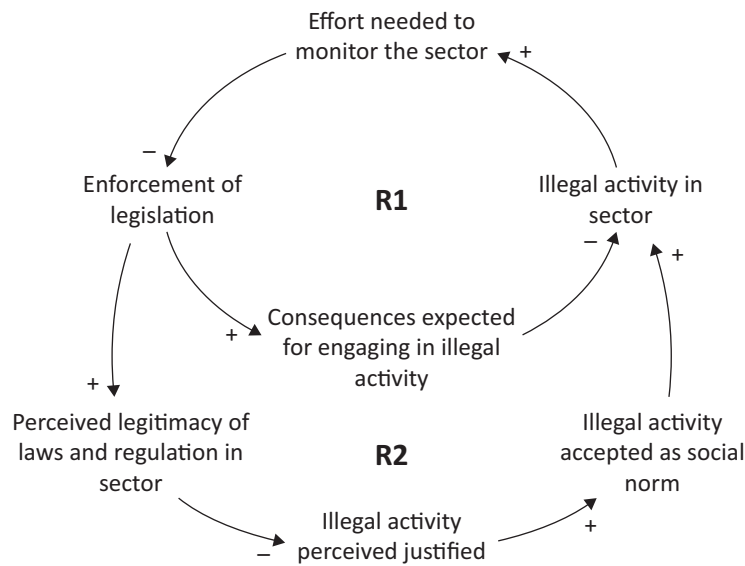


Figure 2. A causal loop diagram representing the two reinforcing loops that undermine enforcement of the forestry legislation.

is needed to monitor it, which again decreases enforcement. Loop R2 demonstrates that when enforcement decreases, the perceived legitimacy of laws and regulation in the sector decreases, which increases the perception that illegal activity is justifiable. When illegal activity is increasingly seen as justifiable, it increases acceptance of illegal activity as being socially normal, which again increases the illegal activity in the sector. When illegal activity increases, so does the effort needed to monitor it. Once more effort is needed for monitoring, the capacity to enforce the legislation goes down which translates into less enforcement.

Even though there seems to be awareness amongst stakeholders that monitoring of the sector is ineffective due to low capacity of public officials, recent measures such as increasing the wages of forest guards does not appear to have resulted in improvements in enforcement, as indicated by data on illegal logging (Ministry of Environment, Water, and Forest, 2019).

4.5. Perceptions of Suspicious Relationships

In both the Iceland and Romania cases, interviewees held perceptions that economically powerful actors in the sectors had the ability to use their financial power to influence the political sphere. Monitoring authorities were weak due to the fact that the line between business and politics was thin. As described by a current/former member of the Icelandic parliament:

It has...given up on being a monitoring system. Like it should be. And instead operates within the boundaries that the interest groups decide. Set them, you know. Of course, they observe and intervene, but, but...certain things they leave out. And they know, that if they go to [name of a big company] and un-

cover wrong weighing [of fish] that then they are just up against someone that is out of their reach. Because fishing company owners are so powerful, they bypass monitoring authorities. Bypass the DoF and just go to the Ministry. Into the political parties. (personal communication)

A similar view was held by a current/former public official who stated that “the big fishing quota owners control what goes into the legislation” (personal communication). A former/current academic further stated: “In my opinion interest groups have too much influence and politicians are their puppets” (personal communication). Similar perceptions were found in Romania, as can be seen in this comment from a current/former journalist:

Regarding the partnership between the industry and Romsilva for example, and the Romanian state. I’ll put it this way: Because in so many cases the corrupt politicians use corrupt businessmen, for their profit or financial profit. Or from the political perspective, in so many cases, the election campaigns, every four years, they were funded with illegal money coming from illegal logging. (personal communication)

A current/former forest owner further explained in an interview “Because every government sees Romsilva as a... cow with milk.” It appears that managing the state-owned enterprise has been seen by many as an opportunity to obtain wealth, since many former directors with strong political ties to the country’s ruling party, Partidul Social Democrat (PSD), have been implicated in corruption scandals (Volintiru et al., 2017). Furthermore, during an interview with an individual with extensive experience having served multiple roles in the sector, the individual stated:

And nobody wants to go to...in the forest to cut, to make some services and contracts with Romsilva. Because everybody knows what's going on. They have some problems. But...why? Because the political management, the political management are allowing illegal cutting. Illegal volumes. Illegal money. They are actually looking for illegal money. That's the problem. (personal communication)

Effective resource management is dependent on rules to be regarded as legitimate and fair by those operating in the sector. When perceptions of suspicious relationships between businesses and politicians are prevalent, it increases the risk of corruption in the value chain as it undermines anti-corruption efforts. It is therefore important that such actions are directed towards fostering collective action, and not solely designed through a principal-agent approach (Mungiu-Pippidi, 2013).

4.6. Corruption Risks in the Value Chains

An overview of the corruption risks identified by respondents is demonstrated in Table 2. There we take the resource value chain from legislation to harvesting, monitoring and revenue management, and point to which corruption risks were identified by interviewees at each step.

In both cases, we see similarities in the corruption risks throughout the value chains, even though the sectors in question are different due to the nature of the resource. However, Iceland and Romania have tackled these risks in different ways.

4.7. Anti-Corruption Policies

Both countries are subject to having their anti-corruption efforts evaluated by GRECO. The main issues in Iceland relate to conflicts of interests, as the management of public affairs is excessively intermingled with private interests. Lobbyism by third parties to influence government work and revolving doors go unregulated (GRECO, 2018a). Romania's progress towards combat-

ting corruption is closely monitored by the EU (European Commission, 2019). Issues and occasions where parliamentarians, judges, and prosecutors have misused their power and functions for personal gain come up regularly and prosecutions of such actions have been ineffective (GRECO, 2018b). Regarding illegal logging specifically, the European Commission sent the country a letter of formal notice urging action in February of 2020 (European Commission, 2020).

4.7.1. Iceland's Efforts to Increase Transparency

The policies Iceland has adopted in order to address corruption risks within the fisheries sector have mainly been based on monitoring and incentives procedures through increased transparency. However, according to Bauhr and Grimes (2017), accountability is not necessarily increased by transparency, as access to information does not guarantee answerability and sanctioning, and more research is needed to understand the conditions under which increasing transparency will reduce corruption risks.

According to Suuronen and Gilman (2019), at-sea observer programs are the most effective monitoring schemes available today, but with recent technological advances, remote electronic monitoring has become increasingly feasible. Remote electronic monitoring does have limitations, but complimenting it with human observers could increase transparency in fisheries management (Ewell, Hocevar, Mitchell, Snowden, & Jacquet, 2020). Interviewees expressed satisfaction with the GPS tracking system, whereas according to a current/former academic:

Any activities out at sea, so if they are illegally fishing somewhere, that is actually really well known because they have GPS. And if they are getting close to an area they shouldn't be fishing, there is real-time monitoring of that. (personal communication)

Transparency in fish pricing and catch numbers was brought up in interviews, as those numbers were eas-

Table 2. Corruption risks identified within the sectors.

Romania	Resource value chain	Iceland
Legislation too complicated and outdated	Legislation/regulations	Legislation lacking enforcement mechanisms
Underestimations in forest management plans	Harvesting operations	Underestimations of fish weight
Illegal logging		Discarding and high grading
Forest guards do not have capacity to monitor the area they are assigned	Monitoring of operations	DoF does not have capacity to perform their legal duties
Revenues generated in sector used to gain political influence	Revenue management	Revenues generated in sector used to gain political influence

Source: The analytic framework is adapted from Alba (2009).

ily accessible online. However, concerns also harmonized with observations from the INAO (2018) report, that even though catch numbers were available, the identified corruption risks related to the weighing of catch and discard levels put those numbers under scrutiny. A current/former public official, for example, stated that “nobody knows how much of the resource is being exploited” (personal communication). The INAO (2018) recommended that the sector should take up electronic monitoring by installing cameras on board as well as introduce whistleblowing protection measures for fishermen coming forward with accusations of discarding. Those measures aim to reduce corruption risks in the harvesting operations and monitoring parts of the value chain.

4.7.2. Romania’s Application *Inspectorul Padurii* (Forest Inspector)

According to Meehan and Tacconi (2017), the most compelling reduction in deforestation is brought about by efforts to reduce the risk of corruption throughout all stages of forest management. Anti-corruption resolutions through rule-changing interventions are less common than those focusing on incentives and monitoring programmes and include the use of technology to bypass bureaucratic procedures, as in the Romanian case (Hanna et al., 2011). Once asked about what had been done to increase trust in the sector, most interviewees mentioned an application set up by the government which ordinary citizens could download to their mobile phones. Using the application, they could take pictures of licence plates of trucks carrying logs, which could inform them whether that truck was authorized to be driving on that particular road at that time. A current/former academic stated:

Of course when you are more open and...you are, you show what you are doing you get more trust. For example, the authorities doing this system that everybody can check the illegal logging, you know, you get more trust of this...of this ministry or politicians and so on. (personal communication)

It was seen as a good public policy instrument that the general public could use to report on suspected illegal activity. However, amongst the interviewees, there seemed to be confusion whether the application had been discontinued or not. An individual currently/formerly working for an NGO in Romania stated: “I just know that people were angry that they had this opportunity to actually send official information to the authorities and then it was just, it was just scrapped” (personal communication). The same individual expressed fears that the level of reporting of illegal logging was down “because if people see that the state doesn’t even want to know, then why should you report it?” (personal communication). A majority of interviewees were under

the impression that the app had been discontinued for political reasons. However, according to a media interview with the CEO of the IT company that developed the app, it is still functional, but it needed improvements and updates which the company developed and made ready for release in 2017. The PSD government, however, blocked the update (Savaliuc, 2020).

5. Discussion

In both of the cases in question, comprehensive legislation regarding resource management had been put in place. However, a lack of enforcement meant that the monitoring authorities were perceived of as weak and illegal activity was believed to go largely unpunished. When monitoring authorities in both countries failed to comply with their role due to lack of capacity or resources, those operating in the sector become aware, which influences how anti-corruption policy measures play out. The resource governance systems can become stuck in a vicious cycle, as described and discussed for both fisheries in Iceland and forestry in Romania. Less capacity to enforce legislation leads to the perception that the consequences of illegal activity are minor, which can further amplify illegal activity in the sectors. Additionally, results indicate that more resources are being taken than reported through underestimations in forest management plans and under-reporting of fish weights. In such instances, the countries are missing out on royalties and tax revenues.

The underlying assumption going into the case studies was that less corrupt countries were better able to address corruption risks in their resource value chains. Similar risks were identified in both resource sectors but the countries have opted for different anti-corruption mechanisms to limit them. Even though Romania does have more serious challenges when it comes to fighting corruption, it was unexpected to find that in both cases, anti-corruption measures were being undermined by the perceptions of there being suspicious relationships between public power and private interests. This highlights that international indexes ranking countries’ perceived corruption levels, such as the Corruption Perceptions Index, are not well suited to inform policymakers on the need for anti-corruption measures in specific sectors or contexts.

These findings suggest that when there is a prevalent perception that governments have allowed monitoring institutions to become weak, due to lack of political will, it increases corruption risk in the resource sector, which impedes sustainable management of natural resources. Addressing these risks through a framework that sees the collective action approach and the principal-agent approach as complementary would be beneficial since elements of both have been identified in this context. Furthermore, results from this study indicate that when anti-corruption policies are not accompanied by sufficient enforcement and political will, the

probability of their success is reduced, which agrees with the findings of a recent report on corruption within the fisheries sector by the United Nations Office on Drugs and Crime (2019).

Vulnerabilities in Iceland due to conflicts of interests and instances of misuse of power for personal gain in Romania, as brought up by GRECO, appear to have wider relevance. The implications being that weaknesses in national anti-corruption policies can translate into inadequate corruption reduction measures in specific sectors, which this study has shown is the case in countries with both high and low levels of corruption. Questions that arose during the research process related to how sufficient political will could be generated for strengthening national anti-corruption policies, and how governments could convince the public of their merits as well as their policies, given that perceptions are not easily changed. Based on this work, we recommend that policy measures should aim to build the institutional capacity needed to enforce the comprehensive legal frameworks already in place, which would show the public that there really was a political will to tackle such issues.

6. Conclusion

In this study, we demonstrate mechanisms by which corruption risks are generated throughout resource value chains. Vicious cycles were identified in both cases, where less capacity to enforce the legislation leads to the perception that the consequences of illegal activity were minor. That further amplified illegal activity in the sectors, resulting in more effort being needed for monitoring, and subsequently, less capacity of authorities to enforce the legislation. A widespread perception was also found among interviewees of there being a suspicious relationship between politics and big companies licensed by the authorities to harvest and process natural resources. That perception seemed to be shaped by the inability of monitoring authorities to carry out their role. The processes we have described weaken anti-corruption efforts in the sectors and impede sustainable resource management since it can lead to more of the resources being exploited than officially reported. Even though our results point to mechanisms that increase the risk of corruption by undermining enforcement of legislation, we propose that our findings could be strengthened if the analysis were applied to further cases.

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Conflict of Interests

The authors declare no conflict of interests.

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