RESEARCH ARTICLE

DEMOCRACY, SUPPORT FOR DEMOCRACY AND CORRUPTION
A Longitudinal Study of Latin American countries

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ABSTRACT: Although often unable to satisfactorily solve the problem, democracy (especially enduring democracy) is commonly believed to reduce corruption. Yet, both Transparency International and the World Bank continue to attach a high risk of corruption to Latin American countries: corruption and impunity remain prevalent in the area, despite consolidating democratic regimes and recent anticorruption reforms. Using level of democracy and its endurance, as well as information on the perceptions of democratic performance and corruption obtained from the *Latinobarometro*, we analyzed a panel data covering the period 2005-2010 in 14 Latin American countries. Our main results show that levels of democracy and citizens' assessment of government fairness have a positive impact on corruption. However, satisfaction towards democracy has the opposite effect: when citizens believed democratic governments and public administrations to be efficient, they also perceived that gains against corruption had significantly decreased.

KEYWORDS: Democracy, Government, Corruption, Satisfaction with democracy, Latin American.

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1. Introduction

Corruption, usually defined as a violation of the norms of public office for personal gain (Nye, 1967), has been known to hamper economic growth, to weaken the quality of governance and to reduce the level of trust that citizens put in political institutions (Mauro, 1995; Kaufmann *et al*, 2006; Anderson and Tverdova, 2003). Although some scholar claim that corruption is functional to the process of development (Heidenheimer and Johnston, 2002; Williams, 2001), its practices usually take place in secret and provide privileged access to government officials for some parties, thus undermining fundamental principles of democratic governance, such as the openness and equality of the political system (Sandholtz and Koetzle, 2000).[1] As a consequence, scholars have assigned great importance to uncover the potential determinants of corruption.

In our study, we offer a full-fledged definition of democracy, by looking at both democratic levels and endurance. We also believe that attitudes towards democracy, articulated individually by citizens, are as important to determine the perceptions of domestic corruption as the aggregate evaluation of democratic performance submitted by country specialists: whether democracy is well established or not, the current satisfaction regarding the efficiency and fairness of government significantly affects the perceptions of the honesty or corruption of state servants. We maintain that these individual variables allow making individual-level inferences about how the average effects on corruption are distributed across the population over time: consequently, they are helpful in explaining changes in perceptions of corruption and should consistently be used in analyses of this kind.

We carry out our empirical analysis through a logistic regression model on an unbalanced panel dataset comprising 14 Latin American countries. Our article is one of the first to study the relationship of democracy and corruption for a considerable number of countries over a six year period, thus not only providing a cross-country perspective of the link between democracy, support for democracy and corruption, but also an analysis of its evolution over time. Such inter-temporal dimension permits to detect the effect of political institutions and support for democracy on corruption; by contrast, previous work depended exclusively on cross-sectional information or on short time periods (Blake and Martin, 2006) and was, therefore, unable to differentiate the impact of potential explanatory variables, both institutional and individual, from other

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[1] A classic statement praises corruption as an important tool if the goal is to achieve stable political development (Huntington, 1968: 69). In the same vein, Merton (1957) mostly regarded it as the "grease" that helps the bureaucracy function in developing countries, thus increasing citizens' loyalty.

country-fixed effects. Our main results show that levels of democracy and citizens' assessment of government fairness have a positive impact on corruption. However, satisfaction towards democracy has the opposite effect: citizens who believe democratic governments and public administrations to be efficient, also perceive that gains against corruption have significantly decreased.

This article is structured as follows: first we review the relevant literature on the relationship between democracy and corruption, then define and operationalize both corruption and a series of potential causal conditions. Subsequently, we specify the mechanisms by which the latter unfold their effects and the main hypotheses that will be tested. After briefly explaining our empirical approach and illustrating its related techniques, we discuss our findings for the region. Conclusions, as usual, wrap up the analysis.

2. A Literature Review

Democracy has a compound and multifaceted relationship with corruption (Doig and Theobald, 2000; Johnston, 2005; Warren, 2004). Several studies claim the existence of a negative causal relationship between democracy and corruption (Lambsdorff, 2005, for an overview of the literature). In a sample of 64 countries, for instance, Treisman (2000) finds that democracy lowers corruption: however, while current degrees of democracy are not statistically significant, lower corruption levels are favored by a longer exposure to democracy. Similar results are obtained by Gerring and Thacker (2004; 2005), based on the cumulative number of years a country has been democratic since 1900 (see also Blake and Martin, 2006; Thacker, 2009). Adserà, Boix and Paine (2000), finally, find that electoral participation affects corruption: where electoral participation is higher, corruption levels are lower.

Democracy lowers corruption by facilitating the discovery of corrupt practices and the punishment of dishonest officials: the opposition strives to uncover corrupt acts by incumbents and voters will not re-elect politicians who pursue private rather than general interests. First, democratic competition urges politicians to pursue re-election by strengthening their performance of public goods provision, rather than expanding their rents or those of their clients (Carbone and Memoli, 2013). Since in a democracy politician cannot guarantee that they will remain in power to look after the interests of rent-seekers, the latter will be less likely to bribe them, and corruption will be held back (Montinola and Jackman, 2002: 151). In addition, the accountability and monitoring instruments provided by democracy create a public sphere where maladministration and

corrupt behaviors are exposed and pressure is put on elected governments to remove the corrupt and respect the law and general, rather than particular, interests (Sen, 1994; Carothers, 2007). Checks and balances also make it more difficult for officials to deviate from impartial practices (Manzetti, 2000). Democratic societies, finally, attach a greater discredit to corrupt and dishonest practices. In short, "democracy and the consequent accountability raise the costs of corrupt behavior and likely deter bribe giving, therefore limiting the number of opportunities presented for corruption" (Bohara *et al*, 2004: 484).

A second group of scholars affirms that such relation is at least dubious. Paldam (2002) discovers a large correlation between democracy and corruption, but this vanishes when GDP per capita is added to the model. In the same vein are the contributions by Persson, Tabellini and Trebbi (2003) and by Sandholtz and Koetzle (2000). Democracies may encourage corruption since election campaigns require funding, and competitive elections make parties and candidates exposed to pressures from contributors (Rose-Ackermann, 1999). Bac (2001) argues that transparency makes it easier to identify which official to bribe, thus encouraging rather than restraining corruption under democracy. Others have observed that institutions of accountability and control are often picked and financed by the government, which reduces both incentives and the capacity to challenge government corruption (Kolstad and Wiig, 2011: 3). Also, when corrupt values and behaviors are widespread in society, the advent of democracy may be insufficient by itself to bring about a radical change in corrupt attitudes and activities. In fact, the introduction of democracy may reinforce existing patron-clients relationships, leading to a 'democratization' of corruption rather than to its reduction, as in Italy, Japan, India and the United States (between the Civil War and the Great Depression). Moreno, for instance, analyzes the trend of the relationship between democracy and corruption over the 1980s and 1990s, when democratization took place in a significant number of countries in Latin America, South Asia, Africa and the post-Communist world, and concludes that permissiveness toward corruption has not decreased significantly and, in some cases, it has increased (Moreno, 2002).

A third position supports the non-linear nature of the relationship. Montinola and Jackman (2002) find that moderate levels of democracy do not lower corruption: however, beyond a certain threshold, the positive impact of democracy becomes apparent. Manow (2005) and Rock (2009) reach similar conclusions: he finds that corruption is higher in medium-democratic regimes than in authoritarian ones. Yet, passed this threshold, democracy is effective in cutting corruption. Sung (2004), finally, claims that a cubic functional form best explains the relationship between democracy and corruption. In short, current results suggest that the relation between democracy and corrup-

tion is still controversial and that whether democracy reduces corruption is in the end a question to be answered empirically (Kolstad and Wiig, 2011: 4).[2]

A second cluster of critical determinants of corruption has to do with support for democracy, namely satisfaction with the way democracy works and assessments of government fairness. Satisfaction with democracy has been defined as: "the basic evaluative orientation toward the government founded on how well the government is operating according to people's normative expectations" (Hetherington, 1998: 791). In general terms, it is believed that low levels of satisfaction with democracy nurture corruption: a lack of trust in the government apparently inhibits the acceptance of a universalistic ethos and promotes instead instrumental and individualistic approaches to problems and opportunities. Della Porta (2000: 205) claims that the "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". Similar conclusions are reached by Cleary and Stokes (2006). Guerrero and del Castillo underline the weakness of political trust in Mexico, combined with perceptions of corruption within certain institutions: they conclude that the view that "everyone is doing it," significantly lessens the risk of exposure and sanctions, thus dissuading from following the law (2003: 2). In a similar vein, Morris and Klesner empirically explore the relationship linking perceptions of corruption and trust in political institutions in Mexico, based on data from the 2004 Americas Barometer survey, and discover a strong mutual link (2010: 1260).

The crucial dimension in this respect is the expectation regarding the efficiency and fairness of government and the public administration: whenever this expectation is frustrated, corruption is likely to grow stronger. The difficulty of getting a certificate or a permit, the multiplication of procedural controls and delays in the administrative process have been related frequently to the development of political corruption since, under such circumstances, corrupt politicians and civil servants may provide, in exchange for bribes, faster and more complete attention to particular cases, a favorable interpretation of rules and the application of simpler procedures (Della Porta, 2000: 222; Della Porta and Vannucci, 1999). Correspondingly, as inefficiency and corruption grow, people come to regard the state and the public administration as not transpar-

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[2] Additional findings refer to particular aspects of democracy. Larger electoral districts (Persson *et al*, 2003; contra Manow 2005) and parliamentarism (Gerring and Thacker, 2004) lower corruption; while closed electoral lists (Kunicóva and Rose-Ackerman, 2005) and proportional rules (Persson *et al*, 2003; and Kunikova and Rose-Ackerman, 2005; contra Manow, 2005) have the opposite effect. Larger districts, when associated with closed party lists lower corruption (Chang and Golden, 2004); while presidentialism in conjunction with closed-list proportional representation makes it more severe (Kunicova and Rose-Ackermann 2005; contra Adserà *et al*, 2000).

ent, as partial and unfair, bent on protecting the interests of those who have access to privileged channels of communication, through which to obtain special favors and profits at the expenses of the rest of citizens. This may induce even those who had initially refused to become a part of the corrupt machine to join for lack of viable alternatives.

2. Main variables, mechanism and hypotheses

In this article, we purport to evaluate the impact of democracy and political support (measured through composite indexes based on judgments submitted by both experts and ordinary citizens), on perceptions of corruption, as recorded between 2005 and 2010 in 14 Latin American countries: Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay. Argentina, Guatemala, Nicaragua and Venezuela were finally discarded because of insufficient data points. We submit that Latin America is especially suited to study corruption, since wealthy kleptocrats, political scandals, public outcries against corrupt leaders, and patrimonialism have long characterized the area (Morris, 2004).

Our dependent variable is corruption in state institutions, measured as the subjective evaluation of changes in corrupt practices in state institutions.[3] The concept of corruption is controversial, both conceptually and operationally, and has received much attention in social science literature. While corrupt practices are always defined in terms of improper behavior by public officials, the definition of what should be considered 'improper' is controversial and culture-laden. Two main suggestions have been offered in this respect: improper behavior may be identified by referring to public opinion (Gibbons, 1989: 169) or to specific legal-rational frameworks (Williams, 1987: 15). Doubts, however, persist: how do we identify "the relevant" public opinion? Is it the political elite or the population at large? In addition, opinion changes both in time and across countries and regions. A similar criticism applies to the second approach: laws change over time and territories and may also be manipulated by powerful interested actors. Also the law, as enforced, may differ from the written text and from the moral sense prevailing in a community (Nooan, 1984).

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[3] Our dichotomous dependent variable is based on the answers to the following question: "How much do you think there has been progress in reducing corruption in state institutions over the past 2 years?". The original variable admits 4 answers, from "nothing" to "very". We aggregated the answers, so that 0 stands for "nothing" and "a little" and 1 for "something" and "very". See: http://www.latinobarometro.org/latContents.jsp.

We resolved to define corruption as an improper use of public office in exchange for private gain. This definition is based on three core dimensions: a distinction between the private and public sphere; the recognition that corrupt acts are based on an exchange; and finally that such exchanges are improper, in that they violate established norms, as recognized by survey respondents. In short, corruption is behavior by public officials that deviates from norms actually prevalent or believed to prevail; or from accepted norms, including political norms (Sandholtz and Koetzle, 2000: 35). Thus, corruption involves elected officials and appointed bureaucrats, who misuse their power and authority for private gain. Since these actions take place at the expense of the community, they violate the norms that regulate public office. Our operationalization of corruption is based on a subjective measure (public perceptions of corruption) that has regularly been used in international research as a proxy measure of political corruption (Morris and Klesner, 2010: 1264). There are convincing reasons to take this measure seriously: to start with, objective data on the extent of corruption are absent or very difficult to come by. Convictions, for instance, may disclose the vehemence of prosecution as much as the occurrence of crimes. Second, cross-national ratings based on perceived corruption are, as a rule, highly correlated with each other and across time. Finally, whatever the objective characteristics of a country's political and social system, subjective evaluations of corruption do themselves appear to influence political and economic behavior (Treisman, 2000: 410).

The aggregate experts' based indicators of democracy are the level and endurance of democracy.[4] The former variable may be thought as delineating the political structure of opportunities and incentives surrounding the choice to engage in corruption, and the pattern of inducements and penalties that are set by the legal system and by bureaucratic organizations in relation to corrupt behavior. Democratic endurance, on the other hand, may be thought as a proxy for consolidation of both political institutions and political culture, i.e. the attitudes, beliefs, and values which underpin the operation of a particular political system. These include knowledge and skills; positive and negative emotional feelings; and evaluative judgments about the operation of the political system. Political culture orientates action and it may be more or less permissive towards corruption. These orientations, in turn, require a process of socialization that may require extended periods of time (Ekstein, 1988). We use two indicators of democratic endurance: democratic duration and democratic history. The first indicator

[4] Our indicators of democracy are based on the Polity IV dataset (Polity IV, 2012). Political performance scores run from -10 (full autocracy) to + 10 (full democracy). We consider democratic those political regimes that receive a score higher than 5.

measures the most recent uninterrupted democratic experience; while the second capture the overall unfolding of democratic experience since 1900, irrespective of authoritarian interludes. Both indicators have been widely used for measuring the endurance of democratic experience. In addition, we hypothesize that the impact of democracy on corruption may be linear or curvilinear.

The individual indicators of support for democracy are satisfaction for the ways democracy works;[5] and evaluations of government fairness.[6] We claim that 'satisfaction with the way democracy works' is not an indicator of system legitimacy, but rather of support for the performance of a democratic regime in practice (Linde and Ekman, 2003; Bellucci and Memoli, 2012). In this sense, it represents the more specific support for regime performance or 'system outputs', be they economic, political and social. We also believe that this variable taps system support rather than support for authorities since SWD includes no mention of political leaders, parties, or policies (Fuchs *et al*, 1995; Lockerbie 1993). Thus, Lockerbie (1993: 282) argues that SWD "clearly asks the respondents to evaluate the political regime rather than particular individuals or party(ies) holding power." At a general level, these variables express citizens' attitudes towards a universalistic ethos and cooperative behavior or their preference for an instrumental and individualistic approach to problems and opportunities and, as a consequence, their more or less permissive stance towards corruption among public officials. More particularly, they signify the extent to which the government and the public administration are perceived to be efficient and transparent, thus reducing both opportunities and rewards for corrupt behavior on the part of politicians and civil service personnel.

A final observation to wind up this section: analytically, to perceive that democracy works well or that a government systematically favors certain social groups rather than the good of all does not coincide with perceiving that corruption in the public sector is decreasing. For instance, citizens may appreciate democracy (its workings and fairness) for its generous social policies, which benefit a majority of the population. However, the administration of these welfare programs may rest on minimal oversight and no fiscal accountability, which increase corrupt practices and routines. Thus, citizens may

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[5] This dichotomous variable is based on the answers to the following question: "In general, would you say that you are very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the way democracy works in (country)?" In this variable 0 stands for "not very satisfied" and "not at all satisfied"; while 1 stands for "very satisfied" and "fairly satisfied". See: http://www.latinobarometro.org/latContents.jsp.

[6] This dichotomous variable is based on the answers to the following question: "Generally speaking, would you say that (country) is governed for a few powerful groups in their own interest? Or is it governed for the good of all? See: http://www.latinobarometro.org/latContents.jsp.

rate democracy high, but perceive that corruption is on the rise. Or citizens may appreciate the way political campaigns and parties operate under democracy which, however, may be the result of a generous flow of state resources due to corruption. Democracy in short is the sum of different dimensions (fairness, efficiency, honesty, etc.) and we posit that people are able to distinguish among them and express judgements accordingly. To assume a priori that citizens who appreciate democracy (its workings and fairness) will perceive that corruption declines is unwarranted. It is equally plausible to support the opposite view: empirical verification may help clarify the issue, as our following paragraphs illustrate.

The structure of our data supports the hypothesis on the independence of the two groups of variables. The correlation we measured between satisfaction for the way democracy works, government fairness and perception of changes in corruption is very low: r= 0.091 and 0.069, respectively. The association is practically nonexistent, which suggests that the two variables do not measure aspects of the same 'reality'. A few specific examples will illustrate the point further. We disaggregated our data for Chile and Venezuela.[7] In Chile, between 2005 and 2010, the percentage of respondents that believe that the government favors a few powerful people ('de acuerdo' and 'muy de acuerdo' with this statement) grows by almost 5 percentage points (from 56.5 to 61 percent); while in the same period those who believe that there has been much or some progress towards reducing corruption increased by 2.7 percentage points (from 40.7 to 43.7). Thus, although the perception of government fairness towards the good of all declines, so does the perception of corruption. The opposite occurs in Venezuela: in the same period, more respondents believed that government fairness towards the good of all improved (+5.6%), but respondents also found that corruption was on the rise (-5.2 of them thought that there was much or some progress towards reducing corruption in the country). These data confirm that positive judgements on democracy do not necessarily translate into positive assessments on the struggle against corruption and that negative feelings on democracy may coexist with a positive assessment on combating bribes in the public sector.

Our dataset is hierarchically organized, with one level (respondents) embedded within another (country). Ignoring the multilevel character of the data would affect the validity of our estimation, since this could lead to residuals that are not independent within the same country, violating one crucial assumption of statistical models (Steenbergen and Jones, 2002). To deal with these methodological concerns, we used a multilevel model that allows for each observation to be correlated within countries, thus

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[7] Latinobarometro, 2010, see http://www.latinobarometro.org/latOnline.jsp

taking both individual and country effects into account. To avoid endogeneity problems, we delayed the information contained in these two indicators by a two-year period.

As clarified in the previous section, there are good reasons to believe that democracy may both lower and promote corruption. Democracy may fight corruption, for instance, by pressing politicians to fortify their performance of public goods provision to gain re-election; by creating a public sphere where dishonest conducts are exposed and the law is respected; and by revitalizing checks and balances that make it arduous for officials to deviate from impartial practices. However, democracies may also favor corruption since campaigns require financing and financing imply pressures from contributors; transparency makes it easier to identify which officials to bribe, compared to authoritarian governments; institutions of accountability and control are often managed and financed by the government, thus reducing their independence; and the advent of democracy may be insufficient by itself to bring about a radical change in corrupt attitudes and activities when corrupt values and behaviors are widespread in society. As a consequence, we will not formulate specific hypotheses in this regard.

We also added a series of controls, both economic and social. The economic control variables are GDP levels;[8] and a measure of economic inequality.[9] Social control variables are knowledge about corruption acts;[10] an aggregate measure of corruption;[11] and size of town, a proxy for urbanization levels.[12] A developed economy should have a positive effect on perceived change in corruption. Dealing with individual level data, we believe that respondents see economic conditions as a dimension of government performance and accordingly express their levels of satisfaction or disapproval: better economic conditions should be linked to a better evaluation of the government and its performance and consequently to lower perceived corruption levels (Weyland, 1998). Many empirical studies report a correlation between GDP per capita and corruption: a stronger economy and better public wages reduce the need for bribes in state institutions, while poorer countries also lack the resources to effectively fight corruption

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[8] Average national GDP per capita (World Governance Indicators of the World Bank. See http://data.worldbank.org/.).

[9] Gini Index (World Governance Indicators of the World Bank. See http://data.worldbank.org/.).

[10] This variable is based on the answers to the following question: "Have you heard, or any relative of yours has heard of any act of corruption in the last twelve months?" See: http://www.latinobarometro.org/latContents.jsp.

[11] Data drawn from the World Governance Indicators of the World Bank. See http://data.worldbank.org/.

[12] Inhabitants from 5.000 to Capital of country. See: http://www.latinobarometro.org/latContents.jsp.

(Treisman, 2000: 430; Graf Lambsdorff, 2005 for a review of findings).[13] Also, stronger inequality should also impact perceptions of changes in corruption: more unequal societies are more likely to perceive no or little progress in fighting corruption. You and Khagram (2005), for instance, argue that the poor are not able to monitor appropriately the rich and the potent and hold them liable, allowing them to abuse their privileged position.[14]

Turning to social controls, we believe that more knowledge about corruption acts should lead to a negative outlook on corruption, since the more intense one's personal experience with corrupt acts, the more pessimistic the evaluation over the progress in fighting corruption is likely to be. We also introduce an aggregate measure of corruption and hypothesize that this variable is positively related to our individual dependent variable, perceptions of corruption: since both measure the same phenomenon, they should move in the same direction. Finally, size of town is used as a proxy for urbanization. In larger cities corruption is more widespread, since the scale of economic activities is larger and more diversified, and contact with government officials more common. A negative association is in fact observed in studies dealing with urbanization and perceived corruption (Dong, 2011: 54).[15]

3. Findings and Discussion

We carry out our empirical analysis through a logistic regression model on an unbalanced panel dataset. The random effects approach (RE) is widely used with panel data in which N is larger than T and with multilevel data (Steenbergen and Jones, 2002). A fixed effects model would require that we omit from the analysis some important ex-

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[13] There is, however, equal agreement that no unambiguous causality can be derived from this finding. For a discussion see Graf Lambsdorff (2005: 8).

[14] In the same vein, see also Husted (1999: 342-3) and Swamy *et al*, (2001). In this case, as with GDP, the direction of causality is dubious. Corruption increases inequality and inequality escalates corruption: thus many authors conclude that societies can fall into vicious circles of strengthening inequality and corruption (You and Khagram, 2005).

[15] A further issue has to do with direction of causality. We acknowledge that in our case causality among variables runs both ways: thus the choice to look at one direction is more a matter of scientific interest and perspective than "objective" truth. Even so, the test we performed on our model confirms that the "correct" direction is the one we claim. When we tested for the endogeneity of corruption (the null hypothesis being that it is exogenous), the results— Endogeneity test of endogenous regressors chi-square(1) = 3.706 (p = 0.0542) — show that the hypothesis is not rejected. We thus cannot reject exogeneity of corruption in the model.

planatory variables, namely the Gini index, since it is time-invariant, i.e. constant within units. It would thus prevent us from estimating the role of critical factors (Greene 2004). In addition, since the number of countries (14) is greater than the number of time points (6 years), a random effects model is expected to be more efficient than a fixed effects model, as it has N more degrees of freedom, while also using information from the between-unit estimator (which averages the time-series observations of each unit to investigate differences across units).[16]

We first regressed our individual indicators of political satisfaction on perceptions of corruption. While our hypothesis for satisfaction with government fairness was confirmed, the conjectured relation between satisfaction with democracy and corruption was finally rejected (see tab. 1, model 1). Citizens that are satisfied with government fairness are more likely to detect a progress in reducing past corruption, when compared to citizens who are not satisfied; while the opposite holds for those who are satisfied with democracy, who are less likely to see advances in the struggle against dishonesty in public institutions. We acknowledge that, in present-day Latin America, the link between effective democratic performance, which includes democratic quality and control of corruption, and dimensions of popular support, as satisfaction with democracy, is blurred. Mainwaring and Scully, for instance, find that at country level higher Freedom House scores and higher scores for control of corruption have no statistically significant impact on satisfaction with democracy (Mainwaring and Scully, 2008: 124-125). They argue that populist presidents have been able to activate inclusive support and legitimacy in the face of poor performance, by politicizing the inadequacies and failures of even relatively effective governments. People, on the other hand, may view poorly performing governments as legitimate and even vote to keep them in office, as occurred with former president Hugo Chávez in Venezuela. Thus, citizens may be satisfied with democracy, despite a negative perception of the struggle against corruption, if this satisfaction is essentially based on identity and expressive motives: these, along with presidents' personalistic appeals, may weaken or undermine performance-based assessments, including assessments on control of corruption.

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[16] We faced some difficulties to assemble a satisfactory cross-national time-series dataset. First, for every single country-year, we needed measures for both our dependent as well as all our independent variables. Second, each time-series had to be both long enough and about the same length. We were only partly able to satisfy these criteria. These limitations notwithstanding, the resulting dataset, which covers 14 Latin American countries from 2005 to 2010, is the largest employed up to now for similar studies in this region (more than 45,000 observations).

To explain why those who are satisfied with democracy are less likely to see advances in the struggle against dishonesty in public institutions, we submit that the role of *'desencanto'* (disillusion) has been critical: irrespective of democratic efficiency, as corruption and lack of transparency persist, a feeling of disillusion and disappointment progressively builds up and transforms into a negative evaluation over the progress of corruption, due also to an understanding that incentives and policies to combat this problem may not exist or are ineffective.[17] Accordingly, over the 2005-2010 period, the perception of the achievements of democracy (in terms of the number and quality of its institutional, economic and social outputs) appears disjointed from the appreciation of the pervasiveness and relevance of public corruption. In spite of democratization, in fact, robust corruption endures throughout the region, stubbornly resisting attempts at change and reform (Rehren, 2009: 48). The subjective feeling of progress in reducing corruption in state institutions has grown somewhat between 2005 and 2006 (from 30 to 37 percent). However, between 2006 and 2010, the percentage of Latin American that believed there had been much or some progress remained stable at this low figure (Latinobarómetro, 2004-2010). Its persistence and deleterious consequences are nicely illustrated by distinguished writer (and political analyst) Mario Vargas Llosa: "*Esta realidad democrática no sólo no es el paraíso, sino que puede llegar a ser el infierno. Hay corrupción, falta de transparencia, de vitalidad de las democracias, y eso lleva a los jóvenes a volcarse en la indiferencia y el desprecio por lo social y lo político; me parece muy grave. Es una realidad de nuestro tiempo*" (El Pais, 2014).[18] In summary, even if citizens value the democratic performance of their governments, they remain skeptical about advances in the fight to reduce corruption. Eventually, if corrupt people in society multiply, it may become optimal to be dishonest despite the presence of anti-corruption rules and inducements and corrupt behavior may convert into a new equilibrium behavior and, in the end, into an established social norm (Mishra, 2006).

Trust or high expectations regarding the fairness of governments' dealings with citizens, on the contrary, tends to discourage corruption since people feel they do have a fair chance to participate in unbiased and transparent administrative procedures (for instance, to obtain a certificate or permit) and that they are not penalized for not be-

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[17] In Latin America, 61 percent of citizens perceive the anti-corruption measures adopted by their governments as ineffective, a rate higher than the global average of 56 percent (Transparency International, 2009: 40).

[18] Our democratic experience is not only far from perfect, it can become hell. There is corruption, lack of transparency and democratic vigor. This induces the youth to fall back on apathy and contempt for politics and social issues; I believe this is very negative. It is a truth of our times (authors' translation).

longing to the 'right' power group, for having the 'wrong' political preference and/or for lacking other specific dimensions which are demanded to receive full satisfaction of their petitions. In contrast, corruption thrives on arbitrarily manipulated administrative paralyses, the selective application of procedural and substantive rules and the creation of privileged channels of communication with the public administration, Corruption not only lowers citizens' trust towards institutions: its effect is self-reinforcing. In particular, corruption reduces confidence in a governments' ability to respond to citizens' concerns and the absence of institutional trust, in turn, extends graft as it urges citizens to corrupt in order to gain admission to decision makers. Echoing the process outlined above, Rothstein (2005) argues that, in a society with partial or corrupt administrators, citizens will become involved in bribery, kickbacks, and various forms of clientelism, even if they believe this behavior is immoral, for the purpose of obtaining what they feel is due to them. A robust satisfaction with the fairness of government, as recalled above, captures important dimensions of a distinctive ethos. When such ethos prevails, corrupt practices are seen as particularly pernicious and destructive for the collective well-being of the polity and a universalist and more cooperative behavior emerges, which is based on an underlying sentiment that informs the beliefs, customs, and practices of its citizens. In short, the relationship between satisfaction with government fairness and the struggle against corruption is theoretically important, empirically robust, and translates into a clear-cut view of progress in the fight against corruption.

As hypothesized, finally, all control variables, namely the two corruption variables, urbanization, GDP per capita and the Gini index show statistical significance and the expected signs, except GDP per capita. We surmise that respondents consider per capita GDP levels as a dimension of government performance: the relationship between GDP per capita levels and corruption, as in the case of democratic performance, is disjointed in the sense that increases in wealth have not been sufficient to justify the perception of significant progress in reducing corruption levels, given the continued relevance of the latter.[19]

We then regressed our experts' evaluated indicators of democracy on corruption perceptions and found a positive link, as far as levels of democracy are concerned (see tab. 1 model 2). Higher levels of democracy appear to reduce corruption, although the relationship has limited statistical significance (however less than 0.10 confidence

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[19] And/or expressive and identity motives overshadow performance-based assessments.

Tab. 1 The explanatory model - Latin America (2005-2010)

	Model 1		Model 2		Model 3	
	Odd ratio	St. Error	Odd ratio	St. Error	Odd ratio	St. Error
satisfaction with democracy	0.581****	0.062			0.0538****	0.060
assessment of fairness of government	1.272****	0.072			1.326****	0.077
level of democracy			21.982*	39.118	20.394*	33.573
level of democracy^2			0.586	0.207	0.604	0.197
duration of democracy			0.980	0.094	1.001	0.088
history of democracy			1.099	0.105	1.074	0.094
knowledge about corruption act	0.770****	0.023	0.772****	0.023	0.777****	0.024
size of town	0.903****	0.021	0.898****	0.021	0.893****	0.021
log gdp per capita	0.453**	0.145	0.066****	0.030	0.192	0.091
corruption	5.494****	0.730	6.450****	0.803	5.276****	0.700
gini index	0.943****	0.010	0.971**	0.011	0.953****	0.012
/lnsig2u	-0.120	0.406	1.651	0.469	1.488	
sigma_u	0.942	0.191	2.283	0.535	2.104	0.491
Rho	0.212	0.068	0.613	0.111	0.574	0.114
observation	45,582		45,582		45,582	
Countries	14		14		14	
wald (sig.)	0.000		0.000		0.000	

Note:**p<0.001; ***p<0.01; **p<0.05; *p<0.10.**

Source: Latinobarometer (2005-2010); World Bank (2005-2010); Polity IV.

level): the pursuing of re-election by politicians and the related provision of public goods, on the one hand, and the monitoring instruments that make corruption more easily detectable and politically unworthy, on the other, have seemingly acted as powerful institutional dimensions in the curbing of corrupt practices, as expected. When more mature democratic institutions and practices take hold, political systems are more capable of limiting corruption, by assisting the restoration of free and fair political elections and of the rule of law. Under stronger democracies, in brief, a positive perception of progress in reducing corruption is due to the effect of compelling and more efficient democratic institutions, especially a more capable electoral retribution for corrupt politicians in the form of non- reelection (Pellegata, 2013). The squared val-

ue of democratic levels, as well as democratic duration and democratic history, however, are not significant. Again all the controls are statistically significant and with the expected sign, except GDP per capita, as seen above.

These findings are confirmed in model 3. We inserted here both individual and aggregate explicative variables, along with the controls, and found that all the signs were maintained and significance was upheld or grew stronger for all variables, except GDP per capita, which turns insignificant. Thus, in Latin America, both democratic institutions and support for democracy unfold their effects as illustrated, irrespective of GDP levels, inequality and urbanization. As for inequality, the rich have both greater incentives and opportunities to take part in corruption, while the poor are more exposed to intimidation and less able to check and keep the wealthy and powerful accountable as inequality rises. Inequality also unfavorably affects general social norms about dishonesty and attitudes regarding the legitimacy of rules and institutions, thus making it easier to accept graft and bribes as tolerable strategies to meet one's rightful objectives. More intense urbanization, on the other hand, may elicit corruption since in larger cities economic activity may be greater and more varied in scope, which may amplify communication with the government. In addition, the connections between people and government officials tend to be more impersonal in larger cities, when compared to smaller ones, which makes it easier to ask for a bribe (Mocan, 2008). Our measures of corruption are also in line with expectations: the higher the knowledge about corrupt acts the lower the expectation that the fight against corruption is progressing. Those who have more direct or indirect knowledge of corrupt acts have a lower probability to detect a progress in the reduction of past corruption. In this case, the exposure to information that shapes or reinforces one's awareness on the pervasiveness and ubiquity of corruption in the public sphere, leads to the perception that the struggle against kickbacks is either insufficient, ineffective, or both, and consequently that no or little progress is being achieved in the fight against corruption. As for our aggregate measure of corruption, the higher its value (meaning less corruption), the more likely are citizens to perceive at least some progress in reducing national corruption in the public sector: as suggested above, since both variables measure the same phenomenon they should move in the same direction.

4. Conclusions

The impact of democracy on corruption has shown to be more nuanced than anticipated. Democratic levels clearly reduce corruption, as expected, while neither the du-

ration of democracy nor democratic history plays a recognizable role in changing the perceptions of progress in fighting public venality. While the consolidation of democracy may act as an instrument to combat dishonesty in the public sphere, the persistence of corrupt practices under democracy may in fact lead to a strengthening of the perceptions that corrupt behavior is on the rise. We observe, on the other hand, that satisfaction with the fairness of government always appears to be strongly and positively related to the appreciation of gains in the struggle against graft. Where the efficiency and fairness of the public institutions are dubious, however, citizens are encouraged to engage with corrupt politicians and public administrators to extract private gains, such as profits; reduced waiting time; and the obstructing of additional competing corruptors.

On the contrary, satisfaction with the workings of democracy in the last two years appears unable by itself to promote a positive perception of advances in the struggle against corruption, as this is increasingly seen as pervasive and impermeable to political and judicial control. During the last decades, the consolidation of local democratic institutions and practices has lived side by side with the persistence of bribery and graft in the public administration and the failure of policies aimed at checking this conduct. In addition, the permanence of patronage and corruption, despite the transformation of the political regime and its recognized capacity to effectively solve economic, political and social problems, has occasioned the emergence of a disenchanted attitude, and possibly of a new ethos inimical to honesty: since both the expectations in the capacity of the democratic system to gain this struggle and the incentives to fight corruption have significantly weakened, citizens may find acceptable, and even attractive, to participate in corrupt schemes simply to protect and pursue their own legitimate interests.

A major implication of our research, and a recommended topic for future studies, is the crucial nature of satisfaction with the fairness of public authority, as a specific determinant of corruption levels: the attitudes of citizens towards corruption appear to be shaped fundamentally by their appreciation of the fairness of the political system. Whenever this dimension is wanting, strong incentives materialize for them to join the corrupt system, irrespective of the effectiveness of the existing democratic government. For fairness to become established, in turn, both a legal framework to make politicians and public officials responsible and a principled reasoning on the importance of ethics in the public service are required. Future research may decisively explain how, under what circumstances, and to which extent this process has historically taken place in Latin America.

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