

# *The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries*

Mitchell A. Seligson  
University of Pittsburgh

Economists have long warned about the pernicious impacts of corruption, arguing that it increases transaction costs, reduces investment incentives, and ultimately results in reduced economic growth. Political scientists, on the other hand, ever the realists, have had a much more ambivalent view of the problem. Indeed, much classic literature focusing on the Third World saw corruption as functional for political development, enabling citizens to overcome intransigent, inefficient bureaucracies while increasing loyalty to the political system. More recent research, however, points in the opposite direction toward an erosion of public support for corrupt regimes. A series of serious methodological problems has prevented the testing of these contradictory assertions about the impact of corruption. This article uses national sample survey data, with a total N of over 9,000, from four Latin American countries to test the effect of corruption experiences on belief in the legitimacy of the political system. It finds that independent of socioeconomic, demographic, and partisan identification, exposure to corruption erodes belief in the political system and reduces interpersonal trust. The evidence seems clear, at least for these four countries, that corruption carries with it important political costs.

Corruption provides immediate, specific, and concrete benefits to groups which might otherwise be thoroughly alienated from society. Corruption may thus be functional to the maintenance of a political system in the same way that reform is.

Samuel P. Huntington (1968, 64)

**C**orruption, for many years a topic of limited interest in the academic and policy worlds, has recently received greater attention.<sup>1</sup> Most analysts believe that the ending of the Cold War has been responsible for this shift.<sup>2</sup> The argu-

I thank Sergio Diaz-Briquets for helping to initiate this project and to Andrew Stien and Orlando Pérez for their work on pretesting the corruption battery. Jim Morris and Ken Coleman made very helpful comments on an earlier version of this manuscript.

<sup>1</sup>Definitions of corruption are many and varied, but the most commonly accepted one, and the one used in this article, is "abuse of public office for private gain." For an excellent review of the concept of corruption, see Williams (1999a).

<sup>2</sup>This argument is made forcefully by Williams (1999b) in his introduction to a special issue on corruption in the *Third World Quarterly*.

ment is that during the Cold War, the United States and its allies tolerated corrupt (often hyper-corrupt) regimes in the Third World, so long as those regimes took their side in the struggle against communism. Indeed, even prior to the Cold War, alliance politics overrode concerns about corruption, a policy Franklin Delano Roosevelt crystallized in his famous remark about the Somoza dictatorship in Nicaragua: "He's a son-of-a-bitch, but he's *our* son-of-a-bitch." With the Cold War over, however, trade, neoliberal reforms, and anti-narcotics efforts dominate U.S. interests abroad. Along with the expansion of trade and economic reforms, however, have come unprecedented opportunities for corruption. Trade and neoliberal privatization schemes can favor those who pay the biggest bribes, hampering U.S. companies that are formally prohibited from doing so. And the spread of narcotics traffic threatens to deepen the corruption of the police and judicial institutions of many nations.

Economists have long warned of the pernicious impacts of corruption, arguing that it increases transaction costs, reduces investment incentives, and ultimately results in reduced economic growth. Political scientists, even the realists, have taken a much more ambivalent view of the problem. The early tradition in political science was dominated by the functionalist school. The case that Huntington made in the epigraph quoted above represents a considerable body of writing by political scientists and sociologists that views corruption in functionalist terms, especially in the developing world. More recently, however, now that democracies have emerged widely in the Third World, corruption has begun to be viewed quite differently, and it is seen as a threat to consolidation of those regimes.

Economists have gathered some strong evidence on the negative impact of corruption on investment and growth in developing nations, and this article does not challenge that evidence. Political scientists, however, have been far more anecdotal in their claims regarding the costs or benefits of corruption in those nations. It is argued here that the apparently Janus-faced nature of corruption may be illusory. Corruption may not only be bad for the economy, it may be bad for the polity as well. This article first briefly reviews the literature, then tests the competing claims of the political effects of corruption, using survey data from four Latin American countries that rank high on international indices of corruption.

## Review of the Literature

### *Corruption as Economic Evil*

Most economists who have studied corruption argue that it reduces investment and slows growth.<sup>3</sup> It does so for a variety of reasons. First, bribes are normally not reported by either party to the transaction, thus denying the treat-

<sup>3</sup>One exception is Leff (1964).

sury needed tax revenues. This tax loss is compounded because the bribe often serves to circumvent the reporting of normal business transactions that otherwise would have produced tax consequences (e.g., construction permits, ad valorem taxes, sales taxes, and import and export taxes). Second, public services are focused toward assisting those who pay bribes, denying those services to those who do not, thereby resulting in uneven and often inferior services to many. Third, bribes enable service providers (e.g., contractors for public infrastructure projects) to ignore established standards and offer substandard goods or services from which the economy suffers (e.g., roads that deteriorate rapidly and hospitals that provide inferior treatment). Fourth, corruption weakens the rule of law and as a result makes transactions irrational from an economic point of view (e.g., contracts are not awarded to the highest quality, lowest cost bidder but to the firm that pays the highest bribe).

In a large-scale study of more than 100 countries over the period 1982–1995, Mauro (1997b) found that when corruption increases by two points on a ten-point scale, GDP decreases by 0.5% and investment decreases by 4%. Furthermore, public investment suffers: expenditures on education decline by 0.5% for each two-point increase in corruption.<sup>4</sup> In a recent study, it was shown that if a high-corruption country like Bangladesh had reduced corruption to a moderate level, its GNP during the period 1990–1997 would have increased by 18% (Rahman, Kisunko, and Kapoor 2000, 11). The World Bank (1997, 102–104) also found, using a cross-national design, that among countries in which bribery was both high and unpredictable, the rate of investment was nearly half of what it was in low-corruption countries. Corruption was also found to increase income inequality, according to Gupta, Davoodi, and Alonso-Terme (1998), and it severely decreases income growth for the poor. Other studies come to virtually identical conclusions (Ades and Di Tella 1996; Fisman and Svensson 2000; Mauro 1995; Mauro 1997a). Yet another cross-national study, based on 69 countries, found that high levels of corruption encourage businesses to go underground, which denies the government tax revenue and produces smaller, less effective government (Friedman, Johnson, Kaufman, and Zoido-Lobaton 2000). In short, there is a strong consensus, based on considerable empirical evidence, that corruption has negative economic consequences.<sup>5</sup> So widespread is the confidence in these findings that international lending agencies have embarked upon major efforts to reduce corruption, conditioning many of their loans on formal, widespread efforts to clean it up.<sup>6</sup>

<sup>4</sup>This argument is further elaborated by Tanzi and Davoodi (1998).

<sup>5</sup>For a different view see Beck and Mahr (1986) and Lien (1986).

<sup>6</sup>In the 1996 annual meeting of the World Bank/International Monetary Fund, the president of the World Bank, James Wolfensohn, pledged the resources of the Bank to fight the “cancer of corruption.” In June 1997, the Organization of American States approved the Inter-American Convention Against Corruption, ratified by the U.S. Senate in August 2000. In December 1997, the OECD along with representatives from emerging democracies signed the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In November 1998,

### *Corruption as Political Good or Political Evil?*

If economists largely view corruption as “sand” in the gears of the economy, political scientists, drawing on the classic work of Robert Merton (1957), for many years largely viewed it as the “grease” that gets the bureaucracy moving in many developing countries, and in so doing increases the loyalty of its citizens. V. O. Key, one of the leaders in the early systematic study of politics, viewed corruption as necessary for politics itself. As he argued in his classic work on Southern politics,

Quite apart from the levity with which corrupt-practices acts are regarded, literal adherence to some of the state laws would make a state-wide campaign almost impossible. . . . The chances are about 99 to 1 that not a single serious race for state-wide office in any southern state (or any other state) during the past 20 years has been unaccompanied by perjury, morally if not legally, by the candidate or his managers in reports of campaign receipts or expenditures. (Key 1949, 481)

Key’s work was followed by early studies in the developing world that saw positive political benefits to corruption (Abueva Veloso 1966; Bayley 1967; Nye 1967). But the classic statement is that of Huntington, who stood the economists’ perspective on its head: if the goal is to achieve stable political development, corruption is a necessary evil. As Huntington (1968, 69) argued: “the only thing worse than a society with a rigid, over centralized, dishonest bureaucracy is one with a rigid, over centralized honest bureaucracy.” Huntington was not alone in his view about the positive benefits of corruption. Other major studies followed (Waterbury 1973; Waterbury 1976). In a classic collection of essays, Heidenheimer and his colleagues included many pieces that sang the praises of corruption (Heidenheimer, Johnston, and LeVine 1989). For example, in a study that looks at Africa, one author asks, “What is the problem about corruption?” and answers by saying, “It is natural but wrong to assume that the results of corruption are always both bad and important” (Leys 1989, 57). Corruption is seen by these authors as serving the function of binding society together, something that is sorely needed in most developing nations. As Leys puts it, “The greater the corruption, the greater the harmony between corruptor and corruptee” (Leys 1989, 54).

This argument was made even more forcefully by a study of corruption in France. Becquart-Leclercq states it clearly:

---

the Council of Europe, including Central and Eastern European countries, adopted the Criminal Law Convention on Corruption. In February 1999, the Global Coalition for Africa adopted Principles to Combat Corruption in African Countries. Increasingly, manuals are being written to guide the implementation of anticorruption measures. For an overview see the June 2000 issue of *Finance and Development*, and the January 1998 issue of *Governance*. For detailed guides see, for example, Klitgaard, MacLean-Abaroa, and Parris (2000), Pope (1996), and World Bank Institute (1999).

Corruption functions like grease in the gears; it has an important redistributive effect, it is a functional substitute for direct participation in power, it constitutes the cement between elites and parties, and it affects the effectiveness with which power is exercised. (1989, 192)

Moreover, corruption is especially beneficial in nations with authoritarian traditions since “corruption guarantees certain zones of freedom and of free movement in the face of the totalitarian tendencies inherent in states and political parties. . . . Political corruption has another important function, to redistribute public resources by parallel means accessible to groups that would otherwise be excluded” (Becquart-Leclercq 1989, 193). In the Israeli case, Werner argues that corruption has helped integrate immigrant groups into the larger culture and also improves the quality of the bureaucracy by providing “supplemental income” that helps counteract the attractiveness of higher paid private-sector employment (Werner 1989, 251).

Another long-standing tradition in political science has focused on the darker side of corruption, with special attention to the pernicious effects of clientelism and cronyism. The classic works are those of Banfield (1958) in southern Italy, Etzioni-Halevy (1985), and Johnston (1979). In these works, clientelism and related corruption (in the form of vote-buying and bribery) are seen as increasing trust between patron and client and as decreasing trust for the political system, which is viewed as being at the service of the highest bidder.

The most recent literature is heavily influenced by the spread of democracy in the Third World, and it takes strong issue with the benign view of corruption articulated by many political scientists in the past (Rose-Ackerman 1999). While corruption may have had its positive functions under dictatorships, it is seen as being dysfunctional under democracy, especially as regards confidence in the political system. For example, in a summary of the findings of papers gathered in a recent volume, the editors conclude that “countries in which petty corruption is pervasive must . . . endure disablingly low levels of trust in public institutions, with all the extremely negative consequences for commitment to collective projects, civic behavior, levels of crime and public order” (Doig and Theobald 2000, 6). Readers of the Doig and Theobald volume who are seeking empirical confirmation of their findings will be disappointed, however. The collection of studies, which covers Uganda, Hong Kong, Botswana and Australia, is almost entirely descriptive, with little data and no statistical tests offered. Moreover, an extensive review of the literature worldwide through the mid-1990s uncovered virtually no empirical support for the claims (Doig and McIvor 1999).<sup>7</sup>

<sup>7</sup>One very recent partial exception is a new study by Lipset and one of his students (Lipset and Salman Lenz 2000). The study is not focused directly on Huntington’s emphasis on legitimacy but rather on a related issue, namely, the impact of corruption on democracy, utilizing a large cross-national data set that incorporates a measure of democracy and a measure of corruption. Their data on corruption come from the Corruption Perception Index for 1998 compiled by Transparency International, and their measure of democracy is the Freedom House Index, averaged over the period 1972–1998. They find that although a strong bivariate relationship emerges, when controls

It is only in the last few years that limited empirical evidence has emerged that supports the view that corruption leads to lowered legitimacy. Della Porta (2000, p. 205) hypothesizes that corruption is both a cause and an effect of poor government performance, “thus reducing trust in the government’s capacity to address citizens’ demands. . . . Lack of confidence in government actually favors corruption insofar as it transforms citizens into clients and bribers who look for private protection to gain access to decision-makers.” The evidence uses the Transparency International Perception Corruption Index and the Eurobarometer to obtain evidence on confidence in government. The results, focused on France, Germany, and Italy for the period 1976–1995, support the hypothesis. Indeed, looking at all of the Eurobarometer cases as a group, the author finds an association between high levels of corruption and low satisfaction with democracy.

In a related paper focused on Japan, Pharr (2000, 173) demonstrates that “in Japan, at least, officials’ misconduct has been by far the single best predictor at any given point in time of citizen confidence in government over the past two decades.” Pharr notes that this finding corresponds to that of Page and Shapiro (1992, 337–38), who found that in the U.S. public corruption (especially Watergate) brought about an abrupt and lasting change in public opinion. Several sources of data are used, but the main conclusions are based on a time-series regression that demonstrates that the number of articles on corruption in the main newspaper in Tokyo is the best predictor over time of dissatisfaction with politics.

In the Latin American region, Morris (1991) carried out an extensive study of the causes and consequences of corruption in Mexico, which ranked 58<sup>th</sup> on the Transparency International survey for 1999. Morris concludes that the positive role of corruption is limited to elites, who both pay and receive bribes as a regular way of conducting their affairs. When it comes to the mass public, however, he uses survey data to test the corruption/legitimacy linkage. The survey, a non-random sample of about 700 respondents in three Mexican cities, did not ask about experience with corruption, but only about the perception of the extent to which corruption is necessary to deal with the bureaucracy. The findings show a strong relationship between this perception and low trust in

---

for GNP per capita and other (unspecified) variables are introduced, the relationship becomes insignificant. These findings, while not speaking to the corruption/legitimacy nexus, do weaken support for the impact of corruption on the political system, because at least since the time of Huntington’s observations on the functionality of corruption it has been repeatedly found that developing countries have higher levels of corruption than advanced industrial countries. Therefore, the failure of the relationship between trust and democracy to survive the introduction of a control for GNP greatly weakens our confidence in their conclusion that democracy is inversely associated with corruption. That study, therefore, not only does not test the relationship between corruption and legitimacy, its own assertions that the study “broadly confirms” the linkage is refuted by the multivariate analysis (Lipset and Salman Lenz 2000, 122).

government, which is another (limited) way of defining legitimacy. Since the perception that bribes are needed may in fact be a function of the low evaluation of government in the first place, however, we cannot be sure if corruption itself is responsible for the decline in trust in government. A more recent study on corruption and system support, conducted in Chile, Costa Rica, and Mexico, also examines perception of corruption rather than experience with it (Camp, Coleman, and Davis 2000). Shin (1999, 208–14) has studied corruption for the South Korean case but has focused on citizen perception of the corruption/honesty of public officials, rather than personal experience with corrupt practices.

### Research Design: Correcting for Limitations of Prior Work

Does corruption erode support for the legitimacy of government, or does it help bind citizen and state together, as Huntington argued in his classic work? The review of the literature shows views on this subject differ widely. Those who have made the strongest case that corruption performs a beneficial function have done so based on studies that have been almost entirely anecdotal and/or theoretical. On the other hand, those who have made the case that corruption has a pernicious effect on belief in the legitimacy of political institutions either have provided no evidence supporting the claim or have given evidence that is flawed and indirect. Let us review these problems in the prior research.

### *The Independent Variable: Prior Efforts at Measuring Corruption*

It is not surprising that until recently corruption research has been largely descriptive rather than empirical. The problem researchers have confronted when studying corruption is that given its *sub rosa* nature, it is inherently an extremely difficult phenomenon to measure. Over the years, different approaches have been taken to solve this problem, each with their own limitations.

Early efforts were based on the criminology approach that used official police and court records: one could simply count the number of arrests and convictions for corruption in a given country. The main difficulty with such an approach, of course, is the spuriousness of the measure: the more vigilant the authorities, the more arrests and convictions—completely independent of the corruption rate itself. Thus, in highly corrupt countries there may be virtually no enforcement, while in “squeaky clean” countries there may be frequent arrests and convictions for even minor infractions. For the most part, this approach has been abandoned.

In order to overcome the measurement problem inherent in using official records, two newer approaches have been taken, each with their own limitations, however. The first (previously cited) is that carried out by Transparency International (TI) with its annual Corruption Perception Index (CPI). TI is an

international coalition that promotes integrity in government worldwide. The TI effort has expanded over the years, embracing more countries and a wider range of data sources, including perceptions of nationals and expatriates. In recent years, multiple measures and multi-year averages have been used, thus increasing the reliability of the measure.<sup>8</sup> The CPI remains the most widely used measure of corruption in use today, akin to the Freedom House measure of democracy. Most economists rely upon it when they examine the impact of corruption on growth and investment, and it is no doubt the best overall indicator of national levels of corruption worldwide. For the purposes of this paper, however, the CPI does not allow us to make a direct link between acts of corruption and legitimacy, because it is grounded, as its title states, in the *perception* of corruption rather than the fact of it. Moreover, the CPI provides only a national aggregate measure, not a measure at the level of the individual. Using data at the national level would confront very serious ecological fallacy problems, ones not overcome by the solution recommended by King (1997) because of the small number, large size, and heterogeneity of the national units.<sup>9</sup> Thus, the CPI does not help us test the corruption/legitimacy linkage.

The second recent approach, designed to go beyond perception and to get more directly at experience with corrupt practices, is the World Bank's Private Sector Survey.<sup>10</sup> This survey was carried out in 1996 and 1997 in 69 countries by sending questionnaires to 3,685 firms in selected countries. While helpful in many ways, the study still confronts a number of serious problems. First, the response rate was about 30%, leaving open the possibility that selection bias may have resulted in a tendency for more honest firms to have responded in the more corrupt countries whereas in less corrupt countries a wider cross-section may have responded. A further problem with the World Bank approach is that among the firms that did respond, the more corrupt ones certainly had more to hide than the less corrupt ones, resulting in a potentially serious underreporting of corruption among the more corrupt firms. But perhaps the biggest problem with the World Bank approach is that the database is made up entirely of private sector firms, and therefore there is no direct evidence on public sector corruption. It is the integrity of the public sector that has been of most direct concern to policy makers and anti-corruption reformers alike. Indeed, the World Bank's own analysis of the pernicious effects of corruption focuses on the public sector, even though its data have come from the private sector.<sup>11</sup>

Another even more recent approach to the measurement of corruption moves in an entirely different direction and runs into a new set of problems. The study

<sup>8</sup>These efforts are explained in detail in the TI Web site. The specific document that presents the methodological issues is: [www.transparency.de/documents/cpi/cpi\\_framework.html](http://www.transparency.de/documents/cpi/cpi_framework.html).

<sup>9</sup>For a detailed discussion of this problem see Seligson (forthcoming).

<sup>10</sup>For details see World Bank, *World Development Report, 1997*, 174–75.

<sup>11</sup>See the analysis of the impact of corruption on growth and investment in World Bank (1997), 102–103.

of Japan by Pharr (2000) uses newspaper reports of corruption as the independent variable. She recognizes that changes in corruption levels revealed by this measure may reflect changes in the actual level of corruption or may be entirely a reflection of variation in the reporting of corruption. She argues, however, that that important distinction is not relevant for her analysis, but indeed it is, so much so that the conclusions of the research are largely undermined. Her argument is flawed for two reasons. First, she states “a given report of misconduct is a fact, a data point, in that it records a specific occurrence in which a public official is accused of wrongdoing” (Pharr 2000, 194). In reality, however, the accusation may be entirely the invention of the newspaper itself, whose motivations for making the accusation may vary from a desire to increase circulation to an effort to weaken one party or candidate and strengthen another. Perhaps the standards of the newspapers in Japan are so high that we can indeed take the report as a “fact,” but we should have far less confidence in newspaper reports in much of the developing world where newspapers often range from irresponsible to largely government controlled. There, journalists are often poorly trained, standards of ethics are largely nonexistent and fact verification is uncommon. Second, whatever the quality of the reporting of corruption in the press, all we can say if we find that trust in government declines when reports of corruption increase is that the media influence public opinion. We cannot say that corruption itself causes any changes whatsoever in public attitudes toward the state. Thus, in countries in which the press makes a habit of inventing stories of government scandals and in which we find low confidence in the political system, our concern as social scientists should be with the quality of journalism and the corruption of journalistic standards rather than with public sector corruption.

An entirely different approach has been taken in the survey research field. This effort has been inspired by crime victimization surveys that have become the mainstay of sociological investigation into crime. Criminologists have long recognized that official reports of crime are highly unreliable because of the heavy degree of political manipulation of the data. Police chiefs who want new police cruisers from their local governments have major incentives to justify the request by claiming that a new crime wave has hit the town. It may be that the police chief has told his/her officers to become especially aggressive when enforcing the law, or it may be that the figures themselves have been “cooked.” Alternatively, politicians who are seeking credit for success in crime fighting have incentives to see reports of fewer crimes, and salary raises for the police force might be contingent upon less aggressive policing. In order to overcome these intractable problems, criminologists have increasingly come to rely upon victimization surveys, which are widely regarded as providing a more accurate tally of crime rates.<sup>12</sup>

<sup>12</sup>Homicide rates, however, are used as reliable indicators of one form of extreme crime.

Internationally, this approach has been spearheaded by the United Nations Center for International Crime Prevention (Newman 1999, 27–28). Implemented in 1987, the International Crime Victim Survey (ICVS) now includes 55 countries, with samples of between 1,000 and 2,000 respondents per country. In 1996, for the first time, the surveys included a single question on bribe victimization. While a broader series of questions is most certainly preferred, at least this source of data does not suffer from the biases and limitations of other approaches. The United Nations effort asks not about perception of corruption, but about actual citizen experience with public corruption. While it cannot tap into high-level corruption (bribes of ministers and legislators), it very effectively measures citizen exposure to (rather than perception of) day-to-day corruption. Recently, the World Bank began following this approach, and it has begun conducting studies of corruption at the level of the citizen. (For a review of the approach used by the World Bank, see Kaufmann 1998.) One such study has been carried out in Nicaragua and another in Honduras (Comité Nacional de Integridad and World Bank-CIET International 1998). Unfortunately, none of these recent efforts contains individual-level data on legitimacy, which leaves us with an improved independent variable but no dependent variable.

### The Dependent Variable: The Missing Evidence for the Corruption/Legitimacy Linkage

Typical of those who decry the negative effects of corruption is the World Bank (1997, 102–104), which recently stated the thesis that “corruption violates the public trust and corrodes social capital. . . . Unchecked, the creeping accumulation of seemingly minor infractions can slowly erode political legitimacy.” Unfortunately, although the Bank presented substantial evidence that corruption negatively affects the economy, it provided no support whatsoever for the claims that minor corruption (or even major corruption) erodes political legitimacy, for while the Bank presented evidence on the level of the independent variable (i.e., corruption), it presented no corresponding evidence on the dependent variable (i.e., political legitimacy). A more recent World Bank study uses a multi-index measure of governance, including perceptions of corruption worldwide, and finds that per capita incomes are lower and infant mortality and adult illiteracy are higher when governance is poor (Kaufmann, Kraay, and Zoido-Lobato 1999). Yet, once again, there is no linkage between corruption on the one hand and political legitimacy on the other.

To test the hypothesis that corruption undermines political legitimacy, we need data at the level of the individual. Corruption surveys, though embryonic, appear to be the most promising of the efforts undertaken to date. These surveys obtain corruption experience data at the level of the individual while simultaneously obtaining information from those same individuals on their belief in the legitimacy of their government. The analytical task, then, becomes

searching for the connections between corruption experience on the one hand and legitimacy beliefs on the other after appropriate control variables are introduced. This is the approach taken here.

### Testing the Impact of Corruption on Legitimacy

Latin America, where currently there is extensive attention focused on corruption (Tulchin and Espach 2000), is a good place to test the hypothesized linkage between corruption and legitimacy for two reasons. First, this is a region of the world long alleged to have high levels of corruption. It is suggestive that only one Latin American country, Chile, scores in the top twenty of the least corrupt countries, ranking 19 out of 99 in the 1999 TI data set.<sup>13</sup> Costa Rica ties with Malaysia at 32. The remaining countries in the region score at 40 or worse.<sup>14</sup> Second, Latin America has long had problems of political stability, suffering an endless succession of coups through much of its history. If, as Easton (1975) and Lipset (1994) have argued, legitimacy is a fundamental requisite for democratic stability, then it is plausible that legitimacy is questionable in many Latin American countries. From an empirical point of view, considerable evidence exists to show that legitimacy levels remain low in many countries in the region, despite 10 or more years of democratic rule (Seligson 2000).

### Data

The present study draws upon survey data collected in four Latin American countries, which ranked on the TI Corruption Perception Index for 1999 as follows: El Salvador, 49th; Nicaragua, 70th; Bolivia, 80th; and Paraguay, 90th. Thus, these countries score in the bottom half of the rankings, and among them are countries that are perceived as ranging from moderately corrupt (El Salvador) to highly corrupt (Paraguay). In each country national probability samples were drawn, with the interviews in Paraguay and Bolivia conducted in 1998 and those in El Salvador and Nicaragua conducted in 1999.

The combined data set consisted of a sample of 9,747 interviews. Sample sizes for the individual countries were El Salvador, 2,914; Nicaragua, 2,400; Bolivia, 2,970; and Paraguay, 1,463.<sup>15</sup> Interviews were conducted face-to-face and in Spanish in El Salvador and Nicaragua; in Bolivia versions of the ques-

<sup>13</sup>The TI index for 1999 included 139 countries, but since there are several ties in the ranking, the ranks range only from 1 to 99.

<sup>14</sup>This information is taken from the TI Web site at [www.transparency.org/documents/cpi/index.html](http://www.transparency.org/documents/cpi/index.html).

<sup>15</sup>In each country, a multistage stratified and clustered PPS sample was drawn. In all but Paraguay, the country was first stratified into its major political divisions (called departments) and then substratified by municipalities. In Paraguay, the country was divided into regions and then sampled within regions.

tionnaire in Quechua and Aymara were utilized for monolingual speakers of those languages; and in Paraguay respondents were interviewed either in Spanish or Guarani, depending on the language they preferred. In Bolivia and Paraguay, multilingual interviewers were employed.<sup>16</sup>

### *Variable Measurement*

As noted above, corruption in this study is measured by respondent experience with it. Respondents were asked a series of eight questions recording their experience with corruption over the year prior to the survey. These included: (1) being stopped by a police officer for a trumped-up infraction of the law; (2) being asked to pay a bribe to a police officer; (3) observing a bribe being paid to a police officer; (4) observing a bribe being paid to a public official; (5) being asked to pay a bribe to a public official; (6) being asked to pay an illegal fee to expedite a transaction at the municipal government; (7) being asked to pay a bribe at work; and (8) being asked to pay a bribe in the court system.<sup>17</sup> The responses were coded as dummy variables (in a 0–100 format) and summed to provide an overall scale of corruption experience that had a theoretical range per individual of 0–100%.<sup>18</sup> That is, individuals who had suffered all forms of corruption could have scored a 100 (none did), while those who had experienced none would have scored a zero.<sup>19</sup> The overall mean for the pooled sample was 17%, not surprisingly producing a positively skewed distribution

<sup>16</sup>The survey in El Salvador was carried out by the Institute of Public Opinion (IDUOP) of the Universidad Centroamericana, under the direction of Lic. Miguel Cruz. In Nicaragua the field work was carried out by the commercial firm of Borge & Associates. In Bolivia the survey was undertaken by the firm of Encuestas y Estudios, and in Paraguay by CIRD, a local nongovernmental organization. In each case the author of this study had overall responsibility for questionnaire and sample design. The surveys were each carried out by the University of Pittsburgh Latin American Public Opinion Project, with funding from USAID.

<sup>17</sup>The word for “bribe” in Spanish differs among the countries sampled. In Central America, the survey used the words “mordida,” while in South America the word “coima” was utilized. In both areas, however, the additional term “soborno” was utilized. In the question on the municipality, the surveys referred to “una suma además de lo exigido por la ley,” while in the question on bribery at work, the question referred to “algún pago no correcto.”

<sup>18</sup>Six of the eight items involved direct personal experience with corruption, while two of them (items 3 and 4) involved respondent observation of corruption. It is possible that these observation variables had been contaminated with perception, which in turn may be influenced by feelings about system legitimacy. For this reason, all of the analyses here were run twice, once with the full eight-item scale, and then again with a reduced six-item scale, excluding items 3 and 4. The results of the regression analyses using these alternative scales vary in only minor ways, indicating that the impact of this possible contamination effect does not change the results. Since the eight-item scale includes a broader range of corruption measures, it is the one reported upon here.

<sup>19</sup>The survey did not ask about multiple instances of the same type of corruption. It may well be that some individuals in the samples had experienced repeated instances of corruption during the year prior to the survey and that such individuals may have had an even stronger negative reaction to their experience than those who had only one experience. The survey, rich though it is in measuring corruption compared to prior work, cannot tap this dimension of frequency.

(skewness = 1.56). The scale was transformed by taking the log of it, reducing the skewness considerably (.183), well below the standard threshold of 1.0. All analyses presented here were run with the transformed (i.e., logged) and untransformed corruption index, but the results were virtually identical, so only the untransformed results are presented to yield a more interpretable impact on the original 0–100% scale. The overall corruption measure for the four countries formed a reliable scale (standardized item Cronbach's Alpha = .77; mean inter-item  $r = .30$ ).<sup>20</sup> Reliability, however, does not demonstrate validity; that is, the survey may well produce an understatement of the volume of corruption. The survey may be measuring only the proverbial "tip of the iceberg." Yet, as is shown below, in some of the countries included here that "tip" incorporates over one-quarter of the respondents. Since there is ultimately no definitive way to validate these illegal actions, just as there is no way to validate many other sensitive questions in survey research (e.g., sexual behavior, child abuse, and crime victimization), we will have to take these data as a plausible approximation of reality.

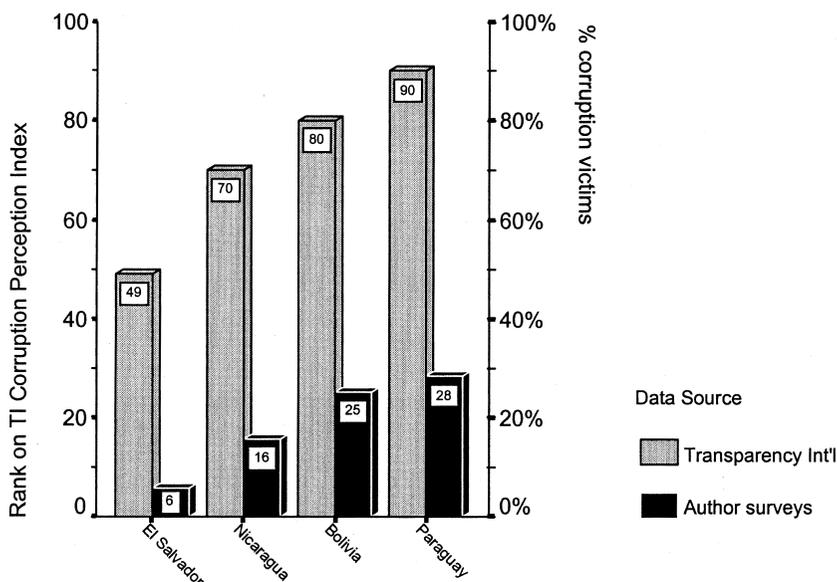
Legitimacy is measured by a scale of diffuse support attempting to tap into confidence in the key institutions of government (Klingmann 1999; Norris 1999, 221–22). The scale is based on five items, each scored on a metric of 1–7. The items, developed in studies of Germany and the United States and refined in several studies of Latin America, sought to tap into generalized support for the basic institutions of government rather than support for the incumbent government (Finkel, Muller, and Seligson 1989; Seligson and Muller 1987). Respondents were asked: (1) To what extent do the courts guarantee a fair trial? (2) How much respect do you have for the political institutions of the country? (3) How much pride do you feel living under the political system of the country? (4) How much support do you have for the political system of the country? (5) How much trust do you have in the police? In order to make the metric consistent with the range of the corruption experience measure, the items were summed into an overall scale and transformed into a 0–100 basis. The overall scale was reliable for each country as well as for the pooled data (pooled standardized item Cronbach's Alpha = .78; mean inter-item  $r = .37$ ).

For comparative and contextual purposes, it is illuminating to examine the mean scores on the corruption scale. As can be seen in Figure 1, the countries ranged widely, with 6% of Salvadorans having experienced corruption in the year prior to the survey, compared to 28% in Paraguay. How does this compare to countries that rank as much "cleaner" than these Latin American cases? In Western Europe, according to the United Nations ICVS surveys cited above, only 0.7% of the population had been solicited for bribes by a government official. Thus, even in El Salvador, the country with the lowest experience with

<sup>20</sup> In Paraguay, only three of these items were asked (items 2, 4 and 7), so the scale there was based on these three, using the same 0–100 metric as in the other countries. In Nicaragua seven of the eight items were asked.

FIGURE 1

## International Corruption Rank and Corruption Victimization



$r = .35$  (Sig. < .001)

corruption in the present data set, corruption is more than eight times as common as it is in Europe.<sup>21</sup> A second observation to be made about the results in Figure 1 is that the corruption experience closely mirrors the TI Corruption Perception Index; the rank ordering of the two for this subset of four countries is identical, giving confidence to the validity of the data set.

### *Findings: Corruption and Legitimacy*

The first task is to determine if corruption has a negative or positive impact on legitimacy. When a citizen pays a bribe either to receive a public service or to avoid sanctions from an accused violation of law, two reactions could emerge, depending upon how the bribery is perceived. On the one hand, the bribe could be viewed as a “user fee,” much as those who wish to use a toll road or a campground might willingly pay a fee for a service. Those who pay such fees

<sup>21</sup> If the survey data for El Salvador are limited to the single question, “Did a public official ask you for a bribe?”, the percentage declines somewhat to 4.1, which would mean that bribery there is reported at a level 5.8 times higher than in Western Europe.

could view the assessment and payment as an entirely legitimate transaction, implying no negative evaluation of the political system. Indeed, an individual who pays a “processing fee” in order to facilitate the granting of a driver’s license, for example, might be pleased with a system that allows the granting of such licenses even when the requisite requirements (vision test, driving skills test, etc.) have not been met. Or the individual may feel that the salaries paid to public officials are properly kept low so that overall taxes remain low, but that those who use the service ought legitimately to pay these user fees to supplement the salaries of public officials.

Those asked to pay bribes may have an entirely different reaction to the experience, viewing the bribe not as an appropriate user fee, but as what economists call a “DUP,” a directly unproductive profit-seeking activity, otherwise known as rent-seeking. When a municipal clerk asks for a payment above and beyond the officially established fee to process a birth certificate, the payment represents a value above that of the established price and hence can be considered rent-seeking behavior. Rent-seeking is possible only because those demanding the rent (in the form of a bribe) have been given state license (officially or unofficially) to do so. We can predict, therefore, that individuals who view such fees as rent-seeking are likely to form negative views about the state.

The empirical results to test these two possible reactions are presented in Table 1, which shows the OLS regression results using the eight-item corruption scale as a predictor and the five-item legitimacy scale as the dependent variable.<sup>22</sup> In this initial model (using a two-tailed test of significance because the contrasting theories predict opposite results), controls are also introduced for the standard demographic variables (gender and age) and socioeconomic variables (education and income). These controls are needed since legitimacy views could well be a function of these factors. For example, younger people might express a higher degree of belief in the legitimacy of their political system, having recently completed the socialization experience of public school (including courses in civic education), while older people might have lived through many years of disappointment with politics and have a more jaded view of the political system. At the same time, younger people might be less likely to be targets of corrupt practices. Thus, we need to be able to disentangle age and corruption experience so that we can see which, if either, has an impact on views on the legitimacy of the political system.

<sup>22</sup>The corruption index can be considered an instance of an “event” or “count” data, especially because of the preponderance of zeros (i.e., not affected by corruption), and it therefore seemed appropriate to utilize the Poisson regression model to test these results (see King 1989, 48–50). For each of the regression models presented in this paper, a Poisson regression was run (using Stata 6.0). Doing so did indeed increase the z scores for the impact of the corruption variable on legitimacy (i.e., the coefficient divided by the standard error, equivalent to the *t* in OLS regression) for each country, indicating a better fit to the data. The *pattern* and relative *magnitude* of significant coefficients was, however, nearly identical to the OLS results, and, given the latter’s greater familiarity to most readers, the OLS results are presented here.

TABLE 1  
 Predictors of Legitimacy in Latin America: Corruption, Gender,  
 Age, Education, Income and Presidential Vote

Independent variables	El Salvador		Nicaragua		Paraguay		Bolivia	
	B	Sig.	B	Sig.	B	Sig.	B	Sig.
Constant	71.462 (2.105)	.000	57.489 (2.920)	.000	54.941 (2.869)	.000	50.543 (1.901)	.000
Corruption scale	-.361 (.034)	.000	-.163 (.029)	.000	-.056 (.017)	.001	-.137 (.013)	.000
Gender	-.812 (.828)	.327	-3.049 (1.161)	.009	-.545 (1.194)	.648	-1.589 (.671)	.018
Age	-.138 (.028)	.000	-.137 (.043)	.001	-.704 (.763)	.356	-.120 (.025)	.000
Education	-.710 (.102)	.000	-.081 (.150)	.590	-.776 (.177)	.000	-.358 (.084)	.000
Income	-.921 (.264)	.001	-.555 (.349)	.112	-.768 (.541)	.156	1.176 (.304)	.000
Vote for incumbent party	7.719 (.978)	.001	2.550 (1.254)	.042	5.465 (1.203)	.000	2.752 (.798)	.001
N	2,645		1,663		1,262		2,594	
R <sup>2</sup>	0.13		0.03		0.05		0.06	
F Test	0.000		0.000		0.000		0.000	

Model is OLS. Coefficients are unstandardized. Standard errors in parentheses. Gender is coded 1 = male; 2 = female.

Gender may also play a role in determining beliefs in legitimacy if women are systematically discriminated against in the system, and at the same time they are more likely to experience corruption. Education and income may be tied to views of legitimacy in more complex ways. More highly educated individuals are likely to know more about the political system than those who are less well informed and, consequently, are more likely to be in a position to be critical of it when those systems do not perform well. Education, of course, is linked to income, so we would want to examine the role of income, with those who have both higher income and education possibly being more likely to be targets of corrupt public officials because of their “deeper pockets” when compared to the poor.

The thesis refuting Huntington’s functional view of corruption is that those who are exposed to it do not view the experience as equivalent to paying a user fee for a toll road. Rather, those experiencing bribery have a lower level of support for the legitimacy of the system than those who do not. Presumably the direction of causality here is clear since those from whom bribes were solicited

could not be selected by public officials because of the latter's foreknowledge of the former's legitimacy perceptions. Or could they? What if bribe targets are selected precisely because the incumbent political party favors its friends and "taxes" its enemies? Or what if those who do not support the incumbent party are more likely to report bribery attempts in the survey than those who support the party? Either or both could be true, which might mean that low support for the legitimacy of the political system is a cause of bribery (or a cause of reporting bribery) rather than the other way around. To examine if support for the incumbent party produces a decline in reports of corruption and/or a decline in the prospects of being targeted for corruption, the initial set of socioeconomic and demographic control variables are expanded by adding a variable measuring the vote in the most recent presidential election prior to the survey. In each case the variable is coded as a dummy variable, with voters for the incumbent party assigned a score of 1.

The findings shown in Table 1 refute the functional view of corruption, showing that corruption does indeed erode legitimacy, at least for these four countries. In every case, *higher* corruption is significantly ( $<.001$ ) associated with *lower* support for the legitimacy of the political system. The patterns for the control variables are very similar across these countries. In each case males have a higher level of support than females, but the difference is significant only in Nicaragua and Bolivia. The younger respondents express a higher level of support than the older, a difference that is significant in each country except Paraguay. Education has a negative association with support in each country, significant in each country except Nicaragua. Income has a negative relationship with support in three of the countries (significant in El Salvador) but has a positive and significant relationship in Bolivia. Thus, among the variables considered thus far, on only one variable and in only one country (income in Bolivia) do the signs of the control variables vary.

The results of the control for the impact of partisanship show two things. First, and entirely predictably, supporters of the incumbent party in each of the four countries are more supportive of the system. After all, since the time of Easton's original work on legitimacy (Easton 1975), it has been known that there is a connection between attitudes toward the political system and attitudes (pro or con) toward the incumbent government. Second, even after controlling for the vote variable, the corruption term remains significant. These findings seem to show clearly that it is corruption that causes declines in legitimacy perception, rather than partisan factors being responsible for a selection bias effect. That is, once political party preferences are controlled for, corruption still has a significant, negative impact on legitimacy.

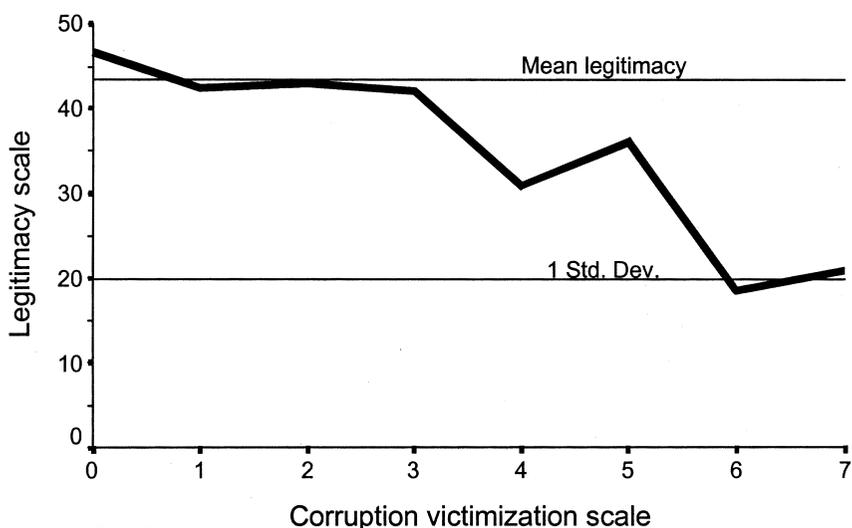
### *Challenges to Findings*

The regression results can be challenged in a number of ways. First, there is the question of the small magnitude of the explained variance. Yet, in spite of

the low  $R^2$ , corruption clearly has an important substantive impact on legitimacy. Consider the case of Nicaragua, which exhibited the lowest  $R^2$  of the four countries shown in Table 1 and therefore presents the toughest case to demonstrate the substantive impact of corruption on legitimacy. Figure 2 shows the national average level of legitimacy on the 0–100 scale and how respondents who have been victimized by corruption deviate from that average. The original untransformed index of corruption is used to give the reader a clear sense of the impact of each act of corruption on legitimacy. We first note that those who have not been victims at all are somewhat higher than the national average, while among those who have suffered repeated acts of corruption, legitimacy drops sharply, declining to about half the levels of the nonvictims. The standard deviation of the legitimacy scale is also shown in Figure 2 and reveals that among those with high exposure to corruption, legitimacy falls by one full standard deviation; exclusive of other factors (which, as we saw, were controlled for in the regression equation already presented), respondents who have been exposed extensively to corruption exhibit legitimacy levels that fall into the bottom one-third of the sample. In a country such as Nicaragua, which has undergone several radical regime transformations over the past two decades, shifting from the patrimonial dictatorship of the Somozas, to a leftist/socialist quasi-

FIGURE 2

## The Impact of Corruption Victimization on Legitimacy in Nicaragua



Sig. &lt; .001

authoritarian regime of the Sandinistas, and then again to a right-of-center democracy, legitimacy of the regime is perhaps the most vital political issue. Corruption clearly has a substantively important impact on legitimacy as this figure shows.

Another challenge to the findings is that not all respondents may define corruption in the same way. If the findings presented for the entire population are valid, we should also find that among those individuals who are not normatively opposed to corruption, being exposed to it should not lower their belief in the legitimacy of the political system. In the Nicaragua survey, an attempt was made to probe individual definitions of corruption; respondents were asked what reaction they had to a congressional deputy receiving a bribe from a foreign corporation. They were given three choices: (1) The deputy should be considered blameworthy and punished. (2) The deputy should be considered blameworthy but should not be punished. (3) The deputy should not be considered blameworthy. In the sample, most respondents chose the first alternative, but 9.1% chose one of the other two. The regression equations were rerun for the Nicaragua case among those who did not find bribery as wrong. The results are shown in Table 2. The overall equation shrinks to insignificance in part because the *N* is so much smaller than when the entire sample is used. The key coefficient, however, is the one for the corruption scale, which is now only one-quarter its magnitude for those who believe the bribery is blameworthy and ought to be punished.<sup>23</sup> Thus, these results support the view that when respondents do not see bribery as a corrupt act, they do not blame the political system for such acts.

Since the sample size was small for those who did not see bribery as a corrupt act, the above regression was repeated with a question on price gouging by small merchants that more evenly divided the Nicaraguan sample. The specific question asked was: "During the Christmas holidays, a shopkeeper increases his prices on candy. Do you think that the action is corrupt and should be punished, corrupt but justified, or not corrupt?" Whereas 67% of the respondents thought that such price gouging was corrupt and deserving of punishment, 17% said that it was corrupt but justifiable, and 15% said that it was not corrupt. An additional 2% gave a "don't know" reply. The regression results (not shown) reconfirm the findings of the previous table, with larger *N*s; only for those respondents who found price gouging to be corrupt and deserving of punishment was experience with corruption a significant predictor. On the other hand, among the others in the sample, corruption experience is no longer a significant predictor.

<sup>23</sup>The only other parameter that changes notably is the decline in education. Respondents who believe that bribery of a deputy is not blameworthy and should not be punished have a significantly lower level of education than those who believe that it is blameworthy and should be punished (5.8 years vs. 7.9 years). In neither case, however, is the parameter significant.

TABLE 2  
 Predictors of Legitimacy in Nicaragua and Tolerance  
 of Public Sector Corruption

Independent variables	Coefficients for those who are tolerant of corruption	Coefficients for those who are intolerant of corruption
Constant	62.861** (8.278)	53.047** (3.240)
Corruption scale	.039 (.093)	-.165** (.030)
Gender	-2.174 (3.462)	-3.055* (1.263)
Age	-.294 (.127)	-.102* (.048)
Education	-.679 (.546)	.038 (.161)
Income	-.304 (1.005)	-.315 (.382)
Vote for incumbent party	7.239 (3.858)	2.733* (1.361)
N	147	1,403
Adj R <sup>2</sup>	0.02	0.03
F Test	NS	.001

Model is OLS. Coefficients are unstandardized. Standard errors in parentheses. Gender is coded 1 = male; 2 = female. \*\* = <.001 \* = <.01. The adjusted R<sup>2</sup> is reported here because of the small sample in the first equation.

### *The Impact of Corruption on Interpersonal Trust, a Possible Precursor to Belief in Legitimacy*

Further support for the pernicious impact of corruption emerges from an examination of its impact on interpersonal trust, a variable that some have found to be an important precursor to legitimacy. According to Putnam (1993) and Inglehart (1990), interpersonal trust allows individuals to form deep and lasting civic associations, which in turn are thought to be vital for individuals to have confidence in their political system. In the data set analyzed here, legitimacy and a three-variable index of interpersonal trust are positively and significantly correlated with each other in each of the four countries. The theoretical and empirical relationship between interpersonal trust and the political system has recently received extensive attention (Warren 1999). It is plausible that those who have experienced corruption are less likely to be trusting than those who

TABLE 3

## Predictors of Trust: Corruption, Gender, Age, Education, and Income

Independent variables	El Salvador	Nicaragua	Paraguay	Bolivia
Constant	42.136** (3.018)	41.224** (3.196)	57.285** (4.383)	46.481** (2.885)
Corruption scale	-.213** (.049)	-.147** (.033)	-.030 (.027)	-.131** (.020)
Gender	-1.093 (1.196)	-2.596* (1.284)	-2.917 (1.834)	-1.980 (1.023)
Age	.098* (.040)	.035 (.046)	.284 (1.161)	-.113** (.038)
Education	-.188 (.147)	-.215 (.165)	-.938** (.274)	-.556** (.127)
Income	-.046 (.387)	-.766* (.389)	-1.139 (.845)	.310 (.463)
N	2,756	1,836	1,316	2,655
R <sup>2</sup>	0.02	0.02	0.02	0.03
F Test	0.000	0.000	0.000	0.000

Model is OLS. Coefficients are unstandardized. Standard errors in parentheses. Gender is coded 1 = male; 2 = female. \*\* = <.001 \* = <.01

have not. This hypothesis can be tested with the data set being analyzed here with an index formed by three standard questions measuring interpersonal trust.<sup>24</sup>

The impact of corruption experience on interpersonal trust is shown in Table 3. In this analysis, since the dependent variable is trust rather than system legitimacy, the presidential vote variable is not included, but when it is, the results do not change. Here, the analysis is confined to examining the impact of corruption experience on trust, controlling for the same set of demographic and socioeconomic factors employed in Table 1.

The results show a clear pattern for each country except Paraguay. In the other three countries, trust is significantly predicted by corruption, even when

<sup>24</sup>These items read:

1. Talking about the people from around here, would you say that they are very trustworthy, somewhat trustworthy, a little trustworthy, or not at all trustworthy?
2. Do you think that most of the time people watch out for themselves, or do you think that most of the time they try to help each other out?
3. Do you think that most people would take advantage of you, given the opportunity, or do you think that they would not take advantage of you?

The items were all recoded on a 0–100 basis, with 100 equal to high trust.

the demographic and socioeconomic controls are accounted for. In Paraguay, the coefficient is in the predicted direction, but (perhaps because the sample is smaller in that country) it is too weak to be significant.

### *A Final Look at the Functionalist Argument*

This article has shown that those who experience corruption are less likely to believe in the legitimacy of their political system and also are less likely to exhibit high levels of interpersonal trust, possibly an important social-psychological contributor to belief in legitimacy. These findings demonstrate that there are real costs to corruption that are overlooked by the functionalists who argued for the positive benefits of it. They do not, of course, demonstrate that government operates less efficiently as a result of widespread corruption, for to do so would involve a study beyond the scope of public opinion and take us back to the economic literature. Some of the survey data do, however, allow us to determine respondent beliefs about the efficacy of corruption and then to determine the impact of that belief on system support.

In the Nicaragua survey, we asked a straightforward operationalization of the functionalist argument: "Do you believe that the payment of bribes facilitates getting things done with the bureaucracy?" Among the 85% of the sample who responded to this question, 60% agreed with it, indicating fairly strong support within Nicaragua for the belief that bribery works. Moreover, belief in the functionality of corruption is positively associated with our index of victimization by corruption ( $r = .21$ ; sig.  $< .001$ ), suggesting that those who have direct experience with corruption are more likely to believe that it gets them what they need. Yet, as Table 4 shows, belief in the efficacy of corruption does not translate into a positive view of the political system. Quite the contrary; those who agree that corruption helps getting things done with the bureaucracy are significantly *less* likely to believe in the legitimacy of the political system. These results show that corruption erodes support for the system even among those who recognize that it may have some utility in overcoming bureaucratic barriers.

## Conclusions

In order for political systems to function reasonably well, actions taken by leaders need to be viewed as legitimate. If not, the "degrees of freedom" with which decision makers have to operate are reduced considerably. Immobilism is a potential outcome of political systems in which the mass public does not believe in the legitimacy of the system.

Weyland (1998) argues forcefully that corruption has increased a great deal under democracy in Latin America and points to several factors that are responsible for the increase. First, he argues, the dispersion of power in the hands of many that has occurred as dictatorships have been replaced by democracies has

TABLE 4  
 Predictors of Legitimacy in Nicaragua and Belief  
 in the Efficacy of Corruption

Independent variables	Coefficients
Constant	57.644** (3.094)
Corruption scale	-.154** (.030)
Belief that corruption facilitates transactions in bureaucracy (0 = no; 1 = yes)	-2.763* (1.257)
Gender	-2.362 (1.228)
Age	-.144* (.046)
Education	-.016 (.159)
Income	-.609 (.367)
Vote for incumbent party	2.958* (1.319)
N	1,487
Adj R <sup>2</sup>	0.04
F Test	0.000

Model is OLS. Coefficients are unstandardized. Standard errors in parentheses. Gender is coded 1 = male; 2 = female. \*\* = <.001 \* = <.05.

widened the opportunity for bribery. In effect, there are many more “veto players” today than under the military, and therefore there has been an increase in the number of palms that need to be greased. Second, neoliberal reforms have involved opening many areas of the economy to bribery, especially those involving sales of public corporations. Third, the increasing number of neopopulist leaders, who win elections based on personalist appeals via television, are driving aspiring politicians to corruption in order to collect the funds needed to pay for TV time.

If Weyland is right and corruption is on the increase, then when viewed in the light of the findings of this study, one can expect that the nascent democracies in the region will have an even more difficult time establishing their right to govern. Corruption has been shown in this article to erode the legitimacy of the political system. It follows that if corruption is increasing, such erosion should also be on the rise. It is also shown here that corruption lowers interpersonal trust, presumably negatively affecting civil society relations. On

the positive side, there is some recent evidence that over the very long run democratic countries become less corrupt, but the observed effect took place over half a century, more years than many fragile democracies may have to spare (Treisman 2000). It would be the ultimate irony that an artifact of the rise of democracy itself may contribute to its own weakening in the developing world. This is all the more reason to be concerned about the problem of corruption and to find ways of reducing its prevalence.

*Manuscript submitted 28 September 2000*

*Final manuscript received 5 October 2001*

## References

- Abueva Veloso, José. 1966. "The Contribution of Nepotism, Spoils, and Graft to Political Development." *East-West Center Review* 1966(1): 45–54.
- Ades, Alberto, and Rafael Di Tella. 1996. "The Causes and Consequences of Corruption." *IDS Bulletin* 2 (1997): 6–10.
- Banfield, Edward. 1958. *The Moral Basis of a Backward Society*. Chicago: The Free Press.
- Bayley, David. 1967. "The Effects of Corruption in a Developing Nation." *Western Political Quarterly* 19(4): 719–32.
- Beck, J. P., and M. W. Mahr. 1986. "A Comparison of Bribery and Bidding in Thin Markets." *Economic Letters* 20(1): 1–5.
- Becquart-Leclercq. 1989. "Paradoxes of Political Corruption: A French View." In *Political Corruption: A Handbook*, eds. Arnold J. Heidenheimer, Victor T. LeVine, and Michael Johnston. New Brunswick, NJ: Transaction.
- Camp, Roderic Ai, Kenneth M. Coleman, and Charles L. Davis. 2000. "Public Opinion About Corruption: An Exploratory Study in Chile, Costa Rica and Mexico." Annual meeting of the World Association of Public Opinion Research. Portland, Oregon, May 2000.
- Comité Nacional de Integridad and World Bank-CIET International. 1998. *Encuesta nacional sobre integridad y corrupción en la administración pública: Encuesta de hogares*. Managua.
- Della Porta, Donatella. 2000. "Social Capital, Beliefs in Government, and Political Corruption." In *Disaffected Democracies: What's Troubling the Trilateral Countries?* eds. Susan J. Pharr and Robert D. Putnam. Princeton, NJ: Princeton University Press.
- Doig, Alan, and Stephanie McIvor. 1999. "Corruption and Its Control in the Developmental Context: An Analysis and Selective Review of the Literature." *Third World Quarterly* 20(3): 657–76.
- Doig, Alan, and Robin Theobald, eds. 2000. *Corruption and Democratisation*. London: Frank Cass.
- Easton, David. 1975. "A Re-assessment of the Concept of Political Support." *British Journal of Political Science* 5(4): 435–57.
- Etzioni-Halevy, Eva. 1985. *Bureaucracy and Democracy*. London: Routledge & Kegan Paul.
- Finkel, Steven, Edward Muller, and Mitchell A. Seligson. 1989. "Economic Crisis, Incumbent Performance and Regime Support: A Comparison of Longitudinal Data from West Germany and Costa Rica." *British Journal of Political Science* 19(3): 329–51.
- Fisman, Raymond, and Jakob Svensson. 2000. *Are Corruption and Taxation Really Harmful to Growth? Firm-Level Evidence*. Policy Research Working Paper No. 2485. Washington, DC: The World Bank.
- Friedman, Eric, Simon Johnson, Daniel Kaufman, and Pablo Zoido-Lobaton. 2000. "Dodging the Grabbing Hand: The Determinants of Unofficial Activity in 69 Countries." *Journal of Public Economics* 77(3): 459–93.

- Gupta, Sanjeev, Hamid Davoodi, and Rosa Alonso-Terme. 1998. *Does Corruption Affect Income Inequality and Poverty?* IMF Working Papers 98/76. Washington, DC: International Monetary Fund.
- Heidenheimer, Arnold J., Michael Johnston, and Victor T. LeVine, eds. 1989. *Political Corruption: A Handbook*. New Brunswick, NJ: Transaction.
- Huntington, Samuel P. 1968. *Political Order in Changing Societies*. New Haven: Yale University Press.
- Inglehart, Ronald. 1990. *Culture Shift in Advanced Industrial Society*. Princeton: Princeton University Press.
- Johnston, Michael. 1979. "Patrons and Clients, Jobs and Machines." *American Political Science Review* 73(2): 385–98.
- Kaufmann, Daniel. 1998. "Corruption Diagnostics: A New Technocratic Framework for the Analysis of Corruption and Its Implications for the Design of Action Programs." Miami Anti-Corruption Summit. Miami, Florida, April 2–4.
- Kaufmann, Daniel, Arat Kraay and Pablo Zoido-Lobaton. 1999. *Governance Matters*. Policy Research Working Paper No. 2196. Washington, DC: World Bank.
- Key, Jr. V.O. 1949. *Southern Politics in State and Nation*. New York: Vintage Books.
- King, Gary. 1989. *Unifying Political Methodology*. Cambridge, UK: Cambridge University Press.
- King, Gary. 1997. *A Solution to the Ecological Inference Problem*. Princeton: Princeton University Press.
- Klingmann, Hans-Dieter. 1999. "Mapping Political Support in the 1990s: A Global Analysis." In *Critical Citizens: Global Support for Democratic Government*, ed. Pippa Norris. Oxford: Oxford University Press.
- Klitgaard, Robert, Ronald MacLean-Abaroa, and H. Lindsey Parris, Jr. 2000. *Corrupt Cities: A Practical Guide to Cure and Prevention*. Oakland, CA: ICS Press.
- Leff, Nathaniel. 1964. "Economic Development through Bureaucratic Corruption." *American Behavioral Scientist* 8(3): 8–14.
- Leys, Colin. 1989. "What Is the Problem About Corruption?" In *Political Corruption: A Handbook*, eds. Arnold J. Heidenheimer, Michael Johnson, and Victor T. LeVine. New Brunswick, NJ: Transaction.
- Lien, D.D. 1986. "A Note on Competitive Bribery Games." *Economic Letters* 22(4): 337–431.
- Lipset, Seymour Martin. 1994. "The Social Requisites of Democracy Revisited." *American Sociological Review* 59(1):1–22.
- Lipset, Seymour Martin, and Gabriel Salman Lenz. 2000. "Corruption, Culture and Markets." In *Culture Matters: How Values Shape Human Progress*, eds. Lawrence J. Harrison and Samuel P. Huntington. New York: Basic Books.
- Mauro, Paolo. 1995. "Corruption and Growth." *Quarterly Journal of Economics* 110(3): 681–712.
- Mauro, Paolo. 1997a. "The Effects of Corruption on Growth, Investment and Government Expenditure: A Cross-Country Analysis." In *Corruption and the Global Economy*, ed. Kimberly Ann Elliot. Washington, DC: Institute for International Economics.
- Mauro, Paolo. 1997b. *Why Worry About Corruption?* Economic Issues, Vol. 6. Washington, DC: International Monetary Fund.
- Merton, Robert K. 1957. *Social Theory and Social Structures*. New York: Free Press.
- Morris, Stephen D. 1991. *Corruption and Politics in Contemporary Mexico*. Tuscaloosa: University of Alabama Press.
- Newman, Graeme, ed. 1999. United Nations, *Global Report on Crime and Justice*. New York: Oxford University Press.
- Norris, Pippa. 1999. "Institutional Explanations for Political Support." In *Critical Citizens: Global Support for Democratic Governance*, ed. Pippa Norris. Oxford: Oxford University Press.
- Nye, Joseph. 1967. "Corruption and Political Development: A Cost-Benefit Analysis." *American Political Science Review* 61(2): 417–27.

- Page, Benjamin I., and Robert Y. Shapiro. 1992. *The Rational Public: Fifty Years of Trends in Americans; Policy Preferences*. Chicago: University of Chicago Press.
- Pharr, Susan J. 2000. "Officials' Misconduct and Public Distrust: Japan and the Trilateral Democracies." In *Disaffected Democracies: What's Troubling the Trilateral Countries?* eds. Susan J. Pharr and Robert D. Putnam. Princeton: Princeton University Press.
- Pope, Jeremy. 1996. *National Integrity Systems: The TI Source Book*. Berlin: Transparency International.
- Putnam, Robert D. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Rahman, Aminur, Gregory Kisunko, and Kapil Kapoor. 2000. *Estimating the Effects of Corruption*. Policy Research Working Paper No. 2479. Washington, DC: The World Bank.
- Rose-Ackerman, Susan. 1999. *Corruption and Government: Causes, Consequences, and Reform*. Cambridge, UK: Cambridge University Press.
- Seligson, Mitchell A. 2000. "Toward a Model of Democratic Stability: Political Culture in Central America." *Estudios Interdisciplinarios de América Latina y el Caribe* 11(2): 5–29.
- Seligson, Mitchell A. Forthcoming. "The Renaissance of Political Culture or the Renaissance of Ecological Fallacy." *Comparative Politics*.
- Seligson, Mitchell A., and Edward N. Muller. 1987. "Democratic Stability and Economic Crisis: Costa Rica 1978–1983." *International Studies Quarterly* 31 (3): 301–26.
- Shin, Doh C. 1999. *Mass Politics and Culture in Democratizing Korea*. Cambridge, UK: Cambridge University Press.
- Tanzi, Vito, and Hamid Davoodi. 1998. *Roads to Nowhere: How Corruption in Public Investment Hurts Growth*. Economic Issues, Vol. 12. Washington, DC: International Monetary Fund.
- Treisman, Daniel. 2000. "The Causes of Corruption: A Cross-National Study." *Journal of Public Economics* 3(3): 399–458.
- Tulchin, Joseph S., and Ralph H. Espach, eds. 2000. *Combating Corruption in Latin America*. Washington, DC: Woodrow Wilson Center Press.
- Warren, Mark E. 1999. *Democracy and Trust*. Cambridge, UK: Cambridge University Press.
- Waterbury, John. 1973. "Endemic and Planned Corruption in a Monarchical Regime." *World Politics* 25(4): 533–55.
- Waterbury, John. 1976. "Corruption, Political Stability, and Development: Comparative Evidence from Egypt and Morocco." *Government and Opposition* 11(4): 426–45.
- Werner, Simcha B. 1989. "The Development of Political Corruption in Israel." In *Political Corruption: A Handbook*, eds. Arnold J. Heidenheimer, Victor T. LeVine, and Michael Johnston. New Brunswick, NJ: Transaction.
- Weyland, Kurt. 1998. "The Politics of Corruption in Latin America." *Journal of Democracy* 9 (2): 108–21.
- Williams, Robert. 1999a. "New Concepts for Old." *Third World Quarterly* 20(3): 503–13.
- Williams, Robert. 1999b. "The New Politics of Corruption." *Third World Quarterly* 20(3): 487–89.
- World Bank. 1997. *World Development Report, 1997*. Washington, DC: Oxford University Press.
- World Bank Institute. 1999. *New Empirical Tools for Anti-Corruption and Institutional Reform: A Step-by-Step Guide to Their Implementation*. Washington, DC: World Bank.

Mitchell A. Seligson is Daniel H. Wallace Professor of Political Science and research professor, University Center for International Studies, University of Pittsburgh, Pittsburgh, PA 15260.