Corruption experts have reached a consensus: first, corruption has a considerably harmful impact on economic growth, and secondly, democracy is essential for combating this corruption (Doig & Theobald 2000). Democracy is important because it inherently reduces corruption practices as the “freedom of information and association characteristic of democracies helps monitoring of public officials, thereby limiting their opportunities for corrupt behavior” (Montinola & Jackman 2002: 151). In addition, because of the government turnover attribute, politicians in democracies are unable to make promises that will continue for the indefinite future, minimizing bribing incentives and credibility (Rose-Ackerman 1999).

LAPOP studies have usually employed the corruption victimization index. In this paper, conversely, we analyze one of the components of that index, namely municipal corruption victimization. In addition, scholars have shown that both democracy and high levels of

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* The Insights Series is co-edited by Professors Mitchell A. Seligson and Elizabeth Zechmeister with administrative, technical, and intellectual support from the LAPOP group at Vanderbilt.

1 Prior issues in the Insights series can be found at:
http://www.vanderbilt.edu/latop/studiesandpublications.

The data on which they are based can be found at
http://www.vanderbilt.edu/latop/datasets

2 Funding for the 2008 round mainly came from the United States Agency for International Development (USAID). Important sources of support were also the Inter-American Development Bank (IADB), the United Nations Development Program (UNDP), the Center for the Americas (CFA), and Vanderbilt University.

3 This index has been constantly improved since its first administration in 1996. For a more detailed discussion of this index see Seligson (2006).
development matter for corruption mitigation as both are theoretically and empirically intertwined. In order to keep this report brief and gain a deeper understanding of what is the impact of some national level characteristics on this type of corruption, in here, we examine specifically the effect of democracy.

This survey involved face-to-face interviews conducted in 22 nations in Latin America and the Caribbean, and a web survey in the United States (this question was not asked in Canada). A total of 36,021 probabilistically selected respondents were asked the following question:

**EXC11.** During the past year did you have any official dealings in the municipality/local government? [If “yes”), during the past year, to process any kind of document (like a license, for example), did you have to pay any money above that which is required by law?

Due to the fact that this question asks first if the respondent did any official dealings in the local government during the last year, the sample was reduced to 8928. Only if the response was affirmative did the interviewer continue with the following section of this question. For that reason, the analysis carried out in this paper focuses mainly on the subset of individuals who responded “yes” to this question and percentages reported here represent that subset of individuals, not the sample as a whole.

Figure 1 shows the percentages of people asked to pay a bribe to process documents of any kind by the local government. More specifically, a wide range of municipal corruption victimization occurs across countries. Haiti and Belize are countries that emerge with significantly higher percentages, 38.6% and 33% respectively, of people having been victimized by the local government. At the other extreme, Uruguay (2.3%), Colombia (4%), and El Salvador (4.1%) demonstrate a very low percentage of people having been victimized by local corruption.

How much of the variation of municipal corruption victimization is explained by the socio-economic and demographic characteristics of the populations of these countries? To simplify the answer to this question, the United States was removed from the sample in order to avoid any statistical biases given that this case has an exceedingly high level of socio-economic development compared to the other countries and may drive the results of the analysis.

**Figure 2.**
Percentage of People Victimized by Municipal Corruption during the past year Taking into Account Individual Characteristics in the Americas, 2008.

Figure 2 shows similar results as the previous figure after controlling for gender, age, education, wealth, and size of city/town. The percentages of people being victimized by municipal corruption across the Americas vary only by a few percentages higher or lower from
the uncontrolled results. Haiti (40.6%) and Belize (32.7%) continue to experience the highest percentages of corruption victimization by local governments, whereas Colombia, El Salvador and Uruguay show the lowest percentages with 3.6, 3.4, and 1.4 percent respectively.

Do Contextual Factors Matter?

Given the previously stated theoretical connection between democracy and corruption, we test whether the level of democracy in the country is related to our municipal corruption victimization question. In a multi-level analysis we find that in addition to individual-level characteristics, the level of democracy indeed matters for municipal corruption across the Americas. Figure 3 shows the effects of both individual-level characteristics and the level of democracy, measured by the freedom house index 2007, on the probability of being asked a bribe by the municipality or local government (among the subset of respondents who indicated that they had official dealings with that government). Each variable included in the analysis is listed on the vertical (y) axis. The impact of each of those variables on experience with local government corruption is shown graphically by a dot, which if located to the right of the vertical “0” line indicates a positive effect, and if to the left of the “0” line a negative effect. If the effects are statistically significant, they are shown by confidence interval lines stretching to the left and right of each dot that do not overlap the vertical “0” line (at .05 or better). If they overlap the vertical line, the effects are statistically insignificant. The relative strength of each variable is indicated by standardized coefficients.

Figure 3 shows that individual characteristics as well as the level of democracy matter in determining the likelihood of citizens being victimized by the municipality or local government. Individuals who live in metropolitan areas and larger cities are more likely to be victims of municipal corruption. This finding is not surprising as people in urban areas are more likely to process documents and carry out transactions than those in rural areas, consequently increasing their chances of becoming victims of corruption. On the other hand, females and older people are less likely to be victims of municipal corruption. When comparing these results to those of previous reports in this series related to corruption victimization by the police and public officials, citizens with these similar characteristics are more likely to be victims. One difference, however, is that older individuals are less likely to be victims of corruption by the police and by the local government, whereas in the case of corruption by a public employee, age has no clear relationship.

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4 Freedom House Index 2007 is a composite measure of a country’s level of democracy. It includes two measures of democracy: political rights and civil liberties. Both measures contain numerical ratings between 1 and 7 for each country with 1 indicating the “most free” and 7 the “least free.” In this short report, both measures were inverted and combined into an index with lower values indicating “less free” and higher “more free.”
Returning now to national-level characteristics, we find that the level of democracy, measured by the Freedom House Index 2007 (scored so that a higher number indicated greater democracy), decreases the probability of corruption victimization by the municipality or local government. In other words, individuals who live in democracies that are more consolidated are significantly less likely to be victimized by corruption compared to those who live in less free societies. The significance of the national context is underscored in more detail in Figure 4. The lower the level of democracy, the more likely our analysis predicts that the average citizen is to become a victim of municipal corruption. For instance, Haiti is the country that shows by far the highest probability of corruption victimization by a municipality or local government and is the country with the lowest level of democracy.5 Interestingly enough, Haiti, a country where corruption is endemic and continues to harm Haiti’s political and economic development, scores similarly low on other national level characteristics, such as economic development measured by GDP and socio-economic development measured by the Human Development Index. In previous reports on corruption in this series, Haiti consistently suffered from the highest corruption victimization by the police and by a public employee, factors that were associated with lower economic and socio-economic development compared to the other countries in the sample. According to Transparency International’s Corruption Perceptions Index, Haiti was ranked 177 out of 180 countries in terms of that organizations corruption perception index.6 At the other extreme, Uruguay, Chile, and Costa Rica exhibit the lowest probability of municipal corruption victimization and are also the most consolidated democracies in the region.

Figure 4.
The Impact of Democracy on Municipal Corruption Victimization in Latin America and the Caribbean, 2008

For instance, Uruguay, Chile, and Costa Rica are considered “free” by the Freedom House organization with scores of 1 in both political rights and civil liberties, indicating the highest level on these indicators. As previously indicated, in this report these values were recoded, combined, and inverted so that higher values indicate higher levels of democracy. Taking all these results together, our analyses suggest that if a citizen from Haiti or Venezuela with a given set of socio-economic characteristics were to move to Uruguay, Chile, or Costa Rica, ceteris paribus, and none of his/her individual characteristics were to change, the probability of this person being asked a bribe by

5 According to Freedom House, Haiti, a country of around 9 million inhabitants is considered partly free with a score of 4 in political rights and 5 in civil liberties, which denotes less political rights and civil liberties. It is worth noting that in this report we recoded these values, combined them, and inverted them, so that lower values indicate “less free” and higher values “more free.” For more information, see www.freedomhouse.org
6 www.transparency.org

7 The point estimate differences between countries in Figure 2 and 4 are explained partly by the fact that Figure 2 controls for individual level characteristics while Figure 4 takes into account the level of democracy measured by the Freedom House Index (inverted), a national level characteristic.
a municipality or local government would be at least 15 percentage points lower than if this individual were to remain in Haiti or Venezuela.

Programs and Policy Implications

Corruption is one of the most serious and ubiquitous problems in emerging democracies, not only because of its recognized harmful effects on economic growth, but also because it erodes belief in the legitimacy of the political system (Seligson 2002). However, scholars have reached a consensus that democracy is essential for combating corruption (Doig & Theobald 2000). In this short paper, we indeed found just that; democracy is an important factor that explains lower municipal corruption.

Individuals living in more consolidated democracies are less likely to be victims of corruption, whereas the probability is remarkably higher for the average citizen in less free countries. For instance, when examining carefully each of the indicators of Freedom House Index: political rights and civil liberties, more consolidated democracies, such as Uruguay, Chile, and Costa Rica score continually higher on these indicators compared to less free countries, such as Haiti and Venezuela. In addition, we found that individuals' characteristics explain their propensity to be victims of municipal corruption. Those who are younger, residing in urban areas and males, are more likely to be victims of municipal corruption; perhaps as such individuals are more likely to require municipal services than do older people, those residing in rural areas and females, being more exposed to instances of municipal corruption.

As we mentioned at the beginning of this report, democracy is important for corruption mitigation as democracy's attributes of freedom of information and association facilitates the monitoring of public officials by the public, by advocacy and interest groups, and by other political elites. In this case, a greater level of freedom of information likely increases monitoring of public officials at the local level. Similarly, democracy's government turnover characteristics reduce the credibility with which politicians can make promises that will continue in the future. Municipalities' authorities in democracies are also constrained in their ability to carry out acts of corruption as they know that they can and probably will be removed from power. Therefore, we conclude that political competition at different levels of government is essential for combating corruption (Hiskey 1999).

In that sense, anti-corruption programs are likely to be most successful when governments in collaboration with the international community aim at encouraging political competition through participation and freedom of information within democratic contexts that are otherwise weak and lacking such qualities. Conceivably, one example of such efforts would be to increase support for “Transparency International's public education and information role in publicizing individual countries' track records on corruption” (Kaufmann 1997: 130). In addition, democracy programs should focus on educating the citizenry as to deepen their understanding of democracy's virtues, one of which is its significant negative effect on corruption. Presumably such knowledge will motivate and train individuals to monitor public officials in this regard. In conclusion, anti-corruption and democracy programs need to address more effectively freedom of information and ensure the protection of political rights and civil liberties to reduce corruption activity.

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